

Preparing for Audit

Webinar Handbook

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1. UNDERSTANDING THE AUDIT PROCESS

TAC is responsible for ensuring RTOs comply with the requirements of the *Standards for Registered Training Organisations (RTOs) 2015*. TAC's audit process aims to ensure the compliance of an RTO with the Standards for RTOs and TAC policies.

The sections detailed below provide information to assist RTOs to understand the audit process.

1.1 Audit as a Regulatory Tool

TAC implements a continuous audit strategy through its [Regulatory Strategy](#) ensuring that issues are responded to as they arise. This strategy aligns with and complements the national regulatory approach to risk management.

An audit is a planned, systematic and documented process used to assess an RTO or applicant's compliance with the Standards. It provides an RTO with valuable information about the quality of its training, assessment, client services and the management systems it uses to meet its regulatory obligations and achieve quality outcomes.

1.2 TAC Audit Objectives

The primary objective of an audit is to establish that the RTO or applicant is, at a minimum, meeting the applicable Standards for RTOs. TAC engages an external panel of Auditors to undertake audit services on its behalf. These Auditors will need to sight tangible evidence that demonstrates how the RTO or applicant meets compliance with the applicable Standards being audited.

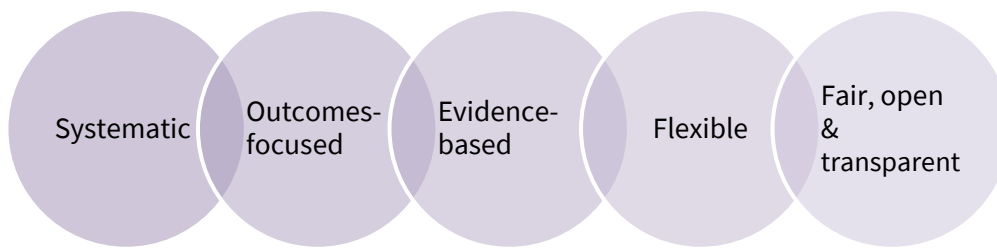
The purpose and scope of a TAC audit will depend on the [type of audit](#), e.g., initial registration, amendment to scope or renewal of registration. The audit will focus on a range of business practices within the audit scope and will most likely involve:

- visual inspection/site visits;
- review of documentation;
- interviews with students, staff and other stakeholders; and
- tracking the student's journey and records from pre-enrolment to post completion.

1.3 TAC Audit Principles

The following five principles underpin the way TAC audits are conducted. They provide a reference point for RTOs, applicants and Auditors for the conduct of audits.

The principles specify that audits are:



1.3.1 Systematic

Audits are conducted in a systematic manner based on an audit sampling strategy to ensure that the audit findings, conclusions and recommendations accurately represent the organisation's operations.

Audits are planned with all members of the [audit team](#) aware of their roles and responsibilities.

RTOs or applicants can also contribute to the audit process through their own pre-audit planning and preparation, ensuring necessary staff, resources and evidence are available for the audit to progress smoothly.

TAC determines the scope and schedule of audits based on identified risks, in accordance with the [TAC Risk Framework](#) and [Regulatory Strategy](#). Using this information TAC will determine:

- the Standards and clauses to be audited;
- the training product/s to be audited;
- whether the audit is to be a [desk audit](#) or a [site audit](#);
- the delivery sites to be visited as part of the audit;
- the audit team members required to conduct the audit such as co-auditors, observers and technical experts.

Depending on the [type of audit](#), Auditors in conjunction with TAC, may determine where relevant:

- the staff and students to be interviewed or surveyed;
- the range of student files to be examined; and
- the training and assessment materials to be examined.

1.3.2 Outcomes-Focused

For established RTOs, outcomes are the result of strategies implemented to achieve quality training, assessment, client services and management systems. The primary role for the Auditor is to determine, from evidence provided by the RTO, whether the deployment of the RTO's processes meet the requirements of the Standards for RTOs. The RTO's scale, scope, student cohort and the approach to the management of its operations, in particular the systems it has in place to ensure continuous improvement, will also provide evidence of whether the outcomes achieved are sustainable.

To focus on outcomes, the audit process reviews evidence provided by each RTO about what has been achieved against the Standards for RTOs. There is no 'one-size-fits-all' approach to compliance – the audit outcome will be based on whether the RTO's systems are working as intended and meeting the requirements of the Standards.

The Auditor will consider whether:

- the RTO's evidence has met the requirements of each Standard or clause; and
- results were achieved through the planned and systematic deployment of specific actions taken by the RTO.
- The audit will also check for the deployment of RTO policies and procedures, and the effectiveness of these policies and procedures in achieving quality outcomes and good governance. If the RTO is not achieving anticipated outcomes, the audit may then focus on processes being used by the RTO to identify and resolve any issues.

The [Users' Guide to the Standards for RTOs](#) suggests a range of evidence that RTOs may choose to present to demonstrate their business practices and how compliance with the Standards is being maintained.

For new applicants seeking registration, the audit considers whether:

- the applicant has met the requirements of each Standard and clause;
- the planned approach to achieving quality outcomes is systematic;
- the applicant is sufficiently aware of the VET environment in which it will operate; and
- the intent of the planned business practices are achievable and sustainable.

1.3.3 Evidence-Based

Audit findings in relation to an RTO's compliance with the Standards for RTOs are based entirely on the evidence available to the Auditor.

Auditors do not have preconceptions about the form that evidence may take, therefore it is up to the RTO or applicant to present evidence based on their business model and training and assessment practices.

Judgements about whether evidence demonstrates compliance are guided by consideration of these questions:

- Is the evidence valid - is it reflecting the requirements identified in the Standard or clause that is being audited?
- Is the evidence sufficient – is it sufficiently addressing the requirements enabling a fair and reasonable judgement about compliance?
- Is the evidence authentic? – is it genuine, real and related to actual practice?
- Is the evidence current - is it relevant to the operations of the provider at the time of the audit and reflects current industry/regulatory requirements?

If there is insufficient evidence for an Auditor to make a finding of compliance, the gaps will be explained by the Auditor by:

- restating the Standards or clause in relation to the evidence provided;
- explaining why the evidence is not sufficient (relating to the rules of evidence).

A finding of [non-compliance](#) does not always indicate that the organisation is not complying with a particular clause – occasionally it may be due to an absence of evidence available at the time of the audit.

For new applicants seeking registration, the focus of the audit is on intent, as there will have been no deployment of systems or processes to demonstrate compliance. The Auditor's role is to check and confirm sufficient evidence is presented to demonstrate that the applicant has the capacity to operate effectively as an RTO and have the capacity to operate as an RTO immediately following the audit.

1.3.4 Flexible

RTOs vary in size and scope, from a one-person provider delivering units of competency in a niche market in one location, to a large RTO with numerous qualifications on its registration offered state-wide. The diversity of RTOs includes private RTOs, community RTOs, enterprise-based RTOs, industry-based RTOs, TAFEs and schools.

This diversity means that there is no 'one size fits all' approach to evidence of compliance. The Auditor must be open to considering the different forms of evidence that each RTO may provide to support making a judgement about compliance with the Standards and clauses.

1.3.5 Fair, Open and Transparent

The RTO's legally responsible person identified by the RTO or applicant is informed about the audit in advance and given an opportunity to provide evidence of compliance in a form suited to the RTO's operations.

The RTO or applicant will also be advised who they can contact in the TAC Secretariat if they have any questions or concerns before the audit including any conflict of interest with the Auditor.

For [site audits](#), the audit schedule will be communicated between the RTO or applicant and Auditor. The process is confirmed at the entry meeting between audit team and RTO/applicant. The legally responsible person, senior management and/or delegate are required to attend the entry and exit meetings with the audit team as part of the site audit process.

Auditors will provide information about their role when interviewing staff or clients. The Auditor will also explain how the information participants provide will contribute to judgements about compliance with the Standards for RTOs.

If the audit takes more than one day, a brief meeting at the close of each day may be scheduled to inform the RTO of any issues that have arisen during the day. On completion of a site audit, the Auditor will provide the organisation with a verbal summary of the audit findings during the exit meeting. The Auditor must inform the RTO or applicant that the information provided at the exit meeting is a preliminary assessment only, and that the official audit report will include more

comprehensive information on the audit findings. Auditors are not required to provide a verbal summary of audit outcomes for desk audits.

Following any audit, the Auditor will prepare a [report](#) which is submitted to TAC for consideration. Should any non-compliances be identified, the RTO will be formally notified by the TAC.

Further information is available on the [audit process](#) and [timelines](#) for submission of rectification evidence.

1.4 Category of Audit

Once registered, the audits that could occur during an RTO's registration include:

- audits required as a result of changes to the RTO's scope of registration; and
- audits commissioned by TAC as part of its ongoing risk management approach.

The extent to which each RTO is monitored and audited by TAC during its registration period is based on an assessment of risk to the quality of training and assessment outcomes and the national VET sector. The process for doing this is described in the [TAC Risk Framework](#).

There are a number of different types of audit that may be scheduled by TAC, and these fall into two categories: audits resulting from applications and those initiated by TAC.

1.4.1 Audits Resulting from Applications

When an [application](#) is received, TAC will undertake a desktop review to determine if the application is complete. Once it is determined that the application requirements have been met, TAC will conduct a risk assessment to determine whether an audit is necessary in line with the requirements of the [TAC Risk Framework](#) and [Regulatory Strategy](#).

Based on the outcome of the risk assessment an audit may be required.

Audits resulting from applications are triggered by applications for registration or changes to an existing registration.

These audits include:

- Initial registration audits
- Amendment to scope audits
- Renewal of registration audits

1.4.2 Audits Initiated by TAC

Audits initiated by TAC are undertaken most commonly to monitor compliance or respond to an identified risk. Should your RTO require an audit you will be notified in writing of the type of audit to be undertaken and the reason for it.

The different categories of TAC initiated audits include:

Monitoring audits	In some instances an RTO will be required to undergo a monitoring audit. Monitoring audits are generally targeted audits endorsed by TAC that focus on specific training products or Standards. These audits are often initiated to ensure that the actions proposed by an RTO to rectify non-compliances have been deployed, or to address particular training areas or concerns that have been raised by industry.
Complaint audits	<p>TAC only investigates complaints that relate to an RTO's compliance with the Standards for RTOs. An audit can be initiated in response to a complaint if an internal review determines that there are grounds for further investigation or that there are potential breaches of the Standards. The RTO will be advised of the complaint and the process for the investigation.</p> <p>Information about complaint audits is available in the TAC Complaints Policy.</p>
Strategic Reviews	Strategic Reviews provide an in-depth analysis of systemic issues pertaining to a specific industry area or other systemic VET issues. The consideration of risk at the local level allows WA to respond to locally or nationally identified quality issues and intervene in a timely manner.
Compliance Monitoring Audits	<p>Compliance Monitoring Audits (CMA) allow for the monitoring of compliance with the Standards for RTOs as a result of non-compliances identified at previous audits or when seeking removal of a sanction.</p> <p>A CMA can be initiated when one of the following criteria applies:</p> <ol style="list-style-type: none"> 1. On application from an RTO to remove sanctions applied by Council; 2. When an RTO has been found critically non-compliant at audit, and a follow up audit is necessary to ensure the actions taken by the RTO have been deployed; 3. When two consecutive significant or higher non-compliant outcomes have been identified against the same qualification or industry area within a three year period; 4. When TAC has determined that the outcome of an audit indicates that a broader audit sample is required due to the identification of risks that could be detrimental to learners undertaking VET with the provider. 5. If the RTO meets the criteria, the matter will be sent to the Council for consideration. <p>All CMAs endorsed by the Council will be charged in line with the CMA fees schedule as outlined in the CMA policy.</p>

1.5 Audit Method

There are two audit methods: site audits and desk audits.

- site audits; and
- desk audits.

Auditors are required to apply the audit principles, which includes natural justice and procedural fairness in the planning, conduct and reporting of all audits, regardless of the type of audit or audit method applied.

The method of audit is determined in line with TAC's risk approach.

1.5.1 Site Audits

A site audit is an audit that includes a visit to the RTO or applicant's physical premises. It allows the Auditor to collect, through interviews and observation, a broad range of evidence to determine the extent to which an RTO or applicant complies with the Standards for RTOs. In most cases, the process for a site audit can be viewed in the following [flowchart](#).

1.5.2 Desk Audits

A desk audit is an audit that is conducted off site, but may involve email or telephone contact with the RTO or applicant. A desk audit may be used where a physical inspection is not required. In most cases, the process for a desk audit can be viewed in the following [flowchart](#).

1.6 The Audit Team

An audit may be conducted by a single Auditor or by an audit team comprised of a lead Auditor, one or more co-Auditors and an observer/s may also attend. Technical experts may also be called upon by the Auditor when seeking technical advice or expertise in regard to an industry specific requirement outlined in the training product.

1.6.1 Site Audits - Roles and Responsibilities of the Audit Team

The following outlines the roles and responsibilities of the audit team for site audits.

Lead Auditor

- The role of the lead Auditor is to:
- confirm the scope of the audit with TAC and brief the audit team;
- contact the RTO or applicant and make an appointment for audit;
- identify and confirm resources (including audit team members and audit documentation) required to conduct the audit;
- review documentation and develop a schedule for the audit in conjunction with the RTO or applicant;
- conduct the entry meeting;

- manage audit team resources by ensuring there is effective communication between the audit team, and the RTO or applicant's representative to ensure the audit team have access to relevant materials, sites and personnel;
- conduct the exit session with the RTO or applicant and confirm follow-up;
- provide information to the RTO or applicant about the complaint process and follow-up action required; and
- prepare the audit report with support from the audit team and submit to TAC.

Co-Auditor

The role of the co-Auditor is to:

- participate in the entry and exit meetings;
- identify and gather information;
- analyse and evaluate information;
- report findings; and
- undertake other duties as requested by the lead auditor.

Observers

Observers are drawn from TAC and occasionally from other sections within the Department of Training and Workforce Development. Further to this, new Auditors undergoing induction or new members of TAC staff may attend audits as observers.

Auditors can also request an observer to accompany them to any audit should they feel the need.

The role of the observer is to:

- ensure that the correct audit process is followed;
- guard against bias, error and omission by providing a third-party view of the site visit;
- in the event of a formal complaint by the RTO, provide a third party account;
- provide clarification on site visit issues to the TAC Secretariat where required; and
- participate in the entry and exit interview with the RTO.

1.6.2 Knowledge and Skills of Auditors

TAC establishes a panel of RTO Auditors through a public tender process.

Auditors are required to demonstrate they have VET knowledge and skills as well as the necessary knowledge and skills to apply audit principles, procedures and techniques when undertaking TAC audits. Auditors must hold relevant auditor competencies and continuously demonstrate current and relevant vocational competencies in the conduct of audits.

Members of the TAC audit panel are required to undertake ongoing professional development and attend regular mandatory auditor moderation meetings.

TAC Auditors and must observe the [TAC Code of Practice for RTO Auditors and Accreditation Reviewers](#).

1.7 Consultants at Audits

During an audit, the Auditor is required to assess how the systems the RTO has implemented, or intends to implement, meet the requirements of the Standards. Through this process the Auditor also has the opportunity to assess staff's understanding of these systems. Many RTOs or applicants engage consultants to help prepare for a TAC audit. For the Auditor to be confident that an RTO has the capacity to meet the requirements for registration, the interaction at the audit must be between the Auditor and the RTO, not the consultant.

A consultant may attend an audit to provide support to the RTO. However, unless the consultant has been delegated the authority by the RTO's Legally Responsible Person and will undertake the role on an ongoing basis for the RTO, the consultant cannot:

- provide responses to the auditor on behalf of the provider; or
- enter into discussions regarding the conduct, progress or findings of the audit.

2. PRIOR TO AUDIT

2.1 TAC Audit Procedures

2.1.1 Allocation of audits to Auditors

TAC will issue category specific audits to Auditors in no particular order of preference, however, issues such as location, availability, scope, skills and experience in the category of service will be factors relevant to audit allocation.

Once the Auditor accepts the audit assignment, TAC will advise the RTO and the Auditor will coordinate the next phase in the audit process.

2.1.2 Scheduling a Site Audit

TAC will authorise the Auditor to contact the RTO to schedule a site audit.

Site audits are to occur within 10 working days of the Auditor receiving authorisation to contact the provider. Should circumstances prevent a site audit occurring within this timeframe, the Auditor will seek direction from TAC.

Once an audit is scheduled, it is expected to occur at that time unless there is an emergency. RTOs must contact the Auditor immediately if an emergency occurs. The Auditor may not be able to accommodate a new audit date and may need to seek further direction from TAC.

Please note that if the audit is cancelled, there is no refund of fees for audits related to an application.

2.1.3 Auditing at a Private Residence

It is now common practice for businesses, including RTOs, to be based at a home office, especially where 'site-based' training programs are being offered. TAC considers these audits may potentially present a higher risk for the personal safety of an Auditor and other members of an audit team. To minimise this risk, an Auditor may be accompanied by an observer from TAC if the audit is to be conducted in a private residence.

2.1.4 Changing Audit Scope once an Audit is Scheduled

Audits are scheduled to assess specific training products or industry areas and once scheduled there is limited opportunity to change the scope of the audit. A change of audit scope is likely to require submission of new or additional evidence, which in turn may involve a change to the time an Auditor has been allocated to the audit, the evidence to be observed or people to be interviewed. If it becomes necessary to change the scope of an audit, the provider must contact the Auditor and TAC immediately so that required changes may be discussed.

2.2 What to Expect Prior to Audit

The following information is to guide RTOs/applicants in preparing for a site or desk audit.

2.2.1 Helpful Information

Undergoing an audit can be a stressful experience, but it doesn't have to be if you are well informed and prepared for the audit. TAC offers a number of resources to assist you with preparing for your audit:

- The brochure [How to prepare to for an Audit against the Standards for RTOs](#) provides more information on what to expect prior to an audit.
- The [User's Guide to the Standards for RTOs](#) provides explanation and guidance for RTOs to assist them in understanding their regulatory obligations, and to establish and maintain systems and processes that both comply with the Standards and suit the RTO and its clients and learners.

2.2.2 Site Audits

No two people, business practices or providers are the same. The Auditor will generally not be familiar with a particular RTO's operations and is therefore reliant on organisational representatives to provide clear and logical information about how the business operates.

Once it has been determined that an audit is required, there are a number of things that an RTO should consider in preparing for the audit.

- Be informed - review the intent and requirements of the audit as advised by TAC.
- Consider evidence requirements - the Auditor's role is to verify evidence that the provider is achieving quality training and assessment outcomes and is using a continuous improvement approach to ensure the ongoing achievement of these outcomes.

- Conduct a self-assessment prior to audit. Use an approach that suits your business context however, the [Users' Guide to the Standards for RTOs](#) could be used to inform a self-assessment. You may also choose to use the [TAC self-assessment template](#). Whatever form the self-assessment takes, at the very least it will be important to determine if and how your business is:
 - achieving compliance with the Standards for RTOs;
 - meeting training package requirements;
 - delivering training to industry standards;
 - meeting the learning needs of clients; and
 - continuously improving outcomes.
- It is a good idea to provide the Auditor with a snapshot of your business, such as the scope of delivery, number of students, modes of delivery, staffing, facilities, client groups, special features, etc.
- Decide which staff members, learners and clients will be best placed to provide supporting evidence, and ensure they will be available.
- Participation in an audit can be stressful. Work with staff to help them feel more at ease with the audit process and let them know what to expect.
- It is most likely that the Auditor will track the progress of learners and will identify learners and, where relevant, clients such as employers, to be interviewed to determine the extent to which the provider is achieving its outcomes.
- Allocate a staff member to be the Auditor's guide during the visit. The guide supports the process by ensuring staff are available at planned times, assisting with auditor requirements and acting as the liaison between the auditor and the provider's staff.
- Allocate a workspace for the Auditor to analyse evidence and conduct interviews.
- Advise the Auditor of any special access arrangements, such as safety clothing, white card, security or parking arrangements.

2.2.3 Desk Audits

If a desk audit is required, you will receive a notification from TAC. The notification will advise you of the scope and scale of the audit and in some instances allow you an opportunity to submit further evidence directly to the Auditor by a specified date. The Auditor will be advised of the timeframe for the submission of additional evidence.

It is up to you to determine what evidence you will submit to demonstrate compliance with the Standards for RTOs. However, the evidence provided should be clearly referenced/indexed to assist the Auditor to understand which Standards/clauses the evidence submitted is addressing.

If the evidence is not provided to the Auditor by the nominated date, the Auditor will conduct the audit against the Standards for RTOs, based on the evidence previously submitted with the application.

A guide to evidence that you could provide to the Auditor for an amendment to scope of registration application is available in the [Amendment to Registration Application Guide](#). Please note that the list in the guide is not exhaustive or prescriptive.

3. DURING THE AUDIT

The following information outlines what occurs during a TAC audit.

3.1 TAC Audit Procedures

3.1.1 Conflict of Interest

To maintain confidence in the national VET system, the audit process must be open, transparent and defensible. To achieve this, TAC Auditors must be independent and have had no recent association with the RTO or applicant they have been assigned to audit. RTOs, applicants and the audit team are required to declare actual, perceived or potential conflicts of interest.

Auditors must not advise, consult or provide an opinion on any aspect of the provider's business, including staff or clients, unless these are opportunities for improvement to be included in the audit report.

RTOs and applicants are given an opportunity to declare a conflict of interest prior to an audit prior to the audit commencing. For applications, this will be through the [application form](#). For other audits, correspondence advising the audit provides information about conflicts of interest. Providers cannot use a conflict of interest declaration as a means of 'picking and choosing' an Auditor, and TAC may seek further clarification of the nature of any declared conflicts of interest.

3.1.2 Protection of Intellectual Property

Auditors will protect the intellectual property of RTOs and applicants and any commercial-in-confidence material or information disclosed in the course of the audit.

3.2 What to Expect During the Audit

The following is a guide on what to expect at a site audit:

The audit will commence with an entry interview to be conducted by the lead Auditor, who introduces the audit team and outlines the audit process and the anticipated schedule for the audit. At this meeting, you will be able to provide the audit team with a snapshot of your business, such as the scope of delivery, number of students, modes of delivery, staffing, facilities, client groups, special features, etc.

During the audit, the Auditor will ask a series of questions and review evidence relating to your organisation's outcomes and delivery of nationally recognised training in line with the Standards for RTOs. More information on the storage of records and keeping records for auditing purposes is available in the [Fact Sheet - Records Management](#).

The audit may also include observation of training delivery and/or assessment and discussions with students, staff and end user clients such as employers. The Auditor may also identify opportunities for improvement.

For an initial registration audit, the Auditor will look for evidence that required systems, processes and training and assessment resources are in place.

The Auditor will take notes during the audit to assist with the preparation of an [audit report](#). These notes may be in hard copy or electronic format.

The audit will conclude with an exit interview with relevant staff. At this meeting, the Auditor will provide an overview of the audit findings and allow you the opportunity to ask questions. The Auditor will also explain what happens after the site audit. You may make notes, but you will not be given a written report at the exit meeting. The Auditor will inform the RTO or applicant that the information provided at the exit meeting is a preliminary assessment only, and that the official audit report, provided by TAC, will include more comprehensive information on the audit findings.

On conclusion of the audit, the Auditor will ask you to acknowledge that you have been provided with the following:

- an overview of the preliminary audit findings;
- any strengths that may have been identified during the audit;
- any opportunities for improvement; and
- TAC's processes following the site audit.

You will be asked to acknowledge this by signing the Auditor's documentation, either electronically or in hard copy.

4. AFTER THE AUDIT

A number of activities occur after the audit.

1.1 Reporting

4.1.1 Reports

At the conclusion of every audit, the Auditor will write a formal report that forms a detailed record of the scope, evidence and findings of the audit, personnel interviewed, including students, employers (where relevant) and staff in attendance for the entry and exit meeting, and the actual audit findings. This report will be submitted to TAC.

TAC requires audit reports to contain information that is:

- factual and only based on the evidence provided by the RTO or applicant or its representatives, or observed by the Auditor;
- written in a way that enables the reader to understand what the audit outcome is for each Standard and clause and where rectifications are required in cases of non-compliance; and
- written in plain English using appropriate language and technical references.

An audit report can at times be overwhelming because it may be lengthy and contain a lot of information. It is important that both Auditors and RTOs are familiar with the format and structure of an audit report to be able to read and interpret it accurately. This will enable RTOs to more accurately target rectification areas within the report and identify how they intend to address areas of reported non-compliance.

It should be noted that rectification evidence is only required for the Standards and clauses for which non-compliances have been reported. Opportunities for improvements identified in the audit report are suggestions only, and RTOs are not required to submit any evidence to the Auditor in response to these.

On completion of a site audit, the Auditor will provide the organisation with a verbal summary of the audit findings during the exit meeting. The Auditor informs the RTO or applicant that the information provided at the exit meeting is a preliminary assessment only, and that the official audit report will include more comprehensive information on the audit findings. Auditors are not required to provide a verbal summary of audit outcomes for desk audits.

For both site and desk audits, on audit completion the audit report will be provided to the RTO or applicant directly from TAC.

4.2 Audit Reporting Timelines

TAC's processes include a range of post-audit reporting timelines for both Auditors and RTOs.

In general, the Auditor has 10 working days from undertaking a site audit or receipt of information for a desk audit, to provide the completed report to TAC. For both site and desk audits the audit report will be provided to the RTO or applicant directly from TAC. More information is available in the [TAC Audit Process Flowcharts](#).

In addition, completed evidence review reports are to be provided to TAC within 10 working days of receipt of evidence.

4.3 Audit Outcome

If an RTO is non-compliant at an audit with significant or critical levels of non-compliance, TAC will find that the RTO is non-compliant, and:

- propose to reject (for applications) or, propose to sanction the RTO; and
- provide the applicant/RTO with 20 working days to respond to the Council's proposal and provide any supporting evidence for review.

TAC will then consider an appropriate regulatory response. In making a decision, TAC will take into account:

- the RTO's history of compliance and deployment of quality systems;
- the outcomes of the evidence review; and

- any information provided by the RTO in its response to the proposed action to reject or sanction.

If an RTO is non-compliant at an audit with minor non-compliance, TAC will provide the RTO with an opportunity to address non-compliances without the proposal to reject or sanction.

TAC will not progress or approve applications for initial registration, renewal of registration or amendment to registration while non-compliances remain.

RTOs who have demonstrated compliance at audit will receive their audit report from TAC.

More information on the level of non-compliance, how an Auditor determines the overall level of non-compliance, what to do when a non-compliance has been identified and how to address the non-compliances is available in the [Managing Non-Compliance against the Standards for RTOs Fact Sheet](#).

4.4 Audit Report

An audit report can at times be a large document. The format is detailed and, with the inclusion of lists of evidence sighted and details of the audit findings, reports can easily accumulate into many pages. The report template is made up of the following three sections:

Section 1 - Audit Details

- Organisation details and overview
- Audit date & Site Audited
- Standards audited
- Interviews Conducted
- Scope of Delivery applied for

Section 2 - Summary of Overall Audit Outcomes

- Overall Level of Compliance
- Auditors Justification
- Non-compliant Standards

Section 3 – Audit Report

- Compliance with Standard 1 is reported against each training product (qualification/unit of competency/accredited course) included in the scope of audit.

The reader of the audit report needs to consider the audit findings for each training product in isolation and in context. Any reported non-compliant Standards and clauses will be noted and details of the evidence and audit findings will be documented. RTOs or applicants will need to consider the findings and develop their own plans for the corrective actions to be taken in response.

The remaining Standards (Standards 2 – 8) apply to the organisation as a whole, rather than specific training products.

4.5 Opportunity for Improvement (OFI)

An opportunity for improvement or OFI is best described as a compliant element of an RTO's management and/or training system that, in the Auditor's opinion could be strengthened, streamlined or otherwise improved.

OFIs do not require any action on the part of the RTO. However, RTOs are encouraged to give OFIs serious consideration in view of the Auditor's knowledge and experience. A provider may consider an OFI a continuous improvement opportunity or possibly an intervention to prevent future issues from arising.

In the interest of transparency and as a formal record, OFIs are recorded by the Auditor and included in the audit report.

4.6 Strengths

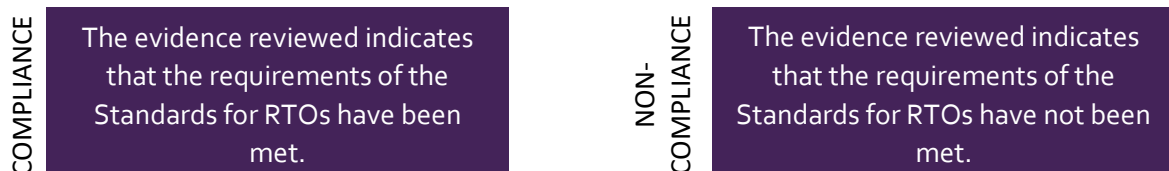
Audits provide the opportunity for RTOs or applicants to showcase what they are doing to achieve quality results.

In cases where, in the Auditor's opinion, evidence shows exceptional outcomes, strengths are recorded and included in the audit report.

4.7 Overall Level of Non-Compliance

The overall finding of an audit is based on the extent to which the evidence reviewed demonstrates compliance with the Standards for RTOs.

The overall finding is either compliance or non-compliance, defined as follows:



When the overall finding is non-compliance, Auditors will also assign an overall level of non-compliance. This is recorded on the report and is one of the factors that informs an RTO's risk rating. The levels of non-compliance are identified as:



4.7.1 Minor Non-Compliance

The requirements have not been met, and there is **minor or no impact** on learners and/or other consumers of goods and services produced in the training environment or on the learner's current (or future) workplace. Evidence viewed could indicate that one or more of the following has occurred:

- the non-compliance identified does not demonstrate a serious breakdown of the RTO's systems for the provision of quality training and assessment;
- continuous improvement systems are in place; and/or
- data from the quality indicators or other sources shows that clients are generally satisfied with services and outcomes from the RTO.

An example of a minor non-compliance is where the RTO did not demonstrate how their industry engagement ensures the relevance and currency of their trainers' and assessors' industry skills (Clause 1.6b) and no systemic issues were identified.

4.7.2 Significant Non-Compliance

The requirements have not been met, and there are indications of **significant adverse impact** on learners and/or other consumers of goods and services produced in the training environment or the learners' current (or future) workplace. Evidence viewed could indicate that one or more of the following has occurred:

- training and assessment systems are not sufficiently focused on quality training and assessment outcomes and meeting individual learners' needs in some areas of the RTO's operations;
- systems to continuously improve the RTO's operations are inadequate;
- data from the quality indicators or other sources shows that a range of clients have expressed dissatisfaction with services and outcomes from the RTO; and/or
- previously identified minor non-compliance has not been rectified or evidence of improvement within the applicable period has not been provided.

An RTO's non-compliance reported against assessment (Clause 1.8) is considered significant as the impact on learners and the industry would be concerning and rectification requirements will cause great inconvenience to all parties. A common significant non-compliance is where assessments for a training product do not meet all requirements of the training package.

4.7.3 Critical Non-Compliance

The requirements have not been met, and there are **critical adverse impacts** on learners and/or other consumers of goods and services produced in the training environment or the learners' current (or future) workplace. Evidence viewed could indicate that one or more of the following has occurred:

- training and assessment systems are not achieving quality training and assessment outcomes and are not meeting individual learners' needs;
- there is a breakdown in, or absence of, effective management systems;

- there is no systematic approach to continuous improvement; and/or
- data from quality indicators or other sources shows that there is widespread or persistent dissatisfaction with services and outcomes.

An RTO's non-compliance reported against the requirements of trainer/assessor competence (Clauses 1.13 and/or 1.14) may be considered critical as the RTO may have inappropriately qualified trainers and assessors. The impact on learners and the industry would be concerning and the rectification required could cause great inconvenience to all parties.

4.7.4 Critical Non-Compliance (Risk of Injury or Death)

In extreme (and rare) situations, evidence from audit may indicate **risk of injury or death** to people in the training environment or the learners' current (or future) workplace. In such instances, the level of risk and potential impact warrants immediate rectification. Evidence viewed could indicate that one or more of the following has occurred:

- training and assessment systems are not achieving quality training and assessment outcomes and are not meeting individual learners' needs;
- there is a breakdown in, or absence of, effective management systems;
- there is no systematic approach to continuous improvement;
- data from quality indicators or other sources shows that there is widespread or persistent dissatisfaction with services and outcomes; and/or
- there is a risk of injury or death to people in the training environment or the current (or future) workplace.

An example would be where an RTO providing training which leads to High-Risk Work Licence outcomes and the resources being used are evidently unsafe and a danger to the operator, learner and RTO representatives (Clause 1.3d, 1.4). In this case it is likely the Council would direct the RTO to immediately stop delivery and report the potential danger to the relevant authority such as WorkSafe.

Where an Auditor has identified a risk of injury or death, the Auditor must contact the Manager Regulation at TAC immediately to discuss the concerns. It is essential that the Auditor contacts TAC as soon as the risk of injury or death is identified so the non-compliance can be managed appropriately.

The Auditor will be asked to report to TAC the risk and the likelihood of the risk of injury or death occurring. The Auditor may also be required to submit the audit report to TAC within a shortened timeframe. In addition, the RTO may be required to provide evidence of rectification within a shortened timeframe, depending on the risk and the likelihood of the risk occurring.

The [Management of Critical Non-Compliance Policy](#) outlines the rectification timeframe based on the likelihood of risk of injury or death occurring:

More information on the level of non-compliance, how an Auditor determines the overall level of non-compliance, what to do when a non-compliance has been identified and how to address the non-compliances is available in the [Managing Non-Compliance against the Standards for RTOs Fact Sheet](#).

4.8 Evidence Review Report

Where an audit report identifies non-compliance, TAC may grant the provider the opportunity to provide additional evidence within a specified timeline to demonstrate compliance.

Where the [overall level of non-compliance](#) is considered **minor, significant or critical**, RTOs have 20 working days from the date of receipt of an audit report to provide additional evidence to the Auditor. Non-compliances that are considered critical with a risk of injury or death may receive a reduced timeframe for provision of evidence as outlined in the Management of Critical Non-Compliance Policy.

It is up to the RTO or applicant to determine what evidence it submits to demonstrate compliance with the Standards for RTOs. To assist Auditors, the evidence provided must be clearly referenced to the Standards/clauses to which the non-compliances relate.

More information on the level of non-compliance, how an Auditor determines the overall level of non-compliance, what to do when a non-compliance has been identified and how to address the non-compliances is available in the Managing Non-Compliance against the Standards for RTOs Fact Sheet.

The evidence provided will be reviewed by the Auditor against the Standards for RTOs. The Auditor is required to provide a report to TAC outlining the outcomes of the rectification. This report is referred to as the Evidence Review report. The report will indicate whether the RTO has remaining non-compliance or has been able to demonstrate compliance.

If the RTO or applicant does not provide the evidence to the Auditor by the nominated date, the Auditor will submit an evidence review report indicating that all non-compliances remain outstanding.

4.9 Remaining Non-Compliance

Where non-compliance remains after evidence review TAC will consider whether to provide another opportunity for rectification, reject the application, apply sanctions and/or endorse follow up action.

Decisions by TAC about the application of sanctions on an RTO or applicant's registration are determined on a case-by-case basis and will depend on a range of factors, including:

- the specific nature of the non-compliance;
- evidence presented to TAC;
- impact on learners, clients and stakeholders; and
- the impact on the quality of vocational education and training services.

More information is available on the application of [sanctions](#).

TAC will not progress or approve applications for initial registration, renewal of registration or amendment to registration while non-compliances remain.

4.10 Compliance Achieved

4.10.1 Initial / Renewal

If TAC approves an RTO's registration, correspondence advising of registration will include a certificate of registration and an outline of the RTO's scope of registration. The RTO's details will also be published on the national VET register www.training.gov.au.

Registration as an RTO under the Standards for RTOs indicates that the RTO complies with nationally agreed standards for the quality of training, delivery, assessment and recognition, and contributes to community confidence in the products and services that the RTO provides.

Unless otherwise stated by TAC:

- initial registrations are approved for a period of 2 years; and
- renewal of registrations are approved for a period of 7 years.

4.10.2 Amendments

If TAC approves an amendment to registration application, the RTO will receive correspondence outlining the additional training products that have been added to the RTO's scope of registration.

The RTO's details on the national VET register www.training.gov.au will be updated accordingly.

4.11 Monitoring Audits

TAC may determine on the basis of the non-compliances identified at audit that a [monitoring audit](#) or [compliance monitoring audit](#) is required to ensure ongoing compliance.

4.12 Disputes and Appeals

4.12.1 Disputing Audit Findings

On reading the audit report, RTOs or applicants may at times consider that the audit findings contained in the report are not an accurate reflection of what was presented to the Auditor or observed by the Auditor. RTOs are able to dispute the audit findings provided they do so within **five working days** of receipt of the audit report.

In the first instance, RTOs or applicants are encouraged to seek clarification from the Auditor regarding the audit findings. At times this clarification can remove any confusion or misunderstandings.

If the clarification has not provided a resolution, the RTO or applicant must contact the Manager Regulation if they intend disputing an audit finding. A dispute can then be lodged using the TAC Dispute of Audit Findings form below to the Manager Regulation. More information on disputing an audit is available in the [Dispute of Audit Findings Policy and Procedure](#).

4.12.2 Appealing a Council Decision

If you are dissatisfied with a Council decision and believe the Council has erred in its application of, or failed to apply criteria or procedures as outlined in the Council's established policies and procedures you may choose to lodge an appeal.

Appeals must be lodged in writing to the State Training Board within 21 calendar days from the date you were notified of the decision.

More information on appealing a Council decision is available in the [Appealing a Council Decision Information Sheet](#).

4.13 Complaints information

More information on the following areas is available on the TAC [website](#):

- Complaints against RTOs
- Making a complaint about TAC
- Complaints about the conduct of staff and contractors
- Freedom of information (FOI)