



RISK ADVISORY SERVICES

Australian Government Department of Education, Employment and Workplace Relations

Formative Evaluation of the
Implementation of Australian Quality
Training Framework 2007

FINAL REPORT

GOVERNMENT

Disclaimer

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Executive Summary

KPMG was engaged by the Department of Education, Employment and Workplace Relations (DEEWR) to undertake a formative evaluation of the implementation of the Australian Quality Training Framework (AQTF) 2007. The evaluation commenced in February 2008 and concluded in July 2008.

The key objective of the formative evaluation was to evaluate the impact and effectiveness of the AQTF 2007 implementation arrangements. In particular, the formative evaluation aimed to identify the effectiveness of the implementation of AQTF 2007 to date; ensure the arrangements are implemented smoothly; and identify any early warning signals that suggest more needs to be done to ensure a successful implementation.

To enable these objectives a number of project activities were undertaken. These included: undertaking a review of existing available data regarding the implementation of AQTF; consultations with stakeholders in each jurisdiction; and conducting an online survey of Registered Training Organisations (RTOs). Stakeholder consultations involved consultation with National Quality Council (NQC) Quality Standing Committee representatives, Registering Body key managers and staff, auditors, RTOs, and other key stakeholders. This data collection has formed the basis for the development of the evaluation findings.

The findings from the formative evaluation have been developed around six areas of inquiry. The areas of inquiry, associated findings and recommendations for improvement are summarised below.

Implementation arrangements

This area of inquiry related to the preparation, development, and implementation arrangements for AQTF 2007, including the provision of information and communication material, awareness raising and capacity building activities, and the usefulness of tools and materials developed to support effective implementation. Implementation of AQTF 2007 was characterised by significant efforts across Commonwealth and state/territory levels of government.

Key strengths and opportunities for improvement

A number of strengths and opportunities for improvement were identified in relation to the implementation arrangements. Key strengths identified included:

- the collaborative nature of the development process for AQTF 2007 through the NQC Quality Standing Committee, the National Registration and Accreditation Technical Committee (“the Technical Committee”), and the state and territory Registering Bodies;
- the frequency and ongoing nature of communication in the lead up to the implementation date from DEEWR and Registering Bodies to RTOs;
- positive feedback from a number of RTOs regarding the effectiveness of information sessions and workshops;
- the supportive role played by Registering Bodies in the implementation arrangements within their jurisdiction; and
- the usefulness of the tools and materials developed to support the implementation of AQTF 2007.

Key opportunities identified for improvement related to the:

- timeframe for implementation;
- effectiveness of the RTO information sessions and workshops;
- sufficiency of tools and materials; and
- extent of completion of the implementation process.

Key finding

Based on the project activities it was identified that the implementation of AQTF 2007 was considered moderately smooth and effective by RTOs, Registering Bodies, and auditors. The collaborative process for development of AQTF 2007 across jurisdictions was effective, and each Registering Body contributed significant effort in implementing new arrangements within their jurisdiction. However, the timeframe for implementation has impacted on the effectiveness of the implementation process.

Recommendations

In considering opportunities for improvement in relation to the implementation arrangements, a number of recommended actions have been proposed:

- *Implementation process* - That learnings from the implementation of AQTF 2007 should be considered by the NQC in planning future implementation activity.
- *Information and support* - That the Registering Bodies enhance the information and support available to RTOs so that they can effectively establish and maintain registration under AQTF 2007, with particular regard to:
 - ensuring prospective RTOs are provided sufficient information about the requirements for achieving registration under AQTF 2007, and have access to advice from Registering Bodies to enable full comprehension;
 - providing case studies and/or good practice examples of high quality practices under AQTF 2007 from a range of organisations; and
 - continuing communication to RTOs such that they are regularly notified of developments and changes regarding AQTF, including both email communication and information sharing seminars.
- *Tools and materials* - That, in line with the focus on continuous improvement, the NQC Quality Standing Committee undertake regular review and updates of the AQTF 2007 tools and materials. Areas suggested for improvement include:
 - technical aspects, to ensure clarity of interpretation; and
 - language and structure, to ensure material is written in Plain English, ensure ease of navigation, and minimise repetition.
- *Evaluation and review* - That the NQC undertake regular monitoring and review of the progress of AQTF 2007 implementation to ensure momentum and commitment to the achievement of AQTF 2007 objectives is sustained. However full evaluation of the effectiveness of AQTF 2007 should only occur once implementation is complete and a full

regulatory cycle (that is, the five year period of registration including registration, audit, and renewal of registration) has occurred.

Industry regulator engagement

AQTF 2007 involves a requirement for Registering Bodies to engage industry regulators in the quality assurance processes for training and assessment. As such, the arrangements for industry regulator engagement in quality assurance processes was a key area of inquiry.

Key strengths and opportunities for improvement

Key strengths of the implementation of requirements for industry regulator engagement included:

- the commitment and efforts of some jurisdictions to implementation;
- positive feedback from RTOs regarding the involvement of industry regulators in quality assurance processes; and
- positive feedback from Registering Bodies and industry regulators regarding the *AQTF 2007 National Guideline for Industry Regulator Engagement*.

A number of challenges were identified in relation to the implementation of AQTF 2007 arrangements for industry regulator engagement. These related to:

- the complexities associated with establishing formalised arrangements;
- awareness of AQTF 2007 amongst industry regulators and the broader industry; and
- willingness of industry regulators to engage in quality assurance for training and assessment.

Key finding

It was identified that there is much variation in the implementation of AQTF 2007 requirements for industry regulator engagement across jurisdictions, reflecting the resources and commitment required for successful implementation. There is a need for an enhanced focus on industry regulator engagement by some Registering Bodies, and greater resources and support to facilitate this.

Recommendations

In considering opportunities for improvement in relation to the implementation of requirements for industry regulator engagement, a number of recommended actions are proposed:

- *Awareness and information* - That the Registering Bodies undertake targeted awareness raising and provide tailored information regarding AQTF 2007 to promote an increased understanding and willingness to engage amongst industry regulators and industry more broadly.
- *Support* - That mechanisms for provision of additional support to both Registering Bodies and industry to enable effective industry and industry regulator engagement be investigated by the NQC, and that:

- for Registering Bodies, consideration should be given to the allocation of specific resources dedicated to enabling industry engagement; and
- for industry, consideration should be given to the provision of support through existing Industry Skills Councils (or their equivalents).

Risk management and auditing arrangements

The AQTF 2007 risk management approach represents a new arrangement in the regulatory framework for quality training and assessment aimed at streamlining quality assurance arrangements for low risk RTOs, and directing regulatory resources to areas of greatest risk. The AQTF 2007 auditing arrangements also represent a significant change in the regulation of training and assessment quality, and is based on principles that audits are systematic, outcomes-focused, flexible, and focused on continuous improvement. The arrangements for both risk management and auditing of RTOs were further areas of focus for the evaluation.

Key strengths and opportunities for improvement

Key strengths identified in relation to the implementation of risk management arrangements under AQTF 2007 included:

- the significant progress made by some jurisdictions in implementing AQTF 2007 risk management arrangements;
- the effective alignment of the AQTF 2007 risk management approach with the existing risk management focus in some jurisdictions; and
- the identified potential of the AQTF 2007 risk management approach to reduce regulatory burden for RTOs and improve regulatory efficiency and effectiveness for Registering Bodies.

In relation to the implementation of auditing arrangements under AQTF 2007, key strengths identified related to:

- positive views of RTOs on the shift that has occurred in audit approach, and evidence of improved audit experiences due to the implementation of AQTF 2007;
- the majority of RTOs that felt prepared for audit under AQTF and reported positively on the use of relevant guidelines; and
- the effective transition to the AQTF 2007 audit approach that has been enabled by a proportion of auditors.

Opportunities for improvement and challenges identified in relation to the implementation of arrangements for risk management under AQTF 2007 included:

- variation in the extent of implementation of the *AQTF 2007 National Guideline for Risk Management* across jurisdictions;
- the validity and reliability of the risk management approach; and
- variation in the linkage between the risk management protocols and the treatment of risk by Registering Bodies.

In relation to implementation of AQTF 2007 auditing arrangements, challenges identified included:

- variation in the implementation of auditing arrangements by Registering Bodies;
- difficulties in interpretation and therefore implementation of AQTF 2007 guidelines;
- difficulties experienced by auditors in adopting the AQTF 2007 audit approach; and
- challenges experienced by some RTOs in preparing for audit under AQTF 2007.

Key finding

It was identified that Registering Bodies have progressed implementation of the AQTF 2007 National Guideline for Risk Management and the AQTF 2007 National Guideline for Managing Non-Compliance. However, resourcing and difficulties in interpretation have impacted the effectiveness of Registering Bodies in implementing risk management arrangements. In addition, challenges experienced by auditors in shifting to the AQTF 2007 audit approach have limited the extent to which effectiveness in implementation of the AQTF 2007 audit approach has been achieved. Further progress is required to ensure effective adoption of the AQTF 2007 audit approach across the auditor cohort, and improve the capacity of Registering Bodies to effectively implement the AQTF 2007 National Guideline for Risk Management.

Recommendations

In considering opportunities for improvement in relation to the implementation of AQTF 2007 risk management and auditing arrangements, a number of recommended actions are proposed.

- *Consistency in application* - Continue to progress towards enabling a consistent understanding and application of the *AQTF 2007 National Guideline for Risk Management* and *AQTF 2007 National Guideline for Managing Non-Compliance* through the Technical Committee, with accountability to NQC Quality Standing Committee.
- *Audit approach* - That effective transition to the AQTF 2007 holistic audit approach, which is outcomes-focused and flexible, be enabled by all auditors. (Suggested actions for enabling this approach by all auditors are proposed under *Consistency and collaboration* and *Outcomes focus*).
- *Context for implementation* - That the NQC note that the benefits of AQTF 2007 may be impacted from related activities in the broader VET environment, and this should be taken into consideration in any future evaluations or reviews of AQTF.
- *RTO capacity* - That the NQC Quality Standing Committee monitor the use of consultants by RTOs for audit preparation, with a view to ensuring that this activity is not a result of inadequate information and advice being publicly available to RTOs to effectively enable compliance with AQTF 2007 (Suggested strategies to build the capacity of RTOs are proposed under *Capacity building*).

Consistency and collaboration

A key objective of AQTF 2007 is to promote and enable national consistency in training outcomes, as well as in the interpretation and implementation of AQTF 2007. In addition, AQTF 2007 was designed to promote a collaborative approach to its implementation. Both these key aspects of AQTF 2007 were considered in the evaluation. Key structures established to enable a collaborative approach included the NQC Quality Standing Committee, the Technical Committee, and activities such as national audit moderation workshops.

Key strengths and opportunities for improvement

Key strengths in relation to consistency and collaboration included:

- the leadership provided by the NQC Quality Standing Committee;
- the contribution of states and territories in the development of AQTF 2007, and in particular the role of the Technical Committee in facilitating this;
- the role of moderation activities in developing consistency and collaboration at the auditor level; and
- the establishment of the National Audit and Registration Agency (NARA) and its model.

In addition, a number of opportunities were identified in relation to consistency and collaboration. In particular, these were:

- inconsistencies in requirements for registration and approaches across states/territories;
- variations in the understanding of 'consistency' across jurisdictions;
- opportunity for improved communication, networking, and information sharing between Registering Bodies;
- inconsistencies in the approaches of auditors within and across jurisdictions; and
- opportunity for further improving national consistency through collaborative mechanisms.

Key finding

It was identified that mechanisms, such as the NQC Quality Standing Committee, the Technical Committee and NARA have clearly assisted in enabling a consistent approach to AQTF 2007. However, a continued focus on building national consistency is necessary to facilitate successful implementation.

Collaborative arrangements utilised for the development and implementation of AQTF 2007 have been effective. Yet, there is opportunity to enhance the focus and accountability of collaborative mechanisms for progressing national consistency.

Recommendations

To address opportunities for improvement identified in relation to consistency and collaboration, the following recommended actions are proposed:

- *Agreed approach and understanding* - That the NQC develop an agreed approach to, and understanding of, 'national consistency' such that the objectives and outcomes sought in relation to consistency in implementing AQTF 2007 are clear and understood.
- *Support for collaborative mechanisms*.

- That the NQC Quality Standing Committee support the Technical Committee to undertake a continued and focused role in progressing national consistency and continuous improvement in regulatory systems as they relate to AQTF 2007, with accountability to the NQC Quality Standing Committee.
- That Registering Bodies ensure continuation and enhance the focus of audit moderation activities to further progress towards national consistency in outcomes-focused auditing amongst the auditor cohort.

Outcomes focus

Another key objective of AQTF 2007 was to implement an outcomes-focused regulatory framework for registration and audit of RTOs. The aim of an outcomes-focused framework is to shift the regulatory focus from the quality of inputs to the delivery of training, to the quality of training outcomes achieved.

Key strengths and opportunities for improvement

Key strengths identified regarding the implementation of an outcomes focus were the:

- positive views from all stakeholder groups regarding the shift to an outcomes-focused model;
- greater flexibility arising from the outcomes-focused approach, which has enabled auditors to utilise greater professional judgement; and
- transition to an outcomes focus occurring amongst Registering Bodies and auditors.

In addition, key challenges and opportunities for improvement identified in relation to the implementation of an outcomes focus included:

- the delay in implementing Quality Indicators;
- variations in the implementation of an outcomes focus across jurisdictions; and
- challenges experienced by RTOs in adapting to an outcomes-focused framework.

Key finding

It was identified that all stakeholder groups consulted see value in, and strongly support, the shift to an outcomes-focused model under AQTF 2007. However, a number of challenges have inhibited the effective implementation of an outcomes focus by Registering Bodies and RTOs. An enhanced focus on building capacity to implement an outcomes focus is necessary to facilitate successful implementation.

Recommendations

In considering opportunities for improvement in relation to the implementation of an outcomes focus, the following recommended actions are proposed:

- *Build understanding of outcomes focus* - That, through the Technical Committee, or other similar national body, work is continued towards enabling an agreed understanding of an outcomes focus across Registering Bodies, and this agreed interpretation of 'outcomes focus' is communicated to RTOs and other key stakeholders.

- *Quality Indicators*
 - That the NQC Quality Standing Committee enable the implementation of Quality Indicator data collection tools as soon as possible to complete the implementation of AQTF 2007.
 - That the NQC Quality Standing Committee support the implementation of Quality Indicator data collection tools for RTOs with an appropriate implementation strategy, comprising sufficient education and training for RTOs regarding the use of the data collection tools, recording and reporting of data, and information on the way in which data is to be used by both RTOs and Registering Bodies.
- *Enhance capacity*- That the Registering Bodies enhance the capacity of auditors to exercise professional discourse and professional judgement in outcomes-focused auditing through targeted professional development activities. Also, that Registering Bodies enhance RTOs' capacity to understand an outcomes focus by providing access to training which facilitates development of understanding in this area.
- *Mechanisms for addressing concerns/complaints* - That Registering Bodies enable effective implementation of the *AQTF 2007 National Guideline for Responding to Complaints about VET Quality*, and raise the profile of the Guideline across RTOs through targeted awareness. Also, that the NQC Quality Standing Committee support the implementation of the National Audit Evaluation Tool for provision of feedback from the RTOs to the Registering Body on conclusion of the audit.

Capacity building

Throughout the evaluation, it was identified that whilst progress has been made towards effective implementation of AQTF 2007, there is still significant opportunity for capacity building across RTOs, Registering Bodies and auditors to enable the objectives of AQTF 2007 to be achieved.

Key findings

Key areas identified for additional capacity building by Registering Bodies included:

- management of the cultural and organisational change required to implement AQTF 2007;
- effective implementation of an outcomes focus and holistic approach to AQTF 2007 auditing;
- effective implementation of a risk based regulatory model;
- implementation of requirements for industry regulator engagement; and
- continued progress towards national consistency in registration functions and processes to ensure nationally consistent registration outcomes.

Key areas identified for additional capacity building of auditors relate to the effective implementation of the AQTF 2007 holistic and outcomes-focused auditing approach, and the capacity building activities required to support this. These key areas are:

- shifting to an outcomes-focused, holistic audit approach;

- auditor professional development, audit moderation and auditor exchange activities; and
- report writing.

Key areas identified through the evaluation activities for additional capacity building of RTOs related to the following areas:

- understanding of an outcomes focus and outcomes-focused auditing;
- understanding of continuous improvement and implementing a continuous improvement approach;
- preparing for an AQTF 2007 audit;
- engaging in professional discourse with auditors;
- understanding and implementation of Quality Indicators and data collection tools; and
- opportunities for peer support and sharing of information/good practice.

Recommendations

The following recommended actions have been proposed to address the identified capacity building requirements:

Registering Bodies

- Recognise the cultural and organisational change required to effectively implement AQTF 2007 and continue a focus on building organisational capacity to embed an outcomes-focused regulatory approach.
- Continue to provide support to auditors to build their capacity to implement the AQTF 2007 audit approach and embed the change.
- Build Registering Body capacity to effectively implement a risk management approach to audit and regulation.
- Provide support for the implementation of AQTF 2007 requirements for industry regulator engagement.
- Recognise the time, commitment, and collaborative effort required to continuously improve national consistency and build Registering Body capacity to address this.

Auditors

- Continue and enhance the focus on auditor professional development, audit moderation, and other activities to build auditor capacity. These activities should enable: a consistent understanding and interpretation of AQTF 2007 and key guidance material; an effective shift to an outcomes-focused, holistic audit approach; and effective audit report writing.

RTOs

- Provide support and professional development opportunities to build RTO capacity in: understanding an outcomes focus and the outcomes-focused auditing approach;

understanding continuous improvement and implementing a continuous improvement approach; preparing for audit; and engaging in professional discourse.

- Provide appropriate awareness raising and professional development for RTOs regarding the Quality Indicators, Quality Indicator data collection tools and processes, and associated requirements for implementation by RTOs.
- Facilitate opportunities for RTOs to access peer support, share information with other RTOs, and learn about good practices in the quality assurance of training and assessment.

Overall key findings

In considering the key findings and opportunities for improvement related to each area of inquiry, a number of overall findings were reached.

The key overall strengths relating to the implementation of AQTF 2007 included the:

- strong support for the intent and outcomes-focused principles of AQTF 2007 that has been expressed by all stakeholders;
- collaborative approach to the development and implementation of AQTF 2007 evidenced across jurisdictions and stakeholder groups;
- significant effort undertaken by Registering Bodies to implement arrangements under AQTF 2007; and
- positive progress that has been made towards effective implementation of risk management and auditing arrangements, an outcomes focus, and the development of a nationally consistent approach.

Key overall opportunities for improvement identified relating to the implementation of AQTF 2007 included the need for:

- a continued focus on industry regulator engagement to enable effective implementation;
- a sustained focus on enabling the effective implementation of a holistic, outcomes-focused auditing approach;
- a continued focus on the implementation of the AQTF 2007 risk management approach to enable enhanced efficiency of regulation, and reduced regulatory burden; and
- a continued focus on improving national consistency in the application of AQTF 2007 through existing collaborative mechanisms.

AQTF 2007 is not fully implemented and is yet to run its full course. It is recognised that significant effort and activity has occurred to progress the implementation to date, however continued effort is required to sustain momentum and embed the change to the AQTF 2007 approach.

To fully realise the potential benefits of AQTF 2007 sustained implementation activities and a continued focus is required. A suite of recommended actions have been proposed in this report to assist in further supporting the efforts to date relating to the implementation of AQTF 2007. These recommendations are provided for consideration by DEEWR and the NQC to enable a successful implementation.



*Department of Education, Employment and Workplace
Relations
Formative evaluation of the implementation of AQTF 2007*

1 Introduction

1.1 Purpose of this report

The purpose of this report is to present the findings of the *Formative Evaluation of the Implementation of the Australian Quality Training Framework (AQTF) 2007* to the National Quality Council (NQC) Quality Standing Committee and the Department of Education, Employment and Workplace Relations (DEEWR). This report provides findings in regards to the effectiveness of the implementation of AQTF 2007 to date, with particular reference to six key areas of inquiry, namely: implementation arrangements; risk management and auditing arrangements; industry regulator engagement; consistency and collaboration; outcomes focus; and capacity building requirements. The evaluation findings identify strengths and opportunities for improvement in relation to each area of inquiry, and recommendations are made to further strengthen the implementation of AQTF 2007 and enable its ongoing success.

1.2 AQTF

The AQTF is a national set of standards designed to assure nationally consistent, high quality training and assessment services for clients of the Vocational Education and Training (VET) system. The NQC was tasked, on behalf of the Council of Australian Governments (COAG), with reviewing and amending the AQTF to reduce the emphasis on inputs and processes, and enhance the focus on quality skills outcomes. It was also intended to reduce the complexity of the regulatory system, and accelerate the implementation of an outcomes-based auditing model.

This led to the development and implementation of AQTF 2007 which came into effect on 1 July 2007. The key features of AQTF 2007 are: an outcomes focus; national consistency; simplified and streamlined standards; and greater transparency for learners, Registered Training Organisations (RTOs) and stakeholders. The key components of AQTF 2007 are:

- *The Essential Standards for Registration* - including three standards for RTOs, a requirement to collect performance information against three Quality Indicators, and nine conditions of registration;
- *Standards for State and Territory Registering Bodies* - providing a national operating framework for registration of training organisations and quality assurance of training and assessment services; and
- *Excellence Criteria* - voluntary criteria that RTOs may use as a basis for continuous improvement and to gain recognition of their performance¹.

1.3 Formative evaluation of AQTF 2007

The following section outlines the aims and objectives of the formative evaluation, including the scope of this work and the project methodology.

¹ Commonwealth of Australia (2007), Australian Quality Training Framework 2007: Essential Standards for Registration, Department of Education, Science and Training, Canberra.

1.3.1 Evaluation aims and objectives

A formative evaluation was undertaken to inform the continuing implementation of AQTF 2007. The primary objective of the formative evaluation was to evaluate the impact and effectiveness of the AQTF 2007 implementation arrangements. In particular, the formative evaluation aimed to:

- identify the effectiveness of the implementation of AQTF 2007 to date;
- ensure the arrangements are implemented smoothly; and
- identify any early warning signals that suggest more needs to be done to ensure a successful implementation.

Further project objectives include to:

- evaluate the impact and effectiveness of the AQTF 2007 implementation arrangements and the usefulness of tools and materials in place to support the implementation;
- gather and analyse feedback from users and key stakeholders regarding the implementation of AQTF 2007;
- review data collected by DEEWR and the NQC Quality Standing Committee;
- identify areas that need addressing during the implementation of AQTF 2007; and
- make recommendations for the continual improvement of AQTF 2007.

1.3.2 Evaluation scope

The scope of the evaluation included investigation into six key areas of inquiry, whereby feedback from users and stakeholders was gathered in regards to:

- *Implementation arrangements* - preparation, development, and implementation arrangements for AQTF 2007, and the usefulness of tools and materials to support quality implementation;
- *Industry regulator engagement* - arrangements for industry regulator engagement in quality assurance processes;
- *Risk management and auditing arrangements* - arrangements for risk management and audit of RTOs within and across jurisdictions;
- *Consistency and outcomes focus* - consistency of interpretation and implementation and in maintaining a focus on outcomes and continuous improvement;
- *Capacity building* - additional capacity building and professional development requirements for RTOs, Registering Bodies, and auditors; and
- *Collaborative arrangements* - use of collaborative arrangements that characterised the development of AQTF 2007 as a platform for continuous improvement.

These areas of inquiry were investigated through a range of qualitative and quantitative data gathering activities.

1.3.3 Evaluation methodology

To address the evaluation aims and identified objectives, a three-staged methodological approach was applied. These stages included:

- Stage 1 - Project planning and mobilisation;
- Stage 2 - Qualitative and quantitative data gathering; and
- Stage 3 - Analysis and reporting.

The methodological approach and the outcomes achieved at each stage are outlined in Figure 1 below.

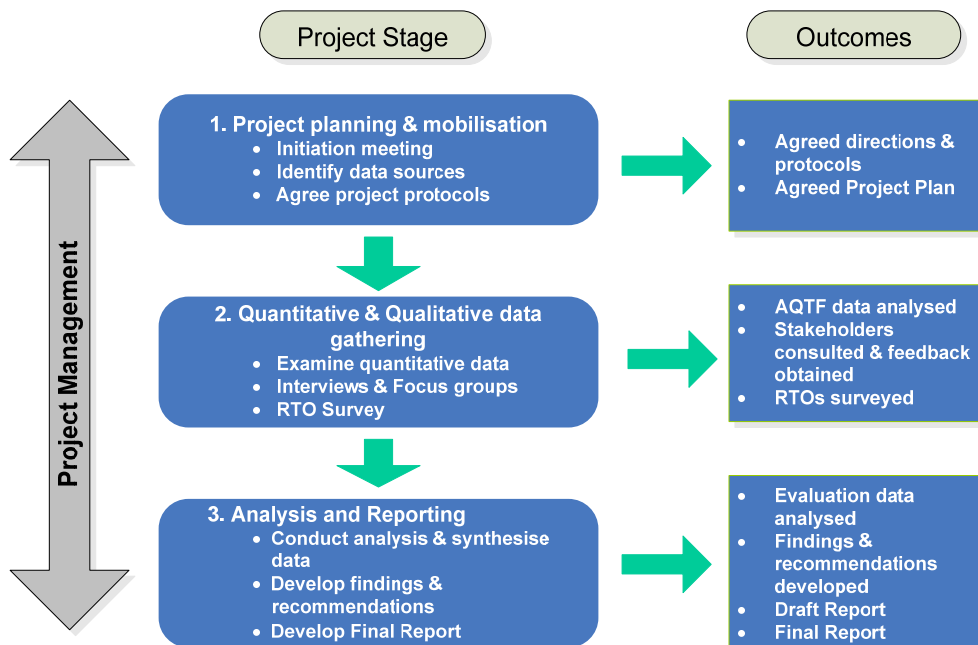


Figure 1. Evaluation methodology

Stage 1 involved the establishment of project protocols for information sharing, communication, reporting, project governance, identification of data sources, planning of data gathering stages, and development of an agreed Project Plan.

Stage 2 comprised three core evaluation data gathering activities. These activities included:

- *A review of existing data* - available data regarding the implementation of AQTF 2007 nationally and in each jurisdiction was collected, including data on implementation of risk management, audit and industry regulator engagement arrangements. Data on RTOs, complaints, and related projects was also collated. The data was used to provide a contextual basis for further data gathering activities;
- *Consultation with stakeholders* - consultation was undertaken in each jurisdiction through interviews with Registering Body managers and key staff, group interviews with auditors, focus groups with RTOs, and interviews with other key stakeholders (comprising Industry Skills Boards/Councils, Licensing body representatives, and provider representative bodies).

Additional consultations were undertaken with NQC Quality Standing Committee members, regional and remote RTOs, and multi-jurisdictional RTOs; and

- *An online survey of RTOs* - an online survey was administered to a representative and proportional sample of 1,047 RTOs, stratified by jurisdiction and RTO type. 181 responses were received.

Stage 3 involved the analysis and synthesis of all data gathered to identify preliminary findings pertaining to each area of inquiry, and the development of recommendations. The analytical work gave consideration to the overall objectives of the evaluation, as well as identification of any potential areas to be addressed to ensure a successful implementation of AQTF 2007. Preliminary findings were tested with key stakeholders from the NQC Quality Standing Committee, and feedback was subsequently incorporated into the development of findings and recommendations detailed in this Report.

1.4 Language

It is acknowledged that during the course of the formative evaluation, the nationally agreed terminology for the 2007 version of the Australian Quality Training Framework changed from 'AQTF 2007' to 'AQTF'. However, due to this report's specific focus on the implementation of the 2007 version of AQTF, and to avoid ambiguity in interpretation, all references to AQTF within this report will remain as 'AQTF 2007'.

1.5 Report structure

This report is structured as follows:

- Section 2 - *Overview of the implementation of AQTF 2007*, which presents an overview of the implementation arrangements for AQTF nationally and in each jurisdiction;
- Section 3 - *Evaluation findings and recommendations*, which details strengths, opportunities for improvement, and key findings for each area of inquiry and proposes recommendations to enable the benefits of AQTF 2007 to be fully realised; and
- Section 4 - *Overall findings*, which summarises the key themes arising from the evaluation and high level mechanisms through which opportunities for improvement may be addressed.

2 Overview of the implementation of AQTF 2007

2.1 Development of AQTF 2007

In February 2006, COAG requested that the AQTF be reviewed and amended. Amendments were to reflect a greater emphasis on outcomes as opposed to inputs and processes, ensure national consistency of standards and increase stakeholder confidence in the quality of training and assessment outcomes.

The NQC was tasked by the Ministerial Council for Vocational and Technical Education (MCVTE) to undertake the review and amendment of the AQTF. The AQTF 2007 was subsequently developed. The AQTF 2007 includes a new set of standards for both RTOs and state and territory Registering Bodies.

The AQTF 2007 took effect on 1 July 2007. A range of implementation arrangements were undertaken at the national and jurisdictional levels to ensure that the new standards were consistently understood. The implementation arrangements began in advance of the standards taking effect, and continued beyond the date of implementation to embed the change amongst Registering Bodies and the sector more broadly.

2.2 Implementation arrangements - national

The NQC, with input from state and territory Registering Bodies, industry, and peak provider groups, developed a transition and implementation strategy for AQTF 2007. Key components of the strategy included: nationally agreed timeframes, transition arrangements, processes and materials for implementation; national communication and professional development programs; and national promotional materials. A range of activities were subsequently undertaken at a national level that were overseen by the NQC. These activities included:

- *Distribution of a suite of User's Guides, National Guidelines and Handbooks on AQTF 2007* - to support the implementation of the AQTF 2007 standards, a range of user's guides, national guidelines and handbooks were developed. These documents were prepared for use by RTOs, state Registering Bodies and auditors, and were made publicly available on the www.training.com.au website. Guidelines developed included the:
 - *AQTF 2007 Users' Guide to the Essential Standards for Registration;*
 - *AQTF 2007 User's Guide to Standards for Accredited Courses;*
 - *AQTF 2007 National Guideline for Risk Management;*
 - *AQTF 2007 National Guideline for Managing Non-Compliance;*
 - *AQTF 2007 National Guideline for Industry Regulator Engagement;*
 - *AQTF 2007 National Guideline for Responding to Complaints about Vocational Education and Training Quality;*
 - *AQTF 2007 National Guideline for Conducting Audits of the Interstate Operations of an RTO;*
 - *AQTF 2007 Audit Handbook;* and
 - *AQTF 2007 National Guideline for Audit Moderation.*

The *AQTF 2007 Excellence Criteria Guide for RTOs* has also been made available to support the implementation of the *AQTF 2007 Excellence Criteria for RTOs*;

- *National AQTF 2007 RTO information sessions* - national information sessions were held in each state and territory around Australia between June and July 2007. AQTF 2007 information sessions enabled delivery of nationally consistent implementation information to RTOs. The objective of the information sessions was to: provide RTOs with a clear understanding of AQTF 2007, including the standards, regulatory processes and tools developed; help RTOs in establishing their continuous improvement framework; and encourage RTOs to focus on business outcomes as opposed to compliance. The information sessions were delivered by Registering Bodies and were sponsored by DEEWR. Information sessions were held in regional and metropolitan locations across each jurisdiction. Information sessions were also conducted for TAFE staff;
- *National AQTF 2007 RTO workshops* - national workshops were held in each state and territory around Australia between February and April 2007. The workshops were designed to provide RTOs and other stakeholders with a description of the structure and operation of the new system. Workshops were delivered by Registering Bodies and were sponsored by DEEWR. Workshops were also conducted for TAFE staff;
- *Lead Auditor workshops* - national professional development workshops were held for auditors in Adelaide, Brisbane and Sydney during April and May 2007. The workshops included auditor briefings, auditor input and audit tool development, moderation activities and networking opportunities. Feedback was collected from the workshops to enable continuous improvement in subsequent workshops planned for 2008;
- *Planning and coordination* - as part of the implementation of AQTF 2007, the South Australian (SA) Registering Body took a lead role in the implementation, coordinating and chairing the state and territory working group, and planning and coordinating the collaborative development of standards and guidelines. A staff member from the SA Registering Body was allocated to undertake this role full time;
- *www.training.com.au* - www.training.com.au is a website that provides a single point of access to a range of VET information, products and services for business, employers, apprentices and trainees and training organisations. Information for existing and prospective RTOs, including information on a range of sub-components of AQTF 2007, including AQTF 2007 standards and guidelines, National Quality Indicators, continuous improvement; AQTF 2007 logos, and RTO updates and publications regarding AQTF 2007 was provided; and
- *AQTF 2007 Hotline and AQTF 2007 Continuous Improvement Register* - the AQTF 2007 Hotline is a mechanism through which RTOs are encouraged to express their views and concerns, and lodge queries in relation to AQTF 2007. The AQTF Hotline operates via email through a link on www.training.com.au. The AQTF 2007 Continuous Improvement Register, also accessed through www.training.com.au, provides all stakeholders with an opportunity to log their comments regarding AQTF 2007 national guidelines and documents. The Register is a mechanism designed to capture feedback from RTOs, auditors, Registering Bodies, industry regulators, employers and clients or learners as part of AQTF 2007's commitment to continuous improvement.

2.3 Implementation arrangements - states and territories

In addition to the nationally coordinated implementation activities, most Registering Bodies initiated supplementary implementation activities. Whilst outside the scope of this evaluation, it is noted that provider representative bodies such as the Australian Council for Private Education and Training, TAFE Directors Australia, and the Enterprise RTO Association provided additional support for RTOs. The following section provides an overview of AQTF 2007 implementation

arrangements undertaken in each jurisdiction, and also indicates the extent to which AQTF 2007 has been implemented in each state/territory. Data provided on regulatory activities undertaken was current as at April 2008.

2.3.1 Australian Capital Territory

The implementation arrangements for AQTF 2007 in the Australian Capital Territory (ACT) involved a range of activities. These reflected the state's relatively smaller and geographically more consolidated training sector, which comprises 114 RTOs. The implementation activities comprised:

- one AQTF 2007 information session on continuous improvement for RTOs, and two AQTF 2007 RTO workshops; and
- quarterly breakfast briefings and regular 'After Five' briefings arranged for RTOs by the Registering Body.

Under AQTF 2007, 22 per cent of the ACT's RTOs have been audited, 19 extensions of scope have been performed, and 105 risk assessments have been undertaken.

2.3.2 New South Wales

The implementation arrangements for AQTF 2007 in New South Wales (NSW) involved a range of activities. These reflected the state's relatively larger training community made up of 952 RTOs. The implementation activities comprised:

- four AQTF 2007 information sessions for RTOs, which attracted a total of 256 attendees; and
- 22 half-day AQTF 2007 workshops held around the state, with approximately 800 people participating in the workshops.

One full-time Project Officer was employed by the Registering Body to support the implementation of AQTF 2007 in NSW.

Under AQTF 2007, 70 per cent of NSW's RTOs have been audited under the new standards, 491 extensions of scope have been conducted and risk assessments have been performed by the Registering Body using AQTF 2007 to some degree for all new applications for registration.

2.3.3 Northern Territory

The implementation arrangements for AQTF 2007 in the Northern Territory (NT) involved a range of activities. These reflected the state's relatively smaller and geographically dispersed training community made up of 58 RTOs. The implementation activities comprised:

- one AQTF 2007 information session on continuous improvement held in Darwin, which attracted 10 people;
- two AQTF 2007 RTO information sessions - one in Darwin, and one in Alice Springs. At these sessions, 71 per cent of the Northern Territory's RTOs were represented; and

- six AQTF 2007 Outcomes-Based Auditing workshops held in Darwin and Alice Springs, which were attended by 72 per cent of the Northern Territory's RTOs.

Under AQTF 2007, 26 per cent of the NT's RTOs have been audited, eight extensions to scope have been undertaken, and 28 risk assessments have been conducted.

2.3.4 Queensland

The implementation arrangements for AQTF 2007 in Queensland involved a range of activities. These reflected the state's relatively large and geographically dispersed training community, made up of 1,199 RTOs.

The implementation activities comprised:

- Ten AQTF 2007 information sessions attended by 812 people;
- 29 AQTF 2007 workshops conducted across Queensland, attended by 971 people; and
- additional workshops conducted for technical advisers and AQTF consultants.

Both information sessions and workshops were conducted across Queensland to ensure regional stakeholders were able to participate. The implementation of AQTF 2007 in Queensland was also supported by a full-time Project Officer.

Under AQTF 2007, 36 per cent of Queensland's RTOs have been audited, and 697 risk assessments have been performed.

2.3.5 South Australia

The implementation arrangements for AQTF 2007 in South Australia involved a range of activities. These reflected the state's size and the geographic spread of its training sector made up of 283 RTOs. The implementation activities comprised:

- two AQTF 2007 information sessions; and
- provision of a staff member from the South Australian Registering Body who was supported to undertake a coordinating role in the implementation of AQTF 2007, including chairing the state and territory working group, and planning and coordinating the collaborative development of the standards and guidelines.

Under AQTF 2007, 44 per cent of the state's RTOs have been audited, 96 extensions of scope have been performed, and 168 risk assessments have been undertaken.

2.3.6 Tasmania

The implementation arrangements for AQTF 2007 in Tasmania involved a range of activities. These reflected the state's relatively small and geographically condensed training community made up of 131 RTOs. The implementation activities comprised:

- four AQTF 2007 information sessions, which attracted approximately 150 attendees;

- nine AQTF 2007 workshops, attended by approximately 200 people; and
- five AQTF 2007 workshops held specifically for TAFE across Tasmania.

Since the implementation of AQTF 2007, 24 per cent of Tasmania's RTOs have been audited under the new standards, 382 extensions to scope have been undertaken and 131 risk assessments have been performed.

2.3.7 Victoria

The implementation arrangements for AQTF 2007 in Victoria involved a range of activities. These comprised of AQTF 2007 RTO information sessions and workshops held across Victoria.

To date, a number of Victoria's RTOs have been audited under the new standards. Risk assessments and extensions to scope have also been performed according to revised AQTF 2007 requirements².

2.3.8 Western Australia

The implementation arrangements for AQTF 2007 in Western Australia (WA) involved a range of activities. These reflected the state's moderately sized and geographically dispersed training community made up of 441 RTOs. The implementation activities comprised:

- 28 AQTF 2007 workshops conducted across WA, where 742 people attended, representing 69 per cent of the state's RTOs;
- quarterly audit moderation sessions conducted by the Registering Body for external auditors; and
- one-on-one meetings with RTOs, as and when requested.

Since the implementation of AQTF 2007, 37 per cent of the state's RTOs have been audited, 132 extensions to scope have been performed, and 282 risk assessments have been conducted.

2.4 Related projects

A number of projects relevant to AQTF have been undertaken recently or are occurring concurrent to this evaluation. The related projects are as follows:

² Limited specific data was received from Victoria in relation to the AQTF 2007 implementation activities.

- the *Evaluation of COAG initiatives for full and effective Mutual Recognition*³ - undertaken by the Allen Consulting Group on behalf of the COAG Skills Recognition Steering Committee, this project sought to investigate the effectiveness of COAG initiatives to improve mutual recognition of licensed occupations, the impact of associated initiatives to improve regulator confidence in training outcomes, the sustainability of outcomes, and provide advice to enable successful implementation of remaining components of the COAG skills recognition project;
- the Victorian Registration and Qualifications Authority *Investigation into the regulatory burden of AQTF* - undertaken by KPMG, this project investigated the compliance costs for RTOs associated with AQTF 2005, and the expected compliance costs associated with implementing and maintaining arrangements under AQTF 2007; and
- work undertaken by the Australian Council for Educational Research and the National Centre for Vocational Education Research on the development and implementation of Quality Indicators for AQTF 2007 - through this project significant work has been undertaken to develop and consult on data collection tools and processes for the implementation of AQTF 2007 outcomes-focused Quality Indicators, including collecting information regarding the potential impact of collection of Quality Indicators on RTOs.

The findings of these related projects are recognised as providing important contextual information to the *Formative evaluation of the implementation of AQTF 2007*.

³ The Allen Consulting Group (2008), *Evaluation of COAG initiatives for full and effective Mutual Recognition - Report to the COAG Skills Recognition Steering Committee*, Draft Report, May 2008, Melbourne.

3 Evaluation findings and recommendations

3.1 Context for evaluation findings and recommendations

This section outlines the findings of the Formative Evaluation of the implementation of AQTF 2007. Findings are based on the analysis and triangulation of qualitative and quantitative data gathered through the evaluation activities. Data gathering activities were undertaken as per the terms of reference and evaluation matrix agreed at evaluation commencement. Key data sources utilised for the development of findings include:

- existing data on AQTF 2007 implementation;
- consultation with Registering Bodies, auditors, RTOs and other stakeholders; and
- the survey of RTOs.

Strengths, opportunities for improvement, and key findings are detailed for each area of inquiry, supplemented by recommendations to address any areas for improvement. The evaluation findings and recommendations in this section are structured as follows:

- implementation arrangements;
- industry regulator engagement;
- risk management and auditing arrangements;
- consistency and collaboration;
- outcomes focus; and
- capacity building.

3.2 Implementation arrangements

3.2.1 Strengths

Implementation of AQTF 2007 was characterised by significant efforts across Commonwealth and state/territory levels of government, as detailed in Section 2. Throughout the course of the evaluation, a number of key strengths were identified relating to the arrangements for implementation of AQTF 2007, specifically with reference to: the development of AQTF 2007; the provision of information and communication material to the VET sector; awareness raising and capacity building activities; and the tools and materials developed to support the implementation.

Key strengths identified in relation to the implementation arrangements for AQTF 2007 included:

- the collaborative nature of the development process for AQTF 2007;
- the frequency and ongoing nature of communication in the lead up to the implementation date from DEEWR and Registering Bodies to RTOs;

- positive feedback from a number of RTOs regarding the effectiveness of information sessions and workshops;
- the supportive role played by Registering Bodies in the implementation arrangements within their jurisdiction; and
- the usefulness of tools and materials developed to support the implementation of AQTF 2007.

Process for development

The development of AQTF 2007 was characterised by a collaborative and cooperative process across jurisdictions led by the NQC Quality Standing Committee, with the development of tools and materials coordinated through a national working group. Registering Body representatives and NQC Quality Standing Committee members considered this process was effective and resulted in the successful completion of a significant piece of work. Registering Body representatives and their staff contributed significant effort to the development of key AQTF 2007 standards and guidelines. The role of the NQC Quality Standing Committee in providing leadership for this process was critical to the successful implementation of AQTF 2007, as was the role of each Registering Body in working cooperatively through the Technical Committee and leading the implementation of AQTF 2007 within their jurisdiction.

The effectiveness of the development process for AQTF 2007 is particularly commendable given the tight timeframes set for implementation. A period of 18 months was set for review, redevelopment and implementation of AQTF by COAG, and it was therefore necessary for the NQC Quality Standing Committee and jurisdictions to work towards the 1 July 2007 implementation date. All stakeholders consulted highlighted that the timeframe for implementation was very short. However, it was considered by Registering Body representatives that a good result had been achieved, and approximately 50 per cent of RTOs indicated that they were at least somewhat satisfied with the timeframe for implementation. Reasons for satisfaction included that the timeframe was sufficient to enable a review of their organisation's quality system, or that their organisation was sufficiently mature to enable a smooth transition from AQTF 2005 to AQTF 2007.

"The timeframe available suited our needs as we were approaching an audit and had a strict timeframe to adhere to in order to reach our targets."

"The timeframe seemed reasonable in which to review our policies and procedures."

"We were already fully compliant under AQTF 2005 and quickly realised that the function-based system we had in place would easily adapt to the new requirements."

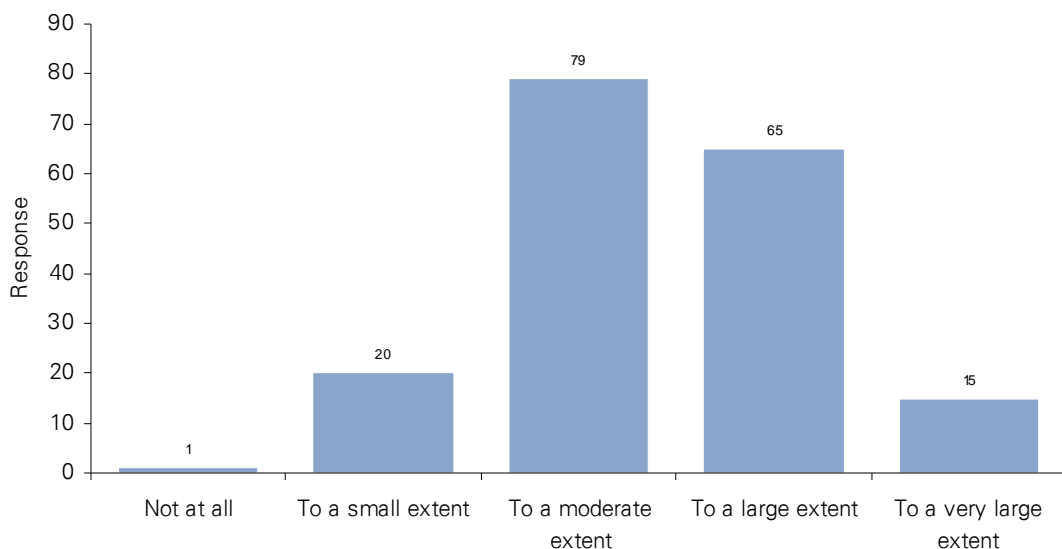
"We were already heavily focused on continuous improvement and outcomes for the student so the transition was very manageable for us."

Auditors and Registering Body staff also made observations that some RTOs had made a successful transition to AQTF 2007 without difficulty. It was considered that the higher degree of prescription under AQTF 2005 provided a sound platform for a smooth transition as it meant that many organisations already had the fundamental components of an effective quality system in place. These organisations were well placed to adapt to the continuous improvement and outcomes-focused arrangements under AQTF 2007.

Implementation activities

As discussed in Section 2, a range of activities were undertaken to implement AQTF, including communication to RTOs, information sessions and workshops for RTOs, and workshops for Lead Auditors.

A majority of RTOs (49 per cent) initially found out about AQTF 2007 through communication from their Registering Body. A further 21 per cent initially found out through attendance at an AQTF 2007 information session. RTOs provided positive feedback regarding the provision of information and level of communication in the lead up to the implementation date, with 44 per cent of RTOs indicating that the information received about AQTF 2007 met their organisation’s information needs to a large or very large extent. A further 44 per cent of RTOs considered the information provided met their needs to a moderate extent. In addition, 38 per cent of RTOs indicated that the timing of information provision enabled them to meet the requirements of the new standards to a large or very large extent, with a further 49 per cent considering the timing of information provision met their organisation’s needs for implementation to a moderate extent. When analysed further, there were no reportable variations in RTO views on information provision by different RTO characteristics or their level of exposure to AQTF 2007. The extent to which information provision met the needs of RTOs is illustrated below in Figure 2.



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Figure 2. RTO views on the extent that information provided met their organisation’s requirements for implementation

Overall, RTO views on communication and provision of information regarding AQTF 2007 were positive, and 59 per cent of RTOs reported that communication from their Registering Body was their preferred method of communication regarding the implementation of AQTF. The next most preferred method was via www.training.com.au.

National RTO information sessions and workshops were held in each jurisdiction in the lead up to the implementation date, as detailed in Section 2. Data received from Registering Bodies indicated that information sessions and workshops were generally well attended by RTOs and other stakeholders. Through the survey, 63 per cent of RTOs indicated that their organisation had participated in an information session or workshop. Furthermore, 34 per cent of RTOs considered the information sessions and workshops met their information needs to a large or very large extent, with another 36 per cent indicating these sessions met their needs to a moderate extent. Further analysis revealed that the larger the RTO, the greater the extent that the information sessions and workshops met their organisation’s needs. This may reflect the greater maturity of larger organisations, and conversely the higher needs of smaller RTOs for information and guidance.

A number of Registering Bodies undertook additional activities to support implementation within their jurisdiction. This included the delivery of supplementary workshops and professional development sessions for RTOs, review and redevelopment of internal processes, policies, and

systems, and provision of advice to RTOs. For example, in the Northern Territory, Quality Officers who play a case management and advisory role supported RTOs by responding to requests for advice and information. A similar case management approach is also in place in Western Australia. In the Australian Capital Territory additional 'continuous improvement' workshops, quarterly breakfasts, and 'Let's Talk VET' workshops provided information and advice to support RTOs to implement AQTF 2007, also facilitating peer interaction and information sharing. RTOs indicated that these additional efforts had a positive impact on their understanding and application of AQTF 2007. Jurisdictions that have a smaller number of RTOs have tended to be better placed to provide more tailored support and advice due to the small size of the training sector and closer relationships within the jurisdiction.

Good practice example - Case management of RTOs

A case management approach to registration of RTOs enables implementation of a regulatory approach that is responsive and effective in its ability to offer RTOs appropriate support. A case management approach is realised where officers within the Registering Body have dedicated responsibility for a number of RTOs. This responsibility involves providing guidance and support on an individual basis to these RTOs. Under this arrangement, the case management function is separated from the audit function to enable independence and objectivity of auditor decision making to be maintained. In jurisdictions that have implemented a case management approach, the ratio of case managers to RTOs and the level of support provided is dependent on size of the RTO population. In smaller jurisdictions, there are approximately 20-30 RTOs to each case manager, whilst in larger jurisdictions case managers may provide support to a larger number of RTOs.

The case management approach provides tailored support to RTOs. The support provided from the designated officer is focused on building RTOs' capacity to understand and implement an outcomes-focused and continuous improvement approach to quality of training and assessment within their organisation, in order to better enable their effective implementation of AQTF 2007. The case management approach also enables the Registering Body to better understand their RTO cohort and maintain a stronger relationship with the sector.

Good practice example - Provision of information and support to RTOs

A number of jurisdictions evidenced good practices in the provision of information and support to RTOs through supplementary AQTF 2007 information and professional development sessions.

Additional sessions for RTOs have been effective where they have been tailored to the needs of RTOs in the jurisdiction. These sessions were generally developed in response to feedback provided by RTOs, or in response to specific areas of common non-compliance. RTOs identified that additional sessions were most effective where they also enabled RTOs to network with their peers and share information on good practices in quality training and assessment and continuous improvement. This is considered critical in enabling RTOs to learn from the experience and quality practice that exists across the sector, thereby contributing to building the sector's capacity as a whole to effectively implement AQTF 2007.

Tools and guidance material

The key guidance documents developed to support RTOs are the *AQTF 2007 Essential Standards for Registration*, and the *AQTF 2007 User's Guide to the Essential Standards for Registration*. Positively, approximately 95 per cent of RTOs reported having referred to both documents. RTOs most commonly used the *AQTF 2007 Essential Standards for Registration* and the *AQTF 2007 User's Guide to the Essential Standards for Registration* monthly (35 per cent and 30 per cent respectively), with approximately 55 per cent using both documents monthly or more frequently. RTOs' mean rating of the usefulness of the *AQTF 2007 Essential Standards for Registration* on a scale of 0 to 10 was 6.6, and the mean rating of the usefulness of the *AQTF 2007 User's Guide to the Essential Standards of Registration* was 6.9. In addition, only 20 per cent of RTOs indicated that improvements to these guidelines were required. RTOs consistently reported that the *AQTF 2007 User's Guide to the Essential Standards for*

Registration was a useful guidance document, and interestingly, analysis of survey data revealed that smaller RTOs considered both documents to be more useful compared to responses of larger RTOs. RTO views on the usefulness of the *AQTF 2007 User's Guide to the Essential Standards for Registration* are illustrated on the following page in Figures 3.

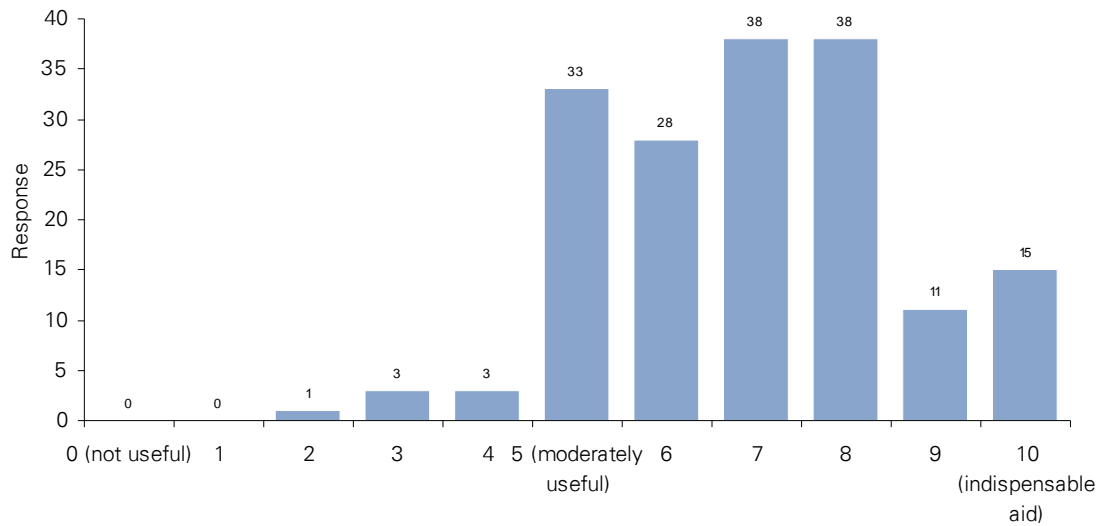


Figure 3. Usefulness of the *AQTF 2007 User's Guide to the Essential Standards of Registration* to RTOs

In addition to the two key guidance documents for RTOs, a range of guidelines to support the effective implementation of arrangements for audit, risk management, management of non-compliances, industry regulator engagement, audit moderation, complaints management, accreditation of courses, and registration of RTOs were developed. RTOs surveyed reported fairly common reference to these supplementary guidelines, indicating that the improved transparency of the regulatory system has been well received by RTOs. The usage of AQTF 2007 guidelines by RTOs is detailed in Figure 4.

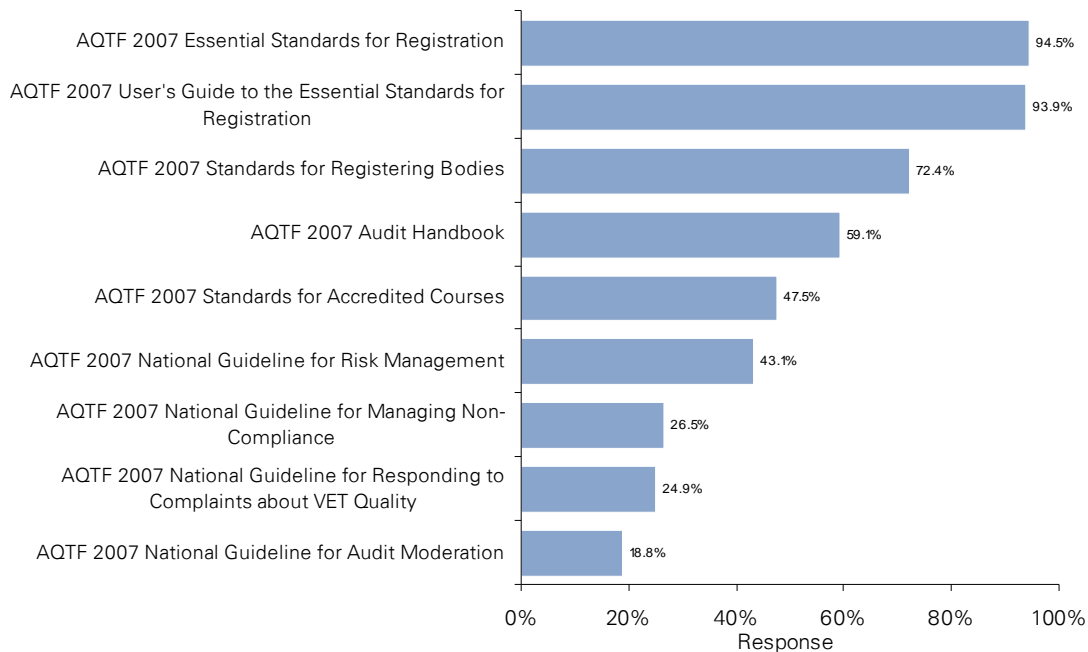


Figure 4. RTO usage of AQTF 2007 standards and guidelines

A key tool utilised to facilitate the implementation of AQTF 2007 was www.training.com.au, a government information website for the VET sector. AQTF 2007-specific web pages were established with regular communication and updates about the development and implementation of AQTF, and electronic copies of all standards and guidelines were available for download by RTOs and other stakeholders. RTOs consulted indicated that the www.training.com.au website was an effective resource and communication tool. Through the survey it was identified that 'RTO Updates' published regularly on the website were read by 69 per cent of RTOs, and were considered useful to a large or very large extent by 43 per cent of RTOs, with a further 45 per cent indicating they were moderately useful.

Overall, RTOs consulted considered the tools and guidance material developed for AQTF 2007 to be very useful.

3.2.2 Opportunities for improvement

A number of opportunities for improvement were also identified in relation to the implementation arrangements for AQTF 2007.

Key opportunities identified for improvement relate to the:

- timeframe for implementation;
- effectiveness of the RTO information sessions and workshops;
- sufficiency of tools and materials; and
- completion of the implementation process.

Timeframe

In relation to the timeframe for implementation, although the development and implementation of AQTF 2007 within the specified and tight timeframe was recognised as a significant achievement, consultations with all stakeholder groups revealed that the timeframe impacted on the overall effectiveness of the implementation process. Approximately 43 per cent of RTOs expressed some dissatisfaction with the timeframe for implementation. This was predominantly due to delays in the finalisation and provision of guidance material, which created uncertainty and impacted on the RTO’s capacity to progress implementation internally. On the whole, RTOs indicated that a moderate degree of change was required to implement AQTF 2007 within their organisation, as illustrated by Figure 5 (refer following page).

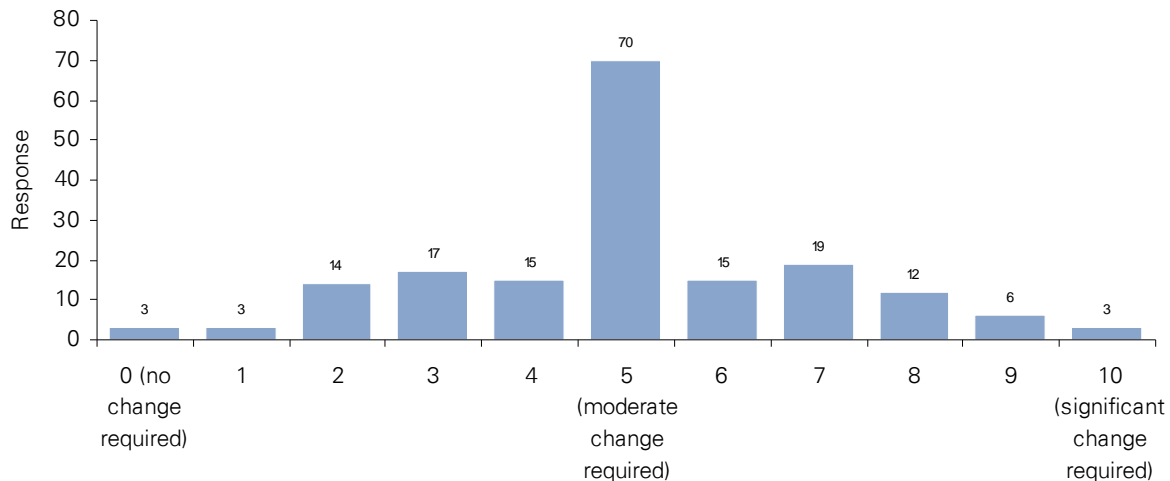


Figure 5. Extent of change required by RTOs to implement and comply with AQTF 2007 within their organisation

Where the next audit or re-registration date of the RTO was imminent, their concern regarding the delay and implementation timeframe was heightened.

“I felt there was an immense amount of pressure applied to demonstrate compliance against the new standards at our audit with such a short lead time.”

“Some elements of AQTF were not finalised, however, as an RTO we were required to sign that we would comply.”

“The resources used at the briefings were not yet finalised. This made it very difficult due to very small lead in time and not having the final approved resources available.”

“Our re-registration was in October 2007 so we felt extra pressure.”

“We were expected to have our re-registration application submitted by 1 September 2007. The final copy of the AQTF 2007 information was not readily available until mid - late July.”

Auditors in some jurisdictions highlighted that there was insufficient time to trial new audit approaches to ensure a consistent interpretation across the auditor team. Auditors were therefore ‘learning on the job’ once the implementation date had passed. Some RTOs reported receiving inconsistent advice from their Registering Body regarding implementation arrangements.

As previously discussed, significant effort was required by Registering Bodies to implement the new arrangements within their jurisdiction. Implementation required awareness raising and education of RTOs, review of internal processes and systems, and development of staff capabilities in relation to AQTF 2007. Implementation by the Registering Bodies involved significant workload and placed a high degree of pressure on the Registering Bodies due to the resources required to progress the implementation. The timeframe for implementation impacted on the Registering Bodies’ capacity to implement AQTF 2007 internally, in particular with regard to building the understanding and capabilities of key staff and auditors to ensure a consistent interpretation and approach. This also resulted in some jurisdictions delaying any regulatory activity for some months until the Registering Body had been able to fully implement AQTF 2007 internally.

“We learned most things through ‘learning by doing’.”

“The timeframe meant the implementation process was rushed. The Registering Body had to do things ‘on the run’ and this caused some negative views from stakeholders.”

“It would have been better to have a trial or transition period.”

“No audits were undertaken in the first six months of AQTF 2007 whilst the Registering Body built up their understanding and expertise.”

Information sessions and workshops

Whilst a majority of RTOs reported national information sessions and workshops met their information needs from a moderate to a large extent, there were a number of aspects of these implementation activities that RTOs identified which could have been improved. RTOs widely reported through the survey and focus groups that the information sessions did not provide sufficient detail to facilitate practical application of the standards in their organisation, that many questions they had were unanswerable at the time the sessions were held, and that information sessions were generic and examples were not sufficiently tailored to suit particular RTO types and sizes. Registering Body representatives and auditors widely acknowledged this to be the case as information sessions were held prior to the finalisation of standards and guidelines, and the information communicated at each session was required to be nationally consistent. Some RTOs suggested that whilst information sessions and workshops were necessary prior to the implementation date, the finalisation of standards and guidelines should have been timed to coincide with delivery of these sessions.

“Training/information was timely but facilitators could not answer many of the questions as decisions were yet to be made. Perhaps some of the workshops were too early.”

“There seemed to remain some speculation at the workshops as to exactly how to meet the requirements of AQTF2007.”

RTOs identified some particular areas where they would have benefited from more information at this point. The specific areas where additional information was most commonly sought were:

risk assessment; audit arrangements; Quality Indicators; and outcomes focus. The areas where additional information was required by RTOs is highlighted in Figure 6.

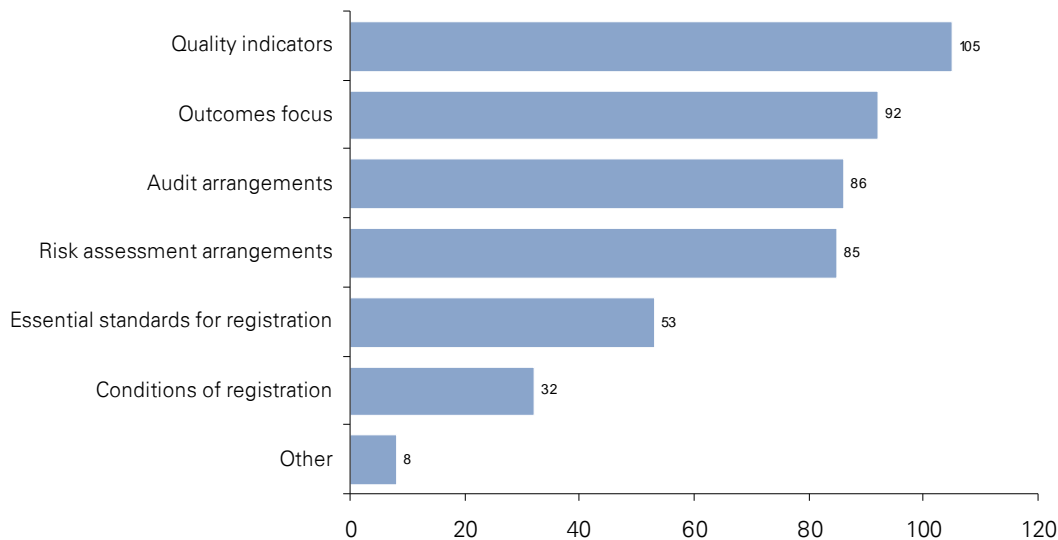


Figure 6. RTO additional information needs

Whilst RTOs reported that communication regarding the implementation of AQTF 2007 was generally effective, there was an identified need for improved communication of updates and changes to AQTF following the implementation date. This arose from a lack of information around the implementation of the Quality Indicators and Excellence Criteria, and concerns that without notification of new information or changes on www.training.com.au, RTOs may be missing key pieces of information regarding AQTF.

Tools and materials

Whilst RTOs broadly agreed that the AQTF 2007 tools and materials were useful, a number of improvements were suggested. In particular, a majority of RTOs consulted identified a need for supplementary tools and materials to support their implementation. Many RTOs indicated they lacked a good understanding of the evidence required to meet the requirements of AQTF 2007 under an outcomes-focused framework, and that the guidance material did not provide sufficient detail to address this. This issue was exacerbated for new RTOs who reported significant challenges implementing a quality system based only on the AQTF 2007 tools and materials. Registering Bodies highlighted that there are no ‘stepping stones’ for entry to the sector, and the information provided to organisations seeking to apply for registration was insufficient to give these organisations full comprehension of the requirements for achieving and maintaining registration as an RTO.

RTOs consulted predominantly sought additional materials in order to: better understand the evidence required to demonstrate compliance at audit; facilitate recording of evidence; undertake self-assessments of the extent to which they met the requirements of the standards; understand what constituted good practice for an organisation of their size and type; and to understand better what to expect at audit. Additional tools and materials sought by RTOs included additional templates, checklists, self-assessment tools, case studies, and examples of best practice.

“More scenarios based around different types of RTOs would be extremely useful, for example, enterprise based RTOs.”

“An RTO self-assessment tool would be useful for providers.”

“Our organisation would like practical templates for organisational documents and forms.”

“Case studies of actual audits, or audit reports/ audit report summaries are needed.”

“With the increased flexibility of AQTF 2007, we need some examples of best practice and acceptable benchmarks.”

Some RTOs also identified a need for improvements to the structure and language of the guidance material, citing prevalence of ‘technical’ terminology, duplication and repetition, and difficulty navigating through the documents to locate relevant sections as key concerns. It was suggested by a number of RTOs that the provision of an overall index which covered the full set of guides and materials would also assist them.

Completion of implementation process

Finally, the effectiveness of the implementation of AQTF 2007 has been impacted by the fact that the implementation of an outcomes-focused model is not yet complete, in particular the delay in implementation of the Quality Indicators. RTO data collection tools are currently being developed which will enable RTOs to collect data on key Quality Indicators, and as such enable risk management and auditing processes to incorporate the assessment of RTO outcomes information. Without this component of AQTF 2007 fully implemented, the outcomes-focused framework for quality of training and assessment is incomplete and the quality of training and assessment outcomes cannot be assessed in full. This is an overriding matter that impacts on the effectiveness of the implementation of auditing and risk management arrangements and processes for registration under AQTF 2007.

3.2.3 Key finding

The implementation of AQTF 2007 has been considered moderately smooth and effective by RTOs, Registering Bodies, and auditors. The collaborative process for development of AQTF 2007 across jurisdictions was effective, and each Registering Body has contributed significant effort in implementing new arrangements within their jurisdiction. However, the timeframe for implementation has impacted on the effectiveness of the implementation process.

3.2.4 Recommendations

In considering opportunities for improvement in relation to the implementation arrangements, a number of recommended actions are proposed. These relate to the implementation process, information and support, tools and materials, and evaluation and review.

Implementation process

- 1 That learnings from the implementation of AQTF 2007 should be considered by the NQC in planning future implementation activity. For instance, in the implementation of future components of AQTF, appropriate timeframes that allow sufficient time for the development of guidance material and appropriate advice must be provided for to enable a more effective implementation process.

Information and support

- 2 That the Registering Bodies enhance the information and support available to RTOs so that they can effectively establish and maintain registration under AQTF 2007, with particular regard to:
- ensuring prospective RTOs are provided sufficient information about the requirements for achieving registration under AQTF 2007, and have access to advice from Registering Bodies to enable full comprehension;
 - providing case studies and/or good practice examples of high quality practices under AQTF 2007 from a range of organisations. There may be an opportunity to link the development of case studies/good practice examples with the implementation of Excellence Criteria using exemplar organisations as case study subjects; and
 - continuing communication to RTOs such that they are regularly notified of developments and changes regarding AQTF, including both email communication and information sharing seminars.

Tools and materials

- 3 That, in line with the focus on continuous improvement, the NQC Quality Standing Committee undertake regular review and updates of the AQTF 2007 tools and materials. Areas suggested for improvement include:
- technical aspects, to ensure clarity of interpretation; and
 - language and structure, to ensure material is written in plain English, ensure ease of navigation, and minimise repetition.

Evaluation and review

- 4 That the NQC undertake regular monitoring and review of the progress of AQTF 2007 implementation to ensure momentum and commitment to the achievement of the AQTF 2007 objectives is sustained. However full evaluation of the effectiveness of AQTF 2007 should only occur once implementation is complete and a full regulatory cycle, being the five year period of RTO registration, audit, and renewal of registration, has occurred.

3.3 Industry regulator engagement

3.3.1 Strengths

AQTF 2007 requires Registering Bodies to engage industry regulators in the quality assurance processes for training and assessment. Requirements for industry regulator engagement are designed to facilitate improved confidence of industry regulators in the training system by involving them in key quality assurance activities, and by establishing more formalised arrangements to recognise the role of each regulator in enabling quality of training and licensing outcomes. This requirement is supported by the *AQTF 2007 National Guideline for Industry Regulator Engagement* which all Registering Bodies are required to implement. The guideline provides guidance to Registering Bodies seeking to engage with industry regulators, and provides a range of options to be used as the basis of discussions around further quality assurance measures that may be appropriate to build regulator confidence. It also outlines responsibilities of industry regulators in relation to quality assurance arrangements for training and assessment.

Key strengths of the implementation of requirements for industry regulator engagement include:

- the commitment and efforts of some jurisdictions to implementation;
- positive feedback from RTOs regarding the involvement of industry regulators in quality assurance processes; and
- positive feedback from Registering Bodies and industry regulators regarding the *AQTF 2007 National Guideline for Industry Regulator Engagement*.

Consultation revealed that some jurisdictions have effectively progressed implementation of industry regulator engagement arrangements. For example, Victoria has established a Memorandum of Understanding (MoU) with the Victorian Worksafe Authority, and the development of formalised agreements is underway with licensing bodies for Police, Nurses, Refrigeration, and Gas Fitters. Other jurisdictions that have achieved some progress with the implementation of industry regulator engagement include the Northern Territory, where draft MOUs are being prepared with NT Worksafe, the Motor Vehicle Registration Board, and the Aboriginal Health Workers Board. Most jurisdictions have at the least commenced discussions with key industry regulators, or have commenced negotiation of more formalised arrangements. Whilst the extent of progress in implementing these arrangements varied markedly across jurisdictions, a number of jurisdictions evidenced a strong commitment to the establishment of good relationships and engagement with industry regulators, and the need for engagement was recognised by all Registering Bodies.

RTOs and auditors reported benefits associated with industry regulator participation in the quality assurance process. Participation of industry regulator technical advisers in audit and other regulatory processes can improve the quality of the audit experience for RTOs due to their strong understanding of the nature of the RTO's business and licensing requirements. Auditors appreciated the specialist knowledge of technical advisers, enabling a more informed assessment of compliance against technical elements of AQTF 2007.

"Having industry regulator representatives on our audits promotes cross-fertilisation of understanding."

"We are really happy with the current arrangements where we have an industry regulator representative or industry expert on an audit. It validates what we are doing as auditors."

"Using technical advisers on audits for industries where it involves a licensed outcome or we don't have the technical expertise is really helpful."

Finally, Registering Bodies provided positive feedback on the *AQTF 2007 National Guideline for Industry Regulator Engagement*. The Guideline was considered beneficial as it has created an imperative for Registering Bodies to engage with industry regulators, and formalises the rationale for engagement. Registering Bodies also considered the guideline to provide useful guidance on the engagement process, and a range of options for engagement in the quality assurance process to be explored with industry regulators to enable the best fit to be identified.

3.3.2 Opportunities for improvement

A number of challenges were identified in relation to the implementation of AQTF 2007 arrangements for industry regulator engagement. These related to:

- the complexities associated with establishing formalised arrangements;
- awareness of AQTF 2007 amongst industry regulators and the broader industry; and

- willingness of industry regulators to engage in quality assurance for training and assessment.

Consultation revealed that, whilst Registering Bodies in most jurisdictions recognised the need for engagement of industry regulators and evidenced a commitment to industry regulator engagement, implementation of arrangements for industry regulator engagement was variable. A small number of jurisdictions have succeeded in establishing formalised arrangements with the majority of industry regulators. However, a larger proportion of jurisdictions have had greater difficulty in achieving progress in this area. It was common for Registering Bodies to have one or two MoUs in place, have commenced discussions or negotiations with a number of industry regulators, and to have made little progress in engaging a small number of industry regulators. A small number of Registering Bodies had not made any progress due to the effort, focus and resources required to implement the AQTF 2007 standards, risk management and auditing arrangements.

A number of complexities associated with establishing formalised arrangements with industry regulators were highlighted by Registering Bodies. Firstly, it was reported that establishment of formalised agreements requires significant time and effort to engage, negotiate, draft, and finalise formalised arrangements. These activities require resources, and a majority of Registering Bodies indicated that they did not have sufficient resources to enable progress towards establishment of agreements with industry regulators.

Some Registering Bodies also highlighted that the length of time required to establish formalised arrangements was limiting operationally, and considered formalised agreements provided limited flexibility once in place. A number of Registering Bodies expressed a preference for informal officer-level agreements which provided greater flexibility. Many Registering Bodies already had such informal arrangements in place, and were reluctant to progress towards formalised arrangements.

Registering Bodies reported varied levels of awareness of AQTF 2007 and its requirements for industry regulator engagement amongst industry regulators and industry more broadly. This often meant that, despite having concern for the quality of training outcomes, industry regulators had varied understanding of the rationale for engagement in the quality assurance process. Industry regulators were also reported to lack the resources to participate in training quality assurance processes such as audit activities, and did not consider it to be their core business. It was not clear to Registering Bodies whether the imperative for engagement of industry regulators in the quality assurance of training and assessment had been sufficiently communicated to regulators as a result of the COAG agenda. These findings related to the level of awareness and willingness of industry regulators to engage in quality assurance of training and assessment are further substantiated by the findings of the *Evaluation of COAG initiatives for full and effective Mutual Recognition*.⁴

The varied willingness and resources of industry regulators also impacted on the capacity of Registering Bodies to access industry expertise to assist in the audit process. Registering Bodies often sought technical advisers to participate in regulatory processes, particularly registration and audit of RTOs that deliver a licensed outcome. However, they reported having difficulty obtaining technical advisers with the requisite skills, expertise, and currency of knowledge, in conjunction with knowledge of AQTF 2007 and audit processes. In addition, in

⁴ The Allen Consulting Group (2008), *Evaluation of COAG initiatives for full and effective Mutual Recognition – Report to the COAG Skills Recognition Steering Committee*, Draft Report, May 2008, Melbourne.

some jurisdictions identifying technical advisers with sufficient independence was challenging, as in some cases competent technical advisors were associated with other training organisations, thereby creating a perceived conflict of interest. Varied arrangements implemented by Registering Bodies for engagement of technical advice (such as payment arrangements, training or support offered) also created further challenges in obtaining effective technical advice.

“When high risk providers are scheduled for audit, the Registering Body tries to send a technical adviser to accompany the audit. This sometimes occurs, however, not frequently as technical advisers are hard to get hold of.”

“It is difficult to get technical advisers for audits as many licensing bodies are also RTOs or don’t actually have technical expertise.”

“Engaging industry regulators when assessing new applications for registration has held up a number of application processes, and has impacted on the workload of the Registering Body.”

“We are not able to provide remuneration to technical advisers so we now only use them for licensed outcomes, and sparingly at that, as it is difficult to get much of their time.”

A number of industry representative organisations were also consulted as part of the evaluation. These stakeholders reinforced the views of industry regulators regarding the varied level of understanding regarding AQTF 2007. It was identified that the implementation of AQTF 2007 had not been effectively communicated to the broader industry. The information that was provided was considered not to acknowledge the varied characteristics of this sector, and instead considered the broader industry as a homogenous group.

3.3.3 Key finding

There is much variation in the implementation of AQTF 2007 requirements for industry regulator engagement across jurisdictions, reflecting the resources and commitment required for successful implementation. There is a need for an enhanced focus on industry regulator engagement by some Registering Bodies, and greater resources and support to facilitate this.

3.3.4 Recommendations

In considering opportunities for improvement in relation to the implementation of requirements for industry regulator engagement, a number of recommended actions are proposed. These relate to awareness and information, as well as support.

Awareness and information

- 1 That the Registering Bodies undertake targeted awareness raising and provide tailored information regarding AQTF 2007 to promote an increased understanding and willingness to engage amongst industry regulators and industry more broadly.

To facilitate this improved awareness, it will be important to engage industry representative bodies, Industry Skills Councils (or equivalents) and regulator forums.

Support

- 2 That mechanisms for provision of additional support to both Registering Bodies and industry to enable effective industry and industry regulator engagement be investigated by the NQC, and that:
 - for Registering Bodies, consideration should be given to the allocation of specific resources dedicated to enabling industry engagement; and
 - for industry, consideration should be given to the provision of support through existing Industry Skills Councils (or their equivalents).

3.4 Risk management and auditing arrangements

3.4.1 Strengths

Risk management

The AQTF 2007 risk management approach as outlined in the *AQTF 2007 National Guideline for Risk Management* involves the completion of a risk assessment for all RTOs and registration applications in order to determine a risk rating for the RTO, which, in conjunction with supplementary risk indicators, is used to determine the level of monitoring required by the Registering Body. This represents a new arrangement in the regulatory framework for quality of training and assessment which is aimed at streamlining quality assurance arrangements for low risk RTOs, and directing regulatory resources to areas of greatest risk.

Key strengths identified in relation to the implementation of risk management arrangements under AQTF 2007 include:

- the significant progress made by some jurisdictions in implementing AQTF 2007 risk management arrangements;
- the effective alignment of the AQTF 2007 risk management approach with the existing risk management focus in some jurisdictions; and
- the identified potential of the AQTF 2007 risk management approach to reduce regulatory burden for RTOs and improve regulatory efficiency and effectiveness for Registering Bodies.

A number of jurisdictions evidenced that significant work had been undertaken to date to progress the implementation of the AQTF 2007 risk management approach. Examples of such work include:

- the development of internal policies and procedures to support implementation of the *AQTF 2007 National Guideline for Risk Management*;
- the development of an electronic risk assessment model to enable consistency in the assessment of RTO risk ratings; and
- progress towards the development of new integrated IT information management systems to enable the collection and recording of regulatory data to support the risk management approach.

The Technical Committee has also progressed work to develop a consistent understanding and approach to the interpretation and application of risk management protocols detailed in the *AQTF 2007 National Guideline for Risk Management*. Through this forum, jurisdictions have shared information about activities initiated to implement risk management arrangements.

It was identified by some jurisdictions that a risk management approach had been in place within their organisation prior to AQTF 2007 and the new risk management requirements aligned well with their existing risk management arrangements. In these cases, jurisdictions indicated that the implementation of the *AQTF 2007 National Guideline for Risk Management* had been fairly smooth, requiring only minor alterations to existing systems to accommodate the new approach.

By progressing the implementation of a risk management approach under AQTF 2007, there is potential to achieve a reduction in the regulatory burden for low and medium risk RTOs with the outcome being reduced monitoring in proportion with the level of risk. This in turn will enable more efficient and effective regulation, allowing Registering Bodies' resources to be directed towards the monitoring of high risk RTOs, whilst reducing the regulatory effort contributed towards monitoring of low to medium risk RTOs. Some jurisdictions indicated that they had commenced implementing this approach, reducing the frequency and scope of monitoring for RTOs rated as low risk. For example, most Registering Bodies reported substituting some site audits for desk audits. Gains in regulatory efficiency and effectiveness are dependent on the continued implementation of a risk management approach. It was identified that this change in approach also has the potential for Registering Bodies to enable more continuous improvement activities rather than regulatory activities.

"In the Northern Territory, desk-top audits are now undertaken when low risk RTOs are identified as a result of AQTF 2007."

"The Registering Body has implemented a risk-based 'light touch' regulatory approach with some RTOs."

"The Department had a risk management system in place prior to the implementation of AQTF 2007 and are now applying risk management principles more analytically to their activities. The AQTF 2007 risk management approach aligns with the broader Departmental risk management system."

"The risk assessment process helps the Registering Body to manage the audit load, and also helps auditors understand the audit requirements."

Auditing

The AQTF 2007 auditing approach as outlined in the *AQTF 2007 Audit Handbook* is based on principles that audits are systematic, outcomes-focused, evidence-based, flexible, focused on continuous improvement, fair, open and transparent. The AQTF 2007 audit approach is supported by arrangements for managing non-compliance as outlined in the *AQTF 2007 National Guideline for Managing Non-Compliance*. The AQTF 2007 approach to managing non-compliance is centred around principles of fairness, openness and transparency, proportionality of compliance actions, consistency in interpretation and implementation across jurisdictions, confidentiality, and accountability.

Key strengths identified in relation to the implementation of auditing arrangements under AQTF 2007 relate to:

- positive views of RTOs on the shift that has occurred in audit approach, and evidence of improved audit experiences due to the implementation of AQTF 2007;
- the majority of RTOs that felt prepared for audit under AQTF and reported positively on the use of relevant guidelines; and

- the effective transition to the AQTF 2007 audit approach that has been enabled by a proportion of auditors.

Importantly, many RTOs consulted reported a positive audit experience under AQTF 2007. Whilst for some RTOs satisfaction with the audit process was linked to their satisfaction with the audit outcome, many identified that their positive audit experience was predominantly due to the style and approach employed by the auditor. It was reported that improvements in the audit approach had occurred from previous audit experiences under AQTF 2005 due to:

- the use of a more holistic audit approach by the auditor, considering the requirements of AQTF 2007 in relation to the RTO's business as a whole;
- improved engagement and greater dialogue with the RTO, engaging in professional discourse with the RTO and their staff about the business and their implementation of AQTF 2007; and
- a greater focus on the quality of training and assessment, and continuous improvement within the organisation (rather than purely focusing on business processes, documentation, and procedures).

"The audit was more holistic - the auditor was able to see the linkage and connections between standards and the evidence of compliance provided. They want to see the system in practice not just the processes and forms."

"There was a lot more focus on the practice rather than the paperwork. This was facilitated by more clear and concise standards."

"The type of evidence permitted reflected the size of the business."

"The professionalism of the auditor and how AQTF 2007 was applied enabled excellent interfacing between auditor and RTO."

In addition, many RTOs reported that auditors demonstrated an improved understanding of their core business, or a willingness to understand. A majority of RTOs surveyed who had experienced a type of audit under AQTF 2007 indicated that their audit reflected a shift to an outcomes-focused, less prescriptive approach from a moderate to very large extent, with 38 per cent of RTOs reporting a shift from a large to very large extent. This is illustrated in Figure 7 below.

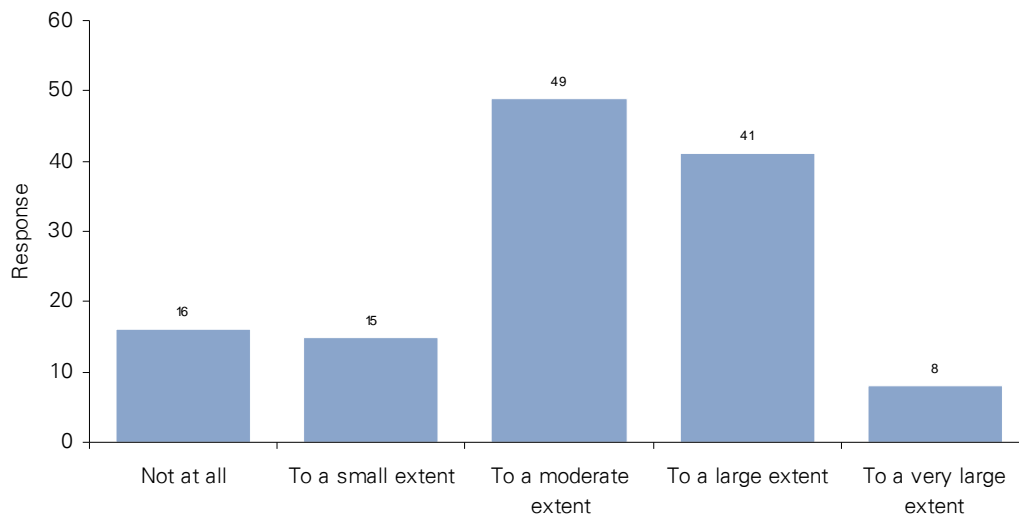


Figure 7. RTO views on shift to outcomes-focused, less prescriptive auditing

In seeking to develop an understanding of the outcomes-focused audit approach under AQTF 2007, as illustrated in Section 3.2.1, 62 per cent of RTOs surveyed reported they had referred to the *AQTF 2007 Audit Handbook*. RTOs reported that the *AQTF 2007 Audit Handbook* was a useful guideline enabling them to develop insight and an understanding into what to expect from the AQTF audit approach, alleviating the sense of uncertainty many felt. RTOs who had undergone an AQTF 2007 audit often reported using the guideline to assist in their audit preparation. Through the survey, 47.5 per cent of RTOs indicated they felt prepared for an AQTF 2007 audit from a large to very large extent, with a further 28 indicating moderate preparedness. This is reflected in Figure 8 (refer following page).

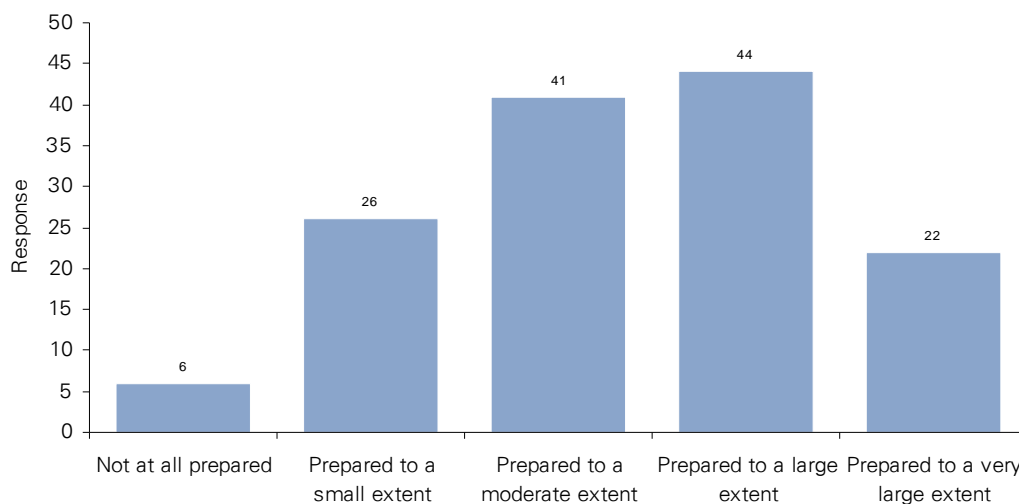


Figure 8. RTO views on preparedness for audit after implementation of AQTF 2007

The effective implementation of the audit approach under AQTF 2007 is contingent on the extent to which auditors adapt to the new arrangements and are able to implement a holistic, outcomes-focused auditing style. Key activities that had been undertaken by Registering Bodies to facilitate the adoption of AQTF 2007 auditing by auditors included:

- national AQTF 2007 Lead Auditor workshops;
- national audit moderation sessions;
- formal and informal state-based audit moderation, team meetings, and informal mentoring/peer support;
- postponement of audit activity to enable auditor development; and
- trial AQTF 2007 audits of RTOs (two jurisdictions only).

A number of auditors in some jurisdictions identified that they were already familiar with a holistic, outcomes-focused audit approach and already applied this approach in practice. Where this was the case, auditors had transitioned to the AQTF 2007 audit approach with greater ease and the implementation of AQTF 2007 auditing by individual auditors had been smooth and effective. Auditors whose individual audit style was aligned with a holistic, outcomes-focused style also reported that they found the AQTF 2007 audit approach 'invigorating' as it enabled increased flexibility in its application, and a greater use of professional judgement.

"We have always audited using a holistic style, so the transition to AQTF 2007 auditing has been smooth and effective. The only real change has been placing greater emphasis on verbal evidence."

"The less prescriptive standards have allowed auditors to be more holistic in the audit approach and this has led to some auditors enjoying their work more."

"The shift to AQTF 2007 has not been so difficult for auditors with a more conversational style."

Auditors reported that activities such as audit moderation, team meetings, and informal peer support had been critical in enabling them to understand and adopt a holistic, outcomes-focused approach to auditing. Where trial audits had been undertaken in the Northern Territory and Tasmania, the registering body reported that this had been an effective means for building understanding of the audit approach and interpretation of requirements under AQTF 2007.

"Audit moderation at the state level is very beneficial, however, it also has to continue nationally to ensure consistent outcomes from implementation."

"Our Audit Manager was proactive and played a key role in bringing everyone up to speed with AQTF 2007 early. Informal mentoring amongst the groups also assists to build our understanding of AQTF 2007."

"We attended national Lead Auditor workshops which were useful. We also found that we had quite a good level of knowledge of the standards."

3.4.2 Opportunities for improvement

Risk management

Opportunities for improvement and challenges identified in relation to the implementation of arrangements for risk management under AQTF 2007 include:

- variation in the extent of implementation of the *AQTF 2007 National Guideline for Risk Management* across jurisdictions;

- the validity and reliability of the risk management approach; and
- variation in the linkage between the risk management protocols and the treatment of risk by Registering Bodies.

Consultation with Registering Bodies and a review of data highlighted variations in the progress that had been made in implementing AQTF 2007 risk management arrangements in accordance with the *AQTF 2007 National Guideline for Risk Management*. The risk management guideline indicates that risk ratings should be undertaken for all RTOs and at registration (of new RTOs) to inform decisions around monitoring. Some jurisdictions have made progress towards implementing risk ratings for the majority of RTOs, whilst other jurisdictions have only implemented risk ratings as a result of applications for new or re-registration, or at the time of audit. The extent of progress that had been made by Registering Bodies in implementing RTO risk ratings has been affected by difficulty in interpretation of the guideline, the resources available to the Registering Body to conduct risk assessments, and the number of RTOs in the jurisdiction. For example, Tasmania had completed risk assessments for all of their 131 RTOs, whilst NSW with 952 RTOs, has completed risk assessments for new applicants to registration only. Variations in the implementation of risk management arrangements were also identified due to:

- organisational staffing arrangements for conducting risk assessment processes;
- approval and review processes for risk assessments; and
- communication of the risk rating to RTOs.

Organisational arrangements within the Registering Body had impacted on the progress that had been achievable in undertaking risk assessments. Some jurisdictions had teams dedicated to processing applications for registration and conducting risk assessments, whilst in other jurisdictions the one group of staff were responsible for all regulatory processes. Further, the internal processes employed to undertake risk ratings varied, with some jurisdictions applying moderation and peer review processes to completed risk assessments to improve the quality and consistency of risk rating decisions, whilst others did not. Finally, Registering Bodies had adopted varied approaches to the communication of risk ratings to RTOs, with some advising RTOs of their risk rating, whilst others only communicating the risk rating on request by the RTO - contrary to the guidance provided by the risk management guideline. Decisions around communication of risk ratings have the potential to impact on the transparency of the system for RTOs. It must be acknowledged, however, that some ambiguity in the requirements for risk assessment and risk rating in the *AQTF 2007 National Guideline for Risk Management* exists due to inconsistencies between specific sections within the guideline. These have contributed to the variations in approach applied by Registering Bodies, and should be rectified to ensure clarity of meaning, and consistency in implementation.

The validity and reliability of risk rating outcomes arrived at through the AQTF 2007 risk management approach was highlighted by Registering Bodies as a concern, predominantly due to the limitations of information available on which to base the risk assessment. Without collection of Quality Indicator data, the risk assessment process is reliant on compliance and complaints history. The lack of compliance history of new RTOs further compounded these concerns around sufficiency of risk assessment information, resulting in some Registering Bodies including supplementary risk indicator data in the risk rating process in lieu of Quality Indicator data and compliance history. It was also reported that, in some jurisdictions, the risk rating process had led to clustering of RTOs at low and medium risk, and some RTOs were rated high risk when knowledge of the RTO and their compliance history led the Registering Body to believe otherwise. This led to concern at the effectiveness of the risk rating process in accurately identifying the appropriate risk rating of RTOs. Concerns were also raised regarding

the extent of alignment of the AQTF 2007 risk management approach with the Australian Standard for Risk Management.

“The risk rating attributed to an RTO could impact on their business, and therefore the rating must be defensible and sound.”

“Currently there is insufficient data available on which to make risk assessment judgments. In addition, the risk management approach is resulting in some RTOs coming out high risk when in fact they are some of the lowest risk RTOs. This is of some concern.”

“Currently risk assessments under AQTF 2007 are being undertaken based on complaints history and compliance data. This identifies the ‘outliers’ but without the Quality Indicator data, it is very difficult to assess the risk of RTOs that fit into the ‘middle ground’.”

As previously discussed, the risk management approach under AQTF 2007 has the potential to reduce the regulatory burden for RTOs and improve efficiency and effectiveness of regulation. Registering Bodies varied in the extent to which their regulatory practices linked the risk management approach to the proportionality of audit and risk treatments. It was highlighted that this was partly due to the organisational arrangements in place, the level of maturity of the risk management approach within the organisation, and a lack of linkages between risk management, audit, and management of non-compliances in guidelines supporting the AQTF 2007 regulatory framework. As a result, the benefits of a risk-based approach to audit and regulation have not yet been fully realised.

Auditing

Opportunities for improvement and challenges identified in relation to implementation of AQTF 2007 auditing arrangements included:

- variation in the implementation of auditing arrangements by Registering Bodies;
- difficulties in interpretation and therefore implementation of AQTF 2007 guidelines;
- difficulties experienced by auditors in adopting the AQTF 2007 audit approach; and
- challenges experienced by some RTOs in preparing for audit under AQTF 2007.

Variations in the implementation of registration and auditing arrangements were apparent across jurisdictions. These variations related to both the way in which AQTF 2007 requirements had been implemented, and the progress that had been made in implementation. As previously discussed, some jurisdictions had made internal decisions to delay implementation of AQTF 2007 auditing arrangements. This enabled time for the Registering Body and auditors to transition to the new approach. However, RTOs reported that this created some degree of uncertainty and delays whilst waiting for audit or other regulatory processes (such as extension to scope). Variations in the way in which AQTF 2007 requirements had been implemented included:

- the level of documentation that was requested of prospective RTOs to accompany the national *Application for Registration* form;
- whether a full audit was completed at the time of registration or not;
- when a desk audit was undertaken as opposed to a site audit, and why;

- when technical advisers were utilised in audits.

These variations indicate that Registering Bodies are applying varied interpretations to the requirements and protocols of AQTF 2007. In some cases jurisdictional preferences for the level and timing of RTO monitoring were being maintained where difficulties in interpretation of AQTF 2007 protocols existed. There may be opportunity to refine guidance around such protocols to address the scope for variation in interpretation.

Difficulties in interpretation of the *AQTF 2007 National Guideline for Managing Non-Compliance* were reported by most Registering Bodies. Specifically, Registering Bodies reported that the rating of non-compliances was problematic as it was difficult to distinguish between the levels of non-compliance (i.e. minor, significant, and critical). In addition, Registering Bodies identified that practices varied as to whether ratings were applied to the individual non-compliance, or to the overall audit outcome. These difficulties in interpretation have reduced the capacity of Registering Bodies to effectively implement the guideline.

Implementation and use of the *AQTF 2007 Audit Handbook* was also variable. Many auditors reported limited use of the handbook, indicating that they did not find it very useful at all, especially for experienced auditors. Auditors considered that the handbook would be more useful for RTOs in understanding the audit process. This is in line with the survey results indicating a high rate of usage of the *AQTF 2007 Audit Handbook* by the RTO cohort. However, a number of RTOs consulted reported that the audit approach applied by their auditor did not, from their perspective, seem to follow the audit approaches detailed in the handbook. These RTOs were concerned that the auditors were not following the AQTF 2007 audit approach detailed in the handbook, or that the *AQTF 2007 Audit Handbook* did not accurately reflect required auditor practice.

“The Audit Handbook is not very useful for auditors, but we have referred many RTOs to the Audit Handbook to assist them in preparation for an audit.”

“We used the Audit Handbook to understand the audit approach, however it wasn’t clear to what extent the auditor followed the audit approaches detailed in the guideline.”

The implementation of AQTF 2007 auditing arrangements was also impacted by a number of external factors. It was highlighted by all stakeholder groups consulted that the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) National Code was implemented concurrently to AQTF 2007, however, it had adopted a more prescriptive approach to regulation of education and training quality. Registering Bodies and auditors that undertook integrated CRICOS and AQTF audits reported some challenges in applying a holistic, outcomes-focused AQTF 2007 audit approach in conjunction with auditing to the National Code. RTOs providing training to international students reported that improvements as a result of AQTF 2007 were less noticeable due to the focus required to meet the detailed compliance requirements of the National Code. Concurrent implementation with the CRICOS National Code has, for some stakeholders, impacted on the extent to which the benefits of the AQTF 2007 audit and regulatory approach have been realised.

“The outcomes-focused approach under AQTF is not consistent with the more prescriptive CRICOS requirements. We are finding that CRICOS requirements override AQTF. It undermines the outcomes focus that AQTF is able to achieve.”

“The outcomes focus of AQTF 2007 is a huge improvement, however, it is more difficult to apply to CRICOS requirements.”

The *AQTF 2007 Audit Handbook* advocates, where practicable, the integration of AQTF 2007 audits with other VET-related audits to minimise their effect on an RTO’s operations. In the course of the evaluation, integration of auditing activities was also reported to occur between AQTF 2007 and User Choice. However, the majority of RTOs advised that this integration

related more to the timing of the auditing activities, rather than the integration of the audit approach. It was further reported that auditing activities under other quality training frameworks, such as the Group Training National Standards, needed to be reviewed to enable effective alignment with the revised AQTF 2007 auditing arrangements.

A further challenge identified regarding the implementation of the AQTF 2007 auditing arrangements was the reported lack of direction and advice for the auditing of off-shore delivery. This issue was raised by auditors and Registering Bodies in most jurisdictions. In addition, continuous changes in the VET environment, such as review and updating of Training Packages, has also compounded challenges experienced by Registering Bodies and RTOs in implementing AQTF 2007 auditing arrangements.

Whilst some RTOs reported positive audit experiences under AQTF 2007, a large proportion of RTOs reported opportunities for improvement in relation to the implementation of audit arrangements. These RTOs reported audit experiences that reflected a focus on documentation, a strong orientation towards processes and procedures as opposed to outcomes, and use of an atomistic rather than holistic audit style. This indicates that the AQTF 2007 audit approach has not been adopted by all auditors. This was reflected by survey responses indicating that 24 per cent of RTOs considered the shift towards outcomes-focused auditing had occurred only to a small extent or not at all. A further 38 per cent reported only a moderate shift. Auditors acknowledged the difficulties in making a shift to the AQTF 2007 audit approach, identifying that AQTF 2007 represented a significant shift from their former auditing style, and required development of new skills and capabilities.

“There was still too much demand on paperwork and not enough focus on the practical aspects of the training and assessment outcomes during our audit.”

“The auditors were still too focused upon examining forms, processes and procedures (inputs) and not outcomes.”

“The auditor was not flexible as intended to be and even stated that she had the same requirements no matter which or what size RTO she audited.”

“The implementation timeframe hasn’t allowed sufficiently for the large shift in approach that we [auditors] need to make.”

As discussed, a large proportion of RTOs had referred to the *AQTF 2007 Audit Handbook* in preparing for and understanding the audit requirements. However, 52.5 per cent of RTOs surveyed felt inadequately prepared or only moderately prepared for audit after implementation of AQTF 2007. Throughout consultation, it was apparent that use of consultants and software by RTOs to assist them in achieving compliance at audit was prevalent. Whilst external advice can at times be of great value to an organisation, the use of consultants specifically to prepare for audit raises questions regarding the extent to which RTOs are seeking to embed an understanding of AQTF 2007 requirements and a continuous improvement approach within their organisation. Concerns were also raised by some Registering Bodies regarding the quality of advice received from AQTF consultants. The use of AQTF consultants may also indicate that insufficient information and guidance is available to RTOs and that there is a need for further guidance and capacity building for RTOs to assist them to understand and embed AQTF 2007 within their organisation.

3.4.3 Key finding

Registering Bodies have progressed implementation of the *AQTF 2007 National Guideline for Risk Management* and the *AQTF 2007 National Guideline for Managing Non-Compliance*.

However, resourcing and difficulties in interpretation have impacted the effectiveness of Registering Bodies in implementing risk management arrangements. In addition, challenges experienced by auditors in shifting to the AQTF 2007 audit approach have limited the extent to which effectiveness in implementation of the AQTF 2007 audit approach has been achieved. Further progress is required to ensure effective adoption of the AQTF 2007 audit approach across the auditor cohort, and improve the capacity of Registering Bodies to effectively implement the *AQTF 2007 National Guideline for Risk Management*.

3.4.4 Recommendations

In considering opportunities for improvement in relation to the implementation of AQTF 2007 risk management and auditing arrangements, a number of recommended actions are proposed.

Consistency in application

- 1 Continue to progress towards enabling a consistent understanding and application of the *AQTF 2007 National Guideline for Risk Management* and the *AQTF 2007 National Guideline for Managing Non-Compliance* through the Technical Committee, with accountability to NQC Quality Standing Committee.

Audit approach

- 2 That effective transition of all auditors to the AQTF 2007 audit holistic approach, which is outcomes-focused and flexible, be enabled. Suggested actions for enabling this approach by all auditors are proposed in later sections of this report (refer Section 3.5.4 and Section 3.6.4).

Context for implementation

- 3 That the NQC note that the benefits of AQTF 2007 may be impacted from related activities in the broader VET environment, and this should be taken into consideration in any future evaluations or reviews of AQTF.

RTO capacity

- 4 That the NQC Quality Standing Committee monitor the use of consultants by RTOs for audit preparation, with a view to ensuring that this activity is not a result of inadequate information and advice being publicly available for RTOs to effectively enable compliance with AQTF 2007 (Suggested strategies to build the capacity of RTOs to understand and embed a continuous improvement and quality approach within their organisation are detailed under section 3.7).

3.5 Consistency and collaboration

3.5.1 Strengths

A number of structures were established as part of the development of AQTF 2007 that were designed to promote a collaborative approach to the development and implementation process, and facilitated development of a consistent approach to AQTF 2007. Key structures established included the NQC Quality Standing Committee, the Technical Committee, and activities such as national audit moderation workshops.

A key objective of AQTF is to promote and enable national consistency in training outcomes, but also in the interpretation and implementation of AQTF 2007. The *AQTF 2007 Standards for State and Territory Registering Bodies* is a key element of AQTF 2007 to facilitate this. Standard 1, that *'regulatory activities ensure nationally consistent registration outcomes'*, states that Registering Bodies must continuously improve national consistency in registration functions, must be guided by a nationally consistent risk management approach, and that consistency in auditors' judgements must be maintained. Further, the performance of Registering Bodies against these standards is measured by a Quality Indicator regarding the extent to which regulatory *'processes and outcomes'* are consistent with national standards and guidelines, and the processes and outcomes of other Registering Bodies.

Key strengths in relation to consistency and collaboration include:

- the leadership provided by the NQC Quality Standing Committee;
- the contribution of states and territories in the development of AQTF 2007, and in particular the role of the Technical Committee in facilitating this;
- the role of moderation activities in developing consistency and collaboration at the auditor level; and
- the establishment of the National Audit and Registration Agency (NARA) and its model.

The NQC Quality Standing Committee is a subcommittee of the NQC tasked with leading the development and implementation of AQTF 2007. The NQC Quality Standing Committee met regularly throughout the development of AQTF 2007, and its key responsibilities were to provide leadership in the change management processes for AQTF 2007, undertake planning and monitoring to ensure resources are adequately and appropriately targeted for successful implementation, monitor implementation progress, and advise the NQC of performance and improvement issues.⁵ Membership of the Committee comprised representatives from states and territories, and industry, union, and provider representative bodies. During consultation, members reported positively on the role and achievements of the NQC Quality Standing Committee, and indicated that they considered the committee to have provided very effective leadership for the development of AQTF 2007.

The role of the Registering Bodies has been critical to the development and implementation of AQTF 2007. A significant contribution was made by individual states and territories in the development of AQTF. This included: planning and coordinating implementation activity; developing and reviewing standards and guidance material; coordinating training for auditors; and delivering communication, information sessions and workshops to RTOs within their jurisdiction. Following 1 July 2007, the Technical Committee played a key role in coordinating this activity, providing an officer-level forum through which the practical and operational aspects of the development of a new regulatory framework could be effectively addressed. This forum enabled the development of understanding across the jurisdictions of their individual regulatory approaches as jurisdictions were able to work towards an agreed position for the protocols related to AQTF. As such the Technical Committee has been an important vehicle for enabling collaboration at the operational level. It is acknowledged that the Technical Committee Terms of Reference have recently been re-endorsed by the NQC Quality Standing Committee, reflecting

⁵ TVET (2008), Quality Standing Committee, viewed at http://www.nqc.tvetaustralia.com.au/standing_committees/quality_standing_committee, accessed 12/08/08.

a continued role for the Technical Committee in supporting the operation of a nationally consistent regulatory system administered through state and territory Registering Bodies, focusing on the implementation of national standards, guidelines and resources.

National audit moderation sessions have occurred twice since the implementation of AQTF 2007. Once in October 2007, and again in May 2008. Audit moderation sessions have brought together an auditor cohort from across jurisdictions, and have comprised of a range of activities to develop greater understanding of AQTF and improved consistency. Registering Bodies and auditors reported that national audit moderation workshops were a key mechanism for developing AQTF-specific skills and understanding for auditors, and provided a strong forum for sharing of information and learning amongst the auditor group. The audit moderation workshops enabled the identification of consistencies and any variation in the application of AQTF 2007, although varied views were put forward regarding the effectiveness of the audit moderation sessions in building a consensus on interpretation of AQTF. Nonetheless, the audit moderation workshops are considered to be a key mechanism for building consistency and facilitating further collaboration across jurisdictions.

The NARA has been established to enable a central registration mechanism to be available to RTOs that operate across multiple jurisdictions. The NARA operational model is founded on the implementation of a nationally consistent approach to audit and registration. The NARA model of audit moderation is designed to facilitate and enforce this with auditors. It was identified by stakeholders that frequency of moderation and an emphasis on a consensus-building approach are key factors contributing to the effectiveness of audit moderation. The NARA auditing model is an ideal example of this approach.

Good practice example - NARA audit moderation process

Effective audit moderation is critical to enabling the development of a shared understanding and consistent interpretation and application of AQTF 2007 by auditors. Shared understanding and consistent interpretation is developed through moderation that seeks to achieve a consensus in the decision making approach and outcome.

NARA has implemented a strengthened approach to audit moderation. Under the approach developed by NARA, auditors must participate in regular fortnightly moderation sessions that address a particular issue, element, or case study related to AQTF 2007. Each session seeks to build a consensus on the decision making approach and outcome, enabling auditors to leave the session with an agreed interpretation of a particular element of AQTF 2007. Agreed interpretations reached through the moderation session are reinforced through communication and memorandums to all auditors. Audit and registration activities are closely monitored, including through review of audit reports, to ensure consistent interpretations are applied. It is a NARA requirement that all external auditors adopt a consistent interpretation and approach.

3.5.2 Opportunities for improvement

A number of opportunities were identified in relation to consistency and collaboration. In particular, these were:

- inconsistencies in requirements for registration and approaches across states/territories;
- variations in the understanding of 'consistency' across jurisdictions;
- opportunity for improved communication, networking, and information sharing between Registering Bodies;
- inconsistencies in the approaches of auditors within and across jurisdictions; and

- opportunity for further improving national consistency through collaborative mechanisms.

Through consultation with multi-jurisdictional RTOs, it was reported that there are differences in requirements for registration and the approach to regulation and audit from state to state. Variations in requirements for registration included additional state-based legislative requirements and policies that RTOs seeking registration or operating in that jurisdiction were required to adhere to. Variations identified in the implementation of risk management and audit arrangements, as detailed in Section 3.4.2 of this report, include: the audit process, risk treatments, and decision making regarding the level of monitoring applied to RTOs. It should be noted that the differences reported by RTOs in the audit approach across jurisdictions may be a result of their experiences from CRICOS or User Choice audits, rather than AQTF 2007 audits.

Where jurisdictional differences did exist, it was highlighted by Registering Bodies that these may often arise as a result of individual state and territory regulatory, economic and political environments. It was advised that Registering Bodies implement regulation as best fits their jurisdiction's VET sector and environment. A number of Registering Bodies highlighted the importance of policy development being enabled at the national level, and regulation being enabled at the state/territory level. It was identified that these jurisdictional differences necessitate the implementation of varied arrangements to suit the jurisdictional environment, therefore impacting on the level to which national consistency can be achieved. It became apparent through the course of the evaluation, however, that different stakeholders had different views and understanding of the level to which national consistency was required. It was variously stated that national consistency should be at the outcome level, the principle level, the regulatory approach, or in regulatory processes. A common understanding of what is meant by 'national consistency' is critical in progressing towards enabling a consistent national quality framework for training and assessment.

It often arose through consultations that auditors and other staff within Registering Bodies were not aware of the work that was being undertaken and the outcomes that had been agreed to through collaborative mechanisms such as the NQC Quality Standing Committee and the Technical Committee. Key to building consistency and engendering a collaborative approach across jurisdictions is the sharing of information and improved awareness of current initiatives in the context of a national regulatory environment. Continued communication from NQC Quality Standing Committee and the Technical Committee members to relevant staff within their home jurisdiction is critical to the furtherance of a national approach to quality of training and assessment. Similarly, continued networking and information sharing amongst Registering Bodies is important in facilitating improvements in the implementation of a nationally consistent approach to AQTF 2007. It is therefore important that existing collaborative mechanisms are utilised on an ongoing basis for continuous improvement in the implementation of AQTF and the development of national consistency.

Finally, as discussed in Section 3.4.2, auditors have not all transitioned smoothly to the AQTF 2007 audit approach. This has resulted in some inconsistency in the approach to audit by auditors. RTOs reported inconsistencies between the approaches of particular auditors within a jurisdiction. Some auditors applied an approach consistent with an outcomes-focused and holistic audit style, whilst others applied a prescriptive audit approach, with a heavy focus on documentation, processes, and inputs. It is critical that auditors are supported in developing skills and capabilities required under the AQTF 2007 audit approach, thereby enabling consistent application of AQTF at the ground level. This is critical to the effective implementation of AQTF, and is a key capacity building requirement for auditors. Capacity building requirements are addressed further in Section 3.7.

"AQTF does assist with national consistency, but how the states regulate it will impact its effectiveness [in achieving national consistency]."

"In our experience, mutual recognition is not effectively applied in practice and we have slightly different requirements in each jurisdictions."

“We had a number of auditors on the audit team for our AQTF 2007 audit. One focused on outcomes and the quality of our organisation, while the other worked her way through a checklist of questions and requests for documents.”

3.5.3 Key finding

Mechanisms such as the NQC Quality Council, the Technical Committee and NARA have clearly assisted in enabling a consistent approach to AQTF 2007. However, a continued focus on building national consistency is necessary to facilitate successful implementation.

Collaborative arrangements utilised for the development and implementation of AQTF 2007 have been effective. There is opportunity to enhance the focus and accountability of collaborative mechanisms for progressing national consistency.

3.5.4 Recommendations

To address opportunities for improvement identified in relation to consistency and collaboration, the following recommended actions are proposed:

Promotion of national consistency and collaboration

- 1 That the NQC develop an agreed approach to, and understanding of, ‘national consistency’ such that the objectives and outcomes sought in relation to consistency in implementing AQTF 2007 are clear and understood.
- 2 That the NQC Quality Standing Committee support the Technical Committee to undertake a continued and focused role in progressing national consistency and continuous improvement in regulatory systems as they relate to AQTF 2007, with accountability to the NQC Quality Standing Committee.
- 3 That Registering Bodies ensure continuation and enhance the focus of audit moderation activities to further progress towards national consistency in outcomes-focused auditing amongst the auditor cohort.

3.6 Outcomes focus

3.6.1 Strengths

A key objective of AQTF 2007 is to enable an outcomes-focused regulatory framework for registration and audit of RTOs. The aim of an outcomes-focused framework is to shift the regulatory focus from the quality of inputs to the delivery of training and the quality of training outcomes achieved.

Key strengths identified regarding the implementation of an outcomes focus were the:

- positive views from all stakeholder groups regarding the shift to an outcomes-focused model;
- greater flexibility arising from the outcomes-focused approach, which has enabled auditors to utilise greater professional judgement; and
- transition to an outcomes focus occurring amongst Registering Bodies and auditors.

All stakeholder groups consulted viewed the shift to an outcomes-focused regulatory model as extremely positive, and considered the principles, intent, and rationale of an outcomes-focused framework to be extremely sound. All stakeholder groups considered it a positive step forward in the evolution of quality assurance for training and assessment.

“Anything that enables us to focus more on the quality of our training and assessment strategies is extremely positive.”

“If AQTF 2007 can ultimately improve the quality of training outcomes that will be a huge improvement from industry’s perspective.”

“RTOs have greater flexibility to demonstrate compliance in a way that suits their business. That makes so much more sense, and means that the audit process is more relevant to them.”

The efforts of Registering Bodies to engender an outcomes focus through its practices has been met with some success. It was reported in some jurisdictions that a smooth transition to an outcomes-focused model had occurred, indicating that an outcomes focus was aligned with the existing culture and regulatory approach of the Registering Body.

“We have always had a focus on training outcomes in our regulatory approach. The transition to AQTF has been fairly straightforward - it just meant we had to get our heads around the new standards and guidelines.”

“Implementation has been resource intensive, but making the shift to an outcomes focus has been smooth and seamless.”

Where auditors were already familiar with an outcomes-focused auditing approach they had not had trouble understanding and applying the requirements of AQTF 2007. Auditors in some jurisdictions reported that they had previously maintained a focus on the quality of training and assessment outcomes in their auditing, indicating that the shift to AQTF 2007 had not constituted a significant change culturally, nor in terms of practice.

Where the outcomes-focused approach did result in a shift from the former practice of auditors, a number reported positive impacts for them in carrying out their audit responsibilities. The outcomes focus under AQTF 2007 has enhanced the flexibility for auditors in carrying out these responsibilities, enabling them the flexibility to tailor their approach to the individual RTO’s organisational context. In addition, it was reported that the outcomes focus has enabled auditors to utilise greater professional judgement in the audit process.

“I no longer have to request an organisational chart for an RTO that has two staff.”

“AQTF 2007 means we can encourage quality training and assessment rather than just looking for a ‘tidy organisation’.”

“Auditing under an outcomes focus requires us to exercise professional judgement rather than following a checklist. I find this invigorating!”

A number of RTOs reported positive experiences at audit under AQTF 2007. When asked what worked well about the audit process, RTOs reported that it had: focused on training and assessment; involved discussions around their business and their approach to training and quality; enabled the provision of a range of forms of evidence as applicable to their organisation; and had a strong focus on outcomes. As previously discussed under Section 3.4.1, 38 per cent of RTOs reported a shift to an outcomes focus from a large to very large extent in their audit experience. A number of examples of audits undertaken with a significant focus on outcomes, quality and continuous improvement were reported throughout the consultation process.

“We appreciated the opportunity to talk about our business and our approach to training, showing how our policies and procedures relate to the AQTF Standards and then how they are implemented throughout our business. Having been through several audits over 11 years this was more of a professional discussion with the emphasis on what we do to achieve our outcomes.”

“We were able to have lengthy conversations with the auditor to explain our business and the nature of our work which then easily translated to outcomes.”

“Auditors tried to be outcomes-focused and where allowed, accepted a variety of evidence as proof.”

Good practice example - Embedding a continuous improvement approach

A number of RTOs evidenced good practices in the way in which they had effectively embraced AQTF 2007. These RTOs had succeeded in progressing the implementation of an outcomes-focused, continuous improvement approach within their organisation.

This had been achieved through a proactive approach to the review and improvement of their operations in line with the *AQTF 2007 Essential Standards for Registration*. RTOs that evidenced success in implementing a continuous improvement approach demonstrated a commitment to quality training and assessment throughout the whole organisation, and outlined a collaborative approach to implementing AQTF 2007 that succeeded in achieving whole of organisation support for quality and developing a culture of continuous improvement. These RTOs had also established sound systems and processes to support quality, supported by continuous maintenance and review of these systems. RTOs that demonstrated success in implementing a continuous improvement approach identified that AQTF 2007 had generated many benefits for their organisation. A continuous improvement approach had improved their ability to be responsive and flexible in their approach to achieving quality training outcomes.

3.6.2 Opportunities for improvement

Key challenges and opportunities for improvement identified in relation to the implementation of an outcomes focus include:

- the delay in implementing Quality Indicators;
- variations in the implementation of an outcomes focus across jurisdictions; and
- challenges experienced by RTOs in adapting to an outcomes-focused framework.

Quality Indicators represent a key component of the AQTF 2007 outcomes-focused model. Quality Indicators will enable a number of consistent measures relating to RTO activities to be recorded, thereby incorporating outcomes information into the compliance and risk history of the

RTO. This will better inform regulatory decisions, and also enable RTOs to further drive continuous improvement through enhanced organisational performance data. Implementation of tools for collection of Quality Indicator data by RTOs has been delayed, and Registering Bodies, auditors, and RTOs repeatedly highlighted that the outcomes-focused framework is not complete without the Quality Indicator data collection process in place. The lack of tools and processes for Quality Indicator data collection was seen as a significant barrier to effective implementation of an outcomes focus. RTOs reported a high level of concern with regard to the way in which reporting against Quality Indicators would occur, the impact implementation would have on their organisations, and the way in which Quality Indicators would be used in the regulatory process.

As outlined above, positive steps have been made by Registering Bodies and auditors in shifting towards an outcomes focus. However, progress towards effective implementation of an outcomes focus has been varied across jurisdictions. This is due to a number of factors, not least of which is the significant cultural change and change in regulatory approach that has arisen in shifting to the AQTF 2007 outcomes-focused model. An outcomes-focused model creates a number of challenges for a Registering Body as a result of the new operational requirements it entails.

As the auditor cohort represents the 'face' of AQTF 2007 amongst RTOs, auditors are the key group through which the implementation of AQTF 2007 is received by stakeholders. The effectiveness of the implementation of an outcomes focus is therefore largely dependent on the adoption of an outcomes-based auditing approach by auditors. The extent to which auditors are able to smoothly adopt the new approach is impacted by individual characteristics, skill sets, previous experience, capacity to change, and the complementarity of AQTF 2007 with their previous auditing style. An outcomes focus also requires auditors to have enhanced capacity for professional judgement due to the increased flexibility in means for demonstration of compliance. This has proven challenging for some auditors. An outcomes focus essentially results in greater risk being held by the auditor and Registering Body due to the need to exercise professional judgement in the audit process.

Finally, RTOs indicated a moderate degree of change is required to implement an outcomes focus, with some RTOs indicating the shift to an outcomes focus has been significant for their organisation. This has resulted in some challenges for RTOs in understanding and responding to a holistic audit approach - engaging in professional discourse with the auditor has required a new set of skills and enhanced knowledge of AQTF 2007 and their business. Some RTOs reported increased participation of their CEO or Director of the organisation in the audit process, replacing the former role of compliance and quality officers. Additional challenges were reported for RTOs associated with implementing an outcomes focus within their organisation. These included increased workload, costs, training of staff, and uncertainty as to how to demonstrate compliance.

"Having a small team meant a lot of work in a short time."

"It required many of our resources to address the issues over several months."

"We employed a new Quality Coordinator to implement AQTF 2007. A great deal of resources have been required, and funding to support it has been made a priority in our budget."

"Human resources and time taken to review, revise and align all policies and procedures, has been a significant cost to our organisation."

"Changing our focus to continuous improvement is really difficult. This cultural change is being supported through our staff meetings and approach to management of staff. We believe we are succeeding in implementing this but are not there yet."

"Identifying the types of data we need to demonstrate continuous improvement has been extremely challenging."

RTOs reported that challenges were most commonly addressed through changes or additions to staffing and resources, staff training, system improvements, engagement of consultants, and plain 'hard work'. A number of RTOs did, however, report that insufficient mechanisms were in place currently to report and resolve challenges they faced, and complaints about the quality assurance process. RTOs did not have a strong level of awareness of existing mechanisms such as the AQTF 2007 Hotline, the AQTF 2007 Continuous Improvement Register, and state and territory complaints resolution procedures. Similarly, RTOs did not have adequate awareness of the *AQTF 2007 National Guideline for Responding to Complaints about VET Quality*, or where they could access these complaints mechanisms. It should be noted that a National Audit Evaluation tool is currently being developed through the Technical Committee, and the implementation of this will go some way to enabling RTOs to provide feedback and/or highlight concerns related to the audit process. There is also opportunity to raise the level of awareness of other existing mechanisms discussed to ensure RTOs are able to report specific challenges and issues related to the implementation of AQTF 2007, and have ready access to appropriate complaints resolution processes in the event that this is required.

3.6.3 Key finding

All stakeholder groups consulted see value in, and strongly support, the shift to an outcomes-focused model under AQTF 2007. However, a number of challenges have inhibited the effective implementation of an outcomes focus by Registering Bodies and RTOs. An enhanced focus on building capacity to implement an outcomes focus is necessary to facilitate successful implementation.

3.6.4 Recommendations

In considering opportunities for improvement in relation to the implementation of an outcomes focus, a number of recommended actions are proposed:

Build understanding of outcomes focus

- 1 That, through the Technical Committee, or other similar national body, work is continued towards enabling an agreed understanding of an outcomes focus across Registering Bodies, and this agreed interpretation of 'outcomes focus' is communicated to RTOs and other key stakeholders.

Quality Indicators

- 2 That the NQC Quality Standing Committee enable the implementation of Quality Indicator data collection tools as soon as possible to complete the implementation of AQTF 2007.
- 3 That the NQC Quality Standing Committee support the implementation of Quality Indicator data collection tools for RTOs with an appropriate implementation strategy, comprising sufficient education and training for RTOs regarding the use of the data collection tools, recording and reporting of data, and information on the way in which data is to be used by both RTOs and Registering Bodies.

Enhance capacity

- 4 That Registering Bodies enhance the capacity of auditors to exercise professional discourse and professional judgement in outcomes-focused auditing through targeted professional development activities.
- 5 That Registering Bodies enhance RTOs' capacity to understand an outcomes focus by providing access to training which facilitates development of understanding in this area.

Mechanisms for addressing concerns/ complaints

- 6 That Registering Bodies enable effective implementation of the *AQTF 2007 National Guideline for Responding to Complaints about VET Quality*, and raise the profile of the Guideline across RTOs through targeted awareness.
- 7 That the NQC Quality Standing Committee support the implementation of the National Audit Evaluation Tool by the Technical Committee for provision of feedback from the RTOs to the Registering Body on conclusion of the audit.

3.7 Capacity building

Throughout the evaluation, a number of key needs were identified in relation to the capacity of Registering Bodies, auditors, and RTOs to effectively implement AQTF 2007. It is important that each stakeholder group is equipped with the skills and has the support to facilitate a successful transition to the outcomes-focused regulatory framework in order to enable the benefits and objectives of AQTF 2007 to be fully realised.

3.7.1 Registering Bodies

Key areas identified for additional capacity building by Registering Bodies include:

- management of the cultural and organisational change required to implement AQTF 2007;
- effective implementation of an outcomes focus and holistic approach to AQTF 2007 auditing;
- effective implementation of a risk based regulatory model;
- implementation of requirements for industry regulator engagement; and
- continued progress towards national consistency in registration functions and processes to ensure nationally consistent registration outcomes.

Implementation of an outcomes-focused regulatory framework marks a departure from previous inputs-based, prescriptive models. The degree of change that is involved must not be underestimated, acknowledging a change is required not only for RTOs, but also within the Registering Bodies. AQTF 2007 represents a change in regulatory model, the effective implementation of which requires a cultural shift and a different approach to regulatory functions. Registering Bodies have evidenced progress in implementation internally; however cultural change requires time and continued support. It is important that Registering Body managers recognise that AQTF 2007 represents a new operating environment for their organisation, and seek to build their internal capacity to maintain an outcomes-focused, risk based, quality and continuous improvement approach to regulatory activity.

Critical to the implementation of AQTF 2007 is the capacity of auditors to implement an outcomes-focused, holistic approach to auditing. Registering Bodies must particularly recognise the need to develop the skills and capabilities of their auditor cohort to enable an effective and comprehensive shift to the new auditing model. There is a need for focus to be maintained on building the capacities of auditors to embed the change to AQTF 2007. Processes must be implemented internally to reinforce the shift to the new, outcomes-focused, holistic auditing model amongst this group of staff.

A key component of AQTF 2007 is the risk management approach to registration and audit, which ultimately should lead to improved capacity of the Registering Body to focus regulatory effort to areas of highest concern, and enable a more efficient and effective approach to regulation. A risk management approach should also facilitate reduced regulatory burden for RTOs that are assessed as low risk. The evaluation has highlighted that to date, the implementation of risk management arrangements has been met with some challenges, and Registering Bodies have made varied progress in implementing a risk management approach. There is a need to build Registering Body capacity to effectively implement a risk management approach to enable this potential benefit of AQTF to be realised.

Requirements for industry regulator engagement, a further component of AQTF 2007, are designed to build regulators' confidence in quality assurance arrangements and quality of RTO training and assessment. As discussed, Registering Bodies have made varied progress and have had varied success in implementing AQTF 2007 requirements for industry regulator engagement. There is a need for Registering Bodies to be supported in building their capacity to effectively implement arrangements for industry regulator engagement.

Finally, evaluation findings regarding risk management and auditing arrangements, outcomes focus, and consistency and collaboration have highlighted that there has been some variation in the approaches employed by Registering Bodies to implement the requirements of AQTF. It is acknowledged that some difficulties in enabling a consistent implementation have arisen due to the difficulty in consistent interpretation of standards and guidelines, and differences in the jurisdictional regulatory environments. However, as improved national consistency is a key objective of AQTF 2007, it is important that Registering Bodies continue to work towards this goal. Building national consistency requires time, commitment, and collaborative effort, and Registering Bodies must be supported to facilitate this.

3.7.2 Auditors

Key areas identified for additional capacity building of auditors relate to the effective implementation of the AQTF 2007 holistic and outcomes-focused auditing approach, and the capacity building activities required to support this. These key areas are:

- shifting to an outcomes-focused, holistic audit approach;
- auditor professional development, audit moderation and auditor exchange activities; and
- report writing.

As discussed, some auditors have effectively shifted to the outcomes-focused and holistic audit style required by the AQTF 2007 regulatory model. However, a number of auditors have struggled to adopt the new approach required by AQTF 2007. Auditors play a key role in enabling the effective implementation of regulatory arrangements due to their direct contact with RTOs. Auditors are therefore the visible face of AQTF 2007 to the majority of the training sector, and interactions with auditors are a large part of the basis on which RTOs judge the effectiveness of the AQTF 2007 implementation. Shifting to a new, outcomes-focused and holistic auditing approach represents a significant shift for some auditors, both culturally and in terms of their practice. It is critical that auditors are supported to build their capacity in

outcomes-focused, holistic auditing, to enable transition to the AQTF 2007 approach across the whole auditor cohort, thus facilitating the effective implementation of AQTF 2007.

A range of activities are required to support the development of auditor capacity in outcomes-focused, holistic auditing. It is also essential that auditors are familiar and understand other key foundations of AQTF such as the risk management approach, and managing non-compliance. Appropriate professional development must therefore be provided to all auditors in key areas of AQTF. Auditor professional development should cover key guidance material developed as part of AQTF 2007, but also should provide auditors with effective capabilities in outcomes-focused, holistic auditing.

Provision of consistent professional development to all auditors will also assist to build a consistent understanding and approach across the auditor cohort. Further activities to support a consistent approach, in line with the AQTF 2007 objective for national consistency, are required. It is important that regular and frequent audit moderation is supported at a jurisdictional and national level to enable the development of consistent interpretations to be applied in undertaking an AQTF 2007 audit. Audit moderation should seek to identify variations in the approach and outcome of auditor decision making, and should apply a consensus building approach to facilitate decision-making consistency. Audit moderation should support the development of auditor skills in professional judgement in line with interpretation and application of AQTF 2007. Auditor exchange activities were also highlighted by auditors as effective activities to broaden the skills and experience of auditors, and to facilitate development of a more nationally consistent approach.

Finally, auditors highlighted that there were a range of challenges associated with writing audit reports under AQTF 2007. This was identified as a key capacity building requirement to enable a consistent approach and understanding of requirements for effectively completing AQTF 2007 audit reports, and developing auditor skills in preparing audit reports to the required standard.

3.7.3 RTOs

Key areas identified through the evaluation activities for additional capacity building of RTOs relate to following areas:

- understanding of an outcomes focus and outcomes-focused auditing;
- understanding of continuous improvement and implementing a continuous improvement approach;
- preparing for an AQTF 2007 audit;
- engaging in professional discourse with auditors;
- understanding and implementation of Quality Indicators and Quality Indicator data collection tools; and
- opportunities for peer support and sharing of information/good practice.

The survey undertaken of RTOs revealed similar capacity building needs, as illustrated in Figure 9 below.

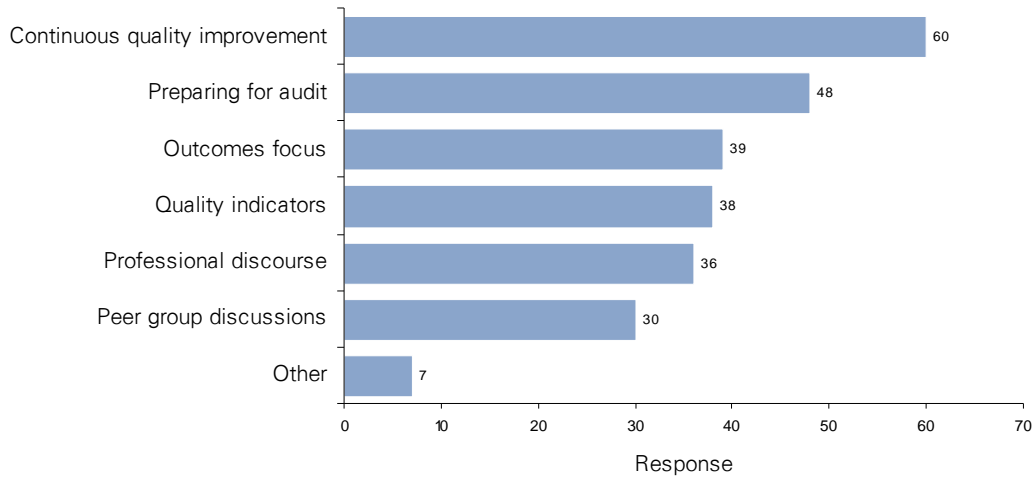


Figure 9. RTO Capacity building requirements.

The outcomes focus of AQTF 2007 should enable RTOs to focus more on demonstrating their achievement of training outcomes, enabling a regulatory framework that is more focused on the core business of the RTO, and reducing the regulatory burden for RTOs. However, RTOs widely acknowledged a lack of understanding of what an outcomes focus means, and in particular what it means in practice in terms of the audit process and how they demonstrate compliance. There is a need for RTOs to be supported to build their capacity to understand this key area through provision of additional information and professional development, such that they are able to effectively implement appropriate arrangements within their organisation.

AQTF 2007 has also introduced an enhanced focus on continuous improvement within RTOs, a key mechanism through which the RTO can enable and maintain the provision of high quality training and assessment. Many RTOs expressed a lack of understanding as to what was meant by 'continuous improvement', and uncertainty as to how to implement an effective continuous improvement approach within their organisation. They also expressed concerns as to how to competently demonstrate continuous improvement approaches in practice within their organisations. There is a need for the provision of further professional development to RTOs around the subject of continuous improvement in order to build their capacity to implement and embed a continuous improvement approach within their organisation, as well as demonstrating continuous improvement at audit.

Although AQTF 2007 seeks to embed a continuous improvement approach to the delivery of training and assessment, it is clear that for many RTOs, AQTF 2007 simply translates to significant activity being undertaken in preparation for audit. In implementing an outcomes-focused framework, the increased flexibility has resulted in greater uncertainty for RTOs in anticipating what to expect at audit in terms of the audit approach, and the evidence required to demonstrate compliance. RTOs reported that they required further assistance in preparing for audit so that they have a greater understanding of the audit requirements under this new regulatory model. There is opportunity to provide further professional development to RTOs on understanding the audit approach and associated requirements.

Some auditors have effectively transitioned to the AQTF 2007 audit approach, comprising a holistic, outcomes-focused audit style. It also involves greater engagement with the RTO around the nature of their business and how they achieve quality training and assessment. Many RTOs that have experienced an audit under AQTF 2007 reported that whilst the new approach was positive, they struggled to engage in professional discourse with the auditor. This was due to either a lack of understanding of what the holistic audit approach entailed,

differences in terminology used, or because it required a level of professional discourse they did not feel their staff had the appropriate skills or abilities to manage. Some RTOs highlighted that the skill set of the traditional compliance or quality manager was no longer appropriate for this new form of engagement. There is opportunity to ensure that professional development regarding the audit requirements incorporates guidance regarding the nature of a holistic audit approach and engagement with the RTO so they can be appropriately informed and prepared, and ensure appropriate staff participate.

Quality Indicators will enable the full implementation of an outcomes focus in quality assurance of training and assessment. However, data collection tools to facilitate collection of RTO Quality Indicator data are still yet to be implemented. RTOs expressed high levels of concern around the full implementation of Quality Indicators, citing limited provision of information and communication regarding the status of Quality Indicator data and the data collection tool development process. Concerns related to the content of the data collection tools, the applicability of certain data items or surveys to their organisational context (including nature of their learner cohort, employer cohort, and industry stakeholders), the implementation of data collection processes, the cost and resource implications, the reporting requirements, and the purpose and usage of the data collection outcomes. There is therefore an important need to ensure RTOs are provided with sufficient information, guidance, and educational opportunities in preparation for the implementation of Quality Indicator data collection processes, and further support beyond the implementation date to enable data collection tools and processes to be effectively embedded. This will be critical to ensuring a successful implementation process.

Finally, RTOs reported that few opportunities existed for them through which to access peer support, share information with other RTOs, and learn about good practice in quality assurance and delivery of training and assessment. Opportunities for peer to peer interaction foster shared learning amongst organisations, and are important in facilitating continuous improvement and organisational learning and development across the sector. During this stage in the implementation of AQTF 2007, it is important that RTOs have access to such opportunities to enable a sound understanding of AQTF to be developed, and for good practices to be shared and replicated. There is opportunity to facilitate greater peer interaction and provide forums for information sharing amongst RTOs.

3.7.4 Key finding

Whilst progress has been made towards effective implementation of AQTF 2007, there is still significant opportunity for capacity building across RTOs, Registering Bodies and auditors to enable the success of AQTF 2007 to be realised.

3.7.5 Recommendations

The following recommended actions are proposed to address the identified capacity building requirements:

Registering Bodies

- 1 Recognise the cultural and organisational change required to effectively implement AQTF 2007 and continue a focus on building organisational capacity to embed an outcomes-focused regulatory approach.
- 2 Continue providing support to auditors to build their capacity to implement the AQTF 2007 audit approach and embed the change.

- 3 Build Registering Body capacity to effectively implement a risk management approach to audit and regulation.
- 4 Provide support for the implementation of AQTF 2007 requirements for industry regulator engagement.
- 5 Recognise the time, commitment, and collaborative effort required to continuously improve national consistency and build Registering Body capacity to address this.

Auditors

- 6 Continue and enhance the focus on auditor professional development, audit moderation, and other activities to build auditor capacity. These activities should enable: a consistent understanding and interpretation of AQTF 2007 and key guidance material; an effective shift to an outcomes-focused, holistic audit approach; and effective report writing.

RTOs

- 7 Provide support and professional development opportunities to build RTO capacity in:
 - Understanding an outcomes focus and the outcomes-focused auditing approach;
 - understanding continuous improvement and implementing a continuous improvement approach;
 - preparing for audit; and
 - engaging in professional discourse.
- 8 Provide appropriate awareness raising and professional development for RTOs regarding the Quality Indicators and Quality Indicator data collection tools and processes, and associated requirements for implementation by RTOs.
- 9 Facilitate opportunities for RTOs to access peer support, share information with other RTOs, and learn about good practices in quality assurance of training and assessment.

4 Overall key findings

In considering the strengths, opportunities for improvement, and key findings related to each area of inquiry identified throughout the evaluation, a number of overall findings can be reached regarding the implementation of AQTF 2007.

Key overall strengths

Key overall strengths relating to the implementation of AQTF 2007 include the:

- strong support for the intent and outcomes-focused principles of AQTF 2007 that has been expressed by all stakeholders;
- collaborative approach to the development and implementation of AQTF 2007 evidenced across jurisdictions and stakeholder groups;
- significant effort undertaken by Registering Bodies to implement arrangements under AQTF 2007; and
- positive progress that has been made towards effective implementation of risk management and auditing arrangements, an outcomes focus, and the development of a nationally consistent approach.

Consultation with Registering Bodies, auditors, RTOs, and other key stakeholders revealed that positive views are held by all regarding the value of an outcomes-focused model for quality assurance of training and assessment. RTOs reported that an outcomes-focused model enabled them to focus on their core business and demonstrate quality and continuous improvement through mechanisms that best suited their business. Auditors reported that an outcomes-focused model enabled greater flexibility for RTOs and a greater emphasis on professional judgement in carrying out their duties. Overall, stakeholders broadly supported the intent and principles behind AQTF 2007, considering that an enhanced focus on the quality of training outcomes was critical to improving the overall quality of training delivered by the VET sector.

A number of arrangements were established and utilised to undertake the development and implementation of AQTF 2007. The NQC Quality Standing Committee, comprised of state and territory representatives, industry, union, and provider representatives, provided leadership for the development process. The Technical Committee comprised of operational-level representatives from each Registering Body, coordinated the development of standards and guidelines and the implementation of AQTF 2007 in each jurisdiction. Additional national activities, such as national audit moderation workshops, were facilitated through these mechanisms to enable the implementation. The development and implementation of AQTF 2007 was undertaken through a very collaborative approach across all jurisdictions, and enabled jurisdictions and key stakeholder groups to work together to successfully complete a significant piece of work in a tight timeframe. Collaborative arrangements have proven effective in establishing a national framework for the quality of training and assessment that should be supported on an ongoing basis.

The development and implementation of AQTF 2007 represents a significant achievement by all parties involved. The role of the Registering Bodies has been critical to the implementation of arrangements under AQTF 2007, facilitating the development of tools and materials, awareness raising and communication amongst RTOs, building capacity to adapt to AQTF 2007, and leading the implementation within their jurisdictions. A number of Registering Bodies indicated the implementation was very resource intensive; however, a smooth and effective implementation process had been achieved, analogous to a *“duck with its feet working hard below the surface.”*

Core components of the AQTF 2007 model include a risk management approach, holistic and outcomes-focused auditing, and national consistency. It was identified that some progress has been made towards effective implementation of these components, with Registering Bodies reporting implementation of risk based monitoring arrangements in some instances, and RTOs reporting positive experiences of holistic, outcomes-focused audits. Further, collaborative mechanisms in place have provided a forum through which jurisdictions can work towards greater national consistency. The implementation of these components of AQTF 2007 is ongoing; however, the progress to date is encouraging.

Key overall opportunities for improvement

Key overall opportunities for improvement identified relating to the implementation of AQTF 2007 include the need for:

- a continued focus on industry regulator engagement to enable effective implementation;
- a sustained focus on enabling the effective implementation of a holistic, outcomes-focused auditing approach;
- a continued focus on the implementation of the AQTF 2007 risk management approach to enable enhanced efficiency of regulation, and reduced regulatory burden; and
- a continued focus on improving national consistency in the application of AQTF 2007 through existing collaborative mechanisms.

As discussed in Section 3.3.2, implementation of requirements for industry regulator engagement has been variable across jurisdictions. Whilst some jurisdictions have made good progress, the effectiveness of implementation has been impacted by the resources and support available to Registering Bodies, the complexities associated with establishing more formalised arrangements, and the level of awareness and willingness of the industry regulator to engage in the quality of training and assessment.

Some auditors have adapted well to the outcomes-focused, holistic audit approach of AQTF 2007, and RTOs have reported AQTF 2007 audit experiences consistent with effective implementation of this approach. However, some RTOs reported that a prescriptive, documentary-driven, input-focused approach was still being applied. Shifting to an outcomes-focused audit approach represents a significant shift in culture and practice for many auditors. Further, the Quality Indicators and supporting data collection tools - a key component of the outcomes-focused approach - have not yet been fully implemented. As effective implementation of the outcomes focus and holistic approach is a cornerstone of the AQTF 2007 model, a continued focus on building the capacity of auditors to adapt and implement this approach is critical, as is the full implementation of the Quality Indicators.

As discussed, progress has been made towards the implementation of a risk management approach, and a number of jurisdictions have devoted significant effort towards developing and implementing arrangements for a risk management approach within the Registering Body. However, there have been difficulties experienced with the interpretation and implementation of the AQTF 2007 risk management approach that has meant effective implementation has not yet been achieved, and both the Registering Bodies and RTOs are not yet fully realising the benefits of a risk management approach to regulation and monitoring.

National consistency in the quality of training outcomes and in the application of registration functions is a key objective of AQTF 2007. Collaborative mechanisms have been effective in providing a forum to improve consistency. However, consultation with RTOs and Registering Bodies revealed variations in requirements and approaches for quality assurance of training and

assessment across jurisdictions. There is opportunity to further utilise collaborative mechanisms to continue to progress towards national consistency in registration functions.

Key finding

AQTF 2007 is not fully implemented and is yet to run its full course. It is recognised that significant effort and activity has occurred to progress the implementation to date, however continued effort is required to sustain momentum and embed the change.

Recommendations

To fully realise the potential benefits of AQTF 2007 sustained implementation activities and a continued focus is required. A suite of recommended actions have been proposed in this report to assist in further supporting the efforts to date relating to the implementation of AQTF 2007. These recommendations are provided for consideration by DEEWR and the NQC to enable a successful implementation going forward.

