



Department of Education and Training

Higher Education and Skills

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Mr John Damien Macdonald
Chief Executive Officer
Trade Institute of Victoria Pty Ltd
PO Box 3158
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Dear Mr Macdonald

2020 SKILLS FIRST AUDIT AND ASSURANCE PROGRAM – OUTCOME OF BUSINESS PROCESS AUDIT AND TRANSACTIONAL COMPLIANCE AUDIT

I write regarding the *Skills First* Audit and Assurance Report dated 18 March 2021, for the Business Process Audit (BPA) and Transactional Compliance Audit (TCA) conducted remotely by Protiviti (the Auditors) from 23 February 2021.

The audits consisted of an examination of your organisation's business and transactional processes to assess your organisation's compliance with the 2018-19 Standard VET Funding Contract (extended to 31 December 2021) (the Contract).

Review of Findings

The BPA/TCA Report noted some significant issues under Eligibility and Pre-Training Review (PTR) processes which demonstrate that the level of compliance at your organisation is not sufficient. The Department is concerned about the systemic issues noted in the PTR exceptions, most of which have been attributed to administrative oversight or oversight of contractual requirements. The Auditors also reported the status of rectification actions of the BPA/TCA conducted in August 2018 as still in-progress. The Department has serious concerns about the ongoing non-compliance issues in these areas. The Department expects training providers to put in place adequate policies and procedures to enable compliance with their contractual obligations.

TIV is also advised to complete the 2021 Internal Audit Checklist (IAC), published on SVTS on 7 January 2021. This tool will assist TIV to identify ways of strengthening internal controls across your organisation.

This letter and the discussion in Appendix A are intended to reflect the observed non-compliances, TIV's management comments, and the Department's moderated views and final position on the reported findings.

Management Action Plan

As per Clause 11.3(b)(iii) of the Contract, your organisation is required, within six (6) months of the date of the final audit report, to advise the Department in writing of the steps taken to comply with and implement the MAP. As such, the Department expects TIV to provide an update on the implementation of the MAP by no later than **15 September 2021**.

Reclamation of Funds

Schedule 1, Clauses 14.5 of the Contract provides that where a Training Provider cannot support assessment of student eligibility, including a Fee Concession, waiver or exemption, with sufficient documentation for each individual for which it has claimed, the Department may require a refund of some or all of the funds.

As the evidence for the students noted below could not assure the Department that TIV assessed eligibility for funded training in line with the Contract, the Department will reclaim Funds paid for the below commencements:

Funds to be reclaimed for the Concession exceptions

Report Ref.	Nature of exceptions	Sample	Student ID	Program ID	Program Commencement Date	Concession funds to reclaim (incl. GST)*
3.5	Evidence of concession not provided	TCA 74	LC19-06836	CPC30211	29-Mar-2019	\$131.21
		TCA 95	LC19-07089	CPC30211	01-Aug-2019	\$1,142.94
		Total				\$1,274.95

*Source: Claim status report generated through SVTS on 07 April 2021

An invoice for **\$1,274.95 (Incl. GST)** will be raised separate to this correspondence and sent to TIV for payment.

Next steps

The Department remains concerned about your organisation's processes and controls to ensure delivery of high-quality Training Services in line with the Contract. To address the Department's concerns, the Department will conduct further assurance activity for which you will receive a separate notification in accordance with the *Skills First* Audit and Review Strategy.

I would like to take this opportunity to highlight the professional development workshops and information sessions that the Department conducts from time to time, as well as refer you to the suite of support documents available in the Skills Victoria Training System (SVTS) to further support your organisation's understanding of the Contract requirements.

The Department is looking forward to receiving your feedback on *Skills First* Audit and Assurance Program Satisfaction Survey. Your feedback is important to us to improve our Audit and Assurance processes.

Yours sincerely



Jacob Micallef
Acting Director
Training Market Services

8 June 2021

APPENDIX A - Discussion of Non-Compliances

Eligibility (Report Ref 3.1.1 to 3.1.5)

Testing of two (2) BPA and 40 TCA student files identified the following eligibility exceptions:

- The evidence of eligibility form was not provided.
- The Student Declaration did not include the code of the qualification seeking to enrol in.
- Trainer Declaration granted an eligibility exemption to the student; however, this was not recorded in SVTS nor was evidence retained accordingly.
- Training Provider Declaration was not completed in alignment with the VET Funding Contract, as the declaration did not include the qualification, the program code and/or if exemption was granted.
- The student identified to be enrolled in a school and to be enrolled in the Commonwealth Government's Skills for Education and Employment Program and should, therefore, not be eligible for Skills First Funded training.
- Student identified to have started two (2) government funded courses at the same level as the one applying for. Comment from Training Provider delegate included that the student commenced these courses in the same qualification, however evidence to support the this was not provided.

After applying discretion to a number of findings, the Department reminds TIV that the evidence described in the Eligibility Declaration must be recorded in the form prescribed by the Department or in a form which records the exact information as the form prescribed by the Department and must be made available to the Department for audit, review or investigation purposes, as stipulated in Schedule 1, Clause 3.4 of the Contract. TIV is also reminded to ensure compliance with the Guidelines for Determining Student Eligibility and Supporting Evidence (the Guidelines) as stipulated in Schedule 1, Clause 3.2 of the Contract.

Pre-Training Review (PTR) (Report Ref 3.2.1 – 3.2.5)

Testing of two (2) BPA and 40 TCA student files identified the following PTR exceptions:

- Date of PTR assessment (Final delegates Authorisation Date) is not stated.
- PTR review document template does not ascertain that the proposed learning strategies and materials were appropriate for the individual (systemic issue).
- LLN does not include a written component to fully assess if the program is the appropriate level for the student.
- Consideration of student's previous industry experience to determine if RPL is applicable, was not included as part of the Pre-Training Review.
- Individual's digital capability was assessed as poor but subsequent support was not documented for audit review.
- The reason as to why the program was determined as suitable and the most suitable training option for the individual was not documented (systemic issue).

This is unfortunate that TIV attributed most of the non-compliances to oversight of the Contractual requirements, in particular, the findings reported at 3.2.2 and 3.2.6 as similar issues were also reported in the BPA/TCA conducted during August 2018. The Department reminds TIV of its obligations as stipulated in Schedule 1, Clause 5.1 – 5.4 of the Contract. The Department also recommends TIV to refer to the PTR sample template available in the document section of the SVTS.

Training Plan (Report Refs 3.3.1 to 3.3.3)

Within one (1) BPA and three (3) TCA files tested; the Auditor identified the following issues:

- Training Plan did not specify the delivery modes to be used for each unit of competency (exception noted for BPA 1).

- Training Plan was not aligned with TAS for the nine (9) units. Misalignment was noted for the assessment methods and/or Trainers names.
- Activity End Date was left blank on the Training Plan and did not align with the date recorded in SVTS.

Notwithstanding your management comments, your organisation is reminded of the obligation to ensure that all required information is included in each Eligible Individual's Training Plan, in accordance with Schedule 1, clause 7.2 & 7.12 (as applicable) of the Contract.

Additionally, you must ensure that each Eligible Individual's Training Plan aligns with the relevant TAS and that any variation from the TAS is documented and justified in the Training Plan, in accordance with Schedule 1, Clause 7.9 of the Contract.

Training Participation (Report Ref: 3.4.1 to 3.4.2)

Within the two (2) BPA and 40 TCA student files tested, the Auditor noted seven (7) instances where second evidence of participation could not be provided for the withdrawn units. The Auditor further reported one (1) instance where evidence sighted of student work dated 4/8/2020 which is two (2) days prior to Activity Start Date on 6/8/2020.

The Department acknowledges your management comments, however, is concerned about three (3) subjects (TCA 19, TCA 27 and TCA 30), TIV should maintain sufficient and valid evidence to demonstrate student's engagement prior to being withdrawn. TIV is reminded that as per contractual requirements, if a subject's activity duration elapses one (1) month, two (2) points of EOP must be provided with each point being a different form of EOP. This requirement is still applicable for students who are reported as withdrawn, as evidence indicates that the subject duration exceeded one month before the student formally withdrew. This should be reviewed with consideration of the 'Withdrawn Subject Enrolment' Factsheet published on SVTS in April 2020.

Fee Concessions (Report Ref: 3.5)

Testing of two (2) BPA and 104 TCA samples of fee concession identified two (2) instances where the Evidence of Concession was not provided.

Since TIV cannot support assessment of student eligibility to concession with sufficient documentation, the Department will reclaim the funding paid for the exceptions identified. The amount of funding to be reclaimed is outlined in the table above.

Fees (Report Ref: 3.6)

Testing of two (2) BPA student files identified one (1) instance where the hourly tuition fee recorded on the Statement of Fees does not match the hourly tuition fee recorded in SVTS. Notwithstanding your management comments, the Department reminds TIV to meet the requirements of the *Guidelines about Fees*.