

**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



TEC audit report

Whitecliffe Enterprises Limited (Edumis 8509)

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Tertiary Education Commission
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Whitecliffe Enterprises Limited (Edumis 8509)

Part one: Summary of Audit Results

Overall recommendation



Systems, processes and practices have some major issues that could impact on student outcomes and put Crown funding at risk. Immediate actions will be required to retain TEC funding.

Audit Ratings

Rating	Number of Focus Areas	Percentage	
Complies with requirements (C)	4	40%	
Improvement Required (I)	3	30%	
Does not comply (NC)	3	30%	
Total	10	100%	

Key findings and recommendations

Overall, systems, policies and procedures are not effective and require improvement. The following findings and recommendations have been made:

- > Whitecliffe Enterprises Limited t/a Whitecliffe College (Whitecliffe) should review the approved delivery sites recorded in STEO, with the sites approved by NZQA, and update records so that it reflects the PTE's current active sites.
- > There were three programmes (NZ2606, NZ2607 and NZ2608) where there were errors in reporting the qualification title, which was established after reviewing the offer letters and the academic transcripts issued to individual students enrolled in these programmes. The Services for Tertiary Education Organisations (STEO) website should be updated with correct qualification titles for the three programmes.
- > There were two instances where there was no certificate of identity in the learner's file to verify their domestic status. The check from the National Student Index (NSI) website reflected that both these learners are New Zealand citizens. Going forward, Whitecliffe should ensure appropriate evidence is maintained to confirm that each learner's domestic status has been verified and maintained as part of the learner records.
- > Funding has been claimed for prior learning by virtue of the students being re-enrolled in the courses that were recently successfully completed at Whitecliffe.
- > Whitecliffe should review all 2019, 2020 and 2021 student records to identify instances where funding has been claimed (through SAC3+ and Fees-free) for any student re-enrolled in courses which have been recent successful completions.

- > A review of the December 2019 and December 2020 SDR identified that Whitecliffe did not report correct withdrawal dates. The PTE advised that this is due to some default setting in the SMS, which has to be resolved.
- > The audit identified several instances in the December 2019 and December 2020 SDRs, where the students were not reported correctly under source of funding code 31 (SoF 31). Whitecliffe needs to review and resubmit the December 2019 and December 2020 SDRs to ensure that all the relevant students are correctly reported under SoF 31.
- > For NZ2627 and NZ2629, fees increases for a few courses were more than the AMFM permissible limit for 2019 and 2020. Whitecliffe advised that the fees increase beyond the set limit was mainly due to rounding up. STEO should be updated retrospectively calculating the fees increases from 2019 to 2020 at 2%, and 1.1% from 2020 to 2021. This should be corrected before applying the fees increases for 2022.
- > For TAFL funding, no invoices were held for the purchase of USB, printers and software installation because the amount was directly deposited into the student's account on a good faith basis.

Part two: Key findings and recommendations

The key findings and recommendations for each focus area are in the table below.

In addition to providing proposed actions and comments in part five of this report, you will be required to send a detailed action plan and relevant evidence to your Senior Auditor, s9(2)(a) within four weeks after the date of your final audit report. The email address is: s9(2)(a)

Ratings

C = Complies with requirements	I = Improvement Needed	NC = Does not comply	N/A = Not Applicable
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Looking for	Findings and Recommendations	Rating
Focus Area 1: Organisation Eligibility		
<p>Is the TEO an eligible provider?</p> <p>Has the TEO been quality assured by NZQA?</p> <p>Have all sites been approved by NZQA?</p> <p>Have any subcontracting arrangements been approved by TEC and do they remain current?</p>	<p>Findings</p> <p><u>Eligible provider</u></p> <p>> Whitecliffe is a registered and accredited private training establishment (PTE). The organisation was first registered with the New Zealand Qualifications Authority (NZQA) on 1 April 1991.</p> <p><u>Quality assured</u></p> <p>> Whitecliffe has been quality assured by the NZQA. External Evaluation and Review (EER) categories are from category one (highest) to category four (lowest).</p> <p>> The most recent EER was issued on 13 December 2017. Whitecliffe received a category one rating consisting of highly confident in educational performance and confident in capability in self-assessment.</p> <p><u>Delivery sites</u></p> <p>> In Services for Tertiary Education Organisations (STEO), there are ten approved delivery sites:</p> <ul style="list-style-type: none"> - 24 Balfour Road, Parnell, Auckland, 1052 - 120 Madras Street, Christchurch Central, Christchurch, 8011 - 163 Madras St, Christchurch Central, Christchurch, 8011 - Floor 12, Grand Plimmer Tower 2-6 Glimmer Terrace, Wellington Central, Wellington, 6011 - Level 4, 450 Queen St, Auckland Central, Auckland, 1010 	C

Looking for	Findings and Recommendations	Rating
	<ul style="list-style-type: none"> - Level 2, 110 Symonds St, Grafton, Auckland, 1010 - Level 3, 6-8 Edward Wayte Place, Grafton, Auckland, 1023 - Level 1, 22 Amersham Way, Manukau, Auckland, 2104 - Level 4, Ranchhod Tower, 102-112 Lambton Quay, Wellington Central, Wellington, 6011 - Level 2, 3 Osterley Way, Manukau, Auckland, 2104 <p>> On the NZQA website there are five delivery sites listed:</p> <ul style="list-style-type: none"> - 57 Symonds Street, Grafton, Auckland 1010 - 167 Madras Street, Christchurch, 8011 - Floor 12, Grand Plimmer Tower, 2-6 Gilmer Terrace, Wellington 6011 - Level 4 Ranchhod Tower, 102-112 Lambton Quay, Wellington Central, Wellington 6011 - Levels 2 & 3, 3 Osterley Way, Manukau 2104. <p>> The Director of Finance advised that a few sites are inactive and need to be updated in STEO and the NZQA website.</p> <p><u>Subcontracting</u></p> <p>> Whitecliffe advised that they do not subcontract any component of their teaching.</p> <p><u>Recommendations</u></p> <p>> Review the approved delivery sites recorded in STEO, with the sites approved by NZQA, and update records so that it reflects the PTE's current active sites.</p>	
Focus Area 2: Data Provision, Reporting and Record-Keeping		
<p>Does the Student Management System provide accurate data, forecasting and reporting?</p> <p>Are there reporting and data provision processes in</p>	<p>Findings</p> <p><u>Student management system</u></p> <ul style="list-style-type: none"> > Whitecliffe uses Artena as their student management system. The PTE has been using Artena since 2018. > Artena is certified by the Ministry of Education for the Single Data Return (SDR) in 2019. No SDR certification has been undertaken in 2020 and 2021. 	1

Looking for	Findings and Recommendations	Rating
<p>place to ensure all funding requirements are met?</p> <p>Is the TEO financially viable? Are there any financial issues being managed?</p> <p>Are the TEO's processes and procedures for record keeping documented and comply with clause 13(1) of Schedule 18 of the Education and Training Act 2020 (for on-plan funding under section 425), and 25(1) of Schedule 18 (for off-plan funding under section 428).</p>	<p>> Staff access to Artena is restricted. The details of this is as follows:</p> <ul style="list-style-type: none"> - Full access (IT Service Delivery Manager, Student Services Manager, two Student Services Administrators, and International Business Consultant) - Read only access (Head of School Fine Arts, Head of School Information Technology, Head of School Creative Arts Therapies, and Head of School Fashion and Sustainability) - Student financials access (Student Finance Administrator) - Pastoral care module access (Pastoral care coordinator). <p><u>Singe Data Return</u></p> <ul style="list-style-type: none"> > The Student Service Administrator is responsible for entering information into Artena. > A number of checks are performed and data integrity reports are regularly run to ensure information is accurate. > The SDR is prepared by the Student Services Administrator under the direction of the Student Services Manager. The report is then reviewed and signed off by the CEO. > From the sample of student records reviewed, instances were identified where information was not correctly reported through the SDR. This is detailed in the section below. <p><u>Incorrect reporting of qualification titles in the SDR and STEO</u></p> <ul style="list-style-type: none"> > In the December 2020 SDR, there were three programmes (NZ2606, NZ2607 and NZ2608) where there were errors in reporting the qualification title, which was established after reviewing the offer letters and the academic transcripts issued to individual students enrolled in these programmes. > For NZ2606, the SDR reported the qualification title as New Zealand Diploma in Apparel and Fashion Technology (Level 6) instead of New Zealand Diploma in Apparel and Fashion Technology (Level 5). > For NZ2607, the SDR reported the qualification title as New Zealand Certificate in Apparel and Fashion Technology (Level 4) instead of New Zealand Certificate in Apparel and Fashion Technology (Level 3). > For NZ2608, the SDR reported the qualification title as New Zealand Certificate in Apparel and Fashion Technology (Patternmaking) (Level 5) instead of New Zealand Certificate in Apparel and Fashion Technology (Patternmaking) (Level 4). > These errors are not material for funding purposes; however, they should be corrected. > Whitecliffe advised that the issue s9(2)(g)i and will be resolved in due course. 	

Looking for	Findings and Recommendations	Rating
	<p>> Whitecliffe should update STEO with the correct programme titles for NZ2606, NZ2607 and NZ2608.</p> <p><u>Fees-free reporting</u></p> <p>> As part of the enrolment process, each student’s NSI is checked on the Fees-free website.</p> <p>> If the student is domestic and is stated as “unknown” by the Fees-free website, the student then completes a statutory declaration and sends it directly to TEC.</p> <p>> Fees-free data is extracted from Artena and uploaded to Workspace2 monthly by the Student Services Manager.</p> <p><u>Financial viability</u></p> <p>> The PTE’s financial year end is 31 December. The PTE’s 2019 financial reports and 2020 forecast were due on 31 May 2020.</p> <p>> PTEs were provided with additional time because of issues arising from the COVID-19 lockdowns. The TEC received the financial reports on 30 June 2020.</p> <p>> s9(2)(b)(ii) [REDACTED]</p> <p>> Refer to part three of this report for more information.</p> <p><u>Record keeping</u></p> <p>> Whitecliffe has documented policy covering record keeping and management.</p> <p>> Within 30 days of the student leaving Whitecliffe, copies of the Enrolment Contract, Academic Transcript and Diploma / Certificates are sent to an approved vendor for secure long-term storage.</p> <p>> After these specific documents have been sent to long-term storage, the entire student file is placed in the designated ‘inactive’ student storage where it is archived for one year. The online file is categorized as ‘inactive’ in the digital system.</p> <p>> After one year, the student file is placed in a closed storage area, where it is archived for an additional six years. The file is labelled as ‘closed’ in the online system.</p> <p>> At the end of the seven-year period, the full student file is destroyed using a secure destruction method such as shredding.</p>	

Looking for	Findings and Recommendations	Rating
	<p>> Based on the information reviewed, we are satisfied that Whitecliffe is complying with relevant record keeping requirements.</p> <p>Recommendations</p> <p>> Update STEO with correct qualification titles for NZ2606, NZ2607 and NZ2608.</p> <p>> Ensure the qualification titles are correctly recorded in STEO going forward. A peer review could assist with minimising such administrative errors.</p>	
Focus Area 3: Enrolment and Eligibility		
<p>Are there enrolment practices and processes in place that ensure student enrolments are valid and meet funding or eligibility requirements?</p>	<p>Findings</p> <p>> Whitecliffe has documented the enrolment process. This is in the policy titled 'Student selection and Entry Criteria Policy'.</p> <p>> Individual prospective trainees can enquire from the PTE's school visits, social media, phone call, or walk in.</p> <p>> All applicants will be assessed to see if they are suitable candidates for the programmes being offered and meet eligibility requirements.</p> <p>> Each programme of study has additional requirements and the details of these entry requirements are published online and in the student handbooks.</p> <p>> Students may be invited to interview to make their application in person, after which it is established which programme best suits their individual needs. This ensures that the student is well informed of their options prior to enrolment.</p> <p>> If the applicant meets the entry criteria and is suitable for the programme, the acceptance letter is sent out. When a learner accepts the offer and returns the acceptance form, then the student's details are entered into the SMS.</p> <p>> Whitecliffe could sometimes deny admission because of limitations of space, full occupancy, staffing, or other cause. Whitecliffe also offers special admission and discretionary entrance.</p> <p>> The student is not enrolled into Arterna until all relevant enrolment information is provided.</p> <p>> Student records reviewed as part of this audit held the following information:</p> <ul style="list-style-type: none"> - Enrolment form and/or re-enrolment form 	

Looking for	Findings and Recommendations	Rating
	<ul style="list-style-type: none"> - Interview sheet - Identification documentation such as New Zealand Passport or Birth Certificate or Driver's Licence - Attendance records - Letter of Offer/Acceptance form - Tax Invoice - Fee protect student acknowledgment form - Withdrawal documentation (if applicable) - Fees free documentation (where applicable) - Academic Transcript. <p><u>Attendance records</u></p> <ul style="list-style-type: none"> > For each programme, the class rolls are set up on Microsoft Teams page. The lecturers mark the attendance in real time. > Attendance is reviewed and monitored on a daily basis by the designated academic staff. > There are minimum attendance requirements. > Whitecliffe follows up with individual students when the attendance rate falls below the required level. <p><u>Verification of identity documentation</u></p> <ul style="list-style-type: none"> > Out of a sample of 42 student records, there were two instances (NSN s9(2)(a) and NSN s9(2)(a0)) where there was no certificate of identity in the learner's file to verify their domestic status. > The check from the NSI website reflected that both these learners are New Zealand citizens. > Under Student Achievement Component Level 3 and above (SAC3+) funding, checking from the NSI or a New Zealand driver's licence is not a permitted verification method for determining student eligibility. SAC3+ funding can only be used in respect of a domestic student. > Upon enquiry, Whitecliffe advised that they previously used online applications software named Full Fabric and Campus Login, which has been replaced by Microsoft Dynamics. > The PTE experienced numerous Full Fabric problems in 2018, especially in relation to the documents download. Whitecliffe is therefore unable to access the original copies of the identity documents for these learners. 	

Looking for	Findings and Recommendations	Rating
	<ul style="list-style-type: none"> > Whitecliffe should ensure that going forward, sufficient documentation is maintained to verify student eligibility. The TEC can recover funding in instances where student eligibility is not verified. <p>Recommendations</p> <ul style="list-style-type: none"> > Going forward Whitecliffe should ensure appropriate evidence is maintained to confirm that each student's domestic status has been verified and maintained as part of the student records. 	
Focus Area 4: Recognition of Prior Learning (RPL) and Recognition of Current Competence (RCC)		
<p>Has student prior learning been reviewed and appropriately recognised when admitting a student into a programme or qualification?</p>	<p>Findings</p> <ul style="list-style-type: none"> > Whitecliffe has documented procedures covering Credit Recognition, Credit Transfer and Recognition of Prior Learning for Students Policy. > The policy states that applications for CRT and RPL for students who are intending to enrol in programmes are to be made on the generic application forms. > For course credit transfers and cross credits, the courses being transferred or cross credited must have been completed by the student no longer than seven years from the date of application to cross credit transfer is received by Whitecliffe. > Students applying for cross credits or credit transfer must make an application on the form available from the Admissions Advisor at the time of enrolment. The cost for this process is \$100 (GST inclusive) per application. > 2020 and 2021 TEC funding condition for SAC3+, 5.9 Recognised prior learning, states that: <i>"you must not seek SAC3+ funding for recognised prior learning credited to a student". The funding condition also states that you must "reduce the student's fee accordingly in proportion to the recognised prior learning he or she has undertaken"</i>. > In the December 2019 and December 2020 SDR there were a few instances where funding had been claimed for prior learning by virtue of the student being re-enrolled in courses that were recent successful completions at the PTE. This does not comply with TEC funding conditions. > Funding cannot be claimed for prior learning. This included: <ul style="list-style-type: none"> - Student NSN s9(2)(a) where funding was claimed for course 0410A Visual Research I (4 credits) re-enrolled on s9(2)(a)/2020; however, the student had achieved this successfully on s9(2)(a)/2020. 	NC

Looking for	Findings and Recommendations	Rating
	<ul style="list-style-type: none"> - Student NSN s9(2)(a) where funding was claimed for course 0410A and 0411A <i>Contextual Studies 1 (4 credits)</i> re-enrolled on s9(2)(a)/2020; however, the student had achieved both these courses successfully on s9(2)(a)/2020. - Student NSN s9(2)(a) where funding was claimed for course 0410A re-enrolled on /2019; however, the student had achieved this successfully on s9(2)(a)/2018. <ul style="list-style-type: none"> > If the student has successfully completed a course recently at the same PTE, then the relevant courses should not be reported in the SDR and TEC funding should not be claimed. > Also, we noted that the students' fees were not reduced for those successfully completed courses. This does not comply with TEC funding conditions. > Upon further investigation it was revealed that the students were re-enrolled in the relevant courses, because the courses are co-related, and it would be difficult for students' to complete the rest of the courses without enrolling in all of them. > Going forward Whitecliffe should ensure that the students are not re-enrolled in the successfully completed courses in order to ensure compliance with TEC funding conditions. <p>Recommendations</p> <ul style="list-style-type: none"> > Resubmit the December 2019 and December 2020 SDR with the funding claimed amended for the students mentioned above (NSN s9(2)(a) , NSN s9(2)(a) and NSN s9(2)(a)). > Review all 2019, 2020 and 2021 student records to identify instances where the funding has been claimed (through SAC3+ and Fess-free) for student's re-enrolled in courses which have recently been successfully completed at the PTE. Note: where the student is a fee-paying student, the student will need to be provided a refund (for the identified instances of repeated learning). > Going forward ensure that students are not re-enrolled in the successfully completed courses in order to ensure compliance with TEC funding conditions. 	
Focus Area 5: Inducements and No Private Advantage		
Are any inducements being offered to students to enrol?	<p>Findings</p> <ul style="list-style-type: none"> > From the sample of student records reviewed, there was no evidence to suggest that students were being provided with an inducement to enrol. 	C

Looking for	Findings and Recommendations	Rating
<p>Are any enrolments being restricted on the basis of private advantage?</p>	<ul style="list-style-type: none"> > In the sample of student records reviewed, there were several instances where the students had been awarded scholarships. > Whitecliffe advised that specific parameters and selection criteria of each scholarship are determined within the scope of the fund. The scholarships are selected on an objective and non-discriminatory basis. > Scholarship criteria may include: <ul style="list-style-type: none"> - Prior academic performance - Performance of each applicant on tests designed to measure ability and aptitude for educational work - Recommendations from instructors, lwi or other appropriate advocates of applicants who have knowledge of the applicant’s capabilities - Additional documentation regarding the applicant’s career, academic and other relevant experiences - Financial needs-based assessments or documentation. > All scholarships must be used for tuition and material fees, and related expenses such as research publications. > Scholarships are generally awarded to students for one year; however, multi-year student scholarships may be awarded at the CEO’s discretion. > Whitecliffe should consider maintaining a register of applicants who were granted scholarships, going forward. > There was no evidence to suggest that enrolment was restricted on the basis of private advantage. <p>Recommendations</p> <ul style="list-style-type: none"> > There are no recommendations. 	
Focus Area 6: Withdrawal Process		
<p>Are there withdrawal practices and processes in place that ensures student</p>	<p>Findings</p> <ul style="list-style-type: none"> > Whitecliffe has a policy titled ‘Student Cancellation and Withdrawal Policy’. This is covered in the QMS. 	NC

Looking for	Findings and Recommendations	Rating
<p>withdrawals are managed and recorded correctly?</p>	<ul style="list-style-type: none"> > The student handbook also provides guidance around withdrawals and refunds. > The policy that students enrolled in courses three months or longer may withdraw up until the end of the eighth day and receive a full refund of fees less administration costs of up to 10% of any amounts paid, or \$500, whichever is lesser. > From the sample of student records reviewed, there were 17 instances where students had withdrawn. The details of these withdrawals were sufficiently documented. <p><u>Reporting withdrawal dates in the SDR</u></p> <ul style="list-style-type: none"> > A review of the December 2019 and December 2020 SDR identified that Whitecliffe did not report correct withdrawal dates. > The 2019 and 2020 SDR Manual states that a withdrawal date <i>“assists in the analysis of attrition of confirmed student enrolments, by providing an important distinction between those students who stayed until the end of the course and are not successful, with those that withdraw before the end of the course”¹</i>. > This was discussed with Whitecliffe, who advised that this issue was mainly due to some default setting in the SMS. The Student Services Manager confirmed that for the students enrolled in programmes with multiple course start dates, the withdrawal date is by default reported as the course end date. <p><u>Funding claimed for students that should have reported under Source of Funding code 31 (SoF 31)</u></p> <ul style="list-style-type: none"> > SAC3+ funding may only be claimed for “a valid domestic enrolment” and where a student “has completed 10% or one calendar month of the course for which they have enrolled, whichever is the earlier.” (See funding condition: Claiming SAC3+ Fund funding). > The TEC's webpage on <u>enrolment</u> (see the confirmed student enrolment section) provides that: <i>“For some TEOs, mainly PTEs, when a student withdraws from study the TEO may withdraw them from the whole programme (or qualification) and retain all of the fees for that programme. This is done even though the start date may not have been reached for all course enrolments making up the programme.”</i> > The audit identified that Whitecliffe has been claiming funding for students who: <ul style="list-style-type: none"> - were enrolled in programmes with multiple course start dates; - withdrew from the programme after attending some (but not all) of the courses; and 	

¹ Page 81 of the 2020 SDR Manual <https://services.education.govt.nz/assets/STEO-files/SDR/2020-manuals/Single-Data-Return-Manual-2020-ver-1.4.pdf>

Looking for	Findings and Recommendations	Rating
	<ul style="list-style-type: none"> - did not attend courses that had not yet commenced at the time of their withdrawal. > 2020 TEC funding condition for SAC3+, 2.1(a)(i) Single Data Return (SDR), states that: <i>“you must supply to us information about each student enrolled in a course by completing the fields in the SDR in accordance with the SDR Manual and its appendices”</i>. > Also, the funding condition, 3 Confirmed student enrolments, states that you must <i>“You must ensure that your SDR accurately records all ‘confirmed student enrolments’ where fees apply”</i>. > TEOs that withdraw students by programme, and retain fees for courses that the TEO does not claim TEC funding for, have to report these course confirmed student enrolments under SoF 31. > In the sample of 42 SDR-reported SAC3+ records reviewed, the audit identified three students (NSN s9(2)(a) , NSN s9(2)(a) and NSN s9(2)(a)) reported in the December 2020 SDR, where the students should have been reported under SoF 31. > Upon further review of the December 2019 and December 2020 SDRs, several instances were identified where SAC3+ funding had been claimed and the students had not been reported under SoF 31. > To summarise, the PTE was required to report enrolments under SoF code 31 where: <ul style="list-style-type: none"> - the students were withdrawn from the whole programme; and - as a result of being withdrawn from the programme, students were withdrawn from courses that had not yet started or the withdrawal date that enabled the PTE to be eligible for TEC funding (the earlier of 10%/one month of the course) had not yet passed; and - Whitecliffe retained the student's fees for those courses. > Whitecliffe has reported enrolments incorrectly in the December 2019 and December 2020 SDRs, and is in breach of TEC’s funding conditions. <p>Recommendations</p> <ul style="list-style-type: none"> > Ensure withdrawal dates are correctly reported in the SDR going forward. > Review and resubmit the December 2019 SDR to ensure that all the relevant students are correctly reported under SoF 31. (When you are ready to resubmit the SDR contact your Senior Relationship Advisor who can then arrange for the form to be sent to you requesting that the SDR gate is re-opened). For information on Our Stop Gate process refer to the TEC website: https://www.tec.govt.nz/funding/funding-and-performance/reporting/sdr/ > Review and resubmit the December 2020 SDR with the correct reporting under SoF 31. (The resubmissions must be sequential). 	

Looking for	Findings and Recommendations	Rating
Focus Area 7: Programmes and Qualifications		
<p>Have programmes and qualifications been approved by NZQA and TEC?</p> <p>Are these programmes and qualifications still current (i.e. not expired)?</p> <p>Are the programmes and qualifications taught or delivered in accordance with NZQA approval and details entered in Services for Tertiary Education Organisations (STEO)?</p>	<p>Findings</p> <ul style="list-style-type: none"> > Whitecliffe holds copies of the programme approval letters from NZQA for the TEC-funded programmes reviewed. This includes: <ul style="list-style-type: none"> – NZ2627 New Zealand Certificate in Arts and Design (Level 4) – NZ2629 New Zealand Certificate in Digital Media and Design (Level 4) – PC2466 Postgraduate Diploma in Arts Therapy (Level 8) – PC2275 Master of Fine Arts (Level 9) – 109509 Master of Arts in Arts Therapy (Clinical) (Level 9) – NZ2598 New Zealand Diploma in Web Development and Design (Level 5) – NZ2595 New Zealand Certificate in Information Technology (Level 5) – 3587 Bachelor of Fine Arts (Level 7). > Discussions with the s9(2)(a) indicated that the programmes are being taught in accordance with the total learning hours as approved by NZQA. > Programme Academic Calendars were also reviewed to understand the structure of delivery <p>Recommendations</p> <p>There are no recommendations.</p>	C
Focus Area 8: Use of Funding		
<p>Is TEC funding being used responsibly and for the purpose the TEO has been funded?</p>	<p>Findings</p> <ul style="list-style-type: none"> > There was no evidence to suggest that TEC funding was not being used responsibly. <p>Recommendations</p> <ul style="list-style-type: none"> > There are no recommendations. 	C
Focus Area 9: Fees		

Looking for	Findings and Recommendations	Rating
<p>Are all student fees charged appropriately and comply with Ministerial and TEC requirements?</p>	<p>Findings</p> <ul style="list-style-type: none"> > The Annual Maximum Fee Movement (AMFM) allows for a 2% increase in course fees for 2019 and 2020, and 1.1% increase in course fees for 2021. > For the programmes reviewed, two programmes (NZ2627 and NZ2629) fees increases were 2.22% from 2019 to 2020, and 1.3% from 2020 to 2021 for a few courses. The details of this is provided in Appendix 1. > This issue was discussed with Whitecliffe during the audit. The PTE advised that the fees increase beyond the set limit is mainly due to rounding up. > 2021 SAC3+ funding condition paragraph 9.1 Annual Maximum Fee Movement, states that : <ul style="list-style-type: none"> <i>“a. The AMFM sets the maximum percentage that you may increase your domestic tuition fees by each year for all SAC Level 3+ Fund funded courses or training schemes.</i> <i>b. The AMFM for 2021 is 1.1%. You are therefore permitted to increase fees (GST exclusive) charged in 2021 to domestic students for SAC Level 3+ Fund funded courses or training schemes by 1.1%.”</i> > Whitecliffe should retrospectively calculate the fees increases from 2019 to 2020 at 2%, and 1.1% from 2020 to 2021 and correct it before applying the fees increases for 2022. > Also, the 2021 SAC3+ funding condition paragraph 9.3 (c) states that: <i>“you must report, in STEO, accurate information regarding the fees you are charging students.”</i> > The PTE should ensure that the fees is not rounded up going forward. > Whitecliffe advised that they do not charge students a Compulsory Student Services Fee for 2019 and 2020. <p>Recommendations</p> <ul style="list-style-type: none"> > Update STEO retrospectively calculating the fees increases from 2019 to 2020 at 2%, and 1.1% from 2020 to 2021 and correct it before applying the fees increases for 2022. > Going forward Whitecliffe should not round the fees upwards and ensure compliance with the AMFM limits. 	NC
<p>Focus Area 10: Hardship Fund for Learners (HAFL) and Technology Access Fund (TAFL)</p>		
<p>Is TEC funding being used responsibly and for the</p>	<p>Findings</p>	I

Looking for	Findings and Recommendations	Rating
<p>purpose the TEO has been funded?</p>	<ul style="list-style-type: none"> > The purpose of HAFL funding is to provide temporary financial assistance for students who are facing hardship due to the COVID-19 pandemic. > The purpose of TAFL funding is for TEO's to support students to continue to access tertiary education and training that has been disrupted as a result of the COVID-19 pandemic. > A sample of eight transactions were reviewed to ensure the expenditure met the purpose of the funds. > From the transactions reviewed, HAFL funding was used for items such as: food, transport, accommodation and stationery items. > TAFL funding was used to purchase laptops, printer, USB and internet set up costs. During the audit, a bulk invoice for the purchase of 15 laptops was reviewed. > Whitecliffe advised that for small hardware and software needs the students have regular communications with the pastoral care staff. Therefore, no invoices were retained for purchase of USB, printer and software installation because the amount was directly deposited into the student's account on a good faith basis. <p>Recommendations</p> <ul style="list-style-type: none"> > Going forward ensure retaining invoices/ receipts for any amount spent on using the TEC funding, where feasible. 	

Part three: Other Audit Findings

Further findings of the audit are set out below.


Financial Viability Assessment

8509-Whitecliffe Enterprises Limited

Risk assessment

(Based on your financial statements for the years shown)

s9(2)(b)(ii)



Part four: Audit Process Overview

Purpose of the audit

The purpose of the audit was to provide assurance that your organisation is complying with the Education and Training Act 2020 and conditions imposed on your funding. This audit is part of our ongoing monitoring of tertiary education organisations (TEOs).

This audit used a sample-based approach and reviewed a limited scope of the applicable funding conditions and other requirements. As such, despite our best efforts, some non-compliance may remain undetected and the audit does not provide complete assurance of historical, current or future compliance.

Non-detection of non-compliance does not make that practice compliant, and will not restrict the TEC from taking action under the Education and Training Act 2020 or from recovering funding in the future if non-compliance is later detected. Please refer to the audit guidelines for more information on the inherent limitations of an audit.

Our audit focus will be on assisting TEOs in achieving their objectives through well-reasoned audits, evaluations and analyses of the business viability and education outcomes for students.

Scope of the audit

TEC's monitoring function is set out in section 409(1)(h) of the Education and Training Act 2020, which provides that the TEC's functions are to "*monitor the performance of organisations that receive funding from the Commission including by measuring performance against specified outcomes*".

The scope of the audit was aligned to the performance commitments in the Investment Plan and the associated funding obligations between the TEC and your organisation. The scope was outlined in the audit arrangements letter. TEC Audit Guidelines were also provided to help you understand how TEC undertakes audits and what to expect during the audit.

The scope of the audit was outlined in the audit arrangements letter. This included the following:

- > Your current registration and accreditation status for funding eligibility
- > Your organisation's systems and processes for reporting student data through the Single Data Return, including reporting enrolments, student achievement and withdrawals
- > Compliance with your funding conditions for each fund:
 - Fees-free funding
 - Student Achievement Component – Provision at Level 3 and above
 - Hardship Fund for Learners
 - Technology Access Fund
- > Compliance with the Annual Maximum Fee Movement policy relating to fees and course costs
- > The refund of any fees that have been overcharged (if applicable)
- > Compliance with the Compulsory Student Services Fee (if applicable)
- > Whether your organisation has offered any inducements or benefits to students
- > Responsibility for any subcontracting arrangements
- > Your programmes and qualifications
- > Your organisation's process for maintaining student records as required by clause 13(1) of Schedule 18 of the Education and Training Act 2020 (for on-plan funding under section 425), and 25(1) of Schedule 18 (for off-plan funding under section 428).
- > Any other matters relating to funding provided by the TEC.

The outcome of this audit will contribute to decisions made by the TEC relating to current and future funding.

Overview of Whitecliffe Enterprises Limited

Whitecliffe is a PTE based in Auckland with delivery sites in Wellington and Christchurch. The organisation receives TEC funding for the following programmes:

- > NZ2606 New Zealand Diploma in Apparel and Fashion Technology (Level 5)
- > NZ2607 New Zealand Certificate in Apparel and Fashion Technology (Level 3)
- > NZ2608 New Zealand Certificate in Apparel and Fashion Technology (Patternmaking) (Level 4)
- > 3587 Bachelor of Fine Arts (Level 7)
- > 109509 Master of Arts in Arts Therapy (Clinical) (Level 9)
- > NZ2627 New Zealand Certificate in Arts and Design (Level 4)
- > NZ2629 New Zealand Certificate in Digital Media and Design (Level 4)
- > PC2275 Master of Fine Arts (Level 9)
- > PC2466 Postgraduate Diploma in Arts Therapy (Level 8)
- > NZ2595 New Zealand Certificate in Information Technology (Level 5)
- > NZ2596 New Zealand Diploma in Information Technology Technical Support (Level 5)
- > NZ2598 New Zealand Diploma in Web Development and Design (Level 5)
- > NZ2604 New Zealand Diploma in Software Development (Level 6)
- > NZ2600 New Zealand Diploma in Networking (Level 6)
- > NZ2594 New Zealand Certificate in Information Technology Essentials (Level 4).

The table below provides a breakdown of TEC funding:

Fund	2020 Allocation ² \$ GST exclusive	2021 Allocation \$ GST exclusive
SAC3+	7,191,499	8,192,478
Targeted Training and Apprenticeship Fund	Not applicable	1,317,252
Fees-free payments	1,093,405	1,086,509
Performance Based Research Fund	356,712	346,366
Hardship Fund for Learners	55,992	Not applicable
Technology Access Fund	22,967	Not applicable
Equity Funding	18,498	28,623
Total	\$ 8,739,073	\$ 10,971,228

Audit process overview

Sample Testing – A sample of 42 SAC3+, four TAFL and four HAFL student records was selected for the audit. The sample included records from the December 2019 and December 2020 SDRs.

² Note: These figures are post wash-up figures.

There were 1092 students reported in the December 2019 SDR. This includes international fee-paying students who are not funded by the TEC.

The December 2020 SDR reported 1045 students, again this included international fee-paying students.

Interviews – Interviews were held at Whitecliffe’s Auckland office with the following:

- > s9(2)(a) [REDACTED]
- [REDACTED]
- [REDACTED]

Part five: TEO Corrective Actions

In addition to providing comments on the draft audit report, the TEO audited is requested to provide a list below of any corrective actions to be undertaken on the audit.

Corrective Actions

Based on the recommendations in Part Two what corrective actions will be undertaken?

Focus Area	Issue	Corrective Action	Date to be completed
1	STEO currently records delivery sites which are no longer active.	This has been updated on STEO already	Completed
2	Update STEO with correct qualification titles for NZ2606, NZ2607 and NZ2608.	The error was on NZQA's part, and we are working with NZQA to rectify this.	31 December 2021 (tentative)
3	The audit identified two instances (NSN s9(2)(a) and NSN s9(2)(a) where there was no certificate of identity in the learner's file to verify their domestic status.	We have improved our processes to ensure appropriate evidence is obtained to verify learner's domestic status.	Completed
4	Funding has been claimed for prior learning by virtue of the students being re-enrolled in the courses that were recently successfully completed at Whitecliffe.	We have updated our processes to ensure funding is not claimed for courses previously completed.	Completed
4	Review all 2019, 2020 and 2021 student records to identify instances where the funding has been claimed (through SAC3+ and Fees-free) for students re-enrolled in courses which have recently been successfully completed at Whitecliffe.	We have identified students where funding has been claimed twice, amounting to 0.3834 EFTS for 2019 and 2020. We will correct this in the SDR resubmission	31 December 2021
6	Ensure withdrawal dates are correctly reported in the SDR going forward.	We have updated our processes to ensure withdrawals/dates are correctly reported in the SDR.	Completed
6	The audit identified several instances in the December 2019 and December 2020 SDRs, where the students were not reported correctly under SoF 31. Whitecliffe should review and resubmit the December 2019 and December 2020 SDRs to ensure that all the relevant students are correctly reported under SoF 31.	We will work with TEC to resubmit our 2019 and 2020 SDR, with correct reporting of SoF 31 funding. We have identified 5.2040 EFTS for 2019 and 2.5422 ETS for 2020 that will be re-coded from 01 to 31, despite there being no funding recovery for 2020.	31 December 2021
9	For NZ2627 and NZ2629, fees increases for a few courses were more than AMFM permissible limit for 2019 and 2020 (details in Appendix 1). The fees increase	Noted, we will correct the fee increases when applying for 2022 AMFM increase.	31 January 2022

	beyond the set limit was mainly due to rounding up. STEO should be updated retrospectively calculating the fees increases from 2019 to 2020 at 2%, and 1.1% from 2020 to 2021. This should be corrected before applying the fees increases for 2022.		
10	For TAFL funding, no invoices were held for the purchase of USB, printers and software installation because the amount was directly deposited into the student's account on a good faith basis.	Noted	n/a

Appendix 1 – AMFM fees increases

s9(2)(b)(ii)

