

Tertiary Education Commission

Audit Report

Wairoa Waikaremoana Māori Trust Board
trading as Whakato te Mātauranga

Youth Guarantee Funding

Edumis Number: 9270
Audit Dates: 2 – 4 August 2016
Draft Report Release Date 9 September 2016
Final Report Release Date: 26 September 2016

1 Purpose

The purpose of the audit was to provide assurance that Wairoa Waikaremoana Māori Trust Board trading as Whakato te Mātauranga (Whakato) is meeting the Investment Plan Funding Conditions as referred to in the Tertiary Education Commission (TEC) letter of approval dated 4 December 2014 and 21 December 2015. The funding approved includes Youth Guarantee funding.

2 Scope

The scope of the audit was aligned to the performance commitments in the TEC Investment Plan and the associated funding obligations between the TEC and Whakato. The scope was outlined in the audit arrangements letter.

The focus areas included:

- The reporting through the Single Data Return, including recording enrolments and withdrawals.
- The financial support for the equipment infrastructure required to deliver the approved qualifications.
- Whether inducements or benefits have been provided to students.
- Responsibility for subcontracting arrangements.
- Compliance with the requirements in Part 18 of the Education Act 1989.
- Any other matters.

An audit is a snapshot of an organisation's performance at a particular point in time and may not, as such, provide a view of ongoing compliance. An audit is based on sampling and issues may remain undetected. The outcome of this audit will contribute to decisions made by the TEC relating to current and future funding.

3 Background

This audit is part of the TEC's ongoing monitoring of Tertiary Education Organisations.

Whakato is a Private Training Establishment based in Wairoa and Hastings offering Youth Guarantee programmes that are funded by the TEC.

The organisation receives funding for the following:

- NCEAL1 National Certificate in Educational Achievement (Level 1)
- NCEP1T Construction and Infrastructure (Level 2)
- NCEP3T Primary Industries Trade (Level 2)
- NCEP5N Social and Community Services Non-Trade (Level 2).

The table below provides a breakdown of 2015 and 2016 funding:

Fund	2015 (\$ GST exclusive)	2016 (\$ GST exclusive)
Investment Plan		
Youth Guarantee	\$ 868,720	\$ 868,720
Total	\$ 868,720	\$ 868,720

Released under the
Official Information Act 1982

4 Key Findings

The key findings were:

- Enrolment forms were signed by the student but not by the provider.
- There was no offer of placement letter provided to students.
- There were five invalid enrolments for funding purposes where there was no evidence of domestic student status.
- Students returning to complete their programme of study following end of year statutory holidays were required to complete a second enrolment form. (This is duplication of information already held and is not necessary unless the student is commencing a second programme that they have not been enrolled in).
- At the Hastings and Wairoa sites all programmes offered are for a period of 40 weeks. This does not match with the programme length detailed in the NZQA approval letter that provides for 27 teaching and three recess weeks for all TEC-funded programmes.
- The NZQA approval document specifies the teaching hours and self-directed study required. There was under-delivery of teaching hours at the Hastings site.

5 Recommendations

The main recommendations are:

- Enrolment forms are signed by both the student and the PTE.
- Offer of placement letters are provided to all students.
- Review and confirm there is evidence of domestic status for all students reported in the 2016 Single Data Returns.
- Discontinue the practice requiring a student to complete a second enrolment form when they are returning from end of year statutory holidays (unless the student is enrolling in a new programme of study).
- Review current programme delivery and ensure that all programmes are timetabled in accordance with the programme approval letter from NZQA. (Refer to the *Definition of Significant Change* in funding condition **YG006: TEO to meet requirements when making changes to a qualification**).
- Whakato to confirm the management process for monitoring programme delivery. The TEC should be advised if Whakato is applying to NZQA for a significant change to any of its funded programmes.

Part Two

Findings

Detailed findings are summarised in each of the audit focus areas.

Overview	
<ul style="list-style-type: none"> A sample of 29 Youth Guarantee files was selected for audit. The sample covered records reported in the December 2015 and April 2016 Single Data Returns. Interviews were held at head office in Wairoa with the Manager and Assistant Manager, Site Manager in Hastings and two Youth Guarantee tutors in Hastings. In July 2016 there were 64 Youth Guarantee students enrolled at Whakato. This was represented by 43 student in Hastings and 21 in Wairoa. 	
Audit focus areas	Evidence sighted
<p>1. The reporting through the Single Data Return, including recording enrolments and withdrawals.</p>	<p>Student Management System</p> <ul style="list-style-type: none"> Whakato uses a commercial database student management system Take2, which is software certified by the Ministry of Education for the Single Data Return. Take2 is used to load enrolments and report completions. All data is loaded into Take2 by administrators at Wairoa and Hastings. Controls are in place to ensure that data is checked at both sites and there is adequate segregation of duties. The Site Manager in Hastings checks the Single Data Return prior to submission with the April 2016 attestation signed by the Manager in Wairoa. The student management system was satisfactory. In 24 out of the 29 student records sampled the records were valid enrolments for funding purposes, domestic student status was confirmed and minimum attendance requirements met. <p>In the sample of student records reviewed course completions were accurately reported in the Single Data Return.</p> <p>Invalid enrolments for funding purposes</p> <ul style="list-style-type: none"> There was one invalid Hastings enrolment where evidence of domestic status was not provided for student NSN 9(2)(a) [REDACTED]. There were four invalid Wairoa enrolments where evidence of domestic status was not sighted. The references are student NSNs: 9(2)(a) [REDACTED], 9(2)(a) [REDACTED], 9(2)(a) [REDACTED], and (a current student) 9(2)(a) [REDACTED]. It is important that evidence of domestic status is retained when enrolling a student as the TEC could seek recovery of funding when audit trails do not establish student eligibility to access funding.

	<p>Withdrawal of students</p> <ul style="list-style-type: none"> In the sample of Youth Guarantee records reviewed no student formally withdrew from their programme of study but there were a number who ceased attending. Whakato records student attendance and undertakes pastoral care follow up. <p>Quality Management System</p> <ul style="list-style-type: none"> Whakato has a quality management system that at the time of the audit was in the process of being updated. It is suggested that an administrative section is added covering policy on: <ul style="list-style-type: none"> TEC enrolment, withdrawal and funding conditions Controls relating to Single Data Return reporting. In the sample of student records reviewed there were variations between the forms that were used at the Hastings and Wairoa sites. For example: <ul style="list-style-type: none"> Hastings used four forms including (1) Pathway Plans (2) Individual Learning Logs, (3) Monthly Goal Setting, and, (4) Long Term Goals. (Forms (3) and (4) are no longer used). Wairoa use Individual Learning Logs but not Pathway Plans. It is suggested that Whakato review the forms that are used, rationalise existing forms and standardise processes.
<p>2. The financial support for the equipment infrastructure required to deliver the approved qualifications.</p>	<ul style="list-style-type: none"> Students were not required to individually purchase any item of hardware or equipment necessary to gain the approved qualification.
<p>3. Whether inducements or benefits have been provided to students.</p>	<ul style="list-style-type: none"> From the sample of records reviewed there was no evidence of any student being provided with an inducement or benefit to study.
<p>4. Responsibility for subcontracting arrangements.</p>	<ul style="list-style-type: none"> There is no subcontracting of education provision. First aid training is delivered by Whakato tutors at both sites.
<p>5. Compliance with the requirements in Part 18 of Education Act 1989.</p>	<ul style="list-style-type: none"> The overall standard of recordkeeping was satisfactory. Part 18 of the Education Act 1989 includes, but is not limited to student programme information and records. Whakato has one approval letter from NZQA for the programmes that are funded by the TEC. A copy of the front page of the NZQA approval letter dated 28 March 2013 was sighted but not the course details.

- Table 1 compares the approved delivery details from the NZQA approval letter with the operating practices at the Wairoa and Hastings delivery sites.
- There are variations in the length of the programmes at both sites and a shortfall in the teaching hours at Hastings. Self-directed learning does not feature in the delivery.

Table 1: Differences between NZQA approved delivery and current delivery in Wairoa and Hastings

All TEC-funded programmes	NZQA approved delivery details	Wairoa and Hastings
Course Length	Total 30 weeks (3 holiday weeks)	Total 40 weeks (6 holiday weeks)
	Teaching 27 weeks	Teaching 34 weeks
Average Hours per week	Teaching 25 hours Self-directed study 5 hours Total hours per week 30 hours	<u>Wairoa Site</u> Teaching 30 hours No Self directed study Total hours per week 30 hours
Average Hours per week	Teaching 25 hours Self-directed study 5 hours Total hours per week 30 hours	<u>Hastings Site</u> Teaching 19.75 hours No Self-directed study Total hours per week 19.75 hours
Total Course Hours	800 hours	

- Whakato needs to review its educational delivery for both sites to ensure each programme is delivered in accordance with the approval from NZQA.

Funding condition **YG006: TEO to meet requirements when making changes to a qualification** provides guidance and the *Definition of Significant Change*.

Archiving records

- Whakato has a policy and process for archiving student records and a retention and disposal policy.
- Student records in Hastings are kept for one year then archived in Wairoa. Records are securely stored at Wairoa.

	<p>Retention of birth certificates</p> <ul style="list-style-type: none"> • At the Hastings site there were less than 10 original birth certificates that had been applied for and paid by Whakato to confirm the domestic status of former students. The birth certificates have not been claimed. • It is recommended that the organisation develop a policy for scanning and disposing of these birth certificates following a reasonable attempt to contact the former student.
<p>6. Any other matters.</p>	<p>The provider has provided a written response in Appendix 1 to this section. The response is included in full.</p> <p>High 1.5087 EFTS value recorded against students enrolled in Ministry of Social Development Training For Work programme</p> <ul style="list-style-type: none"> • Reported in the December 2014 and April 2016 Single Data Returns was a Training for Work programme that is funded by the Ministry of Social Development. • Students were reported enrolled in up to 65 courses (unit standards) over a 13 week period. • Discussions with the PTE have confirmed that the enrolment pattern reflected all courses that were potentially available rather than a specific enrolment pattern per student. • One example is student NSN g(2)(a) with a start date of 23 April 2015 and an end date of 23 July 2015. The student was enrolled in a total of 65 courses (unit standards). A check of the NZQA Record of Achievement confirms the student was successfully reported completing one unit standard on 6 July 2015. (Training for Work programmes place an emphasis on employment outcomes rather unit standard achievements). <p>While there is no TEC funding consequence for this enrolment pattern it nevertheless does not reflect what an average student could realistically enrol in and achieve over a 13 week period.</p> <ul style="list-style-type: none"> • The enrolment information already reported in April 2016 will also be reported in the August and December 2016 Single Data Returns. The 1.5 EFTS value will continue to trigger TEC pattern recognition software. • The Ministry of Social Development ceased funding the programme in June 2016.

APPENDIX 1 – Provider response to Section 6: Any other matters.

22 August 2016

9(2)(a)
Senior Auditor –Tertiary Education organisations
Finance Directorate
Tertiary Education Commission
Level 11, 44 The Terrace
P.O. Box 27048
Wellington 6141

Dear 9(2)(a)

Thank you for the draft Audit Report which we received on the 15th of August 2016.

The report itself contains no surprises and the key findings and recommendations were discussed with myself and the Site Managers during the Audit visit.

The process was an opportunity for us to review our own processes so we can function better for the benefit of our students.

The only query that I have is the inclusion of Point 6 in the focus areas. While I understand that the high EFTS value recorded against students enrolled on the Ministry of Social Development Training for Work programme had drawn attention because it threw up an anomaly in the data, I believe there was clarification given around why it happened.

1. The enrolment pattern was for all the courses each student could potentially access
2. Students follow individual programmes even though they are enrolled in a single programme
3. The programme is a hangover from a previous funding regime – Training for Work - and does not fit into the SDR reporting framework
4. Work & Income measure employment outcomes not qualifications and that is the basis of their funding
5. There is no funding consequence of this enrolment pattern to the funder i.e. to MSD or any relevance to TEC.
6. There is no financial benefit to us as the Provider
7. The only beneficiary of the enrolment pattern is the student who has access to our entire accreditation rather than a proscribed part of it.

I am concerned that this paragraph in the report will be viewed negatively by future funders when it has no relevance to the funding agency that contracted it.

The Ministry of Social Development no longer funds this programme. We had a discussion about the impact an anomaly in the data can have in terms of auditing, I believe in all fairness the point you made has been well learned.

Apart from this one point I am happy to sign off this report as factually correct and work through the key findings and recommendations to ensure they are all put in place.

Thank you for the time you took. I look forward to hearing from you in the future.

Naku noa,
Na, 9(2)(a)
General Manager
Whakato te Maatauranga