

Skills First Program
2018 Audit and Assurance Report

Business Process Audit

*Master Plumbers' & Mechanical Services Association of
Australia (Master Plumbers)*

TOID 3937

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1. Executive Summary

1.1 Introduction

The *Skills First* Program is an entitlement to government subsidised training for eligible individuals.

The Victorian Department of Education and Training (**the Department**) contracts Training Providers to deliver training to eligible individuals under the *Skills First* Program. In accordance with its *Skills First* Audit and Assurance Strategy, the Department undertakes audits and reviews to ensure the contracted Training Providers are complying with the terms and conditions of their VET Funding Contract (**the Contract**).

The objectives of the *Skills First* Audit and Assurance Strategy are to:

- confirm that funding has been expended appropriately;
- promote training provider regulatory and standards compliance; and
- promote training provider process quality.

The Department conducts these audits and reviews using contractors from a panel of service providers.

PricewaterhouseCoopers (PwC) conducted the audit fieldwork at the Master Plumbers' & Mechanical Services Association of Australia site located at 306 Albert Street, Brunswick, Victoria from 11 February 2019 to 12 February 2019.

1.2 Objective and Scope

The objective of the audit was to assess the business processes and internal control environment employed by the Training Provider to comply with its contractual obligations under the Contract. The audit was conducted based on a sample of data which was extracted from the Skills Victoria Training System (SVTS) by the Department on 5 February 2019.

The scope of work focused on:

- gaining a contextual understanding of the Training Provider to set the scene for the audit;
- internal audit activity undertaken by the Training Provider to self-assess its compliance against the Contract;
- processes in place for eligibility assessment, fees and fee concessions, pre-training review, training plan development, training participation;
- Gaining a contextual understanding of the provision of quality training services delivered by the Training Provider under *Skills First*, including the Quality Charter;
- student and *Skills First* Teacher interviews to validate audit findings, including verification of funding claimed; and
- maintenance of records to evidence compliance (e.g. eligibility, fee invoices, evidence of fee concession, training plans, evidence of participation), including use of the Training Provider's Student Management System (SMS) and input of relevant data into the SVTS.

Where sample testing issues have been identified, the results have been incorporated into the findings set out in Section 1.4, Section 2 and the Appendices of this report (as relevant).

1.3 Business Model and Operating Environment

Master Plumbers' & Mechanical Services Association of Australia [TOID 3937] is based in Brunswick and training is provided to students at the Plumbing Industry Climate Action Centre (PICAC) located at the same Brunswick address. Student records are retained electronically in the VetTrack system and in hard copy at the Brunswick location.

Master Plumbers' & Mechanical Services Association of Australia currently has approximately 100 *Skills First* funded students. The primary mode for training delivery is face to face.

Master Plumbers' & Mechanical Services Association of Australia has not added qualifications to its Registered Scope in the last 12 months.

Management represented that there has not been any changes to the business model of Master Plumbers' & Mechanical Services Association of Australia over the past five years.

Master Plumbers' & Mechanical Services Association of Australia employs the following marketing practices:

- ☐ Apprenticeship courses: students are referred to the Training Provider by their employers
- Non-apprenticeship courses: word of mouth and course brochure published on the provider's website.

Master Plumbers' & Mechanical Services Association of Australia primarily recruits students by word of mouth and the majority of students are recruited via this channel.

At the time of the audit, management represented that there were no subcontracting arrangements, specifically:

- Brokering Services are not subcontracted out.
- Training and assessment services are not sub-contracted out.
- Training Services not related to training and assessment are not subcontracted out.

Master Plumbers' & Mechanical Services Association of Australia was most recently audited by VRQA in 2014. The Training Provider has published the results of this audit on its website. Master Plumbers' & Mechanical Services Association of Australia received a rectification plan as a result of this audit which has been completed.

Master Plumbers' & Mechanical Services Association of Australia has mechanisms and services for students to have complaints and appeals addressed efficiently and effectively. The Training Provider has a complaint and appeal policy and procedure which is provided to the student at the time of enrolment and is also available on their website.

1.4 Summary of Findings

The following control weaknesses were identified which may impact the Training Provider's ability to comply with the Contract:

Report Ref	Area	Control Weakness
2.1	Eligibility	Eligibility assessment completed after course commencement
2.2	Training Plan	Training Plan missing elements required by the VET Funding Contract
2.3	Evidence of Participation	Minimum number of points of evidence of participation, including two types of EOP not located on file
2.4	Fees	Incorrect non-tuition fees were reported in SVTS

Further details of the control weakness, and a Management Action Plan to address them, are included in Sections 2 and 3 of this report.

1.5 Training Services Observations

Organisation Level

The following topics and their alignment to contractual requirements were discussed with the Training Provider and/or applicable documents/evidence sighted:

✓* Exceptions were identified in some of the BPA student files tested in these areas. Refer to *Section 2 (Detailed Findings)* for further details.

Topic	Discussed	Documented process sighted	Evidence of implementation sighted
Student attraction activities, including marketing and advertising, in relation to any aspect of this Contract in accordance with Clause 1 of Schedule 1.	✓	✓	✓
Information provided to prospective students about course offerings, fees, support and the impact on the individual's Entitlement to Funded Training in accordance with Clauses 4.1 and 6 of Schedule 1, in addition to collecting and maintaining required evidence.	✓	✓	✓
The conduct of and documented business processes for testing an individual's eligibility for training subsidised through the <i>Skills First</i> Program and any relevant concession or exemption/waiver of tuition fees in accordance with Clauses 2, 3 and 6 of Schedule 1 and the <i>Guidelines about Determining Student Eligibility and Supporting Evidence</i> .	✓	✓	✓*
The conduct of and documented business processes for Pre-Training Reviews, in accordance with Clause 5 of Schedule 1.	✓	✓	✓
The conduct of enrolment processes required including in accordance with Clause 4 of Schedule 1.	✓	✓	✓*
The development and documentation of Training Plans in accordance with Clause 7 of Schedule 1.	✓	✓	✓*
Levying of fees, including applying any concessions, exemptions or waivers, including in accordance with Clause 6 of Schedule 1, in addition to collecting and maintaining required evidence.	✓	✓	✓
Reporting and verification of data and other information to the Department including in accordance with Clause 12 of Schedule 1.	✓	✓	✓*
Provision of support to Eligible Individuals	✓	✓	✓
Strategies for industry engagement and how the outcomes of which are systematically used to ensure the industry relevance of its assessment practices and resources.	✓	✓	✓
Complaints and appeals process.	✓	✓	✓
Staff professional development, including how <i>Skills First</i> Teachers and other relevant staff are made aware of and comply with contractual requirements.	✓	✓	✓
Segregation of Duties.	✓	✓	✓

The Department issued Internal Audit Checklist (IAC) was last completed in June 2018. A ten percent non-compliance rate was noted in the IAC and a subsequent rectification plan was developed. The rectification plan has been completed in July 2018.

Where a non-compliance is noted in this BPA, the finding has been cross checked against the most recent IAC to ascertain the accuracy in the self-assessment for the relevant control area/s. Any discrepancies between the BPA finding and the IAC self-assessment will be noted in the Detailed Findings section of this report.

Sampled Program Level

The program being tested is Certificate III in Plumbing. Training is delivered at the Plumbing Industry Climate Action Centre (PICAC) located at the Brunswick address.

The Training and Assessment Strategy was last updated on 7 February 2019. The duration for the program noted in the Training and Assessment Strategy is 3.5 years, which does align to the AQF minimum recommendation of up to four years for a qualification at this level.

Using the two sampled BPA students, alignment between the Training Plans and Training and Assessment Strategy (TAS) was determined, with the below results:

Key information	In TAS?		In Training Plan?		TAS and Training Plan match?		Alignment to actual training and assessment delivered for which funding has been claimed?	
	1	2	1	2	1	2	1	2
BPA Sample #								
Units of Competency	Y	Y	Y	Y	Y	Y	Y	Y
Scheduled hours	Y	Y	Y	Y	Y	Y	Y	Y
Delivery Modes	Y	Y	Y	Y	Y	Y	Y	Y
Assessment details	Y	Y	Y	Y	Y	Y	Y	Y
Skills First Teacher responsible for delivery/assessment	Y	Y	Y	Y	Y	Y	Y	Y

The information provided to students on the Statement of Fees is consistent with the information in the Training and Assessment Strategy.

The *Skills First* Teacher(s) delivering Certificate III in Plumbing have qualifications as shown in the table below:

<i>Skills First</i> Teacher Name	Qualification/s Held	Date Qualification Obtained	Relevant Industry Experience?
Stephen Barry	<ul style="list-style-type: none"> Certificate IV Training and Assessment Certificate II in Engineering Diploma of Public Safety 	12/08/2013 1/09/2008 01/04/2010	Y
John Beyer	<ul style="list-style-type: none"> Certificate IV Training and Assessment Plumbing License No 20360 	02/08/2012 23/05/2017	Y
Wayne Diffey	<ul style="list-style-type: none"> Diploma of Training and Assessment Certificate IV in Training and Assessment 	10/10/2010 22/06/2017	Y
Cameron Horsey	<ul style="list-style-type: none"> Certificate IV in training and assessment Diploma of VET Practice Diploma of Occupational Health & Safety 	27/05/2013 01/11/2012 30/08/2013	Y

<i>Skills First</i> Teacher Name	Qualification/s Held	Date Qualification Obtained	Relevant Industry Experience?
Garry Waters	<ul style="list-style-type: none"> • Certificate IV in Training and Assessment • Trade Certificate in Plumbing and Gas Fitting • Diploma of Training and Assessment Systems • Course in Green Plumbers Environmental Solutions • Certificate IV in Plumbing and Services • Certificate II in Engineering 	10/05/2012 10/12/1960 01/05/2003 13/12/2011 16/12/2013 01/06/2018	Y
Dave Moyle	<ul style="list-style-type: none"> • Certificate IV Training and Assessment • Course in Green Plumbers Environmental Solutions • Diploma of Vocational Education and Training Practice • Course in Automated External Defibrillation 	19/02/2014 21/10/2010 27/11/2011 21/03/2014	Y

The Register of Trainers and Assessors was viewed and deemed to be current for the training period included in this audit and include all requirements in accordance with the Contract.

1.6 Payment of Fees Observations

As requested by the Department, we reviewed two students to determine whether the invoice charged to the student had been paid. Based on our consideration we have determined the following:

- ☐ For both the students, the students had been invoiced and had paid their fee in full. For these students the following was noted:
 - The amounts received by the students were recorded against a *Skills First* funding account in the Training Provider's finance system.
 - The amounts received by the students were able to be traced through to the Training Provider's bank account as part of a lump sum deposit.
 - The Statement of Fees included all information stipulated in the Guidelines about Fees.

1.7 Summary of Student and *Skills First* Teacher Interviews

As requested by the Department, we attempted interviews with a sample of two students enrolled in government subsidised training.

- ☐ Two student interviews were completed. The outcome of the completed student interviews is outlined below and is based on information provided by the students only.
 - For these students, the information obtained from the student interviews was consistent with the data reported to SVTS.

As requested by the Department, we attempted interviews with two *Skills First* Teachers who deliver training for the Training Provider. The outcome of the two *Skills First* Teacher interviews is outlined below:

- ☐ Two *Skills First* Teacher interviews were completed and no issues were noted.

2. Detailed Findings

The table below details the control weaknesses identified and the Training Provider comments on the findings:

Reference	Control Weakness	Training Provider comments on cause of non-compliance												
Eligibility	Eligibility assessment was completed after course commencement													
<p>2.1</p> <p>Two instances where the eligibility assessment declaration was completed after the reported program commencement date</p>	<p>Testing of two BPA student files identified two instances where the eligibility assessment was signed and dated by the Training Provider after the reported program commencement date. The Student Eligibility Declaration Form for both BPA samples were completed two days after the reported program commencement date.</p> <p>Details of this exception is provided in the below table.</p> <table border="1" data-bbox="427 671 1518 847"> <tbody> <tr> <td>BPA 1</td> <td>07870</td> <td>Certificate III in Plumbing</td> <td>31/01/2018</td> <td>29/01/2018</td> <td>2</td> </tr> <tr> <td>BPA 2</td> <td>07874</td> <td>Certificate III in Plumbing</td> <td>31/01/2018</td> <td>29/01/2018</td> <td>2</td> </tr> </tbody> </table> <p>The Training Provider did not identify this as an area of non-compliance when completing its most recent Internal Audit Checklist.</p> <p>Contract Reference</p> <p><i>2018 Guidelines about Determining Student Eligibility and Supporting Evidence, Clause 2.2.a</i></p> <ul style="list-style-type: none"> • Prior to commencement of training, for each individual that the Training Provider assesses as eligible for the Entitlement to Funded Training, the Training Provider must complete in hard copy or electronically, the information and declarations specified in the Evidence of Eligibility and Student Declaration form at Attachment 3 to these Guidelines. 	BPA 1	07870	Certificate III in Plumbing	31/01/2018	29/01/2018	2	BPA 2	07874	Certificate III in Plumbing	31/01/2018	29/01/2018	2	
BPA 1	07870	Certificate III in Plumbing	31/01/2018	29/01/2018	2									
BPA 2	07874	Certificate III in Plumbing	31/01/2018	29/01/2018	2									

Reference	Control Weakness	Training Provider comments on cause of non-compliance
Training Plan	Training Plan missing elements required by the VET Funding Contract	
<p>2.2 Training Plans provided to students does not include information required by the Contract.</p>	<p>As part of the BPA walkthrough, it was identified that the Training Plan template utilised by the Training Provider does not contain all the elements required by the VET Funding Contract, specifically the following element was not included in the Training Plan:</p> <ul style="list-style-type: none"> • The Program Unique Supervised Hours for the qualification. <p>The Training Provider did not identify this as an area of non-compliance when completing its most recent Internal Audit Checklist.</p> <p>Contract Reference <i>2018 -2019 Standard VET Funding Contract Schedule 1 Section 7 Clause 7.2</i></p> <ul style="list-style-type: none"> • The information documented in a Training Plan must include the: <ul style="list-style-type: none"> c) the Program Unique Supervised Hours for the qualification; 	

Evidence of Participation

2.3

Seven modules, across two BPA student samples, where the minimum number of points of evidence of participation, including two types of EOP could not be located on file

Minimum number of points of evidence of participation, including two types of EOP not located on file

Testing of two BPA student files identified seven units (across both the BPA students) where there was no second point of EOP within the last month of the Activity End Date for modules with duration of more than one month could not be located on file.

Refer to Appendix A for details on these eight exceptions.

Management represented that the reason for these exceptions was that the unit end date was revised during the course, but the same was not updated in the student management system and reported to SVTS.

The Training Provider did not identify this as an area of non-compliance when completing its most recent Internal Audit Checklist.

Contract Reference

2018 – 2019 Standard VET Funding Contract Schedule 1 Section 11 Clause 11.3

- In addition, the following minimum specifications must be met to evidence an Eligible Individual's engagement in Training Services activity:
 - a) one point of Evidence of Participation per unit of competency must be provided if the period between the Activity Start Date and Activity End Date (inclusive) for the unit of competency is one month or less; or
 - b) two points of Evidence of Participation per unit of competency must be provided if the period between the Activity Start Date and Activity End Date for the unit of competency is greater than one month, including one point within the first month and one point within the last month of training delivery and/or assessment as identified by the reported Activity End Date. Two different forms of Evidence of Participation must be used. An auditor would consider the time elapsed between the start and end date (or withdrawal) of the unit of competency and use discretion as to a reasonable demonstration of ongoing engagement by an individual in learning and/or assessment activity across the unit of competency, where

Master Plumbers acknowledges that under contract terms EoP over the extended duration of the program may not have been achieved however in terms of training delivery the requirements are more than met. The dates identified at audit have not factored in the pushing out of the Activity End Date due to the requirements of Competency Based Completion (CBC). As advised by the Department (refer EnqID 80175) when issues related to delay in apprentice signoff from the employer we have to push dates out beyond the proposed completion dates. The advice received ("*...the Department's auditors are informed to take account of the circumstances when considering evidence of participation for apprentices/trainees where employer signoff has been delayed (refer clause 11.4 of Schedule 1 of the Contract.)*").and our response has been to best address our obligations to report accurately and to meet the constraints of the training contract. The block program structure as outlined in our TAS is designed to meet the volume of learning required to train and assess with additional time allowed for consolidation of skills within the workplace.

Reference	Control Weakness	Training Provider comments on cause of non-compliance
Evidence of Participation	Minimum number of points of evidence of participation, including two types of EOP not located on file	
	one point of Evidence of Participation is one item of evidence as specified in Clause 11.5 of this Schedule 1.	

Reference	Control Weakness	Training Provider comments on cause of non-compliance														
Fees	Inaccurate non-tuition fees were reported to SVTS															
<p>2.4 Two instances where the non-tuition fees reported to SVTS is inaccurate.</p>	<p>Testing of two BPA student files identified two instances where the non-tuition fee reported to SVTS did not align to the non-tuition fees charged to the students as per the Statement of fees.</p> <p>The variance between the reported non-tuition fee and actual non-tuition fee charged to the students for the specific program was \$15 for both samples.</p> <p>Detail of these exceptions are provided in the below table.</p> <table border="1" data-bbox="376 531 1559 783"> <tbody> <tr> <td>BPA 1</td> <td>07870</td> <td>Certificate III in Plumbing</td> <td>29/01/2018</td> <td>\$49</td> <td>\$34</td> <td>\$15</td> </tr> <tr> <td>BPA 2</td> <td>07874</td> <td>Certificate III in Plumbing</td> <td>29/01/2018</td> <td>\$49</td> <td>\$34</td> <td>\$15</td> </tr> </tbody> </table> <p>The Training Provider did not identify this as an area of non-compliance when completing their most recent Internal Audit Checklist.</p> <p>Contract Reference <i>2018-19 Standard VET Funding Contract Schedule 1, Clause 12.2 (b)</i></p> <ul style="list-style-type: none"> The Training Provider must report (as a rounded up dollar amount) any non-tuition fees charged to each Eligible Individual in connection with training subsidised through the Skills First Program, including any materials and equipment costs charged to the Eligible Individual, via the Client Fees – Other field in the Student Statistical Report. 	BPA 1	07870	Certificate III in Plumbing	29/01/2018	\$49	\$34	\$15	BPA 2	07874	Certificate III in Plumbing	29/01/2018	\$49	\$34	\$15	
BPA 1	07870	Certificate III in Plumbing	29/01/2018	\$49	\$34	\$15										
BPA 2	07874	Certificate III in Plumbing	29/01/2018	\$49	\$34	\$15										

3. Management Action Plan

Ref.	Nature of exceptions identified	Action to correct non-compliance	Responsible Person	Target Completion Date
3.1	Eligibility assessment completed after course commencement	Management has, since the audit, implemented an amendment in the procedure flow chart which stipulates that the verification of eligibility by the designated officer must occur and be dated prior to the program commencement date.	-	Completed
		Reiterate to the relevant staff, the need of completing the eligibility assessment of students prior to their course commencement date.		
3.2	Training Plan missing elements required by the VET Funding Contract	An updated Training Plan has been developed to include the Program Unique Supervised Hours as required by the VET Funding Contract.		
3.3	Minimum number of points of evidence of participation, including two types of EOP not located on file	The revised AED dates will be updated in the next SVTS upload.		
3.4	Inaccurate non-tuition fees were reported correctly to SVTS	The process to record and report on student tuition and non-tuition fees will reviewed and updated to ensure all fees charged to students are accurately reported to SVTS. Provide training to appropriate staff.		
		Review all tuition and non-tuition fees reported to the Department and update the records to ensure accurate fees are reported via SVTS.		
		Complete a reconciliation exercise of fees charged to students and fees reported to the Department. If overpayments are identified, process refunds to students and / or the Department.		

4. Next Steps

As noted in the letter dated 25 January 2019 notifying your organisation of this audit, potential actions that may be taken by the Department following this Business Process Audit include:

- Transactional Compliance Audit, examining a larger sample of student files with a focus on your organisation's compliance with the requirements of current and previous VET Funding Contracts, particularly in relation to eligibility assessment, training plans, fee concessions, training delivery and data reporting (or a targeted audit examining a selection of these controls).
- ☐ A Quality Review to analyse qualitative aspects of your organisations training delivery and performance.
- ☐ Rectification Review, assessing the extent to which the Management Action Plan arising from the Business Process and/or Transactional Compliance Audits have been implemented by your organisation.
- ☐ Monetary penalties may be imposed.
- ☐ Further actions as deemed appropriate by the Department.

In addition, in accordance with Clause 11.3(b) (iii) of the Contract, where a Management Action Plan has been developed the Training Provider must advise the Department in writing (including submitting appropriate documentation as determined by the Department) of compliance with and implementation of the auditor's recommendations and/or Management Action Plan within six months of the date of this report.

Appendix A – Training Participation Exceptions

Sample number	Student ID	Program Name	Program ID	Subject Name	Subject ID	Activity Start Date in SVTS	Activity End Date (AED) in SVTS	Date of first point of EOP	Date of second point of EOP	For modules over 1 month in duration, are two valid points of EOP provided?	For modules over 1 month in duration, are two different forms of EOP used?	Other information	Training Provider Comments
BPA 1	07870	Certificate III in Plumbing	CPC32413	Fabricate and install roof drainage components	CPCPRF3022A	24/09/2018	31/01/2019	27/09/2018	NP	N	N	2.3 – Minimum number of points of evidence of participation, including two types of EOP not located on file	
				Weld polyethylene and polypropylene pipes using fusion method	CPCPCM3022A	20/08/2018	31/01/2019	20/08/2018	NP	N	N		
				Work safely on roofs	CPCPCM2055A	14/05/2018	31/01/2019	17/05/2018	NP	N	N		
BPA 2	07874	Certificate III in Plumbing	CPC32413	Carry out interactive workplace communication	CPCPCM2039A	29/01/2018	31/01/2019	09/02/2018	NP	N	N		
				Read plans and calculate plumbing quantities	CPCPCM2040A	9/04/2018	31/01/2019	07/05/2018	NP	N	N		
				Work effectively in the plumbing and services sector	CPCPCM2041A	29/01/2018	31/01/2019	29/01/2018	NP	N	N		
				Work safely on roofs	CPCPCM2055A	14/05/2018	31/01/2019	14/05/2018	NP	N	N		