



# TEC Investigation Results – BEST Pacific Institute of Education

This summary provides a brief overview of the TEC's investigation of BEST Pacific Institute of Education.

## BEST Pacific Institute of Education

BEST Pacific Institute of Education (BEST) was a large private training establishment (PTE) based in Auckland. The two main campuses were located in Waitakere and Manukau. BEST was established in 1988, began offering tertiary qualifications in 1994, and began receiving government funding for providing tertiary qualifications in 1997. BEST was placed in liquidation on 1 December 2017.

## Summary

The investigation into BEST found students' course end dates were extended, as were the dates on which students successfully completed courses. This had the effect of improving the apparent level of BEST's educational performance because those not completing courses were not reported, and therefore not included in performance outcomes which could have affected funding in subsequent years. The report also finds BEST delivered fewer training hours than it was required to.

The investigation additionally looked into whether BEST failed to record some student enrolments. This was not substantiated.

BEST is now in liquidation.

## Reasons for the investigation

The TEC's investigation into BEST began in August 2015, when the TEC became concerned about the accuracy and high resubmission rates of BEST's Single Data Returns (SDRs). The TEC was concerned that analysis of BEST's resubmitted SDRs showed a high number of students whose course end dates had been moved from one year into following years.

Providing accurate data through the SDR is vitally important. This data is used to assess PTEs' Educational Performance Indicator (EPI) for course completions, which is one factor used to determine PTEs' funding levels.

The TEC's course completion EPI benchmark for PTEs is a successful course completion rate of 70 percent or higher. PTEs with a course completion rate below 70 percent are informed they may not be funded the following year; this is called a zero indicative funding allocation. Whether PTEs with a zero indicative funding allocation then receive funding is determined by an internal TEC review process, and further consultation, with the PTE before the TEC's [Board of Commissioners](#) makes the final funding decision.

Tertiary education organisations (TEOs) must follow the SDR Manual as a condition of accepting funding. The manual specifies TEOs must ensure that course completions are correctly categorised in the SDRs.

Because of these concerns, the TEC engaged Deloitte to undertake an investigation of BEST's compliance with:

- > the SDR reporting requirements
- > funding conditions agreed to by BEST and required by the TEC in accordance with the Education Act 1989.

The investigation related to Student Achievement Component (SAC) and Youth Guarantee funding provided to BEST from January 2011 to August 2015.

## Investigation findings

### Concerns where breaches substantiated

#### ***Movement of course end dates***

The TEC's primary concern was BEST's movement of students' course end dates without students' proper participation in BEST's Extension of Studies (EOS) initiative. This is addressed in the investigation report as *Issue A (Movement of course end dates)*.

The TEC concluded that BEST failed to accurately categorise course end dates in accordance with the SDR Manual. Specifically, BEST extended course end dates in cases where there was no evidence that a student had agreed to be involved in the EOS, or had not attempted or continued to re-engage within a reasonable period. This breached:

- section 159YC(1) of the Education Act
- condition SAC001/14 in respect of 2014 funding
- conditions MOR012 and MOR023 in respect of 2013 and 2012 funding.

Moving students' course end dates was directly relevant to the TEC funding for BEST because those students not completing courses were not reported, and therefore not included in performance outcomes which would have affected funding in subsequent years.

#### ***Successful course completion end dates misstated***

BEST incorrectly stated the dates reported for students successfully completing courses.

BEST has acknowledged its failure to accurately report successful course completions for 25.7874 EFTS (Equivalent Full-Time Students) in its 2013 and 2014 SDRs. If accurate SDR data was submitted, BEST would have had a course completion rate of less than 70 percent, which would have meant it received a zero indicative funding allocation for 2015.

This is addressed in the investigation report as *Issue D (Successful course completion end dates misstated)*.

#### ***Delivery of learning hours***

Deloitte analysed five programmes and concluded there had been under-delivery of learning hours for three of these programmes in 2014. In a fourth programme, the teaching hours in the TEC's Services for Tertiary Education Organisation (STEO) database were also significantly overstated in a fourth programme until June 2015.

The TEC concluded BEST was not providing all of the teaching hours for which it was funded. This breached condition SAC021/14 for BEST's 2014 funding.

### Concerns that were not substantiated

Deloitte investigated whether BEST breached some of its funding conditions by omitting valid student enrolments from its SDR. This is referred to in the investigation report as:

- *Issue B – Omission of valid enrolments (all courses omitted)*

- *Issue C – Omission of valid enrolments (some courses omitted).*

The TEC considered the information in the investigation report along with information provided by BEST. We concluded there is evidence BEST failed to comply with some of its conditions of funding in respect of the omission of the enrolment of two students. However, there is insufficient evidence to draw any firm conclusion as to whether or not BEST complied with those conditions in respect of other students.

## Completion of the investigation and subsequent developments

Based on the information set out in the investigation report, and information provided by BEST, the TEC concluded BEST breached some funding conditions.

The report was finalised by Deloitte in November 2016.

The TEC imposed a number of funding conditions on BEST in 2017 intended to ensure BEST's SDR submissions were accurate, and that BEST took steps to ensure its financial viability and sustainability.

The TEC Board had received the investigation report findings when it decided not to fund BEST in 2018. However, its decision was primarily based on the TEC's assessment of BEST's investment plan, the TEC's knowledge of the education needs in south Auckland, and BEST's financial sustainability and educational performance.

The TEC Board informed BEST it would not provide funding in 2018 as the TEC did not consider that BEST would be financially sustainable or capable of delivering learning programmes. The TEC's priority in making the decision was ensuring students could continue to get education provision.

On 1 December 2017 BEST was placed in liquidation. The TEC has worked with BEST to ensure that all BEST's students are able to continue their education elsewhere.



We ensure New Zealand's future success.

# Best Pacific Institute of Education

## Report to Tertiary Education Commission

**Confidential**

**2 November 2016**

**Important message to any person not authorised to have access to this report by Deloitte**

Other than Tertiary Education Commission, any person who has not signed and returned to Deloitte a Release Letter is not an authorised person with regards to this report.

An unauthorised person who obtains access to and reads this report, accepts and agrees, by reading this report the following terms:

1. The reader of this report understands that the work performed by Deloitte was performed in accordance with instructions provided by our addressee client, Tertiary Education Commission, and was performed exclusively for our addressee client's sole benefit and use.
2. The reader of this report acknowledges that this report was prepared at the direction of Tertiary Education Commission and may not include all procedures deemed necessary for the purposes of the reader.
3. The reader agrees that Deloitte, its partners, principals, employees and agents neither owe nor accept any duty or responsibility to it, whether in contract or in tort (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by this report, or any use the reader may choose to make of it, or which is otherwise consequent upon the gaining of access to the report by the reader. Further, the reader agrees that this report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the report without Deloitte's prior written consent.
4. This report should also be read in conjunction with the limitations set out in the report.

# Contents

<b>1. Executive Summary</b>	<b>1</b>
SDR Reporting Requirements	2
Compliance with TEC funding conditions – Learning hours	4
Compliance with TEC funding conditions – Students who enrolled and attended the programme	5
<b>2. Introduction</b>	<b>6</b>
Background	6
Scope	7
Limitations of this Report	8
Key Sources of Information	9
<b>3. Single Data Returns</b>	<b>10</b>
Background	10
Summary of our findings	17
ISSUE A – Movement of course end dates	17
ISSUE B – Omission of valid enrolments (all courses omitted)	23
ISSUE C – Omission of valid enrolments (some courses omitted)	32
ISSUE D – Successful course completion end dates misstated	36
<b>4. Compliance with TEC funding requirements – Learning hours</b>	<b>39</b>
Programme Alignment with Approval and Funding Requirements	39
Learning Hours	41
<b>5. Student Enrolments</b>	<b>56</b>
Results from Testing	56

## Appendices

- A Extension of Studies Policy
- B Sample of course end date movements

# 1. Executive Summary

- 1.1. Best Pacific Institute of Education (“**BEST**”) is a large private training establishment (“**PTE**”) based in Auckland. The two main campuses are located in Waitakere and Manukau. BEST was established in 1988, began offering tertiary qualifications in 1994 and then began receiving government funding for this provision in 1997.
- 1.2. In the 2014 academic year, BEST delivered training in eleven qualifications that were eligible for Student Achievement Component (“**SAC**”) funding from the Tertiary Education Commission (“**TEC**”). In addition, fourteen qualifications delivered in 2014 were also eligible for Youth Guarantee (“**YG**”) funding from TEC.
- 1.3. The total number of Equivalent Fulltime Students (“**EFTS**”) consumed<sup>1</sup> in 2014 was 2,170.2579. This included EFTS from all funding sources and some unfunded EFTS as a result of over-delivery already approved by TEC.
- 1.4. The total TEC funding allocated to BEST in 2014 was \$12,435,458<sup>2</sup>
- 1.5. We were advised by TEC that BEST had resubmitted an SDR on multiple occasions. When the resubmissions were further analysed by TEC, it was identified that there were students who were included in an April and/or August SDR, that were removed from the final December SDR submission. TEC had also compared the SDR data to Studylink data and identified that there were students who were not in the SDR who had received student loan funding from Studylink.
- 1.6. TEC sent a letter to BEST on 12 June 2015 setting out examples of some “*apparent inconsistencies*”. BEST responded to this letter on 9 July 2015 with explanations in relation to each example.
- 1.7. In August 2015, TEC engaged Deloitte to undertake an independent investigation of BEST. This report summarises our findings in respect of the key objectives of the investigation and the two specific areas we were asked to focus on:
  - An assessment of BEST’s compliance with the Single Data Return (“**SDR**”) reporting requirements since 2011; and
  - An assessment of BEST’s compliance with the TEC’s funding conditions.

---

<sup>1</sup> “EFTS consumed” and “EFTS delivered” have the same definition from a TEC perspective. In this instance we are referring to the EFTS consumed in the calendar year as opposed to enrolments ending in the calendar year.

<sup>2</sup> <http://www.tec.govt.nz/Funding/funding-allocations/#spreadsheet>

## SDR Reporting Requirements

- 1.8. Every Tertiary Education Organisation is required to regularly supply data to TEC about each student enrolled in courses funded by TEC. They do this by completing the Single Data Return in accordance with the SDR Manual and its appendices.
- 1.9. The SDR is submitted three times a year, representing student data as at 30 April, 31 August and 31 December. When submitting the December SDR, the final status of the enrolments for the full academic year should be known and recorded.
- 1.10. The SDR data is used by TEC for various purposes. One of these is to calculate the Educational Performance Indicators (“EPIs”). One key EPI is for Course Completions.
- 1.11. The Course Completion EPI was first published for PTEs in 2010 (for the 2009 year). The first year that the EPI had any potential funding consequences for a PTE was 2012.
- 1.12. The performance data that was measured for 2012 funding was the 2010 data. The 2010 requirement was that successful course completions had to be achieved for at least 55% of EFTS enrolled.
- 1.13. This threshold has increased over time and the requirement for 2012 & 2013 (for 2014 & 2015 funding) was successful course completions of 70%. If this target is not reached, the PTE will receive an indicative funding allocation of zero. The final funding outcome will however depend on a number of other factors determined through an internal TEC process.
- 1.14. The final December SDR submitted by BEST for 2013 showed a successful course completion rate of 70.1%. To put this into context, if BEST had a successful course completion for only two EFTS less than what was returned, the course completion rate would have fallen below the 70% threshold.
- 1.15. Analysis of BEST’s SDRs shows that there were a large number of students with enrolments appearing in the April and/or August SDRs, but then omitted from the final December SDRs. There were also a very large number of students who had courses omitted from the final SDR, or whose course end dates had been moved into the next year in the December SDR.
- 1.16. The practical impact of courses being omitted from the SDR, or of end dates moving to the next year, is that those courses will not be included in the course completion calculation for that year. So if they are courses that are not completed successfully, their omission from the data will, by implication, improve the EPI for the current year.
- 1.17. For example, if a student with a course end date of 1 December 2013 did not successfully complete a course then that would negatively impact on the 2013 course completion rate. But if that same student’s data was omitted from the SDR, or alternatively, had the course end date changed from 2013 to 2014, this student’s non-completion of a course would not impact on the 2013 course completion rates.
- 1.18. BEST referred to the 2015 SDR Manual page 72, the SDR Quick Reference Guide for TEOs Use of SDR Data by the TEC page 5 and an FAQ on the TEC website to support its view that it is both appropriate, and necessary, to extend course end dates. Our concern is not so much that course end dates are extended, but rather that course end dates are being extended without some student’s knowledge or agreement.



1.19. The following tables (Table 1 & 2) summarise the number of changes that were identified in BEST's data:

Table 1 - EFTS for enrolments removed from final December SDR (based on Course EFTS factor)		
Year	EFTS removed (SAC funded)	EFTS removed as a % of EFTS delivered
2011	249.7506	15.6%
2012	424.4677	23.6%
2013	441.4654	30.1%
2014	385.305	41.3%

1.20. Table 1 shows the number of EFTS that were removed from BEST's final SDR for courses ending in that year (as opposed to courses starting in that year but ending in the following year). The second column compares the number of EFTS removed to the number of EFTS actually delivered. It shows that an increasing proportion of EFTS are being removed each year.

Table 2 - EFTS of courses which moved end date from one year to the next (SAC funded)		
	All courses with end date changes to next year	Courses with an end date change as a % of EFTS delivered
2011 to 2012	2.7299	0.17%
2012 to 2013	280.5078	15.6%
2013 to 2014	360.6375	24.6%
2014 to 2015	857.2561	91.8%

1.21. Table 2 illustrates the growing proportion of courses with end dates moving into the following year, to the point that of the courses that initially had end dates in 2014, almost as many courses had an end date moved to 2015 as were retained in 2014.

1.22. We have also found other aspects to the data submitted in the SDRs that suggests that the data reported by BEST is not reflective of what actually occurred at BEST. For example, all of the courses with the classification "completed course unsuccessfully" (6,336 courses) in the December 2014 SDR had a course end date of 20 January 2014. In addition, of the 42,752

courses in the December 2014 SDR with a completion indicator of 0, 1, 2 or 3 (as at April 2015), 47% had the course end date of 30 January 2015.

- 1.23. Finally, we also identified up to 32 students who were submitted in the December 2013 SDR as successful completions when they did not appear to complete at least some of their courses until 2014. This has the effect of overstating the 2013 EPI and understating the 2014 EPI for course completions.
- 1.24. We also analysed underlying student data and then interviewed a sample of students about their experiences at BEST. Our analysis of both the overall SDR data and a sample of underlying student records identified serious concerns. That is, the individual student records support the appearance in the trends set out above that the SDRs submitted by BEST have data that does not accurately reflect what was actually occurring. Some of the evidence that we have seen includes:
  - Students who have been removed from the SDR when the student files record attendance or withdrawal after the point that the student has become a valid enrolment. If a student is a valid enrolment they should be included in the SDR;
  - Students withdrawing part way through a programme and only successful courses being included in the SDR. Other courses that started at the same or similar time that were not successfully completed were removed from the final SDR;
  - Students who have advised BEST that they are withdrawing have their course end date moved to months (or often more than a year) later;
  - No contact or positive engagement with a student for months (or on some occasions over a year), but course end dates continuing to move.
- 1.25. If the actions to remove students courses and extend course end dates had not been taken by BEST, then based on our analysis the course completion EPI levels for BEST in 2013 and 2014 would not have reached the 70% threshold.

## **Compliance with TEC funding conditions – Learning hours**

- 1.26. For five programmes, we compared the learning hours approved by NZQA to the breakdown of hours submitted by BEST to TEC for funding purposes and the BEST programme delivery schedules.
- 1.27. We found that for all five programmes there were inconsistencies. In three programmes, BEST had provided an update to TEC in June 2015 to ensure that there was consistency between the TEC database STEO and the NZQA approved hours.
- 1.28. We interviewed staff members, students and received submissions from BEST regarding the teaching and learning hours. Our finding is that there has been under-delivery of learning hours for three of the five programmes that we analysed. We also note that in relation to a fourth programme, the teaching hours in STEO were significantly overstated until June 2015. We recommend that the TEC satisfy itself that any under-delivery is rectified.

## Compliance with TEC funding conditions – Students who enrolled and attended the programme

1.29. We were instructed to determine if students actually enrolled in and attended the BEST programmes. To assess this we reviewed the Student Management System (“**SMS**”), enrolment documentation and NZQA records for a sample of 112 students.

1.30. We found the following:

- Twelve instances in which the supporting documentation had not been certified; and
- One student with a missing enrolment form (notified to us by BEST).

1.31. The SMS records at BEST do contain a photo of each student and the students who we contacted to interview had all enrolled at BEST. It is also feasible that some of the students whose supporting documents were not certified had enrolled previously at BEST.

1.32. Whilst some of BEST’s record keeping practices could be improved (as described above), we did not identify indicators that the students being funded by TEC have not actually enrolled with BEST. We were not able to form the same view on attendance due to the limited availability of records at BEST.

## 2. Introduction

### Background

- 2.1 Best Pacific Institute of Education (“**BEST**”) is a large private training establishment (“**PTE**”) based in Auckland. The two main campuses are located in Waitakere and Manukau. BEST was established in 1988 and began offering tertiary qualifications in 1994. BEST began receiving government funding for this provision in 1997.
- 2.2 In the 2014 year, BEST delivered training in eleven qualifications that were eligible for Student Achievement Component (“**SAC**”) funding from the Tertiary Education Commission (“**TEC**”). In addition, 14 qualifications delivered in 2014 were eligible for Youth Guarantee (“**YG**”) funding from TEC. The total number of Eligible Fulltime Students (“**EFTS**”) consumed in 2014 was 2,170.2579. This included unfunded EFTS as a result of approved over-delivery. The total TEC funding allocated to BEST in 2014 was \$12,435,458<sup>3</sup>
- 2.3 The TEC letter to BEST that confirms the 2015 Investment Plan funding<sup>4</sup> sets out that TEC wanted BEST to focus on the following:
- Shift provision towards qualifications which are better suited to industry, with a focus on the appropriateness of its business, administration and computing qualifications;
  - Develop and implement strategies to attract young learners, given the Pasifika demographic in the Auckland region;
  - Increase focus on the needs of Maori learners, ensuring parity of achievement.
- 2.4 The letter goes on to say that “...investment decisions will focus on improving the responsiveness of the system to the needs of learners and employers” and that “This is of particular relevance for those learner groups who have previously been under-served by the education system, and who will be increasingly important to our country’s economic growth, including learners from Maori and Pasifika communities.”
- 2.5 BEST has a significant number of Maori and Pasifika students. According to TEC, in 2015 the total EFTS delivered for whom SAC or YG funding was received comprised 38.9% in relation to Maori students and 62.2% in relation to Pasifika students<sup>5</sup>. Furthermore, 60% of BEST’s students are 25 years old or under and 58% of BEST’s students were either not employed, beneficiaries, house-persons or retired, prior to enrolling with BEST.

---

<sup>3</sup> <http://www.tec.govt.nz/Funding/funding-allocations/#spreadsheet>

<sup>4</sup> Letter from G Gilmore to A Finnigan, 4 December 2014

<sup>5</sup> A student may identify with more than one ethnicity

2.6 BEST's policies and processes have been developed over time to cater for this particular demographic and to work toward the goals that are set out by TEC. BEST states that meeting the vocational training and employment needs of Auckland's Pasifika population is a strategic priority for it.

## Scope

2.7 In August 2015, TEC engaged Deloitte to undertake an investigation of BEST. The key objectives and areas of focus are:

- An assessment of BEST's compliance with the SDR reporting requirements; and
- An assessment of BEST's compliance with the TEC's funding conditions.

2.8 Specifically, we were instructed to determine whether:

- Programmes are taught in accordance with the learning hours (including teaching hours and self-directed learning) and teaching weeks approved by NZQA and entered into STEO;
- Students have actually enrolled and attended the programmes;
- The SDR data accurately reflects students' engagement with BEST; and
- Students have been omitted from SDR data when they should have been included.

2.9 We were also instructed to advise TEC if we became aware of anything else relevant to BEST's compliance during the course of the investigation<sup>6</sup>.

2.10 The period we were instructed to consider is the calendar years 2011 through to 2014, and also the period up to the commencement of our engagement in August 2015.

2.11 We were advised at the commencement of the engagement that it had come to TEC's attention that BEST had resubmitted an SDR on multiple occasions. When the resubmissions were further analysed by TEC, it was identified that there were students who were included in an April and/or August SDR, that were removed from the final December SDR submission.

2.12 TEC had also compared the SDR data to Studylink data and identified that there were students who were not in the SDR who had received student loan funding from Studylink.

2.13 TEC sent a letter to BEST on 12 June 2015 setting out examples of some "apparent inconsistencies". BEST responded to this letter on 9 July 2015 with explanations in relation to each example. On 6 August 2015, BEST were advised that Deloitte had been engaged and that TEC wished to "look further into the apparent inconsistencies in the SDR returns."

---

<sup>6</sup> We note that since our engagement, TEC has introduced terminology to describe the different monitoring actions that it may undertake (as set out on the TEC website). We were advised that we were to undertake an "investigation". The description of an investigation, that is set out on the TEC website, appropriately describes our instructions in respect of this engagement.

- 2.14 We undertook a review of the data analysis that had originally been performed by TEC and agreed on the number of courses that had been removed and course dates that had changed.
- 2.15 We first met with BEST to commence the investigation on 27 August 2015.

## Limitations of this Report

- 2.16 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.
- 2.17 The financial and other information contained in this report have been provided by BEST, TEC, NZQA and various BEST 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.
- 2.18 The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, our report should not be relied on to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.
- 2.19 This report has been prepared for distribution to TEC. We disclaim any assumption of responsibility for any reliance on this report to any other persons or users, or for any purpose other than that for which it was prepared.
- 2.20 We provided a draft report to TEC on 30 November 2015 and TEC provided this draft to BEST for comment. We received BEST's response on 1 July 2016, along with supporting documents submitted in both hard copy and electronic format. We have made adjustments for matters of fact and have made other amendments where necessary.
- 2.21 We provided a second draft report to TEC on 27 July 2016 that was also provided to BEST. BEST has made further submissions to this second draft report that we received on 13 September 2016, 14 September 2016, 26 September 2016, 28 October 2016 and 31 October 2016.
- 2.22 We note that the September 2016 submissions included an affidavit from **Section 9(2)(a)** states that **█** has "been asked to comment on the reliability of TEC's data gathering system (the SDR), the validity and appropriateness of its EPI calculations which measure a TEO's performance, the clarity of TEC's rules and regulations, the integrity of its operational systems, and the quality of TEC's advice and guidance to providers in the tertiary sector." We have not been instructed to determine whether the SDR or TEC's processes are appropriate or reliable therefore this affidavit is outside the scope of

our investigation. We have carefully considered all of the further submissions and made adjustments to the second draft report if we believe this to be appropriate.

- 2.23 We also note that the October 2016 submissions primarily related to information provided by TEC at an industry roadshow that was apparently inconsistent with previous information provided to the sector. BEST has also interpreted this advice to suggest that there has not been breaches of funding conditions in relation to some of the issues set out in the report. We recommend that TEC carefully consider BEST's submission in determining if there has been a breach and if so, what actions it wishes to take (if any).

## Key Sources of Information

Type	Details
Documents	<ul style="list-style-type: none"> <li>• BEST Student Enrolment files for the 112 selected students. This included the following for each student:               <ul style="list-style-type: none"> <li>○ Enrolment Form</li> <li>○ Student enrolment details taken from the Student Management System</li> <li>○ Student History Report</li> <li>○ Student Summary Report</li> </ul> </li> <li>• BEST Policies and Procedures</li> <li>• BEST Programme Files and learning plans;</li> <li>• BEST internal audit report</li> <li>• FreshE reports for students who commenced courses in 2014</li> <li>• Student Assessments</li> <li>• "Introduce a friend" documentation</li> <li>• BEST Qualification audit – May 2015</li> <li>• BEST Organisation chart</li> <li>• BEST letters and attached submissions of 9 July, 4 September, 10 September, 11 September, 16 October and 29 October 2015, 1 July 2016, 13 September 2016, 26 September 2016, 28 October 2016, 31 October 2016.</li> <li>• NZQA qualification and course completion data</li> <li>• NZQA approval documents</li> <li>• SDR data</li> <li>• SDR manuals</li> <li>• STEO extracts</li> <li>• Investment plan funding letters</li> </ul>
People	<ul style="list-style-type: none"> <li>• 21 students</li> <li>• TEC staff, particularly Section 9(2)(a) [redacted], Graeme Cahalane and Section 9(2)(a) [redacted]</li> <li>• Section 9(2)(a) [redacted], Studylink</li> <li>• BEST staff, particularly Rachel Skudder, Section 9(2)(a) [redacted]</li> <li>• Chen Palmer (BEST's legal advisors)</li> </ul>

## 3. Single Data Returns

- 3.1 In this section of the report, we summarise the findings of our assessment around the accuracy of BEST's SDR data that was submitted to TEC. We note that the SDR data that we present in this section was provided to us directly by TEC.
- 3.2 Some data was provided to us at the commencement of our investigation. However, we requested further information and data during our investigation to test and validate the preliminary findings that arose following our interviews and analysis of BEST's records.

### Background

- 3.3 Every TEO is required to supply data to TEC about each student enrolled in a course. This is done by completing the Single Data Return ("SDR") in accordance with the SDR Manual and its appendices.
- 3.4 The SDR Manual provides the guidelines around what is submitted. It states, *"All TEOs that receive the Student Achievement Component including Level 1 and 2 Competitive and Plan Process Funding, and/or have students with Student Loans or Allowances, and/or Youth Guarantee programmes are required to complete an SDR. All students must be reported in SDR including non-funded students"* (emphasis added).<sup>7</sup>
- 3.5 The SDR is submitted through the STEO website three times a year, representing student data as at 30 April, 31 August and 31 December. The 2015 SDR Manual states that *"it is possible that the final status of an enrolment may not be known for the April and August SDR, so these SDR's may contain all the TEO's known enrolments at that particular time. However, the December SDR should only contain records of students which have met the valid enrolment requirement"* (emphasis added).<sup>8</sup>
- 3.6 BEST has relied on the later statement that the SDR should only record "students which have met the valid enrolment requirement"<sup>9</sup>.
- 3.7 The SDR data is used by TEC for various purposes. One of these is to calculate the Educational Performance Indicators ("EPIs"). A key EPI is for Course Completions.
- 3.8 Each year, TEC confirms with BEST its Investment Plan funding for the coming year, subject to being satisfied with (among other things) the historical course completion rates. For the 2015 year, any PTEs with a 2013 successful course completion rate that fell below 70% received an indicative Student Achievement Component ("SAC") funding allocation of zero<sup>10</sup>.

---

<sup>7</sup> 2015 SDR manual, Introduction page 6

<sup>8</sup> 2015 SDR manual, "Valid enrolments" page 32

<sup>9</sup> Letter from R Skudder to G Gilmore, 9 July 2015

<sup>10</sup> Appendix A of 2015 Funding Allocation Letter from TEC dated 4 December 2014



- 3.9 The final December SDR submitted by BEST for 2013 showed a successful course completion of 1,028.5265 EFTS. This was a successful course completion rate of 70.1% based on 1,467.0974 EFTS enrolled.
- 3.10 Because the rate was between 70 and 75%, BEST was advised by TEC that the organisation would be monitored at a higher level in 2015 but its funding allocation was not impacted.
- 3.11 To put this course completion rate into context, if BEST had a successful course completion of 1,026 EFTS or less in 2013 (i.e. two EFTS less than what was returned), the course completion rate would have fallen below 70% and the funding was potentially zero. This metric is obviously very important to TEC’s assessment of BEST’s ongoing performance.
- 3.12 The Course Completion EPI was first published for PTEs in 2010 (for the 2009 year). The first year that the EPI had any potential funding consequences for PTEs was 2012. The performance data that was measured for 2012 funding was the 2010 data. At this time the course completion benchmark was 55% (compared to the current 70%).
- 3.13 A summary of the course completion data for BEST over this period is set out in the following table:

Table 3 - Summary of course completion data			
Funding Year	SDR data used	Course Completion Benchmark	BEST published Course Completion Rate (SAC)
2012	2010	55.0%	69.1%
2013	2011	60.0%	80.4%
2014	2012	70.0%	70.7%
2015	2013	70.0%	70.1%
2016	2014	70.0%	75.6%

- 3.14 As part of the TEC monitoring process, further analysis of BEST’s SDR data was undertaken. This showed that BEST submitted multiple returns in each of these years, rather than the standard three returns each year due for submission in May, September and January.
- 3.15 Over the four years 2011 to 2014, 28 SDRs were submitted by BEST<sup>11</sup>. When we raised this high frequency of returns, BEST advised that it understood that this practice was not unusual and was acceptable. BEST has added in its letter of July 2016 that 23 of these SDRs were within the submission period and that the remaining occasions were for “*resolving issues*” with a “*valid rationale which was negotiated with TEC*”. BEST has referred to correspondence from TEC, including an email from “TECNow” to the sector on 6 June 2012 with new information on

---

<sup>11</sup> One in May 2011, one in September 2011, two in January 2012, three in March 2012, three in May 2012, three in September 2012, one in October 2012, one in January 2013, four in May 2013, one in September 2013, three in January 2014, two in May 2014, one in June 2014, one in September 2014 and one in January 2015.

EPIs and saying that TEOs may resubmit their SDR data based on this information. BEST has also pointed out that it was not until June 2015 that TEC posted a notice on its website about resubmissions and specifically that extensions to SDR submission deadlines will no longer be granted. Although, BEST has also provided an excerpt from the TEC website dated 2 September 2014 that refers to the August 2014 SDR and states “*there will be no extensions*”.

- 3.16 Further analysis of the SDRs showed that there were a large number of students with enrolments included in the April and/or August SDRs who were then omitted from the final December SDRs. We also observed that there were a very large number of students who had some courses omitted from the final SDR or whose course end dates moved to the next year.
- 3.17 The impact of courses either being omitted from the SDR, or of end dates moving to the next year, is that those courses will not be included in the course completion calculation for that year. If they are courses that are not completed successfully, their omission will improve the EPI for the current year.
- 3.18 The following tables (Table 4, Table 5 and Table 6) summarise the number of changes that were identified:

Year	EFTS removed (SAC funded)	EFTS removed as a % of “EFTS delivered”
2011	249.7506	15.6% <sup>13</sup>
2012	424.4677	23.6% <sup>14</sup>
2013	441.4654	30.1% <sup>15</sup>
2014	385.305	41.3% <sup>16</sup>

- 3.19 This table shows the number of EFTS that were removed from the final SDR for courses ending in that year (as opposed to courses starting in that year but ending in the following year). This number is relevant, as the EPI measure is based on courses with an end date in the year of the EPI. As set out below, BEST explained that EFTS are removed because its SMS system does not “*automatically exclude the non valid enrolments*”. This explanation does not however address the requirement that all SDRs must contain accurate data and it does not explain the increasing proportion of EFTS being removed.

---

<sup>12</sup> Course EFTS factor rather than EFTS consumed, as EFTS consumed will be affected by the movement in course end date.

<sup>13</sup> 249.7506/1605.9789

<sup>14</sup> 424.4677/1799.8354

<sup>15</sup> 441.4654/1467.0974

<sup>16</sup> 385.305/933.4085

- 3.20 The second column in Table 4 compares the number of EFTS removed to the number of EFTS actually delivered. It shows that an increasing proportion of EFTS are being removed each year.
- 3.21 We note that TEC does not differentiate between “EFTS consumed” and “EFTS delivered”. However, BEST defines “EFTS delivered as *“the full EFTS value of the courses ending in the SDR reporting year based on the factor in the course file in the SDR”*<sup>17</sup>. This is consistent with the denominator in the percentage calculation.
- 3.22 Accordingly, we are consistently looking at just the courses with an end date in the year being measured. BEST has suggested that using EFTS consumed as the denominator would be more appropriate<sup>18</sup>. That is, BEST suggests that although the EFTS removed number is only for courses with an end date in that year, we should reflect this as a percentage of all EFTS consumed, including for courses that have an end date in the following year. In our view, it does not make sense to compare a numerator to a denominator from a different population (that is also inconsistent with the measure used by TEC).
- 3.23 However, for completion, we set out in Table 5 a comparison of the “EFTS delivered” and the “EFTS consumed”, where EFTS delivered reflects courses with an end date in that year and EFTS consumed includes a proportion of EFTS for courses with an end date in the following year.

Table 5 – EFTS “delivered” compared to EFTS “consumed”		
Year	EFTS “delivered”	EFTS “consumed”
2011	1605.9789	1701.131
2012	1799.8354	1677.982
2013	1467.0974	1625.336
2014	933.4085	1642.828

Source: SDR submissions

- 3.24 The EFTS consumed, in the column on the right of Table 5, reflects the EFTS “consumed” during that year. That is, it includes EFTS for all courses, regardless of their course end date. In comparison, the EFTS delivered relates to the EFTS for courses with an end date in that year (as described above). For example, if a course starts on 1 December and goes for four months, then the EFTS “consumed” in the year that the course commences will be one quarter of the total EFTS value of the course. However, the EFTS “delivered” in that same year will be zero as the course does not end until the following year.
- 3.25 What is evident in Table 5 is that there has been a significant drop in EFTS delivered in both 2013 and 2014, despite the number of EFTS consumed being relatively consistent. That is, this table illustrates that the number of courses submitted in the SDR with a course end date in the

<sup>17</sup> Letter from R Skudder to 9(2)(a), 1 July 2016, paragraph 377

<sup>18</sup> Letter from R Skudder to 9(2)(a), 1 July 2016, paragraph 56

current year is decreasing significantly while the overall number of EFTS is not. This is also illustrated in Table 6.

Table 6 - EFTS of courses which moved end date from one year to the next (SAC funded)			
	All courses with end date changes to next year	Courses with end date changes but not start date	Courses with an end date change as a % of EFTS delivered
2011 to 2012	2.7299	0	0.17% <sup>19</sup>
2012 to 2013	280.5078	217.2878	15.6% <sup>20</sup>
2013 to 2014	360.6375	217.9831	24.6% <sup>21</sup>
2014 to 2015	857.2561	784.5696	91.8% <sup>22</sup>

Source: TEC data from SDR returns

- 3.26 Table 6 shows a growing proportion of courses with end dates moving to the following year, to the point that of the courses that initially had end dates in 2014, almost as many courses had an end date moved to 2015 (857 EFTS) as were retained in 2014 (933 EFTS).
- 3.27 BEST has recently submitted<sup>23</sup> that the number of course extensions at the end of 2014 was higher, due to additional resources being available to support students. No evidence has been provided to support this submission. BEST also submits that it is relevant to note that there was movement of course end dates within years and that in 2012 and 2013 there were more changes within the year than to the next year<sup>24</sup>. We note that we have also observed course end dates moving within a year and then to the next year.
- 3.28 When we looked more closely at the course completions reported in BEST's final SDR of the year, we observed that the total number of unsuccessful or "still to complete" completions on BEST courses is increasing. Despite this however, the number of unsuccessful or "still to complete" completions recorded in the year being reported is falling.
- 3.29 Because the completion data that we are using is as at April 2015<sup>25</sup>, we expect that there will be a higher number of students who are still to complete their course in the December 2014 SDR compared to 2012 and 2013. However, when we compared this data to the completions reported in the final December SDR for each of these years we saw that there was not a material

<sup>19</sup> 2.7299/1605.9789

<sup>20</sup> 280.5078/1799.8354

<sup>21</sup> 360.6375/1467.0974

<sup>22</sup> 857.2561/933.4085

<sup>23</sup> Letter from R Skudder to 9(2)(a), 1 July 2016, paragraph 83

<sup>24</sup> Letter from R Skudder to 9(2)(a), 13 September 2016, paragraphs 384 to 389

<sup>25</sup> The data is based on the final SDR submission for each year, however it captures the completion status as at the April 2015 SDR submission. This reflects the most up-to-date information at the time the analysis was conducted.

difference in the proportion of unsuccessful and still to complete with an end date in the same year. That is, both sets of data showed that the reporting of these completions with an end date in the same year was materially decreasing each year.

3.30 The following table summarises these numbers for the 2012 to 2014 years in relation to SAC funded courses only. The April 2015 data is also included for comparison and to contrast an April SDR submission with the final SDRs submitted for the previous years. We note that some of the courses included in the April 2015 SDR will not have commenced at the SDR date.

Table 7 - Course data showing breakdown of course end date				
	2012 (Dec SDR)	2013 (Dec SDR)	2014 (Dec SDR)	2015 (Apr SDR)
<b>No. of course records</b>	65,126	58,862	62,591	56,802
<b>Successful</b>	40,942	28,455	19,839	4,965
<b>NULL completion code</b>	64	0	0	1
<b>Unsuccessful or still to complete (all)</b>	24,120	30,407	42,752	51,836
<b>Comprised of:</b>				
<b>Still to complete<sup>26</sup></b>	4	7,597	30,670	45,041
<b>Unsuccessful<sup>27</sup></b>	24,116	22,810	12,082	6,795
<b>Unsuccessful and still to complete - end date <u>same</u> year</b>	14,000	11,281	6,375	51,836
<b>Unsuccessful and still to complete - end date <u>next</u> year</b>	10,120	19,126	36,377	0
<b>% of unsuccessful and still to complete with end date in same year</b>	58%	37%	15%	100%

Source: TEC SDR data

3.31 One matter of note is that in the final December 2013 SDR<sup>28</sup>, there were 7,088 courses recorded with a completion indicator of “3 - *completed course unsuccessfully*”. All 7,088 courses were recorded with exactly the same course end date of 20 January 2014. What this means is that none had a course end date in 2013, despite the definition of “*completed course unsuccessfully*” being “*By the extraction date, the learner has completed requirements for course completion but unsuccessfully...*”<sup>29</sup>. That is, by definition these courses must have a 2013 end date.

<sup>26</sup> Code 00 or 01 – extension or end date not reached

<sup>27</sup> Code 03 or 04 – Completed course unsuccessfully or did not complete course

<sup>28</sup> SDR run sequence 144027

<sup>29</sup> Ministry of Education SDR Manual 2015 version 1.3

- 3.32 Putting the definition to one side, if this end date was correct, it suggests that the December 2014 SDR<sup>30</sup> will record at least 7,088 courses with a completion code of 3 and a 2014 course end date. However, the final December 2014 SDR actually records only 6,336 courses with a 2014 course end date and a completion indicator of “completed course unsuccessfully”. All 6,336 also have a course end date of 20 January 2014. That is, no other courses throughout the entire 2013 or 2014 years were reported as completed unsuccessfully.
- 3.33 We have noticed that in each SDR there is a particular course end date that is used for a large number of students who do not have a successful completion or have not yet completed. We would expect that course end dates would be spread throughout the year to reflect the eight different semesters. However, when we looked at the final December SDRs for 2012 to 2014 and the April 2015 SDR, we found that a particular date was being used more than would be expected. The following table summarises this:

Table 8 – Course end date commonly used in SDR (SAC only)				
	Dec 2012 (end date 21/01/13)	Dec 2013 (end date 20/01/14)	Dec 2014 (end date 30/01/15)	Apr 2015 (end date 31/03/15)
<b>Number of courses with identified course end date</b>	8,234	14,384	20,040	35,581
<b>%age of all courses that are unsuccessful or still to complete</b>	34%	47%	47%	69%

Source: TEC data from SDR returns

- 3.34 In our view, this use of a single course end date for a significant proportion of all courses and the reporting that the only courses completed unsuccessfully in 2013 or 2014 were those courses ending on 20 January 2014, suggests that the data reported by BEST in the SDR is not reflective of what actually occurred at BEST.
- 3.35 We also identified students in our sample whose course end date is earlier than we would expect it to be. In some cases the course end date has moved forward and in others it appears to have been incorrectly recorded in every SDR submission. That is, successful course completions have been recorded in the final December SDR, when in fact the documentation we reviewed suggests the courses were actually completed in the following year. If this is correct the implication is that it would overstate the completion rate in the year recorded but understate completion in the year the course is actually completed (i.e. the successful completion is recognised a year before it occurs).
- 3.36 On 12 June 2015, TEC wrote to BEST and referred to 42 examples of apparent inconsistencies in the SDRs submitted between 2011 and 2014. TEC requested that BEST provide an explanation.
- 3.37 On 9 July 2015, BEST provided a twelve page response to each issue in this letter and advised that it had “reviewed all data and student files referred to.” BEST noted that “BEST is confident

---

<sup>30</sup> SDR run sequence 152912

*that it has complied with the reporting obligations in the SDR Manual, TEC funding rules, funding conditions and BEST's policies and procedures ..."*

## Summary of our findings

- 3.38 TEC determined that it needed to look further into the apparent inconsistencies and instructed us to include this as part of our scope. As a result, we have included the 42 students referred to in paragraph 3.36 above and an additional 70 students in a sample for further analysis. We have reviewed the student files for each of the 112 students and identified a number of examples of both omissions and changes to course dates.
- 3.39 It appears that there are four issues which potentially produce inaccuracies in the SDR returns for BEST:
- Issue A – Movement of course end dates;
  - Issue B – Omission of valid enrolments (all courses omitted);
  - Issue C – Omission of valid enrolments (some courses omitted);
  - Issue D – Successful course completion end dates misstated.

## ISSUE A – Movement of course end dates

- 3.40 If a course has not been completed successfully, but has an end date in the next year, it will not be included in the EPI calculation for the current year. That is, it will not be captured in the EPI calculation until the year that course end date falls. This is relevant when we consider the large increase in movement of course end dates to the next year (see Table 6 above).
- 3.41 It is our view that BEST has moved course end dates when the student has withdrawn or there has been no contact or positive engagement with the student for months (or even more than a year). If the course end date had not been moved, the course would have been more accurately recorded as a "did not complete" or "completed unsuccessfully" in the current year and the course completion EPI would have been reduced.
- 3.42 We note that BEST submits it has also moved course end dates within years and not just from one year to the next. We have not conducted any further analysis of these movements within years as they have no impact on the EPI calculation.
- 3.43 Rachel Skudder advised<sup>31</sup> that *"BEST notes the following reasons for course end dates being moved between SDRs:*
- *To operationalise BEST's shift in reporting programme end dates in accordance with the new programme delivery schedule ("PDS") that was instituted in 2013;*
  - *To enable dis-engaged students to re-engage in their programmes and progress in completing their qualifications through BEST's Extension of Studies Initiative ("EOS")*

---

<sup>31</sup> Letter from R Skudder to G Gilmore, 9 July 2015

- 3.44 The first reason set out is also described as “serialisation” by BEST. Ms Skudder explains that, *“In 2013, BEST shifted from reporting programmes in parallel (every course reported as starting on the same programme start date and ending on the same programme end date) to reporting all programmes serialised in accordance with the new PDS ...There are instances when the programme is delivered differently to that which is specified with the PDS. This action may result in changes to the course dates originally loaded causing dates to move within a programme.”*<sup>32</sup>
- 3.45 The EOS policy is targeted at the needs of the young Pasifika and Maori students referred to in the TEC 2015 funding letter<sup>33</sup>. The EOS initiative is explained in an affidavit by **Section 9(2)(a)** (dated 28 October 2015) who says at paragraph 19 *“Recommendations are made by members of the Academic Team to Tertiary Managers who make the final decisions on whether a student is to be offered the EOS. If so, BEST asks the student to sign a Student Completion Agreement (“SCA”) agreeing to take every opportunity that they are offered, to complete their qualification.”* Ms Skudder also states, *“students are not confirmed on EOS until a decision making process has occurred which takes into account a wide range of relevant factors.”*<sup>34</sup>
- 3.46 BEST maintains that TEC is aware of the EOS initiative. **Section 9(2)(a)** states at paragraph 24 of the same affidavit, *“...I know that TEC has been aware of BEST’s EOS practices, including a technical understanding of how BEST reports extended course completion results in SDR, since at least August 2010.”*
- 3.47 **Section 9(2)(a)** a software consultant to BEST, has also provided emails between himself and TEC staff in 2010 and 2011. In this correspondence, clarification is sought from TEC on how to record students in the SDR who have had an extension to their course, along with other technical issues.<sup>35</sup> BEST provided affidavit evidence of correspondence between BEST and TEC on the subject of how course extensions for the EOS initiatives should be handled in the SDR. BEST advises that it relied on this advice in determining how to record extended students in the SDR.
- 3.48 BEST has also stated that *“The SDR system assumes that courses start and finish in the same year”*<sup>36</sup>. We have confirmed with TEC that this is not the case. BEST is not unique in having courses that start and finish in different years. In either case, the correct start and end dates are required to be entered in the SDR. TEC then assumes that delivery occurs between those dates.
- 3.49 The “Extension of Studies” policy, as at June 2014, sets out that *“approved students are given an extension of up to twelve months on an individual and planned basis.”* This policy is attached as Appendix A. The policy goes on to outline that prior to the application for extension being approved, a number of processes must be completed, including an application that sets out the extenuating circumstances, the student’s agreement to develop a “Student Completion Plan”, an interview with the student and a recommendation by the Tertiary Manager.
- 3.50 The EOS process is also set out in the affidavit of **Section 9(2)(a)**, *“Students have one year to complete EOS as stipulated in clause 2.3 of the Student Completion Agreement, which states that:*

---

<sup>32</sup> Letter from R Skudder to G Gilmore, 9 July 2015

<sup>33</sup> Letter from R Skudder to **9(2)(a)**, 29 October 2015

<sup>34</sup> Letter from R Skudder to **9(2)(a)**, 29 October 2015

<sup>35</sup> Affidavit of **Section 9(2)(a)**, dated 28 October 2015

<sup>36</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016, paragraph 234(f)



*BEST will support me to complete my studies within a 12 week timeframe of my Programme end, reviewable every 12 weeks up to a maximum of 1 year extension of studies support from BEST.*

*The initial aim of EOS staff therefore is to complete an EOS student within 12 weeks of their programme end date. At the end of that time period, the EOS student's progress is reviewed and assessed for further EOS support by the academic team. This continues until the allocated 12 months of EOS support is reached.*

*The progress of each EOS student is carefully monitored throughout using Student Credit Movement EOS reports.”<sup>37</sup>*

3.51 Rachel Skudder has pointed out that in relation to EOS students, *“the only way we can have these students’ successful completions recognised in the EPIs is to extend the course dates.”*<sup>38</sup> Ms Skudder has also clarified that the EOS initiative was formalised in 2009 and *“...was designed to give the students the extra time and support they needed to get through their courses.”*<sup>39</sup>

3.52 Ms Skudder also explains the EOS process. She says that in assessing suitability, attendance and student history are not given significant weight due to student's personal circumstances.<sup>40</sup> Verbal reports (that are not on the record for confidentiality) are also considered. She states that BEST *“attempts to identify the barriers to the student's engagement and assess whether or not those barriers may be removed or overcome...”*

3.53 Ms Skudder refers to the 2015 SDR Manual on page 72, that says in relation to the “Course End Date”

*“This field will contain the end date of the student's course. This will normally be the officially notified end date of instruction and/or examination associated with a course. If a course spans the end of the normal academic year, the last date will be for the following year.”*

3.54 Ms Skudder also notes that the SDR Quick Reference Guide for TEOs Use of SDR Data by the TEC states, *“The course end date is used to select what records are included in what reporting year. Changing a course end date from one year to another changes the reporting year of the completion. Changing the year of a course end date also requires the EFTS by Month to be adjusted.”*

3.55 Ms Skudder concludes that in her opinion *“The SDR allows for course end dates to be changed”*

3.56 When BEST submits the SDR it needs to determine for each student what the course end date is and what the appropriate course completion indicator is. If the student has withdrawn from the course, a withdrawal date must also be entered. The SDR Manual states *‘the definition of withdrawal is the documented decision of an enrolled learner to formally withdraw from a course. This may be instigated by the learner or the TEO.’*<sup>41</sup> We have identified during the review students who have withdrawn but continue to have their course end date moved.

---

<sup>37</sup> Affidavit of **Section 9(2)(a)**, dated 28 October 2015, paragraphs 51-53

<sup>38</sup> Letter from R Skudder to **9(2)(a)**, 29 October 2015

<sup>39</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016, paragraph 234

<sup>40</sup> Letter from R Skudder to **9(2)(a)**, 29 October 2015

<sup>41</sup> Single Data Return Manual 2014 version 1.6

- 3.57 For those courses with end dates moving, BEST commonly submits a course completion classification of “0” or “1”, being “Still to complete course – valid extension or grade not yet available” and “Still to complete course – course end date not yet reached”.
- 3.58 Other classifications that could be submitted instead (and in some cases may be more accurate) are “3” and “4”. These are defined as:
- “**3 Completed course unsuccessfully** – *By the extraction date, the learner has completed requirements for course completion but unsuccessfully as set out in the approved course descriptor or outline...*”
  - “**4 Did not complete course** – *By the extraction date, learners have not attempted or met the all [sic] requirements for successful course completion. This includes learners who have formally or not formally withdrawn from the course outside the regulations of the course. The completion date for the course has been reached...*”
- 3.59 BEST submits that if it recorded students as completed unsuccessfully, “*then this group of students would have to re-enrol in BEST’s programmes at further cost to the crown.*”<sup>42</sup> BEST clarifies that, “*If BEST decides it will continue to work with a student, BEST will extend the course end dates for that student into the next SDR year so that the student has up to one year beyond the programme end date to achieve a successful outcome.*”
- 3.60 This obviously assumes that the student in question is intending to actively re-engage. In our opinion, the decision of what is the appropriate completion indicator will depend on what the student’s intentions are.
- 3.61 When conducting our analysis of the students who have had their course end dates moved, we carefully considered these submissions from BEST. To be clear, it is not the EOS initiative itself that is of concern to us. We are not suggesting that students cannot have their course end dates extended (either during a year or from one year to the next). We are also not suggesting that if a student agrees to have their course dates extended that the process by which this is recorded in the SDR by BEST is inappropriate.
- 3.62 We do not express a view on these two points. Obviously, we are also not suggesting that the only reason that course end dates have moved is to improve EPIs. Our focus has been on evaluating whether or not there is any evidence that the student has knowingly and willingly partaken in the EOS programme in the timeframes and manner set out by BEST. That is, not only has the student been contacted and agreed to continue with their enrolment past the programme end date, but also that they continue to be engaged and participate during the extension period.
- 3.63 BEST has made voluminous submissions on why it has an EOS initiative and the knowledge that TEC had of this initiative, however there has been no substantial evidence provided to us to show student agreement to participate in the EOS programme.
- 3.64 We have identified that in many cases it appears that students are not re-engaging in their programmes of study. Rather, there are students who appear to be disengaged for months, or sometimes more than a year, yet their course end dates continue to be moved in the SDRs. In almost all cases, there is no evidence that these students have been contacted and agreed to

---

<sup>42</sup> R Skudder letter to **9(2)(a)** – 29 October 2015

commit to an Individual Learning Plan or Student Completion Agreement or that “barriers” to their learning have been assessed. Likewise, we have not been provided with any EOS application forms or evidence of reviews taking place on a twelve weekly basis. In fact, in some instances the student has requested to withdraw.

- 3.65 This concern was addressed by **Section 9(2)(a)** in her affidavit of 29 October 2015. **Section 9(2)(a)** states “*I confirm that it is not possible for a student to actually be granted an extension of studies without their knowledge, as it requires positive steps on both the student’s and BEST’s behalf. However, it is possible for BEST to extend that student’s end date without them knowing.*”
- 3.66 This explanation suggests to us that BEST’s practice is to reach an agreement with the student to extend their study, however there may be a period of time when this process is taking place and it is necessary to extend the course end date in the interim. If this is the case, it is our expectation that there may be one SDR (maximum) where a course end date is moved before a formal extension of study programme is entered into between BEST and the student. We would also expect that, consistent with the 12 weekly review process outlined by BEST, there would be some evidence of engagement with the student within each twelve week period or the extension of studies process would cease prior to the maximum one year period.
- 3.67 The SDRs we have reviewed are from April 2011 to April 2015. We set out 25 examples of students who appear to have had their course end dates moved without being actively extended by BEST in **Appendix C**. These 25 students represent 71% of the 35 students in our sample whose course end dates moved to a new year and who were originally scheduled to finish their programme in 2014 or earlier<sup>43</sup>. Four of these are discussed further as follows:
- 3.68 **Section 9(2)(a)** – In SDRs from April 2013 to December 2014. Course dates changed from 21/01/13-27/09/13 to 21/01/13-20/01/14. The completion indicator in each SDR is “Completed course unsuccessfully”.
- 3.69 The student’s notes record on 29 April 2013 that a withdrawal letter was submitted and filed. By 15 May 2013 they show that the student is no longer attending the programme and allowance has been suspended. We spoke to this student who confirmed to us that **Section 9(2)(a)** notified BEST that **Section 9(2)(a)** was leaving because **Section 9(2)(a)** added that BEST kept calling **Section 9(2)(a)** for months after **Section 9(2)(a)** said **Section 9(2)(a)** wouldn’t be attending.
- 3.70 The change in end date to 2014 (in the December 2013 SDR) cannot be a result of serialisation as this is a 36 week course and Ms Skudder explained this will only drive date changes within a programme. The change in end date cannot be EOS either, as the student is recorded as an unsuccessful completion and has withdrawn from the programme. The final December 2013 SDR appears to record an incorrect course end date that will have resulted in the 2013 completions being overstated with the unsuccessful completion being recognised in 2014.
- 3.71 We discussed this student with BEST in October 2015. BEST accepted that the student was withdrawn and advised that it was an error to include courses in the final December 2013 SDR and subsequent SDRs. BEST added that additional reconciliation processes have subsequently been implemented to identify such errors.

---

<sup>43</sup> We note that there may also be issues with the remaining 10 students. We selected 25 students as being representative not exhaustive.

- 3.72 We note that the student withdrew more than one month after the programme start date. BEST's submission that the inclusion in the SDR was a mistake does not explain how the course end date moved without going through the EOS process. BEST also suggests that the "non-attempted" courses should not have been included in the SDR. As set out above, it is our view that these courses should have been included in the SDR but with the completion indicator "did not complete".
- 3.73 **Section 9(2)(a)** – In SDRs since December 2013. Course dates changed numerous times. Start dates range from 19 August 2013 to 16 December 2013 and end dates range from 4 September 2013 (for one course in the first two December 2013 SDRs) to 31 March 2015 (for all courses in the April 2015 SDR). In the final December 2013 SDR, all courses had an end date in January or February 2014 and in the December 2014 SDR, the end date for all courses was 30 January 2015. The completion indicator is consistently still to complete.
- 3.74 The student did not complete any units, with the only credits achieved being for Recognised Prior Learning ("RPL"). **Section 9(2)(a)**, "X rang in today as **█** does not want to do the programme however I advised **█** to stay and complete the course". This is followed by a note on **Section 9(2)(a)** that records **█** – Student returned to class I spoke with **█** in regards to **█** course and **█** said everything was back to normal and was keen to return and complete **█** course. Student attended class that day and never returned." Further notes on the file say that in **9(2)(a)** the student had not returned to complete **█** course and that in **Section 9(2)(a)** a letter was sent to WINZ to say that **█** course is now completed.
- 3.75 This student does not appear to have been engaged since November 2013, yet her course end dates continue to be extended. Certainly by the December 2014 SDR it should have been clear that this student should be submitted as an unsuccessful completion. Extending the course end dates to 2015 has had the effect of overstating 2014 completions.
- 3.76 **Section 9(2)(a)** – In SDRs since December 2013. Course dates changed numerous times. Start dates range from 19 August 2013 to 3 December 2013 and end dates range from 26 September 2013 (for four courses in the first two December 2013 SDRs) to 31 March 2015 (for all courses in the April 2015 SDR). In the final December 2013 SDR, all courses had an end date between January and May 2014 and in the December 2014 SDR, the end date for all courses was 30 January 2015. The completion indicator is consistently still to complete, apart from one course that was completed successfully with a 2013 course end date.
- 3.77 The student completed one unit in September 2013 and there were attendance issues from then on. Several unsuccessful attempts to contact the student are recorded and the student's allowance is suspended in January 2014. The last recorded attempt to contact the student is on 26 May 2014 which states, "someone answered and hung up I called back navm<sup>44</sup>". On 11 November 2014 the student's status is changed in the SMS from "EOS" to "Inactive".
- 3.78 The student does not appear to have been engaged since September 2013. It appears that after more than twelve months of no contact with the student BEST have even recorded in their own systems that the student is no longer active in November 2014. Despite this, the course end date for the student continues to be extended in the December 2014 and April 2015 SDRs.

---

<sup>44</sup> (not available voicemail?)

- 3.79 In our view, the student should have been recorded as an unsuccessful course completion in the December 2014 SDR, if not before. Extending the course end dates to 2015 has had the effect of overstating BEST's 2014 completions.
- 3.80 **Section 9(2)(a)** - In SDRs since August 2013. Course dates changed numerous times. Start dates range from 27 May 2013 to 10 December 2013 and end dates range from 13 June 2013 to 31 March 2015 (for all courses in the April 2015 SDR). In the final December 2013 SDR, two courses were recorded as a successful completion with a 2013 end date. All other courses were recorded as an unsuccessful completion but with an end date in January 2014. In the December 2014 SDR, the end date for all courses was 30 January 2015 with an unsuccessful completion indicator.
- 3.81 **Section 9(2)(a)** . There is no further contact with the student recorded and the address field on her file records "MIA" (missing in action).
- 3.82 Despite recording that the student had unsuccessful course completions since December 2013, the course end dates for this same student are extended in every SDR. In doing so, BEST has overstated the 2013 and 2014 course completions.
- 3.83 These examples represent students who appear to have been disengaged and not in contact with BEST, but whose course end date has been repeatedly moved in the SDR.
- 3.84 The BEST EOS initiative may well be a sensible way to re-engage students (we are not qualified to comment on the effectiveness of this programme). Our concern however is that the course end date in BEST's submitted SDR is being moved to the following year at a rapidly increasing rate and that for a large number of students there is little or no evidence that there has been any attempt to re-engage, or that the student is willing (or even able) to re-engage.
- 3.85 It appears to us that the course end dates are being misstated in the SDRs and the BEST course completion EPI is, as a consequence, overstated in the year that the unsuccessful completion should have been recorded.

## ISSUE B – Omission of valid enrolments (all courses omitted)

- 3.86 A TEO receives funding for valid enrolments and these must be included in the SDR. A valid student enrolment for SAC and Youth Guarantees funding purposes is where the student has completed the enrolment process and both;
- the TEO and student have entered into an enrolment contract which includes a commitment by the student to pay fees; and
  - a specified period has passed or a student has attended for greater than the specified period in which a student can withdraw and receive a full refund of tuition fees/course costs.

In the case of PTEs, the PTE may not claim funding for students unless the students have studied for 10% of the course (or one month for a full year course)<sup>45</sup>.

---

<sup>45</sup> SDR Manuals 2013 to 2015

- 3.87 If a student is a valid enrolment but does not complete their course successfully, they will be included in the SDR with either the completion indicator *“Completed course unsuccessfully”* or *“Did not complete course”*. However, if this same student is a valid enrolment but is omitted from the SDR, the impact will be an overstatement of the successful course completion rate because the student’s failure to complete the course successfully will not feature in the SDR data.
- 3.88 The original sample of 42 students included 32 students who were either removed completely from a final SDR after being included earlier, or who had some courses removed from the final SDR.
- 3.89 BEST’s explanation for this treatment varied for each case, however it was commonly as set out in the BEST letter of 9 July 2015 as, *“...they were treated as invalid enrolments for reporting purposes, having not met the 10% attendance criterion.”*
- 3.90 BEST has also advised us that there were attempts to re-engage with these students, however these attempts proved unsuccessful.
- 3.91 BEST sets out in its own Student Enrolment policy that, *“When a student has:*
- *Provided all necessary documentation*
  - *Paid fees*
  - *Met all Academic Requirements*
  - *Remained engaged for the first 10% of the programme of study*
- They become a valid enrolment”*
- 3.92 The definition of a “valid enrolment” is also set out in the SDR manual. It is a lengthy definition with a separate sub-section for PTEs. The definition includes the requirement that *“PTEs may not claim tertiary tuition funding for students unless these students have studied with them for 10% of the course or one month for a full year course.”*<sup>46</sup> It is this statement (along with the statement referred to above at paragraph 3.5 that only valid enrolments are included) that BEST relies on when removing students from the SDR.
- 3.93 BEST has also submitted that there is a “technical explanation” for the removal of EFTS<sup>47</sup>. BEST notes that its Student Management System includes all courses and requires BEST to *“actively remove enrolments from the system if they do not meet the validity criteria.”* This tended to occur in the December (*“definitive”*) SDR. BEST has also explained that the adaptations that it has made to the SMS *“to accommodate frequent changes in SDR rules and TEC funding conditions”* has forced BEST to operate retrospectively and through batch processing, creating (in BEST’s view) an increased risk of errors<sup>48</sup>.

---

<sup>46</sup> 2015 SDR manual, “Valid enrolments” page 32

<sup>47</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016

<sup>48</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016

- 3.94 This may explain why an invalid enrolment is mistakenly included in an April or August SDR. We also note that with eight intakes during the year, it is likely that 1/8<sup>th</sup> of the students will have enrolled within six weeks of the SDR being submitted.
- 3.95 The concerning factor that we have highlighted is however the removal of EFTS that may be valid enrolments (as set out in Table 4).
- 3.96 We considered what independent evidence we could rely on to determine whether or not valid enrolments had been omitted from the SDR. In our view, the following evidence is potentially relevant:
- student attendance records;
  - student status in SMS;
  - student withdrawal date;
  - student assessment dates;
  - student interviews
- 3.97 We asked BEST what attendance and assessment records are retained that would assist us. We were advised that BEST had previously maintained paper records of attendance and that they had only recently moved to using an electronic system. We were also advised that the electronic system may not be reliable, due to trialling of the system. It was BEST's view that students and facilitators were still getting used to the system and may not remember to mark attendance. BEST has since clarified that the unreliability only related to early 2014.
- 3.98 The full paper records were not kept beyond a student's enrolment, instead an archived record was kept of the first four to five weeks to confirm the student's attendance during the first 10% of the programme. This archiving commenced following a TEC audit. When we put to BEST that this practice did not assist with providing evidence of continued attendance after the 10% date, BEST accepted that this was case. BEST has pointed out its view that these record-keeping practices are compliant with funding conditions<sup>49</sup>. To be clear, we are not suggesting that there is a requirement to keep these records or that there has been any non-compliance in not retaining them. That is a matter for TEC to determine when considering whether there have been any breaches of the funding conditions, and requirements in the Education Act 1989. We are simply highlighting that the attendance records are not a useful evidence source for establishing that students are not valid enrolments.
- 3.99 BEST also advised us that it archives assessment scripts for a period of twelve months after the assessment date (consistent with NZQA requirements). Accordingly, assessment material pre-dating July 2014 was not available for us to review. BEST was able to provide us with assessment records after this date for 26 students in our sample.
- 3.100 Due to the limitations regarding attendance and assessment records, we ultimately concluded that these were unlikely to provide robust evidence of whether or not a student was a valid enrolment.

---

<sup>49</sup> Letter from R Skudder to **9(2)(a)**, 4 September 2015

3.101 However, BEST still maintains that attendance records should be used to determine if an enrolment is valid. We agree but it is unclear how BEST can make any conclusions on what they would contain if they do not exist.

3.102 We did investigate other evidence that might indicate that some of the students withdrawn from the SDR may have in fact been valid enrolments. We set out these indicators in the following paragraphs.

#### Indicator 1 - Student status in SMS – “Inactive”

3.103 The BEST student management system (“SMS”) has a field for status. One of the types of status entered is “Inactive”. The BEST Student Initiated Withdrawal policy defines “Inactive” as “A student withdraws after the 10% withdrawal period”.

3.104 On 7 September 2015, we referred this policy definition to the BEST Director of Strategic Development and he confirmed to us that an “inactive” status is a valid enrolment.

3.105 When we raised with BEST on 18 September 2015 that a number of the students omitted from the SDR had an “inactive” status, the response that we received was the ‘Inactive’ status could not be relied on and was incorrect.

3.106 This issue was addressed further in the undated letter from Rachel Skudder to Deloitte that was received on 16 October 2015. Ms Skudder states, “BEST submits that a student’s status being recorded as “inactive” in BEST’s Student Management System (“SMS”) does not necessarily have any bearing on the student’s enrolment validity.”<sup>50</sup>

3.107 This is explained further in the affidavit of **Section 9(2)(a)** who affirmed that “In 2011, Finance would change the status for students that were ‘8 dayers’ and ‘10%ers’ (which were students that withdrew themselves within the 10% period). Anything else was made ‘inactive’, and this could have been students that were non-valid enrolments, institutionally withdrawn, and students that had withdrawn themselves.”

3.108 Ms Skudder goes on to say that, “...This means that a student can be recorded as either “active” or “inactive”, and yet in either case, the student could be a valid or invalid enrolment for SDR reporting purposes.”<sup>51</sup> She also notes that the definition of inactive was amended in 2014 (presumably to the definition in the policy provided to us). BEST also advises that prior to 2014 there was no definition of the term in relation to withdrawals<sup>52</sup>.

3.109 This explanation suggests to us that from 2011 to 2014, those students who had an “inactive” status and were not valid enrolments, were not students who withdrew within the 10% period (as these were the “10%ers”). Therefore, these students must have failed to meet one or more of the other three criteria set out in the Student Enrolment Policy (see paragraph 3.91). If none of these three criteria applied then they were valid enrolments.

3.110 Of the seventeen students that we reviewed who had all of their courses omitted from the final SDR for the year, nine had a status of “Inactive”, six had a status of “10% Enrolment”, one had a status of “Compassionate” and one does not have an enrolment record for the year they were omitted. All of them had paid their fees through a Studylink loan (although the “compassionate

---

<sup>50</sup> Paragraph 109

<sup>51</sup> Paragraph 136

<sup>52</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraph 279



withdrawal” received a refund). There was no record in the student files suggesting that there were problems with Academic Requirements or documentation for the sixteen with enrolment forms. That is, they are recorded as meeting all the requirements set out in the BEST Student Enrolment Policy for a valid enrolment.

3.111 BEST has advised us that they still consider that sixteen of the seventeen are invalid enrolments. For fourteen of the sixteen, their basis for reaching that position is that the student did not study for the 10% (or one month) period.<sup>53</sup> There was also the compassionate withdrawal and a YG student who was enrolled when they were ineligible (as they had already received two years of YG funding). BEST identified that the YG student was an error in the initial response to TEC on 9 July 2015.

3.112 It is our view that if the student had withdrawn within the 10% period, it is likely that they would have the status “10% Enrolment” in the SMS, rather than “Inactive”, based on the evidence from 9(2)(a) (set out above). BEST has not provided any basis for why this would not be a reasonable expectation. This indicates that those students with the status “Inactive” may have been valid enrolments.

### Indicator 2 – Student withdrawal date - after 10% period

3.113 The SMS includes a field showing the withdrawal date for the student. There is also a requirement to enter the official withdrawal date in the SDR<sup>54</sup>.

3.114 We identified 130 course enrolments (in the student sample of 112) with the course completion indicator “did not complete”. Of these, 129 had a withdrawal date entered in the SDR that was the same as the course end date. It is not clear why, in all but one instance, the withdrawal date has been recorded as being the same as the course end date. On the face of it, if a student has withdrawn on the last day of the course, then they have completed the course.

3.115 BEST now acknowledge that the withdrawal dates in the SDR submissions may not be the date the student actually withdrew from the course<sup>55</sup>. BEST notes that one reason is that if a student withdraws informally it can be difficult to determine at what date non-attendance becomes an informal withdrawal.

3.116 Of the seventeen sample students with all their courses omitted, seven had a withdrawal date in the SMS that was after the 10% period. A further nine did not have a withdrawal date recorded and one had a withdrawal date that was before the start date.

3.117 When we first put this to BEST on 18 September 2015, we were told that the date in the SMS must be incorrect. BEST then went on to advise that “*The “withdrawal date” field in the student summary reports reflects the date upon which withdrawals are administratively processed by BEST. It does not represent the actual date that the student withdrew or otherwise became an active enrolment for failure to meet validity requirements.*”<sup>56</sup> BEST acknowledged that this was an area of their administrative process that needed to be “tidied up”.

3.118 We note that the “TEC Audit Report” of BEST dated 17 September 2013 included a recommendation that “*BEST reviews the 2013 Customer Management System to ensure that*

---

<sup>53</sup> “Document 3” received from BEST on 1 October 2015

<sup>54</sup> 2015 SDR manual, “CRS\_WTD” page 73

<sup>55</sup> Letter from R Skudder to 9(2)(a), 13 September 2016, paragraph 283

<sup>56</sup> Undated letter from R Skudder to 9(2)(a) received 16.10.15, paragraph 146

all withdrawal dates are accurately recorded before new data is submitted in the August 2013 Single Data Return.”

3.119 Some of these students have a record of formally withdrawing from the course on a particular date that is after the 10% period. The following are examples:

- **Section 9(2)(a)**  
“Called student and will be coming in tomorrow to sign withdrawal forms”. BEST states that the student’s last day of attendance was **Section 9(2)(a)**, therefore the student did not meet the attendance requirements for a valid enrolment. We assume BEST actually means **Section 9(2)(a)**. We also assume that this is based on the attendance records for the week commencing **Section 9(2)(a)**.  
The difficulty, as set out previously, is that there are no more attendance records available. This means that we cannot conclude that this student did not attend after **Section 9(2)(a)**, only that the student attended until at least the **Section 9(2)(a)** (i.e. day 31 of the course). We note that BEST has explained (in relation to this student) that, “our understanding is that the student would not be a valid enrolment until they attended on the **9(2)(a)**”. This suggests that BEST accepts that when the student attended on **Section 9(2)(a)** they became a valid enrolment. That is, the evidence shows that the student attended for at least one month and is therefore a valid enrolment.
- **Section 9(2)(a)** – course start date **Section 9(2)(a)**. Note in student history **9(2)(a)**  
“Student came in to complete withdrawal process. **Section 9(2)(a)**.” BEST provided five of the weekly attendance records for the class this student enrolled in for the period **Section 9(2)(a)**. These records are not always legible and the student’s name is not listed in one of the weeks. BEST submits that the week the student was not listed was when they did not attend and concludes that the student only signed in on one day. We note that this is inconsistent with the column that records cumulative absences. This column shows that by the end of the fifth week the student had a total of ten absences and the column “follow up required” had not been ticked (although it had been for seven of the other fourteen students). This suggests that the student may have been attending but not always signing the register. The first record in the SMS of BEST following up with this student on the absence from the course was on **9(2)(a)**.
- **Section 9(2)(a)** Note in student history dated **9(2)(a)**  
“Withdrawal letter received from student **Section 9(2)(a)** is requesting to withdraw because **Section 9(2)(a)**  
an “EOS tutor” is “set” and on **9(2)(a)** the EOS tutor records “spoke to student, said **Section 9(2)(a)** has withdrawn, told **Section 9(2)(a)** I will follow up with that.” The attendance records supplied by BEST for this student are electronic. They show that the student attended on **Section 9(2)(a)** It is not clear why, but the next date showing on the register is **Section 9(2)(a)** and there is no attendance recorded on this day, which is not surprising given that the student withdrew on **Section 9(2)(a)**. BEST submits that the attendance records show that the student did not attend beyond **Section 9(2)(a)**.

---

<sup>57</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016, paragraph 311

<sup>58</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraph 298

9(2)(a). In our opinion, the records show that the student attended until at least the 9(2)(a) (i.e. day 31 of the course) and then withdrew on the Section 9(2)(a).

- 3.120 In the case of Section 9(2)(a), we spoke to the student in question as part of our interview process. The student told us that they had attended for three months, which is consistent with having a withdrawal date in May. BEST submits that the student's recollection cannot be relied on when it is inconsistent with the attendance register<sup>60</sup>. We note that we were not provided with the attendance register for two of the three months in question.
- 3.121 We acknowledge that when we spoke to students we were accompanied by staff from the Ministry of Social Development ("MSD"). This potentially may have had an impact on the student's responses. In our experience, some professional scepticism should always be applied to responses and the responses should be considered in combination with other evidence.
- 3.122 In the case of Section 9(2)(a), the responses provided by the student are consistent with the record in the SMS. We also note that in this case the student had no reason to provide inaccurate information to us as the student did not receive any student allowances. That is, there was no incentive to inflate the time spent studying to justify the receipt of any funds received from MSD.
- 3.123 In our opinion, at the "10% date", these students were all still studying with BEST and were valid enrolments at that time. They withdrew more than a month after their course start date, which suggests to us that they should have been included in the SDR return.
- 3.124 BEST disagree with this view, as set out in the affidavit of Section 9(2)(a) dated 16 October 2016. Section 9(2)(a) affirms that, "*There may be cases where invalid students have attempted to withdraw from their courses after the 10% mark where they have not met the criteria to be included as valid enrolments. Ultimately, in these circumstances, the student enrolments are already nullified, so the later attempt at withdrawal has no effect on the student's validity as an enrolment.*" The difficulty that we have in accepting Section 9(2)(a) explanation is a lack of evidence to support the assessment of these students as non-valid enrolments. Particularly, the attendance records that could have proven when these students ceased attending but are no longer available.
- 3.125 In the case of the three students above, the first was included in the August 2011 SDR (as end date not yet reached), the second was in the April 2012 SDR (as still to complete) and the third was in the August 2014 SDR (as still to complete).
- 3.126 This suggests to us that during the year, BEST considered that all these students were valid enrolments. However, when the final December SDRs were being prepared, BEST then determined that their original assessment of the students was incorrect and the SDR data for these students was removed and omitted from the submission. Alternatively, BEST submitted the April and August SDRs without considering whether or not the students were valid enrolments. This is consistent with BEST's reliance on the SDR Manual statement that the December SDR is the "definitive" SDR<sup>61</sup>. However, it does not address the requirement for every SDR to provide accurate information.

---

<sup>59</sup> Letter from R Skudder to 9(2)(a), 1 July 2016, paragraph 311

<sup>60</sup> Letter from R Skudder to 9(2)(a), 13 September 2016, paragraph 306

<sup>61</sup> Letter from R Skudder to G Gilmore, 9 July 2015, paragraph 16

- 3.127 We have asked BEST to show us any evidence they relied on that shows that these students were not valid enrolments when making its determination. We were advised by Rachel Skudder that *“In determining whether a student has met the criteria for a valid enrolment, BEST relies on the review of a student’s enrolment information by a number of BEST’s staff involved in the various stages of the process (e.g. Programme Coaches, Team Leaders, Campus Managers, Information Management Team) including payment of fees, attendance record and credit movement.”*<sup>62</sup> We have been provided with enrolment records and some attendance records but we have not been provided with any specific report that was produced for the purpose of a review by the group of people outlined by Ms Skudder for the purpose of determining the student’s status.
- 3.128 We were also advised that **Section 9(2)(a)** is the General Manager at BEST who is responsible for reviewing the student’s status at the end of each semester. At the time of our site visits, BEST separated most of its programmes into six semesters of six weeks duration.
- 3.129 We spoke with **9(2)(a)** in September 2015 and **9(2)(a)** explained to us that in week five of each semester, the campus manager identifies those students without attendance or with completion of less than twenty credits and **9(2)(a)** will go through the list with the campus manager. **9(2)(a)** said that non-valid enrolments would generally be identified at Day 30 and the others would be valid enrolments of some type. **9(2)(a)** introduced this process during 2015 but advised that there were processes in place in the past. Previously **9(2)(a)** had responsibility for signing off the student’s status. **9(2)(a)** advised at the same meeting that in the eighteen months that **9(2)(a)** had been with BEST the process had been to go through a list and identify students with less than 20 credits completed to identify students who potentially require re-engagement.

#### Other indicators of valid enrolments omitted

- 3.130 The files of the seventeen omitted students who we focussed on contain further indicators that the students may be valid enrolments. Details of these indicators are set out below.
- 3.131 **Section 9(2)(a)**. SMS shows that student is “Not yet competent” for two units with a “result date” of **Section 9(2)(a)**. The SMS record on **9(2)(a)** states *“called student about absence from class – has told me that **Section 9(2)(a)**. I have told him that he is falling behind and he has told me that he will make time on Saturday to come in and catch up on missed units.”*
- 3.132 BEST has submitted an affidavit from **Section 9(2)(a)** (BEST facilitator) addressing this issue. **9(2)(a)** affirms that *“The student attended class for the first three weeks of the block ... The results for Unit Standards are entered after the classes are completed, hence if the unit was handed to me on the last day of the student’s attendance, it would not have been marked on the day it was handed in... Having checked the records, I confirm the student’s result for 6743 was entered on the **9(2)(a)**. This was therefore recorded within the required timeframe for marking turnaround (10 working days). The result for this Unit Standard was Not Yet Competent. The result for Unit Standard 2790 was entered by me was later than required. There is no evidence that the student attended classes beyond three weeks.”*

---

<sup>62</sup> Undated letter from R Skudder to **9(2)(a)** received 16.10.15, paragraph 135

- 3.133 We assume that Section 9(2)(a) is claiming that the record shows when the result was entered, not when it was submitted, albeit one of the dates took longer to enter than the BEST requirement. We note that when we look at the records of other students completing the same programme, most do have a result date that is the same as the date of entry, however there are some that have a result date that is earlier. We have also seen reference to a student working on a particular unit standard on the same date as the result date. 9(2)(a) states that there is no evidence that the student attended beyond three weeks, but we have not seen any evidence that shows he did not attend either. The last attendance register provided to us was for the week ending Section 9(2)(a). This again illustrates why it is not possible to simply rely on attendance registers when they are not retained for longer than the first four to five weeks of the programme.
- 3.134 Section 9(2)(a). This student has an entry in the attendance register of Section 9(2)(a). When we raised this issue with BEST on 18 September 2015, their response was that attendance registers were being tested in early 2014 so the attendance register may not be accurate. We understood that BEST's concern with accuracy was in relation to facilitators forgetting to record attendance. It is not clear why a student would be marked as attending if they had not.
- 3.135 After raising the issue with BEST we met with this student. She advised us that she attended the programme for a month.
- 3.136 Section 9(2)(a) (referred to at paragraph 3.119 in relation to withdrawal date). This student has an entry in the attendance register of Section 9(2)(a). That is, the student was still attending one month (31 days) after the course start date. Because BEST has not retained any later attendance records<sup>63</sup>, the student's attendance after this date cannot be assessed. In the submission made by BEST on 13 September 2016 it is stated in reference to this student "...our understanding that the student becomes valid on the 31<sup>st</sup> day...". As the attendance record shows that this student attended on the 31<sup>st</sup> day it appears that BEST will accept that this student was a valid enrolment.
- 3.137 Section 9(2)(a). The SMS records that this student was issued a laptop on the Section 9(2)(a). BEST advised in its letter of 1 July 2016 that the electronic date stamp in the SMS records that this comment was entered on Section 9(2)(a). We assume that BEST meant Section 9(2)(a). The student history also records that on the Section 9(2)(a) BEST discussed with the student that wanted to change days and that there was a home visit with the student on Section 9(2)(a) before an Extension of Study tutor was allocated on Section 9(2)(a). These entries in the SMS have not been addressed by BEST. The only attendance record provided by BEST is for the Section 9(2)(a) 3 when the student did not attend. We cannot reconcile this evidence to BEST's assessment that this student was not a valid enrolment when BEST was still treating the student as a valid enrolment in October 2013.
- 3.138 BEST maintains that none of the students referred to in relation to Issue B "*attended long enough to become a valid enrolment and did not achieve credits after the last date of*

---

<sup>63</sup> Section 9(2)(a)

attendance<sup>64</sup>. BEST concludes that none of the evidence referred to “is sufficiently probative to draw the conclusion that BEST is deliberately removing valid enrolments<sup>65</sup>”.

3.139 It is our view that there are a number of indicators that BEST has removed valid enrolments that should have been included in the SDR.

### ISSUE C – Omission of valid enrolments (some courses omitted)

3.140 TEC identified that in some cases, not all of the enrolments for a particular student were omitted. In these instances, it appears that all the courses in the qualification (or all those commencing prior to the SDR date) were initially included in the SDR, but then in the final SDR for the year some of the courses were omitted.

3.141 Fifteen examples of this situation were highlighted and provided to BEST by TEC for comment. Ms Skudder advised that “BEST is confident that it has complied with its obligations under the SDR Manual, BEST’s policies and SAC Funding Rules in relation to all but one of the students identified ...”<sup>66</sup>

3.142 Ms Skudder went on to explain (in the 9 July letter) that the students withdrew or were withdrawn part way through their programmes. She advised that “for courses that had not commenced, and for courses where the enrolment could be invalidated, BEST removed the students’ course enrolments from the SDR.” Ms Skudder also referred to some students not being successfully re-engaged through the EOS initiative.

3.143 Our understanding of this comment was that courses within the programme commenced at different times during the year. If the student withdrew prior to a course start date then BEST considered the enrolment for the course invalid and removed that course enrolment from the SDR. We have therefore looked to verify Ms Skudder’s explanation.

3.144 To do so, we examined the SDR data and files of these students. We found that in almost every case, the only courses in the final SDR were those recorded as being successfully completed. The remaining courses were removed. However, the scenarios were not consistent with a student withdrawing part way through a programme. Ms Skudder’s explanation is also inconsistent with the large number of courses that are recorded in the SDR with a start date prior to the date that other units are completed, but that are then subsequently removed.

3.145 BEST has explained to us that it has been operating a six semester programme year<sup>67</sup> and that each semester is six weeks long. When a student commences a Certificate programme (Level 3 or Level 4), the first semester will be spent in “Niu Malaga”, regardless of the programme that they are enrolled in. During the first Niu Malaga semester, the student has four unit standards to complete. We were advised that three of these assessments are completed in class time. We note that the delivery of “Niu Malaga” commenced in 2014.

---

<sup>64</sup> Letter from R Skudder to 9(2)(a), 13 September 2016, paragraph 330

<sup>65</sup> Letter from R Skudder to 9(2)(a), 13 September 2016, paragraph 332

<sup>66</sup> Letter from R Skudder to G Gilmore, 9 July 2015. The student who BEST admit was treated incorrectly was Section 9(2)(a)

<sup>67</sup> The National Diploma in Business runs for eight six week semesters

- 3.146 Semesters two to six are spent in the particular programme that the student is enrolled in. The unit standards that they have to do next will depend on when they join the programme as they will be commencing with an existing class. We were advised that it is not necessary for students to complete specific units from other semesters in advance of others, as each semester stands alone and covers different topics. There are typically four to seven unit standards covered in each semester. The courses that BEST enters into the SDR are the different unit standards that comprise the programme of study.
- 3.147 Examples of students with courses that appear to be valid but then are omitted from the final SDR are as follows:
- 3.148 **Section 9(2)(a)** – start date of **Section 9(2)(a)**, so they could not have withdrawn prior to the commencement of any courses. Despite this, the fourteen units the student successfully completed were included in the SDR and the remaining twelve were omitted from the final SDR.
- 3.149 **Section 9(2)(a)** and these were included in the final December SDR. When we spoke to this student, **2709** told us that **2740** attended for four months and then withdrew because **Section 9(2)(a)**. This is consistent with the dates that his units were achieved. In our view, it is not feasible that only two courses commenced prior to the student withdrawing.
- 3.150 **Section 9(2)(a)**. Fourteen units were included in the April 2014 SDR, but only the five successfully completed units were included in the final December 2014 SDR. Of the five units included, three were part of the Niu Malaga semester, however the first unit that is completed in week three of the Niu Malaga semester was omitted. The remaining two units that were completed are part of the “Samoa” semester, during which seven units are completed over a six week period.
- 3.151 The fourteen units in the April SDR have start dates between 20 January and 29 April 2014. The latest course that was completed successfully had a start date of 20 March 2014. Five of the nine courses that were eventually omitted had a start date on or before 20 March 2014.
- 3.152 The student’s record shows that she asked to withdraw from her course on **Section 9(2)(a)**. BEST conducted its own further analysis of this student’s attendance and provided this to us<sup>68</sup>.
- 3.153 This analysis shows that the student first attended on **Section 9(2)(a)**. BEST submits that the class commenced unit 11101 on **Section 9(2)(a)** so this student would have been offered the “self-study” option for this unit (course).
- 3.154 BEST also submits that the “Samoa” semester ran from 3 March to 11 April 2014 and that the students last day of attendance was **Section 9(2)(a)**. The records show that the student attended classes when both unit 2790 and unit 123 were being taught. The submission also shows that assessments for units 6743 and 16678 were due at the same time.
- 3.155 Despite the student attending class and/or being enrolled and/or being engaged and/or being offered a self-study option for these four units (11101, 2790, 123 & 6743), these courses were

---

<sup>68</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, Appendix 9

omitted from the SDR. It appears that the basis for the omission was that the student did not attempt the assessment for the unit.

3.156 In our view, at least these four courses that had commenced by **Section 9(2)(a)** should have been included (and not omitted) in the December SDR. Arguably, the three further courses that commenced before **9(2)(a)** (withdrawal date) should also have been included but were not. The remaining courses should only have been omitted if they were not valid enrolments. It makes no sense to us that a student can withdraw from the programme of study on 16 April but also be treated as a withdrawal and invalid enrolment for individual courses before that date on the basis that an assessment was not attempted for these courses.

3.157 BEST was provided with the further analysis of the three student examples and provided another response on 1 July 2016. In this response, Ms Skudder advised that, *“individual course enrolments are cancelled when the student does not attend or attempt the course, and it is unlikely that he or she will do so. As a result of the course enrolment being cancelled, BEST does not receive funding for these EFTS.”*<sup>69</sup>

3.158 Ms Skudder goes on to say that BEST understands that TEOs have the right to cancel courses, based on advice on the TEC website about removing an enrolment that has been reported in a December SDR and then needs cancelling. She also points out that if a course enrolment is cancelled, the SDR does not return any error messages.

3.159 Ms Skudder explained the scenario when BEST will “cancel” a course enrolment. She explains that the courses may only be one week long and they do not need to be done in sequence. We note that the information provided by the course facilitators was that the semesters did not need to be done in sequence but that the courses within the semester were related and in some cases need to be done in the order set out in the programme delivery schedule.

3.160 Ms Skudder then describes how student’s attendance may be *“intermittent over the length of a programme.”* She sets out the following scenario as an example: *“It is not uncommon for our students to start a programme, do one or two of the courses, not turn up for the next course, and then attempt another course later in the year. So for example, if there are six courses in the semester, a student may attempt three of them but not attend or attempt the other courses. Where the student does not attend or attempt a course, and we do not believe they will attend or attempt it, the course enrolment may be cancelled and removed from the SDR.”*

3.161 We note that this explanation differs to Ms Skudder’s original response (paragraph 3.142) that refers to courses that had not yet commenced. Based on this explanation and the evidence in relation to student **Section 9(2)(a)** it seems that BEST has interpreted that a student who has not attempted an assessment within the 10% period of a course start date (as opposed to a programme start date) should be treated as a course cancellation.<sup>70</sup>

3.162 In our opinion, this is not describing the cancellation of a course. This is describing one student who has not attempted one or more assessments. We have relied on the definition of course completion classifications in forming our view as to whether or not these courses should have been reported in the SDR. The definition of the completion classification “did not complete” states:

---

<sup>69</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016, paragraph 342

<sup>70</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraph 337



***Did not complete course*** – *By the extraction date, learners have not attempted or met the all [sic] requirements for successful course completion. This includes learners who have formally or not formally withdrawn from the course outside the regulations for withdrawal. The completion date for the course has been reached. The student enrolment will be captured as a course incompleteness in the SDR return.*<sup>71</sup>

- 3.163 BEST has a different interpretation of this definition. BEST submitted that, “*This applies to learners who have not attempted all of the requirements for successful course completion”. It does not apply to students who had not attended or attempted the course at all, or did not attempt any of the requirements or attend the course long enough to be a valid enrolment.*”<sup>72</sup>
- 3.164 BEST also submits that it “*understood that TEC staff were actively advising some TEOs to disaggregate their courses, report them serially and then remove those courses that were invalid because the student did not attend or attempt them and was therefore not a valid enrolment.*”<sup>73</sup> BEST refers to affidavit evidence from **Section 9(2)(a)** to support this understanding.
- 3.165 BEST has also provided evidence that TEC provided information to an industry roadshow in October 2016. BEST suggests that this information supports its interpretation of when it is appropriate to remove courses from the SDR.
- 3.166 We do not agree with the suggestion that it is appropriate for BEST to selectively choose not to report courses in the SDR that a student has not attempted (including, but not limited to those where a student was attending class but did not attempt the assessment), regardless of whether or not the student has withdrawn from the programme.
- 3.167 We also note that BEST is approved to over-deliver EFTS (deliver additional unfunded EFTS) and has consistently done so. Accordingly, removing these courses from the SDR will have no impact on BEST’s funding.
- 3.168 If BEST is removing these course enrolments on the basis that the course enrolment is not valid, then we would expect to see that the student had been refunded for the courses in question.
- 3.169 BEST submits that it finds the rules on this “confusing”<sup>74</sup>. After citing the SDR Manual, BEST goes on to say that “*The group of students we are referring to are students who do not attend but **who do not formally withdraw** within the relevant period and are therefore not entitled to a refund.*”
- 3.170 We note that in at least one of the three examples set out above the student asked to be withdrawn.
- 3.171 We recommend that TEC considers the relevant funding conditions and the intent of those funding conditions in determining whether or not it views BEST’s actions as appropriate in relation to selectively removing courses from the SDR.

---

<sup>71</sup> 2014 Single Data Return Manual, Version 1.6, last updated 27 June 2014

<sup>72</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraph 343 (b)

<sup>73</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraph 26

<sup>74</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016, paragraphs 339

## ISSUE D – Successful course completion end dates misstated

- 3.172 In the review of our sample students, we noticed that there were some students with successful course completions that also appeared to be recorded with an incorrect course end date. The difference for the successful completions is that the course end date in the SDR appears to be earlier than when it actually occurred.
- 3.173 The effect of bringing forward a successful course completion is that the year the completion is recorded in is overstated for the course completion EPI, but the year the completion actually occurred is then understated (i.e. in effect bringing the results forward).
- 3.174 Examples of students who appear to have the course end date recorded in the SDR earlier than when it actually occurred are as follows:
- 3.175 **Section 9(2)(a)** This student enrolled in the Level 4 Certificate in Business Administration (PC 2263) in 2013. After completing this qualification, she commenced studying the Level 5 National Diploma in Business (ND0783).
- 3.176 The PC2263 course was a 36 week qualification running from 30 September 2013 to 4 July 2014. This student's courses were first included in an SDR in the December 2013 SDR submitted in January 2014. All courses had a start date of 30 September 2013 and the course end dates ranged from 20 December 2013 to 20 March 2014. They all had a course completion indicator of completed successfully. In the final December 2013 SDR (submitted in May 2014) all courses were recorded with an end date of 20 December 2013.
- 3.177 The BEST records show that nine of the units for PC2263 were completed in 2014, the last on 3 March 2014. Attendance records for PC2263 also record attendance by the student in the first week of March 2014. According to the BEST records, the student completed the PC2263 qualification on **Section 9(2)(a)** and commenced **Section 9(2)(a)**
- 3.178 **Section 9(2)(a)**
- 3.179 It appears that either the end date was misstated for some of the courses in the SDR, or the BEST records and the student are both wrong and the qualification was actually completed in less than three months. BEST accepted in the 1 July 2016 letter that nine courses were "incorrectly pulled back to 2013".
- 3.180 **Section 9(2)(a)** This student completed the Certificate in Tourism and Travel (PC9214) before commencing the National Diploma in Business.
- 3.181 PC9214 was a 36 week programme running from 30 September 2013 to 4 July 2014. The final December 2013 SDR recorded 23 courses completed successfully with an end date of 20

---

<sup>75</sup> Letter from R Skudder to **9(2)(a)** 1 July 2016, paragraph 281

December 2013. The remaining two courses with end dates in 2014 had a completion code of 1 (still to complete – course end date not yet reached).

- 3.182 The BEST SMS shows that eleven of the units were completed in 2014, the last on 9(2)(a) 2014. The attendance register for this programme also shows attendance up to Section 9(2)(a) When we spoke to this student, she described finishing PC9214 Section 9(2)(a)
- 3.183 It appears that either the end date was misstated for some of the courses in the SDR, or the BEST records and the student are both wrong and the qualification was actually completed in less than three months. BEST accepted in the 1 July 2016 letter that the end date for this student was misstated for nine courses.
- 3.184 Section 9(2)(a) This student was enrolled in the 36 week Certificate in Tourism and Travel that ran from 30 September 2013 to 4 July 2014.
- 3.185 The final December 2013 SDR recorded all 23 courses as completed successfully from 30 September 2013 to 20 December 2013.
- 3.186 BEST reported to NZQA that this student achieved 14 units between October and December 2013 and a further 9 units in January and February 2014. When we spoke to this student she said that the programme was nine months but Section 9(2)(a)
- 3.187 It appears that either the end date was misstated for some of the courses in the SDR, or the BEST records and the student are both wrong and the qualification was actually completed in less than three months. BEST accepted in the 1 July 2016 letter that “*the end date for this student was misstated for 3 courses*”. BEST also states that in total nine courses were successfully completed in 2014. It is not clear why BEST has not accepted that the course end date for all nine courses was misstated.
- 3.188 We have identified 24 students who started their qualification on 30 September 2013 and finished it on 20 December 2013. Of these, eleven consumed more than 0.8 EFTS in this period. We have also identified eight students who completed a 0.5 EFTS qualification (Employment Skills) between 13 October 2014 and 19 December 2014.
- 3.189 BEST responded to this issue on 1 July 2016. It advised that an internal investigation had been undertaken and that a “*small number of courses were reported in the 2013 SDR that should not have been.*” According to BEST and BEST’s forensic accounting expert, the effect is that 25.7874 successful EFTS were included in the 2013 SDR that should not have been. We have not received the data that BEST used in this calculation.
- 3.190 BEST considers that this was a mistake and has explained that it was “modelling” the data and generated a draft SDR that included the incorrect course end dates for the successful completions. BEST then did “continued analysis” leading up to a resubmission in May 2014 of the December 2013 SDR. It was identified that the successful completions in question should not be included, however this was not communicated to the person resubmitting the SDR in May 2014 because he was on holiday when it was clarified that they should not be included. The mistake was not identified again.
- 3.191 BEST does not however explain how or why these courses were included in the earlier December SDR with incorrect course end dates. BEST also does not address the example at paragraph 3.173 of a student who had a range of course end dates (including in 2014) in the

December 2013 SDR that was submitted in January 2014 (when it was due) but then in the later resubmission had all courses ending on 20 December 2013. This scenario is still inconsistent with the explanation offered by BEST and it is difficult to understand why BEST would ever be “modelling” incorrect course end dates.

## Conclusion

- 3.192 In summary, we observed that there has been an increasingly large number of EFTS either removed from the final SDR or there are course end dates being moved to the next year. The growth in this practice is of such a scale that in the final SDR for 2014, there were almost as many courses with an end date moved to 2015 as there were courses successfully completed in 2015.
- 3.193 The impact of courses that were not successfully completed and not appearing in the SDR for the current year is that the course completion EPI will be overstated.
- 3.194 The evidence strongly suggests to us that the SDRs submitted by BEST to TEC since at least 2013 contain inaccurate data.
- 3.195 It is also our conclusion, based on the information we have reviewed to date, that at least in the 2013 and 2014 years, BEST’s course completion EPI threshold of 70% would not have been achieved without the alteration of data.

## 4. Compliance with TEC funding requirements – Learning hours

- 4.1 In this section we set out our findings in relation to BEST's compliance with the learning and teaching hours approved by NZQA and submitted by BEST in the TEC database STEO.

### Programme Alignment with Approval and Funding Requirements

- 4.2 BEST prepares a programme delivery schedule (“**PDS**”) for each programme prior to the commencement of the academic year. This schedule breaks down the programme into six week semesters and shows the units that will be delivered in each semester. It also sets out the learning hours for each semester, allocated between directed hours, work based training and self-directed learning.
- 4.3 BEST delivers learning using two modes of delivery, being blended (also referred to as e-learning) and face to face. BEST has commented that the PDS documents it has provided to us only relate to the blended mode of delivery. We have not received a PDS from BEST that relates to the face to face mode of delivery, although we have interviewed facilitators who have delivered the relevant programmes under the face to face mode.
- 4.4 We compared the PDS to the NZQA requirements set out in the RO482 document and also the details submitted by BEST into the TEC database STEO. We noted that in regard to three of the five courses, BEST updated STEO in June 2015 to ensure that there was alignment with the RO482.
- 4.5 The following table compares the data in the three documents:

Table 9 – Summary of learning hours

Programme	PDS Hours (BEST) 2015 <sup>76</sup>	NZQA RO482 hours	STEO (TEC) Hours pre June 2015	STEO (TEC) Hours – post June 2015
National Diploma in Business (ND0783)	Teaching: 718 Self Directed: 492 TOTAL HOURS:1210	Teaching: 692 Self Directed: 528 TOTAL HOURS:1220	Teaching: 720 Self Directed: 360 TOTAL HOURS: 1080	Teaching: 720 Self Directed: 480 TOTAL HOURS: 1200
Certificate in Business Administration L4 (PC2260/2263)	Teaching: 812 Self Directed: 388 TOTAL HOURS:1200	Not recorded by NZQA due to being a local qualification	Teaching: 1080 Self Directed: 180 Work Experience: 180 TOTAL HOURS: 1440 <sup>77</sup>	Teaching: 1080 Self Directed: 180 Work Experience: 180 TOTAL HOURS: 1440
Certificate in Freight Forwarding L4 (PC9212)	Teaching:841 Self Directed: 359 TOTAL HOURS:1200	Teaching:900 Self Directed: 324 TOTAL HOURS:1224	Teaching:720 Self Directed:360 Work Experience:180 TOTAL HOURS:1260 <sup>78</sup>	Teaching:900 Self Directed:324 TOTAL HOURS:1224
Certificate in Tourism and Travel L3 (PC9214)	Teaching: 935 Self Directed: 275 TOTAL HOURS:1210	Learning hours not recorded in NZQA document	Teaching: 720 Self Directed: 180 Work Experience: 180 TOTAL HOURS:1080	Teaching: 720 Self Directed: 180 Work Experience: 180 TOTAL HOURS:1080
Certificate in Retail & Business L4 (PC9618)	Teaching: 833 Self Directed: 367 TOTAL HOURS:1200	Teaching: 900 Self Directed: 360 TOTAL HOURS: 1260	Teaching: 1242 Self Directed: 0 TOTAL HOURS: 1242	Teaching: 900 Self Directed: 360 TOTAL HOURS: 1260

- 4.6 In each programme, there are differences between what is approved by NZQA, what is submitted to TEC and/or what BEST set out in their plan to deliver.
- 4.7 We requested records that showed evidence of the process in relation to changes made to the learning hours and then making NZQA and TEC aware of these changes. We were provided with document 5.6 “Programme Changes Approval”. This document sets out a process for internal approval and notification to NZQA. However it does not give any guidance on what constitutes a Type 2 change or refer to seeking approval from NZQA for a Type 2 change. It also makes no reference to updating TEC or STEO. We were referred to the “audit” that BEST had undertaken that resulted in the update to STEO in June 2015. We were also provided with a “register” for changes to local qualifications.
- 4.8 The material differences are in relation to the Certificate in Business Administration (“CBA”) and the Certificate in Retail & Business (“CRB”). In both cases the teaching hours submitted in STEO are significantly higher than the teaching hours that BEST has set out in its delivery schedule (CBA delivery is only 75% of STEO and CRB is 67% of STEO until June 2015).
- 4.9 This means that even if BEST is delivering the programme in accordance with its plan, there will still be a shortfall of teaching hours compared to what was submitted by BEST into the TEC database STEO.
- 4.10 BEST has commented that this difference is because the hours submitted into STEO are based on a face to face delivery mode compared to the hours set out in the PDS delivery schedules

<sup>76</sup> Based on “e-learning” classes

<sup>77</sup>From 2001 to 15 August 2005, STEO only referred to the 1,080 teaching hours and no other hours

<sup>78</sup> 21.11.02 to 26.08.09, STEO recorded self-directed hours of 180 and total learning hours of 1,080

that are based on the blended delivery mode, where there is a lower teaching hour component. BEST adds that there is no field in STEO to update the hours for multiple modes of delivery or for local qualifications to be taken into account.

- 4.11 We do note however, that the CRB programme had a material difference between the PDS and STEO. The CRB programme was delivered completely through the blended learning mode. Accordingly, BEST should have recorded the actual delivery of this programme in STEO given that there was not a face-to-face option.
- 4.12 BEST has also submitted that in the case of Certificate in Business Administration (“CBA”), it cannot obtain a programme approval letter from NZQA, because CBA is a local qualification. BEST adds that it needs this programme approval letter to update STEO<sup>79</sup>.
- 4.13 BEST goes on to say that *“The NZQA provides programme approval for national qualifications not local qualifications. Therefore, BEST cannot obtain the [sic] any documentation from NZQA to update its local qualifications on STEO. This is an unfortunate administrative discrepancy that the TEC and the NZQA are both aware of, but has [sic] not yet managed to resolve.”*
- 4.14 We have sought clarification on this matter from both TEC and NZQA. Both confirmed our understanding that in fact NZQA approves both local and national qualifications. In fact, if a programme has not been approved by NZQA (regardless of whether it is a local or national qualification) then it is not eligible for TEC funding. If BEST is suggesting that a change to the programme hours is a “type 2” change and a “type 2” change needs to be approved by NZQA, this is also our understanding. However, our advice from NZQA is that “type 2” changes need to be submitted for approval regardless of whether the programme is a local qualification or a national qualification.
- 4.15 BEST has provided us with correspondence it has had with NZQA from 2013 in support of its claim that it was not able to update STEO. BEST specifically refers to a sentence that states *“Please note all three local qualifications (above) are ‘not’ the new world of Programme Approval and Accreditation; which is an approved programme of study that leads to a qualification listed on the New Zealand Qualification Framework (NZQF)”*. Unfortunately, this does not clarify why BEST believed that a programme approval letter was necessary to update STEO. It also does not address advising TEC that STEO was incorrect.
- 4.16 We do acknowledge that in 2013 BEST sought to resolve any confusion that had arisen surrounding local qualifications and programme approvals for programmes leading to a New Zealand Qualification.

## Learning Hours

- 4.17 The learning hours that are submitted through STEO are the hours that TEC believes are being delivered when the programme funding is determined. As shown in the table above, the learning hours submitted are broken down to teaching, self-directed and (in some cases) work experience.
- 4.18 There is no definition of teaching hours that we have been able to identify in the TEC Confirmation of Investment Plan Funding letters. There is a variety of interpretations and

---

<sup>79</sup> Letter from R Skudder to **9(2)(a)**, 1 July 2016, paragraph 208

opinions of the definition from experts across the sector, but we have always consistently applied the NZQA definition below, as this is referred to and published on the NZQA website<sup>80</sup>:

- Directed hours: Direct contact time with teachers and trainers;
- Self-directed hours: Time spent in studying and doing assignments and undertaking practical tasks; and
- Learning hours: Directed hours, self-directed hours and time spent in assessment.

4.19 When we refer to teaching hours in this report, we are referring to the directed hours (A) and the time spent in assessment (B).

A – Directed hours: From this definition, directed hours relates to direct contact time between facilitators and learners, and self-directed hours relates to the learning a student undertakes on their own. This direct contact time could include a range of delivery options and activities, and is not just limited to the face to face mode of delivery.

B – Time spent in assessment: We interpret the time spent in assessment to exclude the activities listed in the self-directed hours definition. As specified above, these excluded activities are the time spent studying, doing assignments and undertaking practical tasks. To be clear, it relates to time spent in assessment that is not self-directed (e.g. sitting a test during class time).

4.20 We have been advised by TEC that they are in agreement with this approach.

4.21 Three of the five programmes have both blended learning and face-to-face options. Two are now delivered solely through blended learning (Certificate in Retail and Business and National Diploma in Business).

4.22 BEST has submitted that the definition that we have applied is not appropriate for a blended learning environment. BEST states, *“There are no consistent Ministry of Education (“MOE”) TEC or NZQA definitions of e-learning, and no guidelines about how e-learning should be categorised into directed and self-directed learning for the purposes of STEO or the SDR.”*<sup>81</sup>

4.23 BEST has also submitted an affidavit from **Section 9(2)(a)** **[REDACTED]** sets out his background and his extensive knowledge of BEST. **Section 9(2)(a)** **[REDACTED]** aware that BEST adopts a blended learning approach and explains that *“Blended learning in this context means the combination of face to face teaching, enhanced and extended by information technology systems, workbooks and academic advisors.”*

4.24 It is **9(2)(a)** **[REDACTED]** view that directed learning hours cannot be defined as *“direct contact time with teachers and trainers”*. **9(2)(a)** **[REDACTED]** interprets this as *“only face to face time between student and facilitator”*. **9(2)(a)** **[REDACTED]** goes on to state that *“if students are achieving the units then the hours are self-evident”*. **9(2)(a)** **[REDACTED]** does not offer an alternative definition as it is his view that the measurement of directed learning is “complex”. That said, he does consider that *“BEST’s conscious and deliberate act of selecting appropriate modes for learning, appropriately structuring and sequencing those modes into a supportive learning environment, to be directed by a facilitator and therefore “directed learning”. This would include the quizzes, exercises and*

---

<sup>80</sup> <http://www.nzqa.govt.nz/studying-in-new-zealand/understand-nz-quals/>

<sup>81</sup> Undated letter from R Skudder to **9(2)(a)** **[REDACTED]** received 16.10.15, paragraph 15



associated feedback, which Deloitte has expressed concerns about, because this is facilitator designed and driven activity.”

4.25 As set out above, we have not restricted the definition of directed learning that we have applied to face to face time and agree that quizzes and exercises that are specifically “*facilitator designed and driven*” may constitute directed learning.

4.26 BEST has compiled its own learning hours classification as follows:

Table 10 – BEST learning hours classification	
Learning type	Learning Activities
Directed	Lecturer and facilitator contact hours, including workshops and tutorials
	Tests and assignments
	Supervised practical placements
	Self-directed learning with tutorial support available
	Exam periods
Self-directed	Study time including study week

Source: “Internal audit into BEST’s Approach to Programme Design and Delivery” 9 June 2015

4.27 We have highlighted that some of the learning activities that BEST contends comprise “directed hours”, do not meet the definition that we have applied. For example:

- We consider supervised practical placements to normally be included as “work experience” unless the facilitator is in direct contact with the student during this time;
- Self-directed learning is just that, regardless of whether facilitator support is available. Note that we have already included all the time spent with the facilitator separately as directed hours under our definition; and
- Time spent by students undertaking assignments is self-directed learning, as defined by NZQA.

4.28 BEST advises that it categorises self-directed learning as “*learning that the student does independently of the teacher.*”<sup>82</sup>

4.29 In July 2016, BEST advised that the classification used in Table 10 above is outdated. BEST submitted that the May 2015 PDS is the most current and in that version “supervised practical placement” is a separate category, being a work placement. It is not clear from what point BEST has applied this classification, given that Table 10 is based on a document from June 2015.

<sup>82</sup> Undated letter from R Skudder to 9(2)(a) received 16.10.15, paragraph 35

- 4.30 BEST provided us with a variety of documentation to support the delivery and teaching hours of the programmes. We considered all of this documentation and then considered whether it was relevant as part of our approach. Our strongest source of evidence came from the interviews with BEST staff that we conducted, as they gave a clear picture of how the programmes were delivered in practice.
- 4.31 We also interviewed a sample of students and asked them questions around the learning that they had undertaken. The students did not always recall details clearly. However, the information that they did provide did not give us any reason to question the descriptions provided by the BEST staff. That is, the responses from the students supported the accuracy of what was relayed by the BEST facilitators and programme coaches. Accordingly, this was helpful in assisting our assessment of the learning hours that were delivered.
- 4.32 Another important aspect to highlight is that the funding for TEOs is based on a per EFTS basis, not a per facilitator basis. In other words, just because a facilitator is available for students on a one on one basis, or to drop in or call or email him or her, does not mean that all the students are receiving teaching time of those “availability” hours each week. For example, if a facilitator has twenty students and is available outside of class for twenty hours a week (or is privately teaching a student on a one on one basis), then each student may receive additional teaching time of one hour a week, not twenty hours a week each.
- 4.33 We set out below our findings in relation to the learning hours for each of the five programmes that we examined.

#### **National Diploma in Business (ND0783)**

- 4.34 This programme is only delivered through the blended mode of delivery. The Diploma is run over 48 weeks and is delivered through a day or evening “e-learning” programme. Each programme has two classes each week of three hours duration. There are also scheduled tutorial sessions, although we were told by the facilitators that these were “catch-up sessions” for students who missed class. The assessments are largely research based and some are worked on during class time.
- 4.35 The PDS for the Diploma in Business sets out the following breakdown of learning hours:

	<b>Type of learning</b>	<b>Sessions</b>	<b>Hours</b>
1	<b>Scheduled on-campus sessions</b>	80	240
2	<b>Scheduled tutorials</b>	32	32
3	<b>Tutorial support</b>	64	64
4	<b>Online interaction</b>	35	76
5	<b>Activities</b>		144
6	<b>Assessment activities</b>		162

Total Directed	718
Total Work based	0
Total Self-directed	492
<b>Total Learning</b>	<b>1210</b>

- 4.36 The estimate by BEST of hours for the scheduled sessions and the online interaction, appears accurate. When we discussed the tutorial support with the facilitators, they conveyed that the 64 sessions represented the total number of one-on-one sessions that they would be likely to deliver. It did not represent the number of sessions per student. The facilitators also advised us that the scheduled tutorials were catch-up sessions. That is, students attending the scheduled tutorials have missed a scheduled on-campus session.
- 4.37 BEST submits that we have “*mistakenly focussed on the phrase “catch-up”*”<sup>83</sup>. BEST has presented affidavit evidence from a CBA on-line facilitator to support this submission. We can confirm that the facilitators we spoke to were very clear that the scheduled tutorial sessions were for students who had missed out on class time or had fallen behind. If a student was attending class it was not necessary to attend the Friday “catch-up” sessions or the “ad-hoc” Saturday sessions. We have placed more reliance on the evidence of the facilitators who are running the relevant course to the evidence from the facilitator of a different programme (i.e. CBA).
- 4.38 We were advised in interviews with facilitators that the “activities” are the online “Fresh-E” activities, such as quizzes, power-point presentations and other on-line tasks. Rachel Skudder provided conflicting advice<sup>84</sup>stating that “*Fresh-E activities are noted in the PDS as either “scheduled tutorials” or “online interaction”*”. The time students spend doing these activities could be classified as either directed or self-directed learning. This would depend on the nature of the activity and/or what portion is directly in contact with the facilitator (regardless of whether or not that contact is face to face).
- 4.39 The facilitators also explained that the assessment time included time spent in class working on assessments. They added that some of the self-directed learning would also take place during class time. This would suggest that there is potentially some double-counting included in these categories. BEST do not accept that this is the case and has provided submissions that explain the difficulty in isolating learning from assessment. In contrast, the facilitators we spoke to were very clear that the assessment time in the PDS included the assessment time that was spent in class and we accept their statements.
- 4.40 We interviewed six students who had enrolled in the Diploma course. The descriptions of the programme they gave were all quite similar. They referred to two classes a week that were three or four hours long. They also knew of the catch up sessions that were available. One student explained that every sixth week was a whole week of catch up only, to finish off anything that had been missed during the semester. If you were up-to-date there was no need to attend every sixth week. They were not aware of any additional tutorials and they consistently

---

<sup>83</sup> Letter from R Skudder to [REDACTED], 1 July 2016, paragraph 444

<sup>84</sup> Letter from R Skudder to [REDACTED], 1 July 2016, paragraph 190(c)

described working on assessments during class time and at home. Some of the students were familiar with Fresh-E and described it as an online chat forum with staff and students. Some also referred to using Fresh E for completing assessments. It didn't appear to be used for other activities over and above that. None of the students appeared to do any additional self-directed learning over and above what was required for completing assessments.

- 4.41 We agree with BEST's position that there is approximately 316 teaching hours from on-campus and online student interaction. Each student would also receive some further one on one tutorial time, although we do not consider this would be as much as 96 hours per student<sup>85</sup> based on the feedback from the facilitators referred to above. That is, if the facilitator is available for 96 hours for one on one tutorial time, then the amount of time that the tutor would be available per student must be significantly less than this.
- 4.42 BEST submitted on 1 July that the scheduled tutorials are open to all students to attend (not just one at a time). To be clear, the facilitators that we spoke to explained that the scheduled tutorials are on a Friday and are for students who have missed a session. Therefore on a per student basis these tutorials (32 hours) do not provide additional learning hours. The facilitators also explained that the tutorial support in the PDS (64 hours) is time spent providing one-on-one help or support. They specifically confirmed that this was not the learning hours per student. It is the explanation provided to us by the facilitators who are delivering the learning that we prefer.
- 4.43 Based on our discussions with students and facilitators, we have formed the conclusion that any further learning hours would fall in the category of self-directed learning time working on assessments outside of class.
- 4.44 The evidence that we have reviewed does not support BEST's position that there are 718 hours of directed learning and 492 hours of self-directed learning delivered for this programme. Regardless of how the learning hours are categorised, the evidence that we have considered currently suggests that there is under-delivery of the 1200 learning hours recorded in STEO for this programme.

#### **Certificate in Business Administration L4 (PC2260/2263)**

- 4.45 The Certificate in Business Administration ("CBA") is a 36 week programme delivered through the blended and face-to-face modes. The first six weeks is spent in the Niu Malaga course, with the other programmes. For those doing the face-to-face programme, the final six weeks is spent in workplace training.
- 4.46 The face to face programme runs from Monday to Friday with four hour classes. The e-learning classes are two three hour sessions a week.
- 4.47 The PDS for the CBA (blended learning) sets out the following breakdown of learning hours:

---

<sup>85</sup> 96 hours being 32 hours scheduled tutorial and 64 hours tutorial support

Table 12 – Programme Delivery Schedule – PC2260/2263		
Type of learning	Sessions	Hours
1	<b>Scheduled on-campus sessions</b>	78
2	<b>Scheduled tutorials</b>	47
3	<b>Tutorial support</b>	52
4	<b>Online interaction</b>	27
5	<b>Activities</b>	28
6	<b>Assessment activities</b>	33
	<b>Total Directed</b>	<b>812</b>
	<b>Total Work based</b>	<b>0</b>
	<b>Total Self-directed</b>	<b>388</b>
	<b>Total Learning</b>	<b>1200</b>

- 4.48 For the on campus sessions delivered under the blended mode, the scheduled session hours appear reasonable. The programme coach and a facilitator (who had recently begun delivering blended learning streams) also described scheduled times each week when facilitators are available on-line. This time would be equivalent to the 106 hours that BEST has allocated to tutorial support and online time. They also described all assessments as being completed in class time. They also both advised us that the only other teaching hours were for catch-up sessions. The programme coach we spoke to was of the view that students would need to spend another hour or two a day on self-directed learning.
- 4.49 The face-to-face facilitator who we spoke to advised that there are four hour classes available five days a week. Therefore, the scheduled on-campus sessions under the face to face delivery mode are at least twice as high as the PDS hours above. Saturday sessions are available for catch up classes. Some students described working on assessments at home and in class. However, we were told by facilitators that all assessments were done in class time and there was no need for students to do any work outside of class if they attended all the scheduled classes.
- 4.50 BEST has submitted affidavits from other CBA facilitators who we did not speak to as evidence to support the teaching hours under the blended learning mode. These affidavits also support the number of hours delivered on campus sessions that is set out in the PDS.
- 4.51 One of these facilitators has advised that students stay behind after class, have tutorials where face to face support is available at designated times, or come in at other times during the week. He says that he is available for students to come in and catch up, call him, email him or interact on Fresh-e for at least twenty hours a week. He estimates that on average he spends 1-2 hours a day on online activity within this time. Another facilitator advised that they are available online

twice a week for two to three hours to answer questions, have discussions and exchange views as a group. In addition to this they have tutorials, but only if the students ask for them.

- 4.52 The views expressed by these facilitators on whether or not assessments were normally completed in class was inconsistent.
- 4.53 Based on the descriptions of the facilitators, it seems that the online sessions may be ones where the facilitator can interact with a group of students. However, a lot of the other time that is described relates to catch up sessions for students who miss class, time that will be one-on-one or time that is not teaching (e.g. marking assessments). BEST notes that marking may occur during teaching time and that marking alongside a student can be effective teaching. This may be so, but we have not been provided with any evidence that there is additional time set aside outside of scheduled classes to provide teaching hours when marking assessments.
- 4.54 BEST also submitted an affidavit from **Section 9(2)(a)** that specifically addresses the CBA learning hours. **Section 9(2)(a)** states in **Section 9(2)(a)** affidavit that **Section 9(2)(a)** is contracted to the Strategic Development Directorate at BEST and is a member of the Quality Assurance and Accreditation team.
- 4.55 **Section 9(2)(a)** explains that **Section 9(2)(a)** sat down with the CBA facilitators and asked them to talk through the delivery of unit standards within the Tonga semester of CBA. The output of this process was a table breaking down the hours spent on assessment activity and on other directed or self-directed learning, both on campus and off campus. **Section 9(2)(a)** concludes that in the Tonga semester there is an estimated 37 hours outside of campus sessions spent on assessment activities. The following table compares **Section 9(2)(a)** findings regarding assessments to the total hours for the Tonga semester set out in the PDS.

**Table 13 – CBA hours – Tonga semester (six weeks)**

	On campus hours	Other directed hours	Self-directed hours	Total hours
Assessment activity calculated by <b>Section 9(2)(a)</b>	20	37	29.5	86.5
PDS total hours	44	88	88	220
Remaining hours spent on non-assessment activity	24	51	58.5	133.5

- 4.56 This analysis suggests that there is an estimated 109.5 hours<sup>86</sup> (in the six week semester) outside of campus classes and tutorials that the student spends on learning that is not required

---

<sup>86</sup> 51 hours “other directed” plus 58.5 hours self-directed

for assessments. Our analysis of the breakdown provided by **Section 9(2)(a)** shows that this time is spent as follows<sup>87</sup>:

- Fresh-e activities and exercises (weeks 1, 3, 4 & 5);
- Workbook activities and exercises (weeks 1, 2, 3 & 5);
- On-line videos and quizzes (week 1);
- Complete spreadsheet exercises (week 3);
- Collate end-user documentation (week 3);
- Practice presentation (week 5)

4.57 In our view, the suggestion that 109.5 hours is spent on these activities is not consistent with the descriptions of the facilitators or the students. It also suggests that a student would spend this amount of time on non-assessment related activities outside of class-time when only 66.5 hours are spent in the equivalent period on activities that relate to assessments.

4.58 We interviewed five students who had enrolled in CBA. One student had completed the programme in 2012. She was clear that there were two morning classes a week that went from 10 to 12.30. Outside of that she was only aware of catch-up sessions. Another student was in a face-to-face stream in 2012. She described full day classes running five days a week but did not undertake any other learning outside of those classes. The third student described attending three 3 hour sessions a week. She said teachers would stay behind after class if you needed to catch up. She did some study at home but was not aware of Fresh-E. A fourth student had completed three programmes with BEST between 2009 and 2012. She recalled that CBA had classes each day for about four hours a day. She would do some online activities during class time, her lunch break or at home.

4.59 The final student graduated from a face to face cohort after studying in 2013. She attended three hour classes five days a week. She also spent two to three months doing work experience at Housing NZ as part of the programme. She was the only student to refer to completing work experience. She also advised that this was after her programme had completed and there were no assessments or other assignments as part of the work experience.

4.60 Based on the interviews with students and facilitators and the submissions from BEST, it is our view that the blended learning cohorts provided around 340 hours of teaching time per student through scheduled sessions, online interaction and other support (consistent with rows 1,3 & 4 in the table above). 340 teaching hours is 42% of the 812 directed hours in the PDS breakdown and 28% of the total learning hours.

4.61 We accept that there are additional learning hours that could potentially be classified as tutorials, activities, assessment activities and self-directed learning. However, we do not accept that this would comprise an additional 860 hours. **Section 9(2)(a)** suggests approximately eleven hours per week is required outside class-time to complete assessments in the Tonga semester. Even if students spent an additional twelve hours per week (to the scheduled sessions, online interaction and other support) the total learning hours delivered would be approximately 772

---

<sup>87</sup> We note that all of the learning hours in week 6 of the semester are set out as assessment activity in the affidavit

hours<sup>88</sup>. In our view this is a generous assessment given what was described to us. It is lower than the 1,200 hours that BEST submits is delivered. Consequently, it is also lower than the 1,440 learning hours that are recorded in STEO.

- 4.62 The face to face cohorts had classes for around 20 hours a week from weeks 7 to 30 (480 hours in total). We estimate that there was a further 80 hours of teaching time during Niu Malaga in weeks 1-6. We have not seen evidence of further teaching time. This total of 560 hours represents 52% of the 1,080 hours of teaching time submitted in STEO. The final six weeks of the course would be used to fulfil the requirement for 180 hours work based training. Even if all the self-directed learning for the face to face cohorts was delivered (180 hours) this suggests that no more than 68% of the learning hours submitted in STEO are being delivered.
- 4.63 BEST maintains that it did not update STEO due to a perception that it required a programme approval letter to do so (see paragraph 4.12). If STEO had been updated to reflect the 1,200 hours in the PDS, we estimate that a maximum of 77% of the learning hours would have been delivered (including the work based training) in relation to the face to face cohorts and approximately 64% for the blended learning cohorts.

### Certificate in Freight Forwarding L4 (PC9212)

- 4.64 The Certificate in Freight Forwarding (“CFF”) programme is offered under the blended and face to face learning modes of delivery. We spoke to two facilitators of the blended mode of delivery (although one of these facilitators stated that he had only recently transferred to teaching under the blended delivery mode from face to face). We also spoke to the Programme Leader and a Programme Coach. The programme runs for 36 weeks, including Niu Malaga in weeks 1-6. During weeks 7-36 there are two three hour classes each week for the e-learners.
- 4.65 The PDS for CFF breaks down the learning time as follows:

	Type of learning	Sessions	Hours
1	Scheduled on-campus sessions	78	234
2	Scheduled tutorials	47	92
3	Tutorial support	52	52
4	Online interaction	27	54
5	Activities		169
6	Assessment activities		240
	<b>Total Directed</b>		<b>841</b>

<sup>88</sup> 340 teaching hours plus 432 hours (12 hours x 36 weeks) of other directed and self-directed hours



Total Work based	0
Total Self-directed	359
<b>Total Learning</b>	<b>1200</b>

- 4.66 The facilitators described a drop in class on a Friday that was additional to the scheduled classes along with two set hours a week that they were available online. Students can also arrange one-on-one time with the facilitators before or after class if they are struggling.
- 4.67 It was explained to us that during class time students are given the assessment to hand in the following week. One described students as completing most of the assessment during class time or carrying on after class, while another said that the students were expected to do research and complete assessments at home. Students also had online activities such as watching You Tube clips to be done at home.
- 4.68 One of the facilitators in conjunction with the Programme Leader described the course as being designed to complete one unit a week. One facilitator explained that those who are capable could then finish early and that his current intake scheduled to finish in February would all graduate in December. We note that there are 22 units to complete in the 30 week period after Niu Malaga.
- 4.69 In contrast to what we found in these interviews, BEST submitted affidavits from two facilitators who we did not speak to. One stated that *“there are some students that finish in less than 36 weeks but not in my current class.”* He added that, *“Finishing early is finishing two weeks or 1 week before their due date...”* The second facilitator stated *“Some students finish early but that would only be a small minority.”*
- 4.70 One of the facilitators who we interviewed had input into compiling the PDS. He explained that the tutorials (row 2 in table 14) were the ones on a Friday or Saturday outside normal classes. The “tutorial support” is when the facilitators are available before or after class and is not on a per student basis. “Online interaction” is when facilitators are available online for students and “activities” is the students working on FreshE or the field trips (that take place during class time). Assessment activities are the tasks that are required for completing assessments and self-directed learning is research and reading.
- 4.71 Four of the students we interviewed had enrolled in the CFF programme. One student said classes were 9am to 1pm five days a week, but you could attend any time. She said the classes were spent working on assessments. Another described working through a booklet in class and answering questions then doing group assessments in class time. The third enrolled with friends, but they all left. She is studying at Skills Update now and describes receiving a lot more help and support there. She described that at BEST the classes were five days a week and you spent the time working on assessments. The fourth student commenced the CFF in 2012. He recalled classes running four days a week for three or four hours and working on assignments during class and at home. He would sometimes spend extra time working on assignments at BEST in the evening.
- 4.72 Based on the evidence submitted and the interviews we conducted, it is our view that the time allocated by BEST to “activities” and “assessment activities” to at least some extent double counts time in other categories. We are also of the view that some of this time would not be

teaching hours. We also note that on a per student basis, it is likely that the “tutorial support” hours would be less than those calculated by BEST.

- 4.73 The first four components of the learning hours set out in the PDS (that is excluding activities and assessment activities) total 432 teaching hours. This is 51% of the 841 directed hours in the PDS breakdown of learning hours. Alternatively, this represents 48% of the teaching hours submitted in STEO in June 2015. We did not see evidence that the majority of the “activities” and “assessment activities” allocated either occurred or are teaching hours. Accordingly, our view is that it appears unlikely that the entire level of teaching (and learning) hours has been delivered for the blended delivery mode if compared to either the PDS or STEO. .

### Certificate in Tourism and Travel L3 (PC9214)

- 4.74 The Certificate in Tourism and Travel (“CTT”) is offered through face to face and blended modes of delivery and both programmes run over 36 weeks.

- 4.75 The PDS for CTT breaks down the learning time as follows:

	Type of learning	Sessions	Hours
1	<b>Scheduled on-campus sessions</b>	78	204
2	<b>Scheduled tutorials</b>	47	252
3	<b>Tutorial support</b>	52	65
4	<b>Online interaction</b>	27	35
5	<b>Activities</b>		86
6	<b>Assessment activities</b>		293
	<b>Total Directed</b>		<b>935</b>
	<b>Total Work based</b>		<b>0</b>
	<b>Total Self-directed</b>		<b>275</b>
	<b>Total Learning</b>		<b>1210</b>

- 4.76 We note that during “Fiji” in weeks 31 to 36 there are five scheduled tutorials for a total of 112 learning hours, while the other semesters have five tutorials that total 22 learning hours. BEST has advised that this relates to learning to operate the Amadeus computer booking system for travel.

- 4.77 The face to face classes run for four hours a day, five days a week. The blended learning classes are for three hours each but twice a week. The face to face learning hours for on

campus sessions appear to be twice as high as those set out in the PDS. We understand that the face to face cohorts spend the last six week semester in work experience.

- 4.78 A facilitator who we spoke to described online quizzes and activities that students can complete at home to reinforce what they learn. Another said that she found if students attended each class session that was sufficient to complete the course, although she does provide one-on-one sessions for those who fall behind. She also said that the assessments are all done in class.
- 4.79 The Manukau face-to-face facilitator described a scheduled tutorial class one afternoon a week that was optional. She believed that the tutorial support was the one-on-one time for students who require catch up. She also said that she used the Fresh-e activities (quizzes, power-point presentations etc) during class time, although she thought the e-learning classes may complete them at home. She also explained that she is of the view that the assessment activity time is self-directed learning and that is how she has written her session plan. She described the assessment activities as the time spent in class preparing for an assessment.
- 4.80 BEST also provided us with an affidavit from a blended learning facilitator. The e-learning classes are for three hours twice a week, which is reasonably consistent with the scheduled campus sessions documented in the PDS above. In addition to this he spends fourteen hours a week on tutorial times, and as part of this time he is available four hours a week for online support. This is a total tutorial time of 420 hours over the 20 weeks. However, to count these hours as directed hours we would have to assume that the tutor was in contact with all the students over this time. There is also another fourteen hours described as additional face to face support where the facilitator is "available." The facilitator did not comment on the assessment time.
- 4.81 We interviewed five students who had enrolled in CTT. . Some of the students described three or four hour lessons five or six days a week. Teachers were available after class to help with questions or assessments. One face to face student explained that you didn't need to use FreshE if you went to class. However a blended learning student spent six hours a week in class and another twenty hours a week on FreshE. They were aware that catch up sessions were available. The recollection of the students supported that assessments were completed in class time, as relayed by the facilitators.
- 4.82 The teaching and learning hours submitted in STEO were lower for this programme than the other qualifications (total learning hours of 1,080). The evidence that we have seen suggests that the teaching hours submitted in STEO are likely being delivered, or close to being delivered (under the face to face delivery mode) by BEST for this programme.
- 4.83 In relation to blended learning, if we allowed for all the hours relating to the scheduled delivery time of 204 in the PDS, and then assuming the highest possible figure for additional directed hours we found of 420, this would total 624 hours, which is lower than the 935 hours set out in the PDS. However, given we do not have any comments on how the assessment time is allocated in the affidavit and that we only have evidence provided from BEST that is from one facilitator, we do not have enough evidence to conclude on the number of learning hours delivered under this mode.

### Certificate in Retail & Business L4 (PC9618)

4.84 The Certificate in Retail & Business (“**CRB**”) is only delivered by the blended mode through a 36 week programme. The scheduled classes are two classes a week for three hours each. There are also catch up sessions run on an as required basis.

4.85 The PDS for CRB is as follows:

	Type of learning	Sessions	Hours
1	<b>Scheduled on-campus sessions</b>	78	204
2	<b>Scheduled tutorials</b>	47	259
3	<b>Tutorial support</b>	52	25
4	<b>Online interaction</b>	27	30
5	<b>Activities</b>		58
6	<b>Assessment activities</b>		257
	<b>Total Directed</b>		<b>833</b>
	<b>Total Work based</b>		<b>0</b>
	<b>Total Self-directed</b>		<b>367</b>
	<b>Total Learning</b>		<b>1200</b>

4.86 We note that the PDS includes ten scheduled tutorials in weeks 25-36 with a total of 105 teaching hours. This suggests each tutorial is for 10.5 hours duration. It appears that either the number of tutorials or the total hours is incorrect. BEST has advised that in these semesters additional tutorials are scheduled.

4.87 One of the facilitators we spoke to explained that over and above the class time there was about fourteen hours a week of e-learning time. The programme lead explained that the total learning hours were 20 to 25 hours per week (i.e. 720 to 900 total learning hours), including self-directed learning and e-learning.

4.88 We did not speak to any students who had enrolled in this programme and we do not have enough evidence to assess the number of teaching or learning hours delivered for this programme compared to what is set out in the PDS. However, we do note that even if all the teaching hours set out in the PDS are being delivered, this would still amount to only 67% of the teaching hours that were submitted by BEST in STEO up until June 2015. This means that even if BEST was delivering the programme in accordance with its plan, there was still a shortfall of teaching hours compared to what was submitted in STEO prior to June 2015. BEST submits

that the hours it recorded in STEO prior to June 2015 were an “*obvious mistake*”<sup>89</sup> We note that regardless of whether or not BEST submitted the incorrect hours accidentally (or intentionally) this is the information that was available to TEC and was used by TEC for funding decisions.

### Summary

4.89 In summary, it is our view that there has been an under-delivery of teaching and/or learning hours in relation to four of the five programmes that we considered, as set out in the following table. We recommend that the TEC take steps to satisfy itself that any under-delivery is rectified.

Table 17 – Summary of delivery	
Programme	Conclusion
ND0783	Delivered by blended mode only - Regardless of how the learning hours are categorised, the evidence that we have considered currently suggests that there is under-delivery of the 1200 learning hours recorded in STEO for this programme.
PC2260/2263	Delivered by blended and face-to-face mode – for blended delivery, the total learning hours delivered are lower than the 1200 hours that BEST submits is delivered. Consequently, it is also lower than the 1,440 learning hours that are recorded in STEO. For the face-to-face delivery, even if all the self-directed learning was delivered (180 hours) this suggests that no more than 68% of the learning hours submitted in STEO are being delivered. If STEO had been updated to reflect 1,200 learning hours we estimate the delivery to blended learning cohorts was approximately 64% and no more than 77% for face-to-face cohorts.
PC9212	Delivered by blended and face-to-face mode - it appears unlikely that the entire level of teaching (and learning) hours has been delivered for the blended delivery mode if compared to either the PDS or STEO.
PC9214	Delivered by blended and face-to-face mode - The teaching and learning hours submitted in STEO were lower for this programme than the other qualifications (total learning hours of 1,080). The evidence that we have seen suggests that the teaching hours submitted in STEO are likely being delivered, or close to being delivered (under the face to face delivery mode) by BEST for this programme. We do not have enough evidence to conclude on the number of learning hours delivered under the blended learning mode.
PC9618	Delivered by blended mode only - even if all the teaching hours set out in the PDS are being delivered, this would still amount to only 67% of the teaching hours that were submitted by BEST in STEO up until June 2015. This means that even if BEST was delivering the programme in accordance with its plan, there was still a shortfall of teaching hours compared to what was submitted in STEO prior to June 2015.

<sup>89</sup> Letter from R Skudder to **9(2)(a)**, 13 September 2016

# 5. Student Enrolments

- 5.1 TEC instructed us to determine if students had actually enrolled and attended the programmes at BEST. In this section we discuss the results from the student enrolment analysis performed on the selected sample of 112 students. The sample consists of:
- a) 10 students randomly selected from each of the 5 selected programmes (PC2263, ND0783, PC9212, PC9214, PC9618) (i.e. 50 students in total);
  - b) 42 students previously determined by TEC following their initial SDR review;
  - c) An additional twenty students selected from all programmes.
- 5.2 For each student, the following information was reviewed based on documents received from BEST:
- a) Enrolment form and appropriate supporting information for the enrolment (e.g. Birth Certificate, Passport etc.);
  - b) The details recorded on the enrolment application form compared to the details in the Student Management System (“SMS”);
  - c) Assessment and attendance records that were retained to support the qualification or course completion;
  - d) Qualification completions reported to NZQA

## Results from Testing

- 5.3 We reviewed the SMS, enrolment documentation and NZQA records for each of the 112 students. We found that there were twelve instances in which the supporting documentation had not been certified and there were two students with missing enrolment forms. We also identified one student who BEST had recorded as qualifying in Certificate in Retail and Business in 2013, but she is not recorded by NZQA as achieving any qualifications with BEST. However, NZQA do have a record that she achieved 124 credits with BEST between October 2013 and March 2014.
- 5.4 We were not able to verify course completion through reviewing assessments, as these are not normally retained by BEST. Further, attendance records are normally only retained for the first four to five week period of the programme, so this was of limited assistance for validating course participation.

5.5 A summary of our findings is set out in the following table:

Table 18 – Summary of enrolment review findings			
Course	Enrolment form and supporting documentation present	Enrolment form and SMS reconcile	Qualification completions report to NZQA (if qualified)
<b>PC2263 (10 students)</b>	3 supporting docs not certified	3 different address and/or contact number	Yes
<b>ND0783 (10 students)</b>	No issues	No issues	Yes
<b>PC9212 (10 students)</b>	1 supporting doc not certified	2 different addresses  1 enrolled in a different qualification	Yes
<b>PC9214 (10 students)</b>	1 supporting doc not certified	3 different addresses	Yes
<b>PC9618 (10 students)</b>	No issues	3 different addresses	Yes
<b>Additional NSNs (20 students)</b>	1 missing enrolment form  4 supporting docs not certified	4 different addresses	Yes
<b>original list (42 students)</b>	3 supporting docs not certified	9 different addresses  1 enrolled in a different qualification	Yes

5.6 As set out in Section 3, BEST archives attendance records for only the first four to five weeks of a student’s programme once the enrolment has ended. BEST notes that NZQA has confirmed that the PTE Enrolment and Academic Records Rules 2012 require that records of student attendance are to be kept for at least the duration of the student’s enrolment<sup>90</sup>.

5.7 Also as set out in Section 3, BEST advised us that it archives assessment scripts for a period of twelve months after the assessment date (consistent with NZQA requirements). Accordingly, there were only limited assessments available for the students in our sample. We are not able to form a view on attendance or assessments due to the limited availability of records.

<sup>90</sup> Letter from R Skudder to **9(2)(a)** 1 July 2016

5.8 It is feasible that some of the students whose supporting documents were not certified had enrolled previously at BEST. We also note that the SMS records contain a photo of each student and that the students who we contacted to interview had all enrolled at BEST. It is our view that BEST's record keeping practices could be improved (based on the findings set out in the table above), but there are no significant indicators that the students being funded by TEC have not actually enrolled.



# Appendices

# **Appendix A**

## **Extension of studies policy**



# 4.11 Extension of Studies

Section Title	Learner Information Entry and Support
QMS Reference	4.11 Extension of Studies
Department	Academic
Effective Date	1 July 2005
Last Review Date	June 2014
Scheduled Review Date	June 2015
Version	1
Related Documents	Application for Extension of Studies Form, Student Completion Plan, Individual Learning Plan (ILP)

## Policy

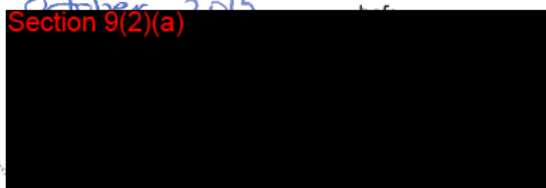
BEST ensures that students who have made significant progress in a programme of study, but have not been able to achieve the full qualification in the stipulated timeframe, are given opportunity to complete their programme of study. Approved students are given an extension of up to twelve months on an individual and planned basis.

## Procedure

Action	Procedure	Actioned By	Deadline
Make an application for an extension to a course of study to complete a qualification.	<p>An application for an extension of studies is received from a student or a Tutorial staff member, on the student's behalf. Application for extension includes:</p> <ul style="list-style-type: none"> <li>• Extenuating circumstances leading to a request for an extension</li> <li>• The student's commitment to complete all assigned work required of them during the extension.</li> <li>• The student's agreement to develop a 'Student Completion Plan' around the availability of tutorial staff</li> </ul>	Student applicant	On going

(End Action)

**Exhibit:** This is the annexure marked "AF02" referred to in the annexed Affidavit of Anita Maria Finnigan which was sworn/affirmed at Auckland this 28<sup>th</sup> day of October 2015.

Section 9(2)(a)  


Action	Procedure	Actioned By	Deadline
Interview the applicant	<p>A personal interview with the student applicant determines whether there are grounds for making a formal application. Consider:</p> <ul style="list-style-type: none"> <li>• Student's previous attendance record</li> <li>• Student's prior commitment to achieving unit standard credits</li> <li>• Student's personal plan for meeting extension timeframes</li> <li>• Tutorial support for the granting of an extension</li> </ul>	Academic Team	On-going
↓			
Recommend an extension	<p>A recommendation, where justified, is prepared in support of an extension of studies for a student application. Include:</p> <ul style="list-style-type: none"> <li>• Background summary of student's performance to date</li> <li>• The views of tutorial staff</li> <li>• Risk analysis</li> <li>• Prognosis</li> </ul>	Tertiary Manager	On-going.
(End Action)			
Approve an application for extension to a course of study.	<p>A decision about a student's application for an extension is notified to the applicant. Include:</p> <ul style="list-style-type: none"> <li>• Conditions for the granting of an extension</li> <li>• Sign-off on a Completion Plan</li> <li>• Timeframe of the approved extension (no longer than 12 months after the course end date of the programme)</li> </ul>	Head of School	Within 4 weeks of receipt of application.
(End Action)			
Implement a Student Completion Plan	<p>A Student Completion Plan is developed in accordance with the specifications of the approved extension. Include:</p> <ul style="list-style-type: none"> <li>• Identification of any outstanding units to be completed</li> <li>• Assessment schedule and methodology for unit standards being completed</li> <li>• Tutorial timetables and timeframes for the extension period</li> </ul>	Tertiary Manager	Within 4 weeks of receipt of application..
(End Action)			

Document Control:

Q: QMS Approved Archive: 4.11 Extension of Studies 2014  
 Protected Document: Last updated June 2014

Action	Procedure	Actioned By	Deadline
Implement a Student Completion Plan	<p>A Student Completion Plan is developed in accordance with the specifications of the approved extension. Include;</p> <ul style="list-style-type: none"> <li>• Identification of any outstanding units to be completed</li> <li>• Assessment schedule and methodology for unit standards being completed</li> <li>• Tutorial timetables and timeframes for the extension period</li> </ul>	Tertiary Manager	Within 4 weeks of receipt of application..
<p>↓</p> <p>(End Action)</p>			
Monitor the ongoing performance of a student on extension.	<p>Weekly review of student performances ensures that the approved extension of studies and completion plan is on track and acceptable progress is being made by the student applicant. Consider:</p> <ul style="list-style-type: none"> <li>• Attendance rate</li> <li>• Achievement rate</li> <li>• Tutorial staff feedback</li> </ul>	Tertiary Manager	On going
<p>↓</p> <p>(End Procedure)</p>			

**Appendix B**  
Sample of course end date  
movements

Ref.	NSN	Qualification first and last SDR (up to April 2015)	Course start date	First course end date	Last course end date	Completion Indicators	Last unit achieved	Allowance suspended date	Contact record in student history	Summary
Section 9(2)(a)										
										No recorded contact after 9(2)(a) status no longer active. Student should have been shown as unsuccessful completion for unfinished courses in December 2014 SDR
										No recorded contact between 9(2)(a) Taken off EOS in November 2014. Enrolled in same programme again in 9(2)(a) with another loan. Student should have been shown as unsuccessful completion for unfinished courses in December 2014 SDR
										No recorded contact between 9(2)(a) Last unit achieved in 9(2)(a) Taken off EOS in 9(2)(a) 4. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR
										Change in end date to 2014 cannot be serialisation as this is only within a programme. Change in end date can't be EOS because student has withdrawn in 9(2)(a) Completion indicator is unsuccessful so not given an extension - no reason to move end date. Should have been recorded as unsuccessful course completions from April 2013
										Enrolled student when previously a no-show and aware working during the day. No units completed after 9(2)(a) and multiple references to absences after that date. Student advised in 9(2)(a) she wanted to finish, but no further assessments done. No evidence of any further contact until 9(2)(a) Despite this, extension shown in April 2015 SDR Student advised 9(2)(a) ly. Dec 2013 SDR some courses recorded as completed unsuccessfully, yet other courses are still showing extension in 9(2)(a) SDR. No evidence of contact re EOS. Student should have been withdrawn and shown as an unsuccessful completion in 2013.

Ref.	NSN	Qualification first and last SDR (up to April 2015)	Course start date	First course end date	Last course end date	Completion Indicators	Last unit achieved	Allowance suspended date	Contact record in student history	Summary
Section 9(2)(a)										
										<p>Allowance suspended and no further evidence of engagement since 9(2)(a) and EOS status changed to inactive in Nov 2014 but course end date continues to extend in SDR. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>
										<p>Last contact with student in 9(2)(a) after numerous calls re absence. Last unit achieved in 9(2)(a) 3. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>
										<p>Last contact with student in 9(2)(a). BEST knew that 9(2)(a) and could not come to class. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>
										<p>Last contact with student in 9(2)(a). Course end dates still being extended in Aug 2015 SDR. December 2014 SDR submitted in May 2015 when it was clear that student had 9(2)(a) and no longer active. Student should have been shown as unsuccessful completion for unfinished courses in December 2014 SDR</p>
										<p>Told in 9(2)(a) student did not want to complete. End date should not have moved to 2013 and student should have been shown as unsuccessful completion for unfinished courses in December 2012 SDR</p>



Ref.	NSN	Qualification	first and last SDR (up to April 2015)	Course	First course start date	Last course end date	Completion Indicators	Last unit achieved	Allowance suspended date	Contact record in student history	Summary
Section 9(2)(a)											
											No contact with student after 9(2)(a) when it is recorded that student doesn't seem interested. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR
											No contact with student after 9(2)(a). Working and not attending class. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR
											No contact with student after 9(2)(a) (when student advised she wanted to withdraw) until phone call in 9(2)(a) when student said she hadn't started the programme due to 9(2)(a). Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR
											This student does not appear to have been engaged since 9(2)(a) and student advised in 9(2)(a) she does not want to do the course but course end date continues to extend in SDR. Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR
											Student signed an agreement in 9(2)(a) but no further contact. Student should have been shown as unsuccessful completion for unfinished courses in December 2014 SDR
											No credit movement after 9(2)(a). Student should have been shown as unsuccessful completion for unfinished courses by April 2015 SDR

Ref.	NSN	Qualification first and last SDR (up to April 2015)	Course start date	First course end date	Last course end date	Completion Indicators	Last unit achieved	Allowance suspended date	Contact record in student history	Summary
Section 9(2)(a)										
										<p>Student withdrew in 9(2)(a) and no contact after text message in 9(2)(a). Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>
										<p>No contact since 9(2)(a) Student should have been shown as unsuccessful completion for unfinished courses in December 2014 SDR</p>
										<p>Last contact with student 9(2)(a) Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>
										<p>No contact with student after unit submitted in 9(2)(a). By December SDR submission (in January and then May 2014) there had been no contact with student for more than five months. By the submissions in 9(2)(a) student had been recorded as "MIA" and enrolled in (then withdrawn from) another course. Student should have been shown as unsuccessful completion for unfinished courses in December 2013 SDR</p>
										<p>Student working since sometime in 9(2)(a) No units submitted since 9(2)(a) Student should have been shown as unsuccessful completion for unfinished courses by December 2014 SDR</p>



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

Deloitte New Zealand brings together more than 1000 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch and Dunedin, serving clients that range from New Zealand's largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website [www.deloitte.co.nz](http://www.deloitte.co.nz)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2016. For information, contact Deloitte Touche Tohmatsu Limited.