



cutting through complexity

Te Kotahitanga Training Review

The Tertiary Education Commission
Te Amorangi Matauranga Matua

9 May 2016

kpmg.co.nz



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Inherent Limitations

This report has been prepared in accordance with our Engagement Letter dated 18 February 2016. The services provided under our engagement letter ('Services') have not been undertaken in accordance with any auditing, review or assurance standards. The term "Audit/Review" used in this report does not relate to an Audit/Review as defined under professional assurance standards.

The information presented in this report is based on that made available to us in the course of our work by the Tertiary Education Commission (TEC) and Te Kotahitanga Training (TKT). We have indicated within this report the sources of the information provided. Unless otherwise stated in this report, we have relied upon the truth, accuracy and completeness of any information provided or made available to us in connection with the Services without independently verifying it.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, TKT management and personnel / stakeholders] consulted as part of the process.

Third Party Reliance

Other than our responsibility to TEC, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Our report was prepared solely in accordance with the specific terms of reference set out in the engagement letter agreed dated 18 February 2016 between ourselves and TEC and for no other purpose.

KPMG expressly disclaims any and all liability for any loss or damage of whatever kind to any person acting on information contained in this report, other than TEC. Additionally, we reserve the right but not the obligation to update our report or to revise the information contained therein because of events and transactions occurring subsequent to the date of this report.

1. Executive Summary

1.1 Background

The Tertiary Education Commission (TEC) is currently carrying out a review of Tertiary Education Organisations (TEOs). The purpose of these is to ensure that the sector is complying with the New Zealand Qualification Authority (NZQA) and TEC's programme and funding approval conditions.

TEC engaged KPMG to undertake a focused review of all Youth Guarantee funded courses at Te Kotahitanga Training¹ (TKT).

TKT's Chief Executive Officer (CEO) has extensive experience running education institutions, and employees experienced in teaching.

In 2014, 20 percent of students enrolled in Youth Guarantee (YG) funded courses gained a qualification. In 2015 34 percent of students enrolled in YG funded courses gained a qualification.

Throughout this review, TKT management and staff were open, cooperative, and provided us with access to documentation as and when requested. The start of fieldwork was delayed by one day at the request of the CEO, who seeking legal advice over the audit.

1.2 Objectives and Approach

1.2.1 Objectives

The focus of this review was to confirm that:

- Programmes were taught in accordance, and complied, with the learning hours and weeks entered into STEO and therefore met the TEC funding requirements. (TEC funding requirements were met by being taught in accordance with the learning hours and weeks authorised in STEO.)
- Students were enrolled and attended programmes in which they were enrolled.
- Students awarded a qualification were assessed (and the assessment moderated) to the standard expected of the programmes.
- TKT's internal quality assurance and control processes (in relation to programme delivery) are robust and fit for purpose.

¹ Te Kotahitanga Training (TKT) is the trading name of JTP Consultants Limited,

- Sub-contracting arrangements in place to deliver programmes on behalf of TKT were approved and roles and responsibilities were clear.

1.2.2 Approach

In undertaking this review we:

- Conducted on-site interviews with senior staff involved in the decision-making processes, tutors and students to assess staffing and subcontracting arrangements.
- Reviewed student enrolment and academic records to determine processes and practice are valid and authentic.
- Assessed programme delivery and assessment methodology practices for validity and appropriateness.
- Produced a full report, which provides an evidence base that will inform the extent of any buyer funding recovery² and, if necessary, can be made available to the appropriate authorities who may wish to pursue further investigations.

1.3 Key Findings

The below findings are outlined in greater detail in Section 2.

1.3.1 Funding received for students who did not complete 10 percent of their course

We identified four students who did not complete 10 percent of the course in which they were enrolled, but for which TKT received funding.

Funding requirements state that students must complete 10 percent of the course in which they are enrolled for the PTE to be eligible for funding.

1.3.2 Students enrolled twice in the same year in a full year course

TKT enrolled eight students in a full year course twice in 2014. The course was Hairdressing – Salon Support – a 40 week course worth 0.75 EFTS per student.

Their enrolments were made in two phases – once in February to June and a second time July to November. The normal approach would be for a student to be enrolled in the course once from February to November.

² TEC made this recovery following receipt of the final SDR report from a PTE at year end. It may identify over funding and claim a portion back based on the information in the report.

In 2014 TKT received advance funding. It was instructed by TEC to use the funding in the first six months of the year. TKT used this to fund these eight students for their first six months of 2014 study. This is the reason for the initial enrolment period of six months.

1.3.3 Incompleteness of Student Records

Of the 15 student files inspected we identified issues with 13 files. The majority of these were administrative issues with some files having multiple issues.

Issues identified included:

- Incomplete documentation:
 - identification not present
 - previous records of achievement not on file
 - enrolment forms not complete.
- Inconsistency between:
 - enrolment dates
 - start dates
 - dates on signed enrolment forms.
- Other student's file attached incorrectly to the file selected for testing indicating a potential privacy breach.

1.3.4 No formal agreement in place with subcontractor

TKT does not have any Memorandums of Understanding or similar documented agreements in place to engage a supplier to provide first aid qualifications to its students.

First aid standards are required as part of TKT's hairdressing course. Currently TKT uses a supplier with whom it has a relationship – *Action for Survival*.

We were not provided with any documented arrangements between TKT and *Action for Survival*.

Action for Survival has Consent to Assess to deliver first aid unit standards. NZQA requires that they be notified of any such arrangement involving an NZQA-approved course such as Hairdressing (Salon Support).

1.3.5 Differences in STEO compared to NZQA letters

Discrepancies were identified between the qualification details entered into STEO and the qualification details as approved by NZQA. This was a result of the calculation in the NZQA approval letters being incorrect.

2. Detailed Findings

2.1 Funding received for students who did not complete 10 percent of their course

We identified four students who did not complete 10 percent of the course in which they were enrolled, but for which TKT received funding. Where students do not complete at least 10 percent of a course TKT is not eligible to receive funding for those students.

The table below captures the students for which TKT erroneously received funding:

| National Student Number | Qualification | EFTS per enrolment | Total \$ value (excl GST) |
|-------------------------|------------------------------|--------------------|---------------------------|
| Section 9(2)(a) | NCEA L2 Computing | 0.6668 | \$ 7,201 |
| Section 9(2)(a) | NCEA L2 Computing | 0.6668 | \$ 7,201 |
| Section 9(2)(a) | Hairdressing (Salon Support) | 0.738 | \$ 10,553 |
| Section 9(2)(a) | Hairdressing (Salon Support) | 0.738 | \$ 10,553 |
| Total | | 2.8096 | \$ 35,510 |

TKT over-delivered on EFTS for the funding provided in 2015. As a result they received \$52,639 less than they would have otherwise. Removing these four funded students would reduce the margin of over-delivery but would not ultimately have any financial implication for TKT.

As the four students did not complete their courses removing them from the data set would improve TKT's Course Completion EPI.

2.2 Students enrolled twice in the same year in a full year course

TKT enrolled eight students twice in 2014 for a full year course.

TEC provided TKT with approximately 10 EFTS of advance funding at the beginning of 2014 and required the funding to be used in the first six months of 2014. TKT enrolled eight students into the hairdressing course (a full year, 40 week course worth .75 EFTS per student) in the first six months of the year. Per the table below, the total EFTS value for these students in the first six months was \$71,323.

In the second six months of 2014 those students were enrolled again in the same course for the remainder of the year. Both these enrolments were then reported to TEC, and TKT subsequently received funding for them. None of the students enrolled completed a

qualification in either period. TKT not only utilised the funding as directed by TEC in the first six months but also received double funding for the same students

In reviewing TKT's claimed EFTS we validated the following information:

- TKT's enrolment information and student files
- SDR reports provided to TEC
- information and analysis on student enrolment from TEC
- investment letters from TEC outlining funding agreements
- responses from student and tutor interviews.

Table 1 captures the EFTS value and dollar value of each enrolment for these students. All students were enrolled in the same courses twice in 2014.

| National Student Number | EFTS enrolment Jan - June 2014 | EFTS Value Jan - June 2014 | EFTS enrolment in July - Dec 2014 | EFTS Value July - Dec 2014 | Total EFTS for 2014 | Total \$ value |
|-------------------------|--------------------------------|----------------------------|-----------------------------------|----------------------------|---------------------|-------------------|
| Section 9(2)(a) | 0.738 | \$ 7,970 | 0.738 | \$ 7,970 | 1.476 | \$ 15,941 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.648 | \$ 6,998 | 1.486 | \$ 16,049 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.838 | \$ 9,050 | 1.676 | \$ 18,101 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.648 | \$ 6,998 | 1.486 | \$ 16,049 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.838 | \$ 9,050 | 1.676 | \$ 18,101 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.838 | \$ 9,050 | 1.676 | \$ 18,101 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.588 | \$ 6,350 | 1.426 | \$ 15,401 |
| Section 9(2)(a) | 0.838 | \$ 9,050 | 0.738 | \$ 7,970 | 1.576 | \$ 17,021 |
| TOTAL | 6.604 | \$ 71,323 | 5.874 | \$ 63,439 | 12.478 | \$ 134,762 |

Table 1: 2014 Double Enrolments

2.3 Incompleteness of Student Records

Of the 15 student files we inspected, 13 had at least one issue. The majority of these were administrative.

Issues identified are captured below.

- Nine files were found to have incomplete information. Examples of incomplete information included:
 - no evidence of Identification
 - enrolment forms not present.

- Four instances of inconsistent dates across three requirements:
 - course start
 - enrolment date
 - enrolment approval date.
- Two instances of other students' enrolment documents in sampled students' files.
- One instance of inconsistent information provided in enrolment files:
 - conflicting information about record of learning.

We selected a sample of 15 students from YG funded courses and tested each enrolment file to confirm whether:

- The enrolment application form for each student was retained on file and appropriately approved and signed by TKT.
- The student had provided the appropriate supporting information (e.g. birth certificate, passport) to support their application.
- The student details in their enrolment application forms reconciled with the details in TKT's Student Management System (SMS).
- The qualification completions were reported to NZQA.
- There was evidence of assessment records for all students.

TKT student files including enrolment information is filed by qualification rather than by student. Therefore students who enrol in multiple qualifications across a number of years will not have all of their enrolment information in a single file but in multiple qualification files.

Table 2 outlines the results of this testing:

| Enrolments and supporting docs | EFTS reconcile in SMS and TEC | Evidence of Assessment Records | Completions and Standards reported |
|--------------------------------|-------------------------------|--------------------------------|------------------------------------|
| X 13 of 15 | ✓ No issues | ✓ No issues | ✓ No issues |

Table 2: Enrolment testing

2.4 No formal agreement in place with subcontractor

TKT does not have any formal or documented agreements in place with their single subcontractor. The subcontractor, *Action for Survival*, is a registered and accredited PTE. TKT utilises its services to provide first aid training to students undertaking the hairdressing qualification.

TKT has used *Action for Survival* since first receiving YG funding in 2014. Currently the subcontractor reports standards as achieved to NZQA. However, this arrangement is not documented with an absence of a Memorandum of Understanding (MoU).

TKT generally transports students to these courses and monitors student attendance at classes delivered by this subcontractor.

Table 3 outlines the Subcontractor TKT works with and the checks we undertook:

| Subcontractor | Signed MOU in place? | Class provided | Subcontractor Appropriately Accredited & Registered? | MoU defines coverage, roles and responsibilities |
|------------------------------|----------------------|--------------------|--|--|
| Action for Survival Training | X | Unit Standard 6402 | ✓ | n/a |

Table 3: Subcontractor Checks

2.5 Differences in STEO compared to NZQA letters

We identified two discrepancies between the NZQA approval letters and the information entered into STEO by TKT. The calculations documented in the NZQA approval letters are incorrect. The calculations TKT entered into STEO are correct, therefore the information has resulted in discrepancies.

TKT provided documentation that we inspected in order to determine whether NZQA had approved the qualifications it teaches. We then checked that the qualifications are accurately entered into STEO.

Table 4 captures the differences between NZQA approval letters and the information in STEO.

| Qualification | NZQA Programme Approval Letter | STEO (TEC) |
|--------------------------------------|--------------------------------|--------------------------|
| NCEA Level 2 Computing | Teaching Hours: 650 | Teaching Hours: 650 |
| | Self-Directed Hours: 156 | Self-Directed Hours: 156 |
| | Total Hours: 800 | Total Hours: 806 |
| Hairdressing (salons support) | Teaching Hours: 972 | Teaching Hours: 972 |
| | Self-Directed Hours: 36 | Self-Directed Hours: 36 |
| | Total Hours: 990 | Total Hours: 1008 |

Table 4: NZQA Approval VS STEO

3. Observations

3.1 Actual delivery of Teaching Hours

A key part of the funding TEC provides to PTEs is based on the learning hours delivered to each student. Learning hours are made up of teaching hours and self-directed hours. NZQA approves these hours for each qualification before they are entered into STEO.

We applied the following definitions in the course of this review:

- Directed hours (teaching hours): Direct contact time with teachers and trainers.
- Self-directed hours: Time spent studying and doing assignments and undertaking practical tasks.
- Learning hours: Directed Hours, self-directed hours and time spent in assessment.

The qualifications TKT teaches require a significant number of teaching hours and very few self-directed learning hours. This is due to the circumstances of most of the students they teach, and their need for a high level of input from tutors.

Our sampling of students selected for testing included the inspection of attendance registers and assessment records. This enabled us to determine whether TKT was delivering the volume of teaching hours that it is required to for each of the courses. Attendance is monitored through class registers that the tutors record in the mornings and again in the afternoons. We also interviewed students and assessed their responses against the provided records, as well as the responses tutors provided.

Where there was a discrepancy between the hours contained in STEO and the NZQA approval letters, we used the information per the NZQA approval letters as the accurate source. As the total calculation was incorrect in those letters we recalculated the amounts, based on the weeks and combination of hours.

We based our calculation on the weekly hours in table 5:

| Qualifications | Self-Directed Hours | Teaching Hours | Total Learning Hours | Weeks |
|-------------------------------------|---------------------|----------------|----------------------|-------|
| NCEA Level 2 Computing | 6 | 25 | 31 | 26 |
| Hairdressing (salon support) | 1 | 27 | 28 | 36 |

Table 5: Weekly Hours

Based on our assessment, we believe that the sample of students we selected who had gained qualifications had completed the required teaching hours per the above tables at a minimum. Those still working toward their qualifications were on track to complete the required hours.

The delivery of self-directed learning hours is more ad hoc and harder to verify. There is no specific record kept of it. Examples of self-directed learning at TKT include students:

- being provided homework on an ad hoc basis
- staying late at TKT to continue working on their own
- being provided work to take home and complete for a self-directed learning day for those enrolled in Computing.

Based on the small portion of required self-directed learning hours, we believe the students sampled would most likely have met the requirements for self-directed learning hours.

3.2 Student Interviews

Due to difficulties in contacting the sample of 15 students selected to interview as part of this review, we were only able to interview 8 of these students.

The student responses provided us with their perspectives on:

- hours of attendance (including teaching hours and self-directed learning hours)
- class sizes
- delivery of course material
- their general feelings relating to their study at TKT.

The students were all positive about their experience of learning at TKT.

The students' responses aligned to those made by the tutors. Their description of the teaching and self-directed learning hours was consistent with the supporting documentation we reviewed and with the outline contained in TKT's course programmes.

3.3 Moderation

TKT undertakes extensive moderation, including both pre and post assessments.

We reviewed samples of both types of moderation performed at TKT to check that the moderation process is happening regularly and is adequately reviewed.

The TKT tutors meet to compare assessments and ensure they are aligned to provide consistency of assessment for the students at TKT. This helps to ensure that the qualifications the students receive are achieved to the same standard.

Appendix 1 Key Sources of Information

| Type | Details |
|------------------|---|
| Documents | <ul style="list-style-type: none"> • NZQA Programme Details documents for the selected courses • NZQA Approval and Accreditation Letters for the selected courses, included the course and qualifications details forms (NZQA Programme Approval Letter) • Information from STEO for TKT's qualifications • TKT enrolment records • NZQA records of achievement • TKT Investment Planning Letters |
| TKT Staff | <ul style="list-style-type: none"> • Janeene Panoho (Chief Executive) • Programme tutors: <ul style="list-style-type: none"> – Section 9(2)(a) – Section 9(2)(a) |
| Other | <ul style="list-style-type: none"> • A total of eight students were interviewed across the selected programmes • Section 9(2)(a) • Section 9(2)(a) • Graeme Cahalane (TEC) |

Appendix 2 Background to TKT

TEC provides funding to TKT through the YG Fund. TKT taught hairdressing only in 2014 using this funding. They added a level 2 computing course in 2015, also funded by YG funding.

The YG Fund provides funding for the qualifications that TKT's teaches. This funding is calculated based on EFTS value, which is based on the qualifications enrolled in by eligible students. Students are required to complete 10 percent of the qualification they are enrolled in for TKT to be eligible to claim funding.

NZQA approves each of these qualifications for a specific duration and number of credits. This also includes specifications for the number of teaching hours and the number of self-directed learning hours students are expected to complete. TKT runs classes from Monday – Friday, 9.00 am to 3.30 pm. Attendance is monitored and recorded at the start of each day.

The following table sets out the funding TKT has received TKT since 2014:

| Funding Type | 2014 | 2015 |
|-----------------|-----------|-----------|
| Youth Guarantee | \$251,000 | \$216,000 |

The details of the programmes TKT taught in 2014 and 2015 that are funded by Youth Guarantee and ACE are captured below:

| Qualification | Level | Credits | Duration (Weeks) |
|------------------------------|-------|---------|------------------|
| NCEA Level 2 Computing | 2 | 80 | 26 |
| Hairdressing (salon support) | 3 | 90 | 36 |