

**Job Training Institute**

**122208**

***Skills for Victoria Contract Compliance Audit Report***

Version	Final
Date	3 November 2011
Circulation	Skills Victoria Loice Njanja, Director, Job Training Institute

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# 1. Executive Summary

## 1.1 Introduction

The Victorian Training Guarantee (VTG) is an entitlement to government subsidised training for eligible individuals.

All students undertaking government subsidised training under the VTG are required to contribute to the cost of their training through payment of fees as provided for by the Ministerial Directions about Fees.

Under delegation from the Victorian Skills Commission, Skills Victoria contracts Registered Training Organisations (RTOs) to deliver training to eligible individuals under the *Skills for Victoria* Program. In accordance with its Contract Compliance Audit Strategy, Skills Victoria undertakes a contract compliance audit program to ensure the contracted RTOs are complying with the terms and conditions of their *Skills for Victoria* Service Agreements (Service Agreements).

Skills Victoria conducts these audits using contractors from a panel of service providers.

PricewaterhouseCoopers conducted this contract compliance audit at Job Training Institute.

## 1.2 Objective and Scope

The objective of the contract compliance audit was to assess the business processes and internal control environment employed by the RTO to achieve compliance with its contractual obligations under the Service Agreement. The scope of work focussed on:

- internal audit activity undertaken by the RTO to self assess its compliance against the Service Agreement;
- processes in place for eligibility assessment, student enrolments, training plan development, training delivery;
- maintenance of records to evidence compliance (e.g. eligibility, enrolment forms, training plans/delivery, evidence of participation) and including use of the RTO's Student Management System (SMS) and input of relevant data into the Skills Victoria Training System (SVTS);
- processes for assigning responsibilities and communicating contractual obligations under the Service Agreement to relevant persons within the RTO; and
- segregation of duties for processes examined.

### 1.3 Summary of Findings

The following positive aspects of internal control were identified during the audit:

- There was a strong commitment to continuous improvement.
- The RTO has a robust process for conducting online eligibility assessments and language, literacy and numeracy testing. This has ensured students complete both elements before commencement of their training.
- A high level of awareness of contractual requirements attached to the funding obtained from Skills Victoria

The following control weaknesses were identified which may impact the RTO's ability to comply with the Service Agreement:

Ref	Area	Control Weakness
2.1	Student Enrolment	The RTO's student enrolment form does not comply with the requirements of the 2011 Victorian VET Student Statistical Guidelines.

Further details of the control weaknesses, and agreed management action plans to address them, are included in Section 2 of this report.

The following additional opportunities for improvement to the RTO's activities were identified:

Ref	Opportunity for Improvement
3.1	Complete the internal audit checklist to ensure all items have been assessed as compliant, non-compliant or not applicable.
3.2	Document the eligibility decision process programmed on the RTO website to determine student eligibility.
3.3	Document the student invoicing reconciliation process being undertaken between between VETtrak and MYOB.
3.4	Ensure addendums to training plans are attached to student files for pre February 2011 enrolments, reflecting the current unit commencement and completion dates and status of assessment.

Further details of the opportunities for improvement and agreed management action plans to address them, are included in Section 3 of this report.

## 2. Detailed Findings

The table below sets out the control weaknesses identified and agreed management action plans:

Reference	Control Weakness	Management Action Plan
<b>Student Enrolment</b>		
<p><b>2.1</b>                      The RTO's student enrolment form does not comply with the requirements of the 2011 Victorian VET Student Statistical Guidelines.</p>	<p><b>Finding</b>                      Our review of two student files identified two instances where student enrolment form did not include a section on the Victorian Student Number as required in the 2011 Victorian VET Student Statistical Collection Guidelines.</p> <p><b>Potential Impact</b>                      This is non-compliant with Schedule 1, item 1.2, of the 2011 Service Agreement.</p>	<p><b>Agreed action</b>                      We have included Victorian Student Number as required in VET Student Statistical Collection Guideline. Revised template has been provided together with our response to this report.</p> <p><b>Responsible Person</b>                      Director, Job Training Institute</p> <p><b>Implementation date</b>                      Implemented</p>

### 3. Opportunities for Improvement

The table below sets out additional opportunities for improvement:

Reference	Opportunity for Improvement	Management Action Plan
<p><b>3.1</b>            Internal Audit Checklist - Complete the internal audit checklist to ensure all items have been assessed as compliant, non-compliant or not applicable.</p>	<p><b>Area for improvement</b>            Our initial review of the internal audit checklist noted that it was not completed in full as it showed 53 items which were not assessed as compliant, non-compliant or not applicable on the outcomes tab.</p> <p>We acknowledge that the findings analysis tab in the checklist was completed. From our discussion with management, we were advised the outcomes tab was not completed due to the RTO being unable to select the correct assessment option.</p> <p><b>Recommendation</b>            Complete the internal audit checklist to ensure all items have been assessed as compliant, non-compliant or not applicable. The compilation of evidence to support compliance may assist in the assessment process.</p>	<p><b>Agreed action</b>            We will complete the internal checklist to ensure all items have been assessed as compliant, non-compliant or not applicable.</p> <p><b>Responsible Person</b>            Training Manager, Job Training Institute</p> <p><b>Implementation date</b>            10 October 2011- Please note a revised checklist was provided during the audit.</p>

Reference	Opportunity for Improvement	Management Action Plan
<p><b>3.2</b>            Eligibility - Formally document the eligibility decision process programmed on the website to determine student eligibility.</p>	<p><b>Area for improvement</b>            The RTO currently has both a manual and online eligibility assessment process. Our review of the manual process noted that it is formally documented in policies and procedures. However, we noted that the online eligibility assessment application, conducted on Job Training Institute's website is not formally documented in the form of a decision tree or flowchart to show how the assessment is made. It is recognised that our review of the online eligibility assessments, using multiple scenarios, established that the correct process had been followed.</p> <p><b>Recommendation</b>            The RTO should formally document the eligibility decision, process, programmed on their website, to determine student eligibility.</p>	<p><b>Agreed action</b>            We will formally document, in the form of a flowchart, the online enrolment process to show how the assessment is made.</p> <p><b>Responsible Person</b>            IT Manager and Training Manager, Job Training Institute</p> <p><b>Implementation date</b>            15 November 2011</p>
<p><b>3.3</b>            Student Enrolment – Document the student invoicing reconciliation process being undertaken between VETtrak and MYOB.</p>	<p><b>Area for improvement</b>            To ensure completeness of student invoicing in MYOB, a mid monthly reconciliation of student enrolled in VETtrak to students invoiced in MYOB, is conducted by the RTO. However, the process has not been documented.</p> <p><b>Recommendation</b>            The RTO should document the student invoicing reconciliation process between VETtrak and MYOB to ensure clarity around the mid-month process and ensure this is consistently performed.</p>	<p><b>Agreed action</b>            We will implement monthly reconciliations between VETtrak and MYOB, commencing 2 November 2011.</p> <p><b>Responsible Person</b>            Student Coordinator and Training Manager, Job Training Institute</p> <p><b>Implementation date</b>            2 November 2011</p>

Reference	Opportunity for Improvement	Management Action Plan
<p><b>3.4</b>            Training Plan - Ensure addendums to training plans are attached to student files for pre February 2011 enrolments, reflecting the current unit commencement and completion dates and status of assessment.</p>	<p><b>Area for improvement</b>            Prior to February 2011, students were not provided with a formal training plan but a with a timetable of units to be undertaken in a variety of formats. Some timetables provided did not include elements as required in the 2011 Service Agreement, such as nominal hours. This was confirmed in our walkthrough testing of two out of two student files. Since February 2011, the RTO has commenced the use of a training plan which has the required fields and is provided to students at the commencement of training.</p> <p><b>Recommendation</b>            The RTO should review student files and ensure that files for students enrolled prior to February 2011 contain a training plan addendum which reflects the current unit commencement, completion dates, status of assessment and nominal scheduled hours and all elements required by the 2011 Service Agreement.</p>	<p><b>Agreed action</b>            We will attach addendums to training plans to student files for students who enrolled before February 2011 to reflect the current unit commencement and completion dates and status of assessment.</p> <p><b>Responsible Person</b>            Director, Job Training Institute</p> <p><b>Implementation date</b>            30 November 2011</p>

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