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The Salvation Army New Zealand Trust

Report to Tertiary Education Commission

Confidential

Contents

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1. Executive Summary

1.1.   The Tertiary Education Commission ("TEC") engaged Deloitte to carry out a review of certain tertiary training programmes undertaken by the Salvation Army New Zealand Trust ("Salvation Army") in February 2016.

1.2.   The objective of the review is to ensure that:

- Students have actually enrolled and attended the programmes;

- Programmes are taught in accordance with and comply with the learning hours and weeks entered into STEO and therefore meet the TEC funding requirements;

- Students awarded a qualification have been assessed; and

- The Salvation Army's internal quality assurance and control processes (in relation to programme delivery) are robust and fit for purpose.

1.3.   TEC provides Youth Guarantee ("YG") funding to Salvation Army for the provision of their qualifications. TEC selected four qualifications as the focus of our review. These four qualifications are as follows:

- NC0231 National Certificate in Employment Skills (Level 1)

- NCEAP4 NCEA Level 2

- NC5573 National Certificate in Early Childhood Education and Care (Level 3)

- NC1252 National Certificate in Motor Industry (Entry Skills) (Level 2)

1.4.   All of the four qualifications that are delivered by the Salvation Army are embedded qualifications that are delivered with at least two other qualifications within a programme. There is some overlap of the qualifications, so the qualifications can be achieved more quickly than if they were all completed separately.

1.5.   The programmes are approved by NZQA at a programme level, but the STEO database used by TEC is set up for input at a qualification level. For this reason, it is not straightforward to assess whether or not the learning hours delivered are in compliance with the funding requirements. A potential risk may be that the units completed by students are submitted for funding against multiple qualifications. We are satisfied however, following our discussions and analysis, that units are only being funded for one of the relevant qualifications.

1.6.   Youth Guarantee students are only funded for courses that total up to one equivalent full-time student ("EFTS") in size in a year. Generally, a one EFTS programme will be comprised of approximately 1200 hours of learning. Based on our analysis and our interviews with students and tutors, we have concluded that the programmes being delivered by Salvation Army do comprise approximately 1200 teaching hours.

1.7. Salvation Army changed their student management system ("SMS") at the end of the 2014 year. Prior to this change attendance and assessment data was entered into the SMS by tutors directly. In our opinion this historical practice did not provide a high level of oversight. Since mid-2015, the processes at Salvation Army have been changing. A centralised process is now in place and enrolment forms, assessments and attendance records are retained at National Office rather than being controlled by the individual delivery sites.

1.8. We were not able to locate and sight copies of assessments, attendance records or enrolment forms for all of the students in our sample. This is not surprising given the processes that have been followed historically. We recommend that TEC include this issue as part of the next audit that is conducted and that this take place in the next twelve to eighteen months.

1.9. We were able to observe that there is now centralised management of the delivery of programmes and there is awareness and monitoring at an individual student level of learning progress. The primary monitoring tool is a spreadsheet that records a high level of detail of the student progress on each programme at each delivery site. We recommend that Salvation Army look at utilising their new student management system to produce reports that will complement the monitoring that is currently taking place at National Office.

2. Introduction

Background

2.1   The Salvation Army New Zealand Trust is a Private Training Establishment ("PTE") offering training opportunities that receive funding from both TEC and the Ministry of Social Development. The Trust trades as The Salvation Army Education and Employment and is part of the wider Salvation Army Group. There are a variety of courses offered by Salvation Army, including Business Administration and Computing, Engineering and Construction and Early Childhood Education. The students are aged under 19 and the TEC funding is all in the form of Youth Guarantee. No Student Achievement Component ("SAC") funding is received.

2.2   The Salvation Army Trust National Office is based in Wellington and the delivery sites for the TEC programmes are spread around New Zealand.

Scope

2.3   TEC engaged Deloitte to undertake a review of the Salvation Army Trust. We were instructed to focus our review on the delivery in 2014 and 2015 of the following four qualifications:

- Motor Industry Skills Level 2 (NC1252)

- Employment Skills Level 1 (NC5432)

- Early Childhood Education & Care NC5573

- NCEA Level 2 with Service Industries Endorsements

2.4   The objective of the review is to ensure that:

- Students have actually enrolled and attended programmes;

- Programmes are taught in accordance with and comply with the learning hours and weeks entered into STEO and therefore meet the TEC funding requirements;

- Students awarded a qualification have been assessed; and

- The Salvation Army Trust's internal quality assurance and control processes (in relation to programme delivery) are robust and fit for purpose.

Limitation of this Report

2.5   The terms of this engagement and the scope of the work you have asked us to undertake do not comprise an audit or a review engagement, and the assurances associated with those reviews are not given. Our work did not constitute an assurance engagement in accordance with the requirements of the Chartered Accountants Australia and New Zealand, and was not designed to provide assurance accordingly under International or New Zealand Standards on Auditing or Assurance such as ISAE 3000. Accordingly, no assurance opinion or conclusion has been provided.

2.6   The financial and other information contained in this report have been provided by The Salvation Army Trust, TEC, NZQA and various Salvation Army Trust tutors and students. Our review was based on enquiries, analytical review procedures, interviews and the exercise of judgement. There is, therefore, an unavoidable risk that some material misstatements may remain undiscovered.

Key Sources of Information

Type	Details
Documents	- Assessment Policy - Assessment – Reporting and Certification Policy - Auto 4 Youth 2016 Programme Guidebook - Business Administration and Computing 4 Youth 2016 Programme Guidebook - Careers and Computing 4 Youth 2016 Programme Guidebook - Construction 4 Youth 2016 Programme Guidebook - Delivery of Face-to-Face Learning Policy - Early Childhood Education 4 Youth 2016 Programme Guidebook - Engineering 4 Youth 2016 Programme Guidebook - Enrolment Form TFW / Youth Guarantee Document - Quality Management System Policies, Procedures and Working Documents - QMS Working Document – WD6-01A - Application for Aegrotat Pass - QMS Working Document G2-02B – Annual Programme Evaluation Report (APRs) – Guidelines - QMS Working Document WD2-02A Annual Programme Review (APR) – Includes TEC and MSD Programmes - QMS Working Document G2-01G - Programme Development Guidelines - QMS Working Document – Learner/Client Documents for Archives Checklist - QMS Working Document – WD4-05A - Notification of Withdrawal - QMS Working Document – WD4-01B - Short and/or Re-Enrolment Form - QMS Working Document – Timetable Template - QMS Working Document – WD4-01F - Youth Guarantee Enrolment Cover Checklist - Service Sector 4 Youth 2016 Programme Guidebook - The Salvation Army Employment Plus Youth Guarantee Auto 4 Youth CO9664 - The Salvation Army Employment Plus Youth Guarantee Business Admin 4 Youth CO8474 - The Salvation Army Employment Plus Youth Guarantee Engineering 4 Youth - The Salvation Army Guarantee Programme Service Sector 4 Youth CO9886 Vocational Pathway – Service Industries - Tutor Job Description Document

	• WHK SS4Y Long Term Plan Term One 2016 • 2016 Study Plans • TEC data warehouse extract • Salvation Army Investment Plan July 2015 • TEC Site Approval list • TEC 2014 Recovery letter
Staff	• Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a)
Others	• Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a) • Section 9(2)(a)

3. Compliance with NZQA Approval and TEC Funding Requirements

3.1 In this section we describe the delivery of programmes at Salvation Army, discuss the accuracy of the data submitted to TEC for funding purposes and set out our assessment of the compliance with TEC funding requirements based on the programme delivery.

Programme Delivery

3.2 The Salvation Army provides Youth Guarantee ("YG") funded programmes. The programmes that are offered all include multiple (three or four) qualifications.

3.3 We have received the Early Childhood Education and NCEA Level 2 with Service Industries Endorsement programme approval documents from NZQA. NZQA advised that they could not locate the remaining approval documents. The approval from NZQA is at a programme level, so there is no approval at a qualification level. For funding purposes, Salvation Army has entered the learning hour details of each qualification into the TEC database STEO. However, this does not correspond to the actual programme delivery due to the nature of the embedded qualifications.

3.4 The following table sets out all of the programmes offered by Salvation Army and the qualifications that make up each programme:

Table 1 Qualifications embedded within each programme

Programme	Qual_1	Qual_2	Qual_3	Qual_4
Auto 4 Youth	NC1252	NC5432	NCEAL1	NCEAP4
Business Admin & Computing 4 Youth	NC5214	NC5432	NCEAL1	NCEAP4
Careers & Computing 4 Youth	NC5212	NC5432	NCEAL1	NCEAP4
Construction Trades 4 Youth	NC1368	NC5432	NCEAL1	NCEAP4
Early Childhood Education 4 Youth	NC5573	NC5432	NCEAL1	NCEAP4
Engineering 4 Youth	NC1220	NC5432	NCEAL1	NCEAP4

Service Sector 4 Youth	NCEAP4	NC5432	NCEAL1	

3.5　TEC selected four qualifications for review which represent a high proportion of the EFTS were delivered.　The following table summarises the EFTS delivery across all qualifications in the past three years. The programmes that were selected for our review are the first four in the table:

Table 2 – Number of learners and EFTS delivered for each qualification – 2013 to 2015

Qualification name	Qualification Code	2013 Learners	2013 EFTS delivered	2014 Learners	2014 EFTS delivered	2015 Learners	2015 EFTS delivered
Employment skills	NC5432	328	9.4333	381	81.9859	430	89.3491
NCEA L2	NCEAP4	131	46.1324	192	60.799	351	72.794
Early Childhood (L3)	NC5573	37	13.9388	42	14.3522	66	26.4252
Motor Industry (L2)	NC1252	28	17.1819	32	14.9754	38	15.5822
Building, Construction and Trade Skills (L2)	NC1368	51	13.1596	49	12.642	45	10.6619
Mechanical Engineering (L2)	NC1220	20	8.7113	16	5.5465	24	8.5518
Computing (L2)	NC5212	75	22.4195	51	11.1792	34	7.4213
NCEA L1	NCEAL1	38	1.2459	15	0.337	284	7.1549
Bus Admin & Computing (L2)	NC5214	13	4.6628	20	4.6629	20	5.6374
Horticulture (L2)		2	1.1667				

Data submitted for funding purposes

3.6　Salvation Army previously used the Napier Trade & Commerce Learner Management System (hosted in Napier), however this arrangement ceased at the end of 2014. From this time, the Blue Sky Student Management System was used and managed in-house. We understand that when the old system was in use, the tutors would enter in data directly, including course

completions and attendance. This is now centrally managed and monitored, with records being sent to National Office and checked before being entered into the SMS.

3.7   We conducted analysis to test the reliability of the data being submitted in the SDR, especially given that there were changes to systems and processes. We perceived that there were potential risks that data in the SMS did not reconcile to the SDR return or that course completions were not being recorded accurately.

3.8   The analysis that we conducted confirmed that the students in the SMS did reconcile to the SDR returns. We found that all of the students in the SDR had a record in the SMS for the period of our review.

3.9   The current process for tracking student course completions has been in place since the beginning of 2015. Tutors post or email assessments to central management where they are checked and moderation is conducted. We were advised that in 2015 every assessment was moderated, however this year it is being done on a sample basis. The student results are entered by management into a spreadsheet. There is a separate spreadsheet set up for each programme at each site. The spreadsheet record is then entered into the SMS.

3.10 In our view, this enables the Academic Manager to have a detailed understanding of the progress of individual students. However, this would be enhanced by reports that show student progress at a programme level or delivery site level. This data is available in the Student Management System and we understand that Salvation Army is currently looking into the ability to extract reports that provide information that will be useful for management monitoring.

3.11 Salvation Army advised us that up to 2014, the courses that were reported to TEC comprised a group of units. This approach had a negative impact on course completions as a student who failed just one unit (and passed the others) would not successfully complete the course. The approach was adjusted for the 2014 year so that each individual unit was also a course for reporting purposes.

3.12 Salvation Army does not run cohorts with an intake at specified times. Instead it has continuous rolling intakes in which the student commences a programme of study as soon as they are accepted into the programme. Salvation Army stated that this approach does cause some challenges from a teaching perspective, as all the students are potentially at different stages of the programme. The tutors who we spoke to acknowledged this but appear to have adapted their teaching style to address the challenges. Some described picking a unit that everyone could work on at times and teaching that to all the class, while at other times having students working at their own pace and giving them individual guidance where required. For the more practical qualifications, part of the day will be spent in the workshop where there is a combination of teaching and students practicing what they have learnt.

3.13 When students enrol, they are interviewed, their interests are identified and their suitability is assessed. In some cases, the enrolment is not processed immediately and they spend a few weeks in a "trial period". If they are engaged within the first four weeks then their enrolment is processed. Accordingly, there are not a large number of students who require a withdrawal to be processed prior to the four week point when they are eligible for TEC funding.

3.14 Many of the students are from a socially disadvantaged background and often have not been successful in the state school system. Salvation Army recognise that the completion rates prior to 2015 are not at the desirable level. It also recognises that its social support role for high needs students needs to be balanced with the need to meet educational outcomes. This has

been a focus for the Academic Manager during her time in the role. Tutors we spoke to referred to the importance of completing units and this is closely monitored by the Academic Manager. Over the past two years there have been closures of delivery sites and redundancies of tutors. This reflects the recognition that the programmes have to be financially viable and the teaching staff need to be focussed on helping students achieve qualifications. Student's attendance and commitment is monitored also and students may be withdrawn from the course at any time for non-attendance.

3.15   When a student is enrolled in a programme, all of the courses for the programme will be entered into the SMS and this will be reflected in the April or August SDR submission. If a student withdraws from a programme, the courses that have not commenced will be removed. This means that in some instances the final SDR for the year may have less courses for a student than earlier submissions.

3.16   We discussed this practice with the Academic Manager and she confirmed that an assessment is completed, on a case by case basis, for what courses should be removed. We recommended that a process is introduced to formalise how this is determined. It is recognised by the Academic Manager that this is an important decision as courses that are inappropriately <u>included</u> in the SDR will be funded when they have not been taught. On the other hand, courses that are inappropriately <u>excluded</u> and not successfully completed will also inappropriately improve the course completion performance indicators.

3.17   We were also concerned that units that were cross-credited for the qualifications that were completed contemporaneously may be submitted in the SDR more than once for each student. We did not however identify any students from our sample where this was the case although we did identify two students who had a successful completion of a unit in one year and then the same unit was recorded in the next year (for the same qualification). Salvation Army are currently following up on these two students.

3.18   From our analysis and discussion we are satisfied that courses are only being recorded in the SDR for one of the qualifications that they relate to. We believe that the courses are allocated in the same order as the qualifications set out in Table 1. That is, if a course is common to "Qualification 1" and "Qualification 3", then it will be recorded as part of "Qualification 1". In our view this method of recording the courses for funding purposes is appropriate.

Delivery compliance with TEC funding requirements

3.19   We are satisfied that the SDR submission for each student will normally reflect delivery of 1 EFTS or less. We also understand that as the funding for all of the programmes is Youth Guarantee, TEC will also test the SDR data to ensure that the EFTS funding per student is less than 1.1 in a calendar year (funding for Youth Guarantee students should not exceed 1 EFTS but we understand that TEC currently allows up to 1.1 EFTS in practice).

3.20   As the students appear to be funded for a 1 EFTS programme and as the teaching hours of the programmes will be different to the learning hours that are submitted in STEO, we focussed our assessment of delivery on determining whether or not the programme delivery was consistent with a 1 EFTS programme. That is, a programme that is sized as 1 EFTS would normally comprise around 1200 hours of learning and 120 credits. Accordingly, our analysis was focussed on whether or not this was consistent with the programme delivery.

3.21   In order to assess the delivery we spoke to management, tutors and students and reviewed timetables. We focussed on three programmes, being Auto 4 Youth, Early Childhood Education

4 Youth and Service Sector 4 Youth. These three programmes included all of the qualifications that were selected for the scope of our review.

3.22   The interviews and analysis that we completed provided a consistent view of the delivery that was occurring. In many of the delivery sites the students are collected in the morning by van and brought to the Salvation Army site. The teaching takes place every week day, commonly for six or seven hours a day (e.g. 8.30am to 3.00pm or 9.00am to 3.30pm). For some sites and programmes the students will finish early on a Friday, but the total teaching hours are approximately 30 hours a week across the board.

3.23   The programme duration was consistently described to us as 40 weeks or "a full year". Of the 23 students who we interviewed across the three programmes, two referred to completing the programme early. In both cases they finished six or seven weeks early. In both cases it also seemed that the students were motivated to complete the programme and worked hard to finish in a shorter timeframe, rather than the programme being delivered in a shorter duration. Some of the students who we spoke to were still studying and others had dropped out before completing.

3.24   In our opinion the teaching hours for the three programmes that we focussed on appear to be approximately 1,200 hours. Accordingly we are satisfied that they meet TEC funding requirements.

4. Verification of Existence of Students and Student Data

4.1 In this section we set out the results of the testing we conducted of a sample of 61 students. We have summarised our findings in the table and commentary below.

4.2 The process we took to verify the existence of students and their eligibility to enter the programme involved the following steps:

- We sighted enrolment application forms for each student that included signed and dated hardcopy enrolment application forms that were retained on file. We also confirmed whether or not the forms had been appropriately approved and signed by TSA;

- We sighted appropriate supporting information (e.g. birth certificate, passport) that had been provided by the student to support their application;

- We reviewed the student details in their enrolment application forms to see if they agreed with the details in TSA Student Management System ("SMS");

- We reviewed evidence of students' attendance in classes for the relevant course period; and

- We reviewed evidence of assessment records for all student samples.

4.3 We have set out the following summary table of our findings. These findings are expanded upon further below.

Qualification	Enrolments and supporting docs	Details reconcile in SMS and TEC	Evidence of Assessment Records	Evidence of attendance
Motor Industry Skills Level 2 NC1252	**5 out of 15 issues**	**2 out of 15 issues**	**4 out of 15 issues**	**7 out of 15 issues**
Employment Skills NC5432	**3 out of 14 issues**	✓ **No issues**	**9 out of 14 issues**	**10 out of 14 issues**

Early Childhood Education & Care	1 out of 14 issues	✓ No issues	2 out of 14 issues	1 out of 14 issues
NC5573				
NCEA Level 2 with Service Industries Endorsement	8 out of 18 issues	✓ No issues	7 out of 18 issues	7 out of 18 issues
NCEAP4				

Enrolment Data Validation and Eligibility to Enter a TEC Funded Programme

4.4 As described in Section 3, the programmes delivered by the Salvation Army include either three or four qualifications that the students work toward completing. We selected our sample of students to represent the four qualifications within the scope of our review.

4.5 We found that there were some issues in relation to the enrolment documentation. Of the 61 students in our sample, there were seven with missing enrolment forms. An additional ten students had an enrolment form but it was not signed.

4.6 Salvation Army acknowledged that their enrolment processes were not robust for most of the period within our review scope. Up until mid-2015 the enrolment process was decentralised and the enrolment documents were retained at the delivery site where the student was enrolled. The new process that has been introduced is more rigorous and the National Office is used as a central repository for documentation. All of the enrolment forms are now emailed to National Office and are saved on the shared drive. The historical documents are also being centrally archived, however there are some missing records.

4.7 We do note that for those students that had missing enrolment documents still had a full profile in the student management system. While this is not in itself reliable evidence that the students do exist, it does indicate that there were some records that were the basis of the entry in the system. Further, five of the students that did not sign their enrolment forms were "invalid enrolments". That is, they had not engaged in the programme within the first four weeks and were therefore omitted from the SDR. Accordingly, Salvation Army did not receive any funding for these students.

Level of Evidence Retained

4.8 In addition to the enrolment records, 29 of the 62 students in our sample had either attendance records or assessment records or both missing from their records.

4.9 Salvation Army changed their student management system at the end of 2014. The process with the old SMS was that tutors would directly input student attendance into the system and not maintain any hard copy records. Accordingly, we were not able to sight attendance records for some of the selected student samples. Assessment records for some of the selected student samples were only evidenced by cover sheets. In the table above we have

recorded no issues for those where a cover sheet was retained. Salvation Army confirmed that copies of all assessments are now being emailed to National Office and retained electronically. The full assessment scripts that were previously being retained for external moderation purposes are being progressively securely destroyed with only the tutor-signed page being kept as hard copy evidence.

4.10   We did not see evidence to suggest that there was invalid enrolment data, however because of the high level of missing documentation we were unable to gain comfort that all students had enrolled and attended.

4.11   We recommend that TEC specifically include this issue within the scope of the next audit that is conducted for Salvation Army and that this is scheduled to take place in twelve to eighteen months' time, when the current processes have been in place for a reasonable period.

5. Recommendations

5.1   We recommend that TEC accept this report and do not instruct us to undertake any further investigation. However, there are some issues that in our view the management of Salvation Army may want to address. We have commented on these issues in the sections above, but we summarise them in section five for ease of reference.

Management monitoring	
Observation	**Recommendation**
We understand that the new Student Management System can produce reports that will enable visibility of the performance of different programmes or delivery sites and enable better informed decision making. We were advised that Salvation Army is currently looking at how to extract these reports.	Salvation Army continue to explore the reporting options of the SMS and produce a regular reporting pack for management.

Removing courses from SDR that have not commenced	
Observation	**Recommendation**
If a student withdraws during the programme, an assessment is completed, on a case by case basis, of what courses should be removed from the SDR.	We recommended that a process is introduced to formalise how this is determined.

Missing student documents	
Observation	**Recommendation**
The sample of students we selected had missing enrolment forms, assessments and attendance records. In our view this issue should be addressed by the new processes in place since mid-2015.	TEC schedule a regular audit by the TEC auditors for the next twelve to eighteen months and include this issue within the scope of the audit.