

# CG2: Business & Financial Viability Policy & Procedures

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## Purpose

This policy and procedure ensures the RTO meets the requirements of Standard 7 of the Standards for RTOs 2015, by ensuring that the requirements for financial viability, insurance, fit and proper persons, and fee protection are met by ICAN Learn.

## Definitions

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

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

**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 organisation with duties of such responsibility that his or her conduct may fairly be assumed to represent the organisation in relation to the business of providing courses (where 'courses' mean courses of vocational education and training)*'.<sup>1</sup>

**RTO** means Registered Training Organisation

**SRTOs** means the Standards for Registered Training Organisations – refer definition of 'Standards'

**Standards** means the Standards for Registered Training Organisations (RTOs) 2015 from the VET Quality Framework which can be accessed at [www.asqa.gov.au](http://www.asqa.gov.au)

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

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## Policy

### 1. Business viability and oversight

- ICAN Learn 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 in order to maintain viability.
- Business planning and financial viability will consider whether ICAN Learn has the financial resources to:
  - Acquire the assets and physical resources to deliver all qualifications on its scope of registration
  - Employ sufficient 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
  - Appropriately manage the risks associated with its operations and delivery
  - Meet the above requirements, even in an uncertain environment.

### 2. Risk Management

- ICAN Learn has developed and implemented a risk management framework which includes identification, measurement, treatment, monitoring and review mechanisms of all risks associated with running the business.
- Risks and control mechanisms are reviewed and re-assessed at least annually.

### 3. Fit and Proper Persons

- 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. Any new managers will also be required to meet these requirements and make this declaration.
- All managers employed by ICAN Learn have appropriate authority to ensure that the RTO complies with the Standards at all times.

### 4. Insurance

- ICAN Learn holds, at all times, public liability insurance to cover all training and assessment activities it provides as an RTO and will ensure that the insurance is appropriate to the RTO's size and scope of operations.

### 5. Protection of fees paid in advance

- ICAN Learn protects the fees that are prepaid by students, or on behalf of students, for services not yet delivered in accordance with Clause 7.3 of the Standards and in line with its *Fees and Refunds Policy & Procedures*.

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## Procedures

### 1. Business planning, risk and financial viability

Relevant to SRTOs: Clause 7.2

Procedure	Responsibility
<p><b>A. Create/review business plan</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Consider whether the organisation can meet the requirements set out in the policy at Clause 2.</li> <li>• Discuss updates to business/strategic plan at the management meeting.</li> </ul>	Executive Officer
<p><b>B. Create/ review risk management plan</b></p> <ul style="list-style-type: none"> <li>• Record risks in the <i>Risk Management Register</i>.</li> <li>• Ensure all risks are identified and measured in reference to the Risk Management Matrix (tab included in register)</li> <li>• Review all new identified risks entered into the <i>Risk Management Register</i> at management meetings.</li> <li>• Determine how each risk will be treated and document on the <i>Risk Management Register</i>, setting timeframes and responsibilities to ensure the risk is treated.</li> <li>• Determine the best monitoring process for each risk and add to the <i>Risk Register</i>.</li> <li>• Review all risks on the <i>Risk Management Register</i> at least annually and record review outcomes and actions on the register.</li> </ul>	Executive Officer / RTO Operations Manager
<p><b>C. Financial viability</b></p> <ul style="list-style-type: none"> <li>• 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"> <li>– Liquidity– including current ratio and cash flow assessments</li> <li>– Solvency – including debt to assets assessment, debt to equity assessment</li> <li>– Economic Dependency – for example, reliance upon government funded training, or reliance on a particular cohort of students (e.g. overseas students)</li> <li>– Revenue, profit and cash flow</li> <li>– Commercial risk</li> <li>– Audit opinion</li> </ul> </li> </ul>	Executive Officer / RTO Operations Manager

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Procedure	Responsibility
<ul style="list-style-type: none"> <li>– Contingencies</li> <li>– Compliance with all of its statutory obligations (for example: GST, taxation, superannuation, Companies Code)</li> <li>– Compliance with accounting standards</li> <li>– Accounting policies – impact of the organisation's accounting policies on its financial risk</li> </ul> <ul style="list-style-type: none"> <li>• Review financial viability information at management meetings.</li> <li>• If ASQA is conducting a Financial Viability risk assessment at any time or otherwise requests information about ICAN Learns financial viability, ensure cooperation and provide information as requested to ASQA or nominated parties (e.g. independent auditors).</li> </ul>	

### 2. Fit and Proper Person Requirements

Relevant to SRTOs: Clause 7.1

Procedure	Responsibility
<p><b>A. Ensure fit and proper person requirements are met</b></p> <ul style="list-style-type: none"> <li>• Ensure each executive officer and high managerial agent meets the Fit and Proper Person Requirements 2011.</li> <li>• Have each person fill in ASQAs Fit and Proper Person Declaration and store it in the staff member's file.</li> <li>• Ensure relevant influential personnel, managers and shareholders, understand that they 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.</li> <li>• Use ASQAnet to advise ASQA of any changes to FAPP status of any person within 90 calendar days of the change.</li> <li>• Refer to this information for more details of the types of changes to be reported to ASQA <a href="https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes">https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes</a></li> </ul>	Executive Officer / RTO Operations Manager
<p><b>B. New managers, directors and shareholders.</b></p> <ul style="list-style-type: none"> <li>• Before confirming position, ensure FAPP requirements can be met by the individual.</li> <li>• Use ASQAnet to advise ASQA of any changes to managers, directors and shareholders within 90 calendar days of the change.</li> <li>• Refer to this information for more details of the types of changes to be reported to ASQA <a href="https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes">https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes</a></li> </ul>	Executive Officer / RTO Operations Manager

### 3. Insurance

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Relevant to SRTOs: Clause 7.4

Procedure	Responsibility
<p><b>A. Public liability insurance</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>	Executive Officer / RTO Operations Manager

#### 4. Protection of fees paid in advance

Relevant to SRTOs: Clause 7.3

Procedure	Responsibility
<p><b>A. Development of payment schedules</b></p> <ul style="list-style-type: none"> <li>Develop payment schedules and invoicing processes for each course prior to advertising or accepting enrolments to ensure that either: <ul style="list-style-type: none"> <li>no more than \$1,500 is collected in advance from any student at any time for services that have not yet been delivered including fees collected prior to the course commencing, and for any fees collected during the course.</li> </ul> <p>OR</p> <li>100% of fees are invoiced at least two weeks prior to the expected completion date (based on course duration) to ensure that students are able to pay their fees on time.</li> </li></ul>	RTO Operations Manager / Administration Coordinator
<p><b>B. Alternative fee protection measure</b></p> <ul style="list-style-type: none"> <li>If it is ever a requirement for a course that more than \$1,500 is paid in advance for services not yet delivered: <ul style="list-style-type: none"> <li>ensure fee protection measure are in place to protect these fees which aligns with Schedule 6 of the Standards e.g. bank guarantee or approved Tuition Assurance Scheme, please refer to schedule 6 requirements here: <a href="https://www.asqa.gov.au/standards/appendices/appendix-2">https://www.asqa.gov.au/standards/appendices/appendix-2</a></li> <li>update the <i>Fees and Refunds P&amp;P</i> to specify the fee protection measure chosen and any additional requirements or obligations the RTO has under to maintain this fee protection measure.</li> <li>update part A of this procedure in relation to the development of payment schedules and invoicing processes to allow collection of alternative fee structures.</li> </ul> </li> </ul>	Executive Officer / RTO Operations Manager

#### Document control

<b>Document No. &amp; Name:</b>	CG2 - Business and Financial Viability P&P V1.2 (ID 30)
<b>Quality Area:</b>	Corporate Governance
<b>Author:</b>	RTO Advice Group Pty Ltd
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