1.7 - Financial Management

In accordance with the Standards for Registered Training Organisations, International Institute of Education and Training has systems and procedures in place to ensure an acceptable level of financial risk at all times. We also ensure the protection of fees paid in advance to International Institute of Education and Training by students and apply a fair and reasonable refund policy (see Fees and Refund Policy).

Management of finances

International Institute of Education and Training finances shall be managed by the CEO in accordance with standards laid down by the Australian Accounting Standards Board (Australian Accounting Standards).

Accounts to be kept

Financial accounts of all aspects of International Institute of Education and Training operations are to be kept in a way that maintains their accuracy and integrity. These accounts must detail all money received and expended by International Institute of Education and Training. These accounts shall be open to the inspection of appropriate registering bodies. These accounts are to be retained in archive for no less than seven years.

Chief Executive Officer responsibility

The Chief Executive Officer shall be responsible for ensuring that all general records, accounting books, documents, securities and records of receipts and expenditure connected with our operations are kept in such a manner as to satisfy an audit against the Australian Accounting Standards.

Audit of accounts

International Institute of Education and Training will have its accounts certified by a qualified accountant, to Australian Accounting Standards, at least once each financial year and will provide certificates of account to ASQA on request.
Reporting of accounts

On request from ASQA, International Institute of Education and Training will provide a statement of its financial accounts, an annual report, and / or a business plan. The Chief Executive Officer is responsible to ensure that all accounts are accurate and well prepared and provided to ASQA in a timely manner.

Financial Viability Risk Assessment

ASQA requires International Institute of Education and Training to demonstrate its financial viability at any point in time, upon request. The assessment of International Institute of Education and Training’s financial viability risk is directed at evaluating the likelihood of its business continuity, and its capacity to achieve quality outcomes. In particular, the assessment informs a judgement about whether International Institute of Education and Training has the financial resources necessary to:

- acquire the requisite assets and physical resources to deliver all qualifications on its scope of registration;

- employ sufficient appropriately qualified staff to cover the courses for which it takes enrolments;

- provide appropriate levels of student services to students;

- remain in business to ensure that each student can achieve completion; and

- meet the above requirements, even in an unsure environment.

In accordance with this requirement, International Institute of Education and Training will submit to an assessment of financial viability risk by a qualified independent financial auditor nominated by ASQA at any time during its registration period. This will include providing financial data and information to the qualified independent financial auditor in a format that is in accordance with Australian Accounting Standards.
Common Indicators of Financial Performance

The assessment of financial viability risk will be undertaken by assessing common indicators of financial performance and position. These may include the following indicators:

- Liquidity – including current ratio and cash flow assessments
- Solvency – including debt to assets assessment, debt to equity assessment
- Economic Dependency – reliance upon government funded training
- 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.

Information that could be used to assess the common indicators to make a determination about International Institute of Education and Training’s financial viability risk may include:

- Independent reviews of financial projections including underlying assumptions;
- Business planning including forecast income streams and forecast expenditure;
- Assets and liabilities;
- Financial statements audited by an independent qualified auditor;
- Financial records for the previous 12 months, including profit and loss, balance sheets;

- Cash flow and bank accounts;

- Short term budgets and forecasts, including assumptions;

- Information on current and projected student enrolments, including assumptions;

- Tax records;

- Information about current debts and debtors, credits and creditors, loans and repayment;

- Plans, and information on any legal disputes;

- Inter-company dealings, transfers, ownerships and loans;

- Contingent liabilities;

- Ultimate ownership details; or

- Post reporting activities (includes activities that relate to the period after accounts have been audited that would have a material impact on the organisation’s operations, viability or ownership).

The NVR Financial Viability Risk Assessment Requirements 2011 can be downloaded from the ASQA website by clicking here. This document is a Legislative Instrument as it applies under the Legislative Instruments Act 2003. All International Institute of Education and Training staff are strongly encouraged to download and read this document.

**Compliance responsibility**

The CEO is responsible to maintain the financial viability of International Institute of Education and Training and is to maintain suitable information to demonstrate International Institute of Education and Training’s financial viability according to the listed common indicators of financial performance.