

# **BSB50920 - Diploma of Quality Auditing**

**Ambassador College of Australia Pty Ltd**

Unit: BSBAUD411 - Participate in quality audits

<https://ambassador.edu.au/>

Reading book  
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## **BSBAUD411 - Participate in quality audits**

### **Unit of Competency Application**

This unit describes the skills and knowledge required to prepare for and participate in quality audits as a member of a quality audit team. The types of audits may include internal or external systems audits, process audits or product/service audits. The process includes reviewing designated documentation; identifying and developing checklists and audit related documentation; preparing audit plans and evaluating information; and reporting findings to the lead auditor.

The unit applies to individuals with a broad knowledge of the quality auditing environment, who gather, analyse and evaluate information from a variety of sources and provide objective audit findings, to be included as part of the audit report.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

### **Unit Sector**

Regulation, Licensing and Risk – Quality Auditing

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### Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Review own role and documentation	1.1 Review own role and responsibilities within quality audit team 1.2 Review previous quality audits and determine impact on conduct of current audit, where required 1.3 Source required organisational documentation from lead auditor, and check the adequacy of the documentation 1.4 Review documents, and determine and request further documentation required 1.5 Identify and resolve documentation issues with lead auditor and relevant stakeholders, within scope of own role 1.6 Identify aspects of the audit that require the use of specialists and refer to lead auditor
2. Participate in audit preparation	2.1 Access or prepare checklists, tools and audit related documentation 2.2 Confirm schedule and required resources with lead auditor 2.3 Prepare for possible issues and outline mitigation strategies 2.4 Confirm that preparation activities and documentation align with the audit plan with required personnel 2.5 Determine appropriate methods and techniques in consultation with auditing team 2.6 Create entry and exit meeting agendas according to organisational templates, and present to required audit team member, where required 2.7 Participate in entry meeting
3. Gather and analyse information	3.1 Access a range of sources of information relevant to task 3.2 Collect, and make an initial assessment of, documentation 3.3 Communicate with relevant parties in relation to documentation 3.4 Analyse patterns, trends, interrelationships and areas of risk, and communicate to team according to own role and responsibilities
4. Evaluate information	4.1 Evaluate information against prescribed benchmarks 4.2 Form an objective decision regarding the level of compliance found 4.3 Check decision is formed from and supported by available information
5. Report findings	5.1 Formulate findings and prepare recommendations on corrective actions if discrepancies or non-compliances are detected 5.2 Examine results and findings against audit objectives and present to lead auditor 5.3 Report recommendations for improvements to lead auditor according to agreed documentation

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6. Participate in exit meeting process	6.1 Prepare for exit meeting using exit meeting agenda 6.2 Confirm context and consequences of audit are explained, and follow-up is discussed
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### Foundation Skills

*This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.*

Skill	Description
Reading	Identifies and interprets information from organisational documentation and workplace procedures
Writing	Records or amends information and conveys details Produces reports matching style of writing to purpose and audience
Oral Communication	Participates in spoken exchanges using structure and language to suit the audience Listens for required information and asks clarifying questions
Teamwork	Collaborates and cooperates with others to achieve joint outcomes Selects and uses appropriate conventions and protocols when communicating with team members and other people in a range of work contexts
Self-management	Organises, plans and prioritises workload with some sense of what can be achieved in a timeframe
Problem solving	Recognises and addresses some problems within own scope, recognising when to seek the expertise of others
Technology	Uses digital tools and systems to report audit findings

### ● Performance Evidence

- The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:
  - participate in a quality audit as a member of a quality audit team on at least two occasions.
  - In the course of the above, the candidate must:
    - source and review documentation
    - develop audit plan using tools and strategies
    - use predetermined reference criteria to evaluate findings and formulate well-founded objective decisions
    - contribute to preparation of a corrective action report
    - use terminology relating to auditing in written and oral communications.

### ● Knowledge Evidence

- The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:
  - auditing benchmarks
  - auditing methods and techniques
  - current audit practices
  - current industry products and services that support the auditing process
  - key components of an audit plan
  - patterns, trends, interrelationships and areas of risk in an organisational quality system
  - key features of technology required for quality auditing participation and reporting.

### ● Assessment Conditions

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- Skills in this unit must be demonstrated in a workplace or simulated environment where the conditions are typical of those in a working environment in this industry.
- This includes access to:
- workplace documentation including previous quality audit reports, checklists, risk management plans and audit plans.
- Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

### Housekeeping Items

Your trainer will inform you of the following:

- Where the toilets and fire exits are located, what the emergency procedures are and where the breakout and refreshment areas are.
- Any rules, for example asking that all mobile phones are set to silent and of any security issues they need to be aware of.
- What times the breaks will be held and what the smoking policy is.
- That this is an interactive course and you should ask questions.
- That to get the most out of this workshop, we must all work together, listen to each other, explore new ideas, and make mistakes. After all, that's how we learn.
- Ground rules for participation:
  - Smile
  - Support and encourage other participants
  - When someone is contributing everyone else is quiet
  - Be patient with others who may not be grasping the ideas
  - Be on time
  - Focus discussion on the topic
  - Speak to the trainer if you have any concerns

### Review auditee documentation

#### Audit documentation: Definition, explanation, example, and objective

##### Audit

##### Definition:

Audit documentation refers to the records or documentation of procedures that auditors performed, the audit evidence that they obtained and the conclusion that makes by them based on the evidence obtained. Audit documentation is sometimes called audit working paper or working paper. Internal control documents that auditor prepare in Ms words, Ms excel or other application is the example of audit documentation.

Another best example that describes audit documentation would be the working paper that auditor prepares to document and test depreciation expenses.

##### Key information in audit documentation:

Audit documentation is important for auditor especially in the areas of quality control of the audit. It is required by ISA that the audit documentation should be prepared in the form that others senior auditor who is not involved with the audit engagement previously could understand the work that performs when he reviews the documents.

The following is the key information that should have in the audit documentation:

- The nature of information or data that being prepare or documents
- Timing including the audit period that covers, and the date prepare
- Name of the auditor who prepares audit working papers
- The extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements.
- The evidence that auditor obtains, the procedures that they use for testing and the result of testing should properly and clearly document in the audit working papers. This is to ensure that the reviewer could easily perform the quality review and to prove that the relevant standards are implementing.

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- During an audit, the auditor might find the significant matter related to financial statements, their ethics, as well as their process. The auditor should clearly document these things.
- Some testing or sampling require auditor use their professional judgment and its importance to documents those judgments.

### **The objective of audit documentation:**

Before the auditor could make a conclusion on financial statements whether those financial statements are free from material misstatement or they contain the misstatement, the auditor needs to make sure that they have enough evidence to support their conclusion.

Enough evidence here is sometimes called sufficient and appropriate evidence. Therefore, audit documentation is important for the success of audit works.

Here the summary of audit documentation:

- It provides evidence of the auditor's basis for a conclusion about the achievement of the overall objective.
- It provides evidence that the audit was planned and performed in accordance with ISAs and other legal and regulatory requirements.
- It assists the engagement team to plan and perform the audit.
- It assists team members responsible for supervision to direct, supervise and review audit work.
- It enables the team to be accountable for its work.
- It allows a record of matters of continuing significance to be retained.
- It enables the conduct of quality control reviews and inspections (both internal and external).

### Importance of Audit Documentation

#### Audit

#### Introduction

The audit process can be considered as an increasingly important aspect, primarily because of the reason that it is considered important for stakeholders. This importance is mainly vested on the grounds of enabling stakeholders, and in particular, shareholders to get a proper idea regarding the functioning of the business.

In this regard, it is highly essential to work towards an effective and efficient audit program that can quickly achieve the respective audit KPIs.

Furthermore, it is also necessary to consider the fact that audit documentation is an integral phenomenon because of the reason that it reflects how the review has been conducted within the partner.

#### What is meant by Audit Documentation?

As mentioned earlier, the audit process comprises numerous different aspects that need to be covered within the audit process. This is because the reason that audit is quite an extensive process that involves various parts.

This includes end to end scrutiny of all the different departments within the organization, in addition to the financial transactions that have taken place.

This includes documentation as proof of all the procedures and work that is carried out in the organization in the audit process that takes place.

Audit documentation, therefore, includes audit working papers, and any evidence and proof that they have gathered over the years. There are numerous reasons as to why audit documentation is concerned as an essential part of the audit process.

#### Importance of Audit Documentation

The fundamental reason behind the audit is to ensure that the financial statements of the organization are free from all material misstatements.

At the end of this analysis, auditors are supposed to give their opinion regarding the accuracy and completeness of the audit statements.

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This statement tends to be a significant source of decision making for the shareholders because it provides an idea about the financial statement accuracy.

Therefore, it provides investor confidence before investing in the company.

Given the importance of the audit opinion that is put forth by the auditor, auditors must ensure that facts and figures back their opinion.

Hence, it is essential to ensure that the audit opinion is supported by facts and figures that exist within the company.

In this regard, audit documentation tends to play a pivotal role, as proof that sufficient work has been carried out on the part of the auditors. In the case where the company defaults after a clean audit opinion, the credibility of the auditor comes at stake.

In such unprecedented cases, it gets crucial to ensure that auditors have proof that all the steps were carried out by the auditor in a proper manner.

Audit documentation streamlines the audit process by ensuring that all the procedures are duly carried out. Given the high degree of information that is presented during the audit process, it is important to ensure that auditors have their working papers ready when it comes to clarifying confusions and issues relating to the audit process itself. Hence, in this aspect, audit documentation can be considered as an essential component that streamlines the audit process and ensures better and accurate results. Audit Documentation can also be considered as an increasingly crucial component for subsequent auditors because it gives clarification pertaining to the approach taken by auditors on certain matters. When a new auditor takes over, they might not have sufficient knowledge about all accounting aspects within the company.

Therefore, this helps them to properly determine how certain components were audited in the previous years. This saves them a considerable amount of time.

To ensure that you clearly understand the roles of those involved, we will begin by defining each:

Lead Auditor:

- Responsible for ensuring that there are sufficient resources (that is, auditors) to accomplish the purpose of the defined scope
- Preparing the audit plan
- Conducting the entry and exit meetings
- Analysing all findings to be reported
- Preparing and submitting the final report.

Auditor:

- To gather audit evidence of the area audited
- A reporter of facts
- To interface between different groups
- An advisor
- To analyse data and report back to the Lead Auditor

**Auditee:**

- **To provide resources to make the audit successful**
- **Ensure cooperation**
- **Provide facilities for the audit to take place**
- **Provide the audit with evidence and facts**
- **Determine corrective (if any) to be taken**
- **Ensure corrective action is completed in a timely manner**

### **Preparing for the Audit**

Preparing for the audit is the most critical phase of the audit process.

To develop the confidence needed to ensure that the process will be thoroughly audited, the auditor must know in advance what evidence they will be looking for, how many records they will need to pull, and what they will be looking for when they pull

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the records.

### Previous Audits

The auditor should review the results of previous internal and external audits. The effectiveness of action taken for previous findings can then be evaluated. Repetitive audit findings in a given area may be an indicator that the auditor should focus on that area until the issues have been fully resolved.

### Review of Applicable Standards

Each auditor should perform a careful review of the requirements of each standard against which they will be auditing.

In studying the standard, the auditor may choose to highlight the mandatory and optional requirements of the standard. Many formal standards use auxiliary verbs to identify a requirement as well as the degree of compliance. Some auxiliary verbs may denote mandatory compliance, while others are used to denote suggestions, optional requirements, or guidance.

### Resolve Issues which Arise with Auditee and Relevant Parties

#### Review, Amend, and Resolve Issues Relating to Applicable Documentation

The auditor must have a good understanding of the organisation's documentation that relates to the process being audited. Many organisations develop a quality management system that includes three tiers or layers of documentation.

#### 1. The Quality Manual

The quality manual serves as a roadmap to the rest of the system. The quality manual includes:

- The scope of the quality management system
- Supporting procedures or a reference to those procedures
- A description of the interaction of the processes in the quality management system.

The manual also typically includes the quality policy and an organisation chart or brief description of the organisation's structure.

#### 2. Procedures

Procedures provide additional information, where required, on the processes in the quality management system. Procedures typically address who will do what and when, or how often.

There are six procedures that are required by ISO 9001:2015 Quality Management

- Control of documents
- Control of records
- Internal Audit
- Control of non-conforming product
- Corrective action
- Preventive action.

Beyond these six required procedures, however, ISO 9001:2015 Quality Management requires that documents are needed by the organisation to ensure the effective planning, operation, and control of its processes.

#### 3. Work Instructions

Work instructions provide more information, where needed, on how specific activities in each process are performed.

Work instructions may be in the form of:

- Operator instructions

#### Batch sheets

- Control plans
- Test methods

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- Calibration instructions
- Training checklists
- Raw material specifications
- Product specifications
- Drawings
- Blank forms.

Most organisations will have a fourth tier of documents that include the records. Records are controlled in an entirely different manner to the rest of the documents. Documents in the first three tiers must be readily available and properly approved, and they must be the latest issue with some way to indicate that. Records, on the other hand, simply need to be filed in a disciplined manner.

### Interpersonal Relationships

The actions and reactions resulting from interpersonal relationships among those participating in a quality audit have a significant impact on the effectiveness of the audit. In fact, the success of the audit depends on the cooperation of all three functional parties.

For this reason, it is important to document the actions of each party, so that each individual is clear about their responsibilities, accountabilities, actions, and reactions.

## Interpretations

Each organisation, and their internal auditors, together with the external auditing agencies, and their auditors, have a varying degree of interpretation of the elements of RTO 2015 standards of ASQA. The problem is compounded by the managers of an organisation then interpreting the requirements of the organisation's quality management system to suit their own needs. The auditor, unless prepared for these issues, can become involved in a difference of opinion between their understanding and that of the auditee.

### **THE AUDIT - Essential Features of an Audit**

The audit incorporates in a condensed form the following general features that are essential elements of any audit, i.e.:

- They are pre-planned and methodical in nature rather than haphazard
- They should be free from bias or prejudice
- They encompass some form of inquiry and critical consideration of the resultant findings
- They are concerned with all activities that affect environmental issues and with results reflecting environmental performance
- They should ensure that such activities are carried out in an effective and consistent manner in accordance with planned arrangements

### **Why are audits performed?**

In order to give assurance that the Department/agency operates effectively, it is essential to carry out some form of monitoring activity in addition to ongoing monitoring and measurement. Listed below are some of the potential benefits of Internal Auditing:

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- They provide a means of confirming that the Department/agency policies are understood and are being implemented.
- They give management confidence that the system is being implemented in the manner prescribed.
- They provide a structured means of identifying deficiencies in the system, agreeing on corrective action, and following up to confirm effectiveness.
- They enable system weaknesses to be highlighted before the related potential problems are reflected in the environmental performance.
- They provide a convenient framework for investigating operations in a particular area.
- They can, by involving personnel more widely in the operations of the Department/agency, lead to increased commitment and motivation.

### Potential Disadvantages of Audits

The potential cost of the audit is often a source of some concern. It is true that internal audits usually require additional manpower resources since they tend to be superficial if sufficient time is not allocated for preparation and performance of the audits. Consequently, it is critical that all aspects of the audit system from the audit schedule through to control of corrective action are structured to make the most effective use of the available resources. In this manner the auditing's contribution to the effectiveness of the Department/agency should outweigh any additional costs involved.

It is sometimes suggested that the principle that audits should be independent will mean that they will be conducted by personnel not familiar with the area being audited, thus restricting their effectiveness. This potential disadvantage can be minimized by careful auditor selection and thorough audit preparation. If this is done, the new insights obtained by examination of the system from a different point of view are invaluable. If use is made of personnel from other departments within the company to meet the recommendation for auditor independence, it provides the ideal opportunity for exchange of good ideas. It also provides an opportunity for the personnel involved in auditing to see problems from the user department's point of view, thus increasing the potential for cooperation and better understanding within the organization. A frequently stated criticism of audits is that they are a potential source of conflict within the organization, since they involve outsiders telling the managers responsible for the activity being audited how to conduct their business. This criticism ignores the fact that the task of the auditor is to compare actual performance with what is stipulated in the agreed procedures, not to impose his/her personal interpretation of what is good practice. The use of properly trained auditors who understand the role they are required to fill and the extent of their responsibilities will help audits to be perceived as a constructive process, not a disruptive one. Internal Auditors are part of the management team and as such are tools for management. In summary, although criticisms may be leveled against audits, in most cases either the potential benefits outweigh these, or measures can be adopted to obviate their worst effects. In particular, the problems of audits being time consuming, ineffective or disruptive can be minimized by a properly structured audit system and the use of well trained experienced auditors.

### The Audit Process

The entire audit process can be described as planning, executing (Fieldwork), and reporting. Audit programs and procedures are mandated for the effective completion of an audit. Our Internal Audit manual was created to describe this process, and provide suggestions on setting up audit programs. In this section, we will examine the three major steps of auditing in detail, providing examples and suggestions towards establishing an audit program. Once the audit program is put together it should not have to be changed appreciably. Should there be any changes there must be management approval of the audit program changes.

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### Planning the Audit

A very important step is planning the audit. This involves preparing the specific audit plan, making team assignments, deciding on working documents, and addressing any unique extenuating circumstances. To understand the importance of planning, imagine going on vacation without planning; in other words, not knowing where you are going, what you will do, or how long you will be gone.

### The Audit Program

The audit program is the document that establishes the scope, objectives and criteria, and schedule of the audit. It also goes into specific details on what areas will be audited, when, and by whom. Other details such as which checklists may be used, how the report is to be formatted and distributed, and how meetings will be conducted can also be included in the plan. In essence, the audit program reflects programs, procedures, and methodologies of the audit process, in accordance with the standards.

The audit scope defines what part of the organization will be audited. If the full audit is divided in smaller segments then the scope of any given segment is what portion of the organization will be audited at that time. Typically, Internal Audit prepares an Audit Plan for the year which will indicate the various divisions or activity and when it will be audited. A typical entry may show the Department of Public Health being audited in the first quarter and the Division of Women's Physical and Mental Health in the fourth quarter, for example.

Also noted in the audit program is the audit objective(s). The audit objective describes why an audit is being conducted. Another reason is demonstrate conformance to others.

Although audits may appear in their own right to be "good practice", it is essential that auditors have a clear concept of what the general objectives of such audits are.

The definition of Internal Audits highlights the need to confirm conformance with the Audit Plan and to ensure that these arrangements are effective and suitable to achieve objectives. A number of general objectives for any type of audit should be carried out to:

- determine conformance of an auditee's criteria
- Determine whether the auditee's has properly implemented and maintained their control structure.
- to identify areas of potential improvement
- assess the ability of the internal management review process to ensure the continuing suitability and effectiveness of implemented internal controls

The following statement of the specific objectives of an internal audit has been developed. Internal audits should be carried out to ensure that:

- The necessary documented procedures that exist are practical and satisfy any specified requirements for the area under audit
- The necessary documented procedures are understood and followed by appropriately trained personnel
- Areas of conformity and nonconformity with respect to implementation of Internal Controls are identified and corrective action implemented
- The effectiveness of the system in meeting organizational objectives is determined and that a basis is created for identifying opportunities and initiating actions to improve controls

The above objectives imply that internal audits are concerned with more than just the policing of an established system. If auditors and managers are to remain committed to the implementation of effective and efficient Internal Controls, it must also contribute to the process of developing that system and seeking improvements.

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Internal auditing must not be carried out in a way that results in the transfer of responsibility from the operating staff to the auditor or auditing organization, i.e., at all times the individual or department must retain and accept responsibility for his or her role with the controls.

If the internal audit process is not designed and implemented to meet the objectives and to avoid the pitfalls described above, it is unlikely that the top management commitment essential to an effective audit process will be readily forthcoming.

The audit criteria define what the "rules" are. This means what the organization said it was going to do. In audits, a common response is "the standard does not require such and such detail". However, if the site's procedure does require some specific response, then it becomes part of the criteria. In essence, the auditors are verifying the not only the system but also to what the documentation states.

How long each audit takes again is a function of resource needs and operations. It is recommended, however, that any individual audit event not be protracted out over long time periods. The longer a task takes, the easier it is to get distracted and lose focus.

Now we know what is being audited, when it is being audited, and to what "rules" it is being audited. The remainder of the plan is simply then the logistics of the audit. The logistics include identification of team members, noting if and what checklists will be used, schedule and formats of meeting to name a few. Below is a list of recommended audit program elements:

- the audit objectives and scope;
- the audit criteria;
- identification of the auditee's organizational and functional units to be audited;
- identification of the functions and/or individuals within the auditee's organization having significant direct responsibilities;
- identification of the auditee's area that are of high audit priority;
- identification of reference documents;
- the expected time and duration for major audit activities;
- the dates and places where the audit is to be conducted;
- identification of audit team members;
- the schedule of meetings to be held with the auditee's management;
- confidentiality requirements;
- report content and format, expected date of issue and distribution of the audit report;
- Document retention requirements.

If the internal audit is to proceed smoothly, it is helpful for the internal auditor to establish a dialogue prior to the actual audit with the person responsible for the area being audited. This dialogue usually begins with the entrance conference. The following points should be established:

- The overall duration of the proposed audit
- The starting location and time
- The proposed scope and areas to be covered by the audit
- Work station location and who you will directly be responsible in that area
- A timetable for approximate progress of the audit where applicable

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- The arrangements for any close out meeting where the findings of the audit can be agreed and corrective action requirements discussed
- The personnel liable to be involved at each stage of the audit

If an auditor does not give sufficient attention to ensuring that clear agreement is reached with respect to the above points, the potential for misunderstandings that can affect the conduct of the audit is greatly increased. However, these initial communications with the personnel of the area being audited not only affect the "tone" of the forthcoming audit, but they can significantly influence the commitment and level of cooperation shown by that area throughout the audit process and for many subsequent audits.

Prior to commencing the audit, but once the program is prepared, the audit team assignments are made, and working documents are defined. Working documents are those documents such as contracts, receipts, logs and checklists that are used during the audit to collect evidence.

Although an auditor should always work within the scope defined for the audit, the working documents must not be designed so that they restrict additional audit activities or investigations that may become necessary as a result of information gained during the audit.

### **Audit Team Assignments and Auditor Qualifications**

The Director must identify education, skills and other competencies in order to effectively conduct audits in accordance with the standards. It is not expected that these individuals are experts in each area only that they collectively possess the skills or other competencies to discharge the duties of the Internal Audit Plan.

In general, auditors, or collectively as a team, should have some degree of knowledge of: management, auditing methodologies and techniques, accounting, regulatory and legal requirements. It is well within the right of the organization to assemble a team of individuals who collectively have this knowledge, understanding that a single person with this breadth of knowledge is a rarity.

More importantly, to an extent, it is not so much the auditor's technical skills, but his or her interpersonal relationship and observational skills. The ability to interact with individuals, collect information, and mentally process observations is a skill difficult to teach, but influential in determining the degree of success that an auditor will have.

The auditor must be capable of exercising basic managerial and organizational skills if acting as the lead or sole auditor. If acting as lead auditor, the ability to coordinate and exhibit leadership qualities is essential. The auditor must have a basic knowledge of any system standard with which the Department/agency is seeking to comply without necessarily "being an expert". The auditor must be capable of acquiring an in-depth understanding of the company's policy and procedures, since it is against these he or she is expected to examine the activities being audited. The auditor should be familiar with the regulatory requirements and industry or business practices.

The auditor must be capable of communicating clearly both orally and in writing. This requires an ability to be concise and accurate, to be able to modify the approach and questions to be compatible with the person being interviewed, and to be a good listener.

Diplomacy is an essential characteristic of the auditor, which must be balanced by an ability to be assertive if the situation demands it. Audits should not involve constant arguments,

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although occasional differences of opinion are inevitable and must be dealt with firmly but fairly. The good auditor should be able to foresee problems and plan accordingly. These attributes, combined with an ability to make logical decisions and exercise sound judgement, provide a good basis for conduct of audits without undue aggravation.

The auditor must be able to follow audit trails to their logical conclusion, i.e., analytical abilities combined with perseverance are essential if the audit is to be searching and not superficial. Patience and self discipline are also important in this respect.

Auditors must be observant and not liable to distractions. They must be able to assess facts without speculation and reach consistent decisions.

### **Conducting the Audit**

#### **Roles and Responsibilities**

Now that the audit program is prepared, the team assigned, and working documents defined, it's time to execute the audit. Simply, this means collecting the information, or evidence which will be compared to the criteria to assess the degree of conformance to planned arrangements.

In order to implement the audit program effectively and perform the audit, all individuals need to understand and accept their roles and responsibilities. The audit is a team effort, requiring two-way cooperation between the auditee and auditor. Such openness and cooperation results in a non-adversarial situation. Recall that the goal of an audit is to assess the state of the auditee's area in order to encourage corrections and improvements, and not to punish individuals.

#### **Lead Auditor**

The lead auditor is responsible for ensuring the efficient and effective conduct and completion of the audit within the audit scope and program as approved by management.

In addition, responsibilities and activities of the lead auditor should cover:

- consulting with the auditee, if appropriate, in determining the criteria and scope of the audit;
- obtaining relevant background information necessary to meet the objectives of the audit, such as details of the auditee's activities, products, services, site and immediate surroundings, and details of previous audits;
- directing the activities of the audit team in accordance with the Standards;
- preparing the audit program with appropriate consultation with the auditee and audit team members;
- communicating the final audit program to management for approval;
- coordinating the preparation of working documents and detailed procedures, and briefing the audit team;
- seeking to resolve any problems that arise during the audit;
- recognizing when audit objectives become unattainable and reporting the reasons to management as soon as practical;
- representing the audit team in discussions with the auditee, prior to, during and after the audit;
- notifying the auditee without delay, of audit findings of critical nonconformities;

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- reporting to the client on the audit clearly and conclusively within the time agreed with in the audit program;
- writing the audit report and making recommendations for improvements when appropriate.

### **Auditor**

#### **Auditor responsibilities and activities should cover:**

- following the directions of and supporting the lead auditor;
- planning and carrying out the assigned task objectively, effectively and efficiently within the scope of the audit;
- collecting and analyzing relevant and sufficient audit evidence to determine audit findings and reach audit conclusions;
- preparing working documents under the direction of the lead auditor;
- documenting individual audit findings;
- safeguarding documents pertaining to the audit and returning such documents as required;
- assisting in writing the audit report.

### **Audit Team**

The process for selecting audit team members should ensure that the audit team possesses the overall experience and expertise needed to conduct the audit. Consideration should be given to:

- education and qualifications;
- the type of organization, processes, activities or functions being audited;
- any potential conflict of interest between the audit team members and the auditee;.

The audit team may also include technical experts and auditors-in-training that are acceptable to the lead auditor.

### **Auditee**

The responsibilities and activities of the auditee should cover:

- informing employees about the objectives and scope of the audit as necessary;
- providing the facilities needed for the audit team in order to ensure an effective and efficient audit process;
- appointing responsible and competent staff to accompany members of the audit team, to act as guides and to ensure that the audit team is made aware of document locations;
- providing access to the facilities, personnel, relevant information and records as requested by the auditors;
- cooperating with the audit team to permit the audit objectives to be achieved;
- receiving a copy of the audit report unless specifically excluded.

For most types of audits the sequence of stages are as follows::

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- Opening Conference – to explain the audit process and set the “tone”
- Examination and evaluation (Fieldwork) – fact finding through interrogation of the system and analysis of findings
- Reporting of deficiencies – presentation of corroborated facts
- Closing Conference – to advise the auditee of findings and what happens next

### The Opening Conference

Even in circumstances where the auditor and auditee are well known to each other and relationships are normally very informal, it is still required to hold the opening conference that will cover certain specific topics. You will make a detailed memorandum of what transpired in this meeting.

There are certain topics that should always be addressed at any opening conference:.

### **Introductions**

In circumstances where the audit team is made up of several individuals, it is likely that a number of representatives of the department being audited will attend the opening meeting. This presents the opportunity to complete introductions and to begin to establish a working relationship with the auditees.

### **Scope of Audit**

The objectives and scope of the audit should be explained. The suitability of the audit schedules should be discussed in case unforeseen circumstances are present. The auditee must have a justifiable reason to limit your audit otherwise there would be a scope limitation. If that is the case you will immediately discuss the scope limitation with your supervisor.

### Method of Working and Reporting

The method of working and reporting should be summarized. The team lead should outline who is likely to be involved in the audit and ensure that arrangements have been made for a departmental representative to accompany the auditors. Obviously in those circumstances where the area being audited is small with few people employed in the area, the requirement for guides or escorts may be superfluous.

### **Closing Conference**

Provisional arrangements for a closing conference should be agreed with respect to both its timing and who should attend. You will explain to them that this will be their opportunity to go over any audit findings and recommendations.

### Executing the Audit

#### Collecting Evidence

Having established with the auditee and client the scope of the audit, now is the time to undertake an initial review of the related documentation, which will normally consist of:

- The manual and the procedures applicable to the area being audited

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- Regulatory documents and specifications that typically apply in the area being audited
- The findings of the last audit of the area and any available audit checklists relating to that area
- Any records of corrective action analysis relating to that area

The examination of the manual and procedures undertaken at this early stage is a general review rather than an in-depth study. At this stage the auditor should confirm the adequacy of the proposed scope, e.g., if a manager has provided him with an audit schedule which references various procedures but does not include one which the auditor considers essential to the operations in the area being audited. The auditor, in undertaking this general review, should also consider how much time is necessary to prepare the required procedures and to perform the audit, and confirm that this is compatible with the actual time available.

The foundation of a good audit is effective evidence gathering. The ultimate interpretation of the data to develop findings will only be as good as the raw data. The auditing planning process described above was in part intended to identify the criteria and decide what information must be collected to verify conformance. This leads to the conclusion that the auditor must be aware of not only what the requirement is, but what type of information will be appropriate to verify conformance. In the sections below are general comments on evidence gathering.

### **Orienting Yourself to Audit**

To be most effective, the auditor should be somewhat familiar with the specific area they will be auditing. This familiarization goes into more depth than the audit program. For example, proper preparation will include knowing an area's significant aspects, objectives and targets, monitoring and measurement needs, and supporting documentation. Documentation can include reference documents, work instructions, procedures, and other records.

The auditor should arrange for a brief visual reconnaissance, or walkthrough of the area. This allows the auditor to relate what the procedures say should be happening to what actually occurs. In addition, the auditor can note conditions that verify or contradict planned arrangements. The key is that an audit is not a documentation exercise. Having the appropriate documentation is only part of the story. The organization must also have properly implemented and maintained the processes.

This constant observation is part of the process of developing "auditor awareness", an essential requirement for effective and thorough audits. The auditor must always be conscious of what is happening around him or her, whether it is during the visit to a department or between departments. The auditor must be alert and prepared to note "throwaway" comments or visual clues which will make the subsequent sampling more effective, e.g., general untidiness and bad housekeeping in an process input area may suggest that waste handling may be a potential problem area.

This awareness is something that every auditor has to develop and some find it easier than others. It is a skill that is developed with experience and maintained through regular usage rather than one that can be taught. You must keep an open mind and absorb what you learn and observe.

### **Time Management (Time Budget) – Structuring the Visit**

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It is often assumed that the main problem the auditor will face is understanding the workings of another department or area and finding the non-conformances. Although a good basic understanding of the department is necessary, inexperienced auditors initially tend to find the management of time during the assessment a more significant area of concern; e.g., "How was I supposed to review all these activities in the two hours allocated and what shall I do about the other two departments I should also have visited this morning?"

One method that helps to minimize this problem is for the auditor to allocate the time available between the various activities being undertaken in that department. It is also useful to try and identify what assessment techniques are likely to be most productive and what kind of sampling would be the most appropriate.

Finally, in attempting to structure the visit to assist time management, the assessor should look for a logical route or path he can follow. This may be following the flow of information or material through the area, identifying the inputs, the processing stages and the outputs. Having identified the route, the auditor tries to control deviations from it so that sampling and discussions of the irrelevant are minimized.

### Interviewing

It is ironic that probably the most sensitive part of auditing is the most difficult to teach, and is more an acquired skill. Interviewing is essentially the technique of gathering information from another individual by asking a series of questions. This may sound easy, but there are varying styles of questions that will prompt different types of answers. For example, closed questions (i.e., yes - no answers) will not yield details or explanations. It is not feasible to assess how well someone understands a concept by using closed questions. On the other hand, there is a time for closed questions, usually when the auditor wishes to verify a point or time is short. Keep in mind also that the auditor can ask additional clarifying questions to elaborate on a point.

Other types of questions, such as antagonistic or leading are not recommended. Also, keep in mind that silence, allowing the interviewee to think, is also a valid technique of obtaining information. In general, interviews should be characterized by structured, thoughtful questions, putting the auditee at ease, explaining what is required, listening to the response, and avoiding personal judgement.

There are a few basic questions that are nearly always asked, at least to begin discussions. It should be noted that interviews are situation-specific, and many other clarifying questions may follow those listed below. You will note two sets of questions. The first set represents elements that all employees should be able to answer, and can be asked of anyone. The next set is more specific questions.

#### First Set

- Are you familiar with the policy?
- Are you familiar with the program?
- What do you do in case of a procedural nonconformance?
- What do you do in case of an emergency?
- What kind of training have you received?
- How do you communicate environmental concerns or ideas?

#### Second Set

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- What are the significant aspects and impacts associated with your function?
- How do you know what to do? (Ask for procedures and operating criteria).
- What specific training have you received?
- Are there any objectives and targets associated with your function?
- Are you responsible for any monitoring and measurement activities?
- What records do you keep?

(Any other specific questions prompted by answers to 1-6 and/or specific circumstances)?

### Reviewing Documentation

During an, the auditor will be reviewing a wide variety of documentation. Documents will vary from high-level management policies and procedures to specific records. In general, the documentation review is part of the overall evidence, gathering phase. More specifically, the auditor is looking for the following:

- Does your documented system respond to the standard?
- Do the procedures describe what's happening?
- Is the documentation controlled?
- Are all employees informed?
- Are the procedures followed by everyone all the time?
- Is there objective evidence that the procedures are being followed?

It is easy to quickly become overwhelmed by the sheer volume of documents that may exist. Once again, the auditor must remind him or herself that an audit is a statistical sampling in an instant of time. There is no expectation that every document be reviewed. Part of the art of auditing is knowing how to select a representative sampling. Although there is much latitude with sample size, one should definitely not continue auditing until they find a nonconformance. Unless there is an indication of a problem within the pre-agreed upon sample size, the audit is complete when that sampling is done, even if no nonconformances were noted. The nature and size of the documentation sample size is determined during the audit planning.

### Completing the Audit

Once the evidence has been collected, the audit team meets to agree on the findings. Recall that findings are the comparison of evidence to criteria to ascertain if they are in conformance to planned arrangements.

It is important that the auditor records all the objective evidence available, both of deficiencies and of conformance with the procedures. This enables the findings to be reviewed, subsequently with the other members of the team. If a deficiency has been observed, make sure that the department representative agrees at least to the facts of what has been observed. It is not usually appropriate at this stage to try and reach agreement with the interpretation of these facts.

Ideally, evaluation of findings should be carried out after completion of the interviews and examination rather than on the spur of the moment. This allows cross checking against the detailed working of the procedures and against the findings of other team members. If a non-conformance is to be written, then there must be objective evidence that the requirements of the Department/agency procedures are not being satisfied.

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### **Closing Conference**

It is very important that the audit team and management agree on findings prior to sharing them with the auditee in order to avoid unnecessary disagreement and confusion. Once the audit team agrees on the findings and receives management approval, a closing conference is held with the auditee. The main purpose of this meeting is to come to agreement on findings before closing the audit.

At the closing conference the team leader (or sole auditor) must present any findings backed up where necessary by supporting evidence. It is essential that the audited department acknowledge any non-conformances that are being written even if they do not accept the auditor's interpretation of the facts. It is in this respect that the use of non-conformance notes is a distinct advantage. These can be presented at the closing conference and the departmental representative can study them before the report is issued.

It is important that this opportunity is taken to clear up any misunderstandings and to explain any limitations on the performance of the audit. A little extra time spent at this stage to ensure that the audit is perceived as a constructive exercise with everyone being thanked for their cooperation will make the task of the next person to audit the department that little bit easier.

### **The Audit Report**

Once agreement has been reached, both among the audit team and with the auditee, it is time to prepare the audit report. The audit report is prepared by the lead auditor, although he or she may have other team members prepare portions. The content of the audit report is determined by the audit plan and audit procedures. Having completed the fieldwork phase and evaluated the collected data observations, etc., the assessor is faced with the problem of documenting any deficiencies he or she may have found. The findings appear as a statement that the process is or is not in conformance with the criteria, and states what the criteria and supporting evidence are for the statement.

The format of such reports can vary considerably and may range from completion of a simple pro-forma to expansive documents describing all aspects of the audit performance and findings. However, irrespective of the style and format, the audit report should cover the key topics already identified as being essential for discussion and presentation at the opening and closing meetings. In constructing the report two specific objectives must be borne in mind. The report has to provide objective evidence of effective implementation of the audit procedures. The report also has to allow for corrective action to be addressed and that the follow-up requirements can be established and initiated. Please check our manual for the appropriate method of reporting any deficiencies in the report.

Earlier we considered the requirements for recording observations during the assessment and emphasized the need for them to be factual and to contain objective evidence that the system requirements were not being satisfied. Although this appears to be fairly straightforward, in practice this is often not the case. It is not unusual for inexperienced auditors to identify a deficiency only to fail to communicate the findings in a manner that facilitates implementation of the appropriate corrective action. The work paper note, while not being over long, must contain sufficient information to enable a person not present during the audit to be able to gauge the seriousness or otherwise of the observation.

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The use of descriptive terms such as extensive, several, isolated, etc... is essential to communicate accurately the nature and extent of the deficiency, but care must be taken to ensure that their use does not result in a lack of objectivity; e.g., the term extensive can only be included if there is irrefutable evidence to justify its use. The auditor must also take care to ensure that the description is not only accurate but it is also fair, e.g., a statement that 50% of manifests were incorrectly signed may be accurate but is hardly fair if only two manifests were sampled.

An audit is considered successful when the auditee feels that they have useful, constructive feedback that allows them to improve the system.

### Fraud

Deterrence of fraud is management's responsibility. Our responsibility is to examine and evaluate the adequacy and the effectiveness of actions taken by management to fulfill its obligation. Auditors should have sufficient knowledge of fraud to be able to identify indicators of fraud. You are not expected to have the knowledge equivalent to that of a person whose primary responsibility is to detect and investigate fraud. Auditors should assess the facts known relative to all fraud investigations to:

- Determine if controls need to be implemented or strengthened.
- Design audit tests to help disclose the existence of similar frauds in the future.
- Help meet the internal auditor's responsibility to maintain sufficient knowledge of fraud.

## Engaging in the Internal Review (Kick start email)

1. **All student files**
2. **RTO Delivery Activity Data Summary (whatever submitted to ASQA)**
3. cross check with your student information system data during the site visit so make sure it is accurate.
4. 2 training products from each industry area where delivery has occurred.
5. If you have training products on your scope that have been approved without an audit then these will generally be audited if delivery has occurred.
6. If you have notified the regulator of training products which are utilised in third-party arrangement, then these will always be audited.
7. learners about their experience in relation to marketing and recruitment, their enrolment, support services, their training and assessment and completion.
8. About 6 to 4 weeks out from your audit, you will be provided with a "Notice of scheduled site audit" which is provided via email.
9. Strategies for training and assessment for all training products listed.
10. Details of each trainer and assessor's qualifications, training/assessment & vocational competence and industry currency – as relevant to the above training products.
11. A copy of your organisation's marketing materials relevant to the above training products i.e. student information handbook

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### Conflict Resolution

Most of us have a negative attitude towards conflict. Usually we fear it, therefore, try to avoid it altogether or approach it either defensively or aggressively. But conflict is not only inevitable, it is potentially positive. Conflict is how we learn.

It causes us to develop new ways of looking at the world and new ways of thinking.

Why we try to 'WIN' at any cost:

- Our commitment to a course of action often biases our perception and judgement
- We look for evidence that supports our decision and ignore opposing information
- We feel the need to defend our reputation with others
- We don't like to admit failure.

The win/win method of conflict resolution is a method of finding a solution acceptable to all parties to the dispute. Each feels good that they have not lost because their needs are, for the most part, met.

The following audits tools would be required to perform an internal audit:

- Internal Auditor(s)
- Audit plan
- Audit checklist (recommended)
- Audit schedule

Performing Internal in 6 steps

1. Know what and when to audit
2. Create an audit schedule
3. Pre-planning the scheduled audit
4. Conducting the Audit
5. Record the findings
6. Report the findings

### Step #1: Know what and when to audit

Before conducting the internal audit, you should identify what processes are going to be audited. Understanding the scope and objectives of the audit process will help you create an audit schedule. As mentioned earlier, internal audit should be conducted based on the risks of the processes. The higher the risk in a specific area of the business the more frequent you would want to audit that business area. It is also essential to understand the nature of the business process you are planning audit so that you can decide the right time to audit the system.

### Step #2: Create an audit schedule

Creating an audit schedule provides the departments with an advanced notice of the upcoming audit. The program will help them have the necessary documentation and records available for review and audit. The internal schedule will also the business of planning for resources required to conduct the internal audit. A surprise audit is not recommended as it may create a disengaged situation and stakeholders will feel threatened by the auditor. It is recommended you share the audit schedule and obtain approval and confirmation.

### Step #3: Pre-Planning the scheduled Audit

Being prepared before a scheduled audit is essential as it will simplify and make the whole audit process effective. During the pre-planning phase, auditors need to send an audit plan to department providing information about the audit scope, objective, criteria and possible documentation evidence needed for the audit.

It is necessary that the auditor is prepared before the audit with a clear understanding of the policies and procedure that will be reviewed. For example; Before auditing a purchasing process, the auditor needs to understand the policies and procedures related to purchasing and

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also know what kind of evidence that he/she may review. This will significantly improve the efficiency of the audit process will also reduce the downtime

### **Step #4: Conducting the audit**

Internal audit can be conducted by different methods such as documentation review, interviewing and observation. Based on the scope and objective of the auditor, the audit shall choose any methodology or combination of all to carry the internal audit. The internal auditor shall sight and examine sufficient hard-copy or electronic records to verify; evidence of compliance with the management system procedures; and effective implementation of process and internal control. You need to ensure the audit is conducted in a fair and unbiased manner.

### **Step #5: Record the findings**

Recording the findings is vital in the audit process, and auditor needs to list all evidence sighted by record number or record data. The aim of documenting audit findings is to identify gaps in compliance and look at opportunities to fix the deficit and improve the process. Records may also include observation and notes from the interview process. It is recommended that the auditor provide a quick snapshot of the findings quickly at the end of the internal audit to ensure the auditee is aware and also has a chance to clear any questions.

### **Step #6: Report findings**

All findings should be reported in an easy-to-read audit report. Audit reports serve evidence that an internal audit was conducted. These reports should be reviewed and approved by the department manager / top management. The report can also include an improvement / corrective action plan that should need to develop and implemented in the areas where gaps were identified. ISO recommends you use PDCA (Plan, Do, Check, Act) Management tool to facilitate and carry improvement process within the business.

To be successful, it is crucial that business meet the needs of their customer and can deliver products and service accurately without any error. All internal controls established by the organisation needs to be maintained and effectively followed to support quality products and services. An internal audit is a management tool that organisations use to ensure that process meets requirements.

Having a continuous quality improvement system at your RTO is a vital component in ensuring compliance with the Standards, funding contracts and other VET requirements. A schedule of regular internal audits is a key tool in maintaining a proactive, "no surprises", compliance environment. An internal audit can also be considered a "health check" to ensure that your operations are running efficiently and professionally in accordance with the RTO's policies and procedures.

So here's the 6 steps to follow in conducting an internal audits at your RTO:

### **Establish an Internal Audit Schedule**

To do this you will need to know the following:

- **What needs to be audited.** For example, you will need to audit against the Standards for Registered Training Organisations and any funding contracts that your RTO holds, for example the Skills First Funding Contract in Victoria. Make a list of each of the external VET requirements, regulations and guiding documents that your RTO needs to be compliant with. Also include industry requirements relating to your qualifications and the RTOs internal policies and procedures.
- **Frequency required.** How often you conduct internal audits will be determined by either the regulations/documents/guidelines or the RTOs business policies.
- **Determine who will conduct the audits.** Based on the internal capacity and experience, decide who will conduct each of the internal audits. Using experienced and specialist consultants can be prudent if your RTO is new, has a new funding contract, has experienced non-compliances, does not have experienced compliance

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professionals on staff or an external opinion/fresh eyes are sought to uncover potential non-compliances that could be missed through complacency, assumptions, or familiarity. If you are using consultants, you will need to find out their availability and obtain quotes for the work.

Once you have this information, schedule the internal audits in to suit the organisation's calendar. For example, if you will need access to trainers, schedule the internal audits in around the training calendar for the year for a time when most trainers will be available. Find out if there are going to be other busy times of the year, such as a graduation or open days, that may impact on the effectiveness or efficiency of an internal audit and schedule around these. Obtain management approval and commitment for the internal audit schedule.

Skills First Internal Audits Webinar - Register Today

### **Advise the teams and departments of the scheduled internal audits.**

Notify the relevant departments and staff members when routine internal audits will be conducted so that they can make themselves available. You will also need to advise them of what documents, work samples, evidence of participation may be required so that they can have these ready.

### **Prepare for the internal audit**

The auditor or audit team need to thoroughly prepare ahead of time. Revisit the requirements that you are auditing against, have your checklist or audit tool ready (you may even need to develop or review your tool) and familiarise yourself with its contents. Even if you have conducted many audits previously, requirements and tools change frequently in VET so review them regularly. If you are not confident or need clarification on conducting internal audits, attend professional development such as our webinars or advice from one of our AVETMESS consultants.



### **Conduct the internal audit using interviews and documented evidence**

When it comes to time of the actual internal audit, examine documents, work samples, computer records and other evidence and compare this to the requirements. You may also wish to observe training and assessment practices in action.

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Likewise conduct interviews with the relevant staff members, document their answers and compare what they tell you about their work practices. Compare this to the policies, procedures, Standards, funding contract etc as relevant. You may wish to have a prepared list of questions for consistency. Ask questions for additional information or clarification about non-compliances found in the documented evidence.

### **Document and report results**

Document the results of your examination of the evidence and the interviews conducted along with samples.

Write a report for management that contains a summary of your findings and whether these were compliant with the requirements. You could also include suggestions for improvement.

Follow up on rectifications and improvements

Prepare a plan for rectifying non-compliances immediately and ensure that it is actioned appropriately and urgently.

Create another plan for improvement actions which could be scheduled over a period determined by the priority and impact of each action. This could include updates of policies and procedures or providing additional training for staff.

If you work for an RTO, chances are you are somewhat familiar with the term 'Audit'. But fear not! Here, we discuss the RTO audit process, including what you can do to be ready for an audit, as well as the ways in which a compliance audit can actually be a helpful tool when measuring your RTO's business health (yes we said it!).

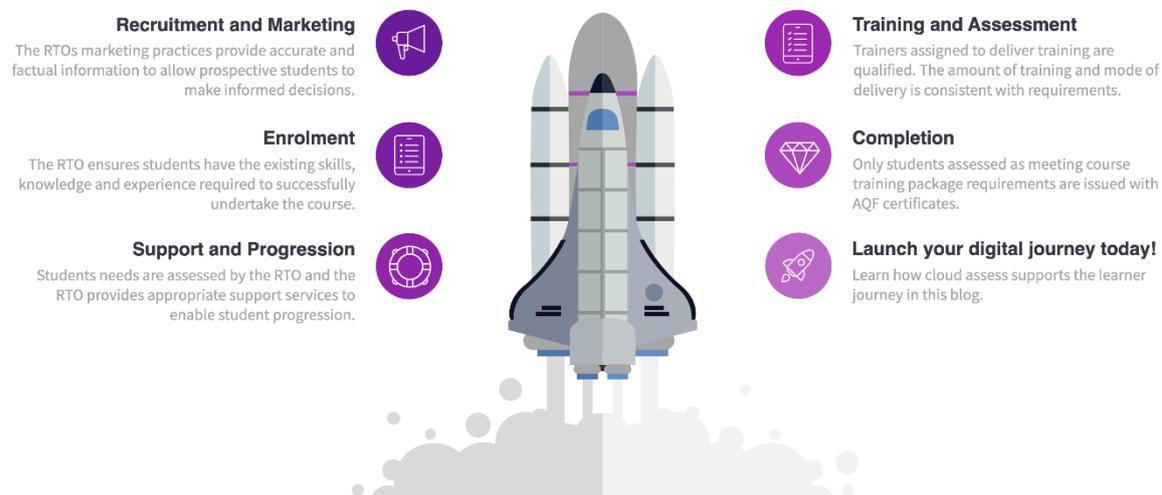
### **What You Can Do to Be Ready For an Audit**

The saying "if you're prepared you shall not fear" may not have been written about RTO audits, but the philosophy still applies.

If your RTO is using compliant practices then 'preparing' for audit won't be necessary. In fact, an RTO that makes an effort to be compliant in all areas of business should welcome the analysis and view it as an opportunity to exhibit their competitive edge.

You must ensure that your RTO is fulfilling its obligations during each phase of the learner journey.

# ASQA's Key Phases of the Learner Journey



This is a long-term strategy that helps you stay compliant and isn't something that can be done last minute. This includes:

- Taking part in regular self-assessment (you can access ASQA's self-assessment tool [here](#))
- Making sure your practices align with your documented systems and processes. Having a **Training and Assessment Strategy** is a good start!
- Get familiar with **ASQA's Audit Resources**. There are fact sheets with detailed information about their student-centred approach, FAQs to help you understand the audit process, student survey and remedial action, and general information and assistance for RTOs

Being prepared well ahead of time means knowing what your compliance requirements are and working within these parameters to stay compliant always.

**Important note:** Last minute 'audit preparation' won't have any significant affect on the outcome. ASQA auditors will be looking at your **long-term** operations and conduct and how this relates to the **student learning experience**. The outcome will depend on whether the student learning experience complies with the Standards and Clauses and if you meet governmental regulations.

### When Will a Compliance Audit Likely Happen?

The short answer is... ASQA can schedule an audit at any time.

An audit and site inspection may be scheduled during the **registration application process**. This is to confirm that the evidence you've submitted is complete and accurate and to make sure that your facilities and resources are suitable for training and assessment.

Before attending your site, ASQA will:

- Inform you about which training products and sites will be reviewed
- Collect information from a wide range of sources, including other government agencies
- Request additional information from you, including your TAS, delivery data or student information so they can send them the **student survey**

The site visit is only one piece of a compliance audit puzzle. ASQA can also collect evidence before and after the visit, including from your website and social media channels to guide their assessment of your **marketing and advertising practices**.

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Additionally, an audit will usually be performed within two years of initial registration to make sure you are operating as intended. An audit will also occur when a risk intelligence assessment finds that an RTO is not meeting its regulatory obligations.

### How Much Notice Will You Receive?

The typical notification period for a compliance audit is **one to three months**. However, there are some cases where the notice period will be shorter, or there may be none at all. An audit without notice can take place when:

- ASQA believes students may be at risk
- There are serious concerns about a provider's practices

An email will be sent to the CEO's registered contact address on **training.gov.au** notifying your RTO about the audit.

### What Happens During an Audit?

Each audit is customised to the individual RTO or training provider. The extent of the audit will depend on their compliance history along with ASQA's risk intelligence gathering. This means that training providers who are high risk with an unfavourable compliance history or low student outcomes will be subject to a more extensive audit.

Most of the time, a visit to the physical training site will take place. The duration and scope of the visit will depend on the size of the facility and the extent of the audit.

Auditors will make an effort to confirm the evidence you've supplied them. This will include:

- Reviewing the students' experience (ie. assessments)
- Reviewing facilities and equipment to ensure adequacy
- Reviewing other information such as websites and social media channels
- Interviewing students about providers claims
- Interviewing trainers and assessors
- Contacting third parties when required

### Are You Charged for Compliance Audits?

Yes. ASQA's compliance audit charge is **\$275 per auditor, per hour**. These charges apply to all time spent on:

- Planning the audit
- Conducting the audit
- Preparing the audit report
- Any related business processes

You are also expected to reimburse all reasonable costs incurred by ASQA if any part of the audit is conducted outside of Australia, including travel costs.

The good news is, ASQA has decided to help ease the financial pressure on training providers and will waive some fees and charges invoiced from 1 January 2020 to 30 June 2021.

Fees not included in the relief package include:

- Initial registration as an RTO
- Initial registration on the CRICOS
- Initial accreditation of a VET course (for new course owners)

For more information on fees and charges relief, click **here**.

Operating an RTO is a challenging and rewarding endeavour. Even with ASQA taking a stricter approach regarding RTO standards, it is possible to be prepared in the case of an unexpected audit. It is a good idea to stay up to date with ASQA's requirements and to invest in an effective online solution that will keep you compliant and ahead of the game come audit time.

- **How to Prepare for an Audit against the Standards for Registered Training Organisations (RTOs) 2015** An integral part of the process of becoming an RTO and maintaining registration is participation in audits. The following information has been compiled to assist you and your organisation to prepare for an audit against the Standards for RTOs. Why is your organisation being audited? Audits are conducted when training organisations first apply for registration, within the first 24 months of

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registration for new RTOs and subsequently on an assessment basis during the registration period. The extent to which each RTO is monitored and audited by the registering body throughout its registration period is based on an assessment of risk to the quality of training and assessment outcomes and the national VET system. The uses information about the RTO's performance and its operating context to undertake a risk assessment. Who will conduct the audit? On the day of the site visit you may have an audit team that consists of a single lead Auditor, one or more Auditors and/or a Technical Advisor. Observers may also attend audits to ensure that correct audit processes are being followed. The roles of the audit team and observers are outlined in the Audit Handbook, which is available on the [www.education.gov.au](http://www.education.gov.au) website. If an observer is required to attend your audit, you will receive a request seeking your consent from the Regulation Officer. What will be the focus of the audit? The focus of an audit is on the outcomes achieved by the RTO. Auditors will evaluate what the RTO has achieved against the Standards for RTOs and quality indicators based on evidence provided by the RTO. Evidence takes many forms and auditors will consider a range of evidence to determine if an RTO has met its required outcomes. The Users' Guide to the Standards for RTOs is a useful tool for an RTO to determine how best to inform the auditor about its operations, outcomes achieved, analysis and continuous improvement.

- There is no one template or a "must do" checklist for RTOs to follow. RTOs are responsible for providing evidence and for the form that the evidence takes. Evidence will vary depending on the size and scope of operations and the context in which the RTO operates. Where possible other audits may be integrated to minimise disruption to your organisation. An example is where an RTO has a monitoring audit scheduled and is also applying to amend its scope of registration. If it is determined that an audit is required for the amendment application, it may be possible to conduct the two audits concurrently. You will be advised of the scope of the audit prior to audit. As the audit unfolds the auditor may identify other areas that also require further inquiry. What will happen during a site audit? The audit will commence with an opening meeting that the auditor will conduct with senior staff of the organisation to outline the process. During the audit, the auditor will talk with relevant staff, learners and end user clients such as employers, and review evidence to determine the extent to which the organisation is achieving quality training and assessment outcomes in line with the Standards for RTOs and the operating context of the RTO. The audit may also identify opportunities to improve on these outcomes. For an initial registration, the auditor will only look for evidence that required systems are in place. Deployment will be confirmed at the post initial audit (conducted within the first 24 months of registration). The auditor will report the audit findings and will take notes in some form during the audit to assist them with providing you with an accurate audit report. The audit will conclude with a closing meeting which provides the auditor with an opportunity to provide a preliminary overview of their findings and the RTO with an opportunity to make any comment on the audit.
- Consider evidence requirements - the auditor's role is to verify evidence that the organisation is achieving quality training and assessment outcomes and is using a continuous improvement approach to ensure the ongoing achievement of these outcomes. Conduct a self-assessment prior to audit – use an approach that suits the context of the RTO. The Users' Guide to the Standards for RTOs could inform the conduct of a self-assessment. You may choose to use the self-assessment template located on the website for this purpose. Whatever form your self-assessment takes, at the very least it will be important to determine if and how the organisation is achieving the following: - compliance with the Standards for RTOs 2015 - delivering training to industry standards - meeting the learning needs of your clients - continuously improving the outcomes of these - meeting the requirements of the national VET system Work

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with the auditor to help them understand your organisation. It is a good idea to provide the auditor with a snapshot such as the scope of delivery, number of students, modes of instruction, staffing, facilities, client groups, special features, etc. Identify key contacts - staff, learners, clients - Decide which staff will be best placed to provide supporting evidence and ensure they will be available. - Participation in an audit can be stressful. Work with staff to help them feel more at ease with the audit process and let them know what is expected during the process. - It is most likely that the auditor will track the progress of learners and as a result will identify learners and where relevant clients such as employers to interview to determine the extent to which the RTO is achieving its outcomes. Consider logistics for the audit – any special access requirements, etc - Allocate a staff member to be the auditor guide during the visit. The guide assists the process by maintaining the auditor, ensuring staff are available at planned times, assisting with auditor requirements and acting as the liaison between the auditor and the organisation's staff. - Allocate a workspace for the auditor to work at for evidence analysis and to conduct interviews and advise the auditor of any special access arrangements, such as safety clothing, security, or parking arrangements. - Consider the duration of the site audit — this will be dependent on the size and scope of the audit. Many organisations use a consultant to assist them prepare for an audit. During an audit, it is necessary for the interaction to be between the auditor and the organisation, and not between the auditor and the consultant. A consultant may attend an audit to provide support to you but cannot provide responses to the auditor on the organisation's behalf, or enter discussions regarding the conduct, progress or findings of the audit. What will happen following the audit? The auditor will prepare an audit report based on the findings of the site audit. The report will be submitted to the Training Accreditation Council for consideration. If significant or critical levels of non-compliance is demonstrated at audit, the Council will;

- find the applicant/RTO is non-compliant;
- propose to reject the application or propose to apply sanctions to the RTO's registration; and
- provide the applicant with 20 working days to respond to the Council's proposal and provide any supporting evidence for review.

If minor non-compliance is demonstrated at audit, the Council will provide the applicant/RTO with an opportunity to address non-compliances without the proposal to reject or proposal to apply sanctions to the RTO's registration. For more detailed information about what happens after the site visit, including what to expect, the possible outcomes, and the organisation's responsibilities. Further information will be provided by your Regulation Officer following the audit to ensure that you are well informed about the post audit process. Following a site audit, the organisation will be given an opportunity to provide feedback on the audit process and the conduct of the audit. The Council uses this feedback to monitor and review the process, and where appropriate make improvements. Is further assistance available?

### **Prepare for an audit**

ASQA conducts compliance audits to assess RTOs' ongoing compliance with the *National Vocational Education and Training Regulator Act 2011* (the NVR Act) and the VET Quality Framework (which includes the *Standards for Registered Training Organisations 2015*). Compliance audits are scheduled at ASQA's discretion, with the authority of an ASQA Commissioner or nominated delegate.

### **How can I be prepared for a compliance audit?**

It is important to note that 'audit preparation' immediately before your audit is unlikely to significantly affect your audit outcome.

ASQA's student-centred audit approach means that the quality of your RTO's practices and behaviours at each stage of the student journey largely determines the audit outcome.

To ensure that your RTO is delivering quality training and assessment and meeting the required standards, you are encouraged to:

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- undertake regular self-assessment (you can use the ASQA [self-assessment tool](#) to do this)
- ensure practices and behaviours across your provider align with your documented systems and processes
- ensure you are familiar with ASQA's published [resources about the audit process and about delivering high-quality training and assessment](#), including the [Users' guide to the Standards for RTOs 2015](#) and relevant fact sheets.

### **When might ASQA conduct a compliance audit?**

Under ASQA's student-centred audit approach, audits are likely to be triggered by information from ASQA's risk intelligence.

ASQA will generally conduct a compliance audit:

- if your RTO was registered prior to 1 July 2018, within two years of initial registration, or
- if an assessment has determined there is a significant risk of the RTO failing to meet its regulatory obligations.
- when an assessment has determined there is a risk of the RTO failing to meet its regulatory obligations. For example, the initial assessment may be triggered by:
  - the receipt of serious complaints against the training provider
  - a recommendation by a Commissioner or Manager, Regulatory Operations (for example, a recommendation based on the outcome of a previous ASQA audit).

Under ASQA's student-centred audit approach, audits are most likely to be triggered by concerns from ASQA risk intelligence. ASQA may initiate an audit in response to concerns about a provider based on its risk profile and a range of inputs.

### **How does ASQA charge for compliance audits?**

Compliance audits are charged at rate of \$275 per auditor per hour.

- If any part of the audit is conducted outside Australia, reimbursement of all reasonable costs incurred by ASQA, including the cost of travel, will be required.

The charge applies to time spent by ASQA on planning the audit, conducting the audit, preparing the audit report and other related business processes.

ASQA cannot provide an estimate of the cost of your audit in advance.

ASQA will invoice you when the audit is finalised.

### **How much notice will I receive before a compliance audit is scheduled?**

Compliance audits are often conducted because of serious concerns about an RTO. These concerns may have been raised through complaints, because of a previous ASQA audit, or through intelligence received.

In cases where ASQA considers the RTO's practices pose a serious risk, the audit may be conducted with little or no notice.

### **After the audit**

ASQA will document the audit findings in an audit report. You will be provided with a copy of the audit report. If non-compliance has been identified, the report will describe the gap in compliance and the nature of further evidence ASQA requires.

In most cases, you have 20 working days from the date that the audit report is issued to provide additional or amended evidence to demonstrate full compliance. Only one opportunity to provide the requested evidence is provided.

If you do not provide the requested evidence within the specified timeframe, your application may be rejected or ASQA may take regulatory action in relation to your registration, for example, by suspending or placing conditions upon your registration.

### **Feedback on the audit process**

You will also be provided with the opportunity to provide feedback on the audit process. ASQA conducts a quarterly audit survey. This contributes to the continuous improvement of the audit process and helps to ensure audit consistency.

- [Access the results of previous audit surveys](#)

### Clause 1.1 (TAS):

1. RTO's training and assessment strategies and practices, including the amount of training they provide, are consistent with the requirements of training packages and VET accredited courses and enable each learner to meet the requirements for each unit of competency or module in which they are enrolled.
2. You need to have a training and assessment strategy document that reflects how you deliver your training and assessment to **your target cohort of learners**. You might have different target cohorts such as enterprise clients and fee-for-service public courses. This would mean that the strategy you use to meet the needs of these diverse groups would vary and reflect the different approach in the delivery such as unit selection, mode of delivery, resourcing and duration.
3. **Volume of Learning**
  - Cert I – 600 – 1200 hours
  - Cert II – 600 – 1200 hours
  - Cert III – 1200 – 2400 hours
  - Cert IV – 600 – 2400 hours
  - Diploma – 1200 – 2400 hours
  - Adv Diploma – 1800 – 2400 hours
  - Grad Cert – 600 – 1200 hours
  - Grad Dip – 1200 – 2400 hours
  - Be sure to identify the target volume of learning based on how many units you have in your qualification.
  - Be sure to clearly outline the delivery hours and modes of learner engagement (push factors) into their supervised and non-supervised components.
  - Be sure to utilise the full kit bag of pull factors which you can validly point to as reducing the expected volume of learning.
  - Be sure to provide sufficient detail in your TAS that explains the rationale for your expected duration and any time savings.

### Evidence to prepare:

Training and Assessment Strategy (current) for each item on the scope of registration. This must identify:

- the target learner or cohort
- the mode of delivery
- entry requirements
- licensing or regulatory requirements
- language literacy and numeracy requirements
- the units of competency
- the planned duration and allocation of supervised and non-supervised time (detailed)
- rationale for the amount of training
- work placement arrangements if applicable
- the learning delivery methods and activities
- the assessment methods and tasks
- the resources and equipment requirements
- plan for evaluation and continuous improvement

### **You should prepare for these types of questions:**

Can you talk me through the way this course is delivered?

Who is the target learner for this course and how has the course been adjusted to their needs? Do they have any pre-existing knowledge and skills?

What was the basis for your selection of elective units?

What are the pre-requisite or entry requirements for this course and how have you catered for them in the enrolment process?

Can you explain the design structure for the course and what was the reason for adopting this structure (i.e. unit by unit, clustered, holistic)?

What is the duration of the course and how have you determined that this is sufficient time to achieve all the specific requirements of each unit of competence?

The planned duration does not appear to be consistent with the recommended volume of learning. What is the rationale for the planned duration?

You have quite a large amount of time allocated to 'self-paced learning'. Do you have developed self-paced learning activities that learners complete during this time?

How will training sessions be delivered in this course? Can you talk me through the training delivery strategy?

How will assessment be conducted in the course? Can you talk me through how assessment methods will be applied and show any examples of these in the program?

Can you talk me through how the work placement is organised? I am particularly interested in how you will ensure that the work placement site is suitable and if the required resources are available. How will the learner be orientated and supervised?

## **Audit Guide – Clause 1.2**

### **What the clause requires:**

1.2 For the purposes of Clause 1.1, the RTO determines the amount of training they provide to each learner with regard to:

- a) the existing skills, knowledge and the experience of the learner;
- b) the mode of delivery; and
- c) where a full qualification is not being delivered, the number of units and/or modules being delivered as a proportion of the full qualification.

### **What is this clause about:**

This clause works in conjunction with clause 1.1. If you take the clause as read it specifically says that the RTO must determine the amount of training they provide to "each learner". We interpret this to mean that you must engage with the learner to understand their individual pre-existing knowledge and skills, existing competency and taking into consideration the mode of delivery. These things have the effect of reducing the amount of training that the individual needs and will therefore influence the training and assessment strategy that applies to their individual situation. We think of this as an individual learning pathway. It is also valid to apply the same concepts to an entire cohort if it is applicable. An example of this may include a cohort of learners who have completed a lower level qualification where some units of competency would achieve a direct credit transfer into the higher qualification. These learners may also be existing workers and potentially have some pre-existing knowledge and skills on their entry into the program. In this scenario, it is appropriate to take into consideration a reduced amount of training for the cohort in developing the course program.

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### **You must be able to demonstrate that:**

You engage with each learner to determine if they have pre-existing knowledge and skills which may reduce the volume of learning

You can apply different modes of delivery according to each learner's needs that may influence the amount of training required

You engage with each learner to determine their eligibility to reduce their duration of training through recognition of prior learning or credit transfer

### **Evidence to prepare:**

Evidence of the arrangements to engage with each learner during their enrolment to determine their existing skills and knowledge and opportunities for credit transfer and RPL.  
Evidence of how the amount of training has been adjusted based on the understanding of learner cohort or individual learners pre-existing knowledge, skills and existing competency.  
RPL arrangements that justify how an individual learner's prior learning is assessed.  
Credit transfer arrangements that justify how an individual learner's current competency is verified

Enrolment arrangements that detail the process for the learner's enrolment and demonstrates how they are engaged during this process

Enrolment interview or pre-training review records if applicable

Learner records of learners who have benefited from an adjusted individual learning pathway that has reduced their overall volume of learning. This will typically be evident in learners who received RPL or credit transfer.

Evidence of training needs analysis of a cohort that may have determined their pre-existing knowledge and skills and existing competency.

### **You should prepare for these types of questions:**

How do you engage with each learner to determine the amount of training they need?

Can you provide examples of how you have adjusted the training program for an individual learner based on their individual entry level into the qualification?

How do you customise the training and assessment strategy or training plan based on the individual learner's requirements?

You have allocated a considerable saving training time based on the learner's pre-existing knowledge and skills. How did you determine this? Do you verify this entry level during the learner's enrolment?

You have identified a saving of the training duration based on the mode of delivery. What was your rationale for determining this?

## Clause 1.3

### **What the clause requires:**

1.3 The RTO has, for all of its scope of registration, and consistent with its training and assessment strategies, sufficient:

- a) trainers and assessors to deliver the training and assessment;
- b) educational and support services to meet the needs of the learner cohort/s undertaking the training and assessment;

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- c) learning resources to enable learners to meet the requirements for each unit of competency, and which are accessible to the learner regardless of location or mode of delivery; and
- d) facilities, whether physical or virtual, and equipment to accommodate and support the number of learners undertaking the training and assessment.

### **What is this clause about:**

It is primarily about making sure that the RTO has sufficient facilities, resources, people and services to support the delivery of training and assessment consistent with its scope of registration. This obviously will vary based on the RTO's scope of registration, geographic area of delivery and delivery modes. The focus in this clause is particularly on the availability of learning resources and equipment/facilities that complement the training product being delivered. We find that auditors do not particularly focus on 1.3a (trainers) and 1.3b (support services) when auditing this clause as these items are also covered in other specific clauses that deal with these things in much more specific detail. That is not to say that these things can be ignored completely in this clause. The auditor is entitled to take into consideration if the RTO has a sufficient number of trainers and assessors for the planned number of learners. This equally applies to support services. As there is no specified benchmarks for these things (i.e. mandatory learner/trainer ratios), they are quite subjective.

### **You must be able to demonstrate that:**

You have enough qualified trainers and assessors to support the number of learners you are delivering to (links with 1.13 to 1.16)

You have appropriate access and provision to education support services for the planned number of learners (links with 1.7)

You have the learning resources such as learner guides, textbooks, session plans, presentation tools, et cetera for each training product on your scope of registration

You have the equipment and facilities required for your mode of delivery and according to the requirements of each unit of competency being delivered

### **Evidence to prepare:**

All learning materials for all items on the scope of registration. This may include text, workbooks or reference material, session plans, training aids, handouts, electronic presentations, etc. the learning resources must complement the specified knowledge and tasks identified in each unit of competency. For some auditors this is the go to place to sample the knowledge against the learning content.

All equipment used in the delivery of training for all items on the scope of registration.

Training facilities such as classrooms, computer labs, outdoor practical areas, etc

Staff matrix identifying trainers and assessors nominated for each training product on the scope of registration

Equipment inventories or evidence of arrangements to support the management of equipment and resources.

Evidence to demonstrate how equipment and resources required in the learner's workplace are validated as available. May be some type of Workplace Equipment and Resources Checklist.

Lease agreements for facilities if leased. Keep in mind ASQA's health and safety requirements for educational premises [Click Here](#)

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Evidence of local government approval to operate a training business at your designated training sites.

MOU or letter of confirmation from facility owners where these facilities are not leased and being accessed on a casual basis.

Completed facility checklist to confirm that you have inspected the facilities and confirm their suitability for the training being delivered.

Service agreements (or licence) with associated service providers that may provide services in support of the RTO operations, such as equipment hire, commercial learning resources, et cetera

All assessment materials for all items on the scope of registration. Please refer to clause 1.8

### **You should prepare for these types of questions:**

Can we take a tour of your training facilities?

I would like to see all of the learning materials for the following unit of competence. Do you have any guide that shows how the knowledge requirement within the units is addressed?

Do you have associated support materials that enable the implementation of the training strategy? I am specifically interested in seeing session plans, training aids, handouts, electronic presentations, etc.

I am auditing the unit of competency CHCECE005 – Provide care for babies and toddlers, and just looking at the required knowledge in the unit, can you show me within your learning material where you address the required knowledge of "guidelines for infection control" (As an example)?

Can you show me the equipment that is available to support the delivery of training for this unit of competence? For instance, this unit relates to observing the candidate conducting food preparation, do you have appropriate space, facilities and equipment for the candidate to be assessed undertaking food preparation and applying food hygiene practices? (As an example).

How do you ensure that specific equipment required to support workplace training is available? Do you have a process to validate this or negotiate this with the employer?

Can you show me a copy of the lease for the training facilities you have nominated at these delivery locations? Alternatively, do you have an MOU or a formal / written confirmation that these venues can be leased as you need them?

Do you have local government approval to operate a training business at your designated training sites? Can you show me this please?

## Clause 1.3

### **What the clause requires:**

1.3 The RTO has, for all of its scope of registration, and consistent with its training and assessment strategies, sufficient:

- a) trainers and assessors to deliver the training and assessment;
- b) educational and support services to meet the needs of the learner cohort/s undertaking the training and assessment;
- c) learning resources to enable learners to meet the requirements for each unit of competency, and which are accessible to the learner regardless of location or mode of delivery; and
- d) facilities, whether physical or virtual, and equipment to accommodate and support the number of learners undertaking the training and assessment.

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You have the learning resources such as learner guides, textbooks, session plans, presentation tools, et cetera for each training product on your scope of registration

You have the equipment and facilities required for your mode of delivery and according to the requirements of each unit of competency being delivered

### Evidence to prepare:

All learning materials for all items on the scope of registration. This may include text, workbooks or reference material, session plans, training aids, handouts, electronic presentations, etc. the learning resources must complement the specified knowledge and tasks identified in each unit of competency. For some auditors this is the go to place to sample the knowledge against the learning content.

All equipment used in the delivery of training for all items on the scope of registration.

Training facilities such as classrooms, computer labs, outdoor practical areas, etc

Staff matrix identifying trainers and assessors nominated for each training product on the scope of registration

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Evidence to demonstrate how equipment and resources required in the learner's workplace are validated as available. May be some type of Workplace Equipment and Resources Checklist.

Lease agreements for facilities if leased. Keep in mind ASQA's health and safety requirements for educational premises [Click Here](#)

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Do you have local government approval to operate a training business at your designated training sites? Can you show me this please?

## **Audit Guide – Clause 1.5/1.6**

### **What the clause requires:**

1.5 The RTO's training and assessment practices are relevant to the needs of industry and informed by industry engagement.

1.6 The RTO implements a range of strategies for industry engagement and systematically uses the outcome of that industry engagement to ensure the industry relevance of:

- a) its training and assessment strategies, practices and resources; and
- b) the current industry skills of its trainers and assessors.

### **What is this clause about:**

These clauses are about ensuring that the training and assessment services the RTO delivers is relevant to the needs of employers. At the end of the day we deliver skills and knowledge to people so that they can go and perform work. That work is performed for employers who have requirements in each of their workplaces and want employees who have the skills and knowledge to work effectively in their business. So, to achieve this, the RTO needs to get out and talk to employers and establish what employers need so that this can be integrated into the training and assessment services the RTO delivers. This clause

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goes to the core of what we do in the VET sector and it also makes good business development sense.

### **You must be able to demonstrate that:**

The selection of units of competency was informed by advice provided by industry  
The mode of delivery and the structure of learning activities is consistent with what industry needs

The assessment tasks used within the course are consistent with the way that the relevant tasks are performed in the workplace (principle of assessment – validity)

Nominated trainers and assessors current skills and knowledge is consistent with current industry requirements such as codes of practice, work procedures, equipment usage and operating requirements, et cetera

You have hard or electronic documentary evidence to demonstrate all of the above. Your verbal assertion that you engage with industry will not be sufficient

You apply a range of strategies to engage with industry and have a systematic process to act on the outcomes from industry engagement

### **Evidence to prepare:**

Evidence of the strategies the RTO applies to engage with industry. This may be in the form of the policy or other strategy document that details the methods the organisation applies to engage with industry to ensure that its training and assessment is relevant to industry requirements. The standards themselves have a nice list in the glossary of what constitutes industry engagement [Click Here](#).

Evidence of industry engagement that has informed the following outcomes:

- the selection of units of competency;
- the allocation of learning methods and assessment tasks;
- the incorporation of selected equipment and resources in training; and
- the maintenance of current knowledge and skills of training staff.

It is valuable during a regulatory audit if you have hard evidence of the persons you have engage with in industry and can identify specific outcomes relating to these meetings. The evidence should substantiate how the outcomes above were informed.

It is nice to have this all organised in a register but any documentary evidence is acceptable such as emails, meeting minutes, interview records, site visit records, post activity reports, industry participation in validation activities, service proposals.

Don't forget the corresponding documents in your training and assessment materials and strategies. If you identified in a meeting with industry representative that a particular unit of competency needed to be included as an elective, then the relevant evidence to demonstrate how this need was adopted will be within the training and assessment strategy and the relevant learning and assessment resources for that unit.

### **You should prepare for these types of questions:**

Can you talk me through what strategies you apply to engage with industry?

Who do you identify as industry (ideally "industry" is the likely employer of your learners)?

Do you have a program or schedule of activities that guides your industry engagement?

Can you provide any examples or evidence of how you have engaged with industry and the outcomes it resulted in?

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So, happy with what you have explained but do you have any documentary evidence or other information that supports this?

Are you able to show how the engagement you have been undertaking with industry has informed the development of your trainer and assessor industry currency?

Have you identified any specific equipment or resource improvements through your industry engagement?

# Audit Guide – Clause 1.7

### **What the clause requires:**

1.7 The RTO determines the support needs of individual learners and provides access to the educational and support services necessary for the individual learner to meet the requirements of the training product as specified in training packages or VET accredited courses.

### **What is this clause about:**

This clause is about ensuring that every learner regardless of their individual situation has the opportunity to properly engage in learning and assessment that is aligned with their needs. It is about providing the learner support services in order to maximise the learner's completion of the course. Good identification of the learner's needs and alignment with relevant support services has a direct correlation to the RTO's competency and qualification completion rates. This clause requires good arrangements to engage with learners during their enrolment pathway to determine their needs and it requires the RTO to have available support services to allocate according to the identified needs of the learner. It's important to note that the RTO is not required to provide all possible support services. It is reasonable that a small RTO can provide basic language literacy and numeracy support, learning support services and be able to support the majority of learners who may have straight forward disabilities. Where specialist support services are outside of the RTO's area of expertise then it is appropriate for the RTO to have referral arrangements for these specialist support services. It is also key to consider that "support needs" has a broad application under the standards. The glossary within the standards provides guidance as to the types of support services the RTO may provide. This is not simply relevant to language literacy and numeracy but applies to any individual need a learner may present with such as, disability, financial impairment, social exclusion, et cetera. It is useful when considering learner support needs to consider your learners and think outside the box in terms of what their requirements might be.

### **You must be able to demonstrate that:**

You have very clearly defined arrangements to engage with learners during their enrolment pathway in order to determine their individual support needs.

You have established a broad offering of learner support services that align with the typical or planned learner support requirements.

You can provide examples of how you identified learner support needs and provided support services.

You can demonstrate how the learner is informed about the available support services and how to access these.

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### Evidence to prepare:

Enrollment policy and procedure which should identify how you engage with learners to determine their needs.

Information in the learner handbook (or equivalent) that informs the learner about the availability of support services and how to access these.

Enrollment application forms and associated documents which may include questions to gather information about the learner's needs.

Enrollment interview record where you may engage with learner to clarify the needs.

Mechanisms to assess the learner's language literacy and numeracy skill level benchmarked with the Australian Core Skills Framework.

Evidence of arrangements with local specialist support service providers such as specialist in language literacy and numeracy, counselling services or support services for those with cognitive impairment.

Examples of how support services have been provided to individual learners. In the lead up to an audit, you should canvass the staff in the office and your trainers and assessors who deal with learners at the coalface. These people will be able to recall instances of how learners have presented with needs and how these needs have been addressed. It is quite critical that you can provide tangible examples of how needs were determined and supported. Documentary evidence is king! This might be enrolment records, LLN assessments, correspondence via email with service providers, meeting minutes, et cetera.

### You should prepare for these types of questions:

Can you talk me through your process for enrolling learners?

How do you identify a learner's support needs during the enrollment process?

How do you inform learners about the available support services and have access these?

What do you define as a learner support need?

What arrangements do you have in place to support learners?

Can you identify an example of providing support services to assist them in their course?

Can you talk me through your arrangements to assess learner LLN ability?

Have you benchmarked your LLN assessment arrangements with the Australian Core Skills Framework?

## Audit Guide – Clause 1.8

### What the clause requires:

1.8 The RTO implements an assessment system that ensures that assessment (including recognition of prior learning): a) complies with the assessment requirements of the relevant training package or VET accredited course; and b) is conducted in accordance with the Principles of Assessment and the Rules of Evidence.

### What is this clause about:

This clause is simply about assessment! ☺ Of course it's not simple at all. It involves interpreting the training package requirements through unpacking the units of competency and designing assessment resources that support the principles of assessment, the rules of evidence and the training package requirements. It's about having good assessment resources in support of every unit of competency you deliver. It is also about having good assessment instructions for the candidate and for the assessor and suitable documents to record assessment evidence. The assessment tasks must align to the units of competency

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and the evidence you retain must justify the assessment decision and comply with the ASQA retention requirements for completed learner assessment items [Click Here](#). If none of this makes sense to you then seek help immediately. 😊 Ok, sorry, a bit of tongue-in-cheek there. Seriously though, this is a complex clause and is where the vast majority of RTO's are found non-compliant. Assessment is one of the most subjective areas within the standards. Every auditor has their own preferences and will interpret the same requirement in the unit of competency differently. To overcome this subjectivity, you need to invest in the development of the best assessment tools you can afford and then have these reviewed by as many people as possible who know what they're looking for. There are a couple of do nots to follow when preparing for assessment:

- **Do not** simply buy commercial assessment resources and make a false assumption that these are compliant because the organisation supplying them says that they are. There are some good commercial suppliers of assessment resources (including us), but the vast majority are seriously crapola ([link J](#)). Always ask for a sample and review the sample to identify how much actual assessment design has gone into the activities. Most of these materials are simply the units of competency unpacked into observation tools and have converted the performance evidence statement into assessment instructions. Seriously hopeless. Buyer beware!
- **Do not** assume that the assessment materials that your friend or another RTO says have "passed" audit will be compliant at your audit. The reality is that an audit only looks at a sample and not the entire RTO's scope is sampled. As outlined above, the audit of assessment is notoriously subject. Some auditors gloss over the audit of assessment because they don't really understand assessment requirements (true). Other auditors understand assessment thoroughly and apply a high attention to detail to your assessment and its alignment to the unit of competency. I have seen assessments (same unit, same assessment resource) found compliant 30 out of 35 audits. What was unique about the 5 non-compliances? Answer: The auditor and their personal preferences and attention to detail.
- **Do not** interpret the unit of competency. Accept the unit as written in black-and-white and design your assessment to address every component of the unit of competency particularly the assessment requirements. If it says the candidate needs to be observed on 3 occasions, then do it 3 times. Don't try and be tricky and get away with only collecting partial evidence. Collect exactly the evidence that the unit of competency specifies in the context of tasks required.

Sorry to be a killjoy, but be aware that it is a civil offense to issue a vet qualification or unit of competency without undertaking adequate assessment (see *National Vocational Education and Training Regulator Act 2011, Part 6, Division 1, Subdivision A, Section 102*) [Click](#) – \$21,600.00 fine! Assessment is a serious business. In some industries, the adequacy of the candidate's assessment could impair their ability to perform workplace tasks and impact on their workplace safety. Get it right.

### You must be able to demonstrate that:

- Your assessments meet the requirements of the training package, which means that if the unit of competency specified that the candidate must be observed five times performing a specific task then that is exactly what the assessment should include.

Key point.

- You have adequate assessment instructions that detail the requirements for the assessor and the candidate and support the **fairness** and **flexibility** of the assessment. We apply the following model to the development of assessment instructions:

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- **Who:** Define who is being assessed and the role of any other persons that may be contributing to the assessment in a role-play.
- **What:** Specify the assessment task in terms of what the candidate must do exactly in order to demonstrate their competency. This will sometimes set limitations on the task.
- **Where:** Identify the assessment context in terms of the environment and the equipment required to conduct the assessment. This may also include information about the assessment scenario.
- **When:** Define the timeframe for the assessment activity
- **Why:** Specify the standard of performance for the assessment. This will relate to what is being assessed and will provide a guide to the assessor about specific requirements they need to look for.
- **How:** identify how the assessment will be conducted in terms of the sequence of activities from briefing the candidate through to collecting evidence and informing the candidate of the result. This should not repeat generic information that is contained elsewhere but may need to specify particular sequence or activities that are relevant to the assessment task. This should also specify any arrangements or mechanisms for reasonable adjustment.
- Your assessment task and the evidence being collected align perfectly with the tasks specified within the unit of competency and are informed by the desired workplace context to support the **validity** of the assessment. I have a favorite saying that I repeat frequently to clients in respect of validity:

*"Collecting evidence of the candidate's understanding of a task is not valid evidence of their ability to perform that task."*

- You are applying **reliability** in your assessment process which is supported by having model answers (benchmark responses) for written knowledge assessment, detailed observation criteria in support of observation tasks (benchmark behaviours) and developed examples in support of assessment projects and assignments (benchmark examples).
- You are collecting **sufficient** evidence that confirms the consistency of the candidate's performance and their ability to perform **all** tasks specified within the unit of competency.
- You are applying arrangements to ensure that the evidence being collected is **authentic** and is the work of the candidate. These might include simple measures such as obtaining a declaration of authenticity from the candidate when they submit a response to an assessment task.

You are only confirming a candidate's competency based on **current** evidence particularly when RPL assessment processes are being applied. Mechanisms to confirm the candidate's current skills and knowledge might include verbal interview or knowledge assessment combined with observation assessment.

### Evidence to prepare:

For each unit or cluster of units, all assessment materials. These might include:

- Access to all learner records where actual learner assessment items and assessment records are retained. Again, note the ASQA General Direction—Retention requirements for completed learner assessment items [Click Here](#)
- Assessment coversheet to record the results of the assessment. This document should bring together all of the evidence gathered in relation to the assessment of the unit.

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- Assessment instructions for the Assessor, Candidate and Supervisor if applicable. These should be detailed and describe the specific assessment tasks to be completed.

If the assessment requires the candidate to complete a document in a specific format, a document template must be provided to the candidate.

If assessment of knowledge is planned using written or verbal assessment, model answers for the assessment questions must be provided in order to ensure the reliability of the assessment.

Observation assessment tools for practical or product based assessment. These should be designed to include observation criteria that relate to the specific assessment task being assessed. Do not simply copy all the performance criteria. The auditor wants to see customised observation criteria that are observable and measurable.

Assessment mapping that shows how the assessment evidence being gathered relates to the unit of competence. This should display the mapping to elements, performance criteria, performance evidence and knowledge evidence requirements.

Assessment policy and procedure that defines how the organisation prepares and implements the assessment.

All RPL Assessment tools /resources for each training product on the scope of registration.

### **You should prepare for these types of questions:**

Can I see the completed assessment records (Learner File) for the following learners please?

I am auditing the unit of competency XXXXXX, can you talk me through this assessment arrangement and identify how the evidence is being gathered and assessed?

How do you ensure the reliability of your assessment?

How did you determine the assessment tasks?

How do you ensure that the evidence being submitted is the candidate's own work?

I am trying to understand how you observe these tasks being performed. How do you inform the candidate of the assessment activity?

Can you explain your approach to gathering third-party evidence? How do you verify the suitability of the third-party who is providing evidence? ([ASQA Fact Sheet](#))

How do you prepare or support the supervisor to provide this evidence toward the assessment?

What resources and equipment do you use in support of this assessment?

For workplace assessment, how do you ensure that sufficient resources are available in the workplace to support the assessment.

How do you ensure that the assessment decisions between different assessors are reliable?

The unit of competency performance evidence statement requires the candidate to be observed performing this task five times over these range of situations, can you show me in this assessment evidence how this has been achieved?

The unit of competency knowledge evidence statement specified the requirement for knowledge of XXXXXXXX, can you show me in the assessment evidence where this knowledge was assessed? Do you have a model answer that question?

The unit of competency assessment conditions statement specifies the requirement that the assessment must be undertaken in a real workplace with access to the following minimum equipment. How has this been achieved and verified?

All of these assessment materials have been commercially supplied to you. How have you customised them to align with your delivery model and target learner?

How are assessment results being reported and recorded?

What is your process for a candidate to be re-assessed or appeal an assessment decision?

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How does the candidate receive feedback on their assessment result?

Can you explain your approach to assessment using recognition of prior learning? Do you have a separate RPL assessment tools for this unit or qualification? Can I see an example of RPL you have completed?

There is minimal or no observations or evidence being recorded by the assessor in this assessment record, I need to see valid evidence of the assessment as opposed to ticks on sheets of paper. Do you have any further evidence in support of this assessment? ([ASQA General Direction](#))

## Audit Guide – Clause 1.9/1.10/1.11

### What the clause requires:

1.9 The RTO implements a plan for ongoing systematic validation of assessment practices and judgements that details: a) when assessment validation will occur; b) which training products will be validated; c) who will lead and participate in validation; and d) how the outcomes will be documented and acted upon.

1.10 Each training product is validated at least once every five years, with at least 50% of products validated within the first three years of each five year cycle taking into account the relative risks of all of the training products on the RTO's scope of registration, including those risks identified by the VET Regulator.

1.11 For the purposes of Clause 1.9, systematic validation of an RTO's assessment practices and judgements is undertaken by one or more persons who are not directly involved in the particular instance of delivery and assessment of the training product being validated, and who collectively have:

- a) vocational competencies and current industry skills relevant to the assessment being validated;
- b) current knowledge and skills in vocational teaching and learning; and
- c) the training and assessment qualification or assessor skill set referred to in Item 1 or 3 of Schedule 1.

### What is this clause about:

These clauses specify the requirement for the conduct of assessment validation. The standards define assessment validation as a quality review process. This is to distinguish it from a quality control process. The difference is important as a quality review process is something that is conducted whilst the item being reviewed is being actually used as opposed to a quality control process which involves undertaking a review on something before it is implemented. So, it is important to identify that the assessment validation under the model specified within these standards is conducted post implementation after the assessment has had an opportunity to be used by assessors with candidates. The standards also specify that assessment validation involves checking that the assessment produces valid, reliable, sufficient, current and authentic evidence. So it focuses the criteria for validating assessment based on the rules of evidence and two principles of assessment (validity and reliability). I personally would recommend that you also consider flexibility and fairness in your validation criteria also. It includes reviewing a statistically valid sample of the assessments. This requires you to determine how many assessments you have completed for the unit of competency being validated and then to calculate a statistically valid sample size. There are numerous sample size calculators available on the web. ASQA nominate the following as being suitable: <http://www.raosoft.com/samplesize.html> In the conduct of assessment validation, the clause specifies particular competency requirements

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for the person who is leading the validation activity. Of particular note is the requirement that this person must not have been directly involved in the particular instance of assessment which is being validated. This means that this person does not necessarily need to be external of the organisation but does need to be non-biased and independent of the assessment being validated. Your organisation will obviously need to apply assessment validation process which will result in a systematic approach being applied and the outcomes of assessment validation used to improve future assessment. We strongly recommend the following document as a fantastic model to support your conduct of assessment validation:

[Maximising confidence in assessment decision-making: Resource kit for assessors](#)

### **You must be able to demonstrate that:**

You must have an assessment validation plan that identifies when assessment validation for each training product will be validated, what training products are being validated from your scope of registration, who will lead and assist in the assessment validation and how the outcomes of assessment validation will be used to improve the assessment.

You must have an assessment validation plan that complies with the 50% (3 years) – 100% (5 years) requirement.

**Key point.** The ASQA fact sheet ([click](#)) says that: *"If you are validating a qualification, at least two units of competency should be sampled when validating a qualification."* ASQA has also provided our clients advice that if the RTO has no delivery in a qualification it has on its scope of registration, then the RTO is unable to undertake the assessment validation and ASQA would not expect assessment validation to have occurred under these circumstances.

You have conducted assessment validation in accordance with your documented plan and can demonstrate how the outcomes of assessment validation have been acted on to improve assessment.

You have only utilised persons to lead assessment validation that are competent in training and assessment and competent in the unit of competency being validated and who were not directly involved in the particular instance of assessment being validated. It should be noted that evidence of these person's competency should be consistent with that expected of trainers and assessors.

### **Evidence to prepare:**

A plan for assessment validation to ensure that each training product is validated at least once every five years, with at least 50% of products validated within the first three years of each five-year cycle.

**Note.** This requirement came into effect on first of April 2015. This means that at least 50% of the training products that are on the RTO's scope of registration must be validated no later than the 1st April 2018 and the remaining items on the RTO's scope must be validated no later than the 1st April 2020. Get on with it!

Evidence of the assessment validation procedure and the model of assessment validation used by the organisation.

Evidence of completed assessment validation that shows the process being applied, the statistically valid sample selected for the validation activity and the outcomes that were identified and how these are acted on.

Evidence of competency and currency of those persons who are leading assessment validation who are not directly involved in the particular instance of delivery and assessment of the training product being validated, and who has:

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- vocational competencies and currency
- current knowledge and skills in vocational teaching and learning
- current competency in training and assessment

### **You should prepare for these types of questions:**

Can you talk me through your assessment validation process? Do you have a policy or procedure?

Do you have an assessment validation plan? How have you determined that you will achieve validation of 50% of your scope of registration within the first three years?

How did you select units of competency for each qualification? Did you apply a risk assessment model to the selection of these units?

Can I see the record of assessment validation that is indicated on the plan as having been completed on this date?

Can we trace these outcomes through to your continuous improvement register or see how these improvements were actually made in the assessments?

Do you have a record of the learner sample you used to undertake this assessment validation?

Can I see the qualifications of this person who is nominated to lead the assessment validation in the validation plan?

Was this person involved in the conduct of this assessment with this cohort of learners?

Can we access other learner records from this cohort?

## **Audit Guide – Clause 1.12**

### **What the clause requires:**

1.12 The RTO offers recognition of prior learning to individual learners.

### **What is this clause about:**

This clause is intended to ensure that the RTO offers prospective learners recognition of prior learning (RPL). In previous standards it was not specified that an RTO must offer RPL which resulted in many RTO's simply adopting a policy not to do so. This clause now makes this mandatory. It should be noted that this clause is not about the sufficiency of your RPL tools and processes. These requirements are covered under clause 1.8; however, it is very common that an auditor when reviewing this clause during an audit will ask to see your RPL tools. RTO's should be ready for this and have well developed RPL tools. It is important to note that RPL is assessment. It is no different to any other form of assessment. The same rules of evidence and principles of assessment apply. RPL simply tends to focus on evidence from the candidate's past which may be presented in the form of documentary evidence and referees from the candidate's current or past work experience. Of course, that is only relevant to clause 1.8 but, if the auditor requests to see your RPL tools and an example of a completed RPL assessment when they reach 1.12, don't say you were not warned. 😊 **Note.** Do not confused recognition of prior learning with credit transfer. It is a common mistake that RTO's make. RPL is an assessment process and credit transfer is an administrative process. Credit transfer is covered under clause 3.5.

### **You must be able to demonstrate that:**

You offer recognition of prior learning to individual learners.

You have available suitable RPL tools, resources and procedure to support the conduct of RPL.

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You are undertaking RPL in accordance with training package requirements, the principles of assessment and the rules of evidence.

### Evidence to prepare:

Learner Handbook which is provided to the learner prior to their enrolment and informs them about the opportunity for recognition of prior learning.

An enrolment policy and procedure that clearly identifies where the prospective learner is provided Pre-enrolment information and informed about the opportunity for RPL.

Enrolment form where the learner may have indicated if they wish to seek RPL or credit transfer.

Your RPL tools for each training product on your scope of registration – maybe!

A sampled example of an RPL assessment you have completed – maybe!

### You should prepare for these types of questions:

Can you show me where you offer RPL to learners during the enrolment process?

Do you have RPL tools for the training products on your scope of registration?

Can I see an example of a recently completed recognition of prior learning and assessment?

## Audit Guide – Clause 1.13/1.14/1.16

### What the clause requires:

1.13 The RTO's training and assessment is delivered only by persons who have:

- a) vocational competencies at least to the level being delivered and assessed;
  - b) current industry skills directly relevant to the training and assessment being provided;
- and

c) current knowledge and skills in vocational training and learning that informs their training and assessment.

1.14 The RTO's training and assessment is delivered only by persons who have the training and assessment qualification (refer to schedule 1)

1.16 The RTO ensures that all trainers and assessors undertake professional development in the fields of the knowledge and practice of vocational training, learning and assessment including competency based training and assessment.

### What is this clause about:

These clauses are about making sure that the persons that you use to undertake training and assessment are competent in training and assessment and are competent in the unit of competency they are delivering training and assessment in. The requirement for training and assessment competency is specified within schedule one of the standards [Click Here](#).

In a nut shell, this means that trainers and assessors need to hold the complete TAE40110 Certificate IV in Training and Assessment (no allowance for equivalence) or its successor ([TAE40116](#)) or a diploma or higher level qualification in adult education. For trainers delivering TAE qualifications and skill sets, additional requirements apply. Refer to schedule one of the standards.

The requirement for vocational competency is a little more complex and subjective. The clause says: "*vocational competencies at least to the level being delivered and assessed*".

So, they must hold the actual competencies or be able to demonstrate that they hold

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equivalent competency at least to the same level. They must also be able to provide evidence of their current industry skills (checkout the RTO standards glossary for “*Current Industry Skills*”) and provide evidence that they are engaged in ongoing professional development in training and assessment.

So, it is not enough to simply be competent. The trainer must have evidence of their industry experience, current industry knowledge and skills and ongoing professional development. Our recommendation for “current” evidence is evidence of activity over the last 12-18 months. Hey! It is my document; I can recommend whatever I like. In my experience, currency and professional development evidence based on completed activities in the last 12 months will be considered more favorably by the auditor.

Just a little **note** to emphasise a point which is often overlooked: The trainer/assessor must be able to demonstrate that they have industry experience. This is specified within the definition of “Current Industry Skills”. Industry experience is often demonstrated via a CV and referees.

### **You must be able to demonstrate that:**

Your trainers and assessors meet the minimum requirements for competency in training and assessment as specified in schedule one of the RTO standards.

Your trainers and assessors hold the vocational competencies at least to the level that they are delivering training and assessment in.

Your trainers and assessors can demonstrate their current industry skills and knowledge and ongoing professional development in training and assessment.

### **Evidence to prepare:**

Staff matrix that shows what trainers are nominated to deliver which items (competency) on the scope of registration. This might also list the training and assessment and vocational competence for each staff member along with a summary of their recent professional development.

Professional development register that lists in detail the specific professional development the trainer has completed.

Evidence that verifies participation in the professional development claimed in the professional development register.

Professional development plan for each trainer that shows how the trainer will maintain their skills and knowledge in their vocational area of delivery and in training and assessment.

Curriculum vitae or resume that showcases the experience the trainer brings in addition to the qualifications.

Signed employment agreement or contract (Service Agreement for contractors) that confirms that the nominated trainer’s engagement.

Certified true copies of each trainer’s qualifications that aligns with the staff matrix and substantiates their competency to undertake the training and assessment they are nominated to deliver.

Any certifications required under licensing requirements such as working with children checks, police checks, high risk work licenses, etc

Evidence that demonstrates their current competence. This may include recent RPL, professional development, work placement, professional membership, special projects, conferences or workshops, etc.

A nicely formatted Staff File that includes all of this evidence and presents it in a professional and organised way.

### **You should prepare for these types of questions:**

Can you provide me with the evidence of competency and currency for the following trainers please?

Can you talk me through how you validate a trainer's competence, experience and suitability during their recruitment / induction?

After reviewing these learner files, I have identified the following trainers that have undertaken assessment against these units. Can you provide me their staff files please?

How do you manage the allocation of trainers/assessor to specific items on your scope of registration?

What arrangements are you applying to ensure the ongoing professional development of training staff?

What arrangements are you applying to ensure the maintenance of current competence of training staff?

Do you have an employment agreement or service contract for this trainer?

Can you show me evidence of this trainer complying with licensing requirements?

I note that this trainer is coming into contact with learners who are under the age of 18 years. Do you have a current working with children check for this trainer?

This trainer does not have the required competence according to what they have been assessing. Do you have any additional evidence that would demonstrate their equivalent competence?

I am satisfied that this trainer has the required competency, but I note that they have only recently been awarded their vocational qualification. Do you have any evidence that demonstrates their industry experience?

## **Audit Guide – Clause 1.26/1.27**

### **What the clause requires:**

1.26 The RTO ensures that:

- a) learners enrolled in superseded training products which have been replaced are completed within a period of one year;
- b) learners enrolled in superseded training products which are not replaced are completed within a period of two years;
- c) learners enrolled in superseded skill set, unit of competency, accredited short course or module which are not replaced are completed within a period of one year;
- d) a new learner does not commence training and assessment in a training product that has been removed or deleted from the National Register.

1.27. The requirements specified in Clause 1.26 (a) do not apply where a training package requires the delivery of a superseded unit of competency.

### **What is this clause about:**

These clauses provide the upper level framework to guide the actions the RTO takes when a training product on its scope of registration is superseded or removed from the National Training Register. The last bit of that sentence is fairly important because it is critical to understand that some training products are superseded and are replaced by a new training product and some are superseded but not replaced. What is a training product I hear you asking? The standards (within the glossary) define a training product as follows: *Training*

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*Product means AQF qualification, skill set, unit of competency, accredited short course and module.*

Ok, so here is where it gets confusing. If the training product is replaced you have one year to either finish off the learner or transition them to the new training product. If the training product is not replaced and is simply superseded (and is a qualification), then you have two years to finish off the learner in the superseded training product. However, if the training product is a skill set, unit of competency, accredited short course (and is superseded and not replaced) then you have twelve months to complete the learner. Clear as mud! Now 1.26d is very basic. You simply cannot commence a learner in a training product that has been removed or deleted from the National Training Register. Training products that have been replaced will remain on your scope of registration during the transition period and you are able to take new enrolments in the training product whilst it is on your scope of registration however this is not recommended. Sometimes it is necessary for a period of time but the RTO should try to get the new qualification on the scope as soon as possible and cease enrolments into superseded training product. With a twelve-month transition period ticking down you are only digging a hole for yourself and the learner by enrolling them into a superseded training products late in the transition.

Now, in respect of clause 1.27, this is a very misunderstood requirement. Essentially it means that if you have a qualification on your scope of registration and it is current but has units of competency in the qualification that are imported from other training packages, then you must continue to deliver imported units, even if they have been superseded in their home training package. It doesn't matter that it is superseded. It is current in the qualification and that is what you must deliver.

**Please note:** When considering these clauses, you must read the following ASQA general direction in conjunction with this guide: [General Direction—Learner transition](#)

### **You must be able to demonstrate that:**

You are aware of training products on your scope of registration that have been superseded and are currently in transition.

You have considered the impact on the transition to learners who are currently enrolled and determined what affect the superseded training product has in terms of options for credit transfer or the necessity for gap training and assessment where the units of competency are not equivalent.

You have implemented the arrangements to add the new training product onto your scope of registration where this is required.

You have established a plan to cease enrolments in superseded training products and commence enrolments in new training products.

You have updated your marketing information to inform prospective learners of the training product currency.

### **Evidence to prepare:**

Evidence of mapping the old and new training product to establish the equivalence and non-equivalence units.

Correspondence provided to learners informing them of how a transition will affect their enrolment and presenting them with options to complete their course.

Strategies to manage learners at risk of not completing their course within the transition period.

Subscription to information sources (TGA) to inform you of changes.

Learner records of learners affected by a superseded training product.

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### **You should prepare for these types of questions:**

Can you explain the arrangements being applied to manage the transition between training products that have been superseded?

Can you talk me through your arrangements to teach-out learners who are enrolled in superseded training products?

Have you determined the credit transfer arrangements between the two training products and how this will impact on currently enrolled learners?

Have you issued correspondence to currently enrolled learners informing them of the superseded training product and how this will impact them?

Have you identified any learners that you consider are at risk of not completing a training product within the transition period?

Can you provide me the following learner records who were transitioned over to the new qualification?

### **What the clause requires:**

2.2. The RTO:

a) systematically monitors the RTO's training and assessment strategies and practices to ensure ongoing compliance with Standard 1; and

b) systematically evaluates and uses the outcomes of the evaluations to continually improve the RTO's training and assessment strategies and practices. Evaluation information includes but is not limited to quality/performance indicator data collected under Clause 7.5, validation outcomes, client, trainer and assessor feedback and complaints and appeals.

### **What is this clause about?**

This clause requires the RTO to systematically collect and evaluate relevant information within its operation in order to monitor the quality and compliance of the training and assessment being delivered in accordance with standard 1. Sub-clause 2.2 (b) is very specific about information that is identified to be collected and analysed by the RTO. ASQA have included these specific items within its audit tool and the auditor will go through each one individually to check how the RTO is collecting the particular item of information and if opportunities for improvement have been identified and acted on as a result of analysis. So, this clause is simply about demonstrating that you are monitoring the quality and compliance of training and assessment and are continually improving it. Easy!

### **You must be able to demonstrate that:**

You have a systematic approach to how you collect and analyse information in order to identify and act on opportunities for improvement.

You have made improvements based on the collection and analysis of learner and employer survey responses

You have made improvements based on your assessment validation activities and outcomes  
You have made improvements based on the feedback you receive from your staff and learners

You have made improvements based on your handling and resolution of complaints and appeals

### **Evidence to prepare:**

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A documented continuous improvement (or quality improvement) policy that supports a “systematic approach” to continuous improvement such as the [PDCA model](#). These models are quite useless unless they are integrated with the management systems of the organisation. I strongly recommend that your approach to continuous improvement is implemented as a component (agenda item) of your regular management meeting. Examples of specific data (information) that is being systematically collected and analysed as an input to the continuous approach such as:

- Rate of completion
- learner and employer satisfaction survey outcomes
- assessment validation outcomes
- feedback from trainers and assessors
- Feedback from learners
- outcomes from complaints and appeals handling

A continuous improvement register that demonstrates active use in the implementation and monitoring of improvement actions throughout the year is valuable.

Specific examples of continuous improvement actions that were identified through analysis of information and have been implemented. Particularly focus on improvements that have resulted based on the collection and analysis of the above information.

Documentary evidence of opportunities for improvement being implemented. So, if a complaint resulted in an adjustment to the completions process, for example, then showing a revised completions policy or checklist would be valid evidence of continuous improvement.

### **You should prepare for these types of questions:**

Can you talk me through your arrangements to apply a continuous improvement approach to your operation?

What data are you collecting and analysing to identify opportunities for improvement?

How are you recording your continuous improvement actions so they can be monitored during their implementation?

Do you have documented policy, procedure or forms that support your implementation of your continuous improvement arrangements?

How do you make decisions about improvements? Is it conducted as part of your management meeting or do you have a separate forum that gets together specifically to look at continuous improvement? Do you involve other staff in decision making?

Can you show me examples of improvements to training and assessment?

Have any improvements resulted from your collection and review of learner survey responses?

Are you able to identify any improvements that have resulted from your assessment validation activities?

How do you collect feedback from your trainers and assessors? Is this resulted in any improvement opportunities?

Have you needed to respond to any complaints in the past 12 months? Has this resulted in any opportunities for improvement?

### **What the clause requires:**

2.3 The RTO ensures that where services are provided on its behalf by a third-party the provision of those services is the subject of a written agreement.

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2.4 The RTO has sufficient strategies and resources to systematically monitor any services delivered on its behalf, and uses these to ensure that the services delivered comply with these Standards at all times.

### What is this clause about?

These clauses are simply about the requirement to have in place a written agreement with third parties and sufficient strategies to monitor the services being delivered on the RTO's behalf. What is third-party? A third-party that is applicable under this clause is any organisation that is delivering services on behalf of an RTO using the RTO's scope of registration. These services can include training and assessment services, education support services and activities relating to the recruitment of prospective learners. Note, that the use of contract trainers is not considered by the regulator to be a third-party arrangement. To understand the third-party arrangements, I strongly recommend that you read the "Third-party arrangements" fact sheet from ASQA ([click](#)).

Ok, what is a written agreement? Well the above fact sheet explains this. Just be aware that there are some mandatory inclusions required by ASQA in third-party agreements. These are specified in standard 8, so refer to that section for details. The point to stress here is the need to ensure there is a current and valid written agreement and that it includes the details of the monitoring arrangements you have established to ensure that the third-party delivers services in accordance with your obligations specified within the RTO standards. Depending on the services being provided and the complexity of the third-party arrangement, monitoring arrangements can take many forms. Some examples of monitoring arrangements include mandating the use of learning and assessment materials, conducting site visits, restricting the third-party's operation to approved sites and trainers only, restrictions on advertising, internal audits, etc. The more complex the third-party arrangement and the higher risk presented by the arrangement should result in more robust monitoring of the third-party's activities.

If you have a written agreement that specifies the monitoring arrangements then you should be compliant with clause 2.3; however, if you have not implemented those monitoring arrangements or cannot provide evidence of the arrangements being implemented then you will be non-compliant with clause 2.4.

### You must be able to demonstrate that:

You have a written and signed agreement for all third-party arrangements that you are engaged in.

You have appreciated the risk and complexity of each third-party arrangement and have established suitable monitoring arrangements within the agreement and can demonstrate that you have implemented these.

### Evidence to prepare:

Partnership or third-party agreements for each third-party currently engaged.

Details of the monitoring arrangements for each third-party.

Evidence of monitoring arrangements being applied including monitoring of marketing activities, training and assessment quality, trainer assessor competency currency, etc. It is recommended that this evidence be documentary. For example:

- if you have specified a monitoring arrangements for the third-party only to use trainers to you have approved, then it would be reasonable for you to have a list of those trainers and evidence of their competency and currency.

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- if your monitoring arrangement includes the requirement for site visits to the third-party sites, then it would be reasonable for you to produce site visit reports or evidence that these site visits have been undertaken.
- If your monitoring arrangement includes the conduct of monthly management meetings with third-parties, then it would be reasonable for you to have a record or minutes of these meetings.

Learner records that pertain to the services being delivered by third-parties.

Records of outcomes issued such as qualifications and statements of attainment pertaining to services being delivered by third-parties.

### **You should prepare for these types of questions:**

Are you engaged in any third-party arrangements where others are delivering services on your behalf as an RTO?

Can you provide me the written agreement for these third-party arrangements please?

Have you notified ASQA of these third-party arrangements? Can I see the email receipt for these notifications please?

What monitoring arrangements are you applying to ensure the quality of training and assessment?

Can I see evidence of these monitoring arrangements being applied?

Can I have a list of all the qualifications or units of competence that have been issued under the third-party arrangement along with the details of the applicable learners?

Can I please see the following learner files relating to the third-party arrangement?

How do you monitor the advertising that the partner undertakes on behalf of you all registration?

How did you determine the sufficiency of the monitoring arrangements for this third-party agreement?

## Clause 3.1

### **What the clause requires:**

3.1 The RTO issues AQF certification documentation only to a learner whom it has assessed as meeting the requirements of the training product as specified in the relevant training package or VET accredited course.

### **What is this clause about:**

This clause is about ensuring that you have suitable controls or mechanisms to ensure that assessments which are not conducted properly or are insufficiently recorded, not signed, etc are captured before they are entered into the student management system and relied on for the issuance of any nationally recognised outcomes. Every record of assessment that the RTO receives should be channeled through administration area where it is reviewed for its completeness and detail. If the record is not accurate or sufficiently detailed, it should be returned to the assessor for additional work before it is accepted. I frequently remind

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clients that if these records get through administration and into the learner file, the next person to see that record will be an auditor. Do not allow trainers to input assessment results into the student management system.

As a consequence of the requirements of this clause, the accuracy of your assessment records also becomes relevant. It is critical that your assessment evidence is sufficiently detailed and accurate and the information such as the assessment date entered into the student management system corresponds with the hard copy record. Do not allow your student management system to default to the date the result was entered. Your administrative staff should correct this and ensure that the date entered is the date of assessment that appears on the hard copy record.

### **You must be able to demonstrate that:**

You haven't suitable controls to ensure that only valid assessments which are properly recorded are accepted by the organisation before they are entered into a student management system

The details recorded within your student management system are in alignment with the retained student assessment items which verify assessment decisions.

### **Evidence to prepare:**

Evidence of how the organisation ensures that its AQF certificates are only issued to persons who have been validly assessed as competent. This may include:

- Evidence that assessment decisions are recorded properly and signed for by a qualified trainer assessor
- Evidence of a quality review of assessment records as they are received to ensure they have been properly completed with the correct learner details, course details, sufficient assessment evidence and are signed
- Evidence that outcomes are correctly entered into a student management system with the relevant details including the date of the assessment decision

### **You should prepare for these types of questions:**

What arrangements do you apply to prevent assessments which are not properly completed from being accepted for the issuance of a unit of competency?

Can you provide me the following student records please and can we get access to these student's outcomes in your student management system?

For this student, I need to see the assessment decision record relating to the 3 assessment tasks identified within your assessment plan and the record of where the student was signed off as competent. I would like to now check this assessment date within the student management system.

## **Audit Guide – Clause 4.1**

### **What the clause requires:**

4.1. Information, whether disseminated directly by the RTO or on its behalf, is both accurate and factual, and:

- a) accurately represents the services it provides and the training products on its scope of registration;
- b) includes its RTO Code;

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- c) refers to another person or organisation in its marketing material only if the consent of that person or organisation has been obtained;
- d) uses the NRT Logo only in accordance with the conditions of use specified in Schedule 4;
- e) makes clear where a third-party is recruiting prospective learners for the RTO on its behalf;
- f) distinguishes where it is delivering training and assessment on behalf of another RTO or where training and assessment is being delivered on its behalf by a third-party;
- g) distinguishes between nationally recognised training and assessment leading to the issuance of AQF certification documentation from any other training or assessment delivered by the RTO;
- h) includes the code and title of any training product, as published on the National Register, referred to in that information;
- i) only advertises or markets a non-current training product while it remains on the RTO's scope of registration;
- j) only advertises or markets that a training product it delivers will enable learners to obtain a licensed or regulated outcome where this has been confirmed by the industry regulator in the jurisdiction in which it is being advertised;
- k) includes details about any VET FEE-HELP, government funded subsidy or other financial support arrangements associated with the RTO's provision of training and assessment; and
- l) does not guarantee that:
  - i) a learner will successfully complete a training product on its scope of registration; or
  - ii) a training product can be completed in a manner which does not meet the requirements of Clause 1.1 and 1.2; or
  - iii) a learner will obtain a particular employment outcome where this is outside the control of the RTO.

### What is this clause about?

This clause requires the RTO to provide clear, current and accurate information about your training organisation and the training and assessment services you provide. This clause is all about ensuring that your prospective learners or third-parties are well-informed about the services you provide prior to their enrolment or commencement, whichever comes first. This relates to all marketing information including that which is printed, provided by your website, provided via third-party's website, provided via social media, direct marketing or online directories. The clause is quite clearly stated and is one of the less subjective clauses within the standards. Where RTO's get in trouble with this is because they try to be tricky or try to push the envelope in attempting to get some market advantage in their advertising and marketing. It blows me away when I am doing an audit and the RTO does not include the training product code and title on their website or fails to include the RTO code on marketing information. It specifies these requirements in black-and-white in the clearest of terms within this clause. There is no logical excuse why an RTO does not comply with this requirement other than ignorance and/or apathy. ASQA has provided an excellent fact sheet that provides additional guidance to RTO's about the requirements relating to marketing and advertising ([click](#)).

**Note.** A benchmark for the auditor during the review of marketing information is the organisation's training and assessment strategy. The first criteria the auditor reviews are to determine if the information is accurate and represents the services provided by the RTO. The points of comparison for the marketing information are the training and assessment

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strategy which should describe how training products are being delivered, the learner records including training plans and learning and assessment materials. These items (but predominantly the training and assessment strategy) are the actual evidence of how the services are being delivered. When the auditor reviews the accuracy of the marketing, these documents are the benchmark to compare if the information accurately represents the services provided.

**Take-home point:** Make sure that training and assessment strategies and marketing are in alignment.

### **You must be able to demonstrate that:**

Your marketing information accurately reflects the services you are providing and this can be confirmed through access to learner records and training and assessment strategies.

Your marketing information includes your RTO code and the approved code and title of all training products as they appear on the national training register (training.gov.au).

If you refer to any other person or organisation in your marketing then you have evidence of a written consent to do so.

You use the NRT Logo in marketing in accordance with its conditions of use ([click](#)).

You distinguish clearly between non-accredited training services and nationally recognised training services (keep them very separate).

You disclose the details of third-parties where they are delivering on your behalf or you are delivering on their behalf.

You provide detailed information to learners about relevant licensing or regulatory requirements applicable to the course being offered.

You provide detailed information to learners about relevant government funding or subsidy programs applicable to the courses being offered.

You do not guarantee any specific outcome such as employment, course completion, etc. Don't make claims that are outside of your control. Be ethical.

### **Evidence to prepare:**

Copy of current course brochures, newspaper advertising, etc

Access to the organisations current website, social media campaigns, online directories, etc

Access to third-party websites (or other marketing information) who are advertising training and assessment services on behalf of the RTO

It should be noted that all marketing material must include all items identified at clause 4.1 subparagraphs a – l, where they are applicable to the RTO.

**Note.** Prior to an audit, conduct a critical review of all marketing information to ensure that the items specified within clause 4.1 are being complied with. This review should include marketing information of third-parties.

### **You should prepare for these types of questions:**

Are you engaged in any third-party arrangements?

Which courses on your scope of registration are offered via refunding or government subsidy arrangement?

What media/format do you utilise to conduct advertising and marketing? Can you provide me an example of these for following courses please?

What is your process for developing and approving marketing material before it is used?

Can you show me in this marketing where the RTO code is included?

We need to confirm that the course model described in this marketing accurately reflects the services being provided. Are we able to access the training and assessment strategy for this course?

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Can you show me the disclosure of your third parties that the courses being offered are using your scope of registration?

You are making a reference here to this industry peak body, can you provide me evidence that you have obtained their consent to do this?

Do you utilise any checklist or quality control document to ensure the compliance of marketing before it is relied on?

# Audit Guide – Clause 5.1

### What the clause requires:

5.1. Prior to enrolment or the commencement of training and assessment, whichever comes first, the RTO provides advice to the prospective learner about the training product appropriate to meeting the learner's needs, taking into account the individual's existing skills and competencies.

### What is this clause about:

This clause is about consumer protection. You are a service provider and the learner is a consumer. When you consider this clause, you need to do so in conjunction with the requirements of Australian Consumer Law. I absolutely recommend that all RTO chief executives and managers become familiar with the information contained at the Australian Consumer Law website ([click](#)).

This clause requires that the RTO take active steps to engage with the prospective learner to inform them very clearly about the services being provided and to ensure that the RTO has determined the learner's needs and directed them to a course that is suitable to meet their needs. RTO's should think of this requirement as a mini training needs analysis of the learner. The RTO should have specified enrolment procedures that detail the process to channel prospective learners through an engagement process and information pathway to ensure their needs are identified and they are provided with detailed and accurate information to inform their decisions about enrolment. It may be the case that once the RTO has determined the learner's needs, the RTO may conclude that they do not have the services to meet the specific learner requirements. In this case, it is a valid outcome to refer the prospective learner to another RTO. RTO's should not enroll a learner into a course for their own benefit where it is not consistent with the learners training needs. I know that's an obvious statement, but you would be amazed!

### You must be able to demonstrate that:

You engage with learners prior to their enrolment to determine their training needs and provide them accurate and detailed information about the services being offered.

You take into account the learner's existing skills and competency and have arrangements to determine the amount of training for each learner and apply recognition processes where applicable.

### Evidence to prepare:

Details of the RTO's enrolment procedure including policy or forms used to quality assure the process.

Access to the learner records where learner engagement may be verified and training needs are recorded.

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Evidence of the arrangements to engage with learners prior to their enrolment and to provide accurate and detailed information about the services being offered.

### **You should prepare for these types of questions:**

Can you talk me through your process to engage with learners prior to their enrolment and to determine their training needs?

Can you talk me through how you take into account the learner's existing skills and competency?

Can we access learner records to verify this process being applied?

## Audit Guide – Clause 5.2

### **What the clause requires:**

5.2. Prior to enrolment or the commencement of training and assessment, whichever comes first, the RTO provides, in print or through referral to an electronic copy, current and accurate information that enables the learner to make informed decisions about undertaking training with the RTO and at a minimum includes the following content:

- a) the code, title and currency of the training product to which the learner is to be enrolled, as published on the National Register;
- b) the training and assessment, and related educational and support services the RTO will provide to the learner including the:
  - i) estimated duration;
  - ii) expected locations at which it will be provided;
  - iii) expected modes of delivery;
  - iv) name and contact details of any third-party that will provide training and/or assessment, and related educational and support services to the learner on the RTO's behalf; and
  - v) any work placement arrangements.
- c) the RTO's obligations to the learner, including that the RTO is responsible for the quality of the training and assessment in compliance with these Standards, and for the issuance of the AQF certification documentation.
- d) the learner's rights, including:
  - i) details of the RTO's complaints and appeals process required by Standard 6; and
  - ii) if the RTO, or a third-party delivering training and assessment on its behalf, closes or ceases to deliver any part of the training product that the learner is enrolled in;
- e) the learner's obligations:
  - i) in relation to the repayment of any debt to be incurred under the VET FEE-HELP scheme arising from the provision of services;
  - ii) any requirements the RTO requires the learner to meet to enter and successfully complete their chosen training product; and
  - iii) any materials and equipment that the learner must provide; and
  - iv) information on the implications for the learner of government training entitlements and subsidy arrangements in relation to the delivery of the services.

### **What is this clause about:**

Following on from clause 5.1, this clause specifies the minimum information requirements that must be provided to prospective learner prior to their enrolment or commencement to inform them about the services being provided. This clause equally relates to consumer

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protection and focuses on ensuring that learners are provided with sufficient and accurate information to inform their consumer decisions.

There is a close relationship between the requirements in this clause and the requirements relating to marketing specified in clause 4.1. Marketing information will constitute the primary content that informs this clause. Noting this, there are other important information sources that will also be applicable. These include fee information, learner or participant handbooks, et cetera. Some of the requirements within this clause may not be applicable to many RTO's such as those relating to the VET FEE-HELP or VET Student Loan scheme.

### **You must be able to demonstrate that:**

You provide the prospective learner prior to their enrolment or commencement with detailed information about the services being provided. This information may be provided in print, electronically or through referral to other information sources.

You accurately describe the services being provided including the training product code and title, estimated course duration, location of delivery, the mode of delivery, work placement requirements and a broad outline of the course structure.

You disclose any details of third parties including where services are provided on the RTO's behalf and where you are delivering services on behalf of another RTO.

You provide a declaration that identifies who (which RTO) is responsible for the quality of the training and assessment services being provided and for the issuance of any AQF certificates.

You provide information that informs the learner about their rights and obligations including complaints and appeals processes, the materials and equipment the learner must provide, requirements to successfully complete their chosen training, obligations under any relevant government subsidy and the learner's rights if the services are not delivered.

### **Evidence to prepare:**

Enrollment process that confirms learners are provided information about rights and obligations prior to their enrollment.

Learner handbook or other information source that informs learners of their rights and obligations. This may include course brochures or other marketing information.

Mechanism for obtaining a formal acknowledgement from the learner that they have been informed about their rights and obligations. This may be part of the learner's signed service agreement with the RTO where they agree to the RTO's terms and conditions.

Student information about government subsidy eligibility, obligations and entitlements

### **You should prepare for these types of questions:**

Can you explain the process for enrollment and how learners are informed about their rights and obligations?

What documents do you use to communicate this information?

What do you define as the learners' rights and obligations?

How do you confirm that the learner understands their rights and obligations?

How do you ensure staff are informed about the learner's rights and obligations?

Can I see the information source (Learner Handbook) where all this information is contained?

Can I see some learner files where learners have signed to acknowledge their rights and obligations?

How do you inform the learner about the course duration and mode of delivery?

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Can you show me where the learner is informed about who (which RTO) is ultimately responsible for the quality of training and assessment services and for the issuance of the AQF certificate on their course completion?

This course is delivered using a government subsidy. These subsidies have eligibility criteria and include implications for the learner in relation to gaining access to the subsidy. How is this information communicated to the learner prior to their enrolment or commencement?

## Audit Guide – Clause 5.3

### What the clause requires:

5.3. Where the RTO collects fees from the individual learner, either directly or through a third-party, the RTO provides or directs the learner to information prior to enrolment or the commencement of training and assessment, whichever comes first, specifying:

a) all relevant fee information including:

i) fees that must be paid to the RTO; and

ii) payment terms and conditions including deposits and refunds;

b) the learner's rights as a consumer, including but not limited to any statutory cooling-off period, if one applies;

c) the learner's right to obtain a refund for services not provided by the RTO in the event the:

i) arrangement is terminated early; or

ii) the RTO fails to provide the agreed services.

### What is this clause about:

This clause specifies the minimum information requirements that must be provided to prospective learner prior to their enrolment or commencement to inform them about the RTO's collection of fees from the individual learner. This includes the total amount of fees to be paid and the schedule of payments, the payment terms and conditions including deposits and refunds.

Just a **quick note** on the requirement relating to a statutory cooling off period specified at clause 5.3b. This clause specifies the requirement that the RTO inform prospective learners about their consumer rights. Consumer Law in Australia has generally been harmonised across all states and territories. There are some useful information sources available at the following website to inform learners about their consumer rights ([click](#)). Apart from specifying this, the clause also makes a special mention of any statutory cooling off period, if one applies. What is a statutory cooling off period and what are the circumstances when one applies? Great question! The ACCC identify that, "*A cooling-off period is a safeguard designed to give consumers the opportunity to change their minds about a purchase or agreement they have made. You have a right to a cooling-off period when you purchase goods or services through telemarketing or door-to-door sales* ([click](#)). Where a service agreement is obtained through telemarketing or door-to-door sales ([click](#)) this is referred to as an 'unsolicited consumer agreement'. It is under these types of agreements that a statutory cooling off period applies. If your RTO does not undertake marketing using these types of sales tactics, then the statutory cooling off period disclosure requirement will not be applicable to you.

### You must be able to demonstrate that:

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You provide information that informs the learner about their obligation to make fees and payments including the total amount of fees to be paid and the schedule of payments, the payment terms and conditions including deposits and refunds, the learner's consumer rights and the learner's rights to obtain a refund where the services are terminated early or the RTO fails to provide the agreed services.

### **Evidence to prepare:**

Learner or participant handbook which includes information about fees, payments and refunds.

Fee schedule documents that include information about the total fees and the required schedule of payments to be made.

Policy and procedure relating to fee payments, refunds, early termination, transfers or fee credits.

Learner service agreements which include terms and conditions.

Policy relating to the learner's rights if the RTO terminates the services early or is unable to deliver the service.

Access to learner payment records.

Access to administrative forms such as those required to request a refund

Access to learner records to verify agreed terms and conditions.

### **You should prepare for these types of questions:**

Can you talk me through how the learner is provided information about the applicable fees, payments and refunds?

How do you inform learners about their rights as a consumer?

What is the process for the learner to request a refund?

Can you talk me through your marketing arrangements? Do you undertake any telemarketing or door-to-door sales? If so, how do you inform learners of their right to a statutory cooling off period?

Do you have a service agreement that learners are required to sign as part of their enrolment? Can you provide me a copy of this for the following learners please?

Can you recall a situation where a learner has been provided a refund? Is it possible to access the learner's file and the payment records for this learner?

## **Audit Guide – Clause 7.3**

### **What the clause requires:**

7.3. Where the RTO requires, either directly or through a third-party, a prospective or current learner to prepay fees more than a total of \$1500 (being the threshold prepaid fee amount), the RTO must meet the requirements set out in the Requirements for Fee Protection in Schedule 6.

### **What is this clause about:**

This clause requires the RTO to implement arrangements to protect the fees paid by learners in advance of services being provided. This is a requirement because following the GFC in 2008, more than a few RTO's went to the wall and took all of their learner's prepaid fees with them to the administrators. The standards currently give an RTO three options. The RTO may limit the amount required to be paid at any time by the learner to not exceed

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\$1500 in advance of services being provided (90% of RTOs), the RTO may hold an unconditional financial guarantee from a bank operating in Australia (very expensive to get) or the RTO may hold a current membership of a Tuition Assurance Scheme. There is a fourth alternative which allows the RTO to seek an alternative fee protection measure from the ASQA. The vast majority of RTO's utilise the standard option to limit the amount of fees charged in advance of services being provided to \$1500. There are a number of misconceptions about this requirement. The standard says that this applies to prospective or current learner's. So, this requirement is broader than just fees paid prior to the course commencement. It also relates to fees paid during the conduct of the course. To be clear, where any fee is required from a learner in advance of the services being provided; before or during the course, then any single payment cannot exceed \$1500.

**Take home point:** Unless you have a contractual obligation to hold a membership in a Tuition Assurance Scheme (such as the VET Student Loan Scheme), you do not need it. I occasionally come across RTOs who do not have any such obligation but have been "convinced" by a Tuition Assurance Scheme that they must have membership to comply with this clause. Tuition Assurance could cost you between \$5,000 – \$12,000 per year. The Tuition Assurance provider is very happy to take your money. All you simply need to do is structure your fees so that no single payment in advance exceeds \$1,500. Easy! Beware of those who seek to take advantage of your ignorance.

### **You must be able to demonstrate that:**

You do not require prospective or current learners to prepay fees in excess of \$1500.

### **Evidence to prepare:**

Fee schedule and fee information included in pre-enrolment information

Access to learner records relating to fee payments

Tuition Assurance Scheme membership if applicable

Evidence of unconditional financial guarantee from a bank operating in Australia if applicable

### **You should prepare for these types of questions:**

Are there any courses that you provide where you require payment in advance of services being provided more than \$1500?

Can you provide me a copy of your fee schedule or fee information that identifies the total amount and the required fee payments during learner's enrolment?

Can I access the payment details for the following students please?

## **Audit Guide – Clause 8.2**

### **What the clause requires:**

8.2. The RTO ensures that any third-party delivering services on its behalf is required under written agreement to cooperate with the VET Regulator:

- a) by providing accurate and factual responses to information requests from the VET Regulator relevant to the delivery of services; and
- b) in the conduct of audits and the monitoring of its operations.

### **What is this clause about?**

This clause requires the RTO to have in place an agreement with third parties that requires the third-party to cooperate with the VET regulator by providing accurate and factual responses to information requests by the VET regulator and to cooperate during the

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conduct of audits and monitoring of its operations. Standard 8 is all about requiring the RTO to cooperate with the VET regulator. It makes sense that if the RTO is engaged in 3<sup>rd</sup> party arrangements that the third-party also have an obligation to cooperate with the VET regulator. The only way of doing this is to make it mandatory that the RTO insert this clause into the third-party agreement.

### **You must be able to demonstrate that:**

You have included a specific clause in all third-party agreements that requires the third-party to cooperate with the VET regulator by providing accurate and factual responses to information requests by the VET regulator and to cooperate during the conduct of audits and monitoring of its operations.

### **Evidence to prepare:**

Copy of all third-party agreements or MOUs indicating that the third-party must cooperate with the VET regulator by providing accurate and factual responses to information requests by the VET regulator and cooperate during the conduct of audits and monitoring of its operations (only required if using third-party arrangements).

### **You should prepare for these types of questions:**

Are you engaged in any third-party arrangements where others are delivering services on your behalf as an RTO?

Can you provide me the written agreement for these third-party arrangements please?

Can you show me where within this agreement you have specified the requirement for the third-party to cooperate with the VET regulator?