

Nelson Marlborough
Institute of Technology
Report to Tertiary
Education Commission

Confidential

Contents

1. Executive Summary	1
2. Introduction	3
Background	3
Scope of this Report	4
Limitation of this Report	4
Key Sources of Information	5
3. Compliance with NZQA Approval and TEC Funding Requirements	6
Programme Alignment with Approval and Funding Requirements	6
Updating STEO	7
Approval of Changes through the Academic Board	8
NZQA Approval of Changes – is the change in classification of hours significant?	8
Delivery of Teaching Hours and Weeks	9
Student Interviews	12
Comments on Sub-contractors	13
4. Verification of Existence of Students and Student Data	15
Student Enrolments and Supporting Information	16
Reporting of Completion Data to NZQA and TEC	18
Level of Evidence Retained	19
Appendices	
A Programme Regulation Extracts	
B STEO Return	
C Subcontractor Agreements	

1. Executive Summary

- 1.1. The Tertiary Education Commission (“TEC”) is currently carrying out a review of Tertiary Education Organisations (“TEOs”) to obtain comfort that the sector is compliant with the New Zealand Qualification Authority (“NZQA”) and TEC’s programme and funding approval conditions and that their high trust model is working in practice.
- 1.2. TEC has selected a sample of TEOs based on certain criteria, including existence of sub-contractors to deliver programmes, rapid growth in equivalent full time students (“EFTS”) and high number of course and qualification completion rates. Once the organisation is selected, a range of programmes across the TEO are chosen for review, including those programmes that fall under the selection criteria.
- 1.3. TEC has engaged Deloitte to undertake a focused review of five selected programmes at Nelson Marlborough Institute of Technology (“NMIT”) to establish if the teaching delivery is in compliance with requirements of the Education Act 1989 and adheres to the delivery approved by the New Zealand Qualifications Authority (“NZQA”) in order to be funded by TEC.
- 1.4. We have been advised by TEC that an important part of the funding provided to NMIT is based on the total learning hours delivered to the student. This is reflected in rule SAC036. The learning hours are broken down into teaching and self-directed learning hours at each level, which are outlined in the Programme Regulations for each respective programme. We have focused on the teaching hour aspect given the stronger evidence base of timetables and long term plans in conjunction with tutor interviews. However, we have obtained some comfort that the self-directed learning hours are being carried out through a sample of student interviews for each programme.
- 1.5. Therefore, this review specifically includes looking at the processes and practices and underlying documentation to investigate whether the programmes:
 - are taught in accordance with NZQA’s approval and TEC’s funding requirements;
 - comply with the teaching hours and weeks in the Programme Regulations and entered into STEO;
 - have evidence of sufficient underlying enrolment and assessment records; and
 - have any subcontracting relationships in place and, if so, understand the relationship and any oversight of these subcontractor activities provided by NMIT.
- 1.6. NMIT is a Tertiary Education Institute (“TEI”) as defined in the Education Act 1989 and is an Institute of Technology and Polytechnic (“ITP”). NMIT was funded by TEC for a Student Achievement Component (“SAC”) funding during 2014 of \$16,260,006 (excluding GST).
- 1.7. Based on our findings to date we are not recommending any further investigations.

- 1.8. There was a high level of evidence retained and provided to us by NMIT and all staff were highly responsive and cooperative during the review process.
- 1.9. We have raised some minor recommendations, which include:
- ensuring STEO is updated on a timely basis to reflect the changes in the teaching and self-directed learning hours of the programme to ensure that TEC has access to accurate information in regard to the breakdown of learning hours being delivered;
 - for the Certificate in Seafood Processing, NMIT check that there are no significant differences between the Programme Regulations compared to the workbooks and assessments, as well as ensuring they are comfortable that the NMIT approval processes are followed for this programme;
 - the changes to learning hours, including changes to teaching, self-directed and workplace hours are included within the Guidelines for Changes to Approved Courses for Institutes of Technology and Polytechnics (ITP's) by NZQA so the TEO is able to obtain clarification on this point, given this is an important basis for meeting their funding requirements by TEC;
 - NMIT re-review the teaching and self-directed learning hour split within the Diploma in Career Guidance to be comfortable that the teaching hours reflect the hours delivered to the individual students (on a per student basis); and
 - NMIT review the requirements of the underlying documentation to support the enrolment to ensure the right level of detail is available as evidence of the validity and credibility of the student, and that the students meet the entry requirements into the programme. NMIT should also ensure that this information is always present to support the enrolment, including reviewing those programmes that involve sub-contractors.
- 1.10. Reassuringly, NMIT has discussed with us that they are going to implement a similar process to this review internally, on a regular basis, to help ensure they are meeting TEC's funding requirements.

2. Introduction

Background

- 2.1 NMIT is a Tertiary Education Institute (“TEI”) as defined in the Education Act 1989 and is an Institute of Technology and Polytechnic (“ITP”). Under NMIT’s Investment Plan 2013 – 2015, they “define their mission as contributing to the social, economic, cultural and environment development of Nelson, Tasman, and Marlborough through the provision of applied and vocational education training.”
- 2.2 In the Confirmation of Investment Plan Funding letter dated 20 December 2013 to Mr Ross Butler (Council Chair) from Dr Grant Klinkum (General Manager, Tertiary Investment), NMIT was funded for a Student Achievement Component (“SAC”) funding during 2014 of \$16,260,006 (excluding GST) from the Tertiary Education Commission (“TEC”) (Appendix A of the letter).
- 2.3 TEC has asked Deloitte to undertake a focused review of five selected programmes at NMIT. Details of these programmes have been included in the table below:

Programme ¹	Date Programme Approved by the Academic Board ¹	Level ¹	Credits/Duration ¹	EFTS 2014 ²	Sub-contractor ³
Bachelor of Commerce	25 May 2005	7	360 credits 3 years	90	None
Certificate in Aeronautical Maintenance Engineering	13 October 2010	4	240 credits 2 years	48	None
Certificate in Community Support Services	17 March 2010	4	120 credits 1 year	101	Yes – Skills Update Training Institute (“SUTI”)
Diploma in Career Guidance	5 July 2006	6	120 credits 1 year	77	Yes - Skills Update Training Institute (“SUTI”)
Certificate in Seafood Processing	13 February 2008	3	120 credits 1 year	35	Yes – Southern Training Services (“STS”)

¹Sourced from the Programme Regulations for each individual programme

²Sourced from the return information submitted by NMIT to TEC for funding purposes

³Sourced from the 2014 Subcontracting Register provided to us by TEC

Scope of this Report

- 2.4 TEC have engaged Deloitte to undertake a focused review of five selected programmes at NMIT to establish if the teaching delivery adheres to that approved by the NZQA in order to be funded by TEC and if not whether there was intent to defraud. This includes a review of the processes and practices and underlying documentation to investigate whether the programmes:
- are taught in accordance with NZQA's approval and TEC's funding requirements;
 - comply with the teaching hours and weeks in the Programme Regulations and entered into STEO;
 - have evidence of sufficient underlying enrolment and assessment records; and
 - have any subcontracting relationships in place and, if so, understand the relationship and any oversight of these subcontractor activities provided by NMIT.

Limitation of this Report

- 2.5 The terms of this engagement and the scope of the work you have asked us to undertake are different from an audit or a review engagement, and the assurances associated with these reviews are not given. Our work did not constitute an assurance engagement in accordance with the requirements of the Chartered Accountants Australia and New Zealand, and was not designed to provide assurance accordingly under International or New Zealand Standards on Auditing or Assurance such as ISAE 3000. Accordingly, no assurance opinion or conclusion has been provided.
- 2.6 The financial and other information contained in this report have been provided by NMIT, TEC, NZQA and various NMIT sub-contractors and students. Our review was based on enquiries, analytical review procedures, interviews and the exercise of judgement. There is, therefore, an unavoidable risk that some material misstatements may remain undiscovered.

3. Compliance with NZQA Approval and TEC Funding Requirements

3.1 In this section we set out our findings on whether the programmes:

- are taught in accordance with NZQA's approval and TEC funding requirements; and
- comply with the teaching hours and weeks in the Programme Regulations and entered into STEO.

Programme Alignment with Approval and Funding Requirements

3.2 We have set out below the required hours under the Programme Regulations ("PR") and the hours submitted by NMIT into STEO, the TEC database that the funding calculations are based. We have carried out the following procedures:

- identified any differences between the PR hours and the hours submitted into STEO (red below);
- if we have identified a difference between the PR and STEO, we have then traced this change through the NMIT Programme Schedule of Changes which records discussions through the Academic Committee related to the programme. We note that changes to course hours are a "Type 3 change" under NMIT's "3V6 Course and Programme Changes" requiring Academic Committee endorsement; and
- obtained the NMIT PR that NZQA hold, as well as any approval of change documents. We compared these to the current PR at NMIT to check whether there were any unapproved changes in the PR that were required to go through NZQA for approval.

Programme	Date Programme Approved by the Academic Board	Programme Regulation ("PR") (NMIT) Hours	STEO (TEC) Hours	Difference in the Schedule of Changes?	Changes Through NZQA?
Bachelor of Commerce	25 May 2005	Teaching: 480 Self Directed: 720 TOTAL HOURS:1200	Teaching: 680 Self Directed: 580 TOTAL HOURS: 1200	Yes – 24 August 2006	Not specifically – although NZQA have updated version of PR and approved other changes
Certificate in Aeronautical Maintenance Engineering	13 October 2010	Teaching: 765 Self Directed: 295 Workplace: 140 TOTAL HOURS:1200	Teaching: 580 Self Directed: 500 Workplace: 120 TOTAL HOURS: 1200	Yes – 20 November 2012 (change in workplace and teaching hours)	Not specifically – although NZQA have updated version of PR and approved other changes
Certificate in Community Support Services	17 March 2010	Teaching:120 Self Directed: 760 Workplace: 320 TOTAL HOURS:1200	Teaching:120 Self Directed:760 Workplace:320 TOTAL HOURS:1200	N/a – no differences in hours	NZQA does not hold PR
Diploma in Career Guidance	5 July 2006	Teaching: 320 Self Directed: 805 Workplace: 75 TOTAL HOURS:1200	Teaching: 323 Self Directed: 802 Workplace: 75 TOTAL HOURS:1200	N/a – no significant differences in hours	NZQA does not hold PR
Certificate in Seafood Processing	13 February 2008	Teaching: 420 Self Directed: 440 Workplace: 340 TOTAL HOURS: 1200	Teaching: 410 Self Directed: 510 Workplace: 280 TOTAL HOURS: 1200	Yes – 14 April 2012, hours not specifically referred to but NMIT explained that this was part of the wider changes to the regulations of the Level 2 course, embedded within the Level 3 course.	NZQA does not hold PR for the Level 3 course, only for the Level 2 course that is embedded within the Level 3 course, which we have sighted through NZQA

Updating STEO

- 3.3 There was no issue or differences between the PR and STEO with the total learning hours for any of the programmes, which drives the credit and EFTS value, and which funding is based on.
- 3.4 There are differences between the PR teaching and self-directed hours and the hours submitted into STEO in the Bachelor of Commerce, Certificate in Aeronautical Maintenance Engineering and the Certificate in Seafood Processing. The total learning hours are consistent.
- 3.5 The explanation from NMIT is that the hours for the Bachelor of Commerce and the Certificate in Seafood Processing were entered into STEO correctly when the programme was originally approved. However, STEO was not updated for the changes in teaching and self-directed learning hours that were approved by the Academic Committee in 2006 and 2012 respectively.
- 3.6 NMIT also explained that for the Certificate in Aeronautical Maintenance Engineering, the teaching hours were originally entered in STEO incorrectly in error when the programme was approved. There have also been changes to the teaching and self-directed hours in the PR subsequent to this which have not been updated in STEO.

- 3.7 We have raised a recommendation that STEO is updated on a timely basis to reflect the changes in the teaching and self-directed learning hours of the programme to ensure that TEC has access to accurate information in regard to the breakdown of learning hours being delivered.

Approval of Changes through the Academic Board

- 3.8 As noted above, we found that in all three cases that there was a difference between STEO and the PD there was evidence to suggest that the change in the teaching and self-directed learning hours had been discussed at the Academic Committee level. This was evidenced through the Schedule of Changes for each Programme, as required under NMIT's "3V6 – Course and Programme Changes" section in the NMIT Academic Committee Guide Version 2 approved on 25 September 2014.
- 3.9 There was good records of programme changes within the Schedule of Changes for the programmes.
- 3.10 However, we found that for the Certificate in Seafood Processing there were a small number of changes discussed compared to the other programmes, with only three changes since 19 June 2008. The **9(2)(a)** at Southern Training Services Limited mentioned that the only changes to the programmes that she is aware of are those that came through NZQA. For example, a change in a unit standard. In this case the **9(2)(a)** makes this change directly in the workbooks and assessments and there is no communication with NMIT if this has changed. She also explained that the External Advisory Board for the programme has not met for the last two to three years as it is hard to get everyone together given the boat managers are out at sea. Therefore, there is potential for changes to the programme to have occurred (although potentially minor) which have not been discussed at the Academic Committee level in accordance with the NMIT process.
- 3.11 We recommend that NMIT follow this up and check there are no significant differences between the PR and workbooks and assessments, as well as ensuring they are comfortable that the NMIT approval processes are followed for this programme.

NZQA Approval of Changes – is the change in classification of hours significant?

- 3.12 We found that NZQA did not hold any record of the original approvals of the programmes. NZQA and NMIT clarified that this was because before 31 December 2010, NZQA delegated the authority for the approval and accreditation of polytechnics and institute of technology courses to the Association of Polytechnics in New Zealand ("APNZ") and its New Zealand Polytech Programmes Committee ("NZPPC") (later called "ITP Quality") and were therefore approved under these policies and procedures. From 1 January 2011, the quality assurance services for ITP's were provided by NZQA. The programmes we have reviewed were all approved pre-2011 during this time and therefore NZQA do not hold these original documents.
- 3.13 For the Bachelor of Commerce, the changes to the teaching and self-directed learning hours were pre-2011 under the ITP Quality requirements. We have obtained and reviewed the "Form G6 ITPQ Degree Monitoring Guidelines (April 2004)" and there is no specific mention of the learning hours within Section 13 "Changes to ITP Quality-approved degrees." Therefore, we

are unclear on where this change would fit within the guidelines. NMIT's view is that this is likely to fit under "Category B: Module Changes Requiring Approval by an ITP's Academic Board" given this includes "changes to the credit value of modules (while retaining overall credit value of the programme)" and learning hours are attached to credits (10 learning hours per credit). Therefore, the change would not be required to go through ITP Quality, only the Academic Board.

- 3.14 The changes to the teaching, self-directed and workplace hours for the Certificate in Aeronautical Maintenance Engineering and Certificate in Seafood Processing were post-2011 under the NZQA requirements. We have obtained and reviewed the "Guidelines for Changes to Approved Courses for Institutes of Technology and Polytechnics (ITP's)" dated December 2010 from the NZQA website. Category 1 changes "can be made without any involvement of NZQA. In general such changes relate to changes to the components of a course: they have no impact on the overall course level, credit value or learning outcomes." Category 2 changes "require formal approval from NZQA before being implemented. These generally relate to more significant structural changes, the level, credits or learning outcomes of the course." The guidelines then go on to give more specific examples of the types of changes that would fit into each Category without specific mention of teaching and self-directed learning hours. As with the ITPQ Guidelines, the "credit value of a component (while retaining the overall credit value of a qualification)" is included as a Category 1 change, not requiring approval from NZQA.
- 3.15 The Guidelines are not explicit around the teaching and self-directed learning hours. It is our view that changes to learning hours, including changes to teaching, self-directed and workplace hours need to be included within the Guidelines by NZQA so TEO's are able to obtain clarification on this point, given this is an important basis for meeting their funding requirements by TEC.
- 3.16 NZQA hold recent copies of the Programme Regulations for the Bachelor of Commerce, Certificate in Aeronautical Maintenance Engineering, and the National Certificate in Seafood Processing with strands in Basic Processing Skills (Level 2) and Intermediate Processing Skills (Level 3) (from discussions with NMIT this is an embedded qualification within the Level 3 Certificate in Seafood Processing we are reviewing and is incorporated in the Level 3 programme), as a change post 2011 had been submitted to NZQA for approval. Although the changes were for other issues (not related to the learning hours, for example the entry requirements), the updated hours were included in the documents given to NZQA. NZQA did not identify any issues with this when they approved these changes.
- 3.17 We also sent the Schedule of Changes for the programmes to NZQA to check whether any of the NZQA unapproved changes post 2011 recorded should have gone through the NZQA approval process. They confirmed to us that none of these NZQA unapproved changes would have been required to be approved by them.

Delivery of Teaching Hours and Weeks

- 3.18 We have been advised by TEC that an important part of the funding provided to NMIT is based on the total learning hours delivered to the student (1,200 per year for a full time course). This is reflected in rule SAC036. We have focused on the teaching hour component of learning hours to give a percentage of delivery given the stronger evidence base of timetables in conjunction with tutor interviews.

3.19 The average total teaching hours have been calculated in the table below. The components include the:

- average timetable hours obtained (mainly the underlying timetables 2013 and 2014 were available for each programme) and further interpreting these through tutor and student interviews; and
- average additional hours and those hours over and above the underlying timetables over 2013 and 2014 that we identified through interviews with tutors and students. They are calculated on a per student basis.

3.20 The self-directed component differs between each student, depending on a number of factors such as age, prior knowledge, motivation and experience. However, it is an important part of the total learning hours that the funding is based on. The student interview findings (documented in the next section below), as well as the evidence of assessments give us a level of comfort around extent of these hours.

3.21 We have set out below an estimate of the teaching hours delivered on this basis (from tutor interviews and timetables provided by NMIT) and a comparison to the hours required to be delivered under the Programme Regulations.

Programme	Programme Regulation (“PR”) (NMIT) Teaching Hours	Calculated Teaching Hours Delivered	General Comments from Discussions with Tutors and Review of Timetables
Bachelor of Commerce	480	680	<ul style="list-style-type: none"> • High level of teaching hours given that there are lectures and tutorials for each paper (3.5 – 4.5 hours average per week per paper)
Certificate in Aeronautical Maintenance Engineering	765	912	<ul style="list-style-type: none"> • High level of teaching hours given students are required to be in class from 8am – 3pm 4 days a week and a half day on Friday
Certificate in Community Support Services	120	133	<ul style="list-style-type: none"> • Low teaching hours delivered (and required). This includes generally 1 class per week plus an additional optional class
Diploma in Career Guidance	320	100 - 168	<ul style="list-style-type: none"> • Low teaching hours delivered given this is a fully online, distance delivered programme. This includes 4 x 1 day workshops available to students and online discussions/ email enquiries calculated on a per student basis • The teaching hours are lower than the teaching hours required under the PR • The range of teaching hours has been calculated based on whether it takes a student 1 year or 2 years to complete the programme
Certificate in Seafood Processing	420	560	<ul style="list-style-type: none"> • High level of teaching hours given students are required to be in class from 8am – 4pm, 4 days a week • The theory is delivered over a shorter period in practice (generally 3 months), however teaching hours are still met based on tutor interviews

3.22 We found that the teaching hours delivered under the Bachelor of Commerce, Certificate in Aeronautical Maintenance Engineering, Certificate in Community Support Services and the Certificate in Seafood Processing all exceeded the hours required under the PR.

3.23 The teaching hours delivered for the Diploma in Career Guidance were lower than those in the programme regulations. However, we note that the programme regulations state that this is “a fully online, distance delivered” course. The main reasons for the differences include:

- A large component of the programme regulation hours includes online sessions available with the tutor to the student each day for online discussions and to answer any questions. However, we have clarified with the students that the online sessions are rarely used by the students. The tutor also confirmed she is rarely there in these times given the students do not use it, although an email notifies her if a student does come online and she will make herself available straight away. The tutor made it clear she would like the sessions to be more actively used, but if the students decide not to use it there is not much she can do about it. It appears that the main reason they do not use it is that they are in a more mature age bracket and less likely to make use of an online chatroom.
- The learning hours are calculated on a per student basis, to estimate the number of hours an individual would spend learning as opposed to the number of hours a tutor would spend teaching all students. For example, if a tutor is in email contact with five students for half an hour each, we would assume half an hour learning as opposed to the two and half hours that the tutor is interacting with students. This is based on the latest New Zealand Qualifications Framework dated November 2013 that states “*the credit value relates to the amount of learning in the qualification. In determining the amount of learning in a qualification, a qualification developer estimates how long it would typically take a person to achieve the stated outcomes in the context specified and to demonstrate that achievement through assessment. This determines the credit value for a qualification.*” We note that the funding from TEC is also on a per student (“EFTS”) basis. We have also previously confirmed with NZQA that this is the right basis to use.

3.24 We have allowed additional time for tutors emailing and contacting students individually in relation to course queries on a per student basis.

3.25 In terms of the self-directed component for the Diploma in Career Guidance, we have evidence of the self-directed hours being met through the student interviews below, although the level is variable from student to student. A driver for this is likely to be their experience level, as well as the period of time they are doing the Diploma over. NMIT have confirmed that all the students are enrolled part-time, which would have the effect on increasing the self-directed learning hours over the programme overall. The student responses from the 9 interviews when they were asked about the duration of the programme were varied, with a range of 1 year – 2 years. We also have sighted evidence of assessment records for each of the students selected in our sample.

3.26 We recommend that NMIT re-review the teaching and self-directed learning hour split within the Diploma in Career Guidance Programme Regulations to be comfortable that the teaching hours reflect the hours delivered to the individual students.

Student Interviews

3.27 We have interviewed a sample of students in each Programme to find out from their perspective more about the delivery of the programmes and the level of work (teaching and self-directed) required. We have summarised the interviews below.

Programme	Number Interviewed	Number Tried	Duration	Teaching Modes and Classes	Self Directed Learning	Assessments
Bachelor of Commerce	12	35	3 – 3.5 years	Multiple lectures per week, tutorials and online learning	Range: 4 – 16 hours per week	Theory and presentations
Certificate in Aeronautical Maintenance Engineering	4	5	2 years	Lectures, tutorials and practical learning	Some required to keep up with assessments (however in class all day)	Theory and practical
Certificate in Community Support Services	10	66	4 months – 1 year	Tutorials and work books Responses were mixed on the number of classes attended per week (0 – 3)	Range: 0 – 14 hours per week	Theory and practical
Diploma in Career Guidance	9	13	1 – 2 years	Self-directed and online learning	Range: 2 – 10 hours per week	Theory
Certificate in Seafood Processing	4	82	3 months – 1 year	Class, self-paced, work experience	Not much required (however in class all day)	Theory and practical

3.28 The student responses in relation to the teaching modes and classes generally matched the tutor comments. The teaching hours were described as being high for the Bachelor of Commerce, Certificate in Aeronautical Maintenance Engineering and the Certificate in Seafood Processing.

3.29 The teaching hours were lower for the Certificate in Community Support Services and the Diploma in Career Guidance. This is expected given the lower teaching hours required under the Programme Regulations, being 120 and 320 respectively. The students in the Diploma in Career Guidance did not attend class, which is consistent with it being an online and distance delivered course.

3.30 There were 1 out of 10 students in the Certificate in Community Support Services that did not attend any classes, but did attend twice for 30 minutes over the year to clarify some questions, and 1 out of 4 in the Certificate in Seafood Processing were not able to clarify the class attendance or duration.

3.31 There is evidence of self-directed learning in all five programmes, but the extent is highly variable. As previously explained, this differs between each student depending on a number of factors such as age, prior knowledge, motivation and experience.

- 3.32 The Certificate in Community Support Services and the Diploma in Career Guidance has a particularly high requirement of self-directed learning given the lower teaching hours. As with the other courses, there is a large range.
- 3.33 NMIT has clarified that a large number of students enrolled in the programme come from a variety of experience and backgrounds, so it doesn't take them as long to do the course. Furthermore, for the Diploma in Career Guidance, NMIT have confirmed the students are all enrolled part time so do the course over a longer period than a year. This is consistent to some extent with the student interviews, with all students saying the programme lasted between one – two years.
- 3.34 We had a particularly low success rate in contacting students in the Certificate in Seafood Processing. In the majority of cases this was because the individual was out at sea and non contactable either on their work placement as part of the course, or in full time work on a vessel.
- 3.35 The duration of time taken to complete the theory for the Certificate in Seafood Processing was shorter than the year long duration stated under the Programme Regulations, with students generally saying it took three months. However, given that 3 out of the 4 students interviewed said they were in class between 8am – 4pm four days a week, they are likely to meet the teaching hour component anyway.
- 3.36 We expect variability in student responses given their needs are expected to vary significantly. Given this, there were no responses that were a significant cause of concern. We have obtained further comfort through evidence of assessment records of a sample of students below to demonstrate engagement in the programmes.

Comments on Sub-contractors

- 3.37 There are sub-contractor arrangements in place with Skills Update Training Institute ("SUTI") delivering the Certificate in Community Support Services and the Diploma in Career Guidance, and Southern Training Services ("STS") who deliver the Certificate in Seafood Processing.
- 3.38 The sub-contractor arrangements allocate a number of EFTS to the sub-contractor and require them to "deliver the programmes in a manner that is consistent with the approved Programme Document and delivery plan approved by NMIT." However, NMIT shall be responsible for "the academic quality and overall management of the programme including student enrolment, collection of student fees, EFTS allocation and academic management." We have included relevant extracts in **Appendix C**.
- 3.39 In consideration for the services the sub-contractor performs, NMIT pays the SAC funding payable by TEC, less an agreed percentage retained by NMIT. NMIT also pays the sub-contractor 100% of the student fees paid. In terms of the individual arrangements with programmes, for the:
- Certificate in Community Support Services and the Diploma in Career Guidance, 30% of the SAC funding is to be retained by NMIT under the Amendment to Contract (#1056) dated September 2010; and
 - Certificate in Seafood Processing, 40% of the SAC funding retained by NMIT under the Addendum to Contract (#1049) Letter dated 18 December 2013.

- 3.40 We have sighted these arrangements to deliver the programmes on the 2014 Subcontracting Register provided to us by TEC. Therefore, TEC are aware of these relationships. On the register, the forecast total value to the sub-contractor of two programmes delivered by SUTI is \$572,130 for a total of 136 EFTS, and a forecast value of \$265,440 for 40 EFTS for the programme provided by STS.
- 3.41 As previously mentioned, NMIT is responsible for “the academic quality and overall management of the programme including student enrolment, collection of student fees, EFTS allocation and academic management.” We have identified a number of processes that NMIT have in place to monitor sub-contractor activities including:
- review of the academic results by the NMIT Programme Manager and Results Committee, which are uploaded by the sub-contractor on a student by student basis, and then the approval of these academic results and the award of qualifications through Academic Committees (standing committees of the Academic Board);
 - the moderation process for a sample of assessments;
 - the Programme Advisory Committee process where an independent board provides input to the programmes to ensure it meets the demands of industry;
 - student feedback sought at the beginning of their learner journey (First Impressions Survey), course and tutor surveys during the programme of study, and then a Learner Experience Survey toward the end;
 - a teaching observation process, where feedback is provided on tutors teaching, that has been carried out on SUTI, but not STS during 2014;
 - as needed contact between subcontractors and the NMIT Programme Managers, such as email and phone communication;
 - curriculum self-assessment reports; and
 - the programme change approval process through the Academic Committee and Board, which is outlined in the NMIT Academic Committee Guide Version 2 approved on 25 September 2014
- 3.42 Through discussions with the Programme Managers, we are aware that there is not a review process of randomly selecting underlying records assessments (over and above the moderation process) and attendance records, to compare delivery to the Programme Regulations.
- 3.43 We suggest this as a potential improvement to the monitoring process, given that the sub-contractors are incentivised by EFTS numbers. However, we have not identified any concerns in relation to this from the samples we have tested.

4. Verification of Existence of Students and Student Data

4.1 In this section we explain the results from selecting 15 student samples per programme and then reviewing the underlying information for each. We have set out in the following summary table our findings, which are expanded upon further below. The following summarises the process involved to verify the existence of students and their eligibility to enter the programme:

- we sighted enrolment application forms for each student that included signed and dated hardcopy enrolment application forms that were retained on file. For students enrolling online, we viewed their online application form. We also confirmed whether or not the forms had been appropriately approved and signed by NMIT;
- we sighted appropriate supporting information (e.g. birth certificate, passport) that had been provided by the student to support their application;
- we reviewed the student details in their enrolment application forms to see if they agreed with the details in NMIT's Student Management System ("SMS");
- for those students who had completed their qualification according to NMIT's SMS, we reviewed the relevant Academic Committee meeting minutes. These minutes outline the names of students recommended and approved for the awarding of their respective qualifications. We then reviewed whether any National Awards were appropriately reported to NZQA and that all qualification completions were reported to TEC; and
- we reviewed evidence of assessment records for all students.

We have set out the following summary table of our findings. These findings are expanded upon further below.

Programme	Enrolments and Supporting Information	Details agree between SMS and TEC?	Evidence of ongoing assessment records?	Completions and standards sufficiently reported?
Bachelor of Commerce	✓ Minor issues identified	✓ No issues	✓ No issues	✓ No issues
Certificate in Aeronautical Maintenance Engineering	✓ No issues	✓ No issues	✓ No issues	✓ No issues
Certificate in Community Support Services	✓ Minor issues identified	✓ No issues	✓ No issues	✓ No issues
Diploma in Career Guidance	✓ Minor issues identified	✓ No issues	✓ No issues	✓ No issues
Certificate in Seafood Processing	✓ Minor issues identified	✓ No issues	✓ No issues	✓ No issues

Student Enrolments and Supporting Information

4.2 Overall, we were comfortable with the underlying student records from the samples we selected. However, we have identified a number of minor issues below.

Bachelor of Commerce

4.3 One student, aged under 20 years, did not provide a NZQA Record of Achievement as she was schooled in s 9(2)(a) [REDACTED]. Section 5.2 of the Bachelor of Commerce programme regulations outlines a special entry provision where, in exceptional circumstances, an applicant under the age of 20 years who does not meet the academic entry requirements may be granted entry to the programme where they supply evidence to satisfy the Academic Committee of their ability to succeed on the programme. NMIT have advised that in this instance, two members of NMIT's Regional Economic Development Academic Committee (namely, the 9(2)(a) [REDACTED] [REDACTED] and 9(2)(a) [REDACTED] [REDACTED]) interviewed the applicant and admitted her based on the interview. However, evidence of the interview cannot be sourced and both committee members have subsequently left the organisation.

Certificate in Community Support Services

4.4 We identified six instances when the student signed the enrolment application form prior to the commencement date of the programme, but the enrolment application form was not finalised in the Student Management System by NMIT until after the commencement date of the

programme. Our discussions identified that enrolment application forms are completed by students and collected by SUTI (sub-contractor), who then forward the forms to NMIT whereby the information is uploaded into the SMS and the enrolment process is completed, including reviewing by the appropriate persons at NMIT. However, there can often be a delay in the enrolment approval process if there are a lot of applications to process or there are time constraints within the administrative staff.

- 4.5 There was one instance of insufficient documentation being provided to support the requirements listed in the enrolment application. The sub-contractor, SUTI, is responsible under Section 8 of the contract between NMIT & SUTI to provide any information required by NMIT to enable enrolment by applicants into the programme (s8.1.9). Further, Section 5.1.2 of NMIT's Programme Regulations (Entry Requirements & Selection) requires applicants to provide two referees reports, the collection of which has been delegated to SUTI.
- 4.6 However, we have found evidence to suggest that SUTI is not always collecting the reports or, where they are collected, is not always forwarding them onto NMIT once collected. Our discussions identified that there were changes made to the Programme Regulations, effective from 11 April 2013, requiring applicants to provide two referee reports in addition to a Health Declaration form and Convictions against the Law and Confidentiality form. In this instance the latter two requirements have been met but the referee reports were not provided or followed up. NMIT accepted the student onto the course pending the student providing the reports. The reports were never provided and the student did not go on to pass the course.
- 4.7 NMIT accept this finding, but explained that the referee reports are over and above their obligations anyway and they are considering whether all these requirements are necessary.

Diploma in Career Guidance

- 4.8 There were five instances of insufficient documentation being provided to support the enrolment application. As previously mentioned, the subcontractor, SUTI, is responsible to provide any information required by NMIT to enable enrolment by applicants into the programme and the Programme Regulations (Entry Requirements & Selection) requires applicants to provide two referees reports, the collection of which has been delegated to SUTI.
- 4.9 Again, we have found evidence to suggest that SUTI is not always collecting the reports or, where they are collected, is not always forwarding them onto NMIT once collected. Our discussions identified that, for this qualification, there were changes made to the programme regulations, effective from 13 May 2013, requiring applicants to provide two referee reports in addition to a Health Declaration form and Convictions against the Law and Confidentiality form. In some cases, we have not sighted referee reports in the underlying records. NMIT accept these findings, but are considering whether all three requirements are necessary.
- 4.10 We recommend that NMIT review the required documentation to support the enrolment to ensure the right level of detail is available as evidence of the validity and credibility of the student, and that the students meet the entry requirements into the programme. NMIT should also ensure that this information is always present to support the enrolment, including reviewing those programmes that involve sub-contractors.

Certificate in Seafood Processing

- 4.11 [9(2)(a)]
[REDACTED]
[REDACTED]
[REDACTED] NMIT explained that all Level 2 TFW courses are embedded within the Level 3 Seafood Processing course which is the “parent,” therefore every student who enrolls under the Level 2 TFW course will appear under the Level 3 Seafood processing student list for their records.
- 4.12 However, [9(2)(a)]. Discussions with the NMIT [9(2)(a)] identified that MSD referred students are fully funded by MSD and therefore [9(2)(a)] should not have received SAC funding.
- 4.13 NMIT has confirmed that they have further investigated the issue and have identified a further 2.95 EFTS of SAC funding over-claimed due to errors in the enrolment process. This will be raised to TEC appropriately in due course.
- 4.14 Of the seven students sampled who enrolled in this programme in 2013, only [9(2)] completed their qualification. Tutors advised us that it is often hard to get students to complete the programme due to a number of factors, including being from a lower socio economic background, behavioural issues in some cases and students getting employment on a boat before finishing the programme. After reviewing the evidence of assessment records and class attendance records, we were unable to identify any issues with the assessment process for these students.

Reporting of Completion Data to NZQA and TEC

- 4.15 The Bachelor of Commerce degree does not include unit standards as it is a degree level programme. Therefore, there is no requirement to report to NZQA. However, there is a requirement for NMIT to report to TEC for all course and qualification completions through the Single Data Return (SDR) by the required date. We reviewed the SDR course completion files for December 2013 and August 2014 and can confirm that NMIT successfully reported the information to TEC within one to eight months for the [REDACTED] students (from the sample of 15) who completed their qualification.
- 4.16 For the Certificate in Aeronautical Maintenance Engineering (“CAME”), the Certificate in Community Support Services, and the Certificate in Seafood Processing, [9(2)(a)] students (from our sample) had completed the qualification respectively. In all instances the New Zealand Qualification Framework (“NZQF”) credits relating to the programme unit standards were reported to NZQA within one to seven months of the student completing the programme. Similarly, we reviewed the SDR course completion files for December 2013 and August 2014 and can confirm that NMIT successfully reported the information to TEC within one to eight months for the seven students who completed their qualification.
- 4.17 For the Diploma in Career Guidance, [9(2)(a)] of the fifteen students had completed the qualification. However, according to an email received from a NZQA Risk Case Analyst dated 25 November 2014, there is no requirement to report local courses (e.g. Local Diplomas, with no NZQF standards) to NZQA. Therefore, NZQA do not hold any records for the Diploma in

Career Guidance. As for TEC completion reporting, we can confirm NMIT reported the course completion information through the SDR for the § 9(2)(a) students who completed their qualification within one to seven months of the completion date.

Level of Evidence Retained

4.18 Other than the issues identified in the table and expanded upon above, NMIT were able to produce all documentation requested and required as part of this review.

4.19 We sighted the following evidence of assessment records for the five selected programmes:

- for the Certificate in Community Support Services; Diploma in Career Guidance; Certificate in Seafood Processing; and Certificate in Aeronautical Maintenance Engineering: we sighted assessment records for all fifteen students selected. The assessment records recorded the number of unit standards completed for each student where applicable; and
- for the Bachelor of Commerce not all assessment records were sighted as NMIT have not kept individual assessment records for each student. In practice, a sample selection of student assessments is kept for NZQA auditing and moderation purposes, i.e. for each internal assessment NMIT will keep the assessment results of a student who scored high, a student who scored in the mid-range, and a student who was at the lower end of the results. There are also some written assignments kept online so the tutor can use plagiarism detection software.

4.20 In terms of attendance records, we sighted the following attendance evidence within the five selected programmes:

- For the Certificate in Community Support Services and the Certificate in Seafood Processing, all student attendance is recorded by the subcontractor. There is no evidence of student attendance recorded on the NMIT's student management system ("EBS4"). At present, EBS4 has not been rolled out to the subcontractors to enable live updates of student attendance to be displayed.
- The Diploma in Career Guidance: This is an online course, with optional workshops four times a year, therefore no attendance records are required.
- For the Bachelor of Commerce, we selected two samples from the fifteen students and conducted a walkthrough of EBS4 with a NMIT staff member on 14 November 2014. Student attendance is kept and recorded by the lecturer/tutor, either on a paper form or directly into EBS4. Paper form records are then entered into EBS4 at a later date. Therefore, we have been able to see the tutors record of attendance, however not a record of attendance signed off by the student.
- Similarly, for the Certificate in Aeronautical Maintenance Engineering we selected two samples from the fifteen students and conducted a walkthrough of EBS4 with a NMIT staff member on 14 November 2014.

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