



Department of Education & Training

Higher Education and Skills Group

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Mr Michael Perusco
Chief Executive Officer
Berry Street Victoria Inc.
1 Salisbury Street
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Dear Mr Perusco

2018 SKILLS FIRST AUDIT & ASSURANCE PROGRAM – BUSINESS PROCESS AUDIT & TRANSACTIONAL COMPLIANCE AUDIT

I write regarding the *Skills First* Audit and Assurance Report dated 6 December 2018, for the Business Process Audit (BPA) and Transactional Compliance Audit (TCA) recently conducted at Berry Street Victoria Pty Ltd (Berry St.).

The audits consisted of an examination of your organisation's business and transactional processes in order to assess your organisation's compliance with the 2018-19 VET Funding Contract (the **Contract**). The audits found a number of exceptions as summarised below.

Eligibility

Within the two (2) BPA and 20 TCA student files tested, the Auditor identified two (2) instances where the student did not complete the highest qualification attained section of the Eligibility Declaration form.

In your management comments, it is acknowledged that the highest qualification attained section of the Eligibility Declaration form was not completed, however, your organisation states that the information on the Eligibility form is not the only information used to assess eligibility criteria.

The Department acknowledges that in your Management Action Plan (MAP), you have undertaken to reiterate and provide training to staff to ensure that Eligibility Declaration forms are completed accurately and fully.

The Department has determined to not take further action in relation to these findings as despite the two (2) instances where the student did not complete the highest qualification attained section of the Eligibility Declaration, there appeared to be sufficient evidence to support the students' eligibility.

However, the Department reminds your organisation of its obligation to comply with clause 2.2 of the *2018 Guidelines about Determining Student Eligibility and Supporting Evidence* which states that prior to the commencement of training, for each individual that the Training Provider assesses as eligible for the Entitlement to Funded Training, the Training Provider must complete in hard copy or electronically, the information and declarations specified in the *Evidence of Eligibility and Student Declaration* form.

Training Plan

Within the two (2) BPA and 20 TCA student files reviewed, the Auditor identified 14 instances where the Training Plan was not signed by the Training Provider.

In your management comments, you acknowledge that the Training Plan template being used did not have a section for the Training Provider to sign, however, you advise that this has now been updated to include a section for the Training Provider representative to sign.

Additionally, the Auditor identified one (1) instance where the Training Plan was signed three (3) months after course commencement.

The Department reminds your organisation of its obligations to comply with Schedule 1, clauses 7.5 and 7.6 of the Contract, which require that:

- Information on training and assessment must be agreed and endorsed by the Training Provider and the Eligible Individual or group of Eligible Individuals via signature; and
- Training Plans may be developed and signed prior to training commencement but no later than four weeks after training commencement.

The Department also reminds your organisation of its requirement to ensure Training Plans are updated and students' progress is monitored in accordance with Schedule 1, clauses 7.7 and 7.16 of the Contract.

Fees

Within the two (2) BPA student files tested, the Auditor identified two instances where the tuition fee hourly rates stated in the Statement of Fees was lower than the tuition fee hourly rate reported to SVTS.

In your management comments, it is stated that you were unaware of how the organisation's Student Management System (SMS) was reporting tuition fees to SVTS, and you believed that the requirements of the Contract were met through the retention of paper-based documents showing fees.

The Department acknowledges your organisation's advice that the SMS has been rectified and now accurately reflects the amount listed in the Statement of Fees.

Notwithstanding the above, your organisation is reminded of the requirement to adhere to Schedule 1, clause 12.2 (a) of the Contract which requires Training Provider's to report (in cents) the actual tuition fee per hour charged to each Eligible Individual for training subsidised through the *Skills First* Program via the Client Tuition Fee field in the Student Statistical Report.

Fee Concessions

Within the 13 TCA concession files tested, the Auditor identified seven (7) instances where valid evidence of concession could not be located on file, specifically;

- One (1) instance where the evidence of concession on file was not valid prior to the commencement of training (Report ref 2.5);
- Six (6) instances where a copy of the evidence of concession sighted was not retained on file (Report ref 2.5); and
- 13 instances where the tuition fee hourly rates charged to the student were different to what was reported to SVTS (Report ref 2.6).

In your organisation's management comments, it is stated that the files with non-compliances identified in them relate to the Shepparton office and the delivery of Certificate II in Skills for Work and Vocational Pathways, which you advised, ceased operating in late 2017.

The Department acknowledges your organisation's undertaking to reiterate and provide training to relevant staff to ensure valid evidence of concessions is sighted and copies of same are retained.

In relation to the 13 instances where the tuition fee hourly rate charged to the student was different to what was reported to SVTS, it is stated in your management comments that your organisation was unaware of how its SMS was reporting tuition fees to SVTS and it believed that the requirements of the Contract were met through the retention of paper-based documents showing fees.

However, it is also advised that your organisation's SMS has been rectified and now accurately reflects the amount listed in the Statement of Fees.

The Department reminds your organisation of the requirement to adhere to Schedule 1, clause 12.2 of the Contract to report (in cents) the actual tuition fee per hour charged to each Eligible Individual for training subsidised through the *Skills First* Program via the Client Tuition Fee field in the Student Statistical Report.

Reclamation of Funds – Evidence of Concession Fees

As there is insufficient evidence to support that these students were eligible for a concession fee, and where your organisation reported a higher hourly tuition fee than what was actually charged to the student, the Department will reclaim the following concession funds paid (Appendix B of the Report).

Table 1. Calculation of reclaim for Fee Concession findings

Sample	Report Reference (s)	Student ID	Program ID	Program Commencement Date	Skills First funds to reclaim (incl. GST)
TCA Concession 2	2.5 & 2.6	01365	FSK20113	07/02/2017	\$33.44
TCA Concession 3	2.5 & 2.6	01476	FSK20113	25/07/2017	\$302.94
TCA Concession 4	2.5 & 2.6	01762	FSK20113	26/04/2017	\$454.41
TCA Concession 5	2.5 & 2.6	01804	FSK20113	07/02/2017	\$555.39
TCA Concession 8	2.5 & 2.6	01811	FSK20113	07/02/2017	\$521.73
TCA Concession 9	2.5 & 2.6	01823	FSK20113	07/02/2017	\$275.88
TCA Concession 11	2.5 & 2.6	01879	FSK20113	25/07/2017	\$150.48
TCA Concession 1	2.6	00694	FSK20113	07/02/2017	\$29.26
TCA Concession 6	2.6	01805	FSK20113	07/02/2017	\$68.97
TCA Concession 7	2.6	01806	FSK20113	07/02/2017	\$68.97
Total (incl. GST):					\$2,461.47

Data Reporting

Within the 13 TCA concession files tested, the Auditor identified four (4) instances where the concession type reported to SVTS did not align with the student's actual concession type.

In all instances, the concession type reported to SVTS was a Health Care Card but the evidence of concession retained on file was a Pensioner Card.

The Department acknowledges your management comments which state that the SMS was set up to default to Health Care Card, however, you state that this has now been rectified.

It is also acknowledged that your organisation has undertaken to provide training to staff to ensure data is accurately reported.

The Department again reminds Berry St. of the requirement to ensure accurate reporting to SVTS.

Management Action Plan

A Management Action Plan has been developed to address the non-compliances identified in the BPA/TCA Report.

As per Clause 11.3(b) (iii) of the Contract, your organisation is required, within six months of the date of the final 2018 BPA/TCA report, to advise the Department in writing of the steps taken to comply with and implement the plan.

Review of Findings

The findings in the BPA/TCA Report constitute Material Breaches as defined in Clause 1.1 of the Contract.

However, as your organisation has addressed the issues identified in your MAP, and you have undertaken to provide additional training to relevant staff, the Department will not conduct any further assurance activity at this time.

Next steps

As noted above, the Department will seek to reclaim **\$2,461.47** (incl. GST) in Concession exceptions identified through the TCA. An invoice for this amount will be issued to you shortly.

The Department trusts that your organisation found the audit process useful for continuous improvement purposes. You will shortly receive a message via the SVTS containing a link to the *Skills First Contract Compliance Audit Program Satisfaction Survey*, which Berry St. is encouraged to complete.

Yours sincerely



Greg Norton

Executive Director

Training Market Services

Date: 31 / 1 / 2019