



cutting through complexity

Matapuna Trust Review

Tertiary Education Commission
Te Amorangi Matauranga Matua

4 August 2016

kpmg.co.nz



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Inherent Limitations

This report has been prepared in accordance with our contract 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 Matapuna Training Centre (MTC). 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, MTC 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 contract 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 courses at Matapuna Training Centre – the trading name of the not-for-profit entity Matapuna Trust (MTC).

MTC undertook a significant restructure in 2013 following a period of low qualification achievement. This resulted in the appointment of a new Chief Executive Officer (CEO), who in turn hired an almost entirely new teaching staff. These staff have extensive experience in teaching but limited experience in the administrative tasks associated with TEC funding.

The rate of qualification achievement has increased significantly since these changes were made. No students achieved a qualification in 2013. This increased to 44% of students achieving qualifications in 2014.

Throughout this review, MTC management and staff were open, cooperative, and provided us with access to documentation as and when requested.

1.2 Objectives and Approach

1.2.1 Objectives

The focus of this review was to check:

- Programmes were taught in accordance with and complied with the learning hours and weeks entered into STEO and therefore met the TEC funding requirements.
- Students were actually enrolled and attended the programmes.
- Students awarded a qualification were assessed (and the assessment moderated) to the standard expected of the programmes.
- MTC's internal quality assurance and control processes (in relation to programme delivery) are robust and fit for purpose.
- Sub-contracting arrangements in place to deliver programmes on behalf of MTC.

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 (at least 10 per programme if possible) to assess staffing and subcontracting arrangements.
- Reviewed student enrolment and academic records to ascertain processes and practices 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 recovery 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 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. These included:

- Two qualifications where the total hours matched, but the breakdown between teaching hours and self-directed hours was different.
- One qualification where the total hours did not match.

These issues have been addressed since the completion of the review. We have verified this through NZQA approval letters and the information in STEO.

1.3.2 Standards not assigned Equivalent Full Time Students values

In the MTC system, all standards contributing toward a qualification are assigned an EFTS value. The system totals these values as the students are enrolled in qualifications to derive their final EFTS total that is then provided to TEC for funding purposes. Previously at MTC an EFTS amount had not been assigned to every standard.

The current administrators identified this in 2015 and subsequently assigned an EFTS to every standard.

In analysing this issue KPMG calculated that the final Equivalent Full Time Students (EFTS) total MTC was funded for in 2014 (of 51.2EFTS) was approximately 1.2 EFTS less than what MTC should have been funded through the Youth Guarantee (YG) Scheme.

1.3.3 Changing of Enrolment Periods

MTC alters enrolment dates in its system so they fall within different funding years than they would have had they not been changed. This is done where students complete their studies early, or where studies take longer to complete than the initial enrolment dates.

Where dates are shortened this has the effect of compressing EFTS, meaning MTC has received more in one funding period than it would have had it not adjusted the dates. Where dates are extended into the following year it could potentially inflate MTC's Educational Performance Indicators (EPis).

This is in part a result of system limitations.

1.3.4 Incompleteness of Enrolment Records

Two student enrolment records of the 18 we reviewed were identified as being incomplete.

- 1 One enrolment application form was not signed or dated, and the "what would you like to achieve" section was not completed.

MTC internal audit checklist indicated that this form had been completed.

- 2 One enrolment record was not completed – neither the student nor the tutor had dated the enrolment application form, and the supporting identification document for the student was not located with the file.

MTC internal checklist indicated that this form had been completed and the identification document original had been sighted.

1.3.5 Lack of clarity in Memorandum of Understanding with Red Cross

The MoU does not have a provision stating that MTC will report completed assessments to NZQA. This could lead to uncertainty over who is responsible for reporting completed assessments to NZQA.

The MoU does not clearly state which unit standards will be assessed through the training the Red Cross delivers. The second paragraph of the MoU states that the unit standards set out in the table at section 2.5 will be assessed. However, the tick boxes in the table are only partially completed in the 2014 MoU, and are not ticked at all in the 2015 MoU. All other subcontractor MoUs have completed tick boxes for assessed unit standards.

2. Detailed Findings

2.1 Differences in STEO compared to NZQA letters

We identified discrepancies between NZQA approval letters and the information MTC entered into STEO.

We inspected documentation MTC provided to determine whether NZQA had approved the qualifications it teaches. We also checked that the qualifications are accurately entered into STEO. NZQA approval letters are the overriding source of truth and the information in STEO should match to them.

Table 1 captures the comparison between NZQA approval letters and the information in STEO.

Qualification	NZQA Programme Approval Letter	STEO (TEC)
Business Admin and Computing level 2	Teaching Hours: 500 Self-Directed Hours: 100 Total Hours: 600	Teaching Hours: 500 Self-Directed Hours: 20 Total Hours: 520
Social and Community Services level 2	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810
Service Industry Level 1	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810
NCEA Level 1	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810	Teaching Hours: 735 Self-Directed Hours: 75 Total Hours: 810
Employment Skills	Teaching Hours: 1008 Self-Directed Hours: 42 Total Hours: 1050	Teaching Hours: 1050 Self-Directed Hours: 0 Total Hours: 1050
Computing Level 2	Teaching Hours: 440 Self-Directed Hours: 40 Total Hours: 480	Teaching Hours: 400 Self-Directed Hours: 80 Total Hours: 480

Table 1: NZQA Approval vs STEO

With the exception of “Business Admin and Computing Level 2”, the above findings represent minor differences between the Self Directed hours and Teaching hours. The total combined hours match.

These were identified at the time fieldwork was undertaken during the week beginning 29 February 2016. MTC was aware of these differences and had addressed them at the time this report was drafted (18 March 2016).

2.2 Standards not assigned EFTS values

In 2014 a number of unit standards in MTC’s system had not been assigned EFTS values. KPMG was provided with the EFTS information MTC provided to TEC for 2014 and 2015 funding periods. We were also provided with a report from MTC’s system for the same period and attempted to reconcile the total EFTS figures in the two reports.

There was an issue with MTC’s system at the time the original report was generated for TEC where some standards had not been assigned EFTS. In the MTC system all standards contributing toward a qualification are assigned an EFT value. The system totals these values as the students are enrolled in qualifications to derive their final EFT total. Before 2015, EFTS had not been assigned to every standard at Matapuna. The current administrators identified this in 2015.

This meant that for the 2014 year MTC was underfunded by approximately \$13,145 when EFTS values were added to those standards.

MTC was allocated \$622,181 in Youth Guarantee funding for 2015, but was unable to deliver the amount of EFTS agreed. The TEC therefore recovered funding for EFTS not delivered and the final Youth Guarantee funding for MTC in 2015 was \$570,297.

Table 2 captures the differences in 2014 funding and EFTS based on our analysis.

	Final YG Funding TEC provided	YG Funding as KPMG calculated using report from MTC system	Difference
EFTS 2014	51.2	52.4	1.2
2014 Funding	\$552,775	\$565,920	\$13,145

Table 2: Funding Vs EFTS

2.3 Changing of Enrolment Periods

MTC alters the enrolment dates of students within its system post enrolment. Most commonly, they shorten the enrolment dates where a student finishes their qualification early. Where the new date means the enrolment ends in an earlier year than it would have otherwise this condenses EFTS. As a result the EFTS will be paid out earlier than they would have otherwise been.

MTC also extends enrolment dates for various reasons, including students taking a break from study to work. Where dates are extended into the following year it may artificially inflate MTC's Educational Performance Indicators (EPIs). EPIs take into account the number of returning students and qualifications to calculate a final EPI figure. Where end dates are extended into a different calendar year the EFTS amounts will be paid in a later period than they would have been otherwise. Of the 47 students whose enrolment dates were extended, 15 of those were extended into the next calendar year, which would have affected the EPI figure.

The shortening of enrolment dates is most common where students are enrolled across a calendar year – i.e. they are scheduled to start studies in April 2014 and finish in April 2015. Where these students complete their studies before December their enrolment date will be changed in the system. Using the above dates as an example, the student's EFTS figure will be condensed into the 2014 year and MTC would be paid for the condensed EFTS volume for the 2015 year. This would inflate the EFTS payment for one period. If the enrolment date were left per the original dates the EFTS amount would be paid to MTC in the 2016 year.

Analysis across data from 2014 and 2015 shows that changing enrolment dates this way increased the payment made to MTC by approximately \$25,000. MTC believes this is not an issue as it would still be claiming no more than one EFTS per student per year and the only difference would be the period in which it receives that funding. MTC's IT service provider has also advised it that the system does not properly handle enrolment dates that fall across two calendar years and the best solution was to adjust the dates where possible.

MTC and the IT service provider are seeking clarification on this issue from TEC.

Tables 3 and 4 below capture the number of students who have had their enrolment dates either extended or shortened and by how many weeks.

No. of weeks change	Extended enrolment dates			Total
	1 - 10	11- 20	20+	
No. of students	37	10	0	47

Table 3: Extension of enrolment dates

No. of weeks change	Shortened enrolment dates			Total
	1 - 10	11- 20	20+	
No. of students	37	21	9	67

Table 4: Shortening of enrolment dates

2.4 Incompleteness of Enrolment Records

Of the 18 student enrolment records reviewed, two were identified as being incomplete.

The issues identified related to the completeness of enrolment forms:

- 1 One record **Section 9(2)(a)** was not complete – the tutor had not signed or dated the enrolment application form, and the “what would you like to achieve” section was not completed. The MTC internal audit checklist indicated this form had been completed.
- 2 One student enrolment record **Section 9(2)(a)** was not completed- the enrolment application form was not signed or dated by either the student or tutor, and supporting identification document for the student was not located with the file. MTC internal checklist indicated that this form had been completed and identification document original had been sighted.

We selected a sample of 18 students¹ from both YG and Intensive Literacy and Numeracy (ILN) courses, and reviewed the information MTC had on file for each student. This included checking:

- the enrolment application form for each student retained on file, appropriately approved and signed
- the students had provided the appropriate supporting information (e.g. birth certificate, passport) to support their application

¹ The students we selected were from both 2014 and 2015. Note that some students may have an initial enrolment date from 2013 and withdrew from study for a period, and then re-enrolled.

- the students’ details in their enrolment application forms reconciled with the details in MTC’s Student Management System (SMS)
- the qualification completions reported to NZQA
- evidence of assessment records for all students.

Table 5 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 ² 2 of 18	✓ ³ No issues	✓ No issues	✓ No issues

Table 5: Enrolment Testing

2.5 Lack of clarity in Memorandum of Understanding with Red Cross

Two issues were identified with the MoUs between MTC and New Zealand Red Cross:

- 1 No provision stating that MTC will report completed assessments to NZQA. All other subcontractor MoUs contain this provision. This could lead to uncertainty over who is responsible for reporting completed assessments to NZQA.
- 2 Does not clearly state which unit standards will be assessed through the training the Red Cross delivers. The second paragraph of the MoU states that the unit standards set out in the table below will be assessed. However, the tick boxes in the table are only partially completed in the 2014 MoU, and are not ticked at all in the 2015 MoU. All other subcontractor MoUs have completed tick boxes for assessed unit standards.

The above issues were addressed following the completion of fieldwork however.

We reviewed the four MoUs MTC had in place for 2014 and 2015. The four subcontractors delivered tuition for unit standards as part of curriculums for students. We inspected the MoUs for:

- Appropriate authorisations from each party.
- Completeness of the agreements including the coverage provided and roles and responsibilities of each party.
- Qualifications being provided.

² Denotes that at least one file failed in this area. The number of failed file is indicated below the symbol.

³ Denotes that all files tested in this area passed testing.

- Accreditation and registration of the subcontractors.
- How MTC monitors student attendance at classes delivered under these MoUs.

Table 6 outlines the Subcontractors MTC works with and the checks we undertook of the MoUs MTC has in place with them.

Subcontractor	Signed MOU in place?	Number of Standards provided	Subcontractor Appropriately Accredited & Registered?	MoU defines coverage, roles and responsibilities
New Zealand Red Cross	✓	2014: 2 2015: 4	✓	2 issues identified
Cobham School	✓	2014 & 2015: 4	✓	✓
Sports Hawke's Bay (Wairoa Community Centre)	✓	2014 & 2015: 2	✓	✓
Rose's Driver Training Service	✓	2014 & 2015: 6	✓	✓

Table 6: Subcontractor Testing

In 2014 MTC and the students receiving the driver's license training paid half the cost each. MTC paid half using YG funding. NZQA approved drivers' licensing as it contributed to the students' qualifications.

In 2015 MTC changed the above payment arrangement and the MTC board now meets the full cost of drivers' licensing. The costs are outlined below:

Learners License

Cost of the test: \$81.65

Cost of tutor per student: \$33.00

Total cost per student: \$114.65 exl GST

Students receive three credits for successful completion – the equivalent of \$38 per credit

Restricted License

Total cost per student with a community services card: \$75.60 each excl. GST

Total cost per students without a community services card: \$117.22 excl. GST

Students receive two credits for successful completion – the equivalent of \$25 or \$39 per credit.

3. Observations

3.1 Actual delivery of Teaching Hours

A key 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. As noted above, NZQA approves these hours per 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 MTC teaches require a significant amount of teaching hours and very little self-directed learning hours. This is due to the nature of the students taught and their need for a high level input from tutors. MTC delivers structured programmes for students, made up of a combination of the above qualifications.

For the sample of students selected for testing, we inspected attendance registers and assessment records. This enabled us to determine whether MTC was delivering the volume of teaching hours that are required 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 those registers and records, as well as the responses tutors provided.

Students are generally enrolled in two qualifications concurrently. We based our assessment of learning hours on the calculation of approximate total hours per the programmes of work outlined in tables 7 and 8. There can be variance in these hours and combinations of qualifications depending on a number of factors including previous standards and qualifications obtained. We have based our breakdown of teaching hours/self-directed learning hours on the percentage of each contributing to the relevant qualification. 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 correct source.

2015					
Qualifications	Hours	Total Combined Hours	Less Overlap between Qualifications	Total hours (teaching/self-directed)	Weeks
Business Administration Computing Level 2 & NCEA Level 1	600 810	1410	140	1190 (1024/166)	40
NCEA Level 2 & Computing Level 2	810 480	1290	390	910 (819/91)	30
NCEA L1 & NCEA L2	810 810	1620	209	1411 (1152/259)	47

Table 7: 2015 Qualification Hours

2014					
Qualifications	Hours	Total Combined Hours	Less Overlap between Qualifications	Total hours (teaching/self-directed)	Weeks
Employment Skills & NCEA Level 1	600 810	1410	410	1000 (930/70)	33
Business Administration Computing Level 2 & NCEA Level 1	520 810	1330	140	1190 (1024/166)	40
NCEA Level 2 & Computing Level 2	810 480	1290	390	910 (819/91)	30

Table 8: 2014 Qualification 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. 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 MTC include students:

- being provided homework on an ad hoc basis
- staying late at MTC to continue working on their own
- taking laptops home to practice their computing skills
- participating in extra-curricular projects.

We believe the students sampled would have most likely met the requirements for self-directed learning hours. This is partly based on the small portion of learning hours the self-directed hours make up.

ILN students are required to complete a minimum of 100 hours of study within a 20 week period. These students attend class on an ad hoc basis and details of their attendance are recorded and tallied on an Excel spreadsheet. This captures the number of days or weeks the students have attended and the hours that student has been present each time they have attended. Based on our assessment of attendance records and interviews with students, we believe that all students selected as part of the sample achieved this at a minimum.

The 100 hours of ILN study provided by MTC also includes some basic computing skills. Funding Condition ILN005 states that ILN must be a programme that *“provides literacy, numeracy, or literacy and numeracy study or training that is specific, rather than embedded within the programme”*. MTC have stated that they cover some basic computing within ILN as many of the resources that are freely available to assist students and provide reinforcement of targeted lessons are digitally based (e.g. Pathways Awarua). To enable the students to be able to engage with those resources MTC find it beneficial to teach basic computing skills to some students.

MTC has advertised Digital Literacy as being part of the Adult Literacy and Numeracy Course.

MTC’s website also specifically mentions digital literacy as being part of Adult Literacy and Numeracy, stating the course will help students improve their *“Computer Skills (using a computer)”*.

MTC have said developing basic computing skills to be able to engage with the programme is embedded into the ILN lessons - the computing skills are picked up as students attend work to improve their literacy and numeracy.

3.2 Student Interviews

We interviewed 18 students selected from both the YG and ILN courses. The responses provided us with their perspectives on:

- hours of attendance – including the teaching hours and self-directed learning hours
- class sizes

- delivery of course material
- their general feelings relating to their study at MTC.

The students were all positive about their experiences learning at MTC. A large number stated that the tutors provided them with exceptional support and guidance.

Those who had studied at MTC before 2014 felt that MTC has made significant progress and was now a place where they could come and study seriously.

The students' responses aligned to those of 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 MTC course programmes.

3.3 Moderation

MTC undertakes extensive moderation. This includes both pre and post moderation. We reviewed a sample of the moderation performed at MTC to check that the moderation process is happening regularly and is adequately reviewed.

They have identified relevant subject matter experts (SMEs) in the Gisborne region at tertiary education providers to assist in this. These SMEs provided expert advice on the quality of the assessment MTC provides.

Internally, the MTC tutors meet to compare assessments and ensure they are aligned to provide consistency of assessment.

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) Memorandums of Understanding between MTC and subcontractors Information from STEO for Matapuna's qualifications Matapuna enrolment records NZQA records of achievement Matapuna Investment planning letters
Matapuna Staff	<ul style="list-style-type: none"> Jodie Cook (Chief Executive) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Programme tutors: <ul style="list-style-type: none"> Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a) Section 9(2)(a)
Others	<ul style="list-style-type: none"> A total of 18 students were interviewed across the selected programmes Section 9(2)(a) Section 9(2)(a) Graeme Cahalane (TEC)

Appendix 2 - Background to Matapuna

MTC's website (<http://www.matapuna.co.nz/>) describes its focus as offering "an exciting range of courses designed to start you on the right pathway towards a career of your choice". The students who study at MTC have often been refused entry to other schools and PTEs and have few options for gaining qualifications.

TEC provides funding to MTC through two different funds – the ILN and YG Fund.

The ILN Fund provides the funding for MTC's ILN classes. This funding is based on the number of students attending.

The YG Fund provides funding for the qualifications which MTC teaches. This funding is calculated based on EFTS value, which is based on the qualifications in which eligible students have enrolled. Students are required to complete 10 percent of the qualification they are enrolled in for MTC 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. MTC runs classes from Monday – Friday, 9.00am to 3.30pm. Attendance is monitored and recorded twice a day, at the beginning of class and again following the half hour lunch break.

Table 9 sets out the final funding MTC has received since 2014:

Funding Type	2014	2015
Youth Guarantee	\$552,775	\$570,297
Intensive Literacy and Numeracy	\$137,500	\$102,500
Total	\$690,275	\$672,797

Table 9: Final Funding Received

The details of the programmes MTC taught in 2014 and 2015 that were funded by YG and ILN are captured in table 10:

Qualification	Level	Credits	Duration (Weeks)
Business Admin and Computing Level 2	2	60	20
Social and Community Services Level 2	2	80	27
Service Industry Level 1	1	81	27
NCEA Level 1	1	80	27
Employment Skills	2	60	42
Computing Level 2	2	43	16
Intensive Literacy and Numeracy	N/A	N/A	Minimum of 100 Hours within a 20 week period

Table 10: Programme Details