



PP-28 Business & Financial Viability Policy & Procedure

Domestic and International Students

Contents

Purpose	1
Definitions.....	1
Policy.....	2
Procedures	3
1. Business planning and financial viability	3
2. Fit and Proper Person Requirements	4
3. Insurance	4
4. Protection of fees paid in advance	5

Purpose

This policy and procedure ensure the RTO meets the requirements of Standard 7 of the Standards, by ensuring that the requirements for financial viability, insurance, fit and proper persons, and fee protection are met by Australian Institute of Science and Technology (AIST).

Definitions

The **Act** means the National Vocational Education and Training Regulator Act 2011

ASQA means Australian Skills Quality Authority, the national VET regulator and the RTO's registering body

ESOS Act means the Education Services for Overseas Students Act 2000

Executive Officers has the meaning given to it by the Act. Refer to the Act or the Fit and Proper Person Requirements Declaration.

Fit and Proper Person Requirements 2011 is a legislative instrument which is a subsection of the Act

Financial Viability Risk Assessment Requirements 2011 is a legislative instrument which is a subsection of the Act



High Managerial Agents has the meaning given to it by the Act which is '*an employee or agent of the organization with duties of such responsibility that his or her conduct may fairly be assumed to represent the organization in relation to the business of providing courses (where 'courses' mean courses of vocational education and training).*'¹

National Code 2007 means the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007.

RTO means Registered Training Organization

Standards means the Standards for Registered Training Organizations (RTOs) 2015 from the VET Quality Framework which can be accessed at www.asqa.gov.au

Policy

1. Australian Institute of Science and Technology (AIST) conducts annual business and financial planning to ensure the ongoing viability of the RTO. This process reviews the likelihood of business continuity and the RTO's capacity to continually achieve quality outcomes. During this process strategic directions may be reviewed to maintain viability.
2. Business planning and financial viability should consider whether Australian Institute of Science and Technology (AIST) has the financial resources to:
 - Acquire the assets and physical resources to deliver all qualifications on its scope of registration
 - Employ enough appropriately qualified staff to cover the courses on its scope of registration
 - Provide appropriate levels of student services
 - Remain in business to ensure that each student achieves completion
 - Meet the above requirements, even in an uncertain environment.
3. All Executive Officers and High Managerial Agents of the RTO satisfy the Fit and Proper Person Requirements 2011, and each have made a declaration in accordance with ASQA's requirements and Schedule 3 of the Standards, as well as Standard 15 of the National Code 2007. Any new managers will also be required to meet these requirements and make this declaration.
4. All managers employed by Australian Institute of Science and Technology (AIST) have appropriate authority to ensure that the RTO always complies with the Standards.
5. Australian Institute of Science and Technology (AIST) always holds public liability insurance to cover all training and assessment activities it provides as an RTO.
6. Australian Institute of Science and Technology (AIST) protects the fees that are prepaid by students, or on behalf of students, for services not yet delivered in accordance with the ESOS Act, Clause 7.3 of the Standards and in line with its *Fees and Refunds Policy and Procedure*.

¹ Definition from: Australian Government, *National Vocational education and Training Regulator Act 2011* (Cth), accessed on 5th January 2015 at <http://www.comlaw.gov.au/Details/C2011A00012>



Procedures

1. Business planning and financial viability

Refer Standard 7 – Clause 7.2

Procedure	Responsibility
<p>Create/review business plan</p> <ul style="list-style-type: none">• Each year review business plan and ensure it aligns with the RTO's strategic directions and confirms ongoing viability of the RTO. Review strategic directions as required to ensure continuity of the business.• Consider whether the organisation can meet the requirements set out in the policy at Clause 2.• Discuss updates to business/strategic plan at the management meeting.	CEO
<p>Financial viability</p> <ul style="list-style-type: none">• Monitor the ongoing financial viability of the RTO at least quarterly to ensure the ongoing viability of the business. The following common indicators of viability should be considered:<ul style="list-style-type: none">– Liquidity– including current ratio and cash flow assessments– Solvency – including debt to assets assessment, debt to equity assessment– Economic Dependency – for example, reliance upon government funded training, or reliance on a particular cohort of students (e.g. overseas students)– Revenue, profit and cash flow– Commercial risk– Audit opinion– Contingencies– Compliance with all of its statutory obligations (for example: GST, taxation, superannuation, Companies Code)– Compliance with accounting standards– Accounting policies – impact of the organisation's accounting policies on its financial risk• Review viability information at management meetings.• ASQA may request for the RTO to undergo a Financial Viability risk assessment at any time in line with the requirements of the Financial Viability Requirements 2011. The RTO will cooperate and provide the information required to ASQA's independent auditors.	CEO/ Accountant



2. Fit and Proper Person Requirements

Refer Standard 7 – Clause 7.1

Procedure	Responsibility
Ensure fit and proper person requirements are met <ul style="list-style-type: none">• Ensure each executive officer and high managerial agent meets the Fit and Proper Person Requirements 2011.• Have each person fill in ASQA's Fit and Proper Person Declaration and store it in the staff member's file.• Relevant influential personnel, managers, shareholders etc, are required to notify the CEO if there is anything that may impact on that person's status as a Fit and Proper Person (FAPP). This item will be raised at each management meeting as a reminder.• Advise ASQA of any changes to FAPP status of any person as soon as practicable prior to the change or within 10 working days of the change occurring where the change cannot be determined until it take effect – use ASQA's Material Change or Event Form.	High Managerial Agents, Managers, Influential Positions in RTO.
For new influential people, managers etc. <ul style="list-style-type: none">• During recruitment, ensure FAPP requirements can be met by the individual.• Fill in ASQA's Fit and Proper Person Declaration and store it in the staff member's file.• Advise ASQA using ASQA's Material Change or Event Form as soon as practicable or within 10 working days of the change occurring of any new manager or influential person starting with Australian Institute of Science and Technology (AIST).	CEO/ Compliance Manager

3. Insurance

Refer Standard 7 – Clause 7.4

Procedure	Responsibility
Public liability insurance <ul style="list-style-type: none">• Each year, ensure public liability insurance is paid to an appropriate level and policy covers all training and assessment delivered by the RTO. Ensure insurance broker is aware each year of any changes to operations so that full coverage is ensured.• Mark expiry date in calendar so renewal is not missed.	CEO



4. Protection of fees paid in advance

Refer Standard 7 – Clause 7.3

Procedure	Responsibility
Development of payment schedules – domestic students only <ul style="list-style-type: none">Payment schedules for each course must be set up to ensure that no more than \$1500 is collected in advance from any student at any time for services that have not yet been delivered. This must be the case for fees collected prior to the course commencing, and for any fees collected during the course.If it is ever a requirement for a course that more than \$1500 is paid in advance for services not yet delivered, fee protection measures will be put in place to protect these fees. The fee protection measure used by Australian Institute of Science and Technology (AIST) will be a bank guarantee/ tuition assurance/ other in line with the requirements of Schedule 6 of the Standards.	CEO/Finance
Development of payment schedules – international students only <ul style="list-style-type: none">Payment schedules for each course must be set up to ensure:<ul style="list-style-type: none">No more than 50% of tuition fees are collected in advance from any student at any time for services that have not yet been delivered. In the case of a short course that falls into one study period of 24 weeks or less, the full amount will be collected.The remaining 50% is collected no earlier than 2 weeks before the start of the second study period.	CEO/ Finance
Invoicing processes – domestic students <ul style="list-style-type: none">Ensure invoicing processes do not allow that more than \$1500 is invoiced to a student in advance unless fee protection measures in line with Schedule 6 of the Standards have been put in place. Refer also to the <i>Fees & Refunds Policy and Procedure</i>.	Finance
Invoicing processes – international students <ul style="list-style-type: none">Ensure invoicing processes do not allow that more than 50% of tuition fees are invoiced to a student in advance unless the course falls into one study period of 24 weeks or less. Refer also to the <i>Fees & Refunds Policy and Procedure</i>.	Finance