

Tertiary Education Commission

Audit Report

New Zealand Management Academies Limited

Student Achievement Component and Youth Guarantee Funding

Edumis Number: 8661
Audit Dates: 23-26 August 2016
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Released under the
Official Information Act 1982

1 Purpose

The purpose of the audit was to provide assurance that New Zealand Management Academies Limited (NZMA) is meeting the Investment Plan Funding Conditions as referred to in the Tertiary Education Commission (TEC) letters of approval dated 6 January and 22 April 2016. The funding approved includes Student Achievement Component and Youth Guarantee.

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 NZMA. 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 the requirements in Part 18 of the Education Act 1989.
- Compliance with Youth Guarantee funding conditions.
- Any other TEC funding matters

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.

NZMA is one of the largest Private Training Establishments with 11 accredited delivery sites throughout New Zealand. The 2013 domestic and 973 international students are enrolled across a wide range of 46 programmes from foundation studies up to level 7 on the New Zealand Qualifications Framework.

Student enrolments as at 23 August 2016 are captured in the following table:

Name of Campus	Domestic Students	International Students
1. Sylvia Park, Auckland	220	723
2. City Road, Auckland	217	78
3. Karangahape Road, Auckland	100	128
4. Otahuhu	318	3
5. Manukau	297	2
6. Moa St, Auckland	61	Nil
7. Hamilton	315	14
8. Tauranga	24	Nil
9. Kent Terrace, Wellington	236	18
10. Cambridge Terrace, Wellington	89	Nil
11. Christchurch	136	7
TOTAL	2013	973

The table below provides a breakdown of allocated funding when the TEC approved the transfer of funding to NZMA from ACG Yoobee School of Design (Yoobee) and ACG Tertiary and Careers Group (trading as New Zealand Career College) (NZCC):

Fund	January 2016 (\$ GST exclusive)	April 2016 (\$ GST exclusive)
Investment Plan		
Student Achievement Component	\$ 6,926,261	\$ 14,592,319
Youth Guarantee	\$ 1,485,772	\$ 3,558,691
Youth Guarantee Dual Pilot	N/A	\$ 66,960
Equity	\$ 21,780	\$ 50,767
Total	\$ 8,433,813	\$ 18,268,737

4 Findings

The findings were:

- The August 2016 Single Data Return Authorisation had been signed off by the Divisional General Manager, ACG Tertiary and Careers Group. Under guidelines issued by the Ministry of Education for the August 2016 Single Data Return the Chief Executive is required to sign the authorisation.
- TEC funding approval for the delivery in 2016 of NC1327 National Certificate in Health, Disability and Aged Support (Level 3) was not granted until July 2016 when the programme was added to the Mix of Provision. However; 24 students had commenced studies in March 2016 following NZQA programme approval. TEC funding approval was backdated in STEO to March 2016. It is the TEC's expectation that programmes will not be delivered until funding has been approved.
- One student¹ enrolled in the National Certificate in Health, Disability and Aged Support (Level 3) had not signed their enrolment form.
- The programme approval letter for 113797 Certificate in Early Childhood Education (Level 3) did not match with the details recorded in STEO. There were 22 Teaching Weeks recorded, 13 Self-Directed Learning Hours per week and 38 Total Learning Hours per week. The corrected figures are 21, 15 and 40.
- NZMA could not provide a copy of the NZQA programme approval letters for two local qualifications: PC9462 Diploma of Web Development (Level 6) and PC9332 Diploma of Computer Graphic Design (Level 6). Both programmes in 2004 had been approved for funding.
- NZMA has a project plan to review and consolidate the Quality Management System Policies and Procedures and Student information. At the time of this audit there were three Student Handbooks for NZMA, NZCC and ACG Yoobee School of Design and variations in the policies for each of the brands.
- The contract for the delivery of first aid training related to NZCC was dated 2011. This contract is out of date.

¹ NZMA reference 9(2)(a) .

5 Recommendations

The recommendations were:

- The Single Data Return is signed off by the Chief Executive.
- NZMA and the PTE Investment Team at the TEC to continue discussions on the funding approval process for newly developed qualifications.
- Ensure the student enrolled in the programme National Certificate in Health, Disability and Aged Support (Level 3) has signed their enrolment form.
- Update course details in STEO for 113797 Certificate in Early Childhood Education (Level 3).
- Advise the TEC when the local qualifications are due to expire for: PC9462 Diploma of Web Development (Level 6) and PC9332 Diploma of Computer Graphic Design (Level 6).
- Update the TEC in December 2016 on the progress of the Quality Management System merge.
- Review and update the memorandum of understanding for first aid delivery including an annual renewal clause. The contract should specify the reporting responsibilities relating to achievement of first aid unit standards.

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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"> • 2996 students were reported in 22 qualifications in the NZMA December 2015 SDR. Following the merger, the number of students had increased to 3377 in 48 qualifications reported in the April 2016 SDR. • In January 2016 NZMA entered into two sub-contracting agreements with NZCC and Yoobee. The agreements remain in force until there is one Tertiary Education Organisation. Now that the three PTEs have merged under the NZMA Edumis number 8661 these agreements will be phased out. • A sample of 45 student records was selected for audit from the December 2015 and April 2016 SDRs. The samples confirmed that separate enrolment policies and procedures were in place and the three PTEs operate under separate branding. • NZMA is in the process of consolidating its quality management system and has a project plan in place to review, rationalise and standardise processes from the three TEOs. The consolidation of the quality management system will remain the focus of the organisation over the next six to 12 months. • Interviews were held with the Divisional General Manager - ACG Tertiary and Careers Group, Registrar, two Regional Managers, Financial Controller, Finance Manager and Quality – Special Projects Manager. 	
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"> • NZMA uses a commercial database student management system, Take2 (version 10.6.112), which is software certified by the Ministry of Education for the Single Data Return. It is used to load enrolments and report completions. <p>105 staff have various levels of access privileges to Take2 based on position and business needs.</p> <ul style="list-style-type: none"> • NZMA separately uses Microsoft Dynamics Customer Relationship Management (CRM) for loading sales prospects prior to a confirmed student enrolment. CRM is also used for recording financial transactions. <p>Merge of Data from NZCC and Yoobee to NZMA</p> <ul style="list-style-type: none"> • Prior to purchase by NZMA, NZCC used the student management system, EnrolPRO. In late 2015, NZCC changed to Take2 in preparation for the merger under the NZMA Edumis number. • Prior to purchase by NZMA, Yoobee used Take2. • The April 2016 Single Data Return was the first return for the merged organisation and since then the August 2016 SDR has been submitted.

	<ul style="list-style-type: none"> The merging of data has been closely monitored by NZMA management given the complexity and size of the new organisation. <p>Segregation of Duties</p> <ul style="list-style-type: none"> There is appropriate segregation of duties in Take2. Sales personnel recruit and enter prospective student details in CRM. Campus Administrative personnel are responsible for entering course and qualification completion outcomes, monitoring attendance and actioning withdrawal events in Take2. The Registry team creates enrolment patterns, enters enrolment programmes in the database and actions Administrator requests to change the status of students. The Registrar and Deputy Registrar are responsible for checking the Single Data Return until it is error free and the Financial Controller provides a further check. The Single Data Return attestation was until April 2016 signed under delegated authority by the Registrar. This practice has since been discontinued. <p>Single Data Return authorisation</p> <ul style="list-style-type: none"> The August 2016 Single Data Return Authorisation had been signed off by the Divisional General Manager, ACG Tertiary and Careers Group. Under guidelines issued by the Ministry of Education for the August 2016 Single Data Return the Chief Executive is required to sign the authorisation. <p>Learner Contract and Agreement</p> <ul style="list-style-type: none"> All students are provided with a Learner Contract and Agreement that is signed by the student (legal guardian where appropriate) and NZMA staff. There were two student records: NSNs 9(2)(a) and 9(2)(a) in the sample of 45 reviewed where there was no copy of the Learner Contract and Agreement. <p>Attendance records</p> <ul style="list-style-type: none"> Attendance records are kept for each student.
2. Compliance with Student Achievement Component funding conditions.	<p>Course Completions</p> <ul style="list-style-type: none"> In the sample of SAC student records reviewed course completions were accurately reported in the Single Data Return.

	<p>Domestic Student Status</p> <ul style="list-style-type: none"> • In the audit sample of 45 student records reviewed 43 were valid enrolments for funding purposes and domestic student status confirmed. • Audit trails could not confirm on what basis two SAC students: NSNs 9(2)(a) and 9(2)(a) met the domestic student status criteria. • In both cases a statutory declaration was provided; however, this does not meet the verification standards of either funding condition: <u>SAC3+017: TEO to verify student's identity</u> or <u>SAC3+018: TEO to confirm that each student is a valid domestic enrolment</u>. • NZMA should review the above funding conditions and how it records the student's citizenship status using the student's NSN <p>Expired New Zealand passport that has not been cancelled</p> <ul style="list-style-type: none"> • Student NSN 9(2)(a) presented an expired New Zealand passport upon enrolment but was requested to provide a New Zealand birth certificate. The second form of evidence was not necessary. • In this case the expired New Zealand passport is acceptable as it had not been cancelled. The right to New Zealand citizenship does not expire although the life of a passport is limited to the expiry date. • NZMA should review section g) of funding condition: <u>SAC3+017: TEO to verify student's identity</u> <p>Assessment of good character requirements prior to enrolment</p> <ul style="list-style-type: none"> • For student NSN 9(2)(a) there was no assessment undertaken whether the prospective student was suitable for enrolment in an early childhood programme. • NZMA should review enrolment policies for prospective early childhood students when risk factors are presented during the enrolment process. Any decision to accept a student presenting high risk factors should be documented and signed by management.
<p>3. The Annual Maximum Fee Movement (AMFM) policy relating to fees and course costs.</p>	<ul style="list-style-type: none"> • NZMA was complying with the Annual Maximum Fee Movement policy. Copies of fees information was provided for 2014, 2015 and 2016. • In 2016 Student Services Levy was introduced based on \$ 10 per week. The levy ranges from \$ 150 to \$440 per student per year.
<p>4. The refund of fees that have been overcharged.</p>	<ul style="list-style-type: none"> • In the sample of records reviewed there was no evidence that fees have been overcharged.

<p>5. The financial support for the equipment infrastructure required to deliver the approved qualifications.</p>	<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. • NZMA has capital expenditure budgets for each of the three brands: NZMA, NZCC and ACG Yoobee School of Design.
<p>6. Whether inducements or benefits have been provided to students.</p>	<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. • 'Refer a Friend' promotional material did not contain a 'valid till' limitation clause. The promotional material is not an inducement for funding purposes and the 2016 referral amount varies from \$ 200 to \$ 300.
<p>7. Responsibility for subcontracting arrangements.</p>	<ul style="list-style-type: none"> • The only subcontracting of education provision was for first aid training. The agreement with First Aid (NZ) Limited was dated January 2011 and referred to NZCC. The agreement is out of date and needs to be renewed for NZMA.
<p>8. Compliance with the requirements in Part 18 of the Education Act 1989.</p>	<ul style="list-style-type: none"> • The overall standard of recordkeeping for enrolment and academic records was reviewed as satisfactory. All records selected for review were available • Part 18 of the Education Act 1989 includes, but is not limited to student programme information and records. • There were six programmes that were selected for review of programme approval documentation. The programmes were: <ol style="list-style-type: none"> a. NC1257 National Certificate in Hospitality (Entry Skills) (Level 2) b. PC9451 NZMA Certificate in Hospitality and Employment Skills (Level 3) c. 113797 Certificate in Early Childhood Education (Level 3) d. PC4016 Certificate in Digital Media (iCreate) (Level 3) e. PC9462 Diploma of Web Development (Level 6) f. PC9332 Diploma of Computer Graphic Design (Level 6). • The programme approval letter for 113797 Certificate in Early Childhood Education (Level 3) did not match with the details recorded in STEO. There were 22 Teaching Weeks recorded, 13 Self-Directed Learning Hours per week and 38 Total Learning Hours per week. The corrected figures are 21, 15 and 40. • NZMA could not provide a copy of the NZQA programme approval letters for two local qualifications: PC9462 Diploma of Web Development (Level 6) and PC9332 Diploma of Computer Graphic Design (Level 6). Both programmes in 2004 had been approved for funding.

	<p>Archiving</p> <ul style="list-style-type: none"> The organisation has an archiving policy for both electronic and hard copy student records. Physical records are held securely at the Otahuhu Campus.
<p>9. Compliance with Youth Guarantee funding conditions.</p>	<p>Youth Guarantee</p> <ul style="list-style-type: none"> In the sample of Youth Guarantee records selected for audit domestic student status was confirmed and funding conditions met. <p>Youth Guarantee Secondary-Tertiary Partnerships Pilot Programme</p> <ul style="list-style-type: none"> NZMA receives funding of \$ 66,960 to deliver the Secondary-Tertiary Partnerships Pilot Programme. Eligible students attend one day per week with six hours of face to-face delivery. Attendance is monitored and pastoral care undertaken. Student achievements are reported by the secondary school where they are enrolled.
<p>10. Any other TEC funding matters.</p>	<p>NC1327 National Certificate in Health, Disability, and Aged Support (Foundation Skills) (Level 2)</p> <ul style="list-style-type: none"> There were 24 students enrolled from 7 March 2016 in this programme. The 24 students are due to complete by November 2016. Five student records were selected and attendance records confirmed the 7 March 2016 start date. For student NZMA reference 845865025 the enrolment form had not been signed by the student. NZMA must ensure the student has signed the enrolment form as the TEC could seek recovery of any funding claimed for an invalid enrolment. <p>NZMA contacted the TEC in July 2016 to have the qualification added to the Mix of Provision. This was approved on 21 July 2016. The date the qualification was approved in STEO is recorded as 3 March 2016. The First Taught Date is recorded as 11 April 2016. The date the qualification was created in STEO was 20 July 2016.</p> <ul style="list-style-type: none"> The PTE Investment Team will contact NZMA separately to discuss the programme approval process for funded qualifications.