

TEC Investigation Report – Workforce Development Limited

Executive Summary

1. A TEC investigation of Workforce Development Limited (WDL) has identified a number of instances of non-compliance with TEC funding rules. The issues identified relate to the inaccurate reporting of learner enrolments in the Single Data Return (SDR); the inaccurate calculation and reporting of learner withdrawals; the claiming of funding for invalid enrolments; and the invalid awarding of qualifications.
2. A number of corrective actions are required to be taken by WDL to address these issues. The TEC investigation has identified a funding recovery of approximately \$300,000 in relation to incorrectly claimed Fees Free funding, while required resubmissions of past SDR submissions will also lead to further funding recoveries.
3. Although a number of serious issues have been identified, the TEC would like to acknowledge that WDL has worked openly and constructively with us throughout the investigation process. WDL management has demonstrated a commitment to correcting historic issues and improving its systems, and has already taken steps to implement improvements. WDL volunteered additional records during the investigation to demonstrate such improvements. We note that these additional records did not indicate any serious issues, although still highlighted the issue caused by WDL's approach to reporting course start dates (paras 20-32 refer) as WDL has not yet altered its practice in this regard.
4. The TEC acknowledges that WDL is focused on engaging and supporting its learners in innovative ways, in order to be as learner-centric as possible and meet the unique needs of its learners, whanau and communities. The TEC supports such approaches, but must also ensure providers comply with funding conditions that are also designed to protect learners' interests and the responsible use of public funding. Through this investigation, the TEC has developed a strong working relationship with WDL, and we look forward to continuing to provide support and working with WDL in the best interests of its learners.

Background

5. WDL is a Private Training Establishment (PTE) based in Napier, Hawkes Bay. It has been a NZQA registered PTE since 1992. In 2017 it went through a change of ownership, when it was purchased by its current owners and Managing Director.
6. WDL operates in the Hawke's Bay Region (Napier, Hastings, Mahia and Nuhaka), Dannevirke and Auckland. It delivers to a wide range of learners from diverse cultural backgrounds, including a number who are considered 'high needs' learners.
7. WDL offers the following TEC funded programmes;
 - > New Zealand Certificate in Cookery (Level 3)
 - > New Zealand Certificate in Early Childhood Education and Care (Introductory Skills) (Level 3)
 - > New Zealand Certificate in Early Childhood Education and Care (Level 4)
 - > New Zealand Certificate in Foundation Skills (Level 1)
 - > New Zealand Certificate in Hospitality (Level 2)
 - > New Zealand Certificate in Youth Work (Level 4)
 - > New Zealand Diploma in Health and Wellbeing (Practice/Applied Practice) (Level 5)
8. WDL currently receives TEC funding from the Student Achievement Component (SAC) Levels 1 and 2 fund, SAC Level 3+ fund, Literacy and Numeracy fund (both Intensive literacy and numeracy and Workplace literacy fund), Youth Guarantee (YG) fund, Equity fund, Fees Free payments, and Targeted Training Apprenticeship Fund (TTAF).

9. Between 2018 and 2021, WDL delivered 847 Equivalent Full-time students (EFTS), across 1496 students. During this period WDL was funded \$8,291,621.

TEC Audit

10. The TEC carried out a scheduled audit of WDL in 2021, to provide assurance that WDL was/is compliant with the Act and TEC funding conditions. Audits are a routine part of the TEC's ongoing monitoring of tertiary education organisations (TEOs)¹.
11. While some of the issues identified were able to be resolved as part of the normal audit process, the audit also identified discrepancies in a number of the learner records sampled between the reported start date, the date the enrolment form had been signed by the learner, and the recorded first date of attendance. Such discrepancies can have consequences for learners' entitlements and TEC funding.
12. The nature and extent of the discrepancies identified in the audit prompted TEC to commence a more in-depth investigation to determine the full extent of the issues and the appropriate corrective actions. WDL was notified of TEC's investigation on 25 June 2021.

Complaints

13. The TEC's investigation was also informed by three separate anonymous complaints about WDL received by the TEC between May 2020 and March 2022.
14. As these complaints were made anonymously, the TEC had limited ability to investigate them, and we are not reporting specifically on the validity of the allegations made in the complaints. However, some of the allegations made related to concerns identified in the TEC's 2021 audit, and therefore the matters raised in the complaints were factored into our investigation work. Where issues were corroborated by the TEC's investigation, they are reported on in the relevant sections on investigation findings below.

Investigation Process

15. TEC investigations utilise a number of sources of information and evidence to enable us to form a view about whether data reported in the SDR matches the providers' own records, and whether records and reporting accurately reflect learners' experiences. These checks ensure that learners receive the education and training experience they expect, and that programmes are delivered and funded as approved.
16. The TEC's investigation of WDL included:
 - > An introductory hui with WDL's Managing Director, General Manager, Board, Kuia, Kaumatua and staff.
 - > Formal interviews with the Managing Director, General Manager, Finance Manager, tutors, a head of department, Learner Experience Unit staff, and Quality and Assurance staff.
 - > Interviews with 51 learners²
 - > Review of 285 learner enrolment and attendance records, and the corresponding SDR submissions
 - > Review of NZQA programme approval documentation.
17. The TEC would like to recognise the cooperation of WDL throughout the investigation process. Difficulties in contacting a suitable sample of learners led to the information gathering phase of the investigation taking longer than intended, and we acknowledge the impacts this had on WDL and its staff. We also recognise the significant work undertaken by WDL as part of the investigation, including the provision of large volumes of learner records.

¹ TEC's monitoring function is set out in section 409(1)(h) of the Education and Training Act 2020.

²155 learners were contacted during the investigation, but many did not return correspondence or details were no longer valid.

Investigation Scope

18. The TEC's investigation reviewed the delivery of the following programmes across 2018 – 2020:

- > New Zealand Certificate in Cookery (Level 3) in Lower Hutt, Hastings, Dannevirke and Napier.
- > New Zealand Certificate in Early Childhood Education and Care (Level 4) in Manukau, Napier, Lower Hutt and Hastings.
- > New Zealand Certificate in Youth Work (Level 4) in Manukau, Lower Hutt, Napier, Hastings, Mahia, Nuhaka and Wairoa.

Investigation findings

Inaccurate reporting of learner enrolments through the SDR

19. During the 2021 audit of WDL, issues were highlighted with how students were reported through the SDR and how dates did not appear to align with what was occurring onsite.

20. The majority of WDL's funding is received via the Student Achievement Component Level 3 and above Fund (SAC3+ Fund). The funding conditions attached to SAC3+ Fund funding require the TEO to:

- > supply information to the TEC about each student that is enrolled in a course by completing the fields in the SDR in accordance with the SDR manual and its appendices;³ and
- > ensure that the SDR accurately records "all confirmed student enrolments" where fees apply⁴

21. To receive funding for each qualification that is delivered, the TEO must disaggregate the qualification into component courses. The SDR manual defines a course as:

the smallest component of a programme of study in which a learner may be enrolled and returned in the SDR. It is a set of learning with level, credit, title, grade on assessment, equivalent full-time learner (EFTS), courses classification. Papers, modules, units, components, and subjects are all terms that are sometimes applied to courses. A course encompasses teaching, learning and assessment. In some cases, it also includes research. A course may occur at any location at any time during the year.⁵

22. The manual also provides guidance on identifying the start date and end dates:

Start Date

This date is the officially notified beginning date of instruction and/or structured supervision associated with each learner's course(s) at a tertiary education organisation.⁶

End Date

This will normally be the officially notified end date of instruction and/or examination associated with a course. If a course spans the end of the normal academic year, the last date will be for the following year⁷

23. Accurate reporting of course dates is important because it determines the length of student course enrolments (to ensure correct funding is applied) and helps monitor student intake patterns throughout the year. These fields are also used by the TEC to produce performance information for investing, funding, and monitoring purposes.

24. The TEC investigation confirmed across a larger sample of learners the earlier audit findings that start dates reported in the SDR did not match actual learner start dates. Of our sample of 275 enrolments, 203 (74%) showed a misalignment between the start date reported in the SDR and the actual course start date. This figure excludes those that could potentially be considered genuine late enrolments. The gap between the start date

³ Condition 2.1(a)(i) of SAC 3+ funding conditions.

⁴ Condition 3 of SAC 3+ funding conditions.

⁵ 2021 Single Data Return Manual, pages 40.

⁶ 2021 Single Data Return Manual, page 81.

⁷ 2021 Single Data Return Manual, page 83.

in the SDR and the actual start of the course varied, but in every case the date reported to the TEC was earlier than when instruction and/or supervised supervision actually began.

25. Examples of the misalignment in the reported dates are illustrated by the following examples:

NSN	Reported Start Date	Actual Start Date
151358508	17 June 2019	5 August 2019
108430865	27 April 2020	17 September 2019
132093875	17 June 2019	29 August 2019
103466199	15 July 2019	2 December 2019
705082	15 July 2019	27 January 2020

26. The table above illustrates how WDL’s reporting practice results students being reported in the SDR before they actually started studying – in some cases weeks or months before. This does not align with the requirements of the SDR Manual and is a breach of condition 2.1(a)(i) and condition (3) of the SAC3+ funding conditions.

27. When this issue was raised, WDL explained that they use a ‘semesterisation’ approach, which involves recognising two dates:

- > “Programme start date” – is used to describe the beginning of the ‘semester’, and is the date from which WDL asserts that teaching could begin for any learner. This is the date that WDL has reported in the SDR as the ‘start date’ for funding; and
- > “Commencement date” – the date when the learner begins actual structured supervision.

28. WDL stated that “preparatory work was undertaken with students between the time of the programme start date and the time that their tuition began”, and reporting the “programme start date” as the course start date in the SDR reflected this.

29. However, when the TEC interviewed students as part of this investigation, none of the students we spoke to confirmed that such preparatory work occurred. Further, interviews with WDL staff found that while they spent time with learners at enrolment to complete an enrolment form and conduct an initial learner interview, they next saw learners only when the courses formally started⁸. When reviewing learner records, we also noted that while some learners had both a “programme start date” and “commencement date” recorded, others had a “programme start date” only, some had a “commencement date” only, and others had neither.

30. In light of the above, the TEC has confirmed its view that WDL’s reporting of course start dates in the SDR is inaccurate and is a breach of conditions 2.1(a)(i) and (3) of the SAC3+ funding conditions. We found no evidence to support WDL’s justification for reporting semester or “programme start dates” as course start dates in the SDR.

Required action #1: WDL is required to resubmit its 2018, 2019, 2020 and 2021 final SDRs to correct its reporting, and ensure it reports learner enrolments accurately from 2022 onwards.

31. As well as ensuring TEC funding is claimed accurately, it is critical that TEOs accurately report enrolment dates to ensure that learners are not disadvantaged. Enrolment dates are particularly critical for learners who withdraw from study and seek a refund, and they can also impact on learner entitlements for student support initiatives.

Incorrect reporting of learner withdrawals

32. The investigation identified multiple issues with WDL’s withdrawal process. These issues are set out below.

⁸ We also note that several staff members noted they did not agree with the reporting approach used by WDL and had raised concerns with WDL management. While they felt their concerns were listened to, the practice had not been changed.

Incorrect calculation of withdrawal periods and learner refund entitlements

33. As highlighted in the previous section, WDL has incorrectly reported course start dates for the majority of its learners. The effect of this practice means that, by the first day of the learner's actual attendance, the withdrawal period during which they are entitled to a refund may already have passed (depending on the gap between the reported date and the actual course start date). This severely disadvantages learners, who lose any opportunity to withdraw from a programme that is not to their liking without suffering any consequences⁹.
34. The SAC3+ funding conditions state that a student enrolment occurs (and funding can be claimed) "where the period during which the student is entitled to withdraw from a course, programme or training scheme and receive a full refund of fees (less any applicable administration fee) has passed"¹⁰.
35. Withdrawal dates for a PTE are outlined in section 357 of the Act, stating that domestic students are entitled to a refund if they withdraw from a programme or training scheme if:
 - > the course is of three months duration or more
 - > the withdrawal occurs up to the end of the eighth day after the start of a course.
36. As part of *Required Action #1*, WDL must correct its previously reported course start dates. Through this process it must identify learners who were entitled to a fee refund but did not receive one, and ensure those refunds are paid, either to the learner, or to the TEC (for Fees Free) or StudyLink (for Student Loans).

Required action #2: *WDL must refund all learners who were eligible for refunds but did not receive a refund due to WDL's inaccurate reporting of course start dates.*

Incorrect reporting of withdrawn students

37. Our investigation also identified 60 learners who withdrew from WDL (according to withdrawal forms or student interviews) but who were reported in the SDR as either 'Unsuccessful' completions, 'Yet to Complete', or 'Extended/Grade' not available.
38. These learners have been reported as 'Unsuccessful' completions in the first December SDR, but as 'Extended/Grade' not available in the following years' December SDR.
39. As outlined in paragraph 21 above, WDL must comply with the guidance provided in the SDR manual. The manual outlines what to do when a student withdraws from a course. For the purposes of reporting, a withdrawal means:

*the withdrawal of a confirmed student enrolment from a course, programme or training scheme, by notice from the student to the TEO or as a result of non-attendance or non-participation by a student at the TEO for any reason, and whether or not the student has been refunded any fees.*¹¹
40. The withdrawal field "assists in the analysis of attrition of confirmed student enrolments, by providing an important distinction between those students who stay until the end of the course and are not successful, with those that withdraw before the end of the course." Correctly identifying withdrawals will also ensure that the correct funding has been attributed to each enrolment.

Required action #3: *When resubmitting its 2018, 2019, 2020 and 2021 final SDRs (per Required action #1), WDL must also review the files of these 60 learners and accurately record their withdrawals.*

Generic withdrawal dates and incomplete withdrawal forms

41. Our investigation also identified issues with the completion of withdrawal forms.
42. Of particular concern were 120 withdrawal forms that appeared to have been filled out 'in bulk', rather than on an individual basis. The evidence for this is that these forms were completed weeks or months after a learner had left WDL (according to the dates reported in the SDR or from student interviews); all forms included the

⁹ As well as potentially losing their ability to claim a refund, learners who withdraw after the refund period will 'consume' the EFTS associated with that course, which can impact their future entitlement to Fees Free, Student Loans, etc.

¹⁰ Condition 3(b) of SAC 3+ funding conditions.

¹¹ 2021 Single Data Return Manual, page 84.

same withdrawal date; and all included very similar reasons for withdrawal (examples in the reason box include one or two-word answers such as "covid" or "employment changes").

43. Further, we observed that most withdrawal forms in our sample were incomplete in some way, including: missing dates; no reasons provided for withdrawal; or no learner and/or tutor signature. While the TEC appreciates the difficulty in reaching learners who have stopped attending to come back and sign a withdrawal form, all forms can and should be correctly dated and signed by tutors. As outlined above, ensuring correct withdrawal dates is an important part of the reporting process.
44. During the investigation, WDL acknowledged that its withdrawal process "*could have been better*" but advised that improvements have been made since the appointment of a General Manager to the organisation, and that withdrawals are now working well and as per sector norms. The TEC's next audit of WDL will assess this area and its improvements.
45. We acknowledge that WDL has undertaken significant improvement work, both prior to and as part of responding to the TEC's investigation. No specific corrective actions are required with respect to these findings, but WDL must ensure it maintains complete and accurate records, in accordance with condition (4.2) of TEC's Base Funding Conditions. We intend to undertake a review of WDL's 2022 SDR submission to ensure lasting improvements have been implemented.

Students incorrectly enrolled and entered into the SDR

46. As part of our investigation, we contacted as many learners as possible from a sample based on learners who WDL reported in the SDR. We spoke to 29 students who stated that they never went ahead with any study at WDL; did not attend enough days to become a valid funded enrolment; or only made online enquiries. Such learners do not meet the funding conditions for a 'valid student enrolment' and should not have been reported in the SDR.
47. For completeness, we note that 22 of the 29 learners were from the Mahia, Nuhaka and Wairoa areas, which reflects an allegation made in anonymous complaints to the TEC that people were signed up to WDL inappropriately by obtaining individuals' names and dates from personal networks. During interviews, some learners told us they had never had anything to do with WDL, and that they must have been 'signed up by someone'.
48. We understand that WDL contracted staff to engage with the Mahia, Nuhaka and Wairoa communities, in order to generate interest for people in the community to undertake further education. The evidence indicates that some individuals engaged with as part of this process were formally enrolled by WDL, despite those individuals not having any intention to participate in study.
49. When asked about these issues, WDL's Managing Director advised that WDL's model is different to what most education providers do and acknowledged it may "push the boundaries at times". He stated that the model is intended to be highly flexible and wholly learner-centric in order to meet the needs of students, whanau and communities. WDL staff stated during interviews that the intention and ideas were good, but that this approach was a big challenge and had perhaps been executed too quickly.
50. A letter of support from one of WDL's Māori tutors with strong links to Wairoa explained that WDL identified that connecting with students through tutors from the beginning, and building trusted relationships in a Māori-Tauīwi partnership, would help meet their needs and support them to achieve their personal goals. They noted that a Te Whare Tapawha model of learning places focus on the needs of the learner, with strong support and care from tutors, and stated that WDL provided opportunities for learners that did not previously exist, and did so while respecting Te Ao Māori.
51. The TEC is strongly supportive of providers developing and implementing delivery models that respect Te Ao Māori and cater to the unique needs of their communities. It is also acknowledged that WDL faces challenges with engagement in certain areas, and we support an early engagement approach to generate interest in educational opportunities and build strong early relationships between learners and tutors.
52. However, to provide accountability for public funding, enrolments must be appropriately documented and accurately reported to the TEC. It is not valid to enrol individuals who only expressed interest in studying, and of particular concern is that individuals appear to have been signed up by others. Unless these records are

corrected, these inaccurate enrolments could impact on individuals' future entitlements, including to Fees Free and Student Loans.

Required action #4: *When resubmitting its 2018, 2019, 2020 and 2021 final SDRs (per Required action #1), WDL must remove all 29 learners identified as non-valid enrolments.*

Invalid awarding of qualifications

53. Our investigation identified through learner interviews that two students in our sample were awarded the Certificate in Youth Work (L4) despite not having attended or completed the programme or its courses.
- > One learner recalled attending 'once or twice', but left the programme due to other competing priorities.
 - > A second learner attended one day and decided the programme was not for them, and withdrew. They were confused and surprised when they received an email invitation to graduation.
54. When this was brought to WDL's attention during the investigation, WDL undertook an internal audit which confirmed the findings, and found that a total of six students were incorrectly awarded qualifications in 2019. WDL acknowledged that errors had occurred, and stated it was putting mechanisms in place to prevent this from happening in the future.
55. While this only occurred in four instances, the invalid awarding of a qualification is a serious concern and indicates serious failings of administrative processes. In each of these cases, funding would also have been incorrectly claimed for each learner's enrolment.

Required action #5: *When resubmitting its 2018, 2019, 2020 and 2021 final SDRs (per Required action #1), WDL must ensure all six learners are removed as valid enrolments.*

56. The TEC has advised the New Zealand Qualifications Authority (NZQA) of this finding, to ensure each learner's New Zealand Record of Achievement (NZRoA) is accurate.

Invalid claiming of Fees Free funding

57. WDL's signed 2019 and 2020 Fees Free agreement provides that the TEC is only liable to pay a fee for an eligible Fees Free enrolment if WDL charges that fee to "every learner in the same circumstances" who is enrolled in the same course, whether or not they are eligible for Fees Free tertiary education¹². This is to prevent TEOs from claiming public money to cover fees when they otherwise deliver a course without charging learners fees.
58. During the investigation, WDL provided TEC staff with a letter/memo which stated that, to achieve parity/equity for students, if some learners within a cohort are eligible for Fees Free WDL applies a fees waiver to ensure all learners can access it for free. This practice began in 2018 for Early Childhood Education programmes, and has been expanded to other programmes from 2019, including the Youth Work Level 4 certificate.
59. Despite the above, our investigation showed that the fee waiver was not always applied consistently. We identified that for the Early Childhood Education and Youth Work programmes, Fees Free funding had been claimed from TEC for 120 learners who were eligible for Fees Free. We also identified one learner who was charged a fee in 2019 for the Early Childhood Education programme, despite a fee waiver being in place.
60. As a result of the above, WDL has breached the conditions of its Fees Free agreements by claiming Fees Free funding for 120 learners where a fee waiver was in place. The TEC will recover approximately \$300,000 in funding for these Fees Free payments. Similarly, where fees were charged to learners who weren't eligible for Fees Free, despite a fee waiver being in place, we expect that WDL will refund those learners' fees.

Required action #6: *WDL must repay Fees Free funding to the TEC for fees paid to the 120 learners who should have been subject to the fee waiver policy.*

Required action #7: *WDL must consider refunding the non-Fees Free eligible learner who was charged fees, despite a fee waiver being in place.*

61. The TEC does acknowledge that WDL's fee waiver initiative, despite breaching funding conditions, was done with good intentions – i.e. to ensure those who were not eligible for Fees Free and could not otherwise afford

¹² Clause 26(b).

to enrol could still benefit from education and training. In discussing the findings of the investigation with WDL, we have advised ways in which they could achieve this without breaching TEC funding rules. This includes either implementing zero fees for all learners, or introducing needs-based scholarships. The TEC will continue to support WDL as it reviews its approach..

Incomplete or inaccurate enrolment forms

62. During the course of our investigation, we identified a range of instances in which enrolment forms were either incomplete or inaccurate. This included:
- > No start and/or end dates.
 - > Blank learner interview forms. (Learner interviews are completed when a learner enrolls so that WDL can assess the support that the learner will need, previous experience and the learner's commitment to the programme of study).
 - > No contact details.
 - > Incomplete Police vetting forms.
 - > Some pages of enrolment records were missing, so TEC staff could not identify the date of enrolment, which is when the learner signs the enrolment form.
 - > Inaccuracies in enrolment records including scenarios where it appeared that some students signed the enrolment form declaration after their commencement on the course, where attendance report dates were different to the start and/commencement dates and end dates of students in enrolment forms.¹³
63. While no specific corrective actions are required with respect to these findings, WDL must ensure it has adequate processes and systems in place to ensure it keeps complete and accurate records. It is a requirement established by the Act in section 361(1) that "*a private training establishment must (a) keep accurate enrolment and academic records for each learner enrolled in (i) a programme or training scheme provided by the establishment*". An enrolment form should also collect all the information that a TEO is required to report in the SDR.

Outcome and next steps

64. As set out above, WDL is required to take a number of actions to address the issues identified in this investigation.

Required action #1: WDL is required to resubmit its 2018, 2019, 2020 and 2021 final SDRs to correct its reporting of course start dates, and ensure it reports learner enrolments accurately from 2022 onwards.

Required action #2: WDL must refund all learners who were eligible for refunds but did not receive a refund due to WDL's inaccurate reporting of course start dates.

Required action #3: When resubmitting its 2018, 2019, 2020 and 2021 final SDRs, WDL must also review the files of the 60 learners identified and accurately record their withdrawals.

Required action #4: When resubmitting its 2018, 2019, 2020 and 2021 final SDRs, WDL must remove all 29 learners identified as non-valid enrolments.

Required action #5: When resubmitting its 2018, 2019, 2020 and 2021 final SDRs, WDL must ensure all four learners incorrectly awarded a qualification are removed as valid enrolments.

Required action #6: WDL must repay Fees Free funding to the TEC for fees paid to the 120 learners who should have been subject to the fee waiver policy.

Required action #7: WDL must consider refunding the non-Fees Free eligible learner who was charged fees, despite a fee waiver being in place.

¹³ Examples found in the Appendix

65. The TEC notes that while a number of serious issues have been identified, WDL has engaged openly and cooperatively throughout the investigation process. It has acknowledged that if mistakes were made in the past, they were committed to resolving them, and has already taken steps to implement more robust procedures. Of note is the recent appointment of a new General Manager and the creation of and appointment to a Compliance Officer role.
66. In particular we acknowledge WDL's stated commitment to work with TEC to address any issues identified by the investigation. The TEC is committed to providing support as needed to help WDL address the issues set out in this report, and to implement further operational improvements. As part of this, TEC intends to review WDL's 2022 December SDR submission to provide assurance that improvements have been made or identify areas where further support is required.
67. Finally, the TEC would like to sincerely thank the Board, management and staff of WDL for their hard work throughout the investigation, as well as their co-operation, collaboration, and openness. The TEC is aware of the burden that providers feel during an investigation process, and while this investigation has been completed as quickly as practicable, a number of factors meant the process took longer than originally envisaged.