



Financial Management Policy

Approved by: RTO Administrator
Revision: 1.5
Revision Date: 24-08-2020

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DTW Designs (Qld) Pty Ltd
RTO 31507
21 Toolara Street
The Gap Queensland 4061

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Purpose

DTW Designs (Qld) Pty Ltd is committed to establishing a long-term presence in the vocational education and training sector, as a provider of quality training and assessment services. A key factor in attaining this aim is the ongoing financial stability and wellbeing of DTW Designs (Qld) Pty Ltd, resulting from careful, responsible and hands-on financial management, aligned to the business goals, the nature of its operations and the nuances of the market in which it competes

This policy ensures that DTW Designs (Qld) Pty Ltd uses efficient financial management practices and systems complying with the Standards for Registered Training Organisations (SRTOs 2015).

Policy Statement

DTW Designs (Qld) Pty Ltd will ensure that it maintains sound financial practices, ensuring the financial security of the RTO and enabling its ongoing viability, profitability and growth. Conservatism will prevail as the key influence over financial decisions. Equally, an uncompromising commitment to integrity and professionalism will remain the keystone to all finance, banking, investment and general business transactions.

DTW Designs (Qld) Pty Ltd will:

- a) Ensure it complies with the “Financial Viability Risk Assessment Requirements”;
- b) Implement and maintain effective business planning and financial management processes;
- c) Ensure that accounts are certified by a qualified accountant (Certified to Australian Accountant Standards) at least annually and are made available to the VET Registration body upon request;
- d) Ensure that a full financial audit of the RTOs financial accounts from an independent qualified accountant (Certified to Australian Accountant Standards) is obtained and made available to the VET Registration body upon request;
- e) Implement and maintain procedures to protect fees paid in advance, to comply with the ‘Schedule 6 - Requirements for Fee Protection’ of the Standards for RTOs 2015.
- f) Provide clients with complete and accurate fee information.
- g) Provide Refunds, as per Refund Policy.

Definitions

The following words and expressions have the following specific meaning, as in the Standards for Registered Training Organisations (RTOs) 2015.

Financial Viability Risk Assessment Requirements

Means the requirements made under section 158 of the *National Vocational Education and Training Regulator Act 2011* or equivalent requirements made or adopted by the VET Regulator of a non-referring State as the case requires.

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Registration

Means registration as an RTO by the VET Regulator, where that registration is then entered on the National Register.

Scope of registration

Means the training products for which an RTO is registered to issue AQF certification documentation. It allows the RTO to:

- a) both provide training delivery and assessment resulting in the issuance of AQF certification documentation by the RTO; or
- b) provide assessment resulting in the issuance of AQF certification documentation by the RTO.

VET Regulator

Means:

- a) the National VET Regulator; and
- b) a body of a non-referring State that is responsible for the kinds of matters dealt with under the VET legislation for that State.

DTW Designs (Qld) Pty Ltd Obligations to - Financial Viability Risk Assessment Requirements 2011

Intent

- a) The VET Regulator can request DTW Designs (Qld) Pty Ltd to demonstrate its financial viability at any point in time.
- b) The assessment of the 'Financial Viability' by the VET Regulator is directed evaluating the likelihood of DTW Designs (Qld) Pty Ltd business continuity, and its capacity to achieve quality outcomes. The assessment informs a judgement about whether DTW Designs (Qld) Pty Ltd has the financial resources necessary to:
 - i. Acquire the requisite assets and physical resources to deliver all qualifications on its scope of registration;
 - ii. Employ sufficient appropriately qualified staff to cover the courses for which it takes enrolments;
 - iii. Provide appropriate levels of student services to students;
 - iv. Remain in business to ensure that each student can achieve completion;
 - v. Meet the above requirements even in an unsure environment.

Obligation to submit assessment

- a) DTW Designs (Qld) Pty Ltd must submit an assessment of financial viability risk by a qualified independent financial auditor nominated by the VET Regulator at any time during the registration period.
- b) The obligation to submit also applies to parent organisations, affiliated companies or organisations that have a vested interest in the organisation.

Indicators for Assessment

- a) The assessment will be undertaken by assessing common indicators of financial performance and position. These may include, but are not limited to:
 - i. Liquidity – including current ratio and cash flow assessments;
 - ii. Solvency – including debt to assets assessment, debt to equity assessment;
 - iii. Economic Dependency (e.g. reliance upon government funding or a cohort of clients);
 - iv. Revenue, profit and cash flow;
 - v. Commercial risk;
 - vi. Audit opinion;
 - vii. Contingencies;
 - viii. Compliance with all statutory obligations (e.g. GST, taxation, superannuation)
 - ix. Compliance with accounting standards;
 - x. Accounting policies – the impact of organisation accounting policies on its financial risk.

Information to be assessed

- a) Information that could be used to assess the common indicators may include, but are not limited to:
 - i. Independent review of financial projections, including underlying assumptions;
 - ii. Business planning, including forecast income streams and forecast expenditure;
 - iii. Assets and liabilities;
 - iv. Financial statements audited by an independent qualified auditor;
 - v. Financial records for the previous 12 months, including profit and loss, balance sheets;
 - vi. Cash flow and bank accounts;
 - vii. Short term budgets and forecasts, including assumptions;
 - viii. Information on current and projected student enrolments, including assumptions;
 - ix. Tax records;
 - x. Information about current debts and debtors, credit and creditors, loans and repayments;
 - xi. Plans, and information on any legal disputes;
 - xii. Inter-company dealings, transfers, ownerships and loans;
 - xiii. Contingent liabilities;
 - xiv. Ultimate ownership details;
 - xv. Post reporting activities.

Policy Principles

The following principles underpin this policy.

Financial Management

- a) DTW Designs (Qld) Pty Ltd aims to maintain a sound financial position, which facilitates its stability, planned business growth and profit projections through
 - i. business planning, including forecast income and expenditure;
 - ii. monitoring Cash flow;
 - iii. Formulation of and adherence to annual budgets;
 - iv. Ongoing reinvestment in the business to ensure it remains well-resourced to meet client needs;
 - v. Maintenance of adequate cash reserves to meet planned commitments, as well as unforeseen events;
 - vi. Striving to remain debt-free as part of its overall strategy of optimising return on investment and consequently maintaining price competitiveness;
 - vii. Careful safeguarding of assets, via comprehensive insurance and security measures.

Course Fees

- a) DTW Designs (Qld) Pty Ltd will strive to maintain a highly competitive fair and reasonable fee structures.
- b) DTW Designs (Qld) Pty Ltd adjusts its fees and charges from time to time. Changes to fees will be fairly and equitably applied, notified to clients and indicate the date from which the change will take effect.
- c) DTW Designs (Qld) Pty Ltd provides details of course fees in all quotes. (See Client Information Policy)
- d) Course fees may be negotiated with individual clients, as approved by the Managing Director DTW Designs (Qld) Pty Ltd.
- e) The Managing Director DTW Designs (Qld) Pty Ltd may discount or waive course fees (for example in cases of severe financial hardship) at their discretion, and where such waiver falls into compliance with any "Funding body" policy (as relevant).
- f) Confidentiality regarding fee arrangements is expected from clients.
- g) Where course fees are subsidised by a "Funding Body" (for example an Australian Apprenticeship or other State / Federal /Territory funded program) these may include a non-negotiable "Student Course Fee". DTW Designs (Qld) Pty Ltd will ensure these fees are applied and communicated to clients at the time of enrolment, following the relevant Funding body" fees policy.

Fee Payment Arrangements

- a) Fees are normally invoiced post-delivery but some fees may be payable in advance. As such, DTW Designs (Qld) Pty Ltd will affect financial practices to ensure the protection of fees paid in advance.
 - i. DTW Designs (Qld) Pty Ltd cannot accept prepaid fees from individual clients more than a total of \$1500 (being the threshold total prepaid fees amount).

- ii. DTW Designs (Qld) Pty Ltd will hold the client's prepaid fees in trust until the client 'commences' their learning or assessment – at a unit/module level.
 - iii. Regarding payment plans - Monies in trust for an individual client will not exceed \$1500 at any given time.
 - iv. Under Schedule 6 – Standards for RTOs; DTW Designs (Qld) Pty Ltd adopts the following to protect fees paid in advance.
- b) Flexible payment arrangements/ options will accommodate individual circumstances.
 - c) Fees must be paid in full before certification will be issued
 - d) If payment instalment/arrangements are in place, and payment becomes overdue and remains unpaid for a period over 14 days, DTW Designs (Qld) Pty Ltd reserves the right to suspend the clients learning or assessment (or both) until all fee payments are up-to-date.
 - e) Flexible payment arrangements, such as instalments, credit card, direct debit, cheques and EFT remittance are acceptable to accommodate the diverse financial situations of clients.

Refunds

- a) DTW Designs (Qld) Pty Ltd will apply refunds following the Refund Policy.

Asset Management

- a) Acquisitions of assets are per the strategic planning, training and assessment strategies and budgetary considerations.
- b) A projected budget for asset acquisition will be included in annual strategic planning and the overall viability review for individual projects.

DTW Designs (Qld) Pty Ltd Responsibilities

The Managing Director DTW Designs (Qld) Pty Ltd is responsible for:

- a) Ensuring compliance with financial management policies, procedures and systems.
- b) Ensuring compliance with Financial Viability Risk Assessment Requirements 2011.
- c) Monitoring and reporting on compliance with these financial management policies and procedures.
- d) Undertaking reviews of the effectiveness of the policies, procedures and systems annually and to use the results of such reviews to drive further improvements.
- e) When requested, provide VET Registration body with a formal assurance that DTW Designs (Qld) Pty Ltd has sound financial management standards for matters relating to the Scope of Registration and scale of operations.

Access & Equity

The DTW Designs (Qld) Pty Ltd Access & Equity Policy applies. (See Access & Equity Policy)

Records Management

All documentation from financial management processes is maintained following the Records Management Policy. (See Records Management Policy)

Monitoring and Improvement

All Financial Management practices are monitored by the Director DTW Designs (Qld) Pty Ltd and subject to ongoing review during monthly Financial Review meetings. Areas for improvement identified and acted upon. (See Continuous Improvement Policy)