**Financial Management Policy**

**PURPOSE**

Insert org name is committed to establishing a long term presence in the insert relevant sector sector as a provider of quality training and services. A key factor in attaining this aim is the ongoing financial stability and wellbeing of insert org name, 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.

**SCOPE**

1. Ensure compliance with “Financial Viability Risk Assessment Requirements”
2. Implement and maintain effective business planning and financial management processes
3. Ensure that accounts and a full financial audit of the Centre’s/House financial accounts from an independent qualified accountant (Certified to Australian Accountant Standards) are obtained and made available to the registered funding bodies upon request
4. Ensure that financial audits are completed and published in each annual report prior to each AGM
5. Provide clients with complete and accurate fee information
6. Provide Refunds, as per Refund Policy.

**POLICY STATEMENT**

Insert org name will ensure that it maintains sound financial practices, ensuring the financial security of all business activities, 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.

**PROCEDURES**

***Financial Management –*** (Financial Viability Risk Assessment Requirements 2011)

Insert org name aims to maintain a sound financial position, which facilitates its

stability, planned business growth and surplus projections through:

* + 1. Business planning, including forecast income and expenditure;
    2. Monitoring cash flow
    3. Formulation of and adherence to annual budgets
    4. Ongoing reinvestment in the business to ensure it remains well-resourced to meet client needs
    5. Maintenance of adequate cash reserves to meet planned commitments, as well as unforeseen events
    6. Striving to remain debt free as part of its overall strategy of optimising return on investment and consequently maintaining price competitiveness
    7. Careful safeguarding of assets, via comprehensive insurance and security measures.

***Asset Management***

1. Acquisitions of assets are in accordance with strategic planning, training and budgetary considerations
2. Projected budget for asset acquisition will be included in annual strategic planning and the overall viability review for individual projects

***Mandatory Practices***

1. Insert org name will comply with the Ministerial Direction Fees and Charges and Section 68 Source of Funds and Section 69 Management of Funds in the insert org name Rules of Association
2. Insert org name must have a budget at the start of the financial year. This budget will include expected income, expenditure and cash flow projections
3. Insert org name budget for the financial year must be ratified at a Committee of Management meeting
4. The Budget must be put onto the MYOB system
5. A financial report will be presented at the Committee of Management meeting every month.

***Course Fees***

# Insert org name will strive to maintain highly competitive fair and reasonable fee structures, outlining these in a “Schedule of Fees”

# Insert org name will adjust its fees and charges from time to time. Changes to fees will be fairly and equitably applied, advertised and clearly indicate the date from which the change will take effect

# Insert org name will provide details of course fees in all course information. *(See Client Information Policy)*

# Course fees may be negotiated with individual clients, as approved by Manager/Coordinator; insert org name

# The Manager/Coordinator; insert org name 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).

# Confidentiality regarding fee arrangements is expected from clients

# 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”. Insert org name will ensure these fees are applied and communicated to clients at the time of enrolment, in accordance with the relevant Funding body” fees policy.

***Fee Payment Arrangements***

1. All fees are payable in advance. As such, insert org name will effect financial practices to ensure the protection of fees paid in advance.
   1. Although not an RTO, insert org name will not accept prepaid fees from individual clients in excess of a total of $1500 (being the threshold total prepaid fees amount)
   2. Insert org name will hold the clients prepaid fees in trust until the client commences their learning
2. Flexible payment arrangements/options will accommodate individual circumstances.
3. Fees must be paid in full before certification will be issued
4. Flexible payment arrangements, such as instalments, credit card, direct debit, cheques and EFT remittance are acceptable to accommodate the diverse financial situations of clients, approval from Manager/Coordinator must be sought.

***Refunds***

1. Insert org name applies refunds in accordance with the Refund Policy.

**OBLIGATIONS**

***Submission Requirements***

1. Demonstration of financial viability to funding regulators *(see definitions below)* on request at

any point in time

1. Insert org name must submit an assessment of financial viability risk by a qualified independent financial auditor nominated by funding regulators at any time requested
2. The obligation to submit also applies to parent organisations, affiliated companies or organisations that have a vested interest in the organisation.

***Criteria***

1. The assessment of the ‘Financial Viability’ by funding regulators is directed toward evaluating the likelihood ofinsert org name business continuity, and its capacity to achieve quality outcomes. The assessment informs a judgement about whether insert org name has the financial resources necessary to:
   1. acquire the requisite assets and physical resources to deliver all educational offerings advertised and approved for funding
   2. employ sufficient appropriately qualified staff to cover the courses for which it takes enrolments
   3. provide appropriate levels of student services to students
   4. remain in business to ensure that each student can achieve completion
   5. meet the above requirements even in an unsure environment.

***Indicators for Assessment***

1. The assessment will be undertaken by assessing common indicators of financial performance and position. These may include, but are not limited to :
   1. Liquidity – including current ratio and cash flow assessments
   2. Solvency – including debt to assets assessment, debt to equity assessment
   3. Economic Dependency (e.g. reliance upon government funding or a particular cohort of clients)
   4. Revenue, profit and cash flow
   5. Commercial risk’
   6. Audit opinion
   7. Contingencies
   8. Compliance with all statutory obligations(e.g. GST, taxation, superannuation)
   9. Compliance with accounting standards
   10. Accounting policies – impact of organisation accounting policies on its financial risk.

***Information to be assessed***

1. Information that could be used to assess the common indicators may include, but are not limited to :
   1. Independent review of financial projections, including underlying assumptions
   2. Business planning, including forecast income streams and forecast expenditure
   3. Assets and liabilities
   4. Financial statements audited by an independent qualified auditor
   5. Financial records for the previous 12 months, including profit and loss, balance sheets
   6. Cash flow and bank accounts
   7. Short term budgets and forecasts, including assumptions
   8. Information on current and projected student enrolments, including assumptions
   9. Tax records
   10. Information about current debts and debtors, credit and creditors, loans and repayments
   11. Plans, and information on any legal disputes
   12. Inter-company dealings, transfers, ownerships and loans
   13. Contingent liabilities
   14. Ultimate ownership details
   15. Post reporting activities.

**RESPONSIBILITIES**

***Financial Compliance & Review***

The Manager/Coordinator; insert org name is responsible for:

1. ensuring compliance with financial management policies, procedures and systems
2. ensuring compliance with Financial Viability Risk Assessment Requirements 2011
3. monitoring and reporting on compliance with these financial management policies and procedures
4. undertaking reviews of the effectiveness of the policies, procedures and systems annually and to use the results of such reviews to drive further improvements.

***Financial Recording***

MYOB is the program used for recording all insert org name financial transactions. All financial reports are printed from this program.

***Budget Preparation***

The Manager/Coordinator is responsible for the preparation of the budget (in consultation with the Bookkeeper) to support the Strategic Plan. The budget is reviewed by the Manager/Coordinator, Bookkeeper and Treasurer, for accuracy, affordability and support of *insert org name* objectives and strategies. It is then presented for approval or modification to the Committee of Management (CoM). Once ratified by the CoM it becomes the authority for the Manager/Coordinator to expend funds as identified.

***Records Management***

All documentation from financial management processes are maintained in accordance with Records Management Policy. *(See Records Management Policy*)

***Monitoring and Improvement***

All Financial Management practices are monitored by the Manager/Coordinator; subject to ongoing review during monthly Committee of Management meetings. Areas for improvement identified and acted upon. *(See Continuous Improvement Policy*)

***Provision of Documentary Evidence of the following procedures:***

1. Computerised Accounting and Payroll Package (MYOB)
2. Childcare through XPLOR software system data entry, uploads and MYOB
3. Accounting reports prepared on accrual basis
4. Annual budgets prepared & approved by Committee of Management and Manager/Coordinator
5. Actual expenditure vs budgets monitored regularly
6. Regular reconciliations of bank accounts and petty cash
7. Chart of accounts includes job numbers
8. Monthly internal profit and loss reports
9. Cash position monitored regularly
10. Weekly data input
11. Accounts audited annually
12. All payments as per Articles of Association which spells out two (2) persons to sign (as per Section 69(4) Management of Funds in the insert org name Rules of Association
13. Two signatories required on all cheques; as per above
14. Reports required by funding agreements prepared within timeframe required.

***Access & Equity***

Insert org name - Access & Equity Policy applies.

**DEFINITIONS**

As identified in the chart below:

|  |  |
| --- | --- |
| **Item** | **Definition** |
| Funding Regulator/s | Department of Fairness, Families and Housing (Vic) DFFH  Department of Education and Training (Vic) DET |
| Financial Viability Risk Assessment Requirements 2011 | Explained in detail in the **Obligations** section of this Policy (above). |
| Threshold of total prepaid fees amount | Refers to risk to client if organisation goes into liquidation. See:  ***Fee Payment Arrangements*** (a) i. above. |

**Legislative Framework**

* Electronic Transactions Act 2000 (VIC)

**Related Documents**

* Access and Equity Policy
* Continuous Improvement Policy
* Records Management Policy
* Client Information Policy
* Fees, Charges and Refund Policy
* Rules of Association

|  |  |  |  |
| --- | --- | --- | --- |
| Policy/Procedure name | Financial Management | Version | 1 |
| Policy number | Insert Policy Number | Date developed | Insert Month/Year |
| Drafted by | Manager/Coordinator | Approved by CoM | Insert Month/Year |
| Responsible person | Manager/Coordinator | Scheduled review date | Insert Month/Year |
| Policy Area | Operational | | |