

# AUDIT GUIDE FOR TRAINING PROVIDERS IN THE ACT

ACT Government training initiatives  
*Schedule to the ACT Funding Agreement*

1 July 2017 | Version 2.1



**ACT**  
Government

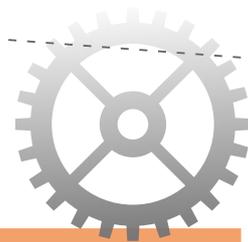
Chief Minister, Treasury and  
Economic Development

Skills Canberra  
Chief Minister, Treasury and Economic Development Directorate  
Canberra Nara Centre  
1 Constitution Avenue  
CANBERRA ACT 2612

GPO Box 158  
CANBERRA ACT 2601

Phone: 02 6205 8555  
Email: [skills@act.gov.au](mailto:skills@act.gov.au)  
Web: [www.cmtedd.act.gov.au/skillscanberra](http://www.cmtedd.act.gov.au/skillscanberra)

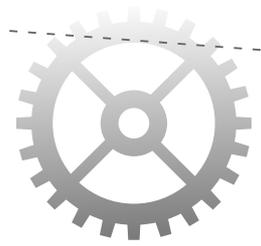




# VERSION CONTROL

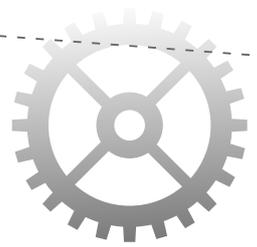
VERSION	EFFECTIVE DATE	RELEASE DATE	STATUS	DETAILS
V1.0	1 January 2014	9 May 2014	Initial Release	N/A
V2.0	1 July 2015	26 August 2015	New release	Updated design format Revision to Appendix B: Audit Sanctions Matrix
v.2.1	1 July 2017	20 June 2017	Modification	RTO Selection information updated Revision to Appendix B: Audit Sanctions Matrix

It is the responsibility of the user to ensure that this is the current and complete document. The latest version located at: <http://www.cmtedd.act.gov.au/skillscanberra/act-quality-framework/audit-guide-for-training-providers>



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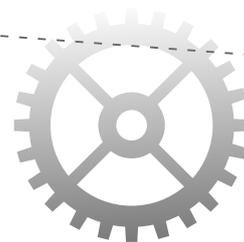
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# INTRODUCTION

The ACT Government, through the Chief Minister, Treasury and Economic Development Directorate (the Directorate), contracts registered training organisations (RTOs) to deliver government subsidised training to eligible students. This contract, the ACT Funding Agreement (ACTFA), allows RTOs to deliver programs to address the major objectives of the ACT vocational education and training (VET) system.

This Audit Guide, the *ACT Standards for Delivery of Training (ACT Standards)* and *ACT Standards Compliance Guides* are schedules to the ACTFA. *ACT Standards Compliance Guides* are published for all training initiatives.

By entering into an ACTFA RTOs commit to meet the contractual obligations for compliance including:

- being responsible for establishing and implementing controls to assist in maintaining compliance
- being responsible for the maintenance and preparation of any audit evidence requested by the Directorate
- providing the Directorate and its auditors with access to all information requested for the purpose of conducting an audit and/or confirming compliance.

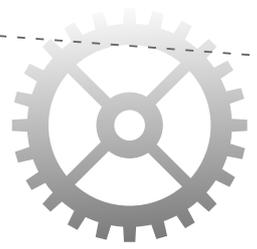
RTO audits are a key methodology to manage compliance with the ACTFA, the *ACT Standards* and *ACT Standards Compliance Guides*. An audit is not a substitute for the RTO having established practices to manage its contractual obligations and does not relieve an RTO of responsibilities outlined in the contract.

## DOCUMENT PURPOSE

This document details the audit strategy that guides the audit program. It also provides guidance to RTOs on how to prepare for an audit and what to expect from the audit process.

The audit guide provides:

The audit context	<ul style="list-style-type: none"><li>• <a href="#">Why audits are conducted</a></li><li>• <a href="#">Principles and expectations</a></li></ul>
An overview of audit types	<ul style="list-style-type: none"><li>• <a href="#">Types of audits conducted</a></li><li>• <a href="#">Types of audit evidence</a></li></ul>
Information about the audit selection process	<ul style="list-style-type: none"><li>• <a href="#">How RTOs are selected for audit</a></li><li>• <a href="#">How student files are selected for audit</a></li></ul>
An overview of the audit process	<ul style="list-style-type: none"><li>• <a href="#">Audit notification</a></li><li>• <a href="#">How the evidence is assessed and possible outcomes</a></li></ul>
Audit reporting methods	<ul style="list-style-type: none"><li>• <a href="#">How audits are reported</a></li></ul>



# AUDIT CONTEXT

## WHY AUDITS ARE CONDUCTED

RTOs contracted in the ACT are expected to meet high levels of performance to ensure the quality, strength and integrity of the VET system in the ACT.

The objectives of funded training initiative audits are to ensure:

- compliance with requirements that-
  - a) allocated funding is expended in accordance with contractual conditions
  - b) training and assessment is delivered in accordance with the requirements of the initiative, as specified in the ACT Standards and ACT Standards Compliance Guides
  - c) systems and processes support the provision of training and assessment
- quality of service provision that-
  - a) represents value for money
  - b) identifies RTOs and sectors of industry where good practice is occurring
- risk mitigation that ensures-
  - a) any identified risks to students or to the ACT Government are managed
  - b) complaints are investigated.

Where performance measures have not been met a range of sanctions are applied as described in this document (refer to the Audit Process).

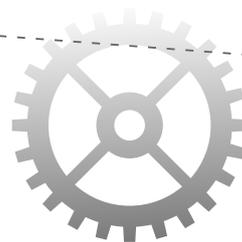
## PRINCIPLES AND EXPECTATIONS

The Directorate will:

- take a risk based approach to the monitoring of RTO compliance
- be systematic and consistent in the assessment of RTOs and in the consequent determination of the level of non-compliance
- be transparent about RTO obligations
- provide timely advice and information
- respond to questions to help RTOs comply with specific requirements
- regularly review practices and seek new and improved ways to undertake audit programs.

RTOs will:

- take a professional approach to compliance
- be familiar with, and act in accordance with, obligations under the ACTFA and associated schedules
- be cooperative and responsive to requests including requests for information and questions about activities and compliance
- maintain and prepare audit evidence as required
- undertake timely rectification actions as notified.



# AUDIT TYPE

## TYPES OF AUDITS CONDUCTED

An audit may be conducted using one or more of the following methods:

- Internal Review Tool
- Desktop audit
- On-site audit
- Investigative audit.

For an explanation of these terms refer to the Terms and Definitions (Appendix A).

Management of RTO compliance is supported by two (2) audit streams – on-cycle and off-cycle.

### ON-CYCLE AUDITS

Audits are undertaken in accordance with the ACTFA to monitor RTOs delivering ACT government subsidised training, and assess compliance with the *ACT Standards* and the *ACT Standards Compliance Guides*. In an on-cycle audit (desktop or on-site) a range of Standards are audited and the audit outcomes are assessed using the Audit Sanctions Matrix (refer to [Appendix B1](#) and [Appendix B2](#)).

As an annual requirement, the Internal Review Tool is also considered an on-cycle audit. Information from the Internal Review Tool Report is not assessed against the Audit Sanctions Matrix but is used to inform other audit activities.

### OFF-CYCLE AUDITS

Off-cycle audits (desktop, on-site or investigative) are conducted in response to specific concerns including:

- the outcome of an on-site or desktop audit, which requires further follow up to ensure issues identified have been addressed. The previous audit report is reviewed to ensure that the RTO has addressed any specific follow up actions or concerns within reasonable timelines; however the audit may not be restricted to these areas
- submission of an RTO Internal Review Tool Report which is considered inadequate or does not suggest strong business practices underpin RTO activity
- information or a complaint received which suggests that an RTO may be non-compliant with the ACTFA. An investigative audit may require the RTO to provide a written response to matters raised and/or meet with the Directorate to discuss the issues identified.

If further investigation is required an additional desktop and/or on-site audit may be scheduled. The audits will focus on evidence supporting specific systems and processes and/or a sample of student files. These may also include reviewing evidence to ensure that the matters raised previously have been addressed satisfactorily. Where the off-cycle audit involves a review of the RTO's compliance against six or more ACT Standards, the audit outcomes will be assessed using the Audit Sanctions Matrix (refer to Appendix B1 and Appendix B2).

# TYPES OF AUDIT EVIDENCE

Audits may include a review of systems and processes and student files.

## SYSTEMS AND PROCESSES

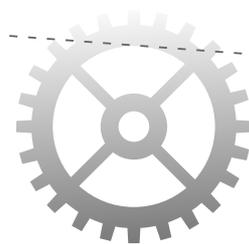
Evidence of RTO systems and processes is reviewed to monitor the RTO's capacity to comply with obligations under the ACTFA and to identify:

- common themes of non-compliance that may be occurring across the RTO
- actions against continuous improvement opportunities that have been identified.

## STUDENT FILES

Where the RTO has student activity in the period being audited, a detailed examination of a statistically valid sample of student files and records (refer to Student selection) may be reviewed.

Evidence for systems and processes and student files is assessed using the Audit Sanctions Matrix (refer to [Audit process](#) and [Appendix B1](#) and [Appendix B2](#)).



# RTO SELECTION

## HOW RTOs ARE SELECTED FOR AN ON-CYCLE AUDIT

A risk based approach is taken to compliance. RTOs are assessed each year, against a set of indicators which the Directorate has determined indicate an RTO may not be meeting its obligations under the ACTFA. The indicators are classified into two categories, potential or known concerns. The potential concern indicators refer to information about the RTO that may contribute to the overall risk of the RTO. The known concern indicators refer to issues or concerns that have already been identified.

The risk indicator categories include, but are not limited to, the following:

TABLE 1: RISK INDICATOR CATEGORIES

Indicator Type	Risk Indicator Description Indicators are subject to change
Potential Concern	Amount of funding received
	Increase in funding in previous year
	Student Activity
	Number of initiative(s) the RTO delivers training in
	Number of Qualifications on scope in ACT
	Number of years since last audit
	Turnover in key personnel
	New RTO
	Subcontractor arrangements
	Completion rates
	Business breadth
	Course duration
	ACTFA Score
	Past audit results recommend follow up audit*

Indicator Type	Risk Indicator Description Indicators are subject to change
Known Concern	RTO behaviour is not cooperative / responsive / professional
	Complaints received
	Incorrect payment claims
	Internal Review Tool deadline not met
	National Centre for Vocational Education Research (NCVER) Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) reporting deadline not met
	AVETMISS reporting data errors/ inaccuracies
	Notification from the Australian Skills Quality Authority (ASQA) of non-compliance with the <i>Standards for Registered Training Organisations (RTOs) 2015</i>

\* Past audit results alone may determine an RTOs risk indicator band (refer to Diagram 2)

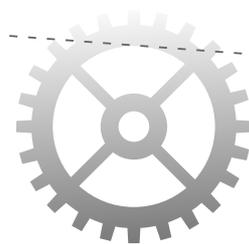
*Note: If information related to any of the indicators is not known at the time of the indicator assessment, that indicator does not contribute to the overall classification.*

When combined these indicators are used to classify each RTO into a low, medium, high or extreme risk indicator band for the monitoring period. A high score in either category increases the probability of the RTO being selected for an audit, however more weight is given to the known concern indicators.

TABLE 2: RISK INDICATOR ASSESSMENT TABLE

		Known Concerns			
		Low	Medium	High	Extreme
Potential Concerns	Low	Low	Medium	Medium	High
	Medium	Low	Medium	High	Extreme
	High	Medium	High	Extreme	Extreme

RTOs are selected from each risk indicator band for the on-cycle audit program to ensure a broad selection of providers are audited. This also ensures that any RTO in receipt of government funding has the potential to be audited in any year.



# STUDENT SELECTION

## HOW STUDENT FILES ARE SELECTED FOR AUDIT

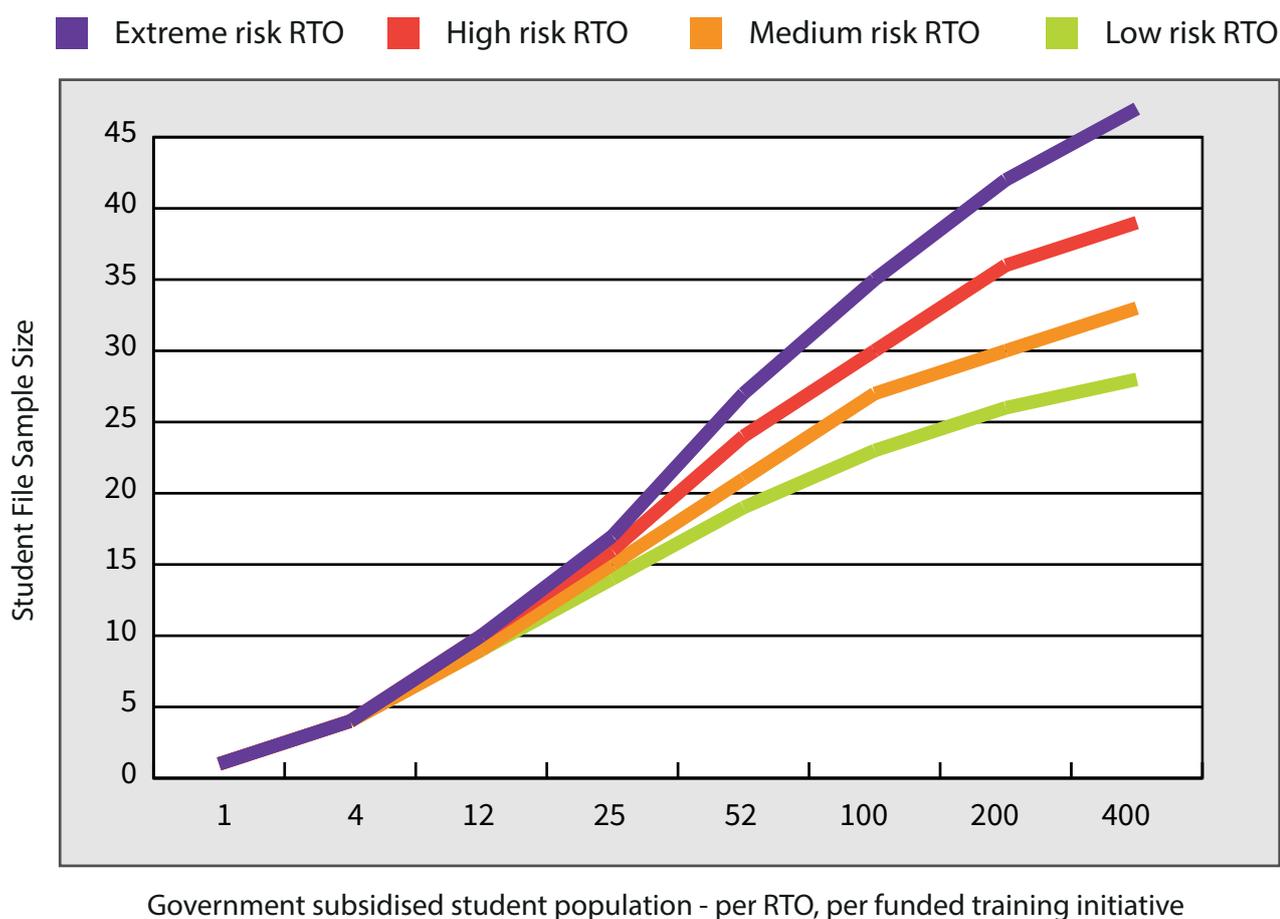
To ensure the selection of student files is representative of the RTO's overall activity, a statistically significant sample is chosen relative to the RTO's student population. The student population is determined by the reported training activity for the funded training initiative and the time period being audited.

The sampling methodology also employs a gradient slope to determine the number of student files to be audited according to the risk indicator band of the RTO. The advantage of this approach is to ensure there is greater confidence that the audit outcome reflects an accurate picture of compliance for an RTO classified in the higher indicator bands.

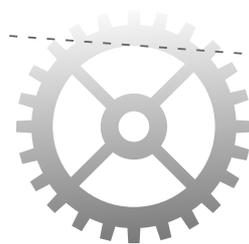
The sample student files are representative of the RTO student population. For example, files are selected from a range of types such as new commencements, completions, cancellations, suspended and withdrawn students. Depending on the focus of the audit the sample student files chosen may include some or all of the range of student types noted above.

Where an RTO has a small number of government subsidised students for the audit period, variation to the sampling methodology may be applied.

DIAGRAM 1: EXAMPLE AUDIT SAMPLE CHOSEN RELEVANT TO THE STUDENT POPULATION (PER RTO)



# AUDIT PROCESS



## AUDIT NOTIFICATION

RTOs are notified of an audit at least two (2) weeks prior to the event via an audit notification advice. When the audit involves a review of student files the RTO is given the list of nominated students the day prior to the audit. RTOs are also advised the day prior to the audit of the areas of the *ACT Standards* and, where applicable, the *ACT Standards Compliance Guide* to be audited.

To ensure an equitable audit process across all RTOs a minimum of 50% of the *ACT Standards* are selected for each desktop or on-site audit. At audit, evidence is sought which demonstrates compliance against each selected standard. For examples of evidence refer to the *ACT Standards Compliance Guides*.

## HOW AUDIT EVIDENCE IS ASSESSED AND THE POSSIBLE OUTCOMES

The intent of all audits, both on-cycle and off-cycle, is to confirm RTO compliance with the ACTFA, the *ACT Standards* and *ACT Standards Compliance Guides*. All evidence considered as part of the audit process is assessed against these documents.

### USE OF THE AUDIT SANCTIONS MATRIX

The Audit Sanctions Matrix (refer to [Appendix B1](#) and [Appendix B2](#)) is used to assess the audit evidence for desktop and on-site audits and to determine the audit outcomes. The matrix criteria are used to assess compliance with the key requirements of the *ACT Standards* and *ACT Standards Compliance Guides* and to apply consistent and equitable sanctions for specified instances of non-compliance.

In accordance with the [types of audit evidence](#), the matrix is divided into two sections, systems and processes and student files. The matrix includes examples of what constitutes instances of 'compliant' through to 'non-compliant' findings at both system and student file level. The descriptors within the matrix are used to support the decision to rate an RTO's performance as compliant or non-compliant, including the level of non-compliance i.e. minor, moderate, major and critical.

The overall level of risk determined by the audit outcome and the instances of non-compliance defines the size and type of sanction, both financial and non-financial.

Non-financial sanctions may be applied to systems and process or student file non-compliances identified and are determined on a case by case basis. Non-financial sanctions are at the discretion of the Directorate.

Sanctions may include, but are not limited to, one or more of the following:

- withholding or preventing future payments
- preventing or limiting access to further funding initiatives
- removing, restricting or suspending the RTO's ACTFA
- applying conditions to the RTO's ACTFA.

Example:

Lack of an AVETMISS compliant student management system would not attract a financial sanction but may result in suspension of the RTO's ACTFA.

Financial sanctions are applied on the basis of non-compliant findings in student files and are based on 20% of the total funding amount (up to a maximum of \$400,000) paid per calendar year, per initiative/s audited.

The total funding amount is based on all payments for the audited initiative for the audited period, including weightings and loadings where applicable.

The rationale for selecting a percentage of funding (20%) that an RTO has at risk of sanction is based on the principle that the financial sanction is:

- a penalty applied to the RTO to reflect a negative audit finding
- commensurate with the level of negative audit findings identified.

### CONSEQUENCES FOR CRITICAL NON-COMPLIANCE

Instances of critical non-compliance identified in sampled student files for any audit automatically results in a sanction of 100% of funding for the particular student for which the critical non-compliance was identified.

Any remaining non-compliances (including minor, moderate or major) identified against any other *ACT Standards* audited for the sampled student file is taken into consideration to calculate the overall financial penalty score. Given funds related to critical non-compliance are recovered, the total funding amount considered paid to the RTO, and hence at risk in the audit, is reduced by the recovered amount.

Example:

An RTO receives \$60,000 for the previous calendar year and instances of critical non-compliance were found in two (2) student files. The total funding paid to the RTO for the two (2) students for the previous year is \$6,000 (\$3,000 per student). Therefore the maximum funding at risk is 20% of (\$60,000- \$6,000), i.e. \$10,800.

### OVERALL AUDIT RESULT

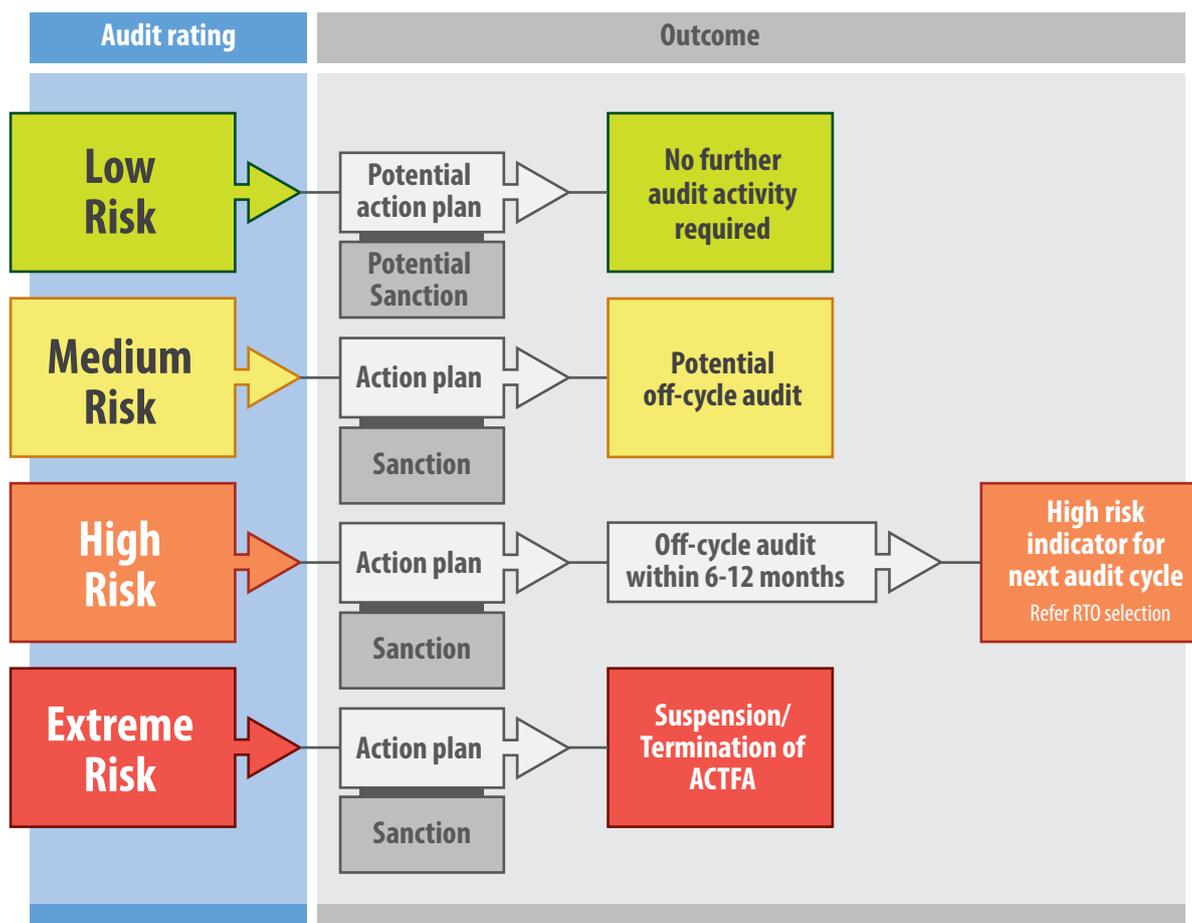
In instances where the RTO is unable to rectify or address the identified areas of non-compliance satisfactorily the outcome of an audit may include:

- recovery of funds against one or more specific students (when critical non-compliance is identified)
- follow-up audit (depending on the audit rating this may be within a 6-12 month period)
- sanctions (financial and non-financial)
- a change to the RTO's risk indicator band

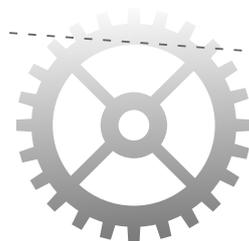
The final outcome for a desktop or on-site audit is presented as an overall audit rating, calculated using a weighted algorithm.

The diagram on the following page provides a summary of the audit outcome process.

DIAGRAM 2: OUTCOME OF AN AUDIT WHERE THE AUDIT SANCTIONS MATRIX IS APPLIED



# AUDIT REPORT



## HOW AUDITS ARE REPORTED

There are two possible outcomes of an audit:

- all the requirements of the ACT Standards (or other areas being audited) are met or,
- areas of non-compliance are identified.

Depending on the type of audit conducted (refer to [Types of Audits conducted](#)) the audit report provided to the RTO contains the following:

TABLE 3: AUDIT REPORTING

Type of Audit	Method of assessment	Audit report content
<b>RTO Internal Review Tool</b>	Assessment of Tool content and supporting documents	<ul style="list-style-type: none"><li>• Overview of findings and, where applicable, action required</li><li>• Impact of audit findings on further audit activity</li></ul>
<b>Desktop audit</b>	Audit Sanctions Matrix	<ul style="list-style-type: none"><li>• Detailed report of audit findings including, where applicable, actions required</li><li>• Overall RTO compliance rating for ACT Standards audited</li><li>• RTO audit rating from analysis of System level audit evidence (including where applicable, determination of non-financial sanction) and/or</li><li>• RTO audit rating from analysis of Student File audit evidence (including where applicable, sanction percentage and sanction amount)</li><li>• Impact of audit findings on further audit activity</li></ul>
<b>On-site audit</b>	Audit Sanctions Matrix	<ul style="list-style-type: none"><li>• Detailed report of audit findings including actions required</li><li>• Overall RTO compliance rating for ACT Standards audited</li><li>• RTO audit rating from analysis of System level audit evidence (including where applicable, determination of non-financial sanction) and/or</li><li>• RTO audit rating from analysis of Student File audit evidence (including where applicable, sanction percentage and sanction amount)</li><li>• Impact of audit findings on further audit activity</li></ul>

Type of Audit	Method of assessment	Audit report content
<b>Investigative audit</b>	Specific criteria assessment	<ul style="list-style-type: none"> <li>Detailed report of audit findings including actions required</li> <li>Impact of audit findings on further audit activity</li> </ul>

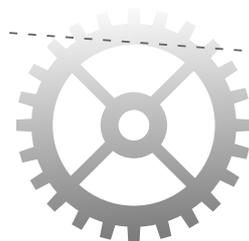
For desktop and on-site audits, the RTO is provided with an audit report within 30 days of the date the audit is conducted. The audit report is a formal record of the audit and includes the scope and details of the audit, staff involved, opportunities for improvement and any initial non-compliance identified.

For investigative audits based on specific information or a complaint/s the reporting mechanisms differ depending on the nature of the investigation. The RTO will receive a letter detailing the outcome of the investigation and any further actions required, with the due date for actions to be completed.

Where non-compliance in an audit is identified, the RTO is provided with the opportunity to rectify where possible before the final audit outcome is determined and any sanction is applied. This may include the provision of further evidence to enable a better understanding of the RTO's position regarding the reported non-compliance. A response date for the rectification evidence to be supplied is notified to the RTO with the audit report.

It is the responsibility of the RTO to meet the notified deadline. In cases where the response has not been received by the due date, and agreement has not been reached for an extension to the submission deadline, the final audit outcome is based on the initial audit findings as notified.

# APPENDIX A: TERMS AND DEFINITIONS



The following terms and definitions apply to the Audit Guide.

TERMS	DEFINITION
<b>ACT AVETMISS</b>	See AVETMISS. The ACT mandates additional compliance obligations related to AVETMISS outlined at the <a href="#">AVETMISS webpage</a> .
<b>ACT Funding Agreement (ACTFA)</b>	Contractual arrangement between the ACT Government and RTOs for the delivery of ACT Government training initiatives. RTOs must hold an approved ACTFA prior to providing any training services for government subsidised training initiatives in the ACT.
<b>ACT Government training initiative</b>	Any training initiative which is funded by the ACT Government, whether in whole or in part. Training initiatives may target specific student groups, such as equity groups and/or specific skills and qualifications. Specific contractual provisions apply for each initiative.
<b>ACT Standards for Delivery of Training (ACT Standards)</b>	Schedule to the ACTFA. Mandatory standards for RTO management and delivery of training in the ACT.
<b>ACT Standards Compliance Guides</b>	Schedules to the ACTFA which, for each training initiative: <ol style="list-style-type: none"> <li>provide direction to RTOs on how to interpret and comply with ACT Standards, and</li> <li>include additional mandatory requirements, and</li> <li>outline administrative arrangements.</li> </ol>
<b>Audit</b>	<p>A planned, systematic and documented process used to assess an RTO's compliance with the ACTFA and associated schedules including the <i>ACT Standards</i> and <i>ACT Standards Compliance Guides</i>.</p> <p>RTOs also conduct annual internal audits (see Internal Review Tool) to assess their compliance with the ACTFA, <i>ACT Standards</i>, <i>ACT Standards Compliance Guides</i> and their own policies and procedures as required under the contractual arrangement.</p>
<b>Audit Evidence</b>	Evidence obtained and recorded during an audit which is used to arrive at the conclusions on which the audit outcome is based.
<b>Audit notification advice</b>	Formal notification to the RTO that an audit has been scheduled. The notification advice includes the date of the audit and the location.

TERMS	DEFINITION
<b>Audit outcome</b>	<p>The auditor's formal opinion of the RTOs compliance status as a result of an audit. The outcome is documented against each standard audited as either compliant or non-compliant.</p> <p>The final audit outcome is determined after rectification opportunities have been provided and is considered final.</p>
<b>Audit report</b>	Formal record of the audit findings prepared by the auditor/s for desktop and on-site audits, issued to the RTO within 30 days of the audit date.
<b>Audit rectification</b>	Submission of additional information and/or evidence after the audit to address non-compliance/s and actions identified in the audit report.
<b>Audit Sanctions Matrix</b>	The Directorate's methodology for assessing the level of non-compliance of RTOs with ACT Standards and for determining a sanctioning amount based on assessed risk of non-compliance identified. The matrix may be updated and reissued to clarify requirements or assessment and calculation process as required.
<b>Audit type</b>	<p>The method used to conduct the audit. There are four audit types – Internal Review Tool, desktop audit, on-site audit, investigative audit.</p> <p>All audits are conducted as part of the scheduled audit cycle (on-cycle) or, outside of this timeframe (off-cycle).</p>
<b>Australian Skills Quality Authority (ASQA)</b>	National regulator for Australia's VET sector (excluding VIC and WA).
<b>AVETMISS</b>	Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) is the agreed national data standard for the collection, analysis and reporting of VET information in Australia. See also ACT AVETMISS.
<b>Compliant</b>	Where all audited requirements of the ACTFA, <i>ACT Standards</i> and <i>ACT Standards Compliance Guides</i> have been met, based on the evidence reviewed at audit and/or after audit rectification.
<b>Continuous improvement</b>	A planned and ongoing process that enables an RTO to systematically review and improve its policies, procedures, products and services in order to generate better outcomes for students and to meet changing needs. It allows an RTO to constantly review its performance against the ACTFA, <i>ACT Standards</i> and <i>ACT Standards Compliance Guides</i> and plan ongoing improvements to its performance.

TERMS	DEFINITION
<b>Desktop audit</b>	An audit where the RTO submits documents or information on request to be assessed as evidence for compliance with the ACTFA, <i>ACT Standards</i> and <i>ACT Standards Compliance Guides</i> .
<b>Funding at risk</b>	The total sum of money used as the basis for calculating the financial sanction applied to an RTO for non-compliant audit findings, determined by the Audit Sanctions Matrix. The funding at risk is based on 20% of the total funding amount (up to a maximum of \$400,000) paid to the RTO by the ACT Government, per funded initiative, per audited period.
<b>Internal Review Tool</b>	The mandatory tool enabling RTOs to capture and record the results of its own annual internal audit (as required under the ACTFA).
<b>Investigative audit</b>	An audit conducted in response to a concern or formal complaint received.
<b>NCVER</b>	Independent body responsible for collecting, managing, analysing, evaluating and communicating research and statistics about VET nationally. Refer to <a href="http://www.ncver.edu.au">http://www.ncver.edu.au</a> .
<b>Non-compliant</b>	Where the final audit outcome is that one or more of the requirements of the ACTFA, <i>ACT Standards</i> and <i>ACT Standards Compliance Guides</i> have not been met, based on the evidence reviewed. There are four categories of non-compliance minor, moderate, major and critical (see Appendix B).
<b>Off-cycle audit</b>	An audit that occurs outside of the scheduled annual audit program, in response to specific concerns.
<b>On-cycle audit</b>	An audit that occurs as part of the scheduled annual audit program.
<b>On-site audit</b>	An audit conducted at the RTO premises and/or at locations where it delivers training and assessment.
<b>Sanction</b>	The penalty applied to an RTO for non-compliant audit findings. The sanction outcome may be financial and/or non financial.
<b>Student population</b>	The total number of students enrolled in a specific training initiative for the audited period.

# APPENDIX B: AUDIT SANCTIONS MATRIX

Compliance rating	
<b>Compliant</b>	<ul style="list-style-type: none"> <li>• System in place. Policies and procedures are documented and followed by staff.</li> <li>• Standards are met.</li> <li>• Complete and accurate records are retained.</li> </ul>
<b>Minor non-compliance</b>	<ul style="list-style-type: none"> <li>• Policies and procedures are occasionally not followed. Services do not fully meet the standards.</li> <li>• Infrequent, minor omissions in implementation; readily correctable.</li> </ul>
<b>Moderate non-compliance</b>	<ul style="list-style-type: none"> <li>• Policies and procedures are frequently not followed.</li> <li>• One or more clauses in a standard is not met.</li> <li>• Significant time/resources are required to rectify.</li> </ul>
<b>Major non-compliance</b>	<ul style="list-style-type: none"> <li>• Policies and procedures are not consistent with the standards and/or not followed.</li> <li>• Failure to effectively and accurately record and report information.</li> <li>• Substantial time/resources are required to rectify.</li> </ul>
<b>Critical non-compliance</b>	<ul style="list-style-type: none"> <li>• No policies and procedures.</li> <li>• An entire Standard/s is/are not met.</li> <li>• Difficult or unable to rectify.</li> <li>• Students at risk.</li> <li>• Chief Minister, Treasury and Economic Development Directorate reputation at risk.</li> </ul>

Minor	Significant	Insufficient
<ul style="list-style-type: none"> <li>• Lesser in importance, seriousness, or significance</li> <li>• Small in number, quantity or extent</li> </ul>	<ul style="list-style-type: none"> <li>• Having or likely to have a major effect; important</li> <li>• Fairly large in number, quantity or extent</li> </ul>	<ul style="list-style-type: none"> <li>• Lacking in what is necessary or required</li> <li>• Not having or providing enough of what is needed</li> </ul>

# APPENDIX B1: SYSTEMS AND PROCESS EVIDENCE

Ranking of system level audit outcomes is based on, but is not limited to, the compliance findings listed in the following table.

The following table is a guide only and should not be used by an RTO as a tool to predict the potential audit rating.

## COMPLIANCE FINDING

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<p>clear, diverse information sources</p> <p>accurate and up to date published information</p> <p>approved subcontracting arrangement in place prior to delivery of services (training and/or recruitment services)</p> <p>subcontracting agreement meets ACTFA requirements</p> <p>published tuition fees match the fees published on the ACT Qualifications Register</p> <p>accurate acknowledgment of funding on promotional and/or published information</p> <p>Skilled Capital logo use is in accordance with ACT branding provisions</p>	<p>minor inaccuracies in, or omission of, required information</p> <p>material is not suitable for the target group</p>	<p>significant omission of required information</p> <p>incorrect, inaccurate, inconsistent or fraudulent information</p> <p>subcontracting agreement missing mandatory terms and conditions</p> <p>subcontracting arrangement approved after commencement of services</p> <p>information is not supplied to relevant parties</p> <p>Skilled Capital logo is not used in accordance with ACT branding provisions</p>	<p>unethical marketing practices</p> <p>no evidence of promotion and/or published information</p> <p>subcontracting arrangement not approved</p> <p>published information does not advise students of subcontracted services</p>	
<b>Promotion and Publications</b>				
<b>1.1</b>				

# APPENDIX B1: SYSTEMS AND PROCESS EVIDENCE

		Compliance finding				
Compliant		Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance	
0		1	2	3	4	
1.2	Data Collection and Reporting	AVETMISS compliant enrolment form template and student management system	one or more elements omitted from the AVETMISS standard questions on the enrolment form template and/or student management system	one or more AVETMISS standard questions omitted from the enrolment form template and/or student management system	no enrolment form template student management system used is not AVETMISS compliant	AVETMISS compliant student management system not in use
	Records Management	records are systematically managed and maintained RTO complies with all relevant legislative requirements relating to records management all training and assessment records relating to the ACT Standards and delivery of training and assessments services are retained for 7 years		record keeping system does not meet ACT requirements omission/errors in documented process for managing ACT records		no records retained
1.3						

# APPENDIX B1: SYSTEMS AND PROCESS EVIDENCE

Compliance finding		Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
		<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
		internal review tool complete and supporting evidence available; access given to relevant files and student records evidence submitted within required timeframes organisation is cooperative with the audit process	one or more elements not completed in the internal review tool	one or more questions not completed in the internal review tool internal review tool/ supporting evidence not submitted within required timeframe supporting evidence not prepared inconsistencies between internal review tool and supporting evidence	internal review not completed and/or submitted Directorate staff and/or representatives not provided access to relevant files and student records at the time of request	Directorate staff and/or representatives denied access to relevant files and student records
<b>1.4</b>	<b>Compliance</b>	RTO has applicable scope of registration foundation skills subcontracting agreement in place with RTO that has applicable scope of registration documented strategy for managing transition and teach-out documented strategy for managing changes to training operations	minor omission/errors in documented strategies minor omission/errors in foundation skills agreement	qualification in-transition not managed within 12 months significant omissions/errors in foundation skills subcontracting agreement documented strategies to manage transition, teach-out or changes do not cover all requirements	no documented strategies to manage transition, teach-out or changes to training operations no subcontracting agreement/arrangements documented strategies not followed	
<b>2.1</b>	<b>RTO Eligibility</b>					

# APPENDIX B1: SYSTEMS AND PROCESS EVIDENCE

		Compliance finding				
	Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance	
	0	1	2	3	4	
2.2	Student Eligibility	documented process for assessing student eligibility	minor omission/errors in documented process	documented process does not cover all eligibility requirements	no process in place to assess eligibility of students	
2.3	Fees and Charges	fees and charges published fee waiver/concession process documented	minor omission/errors in published fees and charges minor omission/errors in the documented process for a fee waiver/concession	significant omission/errors in published fees and charges significant omission/errors in the documented process for a fee waiver/concession	fees and charges not published no documented process for a fee waiver/concession	
2.4	Initial Skills Assessment	documented process/strategy for conducting an LLN assessment and determining the ACSF level of the student documented strategy for providing contextualised foundation skills training	minor omission/errors in documented process/strategy for LLN assessment and/or contextualised foundation skills	significant omissions in documented process/strategy for LLN assessment and/or contextualised foundation skills training	no documented process/strategy for LLN assessment and/or contextualised foundation skills training	
2.5	Recognition	documented policy and procedure for offering, assessing and applying RPL and credit transfer	minor omission/errors in documented policy and/or procedure	significant omission/errors in the documented policy and/or procedure	no documented policy and/or procedure	

# APPENDIX B1: SYSTEMS AND PROCESS EVIDENCE

Compliance finding					
	Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
2.6	documented process for completing and maintaining a training plan compliant training plan template	minor omission/errors in documented process minor omissions/errors in the training plan template	significant omission/errors in the documented process significant omission/errors in the training plan template	no documented process no training plan template	
2.7	policy and strategy documented documented policy for providing information on training and assessment to each student/employer training record book meets ACT requirements	minor omission/errors in documented policy and/or strategy and/or training record book	significant omission/errors in the documented policy and/or strategy and/or training record book	no documented policy and/or strategy and/or training record book	
2.9	master copies of assessment tools for each unit of competency or cluster of units assessment tasks mapped to each unit of competency	minor omission in the assessment tools e.g. error in unit code/name minor omission/errors in the mapping of assessment tasks to each unit of competency	significant omission/errors in the assessment tools e.g. missing elements or performance criteria significant omission/errors in the mapping of assessment tasks to each unit of competency	no master copies of assessment tools no mapping of assessment tasks to each unit of competency	

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
documented process for issuing a qualification certificate or statement of attainment	minor omission/errors in the qualification certificate and/or Statement of Attainment template	significant omission/errors in the documented process	no documented process	
qualification certificate and statement of attainment templates meet the Australian Qualifications Framework and if applicable, training initiative requirements	minor omissions/errors in the qualification certificate and/or Statement of Attainment template	significant omission/errors in the documented process	significant omission/errors in the qualification certificate and/or Statement of Attainment template	
Issuance of Certificate or Statement of Attainment				
2.11				

## APPENDIX B2: STUDENT FILE EVIDENCE

Ranking of student file audit outcomes is based on, but is not limited to, the compliance findings listed in the following table.

The following table is a guide only and should not be used by an RTO as a tool to predict the potential audit rating.

Compliance finding		Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
1.1 Promotion and Publications	0	Compliant	2	3	4
		information outlining subcontracting arrangements is provided to students and, where applicable, the employer prior to finalisation of enrolment	insufficient information on subcontracting arrangements provided to students and, where applicable, the employer information on subcontracting arrangements is provided to students after finalisation of enrolment	student, and where applicable, the employer, is not provided with information on subcontracting arrangements	

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<p>completed AVETMISS compliant enrolment form</p> <p>student management system contains full, correct and current AVETMISS information</p> <p>training activity accurately reported within specified timeframes</p> <p>AVETARS student record created after eligibility requirements have been met and the student has accepted the enrolment</p> <p>NOB accepted within 14 days of notification</p>	<p>omission of AVETMISS data collected on the enrolment form or SMS is less than 20% (i.e. 3 out of 18 questions)</p> <p>minor omission/errors in reported information</p> <p>NOB not accepted within 14 days of notification</p>	<p>omission of AVETMISS data collected on enrolment form or student management system and/or in reported information exceeds 20% (i.e. 4 or more questions)</p> <p>incorrect, inaccurate AVETMISS data/records</p> <p>student enrolment form not signed and/or dated</p> <p>reporting does not meet Administrative Arrangements</p> <p>student completion/cancellation not reported within required timelines</p> <p>enrolment form not completed during the enrolment process</p>	<p>no enrolment form</p> <p>AVETMISS data not collected or recorded in an AVETMISS compliant student management system</p> <p>AVETARS student record created prior to obtaining a valid enrolment</p>	
<b>1.2</b>				
<b>Data Collection and Reporting</b>				

# APPENDIX B2: STUDENT FILE EVIDENCE

		Compliance finding				
		Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
1.3	Records Management	0	1	2	3	4
		complete, accurate and current student file records established	student file records are incomplete and/or inaccurate and/or not current	a student file record has not been established student not enrolled in SMS	no records	
2.1	RTO Eligibility	0	1	2	3	4
		students are transferred to new/replacement qualification within the approved transition timeframe students, employers and other stakeholders advised how training package changes impact on their enrolment student issued with Statement of Attainment when RTO ceases training delivery	training package changes not discussed/ notified to employer and other stakeholders	training package changes not discussed/ notified to student variation to training contract is not submitted proposed transition arrangements and/ or a status report not provided to the Directorate when RTO ceases delivery	student is not transferred to new/replacement qualification before transition period lapsed student is not issued with Statement of Attainment within 30 days of RTO ceasing training delivery	

# APPENDIX B2: STUDENT FILE EVIDENCE

		Compliance finding				
		Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
		<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
2.2	Student Eligibility	eligible students enrolled evidence of eligibility collected prior to finalisation of enrolment		eligibility requirements met after the finalisation of enrolment evidence of eligibility collected after finalisation of enrolment		ineligible student enrolled no evidence of eligibility eligibility evidence records do not satisfy all eligibility requirements
	Fees and Charges	correct fees and charges collected fees and charges records retained completion payment eligibility information provided to students prior to enrolment Directorate notified of negotiated fee (AA only)	evidence supporting fee waiver/concession is not obtained prior to finalisation of enrolment students provided with completion payment eligibility information after enrolment minor omission/errors in information provided to students negotiated fee not notified to the Directorate within the required timeframe	insufficient records of fee collection / waivers/ exemptions students charged incorrect fees fee information not provided to students prior to enrolment completion payment eligibility information not provided to students negotiated fee not notified to the Directorate significant omission/errors in information provided to students	no records of fee collected / waivers / exemption	
2.3						

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
initial skills assessment conducted and evidence retained	incomplete information in the initial skills assessment e.g. full name missing, not signed LLN skills assessment does not include a language or literacy or numeracy component ACSF level not determined prior to commencement of training	initial skills assessment does not cover all elements: omission of RPL/CT, LLN or additional support needs assessment initial skills assessment not conducted and/or documented prior to commencement of training initials skills assessment not dated where required, actions or strategies to address student needs have not been identified LLN assessment result is not aligned with the ACSF ACSF level 1-5 is not recorded on the initial skills assessment foundation skills and/or delivery details omitted from training plan	initial skills assessment not conducted or documented	
<b>Initial Skills Assessment</b>				
<b>2.4</b>				



# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
0	1	2	3	4
compliant training plan retained on file	<p>minor omissions/errors in one or more of the following: qualification details, student details, employer details, RTO details, type of AA on the training plan</p> <p>minor errors in unit code/s and/or title/s i.e. error in unit codes/names, unit versions incorrectly identified</p> <p>minor omissions/errors in the training delivery information i.e. start/end dates missing for some units, identification of RPL/CT, foundation skills training commencement date recorded on training plan is not consistent with actual commencement of training</p>	<p>training plan inconsistent with specifications</p> <p>significant omissions/errors in information i.e. incorrect units, wrong qualification, foundation skills training, incomplete training and assessment strategy</p> <p>training plan not signed or dated by the student and/or RTO and/or employer</p> <p>training plan agreement declaration is unchecked</p> <p>training plan not completed prior to training commencement; or within 8 weeks of NOB or creation of the AVETARS student record</p> <p>training plan not provided to student or employer within required timeframe</p>	<p>training plan not completed</p> <p>training plan not completed for updated, new or replacement qualification</p>	

Training Plan (continues next page)

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
0	1	2	3	4
	<p>training/assessment methods identified are not consistent with training delivered and assessment conducted</p> <p>revised training plan is not consistent with specifications</p> <p>core and/or elective units not identified</p>	<p>evidence of training plan amendments not retained</p> <p>amendments to training plans have not been documented and/or agreed by all parties</p> <p>none or not all elements of the employer capacity to support training have been checked</p> <p>employer capacity assessment conducted after completion of the training plan</p> <p>issues not notified to the Directorate within the required timeframe</p> <p>training plan not reviewed and/or updated within the required timeframe</p>		
2.6				
Training Plan (continued)				

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<p>training commences within the prescribed timeframe</p> <p>training and assessment information, training materials and the training record book are provided within the prescribed timeframe</p> <p>training delivery is supported by evidence of participation</p>	<p>minor omission/errors in evidence of participation records e.g. error in unit code/name</p>	<p>training delivered is not consistent with the delivery strategy and/or training initiative and/or training plan</p> <p>provision of training and assessment information and/or training materials/ training record book not documented or retained</p> <p>incomplete or significant omission in evidence of participation records e.g. student and/or unit and/or date not identified</p> <p>units of competency with an elapsed time of delivery of more than one month are not supported by two points of evidence of participation</p>	<p>training has not commenced within the prescribed timeframe</p> <p>training and assessment information and/or training materials and/or training record book not provided to the student and/or employer</p> <p>no evidence of participation for less than 100% of completed or withdrawn units</p> <p>training is not in accordance with the relevant training package</p>	<p>no evidence of participation records for 100% of completed or withdrawn units</p> <p>payment claims are not supported by evidence of participation</p>

Training Delivery and Participation (continues on next page)

2.7

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
0	1	2	3	4
		training materials and/or training record book not provided to the student and/or employer within the prescribed timeframe training record book does not meet ACT specifications	employer solely responsible for delivering more than half of the selected units employer training delivery not supported by the RTO	
Training Delivery and Participation (continued)				
2.7				

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding		Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>Compliant</b>					
<b>0</b>	student progress regularly monitored, supported and documented employers and the Directorate notified of any issues that may impact on a successful outcome records that support the provision of funded additional support services are retained	1 minor omission/errors in contact records minor omission in additional support funding and/or wrap around services and/or work experience placement records contact with the AA exceeds required timeframe by 1 month	2 insufficient records of visits/contacts and/or additional support contact with the AA exceeds required timeframe by 2-3 months contact with the AA employer exceeds required timeframe by 6-8 months records of visits/contacts are not signed or verified by RTO representative records do not detail issues discussed and/or outcome achieved insufficient records to support provision of funded wrap around services and/or work experience placement records (including Work Experience Placement Agreement)	3 contact with the AA exceeds the required timeframe by 4 months or more contact with the AA employer exceeds the required timeframe by 9 months or more records of visits/contacts are not dated no records to support the provision of funded additional support and/or wrap around services and/or work experience placement (including Work Experience Placement Agreement)	4 no records of support and monitoring for the AA

Support and Monitoring (continued on next page)

2.8

## APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
0	1	2	3	4
		<p>AAs access to minimum contract hours for undertaking structured training and assessment is not monitored by the RTO</p>		
2.8				
Support and Monitoring (continued)				

# APPENDIX B2: STUDENT FILE EVIDENCE

Compliance finding				
Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<p>completed assessment items and records are retained</p> <p>up to date summary assessment records identify progress against each unit of competency</p>	<p>minor omission in the assessment tools i.e. error in unit code/name</p> <p>assessment methods are not consistent with the training plan</p> <p>minor omission in summary assessment record</p>	<p>misused or incomplete assessment tools and/or records</p> <p>insufficient assessment evidence</p> <p>assessment tool unit/result date does not match reported unit/result date</p> <p>no evidence of engagement and support of competence from the employer at the unit level</p> <p>significant omission in summary assessment record</p> <p>assessment practices/tools inconsistently applied</p> <p>final agreement is not signed and or dated by all required parties</p> <p>final agreement executed after qualification issuance</p>	<p>no evidence of an underpinning knowledge or practical skills assessment</p> <p>no evidence of a final agreement that competence has been achieved in the workplace before the qualification has been issued</p> <p>RTO unable to produce summary assessment record</p>	<p>no evidence of assessment</p>

Assessment

2.9

## APPENDIX B2: STUDENT FILE EVIDENCE

		Compliance finding				
		Compliant	Minor non-compliance	Moderate non-compliance	Major non-compliance	Critical non-compliance
		0	1	2	3	4
2.10	Completion	student completions reported accurately	minor omission/errors in data entry i.e. error in unit code/name	reported information is incorrect, inaccurate or not current	student completion not reported due to non-payment of fees	
2.11	Issuance of Qualification Certificate and Statement of Attainment	AQF and ACT compliant qualification certificates/statements of attainment issued within the required timeframe and evidence retained compliant supporting statement issued for apprentices	minor omission/errors in the AQF wording on the qualification certificates/statement of attainment i.e. word missing	incorrect result recorded on 'record of results' qualification certificate/statement of attainment is not AQF compliant supporting statement requirements not met error in date-deemed-competent	incorrect unit/s of competency identified on qualification certificate/statement of attainment incorrect qualification issued i.e. incorrect qualification code/name qualification certificate/statement of attainment not issued within required timeframe qualification certificate/statement of attainment supporting statement not issued	



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