

ASQA's new audit approach
Evaluation Report:

Key Findings and Recommendations

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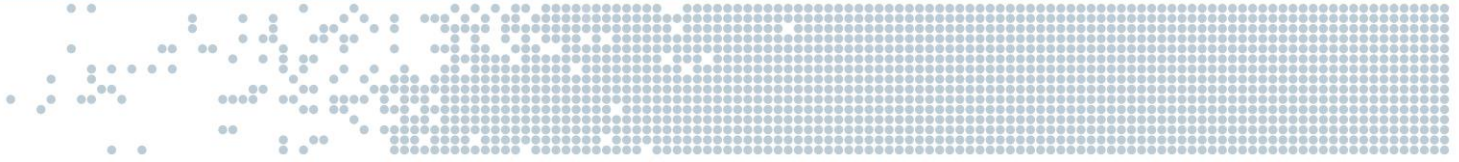
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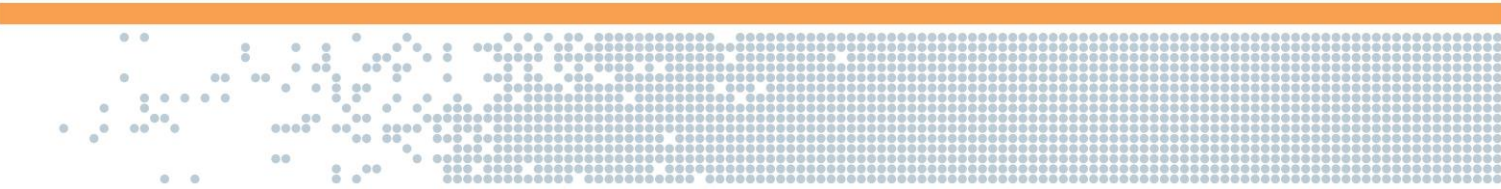


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Note

This report on Key Findings and Recommendations is adapted from the full Evaluation Report on ASQA's new audit model - initial implementation phase, prepared by Margo Couldrey of Lista for the Australian Skills Quality Authority (ASQA), December 2016.



Key findings and recommendations

1. The time is right for roll out

The initial implementation phase of ASQA's new audit approach has told us it is effective and ready to commence roll out across the organisation. The evaluation has found that there are challenges but overall the positives outweigh the challenges which are all manageable.

All the key features of the new approach have been tested during the initial implementation phase and are supported by those involved in the testing including:

- A focus on the student experience in scoping the audit and reporting outcomes
- A focus on past practices and behaviours by RTOs, rather than systems and processes
- Improved use of risk intelligence including a risk dashboard and profile
- More comprehensive pre-audit research including intelligence from other government agencies
- Increased student input to audits through surveys, interviews and focus groups
- More customised audit scope based on provider profile
- A requirement to address the impact caused to students where non-compliances are identified
- More timely and efficient regulatory actions.

The initial implementation phase has found, in particular, that a greater focus on the student experience and the RTO's practices, are effective in identifying evidence of behaviours that lead to poor quality student outcomes. Just as the time was right for ASQA to strongly signal a changed approach to audit in early 2016, the timing following the testing of the approach has never been better to roll out the regulatory approach focused squarely on high quality student experiences.

Auditors report widespread support for the new approach in the RTO community and a high level of expectation. The focus on the student is what RTOs see as most valuable with some RTOs saying they are proud to show their student's journey. This is the message that will help to 'sell' the new approach.

ASQA is ready to commence roll out. It has spent a full year researching, developing and testing the approach with each stage carefully planned and executed. Challenges included the need to refine tools and build further competence and capability but there is nothing to be gained to delaying roll out as addressing these challenges will only be achieved with practice.

Recommendation 1: New audit approach roll out

It is recommended that the ASQA notes the new audit approach, including all key features tested, is ready for roll out and agrees to proceed with implementation across the organisation in early 2017.



2. The value of pre-audit research and risk intelligence

The new pre-audit research methodology and tools are effective in targeting behaviours and practices of concern.

Auditors consistently report that greater effort upfront in pre-audit research and planning using a wider range of provider information and intelligence enables the audits to be more effectively targeted at areas of potential concern.

The risk intelligence data base is being continuously developed and sharpened and will increase in effectiveness over time. Auditors will need ongoing support to build capability in analysis of the intelligence so it is used to its full potential to assess risk and scale audits accordingly.

This issue is addressed in recommendation 6.

3. Site audits based on the student experience are more powerful

The new audit approach and associated guidance are effective in detecting behaviours and practices of concern at audit but the tools and guidance need refinement and will be continuously improved based on practice and experience.

Auditors report that the focus at audit on gathering evidence of the student experience along the student journey based on careful pre-audit research to identify potential areas of concern enables more effective detection of poor RTO practice and behaviour. What makes the site audit so powerful is the conversation the auditor has with the RTO about student experience and about the RTO practice.

“We are focusing on what’s important”. (auditor)

Some RTOs interviewed by the evaluator also expressed enthusiasm for the new approach and the centrality of students.

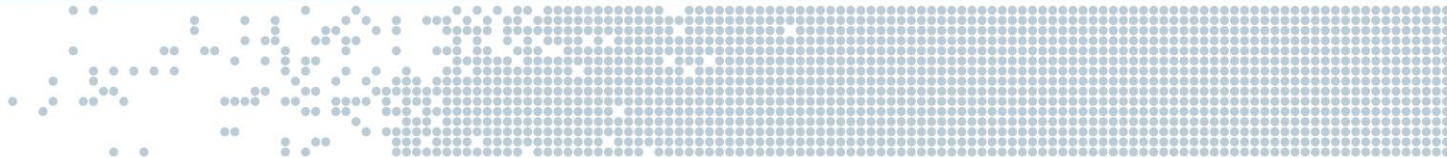
“I applaud this aspect. The new model is much better. It focuses on the RTO delivery of a quality product rather than a compliance product”. (RTO)

“They were looking for us to meet the spirit of the Standards. It was a holistic approach and a pleasant experience”. (RTO)

“It (the audit) was definitely focused on practice and the student journey. The individual students were followed through”. (RTO)

Auditors could readily identify improvements to the content of the tools and guidance (the Toolbox) based on use during audits. Further guidance about the type of evidence and examples that demonstrate RTO practice and behaviour should continue to be developed based on experience in applying the new approach.

Useability of the Toolbox is a key issue that needs priority attention during implementation and this is addressed in recommendation 5.



4. Student surveys and interviews build the evidence base but there are challenges

The new audit approach is effective in including the student experience (student interviews and surveys) as an indicator of behaviours and practices of concern but this feature needs further development and will take time to embed in organisational practice.

Auditors report that the inclusion of student experience and input using student surveys and interviews was a useful indicator of RTO practice to inform audit scope, to identify student files to be examined at audit and students to be interviewed, and to validate audit findings. However they emphasised it must be placed in the overall context of the risk picture as the feedback can be misread.

The online student survey offers the opportunity to benchmark RTO responses over time and therefore potentially has significant long term value to ASQA. RTOs are also keen to access the results. A number of suggestions were made for improvements to the content of the student survey. These improvements should be considered in continuous improvement of the Toolbox while maintaining a degree of consistency so the survey can be used for benchmarking over time.

Some challenges were experienced in administration of the student survey although these are likely to be resolved with experience and adjustments to the process. Several RTOs who were interviewed by the evaluator found the process burdensome but this was mainly due to the short timeframes in which they were requested to provide student information rather than the volume and type of information and format required. This was a consequence of the short lead times for the initial audits and can be addressed in future through more timely requests. Similarly the short lead time meant some survey results were unavailable to auditors prior to the first round of audits.

These challenges, options for future administration of the student survey, and potential improvements to content are addressed in section 9.4.

ASQA's research has found that contemporary good practice regulatory models include client or consumer input as a key feature to validate good practice or provide evidence of poor behaviour.

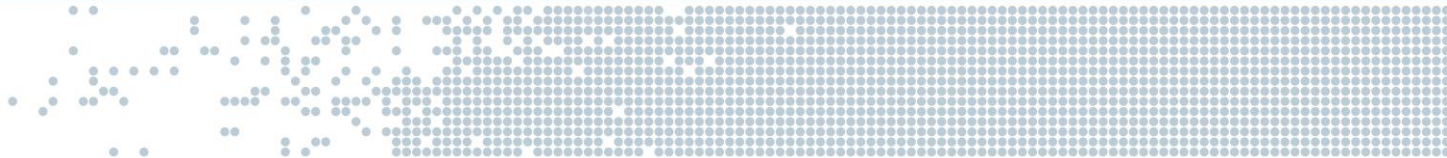
Students interviewed by the evaluator without exception confirmed the value of seeking their feedback about their training experiences as a way to check and monitor provider quality.

It is therefore considered important to maintain student input via surveys and interviews as a central feature of the new audit approach as it is considered a beneficial use of resources that contributes significantly to the evidence base. However as both student surveys and student interviews might not be necessary or appropriate in some circumstances it is proposed that there be a level of discretion in relation to the practice.

Recommendation 2: Student input as a key feature

It is recommended that:

- Student input via student interviews and student surveys continue to be a key feature of the roll out of the new approach
- Online student surveys be generally conducted in relation to all audits
- Student interviews are conducted in cases where pre-audit research and/or student surveys have identified a provider with a high risk profile.



5. Interviewing trainers and assessors and observing training is important to confirm practice

Auditors who were able to observe training in progress and to speak to trainers found it very valuable to validate that practice matched paperwork and stressed the importance of obtaining timetabling information in advance to enable such observation and interviewing.

“It really showed me how auditing practice versus paper works“. (Auditor)

This was confirmed by one RTO interviewed by the evaluator.

(The auditor) looking at the training going on was an important part of the new system. It's not just focused on paperwork. (RTO)

However two RTOs interviewed by the evaluator indicated that trainer interviews as part of the new approach was not made clear to them in advance. One had trainers doing delivery offsite and some new trainers who were available on site were quite daunted by the process. They advised that had they been advised in advance they would have alerted staff that they might be called for interview.

Another RTO indicated they rang and asked the auditor whether trainers would be required and were given an unclear response. Clearer advice would mean the RTO could ensure staffs are available.

Recommendation 3: Trainer and assessor input as a key feature

It is recommended that:

- Trainer and assessor interviews be maintained as a key feature of the new approach where auditors judge it will add value to the evidence base
- Clearer information be provided to RTOs in fact sheets and in pre- audit templates about trainer input as a key feature of the new audit approach.

6. Timeliness of regulatory responses

Whether the new audit approach increases timeliness of response (how long it takes to finalise audits under the new approach compared to the current approach) when poor behaviours and practices are identified is inconclusive at this point in time because most of the audits in the initial implementation phase were not finalised at the time of writing this report.

This is due to the scheduling of audits into three successive rounds to allow for reflection on learnings. Other factors potentially contributing to additional time taken to finalise audits include the need for auditors to adjust to the new approach and tools, and the requirement for RTOs to identify impacts on students of non-compliances. While the addition of this feature may mean audits take longer to finalise, the requirement for RTOs to assess impact on students and take remedial action is key to more effective regulation. RTOs will no longer be able to fix systems without addressing the impact of poor practice.

It should also be noted however that timeliness of response has been improved in some audits by the key feature of the model which has removed non-mandatory rectification periods. This issue is addressed in section 10 of the report.



7. Achieving consistent outcomes

Only practice, time, and ongoing professional development and organisation-wide moderation will build capability to assure consistent outcomes.

Key to the new approach is the reduction or expansion of the scope and scale of audits to reflect the risks assessed during pre-audit research and analysis of intelligence – this means that audits are customised by the number of qualifications audited, and whether students and/or trainers are interviewed. This is critical if ASQA is to effectively apply resources to the highest risk providers and to create efficiencies from the new approach, so that it is proportionate, scalable and sustainable in the long term.

A second key feature is the requirement that RTOs identify and rectify any impact on students of non-compliances. This will require auditors to exercise judgements in their reports about what are proportionate and reasonable requests to RTOs to rectify impact. This feature is seen as very important because it places the onus on RTOs to not only fix their systems and practice going forward but to identify and address the negative impacts of their poor practice in the past.

However ASQA needs to be confident that these significant new features would have consistent outcomes if it were to be applied to the same RTO by different auditors.

Auditors will need time and practice in making the professional judgements required to ensure consistency in an approach that permits audits to be customised to risk and that requires proportionate considerations of redress of impact.

In a sample of 20 audits there was insufficient opportunity to practice the judgements required by these features. However auditors see customised scoping and targeting of audits as a key positive feature of the new approach.

There is a particular need to develop the confidence and capability to scope a narrow and shallow audit where low risks are identified through the risk intelligence tools and data. This will be especially important to achieve the efficiencies envisaged by the new approach and to avoid the practice of adopting a default position where customisation always equates to expanded scope.

Robust guidance and tools to provide a consistent decision making framework and ongoing professional development to moderate judgements will be critical in implementation.

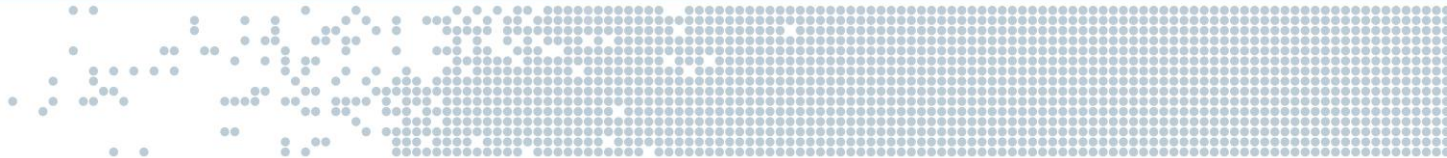
The issue of developing capability in applying these two features of the new approach has been addressed in recommendations 4 and 5.

8. Good practices have been identified

A number of good practices or potential improvements have been learnt from the initial implementation phase to enhance sustainability and successful implementation.

The initial implementation phase has modelled ASQA as a learning organisation which is willing to innovate and trial new practices using a sound change management approach. This reflective and experiential learning process has informed continuous improvement of auditor practice and the regulatory tools. If a similar process is adopted during the rollout it can be expected to generate significant organisation-wide benefits as well as enhancement of ASQA's reputation externally.

The development and trialling of the new approach has fostered significant cross organisational collaboration and understanding that will continue to benefit ASQA and help to reinforce organisational and not just Regulatory Operations ownership of the audit approach.



The approach has at its core a reliance on the professional judgement of auditors and the initial implementation phase has affirmed this feature as a key opportunity which they have embraced. However there is an acknowledgement that not everyone will feel comfortable with this feature and there will need to be support to build confidence in using the new approach.

Recommendations related to building on the identified good practices are made in section 9.

9. A number of priorities have been identified for roll out

The evaluation was asked to identify good practices or potential improvements learnt from the initial implementation phase to enhance the sustainability and successful roll out and implementation of the new approach.

A number of priorities have been identified to be considered in the implementation plan for the roll out.

The issue of sustainability of the new audit approach is addressed separately.

9.1 Further development of the Toolbox

The Auditor Toolbox requires continued development and investment if it is to deliver further benefits.

Priorities for development fall into three categories.

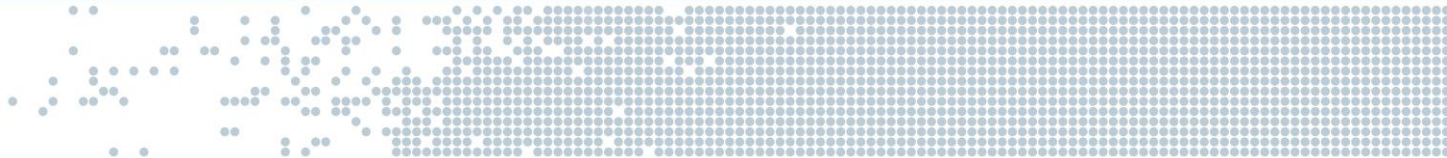
1. Useability and accessibility

Auditors report that the documents are cumbersome and hard to use at site audit and result in double handling of information. Other regulators have developed web based tools accessible on mobile devices which pre-populate fields avoiding as much free text as possible. An investment in this priority will deliver significant efficiencies for ASQA. The tools also provide a framework for consistent decision making and increasing their useability will support auditors to more readily embrace the new audit approach, the tools and new ways of working.

2. Content of the Toolbox

Testing by auditors has identified a number of gaps which should be filled as a priority including:

- Extending the audit tools so they are fit-for-purpose for CRICOS, ELICOS and initial audits. Auditor advice is that the current tools, with the focus on provider practice, the student experience and the student journey can and should be adapted to cover all audits, noting that in relation to initial audits, the focus will be on a hypothetical student journey.
- Guidance materials to support RTOs in understanding the new audit approach and in managing their own compliance. In particular:
 - > The current Users' Guide should be adapted to reflect the new audit approach and the student journey
 - > A self-assessment tool. The research phase of the project identified self-assessment as a key feature of contemporary risk based regulatory models as a tool to build a compliance culture. A self-assessment tool aligned to the RTO practice and student experience approach could provide support for RTOs in improving their practice and add value to the Annual Declaration



on Compliance. Auditors also propose that the Annual Declaration on Compliance be recast to reflect the student journey so it aligns with ASQA's new approach.

- > Clearer advice in fact sheets about all the features of the audit approach. As mentioned earlier some RTOs interviewed by the evaluator felt information about trainer and assessor input was not clear in the materials. RTOs also indicated they would like to receive clearer information at exit meetings about next steps and timelines.

Further guidance and illustrative case studies for auditors in relation to scaling audits based on risk assessments and in good practice at site audit.

3. Presentation of the Toolbox

The Auditor Toolbox is a powerful representation of ASQA's new audit approach. Feedback during the initial implementation phase consistently stressed the need for a single audit approach and a single set of tools to cover all types of audits and all types of providers. At some point in accordance with the implementation plan under development, the current Toolbox needs to be branded and presented as ASQA's Audit Toolbox, replacing all other tools and reporting documents.

Recommendation 4: Investment in the Audit Toolbox

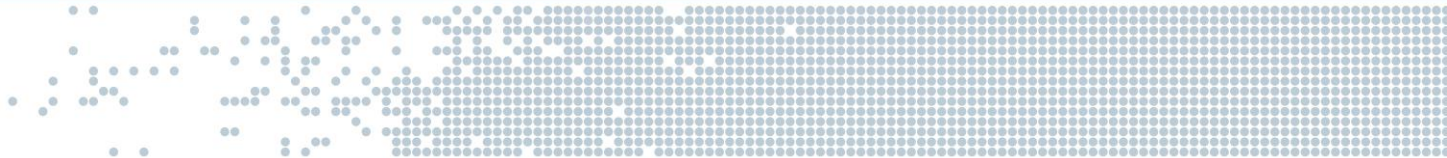
It is recommended that high priority be given to investment in further development of the Toolbox in the following areas:

- Web-enabled to maximise useability and efficiency
- Further content to address identified gaps and improvements; and
- Presentation as ASQA's Audit Toolbox, to replace all other tools and reporting documents, ready for full implementation of the new audit approach.

9.2 Building organisational capability

Auditors suggest that the capabilities required for the new audit approach are not different capabilities but rather are applied in different ways. Nevertheless given the new features that characterise the approach there are a number of tasks which are new or different and which will require practice and reflection, specifically:

- More pre-audit research to analyse data and risk intelligence and determine risks
- Scaling audits in accordance with risk assessments
- Identifying and gathering evidence of RTO practice and student experience
- Writing audit reports against the student experience, including making decisions about proportionate and reasonable requests to rectify impact of non-compliances; and
- Using the new tools.

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- The initial implementation phase has established a template for building capability and consistency that can be broadened for the roll out to reach all auditors including panel auditors, with the key elements of:
 - Lead and assistant auditor approach to provide support and build confidence. While this is more resource-intensive approach it is a key way to build consistency and 'spread' knowledge of how the audit approach works in practice. To maximise benefits during roll out it is suggested that the implementation plan consider partnering of lead and assistant auditors across office locations.
 - Workshops to reflect on experience, moderate decisions, build professional judgement, and continuously improve tools.

This approach could be taken a step further with the establishment of a community of practice, potentially sponsored and championed by the Managers of Regulatory Operations to provide online interaction, collective learning, and moderation.

Recommendation 5: Building capability

It is recommended that the implementation plan for roll out of the audit approach include a cross-organisational professional development and moderation strategy to support consistent decision making and outcomes.

9.3 Use of risk intelligence to select RTOs for audit

It was initially envisaged that the initial implementation phase of the new audit approach would test the selection of RTOs for audit based on risk assessment using the new risk intelligence tools (dashboard and provider profile). However the initial implementation phase was instead used to support management of ASQA's existing workload by selecting RTOs from the existing audit queue.

The use of risk intelligence to identify priorities for audit is a key feature of the risk-based regulatory approach which aims to apply resources to the highest risk areas. The next phase of roll out could test how the risk intelligence tools can be used to more effectively identify and target those RTOs with a high risk profile and to make decisions about which RTOs should be prioritised for audit. A collaborative approach between the Risk Intelligence and Regulatory Operations teams will also serve to build auditor capability in effective use of the risk intelligence data base to scale and scope audits, particularly as the risk intelligence tools are becoming more sophisticated over time.

Recommendation 6: Greater use of the risk intelligence data base

It is recommended that the Risk Intelligence team lead collaboration with Regulatory Operations to test how the risk intelligence data base (dashboard and provider profile) can be used to identify RTOs at greatest risk of delivering poor quality outcomes to be prioritised for audit.



9.4 The student survey – administration and improvements

The initial implementation phase tested use of an on-line survey tool for which ASQA holds a licence and tested two ways to issue the survey to compare efficiency, response rates and quality of information obtained:

- In the first method ASQA contacted students using information supplied by RTOs (13 RTOs).
- In the second method ASQA asked RTOs to email all or a sample of their students using a template email containing a survey link (6 RTOs).
- No survey was issued to one RTO who was found to have no students yet.

In both cases, the RTO can select the students but the sampling methodology provided to the RTO is designed to ensure the sample is random and to stop the RTO from 'cherry picking students'.

Challenges

The key challenge was the quality of the data provided by RTOs. Despite being provided with clear instructions, several:

- Provided duplicate students in their data (students enrolled in more than one unit or qualification),
- Did not provide student contact details in some instances
- Did not include correct training product codes and titles
- Did not provide data in the template supplied or in the format specified.

In future RTOs can be asked to fix errors but for the purposes of the initial implementation phase ASQA 'cleaned' the data which used additional resources. Out of the ASQA administered surveys, there were only four in which there were no problems with the data.

Response rates

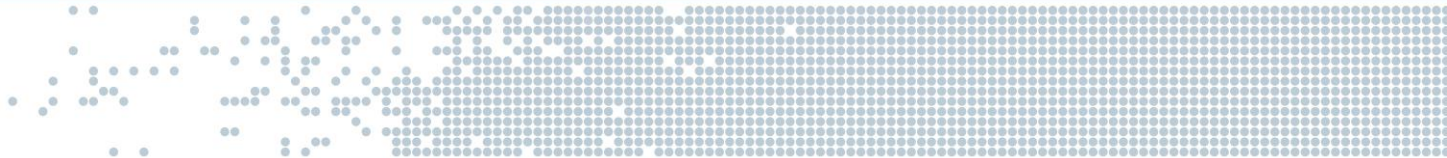
Response rates for the ASQA issued method were better. Under this method, 6766 students were surveyed with an average response rate of 12 per cent (with the minimum response rate for an RTO being 3 per cent and the maximum response rate being 25 per cent.)

Of the RTO issued surveys 4744 students were surveyed with an average response rate of 4 per cent (with a minimum response rate for an RTO of 3 per cent and maximum response rate of 22 per cent).

RTO feedback

Of the 5 RTOs interviewed by the evaluator one issued the survey to their students and four participated in the ASQA issued method. The former indicated that insufficient lead time was provided for the issuance of the survey so that impacted on response rates. However, setting aside the time issue, they did not see the survey administration as burdensome and reported that the process was easy.

Of the four RTOs interviewed who participated in the ASQA issued method, two had concerns:

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- One said the lead time was extremely short and required staff to be taken off line to extract and prepare the data. This was very arduous but if sufficient time was provided they would not see an issue. They considered the student survey contents to be easy and clear for students.
 - The second indicated the survey was not completed in time to inform the audit and indicated they would told 'it would not make a difference'. Their concern was firstly that the survey should be done earlier and secondly that the results should inform the audit and be made available to the RTO.

Survey methods

The benefit of an ASQA administered survey is that the data relating to information requested in relation to each student is attached to each student's responses and therefore is accurate and can be used to provide auditors with more detailed reports, for example, a breakdown of the result by training product.

The provider administered survey (due to limitations of how it is administered), means ASQA needs to ask the student for this information and the survey results identified these were not correct in many cases, reducing the utility of the survey.

Improvements to survey contents

A number of suggestions were made for improvements to the student survey to include questions relating to delivery modes and assessment methods and to clarify what is meant by 'incentives' offered by RTOs as it was clear this question was open to a number of interpretations. These improvements should be considered in continuous improvement of the Toolbox while maintaining a degree of consistency to ensure it can be used for benchmarking over time.

Recommendation 7: Administration of the student survey

It is recommended that:

- The student survey continue to be administered by ASQA in the roll out of the new audit approach but the option for outsourcing administration be investigated for feasibility
- Potential improvements to survey contents are considered in the refinement of the Toolbox during the next phase of implementation.



10. Sustainability of the new approach

The evaluation seeks to establish whether the new audit approach is sustainable in the long term. There are two aspects to sustainability:

- Whether the new approach can be adopted within current resources and perhaps even deliver efficiencies, and
- Whether momentum can be sustained through implementation, leading to long term cultural shifts in the way the regulatory approach is seen and applied.

10.1. Resourcing and efficiency

A proxy for the efficiency of the new audit approach is comparing auditor time taken under the current approach with auditor time taken in the initial implementation phase. Auditors were asked to maintain timesheets during the initial implementation phase and this enabled a comparison to ASQA's benchmarking data for audits under the current approach. It is important to note that data is limited given the small size of the initial phase and the fact that many audits are still to be finalised. Care should therefore be taken in reading the findings.

Results of analysis

Significant findings from the data comparison between the new and current approaches are:

- Of the 7 finalised audits under the new approach, time taken is either comparable or significantly better than under the current model. In one instance time taken is significantly greater than under the current model. This is despite the fact that auditors expressed anxiety about the time taken. They also expressed the view that effort in targeted pre-audit planning was delivering benefits at site audit.
- A comparison of time taken for audit planning shows that in 11 of the 13 audits for which time sheets are available, the time used for planning is more efficient in the new approach.
- A comparison of time taken for the conduct of the audit shows that in 7 of the audits, more time is taken in the new approach. In 4 of these, the additional time taken is substantial. In 6 audits less time is taken and in several cases, the time savings are substantial.
- In all 7 finalised audits, the time taken for the reporting element is significantly more efficient despite concerns by auditors that the reporting was taking longer. This could be related to the challenges with useability of the tools outlined earlier.
- It is likely that the time taken for reporting in the audits yet to be finalised will exceed the time taken in the current approach as some of these audits have been identified as complex.
- It is important to note that for the 11 compliance monitoring and post initial audits, the time taken for the 'analyse and report rectification' element is nil in staff effort under the new approach due to removal of non-mandatory rectification periods. It also positively impacts on time taken to finalise audits in comparison to the current approach as RTOs are not provided with the additional 20 days for rectification and staff time is not needed for review of rectification evidence as part of the audit process.



10.2. Audit timeframes

Some auditors expressed concern about the time taken on audits during the initial implementation phase. The perception is that the time required was more than the current approach due to additional effort in elements such as upfront research, analysis of student surveys and conduct of student and trainer interviews. Others felt that the perception of additional time was due to the fact that the initial implementation was conducted within a very tight timeframe creating an additional sense of pressure.

Based on the limited data from the initial phase, it suggests the new audit approach may take less time than the current approach. However this was a small audit sample, many audits are not yet finalised, and the data was further limited by the fact that some timesheets were incomplete.

Timeliness of the regulatory response (time taken to finalise audits) also needs to be tracked as timely response is an important element of addressing poor RTO practice when it is identified. Timeliness is also important to RTOs. Several of those interviewed by the evaluator indicated that long delays in receiving their audit reports are very stressful.

It is therefore proposed that further monitoring and analysis of the time required for the new approach occurs during roll out over a larger sample of audits based on a more reliable set of timesheets.

10.3. Maintaining the momentum of change

The second key aspect of sustainability relates to ASQA's ability to maintain the momentum of change throughout roll out and full implementation.

Implementation will require continued high level leadership, a thorough implementation plan including a communication strategy with consistent and proactive internal and external messages, investment in a clever web-enabled Toolbox and in supporting staff confidence and capability, dedicated project coordination, and cross-organisational ownership.

This will be critical if the new audit approach is to deliver the regulatory benefits and efficiencies envisaged and if the intermediate and ultimate outcomes in the Program Logic are to be achieved.

Recommendation 8: Sustainability and efficiency

It is recommended that:

- Timesheets be standardised to ensure time for planning and pre-audit research is recorded by all auditors and that completing timesheets be mandatory; and
- Further monitoring and analysis of time required for the new model occurs during roll out to track sustainability and efficiency.



11. Overview of the evaluation

11.1 Background – developing and testing the new audit approach

The Australian Skills Quality Authority (ASQA) has adopted a risk based approach to regulation. This enables ASQA to direct its resources towards areas that pose the greatest threat to quality while seeking to minimise the regulatory burden for those it regulates.

ASQA's *Blueprint for a Contemporary Approach to Risk Based Regulation* (the Blueprint) notes that the primary risk ASQA must manage is the potential for adverse impacts on students, employers, industry, governments, and the Australian community from the delivery of sub-standard training and assessment. This is the risk that an individual is certified by a Registered Training Organisation (RTO) as possessing competencies that the person does not have.¹

The VET market is rapidly shifting and increasing in complexity, demanding a stronger regulatory regime.

The Blueprint sets out a new regulatory approach to more effectively manage risks using data and intelligence to identify and target the most significant sector wide (systemic) risks and providers of greatest concern.

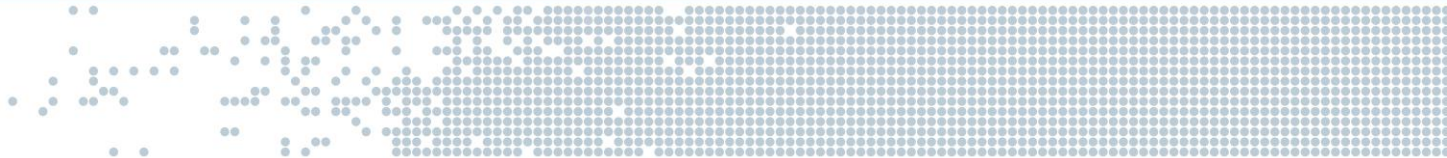
As part of a suite of strategies to strengthen risk based regulation aligned to the Blueprint, ASQA commissioned a project early in 2016 to develop a new audit approach. The approach adopts a more proactive student-centred approach to audit which focuses on the practices and behaviours of RTOs and on the key phases of the student experience.

ASQA agreed to test the key features of the new approach through an initial implementation phase in the second half of 2016. The initial implementation phase was supported by an implementation plan, including a stakeholder communication strategy and evaluation plan, and governance arrangements to provide high level leadership and cross-organisational collaboration.

The key features of the new audit approach to be tested in the evaluation of the initial implementation phase included:

- A focus on the student experience in scoping the audit and reporting outcomes
- A focus on past practices and behaviours by RTOs, rather than systems and processes.
- Improved use of risk intelligence including the risk dashboard and provider profile
- More comprehensive pre-audit research including intelligence from other government agencies
- Increased student input to audits through surveys, interviews and focus groups
- More customised audit scope based on provider profile

¹ Australian Skills Quality Authority (2015) *Blueprint for a Contemporary Approach to Risk Based Regulation*, internal document supplied by ASQA.

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- A requirement to address the ‘harm’ caused where non-compliances are identified
 - More timely and efficient regulatory actions.

ASQA also agreed that the evaluation of the initial implementation phase should be conducted by an external evaluator to provide an arms-length assessment of the new audit model’s effectiveness and of the readiness for full implementation.

The initial implementation phase commenced in August 2016 and continued until December 2016 although some audits will not be finalised until January 2017. The evaluation of the ‘initial implementation phase’ commenced in September 2016 and was completed in December 2016.

11.2 The evaluation methodology

11.2.1 Purpose

The purpose of the evaluation as agreed by ASQA was:

- To test the design, effectiveness and sustainability of the new audit model prior to roll-out and full implementation.
- In particular to:
 - > Test the key features of the model design, variations of the features and identify changes required
 - > Test the effectiveness of the regulatory documents, tools and guidance materials in implementing the new audit model and recommend changes prior to full implementation
 - > Identify further priorities to be addressed to achieve readiness for full implementation and sustainability of the model (including internal capability, systems, tools, stakeholder engagement and communication, and resourcing, and readiness of RTOs).

11.2.2 Short term outcomes of the initial implementation phase

The evaluation plan was aligned with the Program Logic which identified the following short term outcomes to be achieved in the initial implementation phase:

- Improved intelligence based ability to identify and target behaviours and practices of concern at audit
- Greater focus on the student experience and provider behaviours and practices
- An enhanced audit model, processes and staff able to identify and respond to provider behaviour that undermines confidence in the sector
- An audit model with improved ability to more swiftly rectify provider behaviour that undermines confidence in the sector

- An audit model that is perceived as effective, flexible, credible, sustainable, risk-based regulatory practice and
- A comprehensive and transparent implementation plan that enables successful roll out of ASQA’s enhanced audit model.

11.2.3 Evaluation questions

The evaluation plan sought to answer the following questions:

1. Is the new audit model effective and ready for roll-out and full implementation?
 - 1 What are the good practices or potential improvements learnt from the pilot to enhance the sustainability and successful roll-out and implementation of the new audit model?
 - 2 What priorities were identified for full implementation?

11.2.4 The initial implementation phase

The initial implementation phase consisted of applying the new audit approach in three successive rounds throughout October, November and early December 2016 to audits of 20 RTOs taken from the audit schedule. The approach was designed to test the approach on a number of audit types and to offer experience in the new audit approach across four Regulatory Operations teams as shown in Tables 4 and 5.

Table 4 Audit type and number of audits

Audit type	Number of audits
Change of scope	2
Renewal	7
Post initial	5
Compliance	5
Compliance-complaint	1

Table 5 Regulatory Operations Team and number of audits

Regulatory Operations Team	Number of audits
Adelaide	4
Brisbane	6
Melbourne	5
Sydney	5

12 Conclusion

ASQA has tested its new audit approach in an initial implementation phase and found that the key features are effective and the model is ready to commence roll out.

There is widespread support internally and externally for the model and its focus on student experience and RTO practice.

There are challenges but they are manageable and will only be addressed with practice and experience. The risks of delay are loss of momentum and frustrated expectations.

The initial implementation phase suggests that the approach is sustainable in the long term but further monitoring of time and resources is a priority. Investment in the development of better smarter tools has significant potential to yield greater efficiencies in work practices over the medium to long term.

A number of key priorities have been identified for roll out. The key to success in implementation is thorough planning, continued high level leadership, dedicated project coordination, capability building, and ownership by the whole organisation.