

Andrew : Welcome everyone to this discussion brought to you by the Australian Skills Quality Authority, otherwise known as ASQA. My name is Andrew Shea. I'm CEO of two enterprise based training organizations as well as a non-executive director with the Independent Tertiary Education Council of Australia and I'm chair of the education IRC through Skills for Australia. I'm joined today by Michelle Simpson, who is the CEO of a community training provider as well as a non-executive director with Community Colleges Australia. Welcome Michelle.

Michelle : Thank you very much for having me.

Andrew : ASQA is the national regulator and under the NVR act has a range of functions. One of these functions is audits. Now audits may occur through the life cycle of a training provider and particularly where there's a re-registration or an initial registration pending. Today I'm actually joined by two of the regulatory officers from ASQA, Ian and Judith. Welcome Ian and Judith. Today we're going to talk through what happens before the audit, during the audit and after the process and hopefully this will be really valuable for those viewing today. I'll hand over to Michelle for the first question.

Michelle : Well, let's start with a common question. When and why is one RTO selected for audit and another may not be?

Judith: Michelle, audits conducted by ASQA are usually planned, structured regulatory activities that focus on confirming or training providers compliance with the VET Quality Framework and for some training providers delivering courses to overseas students studying in Australia. The particular requirements that pertain to those providers as well. Ideally an audit by ASQA will compliment the self-regulatory activities and efforts of the training provider. For many existing training providers, their first experience of an audit will be at initial registration. An audit may also be generated from an application to ASQA to amend this scope of registration and also from decisions by ASQA to review the activities of the registered training organization. And we call this compliance monitoring audits. Audits may also be announced or in very rare cases unannounced. They can be conducted on site at the RTOs premises or may also be conducted by a desk based process.

Judith: ASQA uses a risk-based regulatory model and what this means is that ASQA uses information from a range of sources and analyses the risks to trigger audits. This is a proactive approach. The potential provider risks identified through this process may come from ASQA's history and knowledge of the provider, the information that we already hold about the provider. That may also come from complaints, enrollment data and other information such as intelligence or information from other regulatory and agencies. Media reports also contribute to the information that we review. ASQA has also identified established risk areas. For example, the delivery of courses to overseas students studying in Australia. We've also identified some particular courses of concern. For example, qualifications in early childhood in the community services area where students completing the qualifications would be working with vulnerable Australians. And another course that's of particular concern to us is where the courses delivered to prospective trainers and assessors. Of course, identifying a risk doesn't necessarily mean

that an RTO is not compliant because as I mentioned, being a planned and structured approach, the audit actually focuses on confirming the training providers compliance.

Andrew : So can you tell me what one RTO get in regards to knowing they're going to be audited? What communication takes place?

Judith: Initial communication with the RTO is usually with the CEO or the chief executive of the organization and that usually occurs by email or telephone. And at that time, the RTO will be advised ASQA plans to conduct an audit of the organisation and this is for audits that we refer to as standard audits and short notice audits. And the notice period is usually between one and three months. As I mentioned previously, there are also times when there will be no notice given in advance of the audit being conducted.

Michelle : So what would happen if the CEO or their compliance manager was going to be on leave when the audit was scheduled?

Judith: The standard and short notice audits is approximately one to three months prior to the audit. That allows time for us to actually negotiate an appropriate time with the RTO to conduct the audit. Sometimes when we contact an RTO, we will actually ask you to nominate preferred dates within a particular time frame. Yeah.

Andrew : So what notices are actually issued to the RTO regarding an audit that's going to take place?

Judith: ASQA will issue a formal notice of audit together with requests for certain information at the time of advising the provider that an order is to be scheduled. This may include information about delivery of the training products on the RTO scope of registration. And we also may request other documentation for the auditor to review and consider prior to the audit. We will also often ask for contact details for students to assist ASQA in administering a student survey and this occurs for standard and short notice audits. The students survey and the information gathered from students prior to the audit may be used to inform the scope of the audit together with the other information that's reviewed when scheduling the audit.

Andrew : Very good. Will those students surveys actually take place prior to the audit itself and be available for the RTO to discuss and examine?

Judith: In most instances, the student survey is administered prior to the audit provided that the results are available. When we go to audit, we will share the broad results with you and you will also receive a copy of the student survey report with your audit report as well. In some instances we will actually discuss aspects of the student's responses with you during the audit, particularly when we're seeking to clarify our concerns that students may have raised and when we're looking at your practice. Similarly, our students often provide compliments in the survey as well and where we see that the practice sheet displayed during the audit is consistent with the feedback provided by students and provided that students have given consent to share their responses. We will provide you with some of that feedback too.

Michelle : And I must say that we have had one of those students survey reports for our organization and they are a valuable tool. And they're really good to inform aspects of continuous improvement if required and also to be able to congratulate your staff on where they've shown a good result. So does the RTO get informed of the scope of the audit, what you're actually be looking at and what student files that you want to see?

Ian: Well the process that ASQA follows is they'll issue with a notice of audit upfront and they'll identify the scheduled date for the audit that has been negotiated with the provider. The notice will include the lead auditor's contact details. So if there are any questions about the process of the audit, you can follow those through for clarification. Closer to the audit date, ASQA will advise the organization of the audit scope and this will include a summary of the standards that we'll be focused on during the audit process together with the training products that are related to that particular audit process and activity. The RTO will normally be given 10 days to respond back to ASQA with a range of documentation that we would request that we can have a look at prior to the commencement of the site audit. And that would include things like your training and assessment strategies, your trainer details, your resource requirements. That sort of information that will assist the auditor so that when they arrive at the audit, they're prepared for the sorts of things that they might need to follow up and evidence as part of that process.

Ian: The scope of the audit may be extended and that may be extended prior to the commencement of the site audit based on a review of the evidence that's been provided to ASQA, prior to the audit or it may occur during the course of the audit as evidence is considered and that may lead to other areas that ASQA would like to review as part of the audit. And the provider would be notified if the scope of the audit is to be extended during that site audit.

Andrew : Thanks Ian. So from the audit notice itself, the provider will know whether it's going to be a site audit or whether it's going to be a desktop audit and that will be very clear?

Ian: It will be, yes. Yeah.

Andrew : So now we're going to speak about what an RTO can do to prepare for the diver site audit. Judith, can you please tell me what would an RTO do to best prepare once they've actually received the notice of audit prior to that day occurring?

Judith: There are a number of things that an RTO can do to be prepared for the site visit. The first thing is obviously to make sure that all relevant staff are informed of the audit and to be able to confirm that all of the resources that will be required on the day of the audit will be available to the auditor at that time. It's also important as an RTO that you review ASQA's website as this provides a lot of information about the student-centered audit model. The student-centered audit model focuses on the demonstrated practices of the organization and one of the things that you can also do to prepare is to ensure that your practices actually align with your documented systems and processes. It's also important that you prepare relevant evidence to demonstrate compliance in a clear and logical format. This includes evidence that demonstrates the results and the effectiveness and the outcomes that your organization is achieving.

Judith: Focusing on what your organization does with regards to the student experience and the outcomes for students. ASQA has developed a tool, it's called a self-assessment tool, which is available on the ASQA website that's downloadable and it's also online. And this tool can assist you in reviewing your practices and processes to ensure quality outcomes for students. The tool is aligned to the user's guide for the standards for registered training organizations and links to relevant standards and courses related to the five phases of the student journey. This covers the areas of marketing, pre-enrollment and enrollment, support and progression, training and assessment, and completion. Using this tool, your organization can identify opportunities for improvement and also any action that's required. You can use the tool at any time as part of your organization's own self-regulatory activities. And as mentioned, the tool is useful in terms of preparing for your site audit.

Michelle : So what happens if the RTO is entirely electronic? How do they prepare their material?

Ian: Interesting question. The way things are moving, technology is a big factor with the delivery of training. In my experience, it depends a little bit on the organization. In some cases, we've required the organization to provide us with a copy of a laptop that has access to their electronic records and files. In other instances, they've provided us with a USB stick that has all the relevant electronic files. And in other instances, they've provided us with a temporary password onto their online platform so that we get access to the files that they want to present as evidence at the audit.

Andrew : And then where there's multiple locations, so there may be a head office or administration area and multiple training sites, potentially even multiple states being trained. What's the approach from an audit perspective to visiting those? And what notifications are provided to the RTO about what will be visited?

Ian: ASQA's approach is to streamline the audit as far as is possible. So it is in the interests of the organization to try and pull all the relevant evidence and resources that they need to present to the audit in the one location. But where that's not feasible, it is not unusual for ASQA to go and conduct the site audit at various locations.

Andrew : In this section we're going to talk about what happens on the day of audit. Can you explain what kind of feedback happens through the audit process? Will the RTO be told about any issues that are found through the actual audit process on the days?

Ian: Feedback is normally provided throughout the course of the audit and may occur at different times. It may be at the conclusion of a particular stage of the audit and it is always covered off at the end of the audit process. We have a closing meeting where a summary of the audit findings are presented and it's a no surprise process that we operate with. So the RTO would be aware of the issues that had been found during the course of the audit. Where the audit goes beyond one day, it's normal practice for the auditor to have a partial closing meeting, I presume you'd call it, that where we summarize for the organization where we've landed and the issues of concern that have been found.

Michelle : So can the RTO at that point fix those things overnight before you come back the next day?

Judith: Michelle, we would encourage an RTO whenever non-compliance is identified to commence addressing that non-compliance immediately. That there is time during the audit, the auditor may be able to review the action that's been taken by the RTO, depending on the significance of the issue. Sometimes a non-compliance may be more pervasive and that there may be an impact that's beyond that that's identified immediately at the audit. So it might be that further investigation I guess at the root cause of the non-compliance is required, and it might also be that the non-compliance is what we call a systemic issue. That is it's impacting other areas of the organization or the organization's delivery and that those haven't been identified at the audit. Because the audit focuses on I guess a sampling process, which means that we only sample part of your organization's practice. And the issue, as I mentioned may impact other areas of your practice as well.

Michelle : So do you gather other evidence while you're at the site visit and this may extend the scope of the audit?

Judith: Yes. We may gather evidence prior to, during or following the site audit. So the site audit is one component of the audit process as a whole.

Michelle : So how will we know when the audit ends?

Judith: Yeah. The audit will end when you actually receive your audit report. As Ian has mentioned, that would usually be a closing meeting during the audit where we would summarize the main findings from the site audit, noting that the audit findings from the site audit may be validated by reference to further information or evidence following the site audit. If there were significant findings, the impact is on the audit outcome. The lead auditor would normally contact your organization prior to the audit report being issued to you.

Andrew : Our next section is going to talk about what happens if non-compliance is identified as part of the audit process. Ian can you tell me what happens next after a non-compliance is identified?

Ian: Following the site audit, the lead auditor will draft up an audit report and that report will then be reviewed internally prior to it being presented to the organization for their response. And prior to that being considered internally by a delegate, if ASQA needs to make a decision as to how to progress with that audit activity. If non-compliances have been identified, ASQA will complete an audit outcome assessment tool to establish a proportionate response to the audit findings. When non-compliance has been found, the report will be provided to the ASQA delegate with the completed audit assessment outcome and an associated recommendation for review will be submitted to the delegate.

Ian: An audit report and notification letter will usually be forwarded to the RTO within 15 working days after the audit was conducted. Such a report will outline all the actions that the RTO needs to undertake in response to the audit findings and the letter will provide the relevant details and the time frames for the organization to respond back to ASQA.

Michelle : So what does a notice of intention mean?

Judith: For non-compliances identified following an audit, ASQA may issue a notice of intention to an organization. A notice of intention may be to make a decision to reject or refuse an application or to make a decision to impose a sanction upon a training organization. The RTO may be provided with an opportunity to provide a written response and additional evidence to address the non-compliance. And this may include addressing any impact caused to students by the non-compliance. And we would usually provide an organization with up to 20 working days from the date of the notification, unless ASQA decides otherwise. So just to be clear, a notice of intent does not mean the ASQA has yet made a decision. It's a notice that ASQA intends to make a decision. If you're required to address non-compliance for future learners, this usually involves two steps.

Judith: The first being correcting the process or system related to the non-compliance and also implementing a revised process or system to ensure that there is compliance with regard to your delivery to future learners. Your response may also require you to address non-compliance that has had a potentially or actual negative effect upon current or past learners. And this usually involves identifying the impact first of all, and carrying out remedial action to address that impact upon those learners.

Michelle : What's an example of how you might rectify the harm caused to students?

Judith: ASQA was actually developed a fact sheet about addressing non-compliances following an audit, and this is actually provided to your organization with your audit report. And it provides many examples of the potential impact on students. And the action that a provider may take in response to that impact. That fact sheet is also available on our website.

Judith: At the time that you submit your additional evidence to ASQA, it needs to be submitted as a single response, usually uploaded via the asqanet portal. Any additional evidence that you provide and your written response should be logically organized. And the evidence should be referenced and indexed to the relevant component or standard when non-compliance compliance was originally identified. Once ASQA has received your response and additional evidence, that will be reviewed and where issues of concern remain unresolved, ASQA may then impose that regulatory sanction that was identified in the notice of intent or may impose a sanction of lesser severity. Sanctions for example, may include placing conditions on your organization's registration, suspending registration in part or in full, amending scope to remove courses from your scope of registration, and in rare cases cancellation of registration. Alternatively, ASQA may decide to issue a written direction to your organization to address the remaining non-compliance.

Michelle : But what if the RTO doesn't necessarily agree with the findings?

Judith: During the audit, the lead auditor should discuss the findings at the site audit with you and that's the time to actually discuss any points where you may not agree with the findings. The point at which you receive your audit report, you do need to address the findings that are within the audit report. And as I mentioned, this the opportunity to provide both a written response and additional evidence and there maybe issue identify previously, additional information and evidence that wasn't provided at the audit that you've subsequently discovered you do have available and you can quote that with your response.

Andrew : Thanks Judith. So RTOs will always have the opportunity where they believe there's errors on points of fact in the audit report or things that need to be corrected. They'll always have that opportunity to put that reply in prior to any intention to sanction or an intention notice actually coming into effect.

Judith: That's correct before a decision is made.

Ian: Good. And then following the decision being made, depending on how it was determined by ASQA, there may be an opportunity to lodge an application to have that decision reconsidered. Further to the reconsideration option, a provider also has the option of lodging an appeal with the AAT to seek a review of ASQA's decision.

Andrew : So as part of that process of the intention to take an action from ASQA, the reply from the RTO saying that they believe they've rectified, where that then goes to the next stage and the RTO still doesn't agree with the intended outcome. There's a reconsideration or a reassessment process internally, is that always afforded to the RTO?

Ian: Most decisions now at ASQA would be made by a single commissioner and in this case, that affords the provider with an opportunity to seek a reconsideration of the decision that was made by ASQA. So the process there is to lodge the application and attach to the application whatever relevant evidence the RTO would seek to support their application. That evidence would then be considered by an independent person within ASQA who wasn't involved in the initial findings. The decision would then be put back to the commissioners for a review of the initial decision that was made. And that may be to affirm the original decision or to reject the decision.

Andrew : Could that also be to impose the sanction of lesser severity?

Ian: It could, yes. Yeah. We might decide that not all of the non-compliance has been addressed. They've addressed them in part and that would then lead to a decision of lesser severity. The decision to lodge a reconsideration application actually works in favor of the organization as opposed to seeking a review through the AAT. And the reason being is that ASQA needs to make its decision within 90 days. So it's a shorter time frame than you would normally experience in the AAT and it's probably going to be

a more cost-effective process than getting legal people involved in the process of review.

Michelle : So at audit, if ASQA finds that there's only minor non-compliances and everything else is pretty much okay, what happens then?

Judith: ASQA may choose to issue a written direction to the organization requiring the organization to address the outstanding non-compliance. And for this, it will usually occur within 20 days. And we would ask that the RTO retains evidence that demonstrates their response to that written direction and that would then be reviewed at a future regulatory activity. Written directions are not published on ASQA's website in the same way that decisions are about other forms of sanction. To put written direction and context of ASQA's broader regulatory activities, in the 2018-2019 financial year, ASQA conducted approximately 630 compliance audits. At the completion of the audit process, approximately two thirds were compliant or had outstanding minor non-compliance where ASQA issued a written direction.

Michelle : So after you address within 20 days, the minor non-compliance, do you get a further response from ASQA or not?

Judith: No. You're not required to submit additional evidence to ASQA at that particular point. We simply ask that you address the non-compliance and retain the evidence for review or future regulatory activity.

Andrew : Thanks Judith. Is there an example you can give of a minor non-compliance that RTOs might find themselves from the many audits that yourself and Ian have conducted?

Judith: Yes. Certainly, sometimes there can be errors. For example, on an RTOs website, perhaps around the course code or the title of the course. Those errors obviously arise quite frequently and those are things that can often be fixed very easily as well. That type of non-compliance, yes, it would be identified in the audit report, but usually would be considered a minor non-compliance. And we would in that instance, usually just if that was the only noncompliance we found at audit, you would usually receive a written direction asking you to address that. Hopefully by the time you received your audit report, you had in fact already taken action that and had addressed that.

Andrew : Thank you for that. So as part of the audit process, we've talked about what happens prior to the audit, we've talked about during the audit itself and also after the fact. What general advice would you give to those regarding their view of the audit activity that ASQA undertakes? Having inducted many audits yourself and what someone should take away from their knowledge of the audit process through ASQA.

Ian: Well in cases where an organization hasn't applied for a change of scope of registration, for example, and they're not expecting the audit to come knocking on the door. Oftentimes there's a bit of panic that ASQA is coming out to see them. But in my experience, most organizations have expressed their appreciation for having somebody



external come out and review the evidence and review their operations and provide them with some feedback as to how they're performing against the standards.

Michelle : I think particularly at re-registration audit, if you have a re-registration audit and you get the opportunity to say that... You get a line drawn in the sand to say what you can improve on and what you're doing well, I think it's a good thing. It's a process to be welcomed.

Judith: In my experience, many registered training organizations already have internal review processes in place and the ASQA website provides additional information. I mentioned the self-assessment tool before that can actually assist them, I guess formalizing their internal review process to look at what is our practice and how does that actually impact upon students.

Michelle : And the fact sheets are very good and they've been being improved all the time. And the frequently asked questions are helpful as well in all senses of the process.

Andrew : So the student-centered audit approach, I know there's documentation, fact sheets. Your advice is make sure that RTOs are familiar with the fact sheets, with the information, the webinars that ASQA is putting out and then particularly that student-centered audit approach and utilize the internal audit tool and review tool and therefore there should be less fear or trepidation towards an audit taking place.

Judith: The Users' guide to the Standards for registered training organizations as well also includes useful information regarding compliance and also includes some case studies that demonstrate how various registered training organizations are achieving compliance and achieving positive outcomes for their students by remaining compliant.

Michelle : And those things are really useful when you've got turnover of staff and new compliance managers and new trainers.

Andrew : I think a key message is that RTOs on a whole are doing a fantastic job and it's only a very small number that are critically non-compliant and that we can have faith in the system. Would that be a correct statement from an ASQA viewpoint?

Judith: Yes.

Ian: Yeah. Well as Judith mentioned, when applications come through, we risk assess them and we look at the profile of the organization. We consider that any data that we have available for that organization. And to give an example for applications for renewal of registration, ASQA has tended to only audit 10%. So 90% of applications for renewal of registration have been approved without the requirement to go and conduct an audit.

Andrew : On behalf of ASQA, Michelle and myself, I'd like to thank you for participating today. Hopefully with the input of two of ASQA's regulatory officers, Ian and Judith, you've been able to get a greater insight into the audit process and also understand what happens before, during and after that audit activity. ASQA is going to be releasing a lot

more information videos and have a greater educative capacity. And if you have some feedback on what else may be helpful, what you'd like to learn and information would help you understand how to meet the standards, please contact ASQA and give them those ideas. So thank you Ian, thank you Judith, for your input today and we wish you well.