

# Victorian Training Guarantee 2015 Contract Compliance Audit Report

## Business Process Audit

### *MP Personnel and Training* **91454**

Version	Final
Auditor	O'Connor Marsden & Associates
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RTO Contract	2014-2016 VET Funding Contract (Non-TAFE)
Circulation	Department of Education and Training Ernie Whitehead, CEO, MP Personnel and Training Vicki Lee, RTO Manager, MP Personnel and Training

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## 1. Executive Summary

### 1.1 Introduction

The Victorian Training Guarantee (VTG) is an entitlement to government subsidised training for eligible individuals.

The Department of Education and Training (the Department) contracts Registered Training Organisations (RTOs) to deliver training to eligible individuals under the *Victorian Training Guarantee*. In accordance with its Contract Compliance Audit Strategy, the Department undertakes a contract compliance audit program to ensure the contracted RTOs are complying with the terms and conditions of their 2014-2016 VET Funding Contract.

The objectives of the *VTG Contract Compliance Audit Strategy* are to:

- confirm that funding has been expended appropriately;
- promote training provider regulatory and standards compliance; and
- promote training provider process quality.

The Department conducts these audits using contractors from a panel of service providers.

O'Connor Marsden & Associates conducted the contract compliance audit at MP Personnel and Training from 18 August to 25 August 2015.

### 1.2 Objective and Scope

The objective of the contract compliance audit was to assess the business processes and internal control environment employed by the RTO to achieve compliance with its contractual obligations under the VET Funding Contract. The audit was conducted based on a sample of data that had been reported by the RTO into the Skills Victoria Training System (SVTS). The sample was extracted from SVTS by the Department on 17 August 2015. The scope of work focussed on:

- gaining a contextual understanding of the RTO to set the scene for the audit;
- internal audit activity undertaken by the RTO to self-assess its compliance against the VET Funding Contract;
- processes in place for eligibility assessment, fees and fee concessions, pre-training review, training plan development, training delivery;
- Gaining a contextual understanding of the provision of quality training services delivered by the RTO under the Victorian Training Guarantee;
- student interviews to validate audit findings and also to signal to RTOs that the Department is not only examining files, but also verifying funding claimed with students; and
- maintenance of records to evidence compliance (e.g. eligibility, fee invoices, evidence of fee concession, training plans/delivery, evidence of participation), including use of the RTO's Student Management System (SMS) and input of relevant data into the Skills Victoria Training System (SVTS)

Where sample testing issues have been identified, the results have been incorporated into the findings set out in Section 1 and Section 2.

### 1.3 Description of RTO

MP Personnel and Training (91454) is based at 517 Spencer St Albury, NSW. It has one other campus in Victoria at 1/1 Birralee Place, Wodonga. MP Personnel and Training also have an arrangement to provide practical training and work placement at the Bupa Aged Care Facility, located at 11-19 Melrose Drive, West Wodonga. RTO records are retained at the Albury location.

MP Personnel and Training currently has approximately 300 students. The student cohort is varied with no distinguishing trends. The primary model for training delivery is face-to-face, classroom training.

In 2015, the RTO anticipates steady enrolments across all qualifications. The RTO indicated that the volume of students has remained relatively constant over the past five years.

The RTO employs the following marketing strategies:

- Newspapers;
- Online advertising;
- Flyers; and
- Word of mouth

Along with marketing to the general public, the RTO also markets to Job Active providers and relevant nearby facilities.

The RTO has no third party contracts in place in Victoria and no Training and/or Assessment services are sub-contracted out.

## **1.4 Training Services Observations**

### **Organisation**

MP Personnel and Training has removed the following qualifications from their Registered Scope in the last 12 months:

- Certificate IV in Volunteer Program Coordination;
- Certificate II in Community Services; and
- Foundations Skill Course CGEA III.

MP Personnel and Training was most recently audited by ASQA in January 2014. The RTO has published the results of this audit on their website. The ASQA audit report found no areas of non-compliance therefore, there was no rectification plan from this audit.

The percentage of students who complete their course of study at the RTO is approximately 90 percent.

During the course of the audit, OCM reviewed the Training and Assessment Strategy (TAS) for two qualifications.

- CHC40312 – Certificate IV in Disability; and
- CHC30212 – Certificate III in Aged Care

### **CHC40312 – Certificate IV in Disability**

This level of qualification has an AQF recommendation of 0.5 – 2 years. The TAS for this qualification states that training may be delivered in a classroom-based environment, through work-place based training, through one-on-one training, or through any combination of the above.

The key trainer/assessor delivering Certificate IV in Disability at MP Personnel and Training has the following relevant qualifications sighted during the audit:

- Certificate IV in Training and Assessment;
- Certificate III in Aged Care;
- Certificate III in Home and Community Care;
- Certificate IV in Disability;
- Certificate IV in Leisure and Health;

- Diploma of Community Services Work;
- Certificate IV in Nursing.

The TAS for Certificate IV in Disability was last updated in June 2015. The units identified in the TAS are consistent with those in the Training Plan for the student file reviewed. These units are also consistent with the units for which funding has been claimed and the units that have been delivered. The TAS identifies the mode of delivery.

Training Plans reviewed for students enrolled in this qualification contained nominal hours for each unit, however, the nominal hours outlined in the Training Plans was inconsistent with the nominal hours outlined in the TAS. The Statement of Fees and the Training Plan each contain consistent nominal hours for the course totalling 693. The TAS had scheduled course hours of 645.

The percentage of students who complete this qualification at the RTO is approximately 90 percent.

### **CHC30212 – Certificate III in Aged Care**

This level of qualification has an AQF recommendation of 1-2 years. The TAS for this qualification states that training may be delivered in a classroom-based environment, through work-place based training, through one-on-one training, or through any combination of the above.

The key trainer/assessor delivering Certificate III in Aged Care at MP Personnel and Training has the following relevant qualifications sighted during the audit:

- Certificate IV in Training and Assessment;
- Certificate IV in Nursing;
- Certificate III in Aged Care;
- Certificate III in Home and Community Care;
- Certificate IV in Disability;
- Certificate IV in Leisure and Health;
- Diploma of Community Services Work;
- Bachelor of Nursing.

The TAS for Certificate III in Aged Care was last updated in July 2015. The units identified in the TAS are consistent with those in the Training Plan for the student reviewed. These units are also consistent with the units for which funding has been claimed and the units that have been delivered. The TAS identifies the mode of delivery.

The nominal hours of study outlined in the Statement of Fees is consistent with the Training Plan, however, these do not match the nominal hours outlined in the TAS. The Statement of Fees and the Training Plan each contain consistent nominal hours for the course totalling 508. The TAS had scheduled course hours of 542.

The percentage of students who complete this qualification at the RTO is approximately 90 percent.

## **1.5 Payment of Fees Observations**

As requested by the Department, we reviewed 2 students to determine whether the invoice charged to the student had been paid. Based on our review we have determined the following:

- For 1 student, the student had partly paid their fee. For this student, there was evidence to show that the payment of the fees was due in instalments with some instalments not due and payable at the time of audit.
- For 1 student, the student had been invoiced and had paid their fee in full.

- In both instances:
  - The amount received from the student was recorded against a VTG funding account in the RTOs finance system.
  - The amount received from the student was able to be traced through to the RTOs bank account as part of a lump sum deposit (either cash or EFT).

## 1.6 Summary of Student and Trainer Interviews

As requested by the Department, we attempted interviews with a sample of 4 students enrolled in government subsidised training.

- 1 student's phone number was disconnected.
- 2 students could not be contacted after three attempts.
- 1 student interview was completed. The outcome of the completed student interview is outlined below and is based on information provided by the student only.

Student	Observations
Interview 1	Student advised that: <ul style="list-style-type: none"> <li>• As their job provider paid for their course, they were unaware of the total fee charged to them</li> <li>• The RTO did not make them aware that their enrolment affected their entitlement to study further government subsidised courses</li> </ul>

As requested by the Department, we completed interviews with 2 trainers who deliver training for the RTO. No issues were identified in these interviews.

## 1.7 Summary of Findings

MP Personnel has documented business processes, policies and procedures in relation to induction, student eligibility, student enrolment, records management, training process, and training management (including data reporting and data quality control). Both interviewed trainers and management advised that the RTO has a thorough procedure in place for ensuring that all trainers are aware of notifications and updates to the 2014-2016 Vet Funding Contract.

The following control weaknesses were identified which may impact the RTO's ability to comply with the VET Funding Contract:

Ref	Area	Control Weakness
2.1	Fees	No evidence on student file that the Statement of Fees provided to student contained the required content
2.2	Training Plan	Training Plan missing requirements of the applicable VET Funding Contract
2.3	Data Reporting and Quality Control	Tuition Fee information on the student invoice was not consistent with Tuition Fee information reported in SVTS

Further details of the control weakness, and Management Action Plan to address it, are included in Section 2 of this report.

## 2. Detailed Findings

The table below sets out the control weaknesses identified and the Management Action Plan developed to address the findings:

Reference	Control Weakness	Management Action Plan												
<b>Fees</b>														
<p><b>2.1</b>                      No evidence on student file that the Statement of Fees provided to student contained the required content</p>	<p><b>Finding</b>                      Of the 2 student files in the BPA sample tested, there were 2 instances where there was no evidence on the student file to ascertain that the Statement of Fees issued to the student contained the required content.</p> <table border="1"> <thead> <tr> <th>Sample Number</th> <th>Student ID</th> <th>Qualification ID</th> <th>Enrolment (year)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>04860</td> <td>CHC40312</td> <td>2015</td> </tr> <tr> <td>2</td> <td>04846</td> <td>CHC30212</td> <td>2015</td> </tr> </tbody> </table> <p>The RTO has advised that Statements of Fees are provided to students prior to enrolment. This is reflected with signed student acknowledgement on the student file that they have received a Statement of Fees. However, copies of the Statements of Fees issued are not retained on the student files. The generic Statement of Fees provided during the audit included the required information, however it was not possible to determine if the RTO had indicated information specifically relevant to individual students. For further information, refer to Appendix A.</p> <p><b>Impact</b>                      Prior to enrolment, RTO's are required to provide each individual with a Statement of Fees to ensure they understand the fees applicable to the course, including any out of pocket expenses not covered by VTG funding. Failure to provide students with a Statement of Fees containing the required information may result in students enrolling without understanding their obligations in terms of time commitment and financial liability.</p> <p><b>Contract Reference</b>                      2014 – 2016 VET Funding Contract – Schedule 1 – Clause 5                      Contract Notification - CN 2014-23                      2015 Guidelines about Fees, Section 1.2</p>	Sample Number	Student ID	Qualification ID	Enrolment (year)	1	04860	CHC40312	2015	2	04846	CHC30212	2015	<p><b>RTO comment on cause of non-compliance</b>                      Students are issued a Statement of Fees prior to enrolment; this is signed off by the student on the Induction Contact Record. The issue raised at audit was that the Statement of Fees was not <i>individualised</i>, ie. Did not have the student name on the document, or the specific fees for that student referenced.</p> <p><b>Action to correct non-compliance</b>                      All Statement of Fees provided to the student must have their name listed and the specific fees referenced. A copy of this Statement of Fees is to be kept on file.</p> <p><b>Responsible person</b>                      Compliance Coordinator, Kristene Gardner</p> <p><b>Implementation date</b>                      Completed 2/9/15</p>
Sample Number	Student ID	Qualification ID	Enrolment (year)											
1	04860	CHC40312	2015											
2	04846	CHC30212	2015											

Reference	Control Weakness	Management Action Plan																
<b>Training Plan</b>																		
<p><b>2.2</b>                      Training Plans missing requirements of the applicable VET Funding Contract</p>	<p><b>Finding</b>                      Of the 2 student files in the BPA sample tested, there were 2 instances where the Training Plan did not contain all of the information as required by the VET funding contract.</p> <table border="1" data-bbox="481 454 1413 651"> <thead> <tr> <th>Sample Number</th> <th>Student ID</th> <th>Qualification ID</th> <th>Enrolment (year)</th> </tr> </thead> <tbody> <tr> <td colspan="4">Did not contain the names of the party/parties responsible for delivery of training</td> </tr> <tr> <td>1</td> <td>04860</td> <td>CHC40312</td> <td>2015</td> </tr> <tr> <td>2</td> <td>04846</td> <td>CHC30212</td> <td>2015</td> </tr> </tbody> </table> <p>We note that the required information missing from the Training Plan was provided to students in other RTO documentation at enrolment.                      For further information, refer to Appendix B.</p> <p><b>Impact</b>                      The requirement to provide specified information in a Training Plan is designed to ensure students have sufficient information to understand course requirements and who within the RTO to contact should they have further questions.</p> <p><b>Contract Reference</b>                      2014-16 VET Funding Contract – Schedule 1 – Clauses 6.1, 6.2.</p>	Sample Number	Student ID	Qualification ID	Enrolment (year)	Did not contain the names of the party/parties responsible for delivery of training				1	04860	CHC40312	2015	2	04846	CHC30212	2015	<p><b>RTO comment on cause of non-compliance</b>                      The majority mp students have one trainer for their whole course of study, trainer information is provided to students in documents other than the Training Plan. Students also meet the trainer at information sessions and during interviews.</p> <p><b>Action to correct non-compliance</b>                      Add trainer information to Training Plan.</p> <p><b>Responsible person</b>                      Compliance Coordinator – Kristene Gardner</p> <p><b>Implementation date</b>                      Completed 2/9/15</p>
Sample Number	Student ID	Qualification ID	Enrolment (year)															
Did not contain the names of the party/parties responsible for delivery of training																		
1	04860	CHC40312	2015															
2	04846	CHC30212	2015															



Reference	Control Weakness	Management Action Plan								
<b>Data Reporting</b>										
<p><b>2.3</b>                      Tuition Fee information on the student invoice was not consistent with Tuition Fee information reported in SVTS</p>	<p><b>Finding</b>                      Of the 2 student files in the BPA sample tested, there was 1 instance where the evidence of fees charged to the student as per the student invoice did not accord to the fees reported in SVTS.</p> <table border="1" data-bbox="479 512 1435 608"> <thead> <tr> <th>Sample Number</th> <th>Student ID</th> <th>Qualification ID</th> <th>Enrolment (year)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>04860</td> <td>CHC40312</td> <td>2015</td> </tr> </tbody> </table> <p>For further information, refer to Appendix A.</p> <p><b>Impact</b>                      Errors in the reporting of Fee Information may result in poor data integrity and statistical data gathered by SVTS and used for planning and analysis may be inaccurate.</p> <p><b>Contract Reference</b>                      2014-16 VET Funding Contract, Schedule 1, Clause 11                      2015 Guidelines about Fees, Sections 1 &amp; 4                      Victorian VET Student Statistical Collection Guidelines – 2015 (issued 25 July 2014)</p>	Sample Number	Student ID	Qualification ID	Enrolment (year)	1	04860	CHC40312	2015	<p><b>RTO comment on cause of non-compliance</b>                      The hourly fee rate reported at the time of enrolment was 88c. During Continuous Improvement actions we found that due to a change of units the hours for the course increased. This led to an adjustment in VETTRAK (SMS) for the rate to be reported at 98c per hour.</p> <p>VETTRAK support have explained that variances we may see in pricing for the funding models, for example .98c reported as .88c, is due to the units in a qualification having different hours. VETtrak totals all the hours for the Qualification and divides by the number of units – which then averages out the price.</p> <p>In addition VETTRAK does not automatically update funding model changes through to each student. Each student has to be individually recalculated for any changes made.</p> <p><b>Action to correct non-compliance</b>                      Monthly check added to Continuous Improvement Calendar to compare all fees reported to SVTS with the current Victorian Statement of Fees. If any changes are noted relevant recalculations will be actioned.</p> <p><b>Responsible person</b>                      VETTRAK Admin, Compliance Coordinator:                      Christine Staats, Kristene Gardner</p> <p><b>Implementation date</b>                      Completed 2/9/2015</p>
Sample Number	Student ID	Qualification ID	Enrolment (year)							
1	04860	CHC40312	2015							

### **3. Next Steps**

As noted in the letter dated 31 July 2015 notifying your organisation of this audit, other potential actions that may be taken by the Department following this business process audit include:

- Transactional Compliance audit, examining a larger sample of student files with a focus on your organisation's compliance with the requirements of the 2013 Service Agreement and the 2014 VET Funding Contract, particularly in relation to eligibility assessment, training plans, fee concessions, training delivery and data reporting (or a targeted audit examining a selection of these controls);
- Follow Up audit, assessing the extent to which the Management Action Plan arising from the business process and/or Transactional Compliance Audits have been implemented by an RTO
- Monetary penalties may be imposed;
- Further options for action as noted in the *Victorian Training Guarantee Contract Compliance Audit Strategy*

In addition, in accordance with Clause 10.3(b) of the 2014-2016 VET Funding Contract, where an Agreed Management Action Plan has been developed the RTO must advise the Department in writing (including submitting appropriate documentation as determined by the Department) of compliance with and implementation of the auditor's recommendations and/or management action plan within six (6) months of the date of this report.

**Appendix A – Fee Exceptions**

Finding Number	Sample number	Client/ Student ID	Qualification/ Course Name	Qualification/ Course Id	Course Commencement Date (as per SVTS)	Unit of Competency Name	Unit of Competency ID	Fee Exemption / Concession Type Id	Outcome ID - National	Statement of Fees met requirements	Reported Client Tuition Fee Hourly Rate	Tuition Fee Hourly Rate Charged to Student	Variance between reported Tuition Fee and Tuition Fee charged	Reported Client Non-Tuition Fee Rate	Non-Tuition Fee Charged to Student	Variance between reported Non-Tuition Fee and Non-Tuition Fee Charged	Total Amount invoiced to student	Amount paid by student	Variance between total amount charged to student and amount paid by student	Other information	Report Reference (from section 2 of the audit report)
1	1	04860	Certificate IV in Disability	CHC40312	24/04/2015	N/A	N/A	None	N/A	N	\$0.88	\$0.98	\$0.10	\$24.00	\$24.00	\$0.00	\$1,040.00	\$910.00	\$130.00 – payment in instalments; due date post audit	Hourly Fee on student invoice to student does not accord to hourly fee reported to SVTS; No evidence of Statement of Fees issued	2.1, 2.3
2	2	04846	Certificate III in Aged Care	CHC30212	17/03/2015	N/A	N/A	Job Seeker AND NOT holding Pensioner Concession Card, Health Care Card or Veterans Gold Card	N/A	N	\$1.54	\$1.54	\$0.00	\$15.00	\$15.00	\$0.00	\$980.00	\$980.00	\$0.00	No evidence of Statement of Fees issued	2.1

**Appendix B – Training Plan Exceptions**

Finding Number	Sample number	Student Number	Qualification/Course Name	Qualification/Course ID	Course Commencement Date (SVTS)	Unit code	Training Plan contains unit of competency?	Hours in Training Plan accord with hours in SVTS	Training plan contains required content?	Other Information	Finding reference
1	1	04860	Certificate IV in Disability	CHC40312	24/04/2015	N/A	Y	Y	N	TP does not contain the name of the Trainer/s responsible for delivery and assessment	2.2
2	2	04846	Certificate III in Aged Care	CHC30212	17/03/2015	N/A	Y	Y	N	TP does not contain the name of the Trainer/s responsible for delivery and assessment	2.2