



# TEC Investigation Report – Crown Institute of Studies Limited (8644)

## Executive Summary

1. An audit of Crown Institute of Studies Limited (Crown Institute) in October 2019 identified issues with the tertiary education organisation's (TEO's) enrolment and reporting processes. An investigation commenced in February 2020 to determine the extent of these issues.
2. The investigation looked at Crown Institute's compliance with funding conditions from 2017 to 2019. The audit and investigation samples covered a total of 69 student enrolments between 2017 and 2019, and issues were found with 29 of them (42%).
3. Both the audit and investigation confirmed that a number of enrolments tested did not meet the enrolment criteria as per TEC funding conditions and / or that the information reported in the Single Data Return (SDR) could not be verified.
4. The breaches of funding conditions occurred due to the lack of enrolment information to verify the students' eligibility as domestic students. Instances were also identified of students being reported in the SDR as 'completing' courses or 'yet to complete' courses when students had in fact withdrawn.
5. This has resulted in a funding recovery of \$200,331.16. The TEC also wishes to acknowledge that Crown Institute has recently been through a change of ownership, and was faced with issues that occurred under its previous ownership. Crown Institute's new Managing Director and staff were very cooperative during this investigation and have been proactive in making and implementing improvements.

## Background

6. Crown Institute is a registered private training establishment (PTE), operating since 1991. It offers studies in hospitality, travel and tourism, and business studies. Crown Institute's students consist of a wide range of ethnicities, with approximately 45% being Māori and / or Pasifika. Crown Institute is located at 80 Anzac Avenue, in Auckland.
7. Crown Institute has recently undergone a change of ownership. On 20 December 2019 Kiwi Institute of Education Limited (KIEL) gained 100% shares of Crown Institute.
8. The sale and purchase agreement took place in three stages over a period of two years; 25% shares were purchased in December 2017; a further 24.99% shares purchased in September 2018; and the final 50.1% of the shares purchased in December 2019.

9. The PTE receives Student Achievement Component Levels 3 and above (SAC3+) funding from the TEC. The table<sup>1</sup> below provides a breakdown of TEC funding for 2017, 2018 and 2019:

Fund	2017 \$GST exclusive	2018 \$ GST exclusive	2019 \$ GST exclusive
<b>Investment Plan</b>			
SAC L3+ Funding	\$908,242	\$906,632	\$921,138
Fees-free Payments	-	\$115,314	\$282,519
Equity Funding	\$2,563	\$2,221	\$5,962
<b>Total</b>	<b>\$910,805</b>	<b>\$1,024,167</b>	<b>\$1,209,619</b>

10. An audit of Crown Institute in October 2019 identified issues with the TEO's enrolment and reporting processes. Therefore, we initiated an investigation to further look at the issues, which were:

- > Withdrawal dates not being reported in the SDR or students being reported as 'yet to complete' or 'extended' despite leaving the PTE.
- > Information reported through the SDR did not reflect the information on the student's record.
- > Insufficient evidence to verify students' eligibility to enrol.
- > Missing student records.

## Investigation Scope

11. The investigation looked at Crown Institute's compliance with funding conditions from 2017 to 2019. A sample of 49 student records from 2017 to 2019 were selected for further testing and analysis, following the 20 samples tested during the audit. In particular, the investigation focused on looking at the following:

- > Pre-enrolment assessments or other evidence to confirm entry criteria are met.
- > Relevant enrolment and supporting documents that verify student eligibility.
- > Withdrawal documentation and withdrawal process (if applicable).
- > Evidence of Recognition of Prior Learning (if applicable).
- > Attendance records and assessment results for each course.
- > Fees that the student has been charged (if applicable).

12. We met with Crown Institute's current Managing Director and with the Marketing and Business Development Manager at Crown Institute's premises.

## Investigation findings

13. The audit and investigation samples covered a total of 69 student enrolments between 2017 and 2019, and issues were found with 29 of them (42%). The 29 records are detailed in the appendix.

### The investigation confirmed that a number of enrolments could not be validated

14. Both the audit and investigation confirmed that a number of enrolments tested did not meet the enrolment criteria as per TEC funding conditions, or that the information reported in the SDR could not be verified.

15. The reason enrolments could not be verified, was due to the lack of documentation retained for a student to be considered a valid domestic enrolment. This is contrary to SAC 3+ funding conditions 5.1, 5.2, 5.3 and 5.4<sup>2</sup>. Details of the lack of documentation is broken down as follows:

<sup>1</sup> TEC funding information has been sourced from 'My Allocation and Payments' APP in Ngā Kete as at 17/02/2020.

<sup>2</sup> 5.1: Valid domestic enrolments, 5.2: Verification of student eligibility, 5.3: Verification of student identity, 5.4: Enrolment records for valid domestic enrolments.

- > No information was available to confirm the enrolment for five student enrolments.
  - > For a further 21 student enrolments, the only information available and presented to TEC, were screenshots from Crown Institute's previous student management system 'D.A.V.E'. Crown Institute advised us that they were having difficulty accessing D.A.V.E. This meant that no additional information was able to be provided from D.A.V.E during the investigation.
  - > For three student enrolments, limited enrolment documentation was provided, however this was not sufficient for the enrolment to be considered a valid domestic enrolment.
16. In past TEC audits, Crown Institute's previous Managing Director had stated that records were lost after a flood occurred in the building's basement in 2014. During the investigation the new Managing Director and other key staff we spoke to advised of the same thing, despite not working at Crown Institute at the time.
  17. During the investigation visit, we spoke to the new Managing Director who advised that all retrievable records were presented to TEC. She advised that Crown Institute's previous Managing Director is no longer involved with the business in any capacity and therefore did not assist in the course of this investigation to provide further information perhaps unknown to its new Managing Director.
  18. We also identified that of the 29 student enrolments that breached TEC funding conditions, 17 of the enrolments had withdrawn (based on documentation reviewed at Crown Institute), however, no withdrawal date was reported in the SDRs.
  19. Reporting students in the SDR without including withdrawal dates, when in reality some students were early withdrawals, suggests that TEC funding was erroneously claimed for such students.
  20. Instances were also identified where documentation reviewed did not match what was reported in the SDR. For example, documentation for student [REDACTED] indicated that the student withdrew within the first seven days of starting the course. However, the student was reported as successfully completing all four courses in the SDR and the qualification was awarded and appeared on the student's New Zealand Qualifications Authority (NZQA) Record of Achievement (RoA).
  21. The above example raises questions as to how the student successfully completed the qualification when documentation suggests that the student was an early withdrawal. Crown Institute was unable to provide an explanation for this. There were also other instances similar to this identified during the audit and investigation.
  22. Consequently, information reported in the SDR could not be verified, as no records existed / there was insufficient records verifying enrolments.

### **Recognition of Prior Learning (RPL)**

23. As part of the enrolment process Crown Institute provides its students with a form where they can detail any relevant RPL, which is good practice. However, in one instance, we found that funding was claimed for study awarded via RPL, which is a breach of SAC3+ funding condition 5.9<sup>3</sup>.
24. When asked about this student, Crown Institute staff claimed to be unaware that this had occurred as they were not involved with Crown Institute at the time.
25. Our analysis also identified that in most samples analysed, the RPL forms provided were blank, or when completed no evidence was found to test whether RPL had been assessed for the students, such as a copy of the student's NZQA RoA. While the reason the forms were blank are that RPL is not applicable, this can also be seen as a lack of RPL assessment by Crown Institute. Therefore, we recommend that a note is made in RPL forms, so that it is clear to TEC and to Crown Institute's own staff whether RPL is applicable or not.

<sup>3</sup> You must not seek SAC 3+ Fund Funding for recognised prior learning credited to a student. To ensure that you are able to comply with this Condition, you must:

- (a) make any fees charged for recognition of prior learning clear to the student;
- (b) ask the student to specify prior learning he or she has undertaken;
- (c) review the information provided by the student when admitting a student into a programme or qualification;
- (d) retain documents that confirm that the student has demonstrated the required knowledge or skill; and
- (e) reduce the student's fees accordingly in proportion to the recognised prior learning he or she has undertaken.

Recognised prior learning does not include repeated learning or training that the applicable quality assurance body requires students to undertake periodically.

## Some student records reported very low attendance

26. The investigation found that some students reported very low attendance rates, which did not appear to impact students' ability to successfully achieve courses. Crown Institute explained that they had provided some students the opportunity to attend catch up classes for which attendance was not recorded in the same way as that for scheduled classes.
27. Crown Institute advised that catch up classes were made available to students to help them get back on track and encourage them to continue with their programme rather than withdraw.

## Funding Implications

28. As a result of the issues identified, the total recovery calculated based on 69 student records tested is \$200,331.16 for the period 2017 to 2019.

## Remedial Actions

29. Funding will be recovered based on the 69 student records sampled. We acknowledge that the breaches of funding conditions occurred under the previous Managing Director.
30. We note that Crown Institute's new Managing Director has recently implemented a number of new changes such as:
- > A new student management system (Wisenet). Wisenet is a well-established student management system and certified by the Ministry of Education for the SDR. Enrolment documentation can be stored in Wisenet (electronically rather than manually as it had been done in the past).
  - > The new Managing Director advised that Crown Institute staff have been receiving training for Wisenet and going forward the SDR would no longer be managed by just one person (as was previously done). Wisenet has been in use since April 2020.
31. In recognition that the issues identified occurred under the previous ownership, and that the new owner has been highly cooperative with the TEC's investigation and proactive in making improvements, the TEC will not be investigating further but we will revisit Crown Institute to ensure improvements are made.
32. In response to the issues identified, Crown Institute has undertaken a range of remedial actions (which it has described below). The TEC is comfortable with its approach and will conduct a follow up audit in due course to ensure the improvements have been fully and effectively implemented.

Issue	Remedial Action
Insufficient enrolment records.	<p>At the implementation on the 6<sup>th</sup> January 2020 of new student management system (Wisenet) Crown Institute reinforced its enrolment procedures, setting out immutable steps that must be taken before an enrolment is considered 'closed'. These steps are:</p> <ol style="list-style-type: none"> <li>1. Sighting either the original or certified copy of the original birth certificate or passport, proof of NZ citizenship or residency.</li> <li>2. Enrolment form completed, signed and uploaded to Wisenet</li> <li>3. Scanning original or certified copies for upload to student's personal file in Wisenet</li> <li>4. Testing student's literacy and numeracy levels, and placement in appropriate programme</li> </ol> <p>One-on-one interview with prospective student by suitably trained enrolment staff or Head of Department.</p>

Issue	Remedial Action
<p>Withdrawal dates not reported in SDRs and insufficient withdrawal documentation maintained.</p>	<p>As above, the implementation of Wisenet on the 6<sup>th</sup> January 2020 has enabled and strengthened good record keeping practices at Crown Institute.</p> <ul style="list-style-type: none"> <li>• Crown Institute’s policy for active withdrawals is that students provide notice that they wish to withdraw from participation, study and/or enrolment. Student can do this in person in which case they complete a withdrawal form which is then uploaded to their personal file in Wisenet.</li> <li>• Written notification of withdrawal is in the form of an email or text, a copy or screenshot of which includes the date is uploaded to student’s electronic file.</li> <li>• Disengaged students who have not actively withdrawn are formally warned of the consequences of non-attendance via three staggered warning letters. If the student has not returned to school one week after the third warning letter was emailed, a final expulsion letter is sent. Warning letters are emailed directly from Wisenet which means a copy is automatically retained.</li> <li>• Crown Institute’s finance department is subsequently notified of a student’s withdrawal on the same day; she in turn immediately notifies Studylink.</li> </ul>
<p>No information on students’ assessment of RPL, (important to determine whether RPL exists or not).</p>	<p>Crown Institute has well-established procedures in place to determine whether RPL exists or not.</p> <p><i>Assessment of Prior Learning (APL) and/or Recognition of Current Competencies (RCC)</i> form is completed by student and uploaded to Wisenet.</p> <p>RPL is applied to student’s academic record only after a verified copy is produced that evidences student’s prior learning.</p> <p>Crown Institute acknowledges it cannot claim SAC level 3 and above funding or student fees for RPL or CRT, or for delivering tuition where the student already has prior learning.</p>

### Next steps

33. The TEC will support Crown Institute in making ongoing improvements as a result of the issues identified. A future audit will be scheduled to provide assurance that these improvements have had the necessary effect.

## Appendix – details for funding recovery calculation

#	NSN	Recovery	Reason for Recovery	Funding (excluding GST)			Total for
				2017	2018	2019	2017+2018+2019
1		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 3,774.25	\$ 4,282.68	\$ 3,263.33	\$ 11,320.26
2		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
3		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
4		Yes	Insufficient enrolment documentation	\$ 4,004.93	\$ 1,011.19	\$ -	\$ 5,016.12
5		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,417.19	\$ -	\$ -	\$ 1,417.19
6		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
7		Yes	No information available	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
8		Yes	Insufficient enrolment documentation Crown documentation states student withdrew after 7 days	\$ 2,669.95	\$ -	\$ -	\$ 2,669.95
9		Yes	Insufficient enrolment documentation Crown documentation states student withdrew after 7 days	\$ 1,411.05	\$ -	\$ -	\$ 1,411.05
10		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
11		Yes	Insufficient enrolment documentation Crown documentation states student withdrew after 7 days	\$ 1,001.23	\$ -	\$ -	\$ 1,001.23
12		Yes	Insufficient enrolment documentation	\$ 2,360.75	\$ -	\$ -	\$ 2,360.75
13		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
14		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
15		Yes	Insufficient enrolment documentation	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
16		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
17		Yes	No information available	\$ 4,420.27	\$ 4,458.02	\$ -	\$ 8,878.29
18		Yes	Insufficient enrolment documentation	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
19		Yes	Insufficient enrolment documentation	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
20		Yes	Insufficient enrolment documentation Crown documentation states student withdrew after 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
21		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
22		Yes	Documentation not sufficient to validate enrolment	\$ -	\$ -	\$ 4,718.73	\$ 4,718.73
23		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
24		Yes	Insufficient enrolment documentation Crown documentation states student withdrew within first 7 days	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
25		Yes	Documentation not sufficient to validate enrolment Crown documentation states student withdrew within first 7 days.	\$ -	\$ -	\$ -	\$ -
26		Yes	No information available	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
27		Yes	No information available	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
28		Yes	No information available	\$ 1,413.50	\$ 4,282.68	\$ 3,263.33	\$ 8,959.51
29		Yes	Documentation not sufficient to validate enrolment	\$ 4,004.93	\$ 2,696.50	\$ -	\$ 6,701.43
Recovery Total				\$65,541.40	\$ 90,413.33	\$50,405.35	\$ 206,360.08
Less adjustment made for (due to additional information being provided)				\$ -	\$ -	-\$ 4,194.73	-\$ 4,194.73
Less flexible funding adjustment				\$ -	-\$ 27,964.34	\$ -	-\$ 27,964.34
Updated Recovery Total				\$65,541.40	\$ 62,448.99	\$46,210.62	\$ 174,201.01
Add GST				\$ 9,831.21	\$ 9,367.35	\$ 6,931.59	\$ 26,130.15
<b>Total to Pay</b>				<b>\$75,372.61</b>	<b>\$ 71,816.34</b>	<b>\$53,142.21</b>	<b>\$ 200,331.16</b>