

Tertiary Education Commission

Audit Report

MITO New Zealand Incorporated

Industry Training, Apprenticeship and Strategic Leadership
Funding

Edumis Number: 9013
Audit Dates: 27-29 April 2016
Draft Report Release Date: 26 May 2016
Final Report Release Date: 27 May 2016

Released under the
Official Information Act 1982

Purpose

The purpose of the audit was to review compliance with the legislative requirements and conditions defined in the MITO New Zealand Incorporated (MITO) and the Tertiary Education Commission (TEC) funding letters. The funding includes the Industry Training Fund, Apprenticeship Fund and Strategic Leadership Fund.

The TEC monitors ITOs in accordance with its responsibilities under the Education Act 1989 and the Industry Training and Apprenticeships Act 1992. The information from these audits informs investment plan decisions.

Scope

The scope of the audit was aligned to the performance commitments in the Investment Plan and the conditions defined in the 4 December 2014, 21 August, 17 September and 13 October 2015 TEC funding letters.

The main objectives of the audit were to review:

- Eligibility of programmes and trainees
- Data integrity
- Financial arrangements with industry
- Systems and monitoring
- Governance and management
- Any other TEC funding matters.

An audit is a snapshot of an ITO's performance at a particular point in time. It does not provide a guarantee of current or on-going compliance with its obligations as the 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.

Background

The audit was undertaken as part of the TEC's monitoring of an ITO.

MITO has been granted re-recognition for industry coverage to October 2018 by the Minister for Tertiary Education, Skills and Employment.

MITO is the industry training organisation for the motor, transport, logistics, industrial textile fabrication and extractive industry sectors. A full list of the industries covered is contained in Appendix 1 – Gazetted Coverage.

The table below provides a breakdown of 2016 funding:

Funded Programmes	2016 (GST exclusive)
Industry Training Fund	\$ 1,142,400
Apprenticeship Fund	\$ 9,652,459
Strategic Leadership Fund	\$ 110,000
Total Funding	\$ 10,904,859

Key Findings

There were no key findings.

Recommendations

There were no recommendations.

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Part Two

Findings

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

Overview	
<ul style="list-style-type: none"> • A sample of 50 files was selected for review from the Industry Training Register (ITR). The selected files consisted of trainees and apprentices enrolled from 2012 through to 2016. This included: Industry Trainees, Modern Apprentices and New Zealand Apprentices. • During the audit, interviews were held with the Chief Executive, Group Manager Corporate Services, Group Manager Workforce Development, Group Manager Qualifications, Manager Business Systems, Manager Strategic Communications and Principal Advisor. • The overall standard of recordkeeping was exemplary with trainees and apprentices accurately reported in the Trainee Management System, ITOMIC. • The Chief Executive of MITO has developed a strong culture within the organisation of valuing individual trainee and apprentice achievement and this permeates all levels of the organisation and underpins the ITO's success. 	
Audit focus areas	Evidence sighted
1. Eligibility of programmes and trainees.	<p style="text-align: center;">Trainee Management System</p> <ul style="list-style-type: none"> • MITO uses the ITO Management Information Centre (ITOMIC) system for gathering and processing trainee and apprentice data. ITOMIC is based on Microsoft CRM 2011 (Customer Relationship Management) and has been developed to meet the requirements of the Industry Training Register (ITR). • ITOMIC provides a system for monitoring trainee and apprentice activity and can produce a range of reports that management and staff can use for tracking, monitoring and reporting purposes to trainees and apprentices, employers, the Board, staff and management. <p style="text-align: center;">Eligibility of trainees and apprentices</p> <ul style="list-style-type: none"> • In the sample of 50 industry trainee, modern apprentice and New Zealand apprentice files reviewed all learners were eligible to enrol. • For each trainee or apprentice a copy is retained of their New Zealand birth certificate, New Zealand passport, New Zealand citizenship certificate or foreign passport with an appropriate visa from Immigration New Zealand. • Each new trainee or apprentice receives a welcome letter from the Chief Executive who describes the programme commencement date and introduces the key MITO

	<p>contact person.</p> <ul style="list-style-type: none"> As at 28/04/2016 there was a small number of 34 trainees enrolled with valid work visas. MITO has systems in place to ensure there are no trainees with expired visas. <p>Completeness of training agreements</p> <ul style="list-style-type: none"> Each training agreement reviewed was complete and signed by three parties; the trainee or apprentice, employer and a MITO representative. <p>Industry Training Advisors</p> <ul style="list-style-type: none"> The 28 Industry Training Advisors cover all regions and are responsible for setting up training plans, monitoring progress and communicating with assessors and moderators. <p>Monitoring of trainees and apprentices</p> <ul style="list-style-type: none"> Whenever trainees and apprentices are falling behind in their studies intervention strategies are actively deployed. One of the interventions may include the Chief Executive visiting the trainee/apprentice in their workplace and therefore re-enforcing that individual achievement is valued. This culture of valuing individual achievement permeates all levels of the organisation and underpins the ITO's success. <p>Code of Good Practice for New Zealand Apprenticeships</p> <ul style="list-style-type: none"> MITO is complying with the Code of Practice for apprenticeship training with assessment visits scheduled to meet apprentice needs and in accordance with an apprentice's training plan.
2. Data integrity.	<ul style="list-style-type: none"> There were no issues identified during the audit relating to the integrity of data reported through the ITR. MITO has satisfactory internal controls in place for checking data prior to upload to the ITR. This includes Recognition of Prior Learning (RPL) and ensuring that trainees/apprentices are not enrolled in unit standards that they have already achieved.
3. Financial arrangements with industry.	<ul style="list-style-type: none"> MITO has a process in place to identify financial contributions towards the total cost of training. Training fees are reviewed annually. MITO's policy refers to affordable fees that are fair and equitable to employers, trainees and apprentices.
4. Systems and monitoring.	<ul style="list-style-type: none"> A wide range of reports are generated from ITOMIC and used at all levels of the organisation and by the Board. Staff and management commented that they were satisfied with the dashboards and standard reports available and the ability to examine data. The organisation monitors its key performance indicators and analyses performance variations so that it can

	perform corrective actions.
5. Governance and management.	<ul style="list-style-type: none"> • The governance of MITO is covered in the Constitution dated May 2015 and published on the MITO website. • The MITO Board is a skills-based board and meets regularly. Board minutes were made available for review and cover a wide range of issues. The minutes were succinct and well-written.
6. Any other TEC funding matters.	<p>Targeted Review of Qualifications (TRoQ)</p> <ul style="list-style-type: none"> • The NZQA Targeted Review of Qualifications (TRoQ) is assessed as having the greatest impact on the organisation's performance as existing qualifications expire; new qualifications are developed and New Zealand qualifications become available. • MITO has processes and controls in place for the approval and development of new qualifications. A master spreadsheet was sighted on 29/04/2016 detailing current programmes subject to TRoQ, replacement qualification(s) and their status of development.

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Appendix 1 – Gazetted Coverage

New Zealand Motor Industry Training Organisation Incorporated

NZ Motor Industry Training Organisation (Incorporated)

Pursuant to section 5 of the Industry Training Act 1992, the NZ Motor Industry Training Organisation (Incorporated) has been granted re-recognition for a period of five years, with effect from 21 October 2013 to 20 October 2018, to set standards at Levels 1 - 8 on the New Zealand Qualifications Framework for the following industries:

- Motor industry;
- Industrial textile fabrication industry;
- Commercial road transport industry;
- State Sector and New Zealand Defence Force for road transport-related operations;
- Stevedoring and port industry (including the New Zealand Defence Force) - covering port cargo handling, ship loading and unloading, and port marine services;
- Road transport logistics industry - covering warehousing but not wholesaling;
- Freight forwarding and distribution - specifically related to the receipt, transshipment and breakdown of bulk, and packaging for re-consignment;
- Extractive industry - with respect to coal mining (opencast and underground), alluvial pit (gravel, sand and opencast), quarry and aggregates (hardrock and opencast), dredging for minerals (civil works excluded), tunnelling;
- Drilling industry - including hydrocarbon and non-hydrocarbon;
- Gas industry: including gas engineering, pipeline mechanical inspection, gas metering, governor fitting, gas measuring, appliance servicing, mains and service laying, leakage surveying, specialist meter reading, distribution, reticulation, sales, repair and maintenance;
- Petrochemical, energy and chemical plant industries - with respect to plant/process operations in exploration/production, hydrocarbon refining and petrochemical processing sectors; and petrochemical industry specific skills, geoscience, engineering (chemical, civil, electrical, mechanical and process), mechanical instrumentation and electrical tradespersons, metering and telemetry technicians, cathodic technicians;
- Protective coating industry - including abrasive blasting, and blasting coating operations; and
- Resource recovery - including areas of scrap metal recovery, waste management (excluding water), recycling and zero waste.

Dated at Wellington this 10th day of October 2013.

HON STEVEN JOYCE, Minister for Tertiary Education, Skills and Employment.