

ERTO A Perspective on NVR risk assessment strategy

Following the recent release of the NVR's Risk Assessment Strategy, in which Risk Indicators for RTOs are proposed, ERTOA members reviewed and discussed the applicability of the indicators for their context. Their responses are summarised in the following table, with the proposed NVR indicators listed in the left column and their applicability and usefulness in an ERTO context discussed in the right column.

Also included is a list of potential 'high risk' indicators specific to enterprise RTOs

Proposed NVR Risk Indicators

Applicability in an ERTO context and comments

RTO Performance

| | |
|--|--|
| <p>Compliance history</p> <ul style="list-style-type: none"> ✓ Compliance levels and trends from AQTF/ESOS audits (2 yrs) | <p>Useful as a general ERTO risk indicator.</p> |
| <p>QI data</p> <ul style="list-style-type: none"> ✓ Competency completion rates and client satisfaction levels | <p>The data currently collected from the 'employer' and 'learner' survey components of the AQTF National Quality Indicator Collection is of little relevance or use within the enterprise training environment. The majority of enterprise RTOs already have effective QI processes for their training operations which they will continue using as they are relevant to their business requirements. For these RTOs the National QI collection is redundant. ERTOA strongly recommends that the requirement for the <u>mandatory</u> collection of this data be removed from the AQTF compliance framework.</p> <p>ERTO A has no issue with the Competency Completion component of the current National QI Collection. This data is the only comprehensive source of information about the total annual level of VET activity within Australia.</p> <p>The mandatory of collection, storing and reporting of AVETMISS-compliance data remains highly problematic for the many enterprise RTOs that do not access public funding. ERTOA regards this issue as unresolved at present.</p> |
| <p>Substantiated complaints</p> | <p>Useful as a general ERTO risk indicator.</p> <p>However, in 5 years of ERTOA operations we are aware of only one formal complaint within a member ERTO!</p> |
| <p>Performance feedback from other valid sources</p> | <p>Depends upon the definition of 'valid sources'. There is great variability across the enterprise training environment. Valid sources could include;</p> <ul style="list-style-type: none"> ✓ business teams within the enterprise for whom the ERTO provides training and assessment |

Proposed NVR Risk Indicators

Applicability in an ERTO context and comments

services

- ✓ customers/clients of the enterprise who deal with employees trained and assessed by the ERTO.
- ✓ Regulatory and licensing authorities and bodies responsible for verifying the competency and skills of the employees trained by the ERTO

In many ERTOs this performance feedback is already being collected as part of the enterprise's standard QA/continuous improvement processes

RTO Governance

Financial viability

Generally of limited application as ERTOs would be regarded as very low risk here.

ERTOs are typically embedded within the wider business operations and processes of the enterprise and the RTO is a function within the enterprise HR operations rather than a distinct (stand-alone) entity. They are generally managed as a 'cost centre' and do not have 'financial viability' in their own right – if the business enterprise is viable then the RTO will be viable. The best source of evidence here is the formal Annual Report submitted to ASIC and the business planning documentation prepared and used within the enterprise.

Most ERTOs provide training for their employees only and do not charge any form of tuition fee.

Fundamental changes to scope of operations (last 2 years)

This is a useful risk indicator for ERTOs (See note in RTO Profile below)

Level of reliance on other organisations to deliver T and A on the RTO's behalf

Generally of limited application within ERTOs

VET skills and experience of senior management

Need to carefully define what is meant by 'senior management personnel' as the ERTO usually operates within a HR/HRD framework. Most ERTOs have a relatively small team of training and

| Proposed NVR Risk Indicators | Applicability in an ERTO context and comments |
|------------------------------|---|
|------------------------------|---|

| | |
|-----------|--|
| personnel | development professionals with 'traditional' VET knowledge who work with and co-ordinate a larger group of 'subject matter experts' – i.e. experiences employees with a sound knowledge of and experience of the business. |
|-----------|--|

| | |
|---------------------------------|--|
| Transparency of legal ownership | Generally of limited application for ERTOs. The ERTO is typically a business function within the wider HR operations of the enterprise |
|---------------------------------|--|

RTO Profile

| | |
|--|--|
| <p>Scope of registration</p> <ul style="list-style-type: none"> ✓ Range of industry training areas / AQF levels delivered | <p>A useful risk indicator for ERTOs</p> <p>The 2009 ERTO profile report indicated that the typical ERTO used qualifications from only one or two Training Packages. The Training Packages used by the enterprise would be expected to reflect the core business of the enterprise.</p> <p>In the same report ERTOs reported that the majority (87%) of the qualifications issued in 2008 were at Certificate IV level or below.</p> |
|--|--|

| | |
|---|--|
| Proportion of training that leads to licensed or regulated outcomes | <p>A useful risk indicator for ERTOs</p> <p>A number of ERTOs train employees for work that is licenced or subject to regulation. Examples included train/bus/truck drivers, heavy plant operators, crane operators, electricity and gas distribution workers.</p> |
|---|--|

| | |
|--|------------------------------------|
| Proportion of delivery to OS students in Australia | Not generally applicable to ERTOs. |
|--|------------------------------------|

| | |
|--|------------------------------------|
| Proportion and range of delivery at offshore locations | Not generally applicable to ERTOs. |
|--|------------------------------------|

Proposed NVR Risk Indicators

Applicability in an ERTO context and comments

Modes of delivery and types of student clients

- ✓ Remote or online delivery
- ✓ Delivery to school students using formal work placement
- ✓ Skills recognition assessment with heavy reliance on third party testimony
- ✓ On-the-job/in the workplace delivery

Generally a low risk area for ERTOs as the students/clients are employees of the enterprise undertaking a blend of 'in-the-job' and 'off-the-job' training and assessment..

Potential specific 'high risk' indicators for Enterprise RTOs

The characteristics of enterprise RTOs, and the clear evidence of effective and appropriate operation and high levels of compliance over a number of years suggests strongly that this type of RTO can be broadly classified as 'low risk' within the national regulatory framework. However, this classification potentially moves to high risk if the ERTA operates atypically – the following specific 'high risk' indicators would then apply:

RTO Performance:

- ✓ The ERTA does not have an effective QA/continuous process integrated with the enterprise's business operations and geared to the needs of the business and its employees (i.e. th ERTA can show no evidence of collecting, analysing and acting upon any form of appropriate performance feedback)

RTO Governance:

- ✓ A significant proportion of the ERTAs training and assessment services are provided to non-employees.
- ✓ The ERTA charges fees for the training and assessment services it provides.
- ✓ The Training Package qualifications issued by the ERTA do not match the core business of the enterprise.

RTO profile:

- ✓ The Training Package qualification on the scope of registration do not match the core business of the enterprise.
- ✓ There scope of registration includes qualifications from more than two Training paclages.
- ✓ The majority of qualifications issued are at AQF level Certificate IV and above.
- ✓ The scope of registration includes the TAE Certificate IV or TAA Diploma.
- ✓ The scope of registration includes qualifications associated with licensing and other legislated compliance requirements.
- ✓ A significant component of the training and assessment services are provided 'off-the-job' and/or 'off-site'.