

Tertiary Education Commission

Audit Report

Nelson Marlborough Institute of Technology

Te Whare Wānanga o Te Tau Ihu o
Te Waka a Māui

Student Achievement Component, Youth Guarantee, ESOL –
Intensive Literacy and Numeracy, ESOL – Refugee English Fund
and Adult Community Education Funding

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1 Purpose

The purpose of the audit was to provide assurance that Nelson Marlborough Institute of Technology Te Whare Wānanga o Te Tau Ihu o Te Waka a Māui (NMIT) is meeting the Investment Plan Funding Conditions as referred to in the Tertiary Education Commission (TEC) letter of approval dated 21 December 2015. The funding approved includes Student Achievement Component (SAC), Youth Guarantee, ESOL – Intensive Literacy and Numeracy, ESOL – Refugee English Fund and Adult Community Education (ACE) 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 NMIT. 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.
- Compliance with Student Achievement Component funding conditions.
- The Annual Maximum Fee Movement (AMFM) policy relating to fees and course costs.
- The refund of fees that have been overcharged.
- 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 Youth Guarantee funding conditions.
- Compliance with ESOL - ILN funding conditions.
- Compliance with the requirements in Part 16 of the Education Act 1989.
- Any other matters relating to funding provided by the TEC.

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.

NMIT is an Institute of Technology based in Nelson offering qualifications from foundation to post-graduate programmes that are funded by the TEC.

In addition to the main campus in Nelson, the Institute has campuses in Blenheim, Woodbourne, Richmond and Auckland.

The following eleven qualifications were reviewed during the audit:

- NE4955 Certificate in Trades and Primary Industries (Level 2)
- OT4960 Certificate in Automotive Engineering (Level 3)
- NC1421 National Certificate in Motor Industry (Automotive Electrical and Mechanical Engineering) (Level 3)
- NC1621 National Certificate in Seafood Processing (Level 3)
- NE4553 Certificate in Vineyard Practice (Level 3)
- NE4340 Diploma in Viticulture and Wine Production (Level 5)
- HB3871 Diploma in Beauty Therapy (Level 5)
- NE4648 Diploma in Career Guidance (Level 6)
- 112950 New Zealand Diploma in Engineering (Level 6)
- NE4864 Bachelor in Viticulture and Wine Production (Level 7)
- NE4507 Bachelor of Information Technology (Level 7).

The table below provides a breakdown of 2016 funding:

Fund	2016 (\$ GST exclusive)
Investment Plan	
SAC Level 3 plus	\$ 15,774,631
SAC Levels 1-2 (Competitive)	\$ 302,130
SAC Levels 1-2 (Non Competitive)	\$ 992,591
Special Ed SSG	\$ 77,685
Youth Guarantee	\$ 1,433,747
ESOL – ILN	\$ 273,750
ESOL – Refugee English Fund	\$ 76,260
ACE in TEIs	\$ 129,869
Equity	\$ 81,842
Total	\$ 19,142,505

4 Key Findings

The key findings were:

- Learners enrolled in Intensive Literacy and Numeracy – English for Speakers of Other Languages (ESOL – ILN) had not been systematically assessed against two funding conditions, *ESOL004: TEO to ensure that learners are eligible* and *ESOL011: TEO only to enrol learner for no more than five years*. Implementing a structured decision-making process prior to acceptance on the programme will ensure that all criteria has been considered and documented.
- Funding condition *ESOL013: TEO to provide specified amount of provision to learners* specifies that, on average, there is 200 hours of provision per learner. NMIT could not confirm during the audit that this was 200 hours of contact time and may have included some non-contact hours.
- NMIT has a subcontracting agreement with Skills Update Training Institute to deliver training in NE4648 Diploma in Career Guidance (Level 6). The agreement was originally negotiated in 2010 and needs to be reviewed.
- NMIT has a subcontracting agreement with Seafood Training Services Limited to deliver training in NC1621 National Certificate in Seafood Processing (Level 3). The contract for provision of services does not specify which party is responsible for reporting unit standard achievements to the New Zealand Qualifications Authority (NZQA).
- NC1421 National Certificate in Motor Industry (Automotive Electrical and Mechanical Engineering) (Level 3) is a 268 credit qualification. In the open cube for 2015 the course completion Educational Performance Indicator is 99.1%. NMIT commented that courses are reported through the student management system after the student has successfully completed the unit standard.

5 Recommendations

The main recommendations are:

- NMIT reviews the enrolment process for learners enrolled in ESOL – ILN to ensure there is a structured decision-making process to support the acceptance decision.
- NMIT to review the process for recording contact hours for learners enrolled in ESOL – ILN.
- Subcontracting agreements need to be reviewed and updated to ensure they reflect the schedule of approved qualifications in the Mix of Provision and specify the party responsible for reporting unit standard achievements to NZQA.
- NMIT to discuss with the ITP Investment Team the TEC's expectations relating to the reporting of course completions for NC1421 National Certificate in Motor Industry (Automotive Electrical and Mechanical Engineering) (Level 3) and how each enrolment should be reported through the student management system.

Part Two

Findings

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

Overview	
<ul style="list-style-type: none"> • A sample of 60 files was selected for audit. The sample covered enrolments reported in the December 2015 and August 2016 Single Data Return. • Interviews were held at the NMIT campus in Blenheim and main campus in Nelson. The audit included a visit to the Richmond campus. • Management interviewed included the Chief Executive, members of the management team and personnel from the eleven selected programmes. • There were no concerns with data reported through the Single Data Return, although there is one matter to follow up with the TEC relating to NC1421 National Certificate in Motor Industry (Automotive Electrical and Mechanical Engineering) (Level 3). 	
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"> • NMIT uses a commercial database student management system, ebs, which is software certified by the Ministry of Education for the Single Data Return. • ebs has a wide range of functions that includes loading enrolments, recording attendance, withdrawals and the reporting of course and qualification completions. The system has an integrated debtors function with data imported daily into NMIT's Finance system. • NMIT has satisfactory controls in place for the entering and updating of student data. • The student management system was satisfactory. <p>Enrolments</p> <ul style="list-style-type: none"> • All 60 student records in the audit sample were valid enrolments for funding purposes, domestic student status was confirmed and minimum attendance requirements met. • From the 60 student records sampled, 24 (40%) were confirmed as enrolments by reference to the student's National Student Index number ('NSI – Active' record). <p>Withdrawals</p> <ul style="list-style-type: none"> • NMIT has policies and procedures in place to monitor attendance and effect withdrawals in a timely manner. The organisation is complying with these policies.

	<p>Single Data Return – declaration sign off</p> <ul style="list-style-type: none"> • The Single Data Return declaration is signed by the Chief Executive prior to submission to the Ministry of Education. • This is compliant with the August 2016 requirement that the SDR is signed by the Chief Executive.
2. Compliance with Student Achievement Component funding conditions.	<ul style="list-style-type: none"> • In the sample of Student Achievement Component funding records reviewed all students were eligible to enrol. • All funding conditions were complied with. <p>NC1421 National Certificate in Motor Industry (Automotive Electrical and Mechanical Engineering) (Level 3)</p> <ul style="list-style-type: none"> • NC1421 is a 268 credit qualification. In the open cube for 2015 the course completion Educational Performance Indicator is 99.1%. NMIT commented that courses are reported through the student management system after the student has successfully completed the unit standard. • NMIT should further discuss with the ITP Investment Team the TEC's expectations relating to the reporting of course completions for NC1421 and how each enrolment should be reported through the student management system.
3. The Annual Maximum Fee Movement (AMFM) policy relating to fees and course costs.	<ul style="list-style-type: none"> • NMIT is complying with the Annual Maximum Fee Movement Policy.
4. The refund of fees that have been overcharged.	<ul style="list-style-type: none"> • In the sample of records reviewed there was no evidence that students have been overcharged fees. • When students withdraw from a programme or change courses within a programme there may be corresponding adjustments to fees charged and refunds effected.
5. The financial support for the equipment infrastructure required to deliver the approved qualifications.	<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.
6. Whether inducements or benefits have been provided to students.	<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>7. Responsibility for subcontracting arrangements.</p>	<p>Skills Update Training Institute</p> <ul style="list-style-type: none"> • NMIT has a subcontracting agreement with Skills Update Training Institute to deliver training. • The agreement was originally negotiated in 2010 and needs to be reviewed. Students enrolled are NMIT students and SAC funded. <p>Seaford Training Services Limited</p> <ul style="list-style-type: none"> • NMIT has a subcontracting agreement with Seafood Training Services Limited. The contract for provision of services does not specify which party is responsible for reporting unit standard achievements to NZQA. <p>Recommendation</p> <ul style="list-style-type: none"> • Subcontracting agreements should be reviewed and updated to ensure they reflect the schedule of approved qualifications in the Mix of Provision and specify the party responsible for reporting unit standard achievements to NZQA.
<p>8. Compliance with Youth Guarantee funding conditions.</p>	<ul style="list-style-type: none"> • In the sample of Youth Guarantee funding records reviewed all students were eligible to enrol. • All funding conditions were complied with.
<p>9. Compliance with ESOL - ILN funding conditions.</p>	<ul style="list-style-type: none"> • Learners enrolled in Intensive Literacy and Numeracy – English for Speakers of Other Languages (ESOL – ILN) had not been fully assessed against two funding conditions, <i>ESOL004: TEO to ensure that learners are eligible</i> and <i>ESOL011: TEO only to enrol learner for no more than five years</i>. • NMIT should review the enrolment process for learners enrolled in ESOL – ILN to ensure there is a structured decision-making process to support the acceptance decision. • Funding condition <i>ESOL013: TEO to provide specified amount of provision to learners</i> specifies that, on average, there is 200 hours of provision per learner. NMIT could not confirm during the audit that this was 200 hours of contact time and may have included some non-contact hours. • NMIT should review the process for recording contact hours for learners enrolled in ESOL – ILN.

<p>10. Compliance with the requirements in Part 16 of Education Act 1989.</p>	<ul style="list-style-type: none"> • The overall standard of recordkeeping was reviewed as good. • Part 16 of the Education Act 1989 includes, but is not limited to student programme information and records. • NMIT has programme approval from NZQA (or ITP Quality¹) for the eleven programmes that are funded by the TEC. Copies of programme approval letters were available for the programmes selected for review, together with the summary of changes for minor and significant changes².
<p>11. Any other TEC funding matters.</p>	<p>Literacy and Numeracy for Adults Assessment Tool (Assessment Tool)</p> <ul style="list-style-type: none"> • All students enrolled in programmes up to Level 5 (except Te Reo Māori) are assessed using the Assessment Tool. • Both adaptive and paper-based assessments are completed according to the requirements of each cohort of students.

¹ Institutes of Technology and Polytechnics Quality.

² Refer to SAC3+011: TEO to meet requirements when making changes to a qualification. Also referred to as Type 1 and 2 changes.