ASQA's new audit model

Introduction

As part of a suite of strategies to strengthen its risk-based approach to regulation, ASQA is developing a more proactive audit approach which focuses on the student experience. Implementation of the new model will be staged through the second half of 2016 and early 2017.

The new audit model will build on and improve our current audit practice. Essentially, this approach will see ASQA focus on the practices and behaviours of registered training organisations (RTOs), as well as checking on the compliance of RTOs' systems and processes.

Under the new approach:

* audits will be organised around five key phases of the student experience—marketing and recruitment; enrolment; support and progression; training and assessment; and completion

* the depth and scope of audits will be customised for each RTO and informed by improved risk intelligence and increased input by students

* providers that demonstrate a higher risk profile, a poor compliance history and/or poor student outcomes will be targeted through deeper-level audits, and

* there will be a greater emphasis on requiring RTOs to redress harm to students caused by non-compliances and more timely and effective regulatory actions.

These key elements will become a consistent part of all post-initial, renewal, change of scope and compliance audits.

What is the context for ASQA's new audit model?

Since our establishment, ASQA has adopted an increasingly risk-based approach to regulation, which has allowed us to direct our resources towards areas that pose the greatest threat to quality, and to minimise the regulatory burden for the majority of RTOs.

ASQA's Regulatory Risk Framework sets out a new regulatory approach that more effectively manages the risk of poor-quality training and assessment. This approach uses data and intelligence to identify and target the most significant sector-wide (systemic) risks and providers of greatest concern.

ASQA is currently implementing a range of regulatory reforms to support this more contemporary approach to regulation, including the development and implementation of this revised audit model.

How was this model developed?

The new audit model was developed through:

- a review of contemporary and innovative regulatory models in VET and other industry sectors within Australia and internationally to learn from the practices of other regulators—with a particular focus on collecting and testing evidence of practice and behaviours and on gathering and using student or consumer input

- extensive consultations across ASQA to draw upon insights from practical experience (including the audits of VET FEE-HELP providers)

- feedback from RTOs about current audit practice, and

- a comprehensive review of ASQA's business and regulatory practices and procedures, including legal proceedings.

How will ASQA's new audit model use risk intelligence to inform audits?

The new audit model will utilise ASQA's risk intelligence database to:

- prioritise audit activity, and

- determine the focus of audits.

The model will enable ASQA to analyse:

- information from current and past complaints

- provider compliance history

- media reports

- enrolment and profile data

- funding sources and quantum of funding, and

- intelligence from other regulators and agencies.

There will also be a stronger focus on pre-audit evidence gathering, which will include gathering data about RTO practice in relation to key activities (such as marketing and enrolment) from websites and social media. ASQA is currently trialling a range of models for gathering student input, including student surveys, interviews and focus groups.

How will audits be customised?

The new customised audit approach will involve more planning and a greater exercise of professional judgement by auditors in scoping audit activity. Key decision points in planning an audit activity will include:

- whether risk intelligence suggests that a deeper-level audit should be conducted

- what notice period should be given to the RTO about the audit (with options for longer, standard or short notice periods)

- what pre-audit information should be sought and how it should be collected (for example, through pre-audit research, issuing a request to the RTO or issuing a notice to the RTO that compels the provision of information)

- when to seek student input (before, during or after audit), through which mechanism (surveys, group meetings or individual interviews) and how much input to be sought (sample size)

- whether the RTO uses brokers or third-party arrangements, and

- what qualifications and which phases of the student experience the audit should focus on.

What are the key features and benefits of ASQA's new audit model?

Current approach	New audit model	Benefits
Applications trigger the majority of audits ('reactive regulation')	Greater use of risk analysis and intelligence to trigger audits ('proactive regulation')	ASQA is able to direct its resources to the most significant sector-wide risks and providers of greatest concern
Focus on the RTO's compliance against systems and processes	Greater focus on the student experience and the RTO's practices and behaviours	Audits are more effective in correcting practices and behaviours that lead to poor-quality student outcomes
Standard notification period for audits	Options for longer, standard or early notice periods	Notification periods customised and fit for purpose
Scope of audit set and RTO notified of scope in advance	Scope of audit is flexible, based on intelligence and provider profile	Approach to audit more customised and effective in

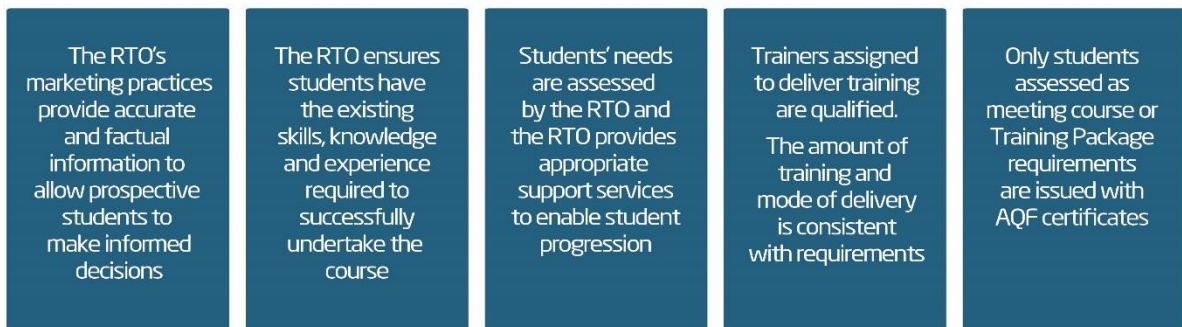| Current approach	New audit model	Benefits
		targeting poor practices and behaviours
Information collected prior to audit limited to standard information requested from RTO	Information used to inform audit drawn from a wider range of sources including intelligence from other government agencies	Wider range of evidence and intelligence-sharing avoids duplication and enables better targeting and testing of RTO practice during audit
Limited student input to audit intelligence	Greater student input— through interviews, surveys and focus groups—to inform evidence base	Evidence base strengthened for verifying RTO practice and behaviours and informing regulatory decisions
Limited trainer and assessor input, including from third parties	More consistent use of trainer and assessor and third-party input to inform evidence base	Evidence base strengthened for verifying RTO practice and behaviours and informing regulatory decisions
Multiple rectification opportunities (often beyond legal procedural fairness requirements) prior to regulatory actions	Opportunities for RTOs to respond to ASQA's findings of serious concern limited to legal procedural fairness requirements	The audit process concluded in a more timely manner and more timely and effective regulatory actions
RTOs have multiple opportunities to submit revised systems, policies and procedures	A greater emphasis on requiring RTOs to redress harm to students caused by non-compliances	RTOs more accountable for correcting poor practices and ensuring they will not recur ('prospective compliance')
Audit outcomes reported against clauses of the *Standards for RTOs 2015*	Audit outcomes reported against the phases of student experience ('the student journey') and referenced to the relevant *Standards for RTOs 2015*	The new audit report more clearly reflects student experiences and RTO practices.

What are the 'key phases of the student experience'?

A key feature of the new audit model will be a shift away from auditing compliance primarily against the *Standards for RTOs 2015*. The new approach is organised around RTOs' practices and behaviours in relation to 'key phases of the student experience', while still referencing the relevant Standards.
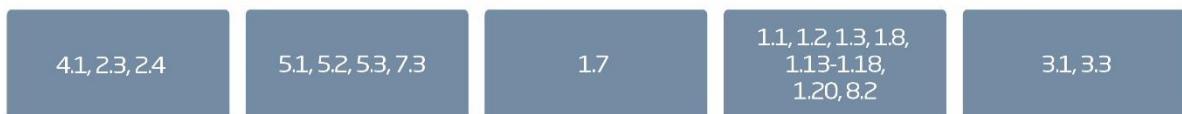
Key phases of the student experience

Marketing and recruitment	Enrolment	Support and progression	Training and assessment	Completion
↓	↓	↓	↓	↓

Examples of RTO practices/behaviours

| The RTO's marketing practices provide accurate and factual information to allow prospective students to make informed decisions | The RTO ensures students have the existing skills, knowledge and experience required to successfully undertake the course | Students' needs are assessed by the RTO and the RTO provides appropriate support services to enable student progression | Trainers assigned to deliver training are qualified. The amount of training and mode of delivery is consistent with requirements | Only students assessed as meeting course or Training Package requirements are issued with AQF certificates |

Primary *Standards for RTOs 2015*

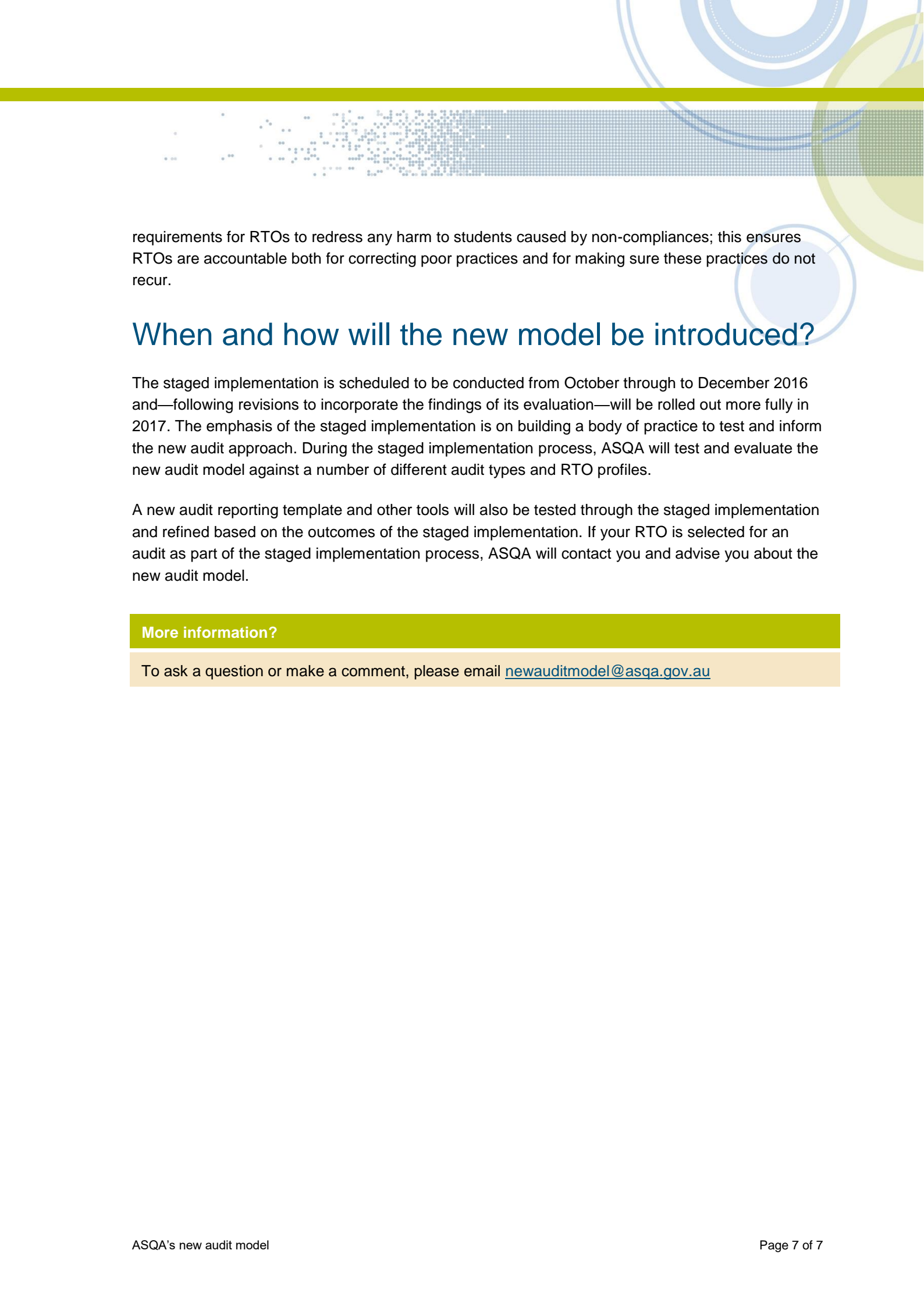| 4.1, 2.3, 2.4 | 5.1, 5.2, 5.3, 7.3 | 1.7 | 1.1, 1.2, 1.3, 1.8, 1.13-1.18, 1.20, 8.2 | 3.1, 3.3 |

How will the new model support more timely regulatory actions?

In the past, if ASQA identified non-compliance at audit, the RTO may have had multiple opportunities to rectify this before regulatory action was taken—including multiple opportunities to submit revised systems, policies and procedures. Under changes recently introduced by ASQA, the opportunity for RTOs to respond to audit findings is limited to legal procedural fairness requirements, supporting more timely and effective regulatory actions. Non-compliances that are not considered serious may be dealt with through a written direction requiring the RTO to address the non-compliances within a specified period and retain evidence that this has occurred. The new audit model will support this approach to more timely regulatory actions and also strengthen the

requirements for RTOs to redress any harm to students caused by non-compliances; this ensures RTOs are accountable both for correcting poor practices and for making sure these practices do not recur.

When and how will the new model be introduced?

The staged implementation is scheduled to be conducted from October through to December 2016 and—following revisions to incorporate the findings of its evaluation—will be rolled out more fully in 2017. The emphasis of the staged implementation is on building a body of practice to test and inform the new audit approach. During the staged implementation process, ASQA will test and evaluate the new audit model against a number of different audit types and RTO profiles.

A new audit reporting template and other tools will also be tested through the staged implementation and refined based on the outcomes of the staged implementation. If your RTO is selected for an audit as part of the staged implementation process, ASQA will contact you and advise you about the new audit model.

More information?

To ask a question or make a comment, please email newauditmodel@asqa.gov.au