



EEI FINANCIAL MANAGEMENT POLICY

1. PURPOSE

Empyrean Education Institute 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 Empyrean Education Institute, 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 Empyrean Education Institute uses efficient financial management practices and systems complying with the Standards for Registered Training Organisations (SRTOs 2015).

2. POLICY STATEMENT

Empyrean Education Institute 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.

Empyrean Education Institute 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.

3. DEFINITIONS

3.1 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.

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.

TPS means: Tuition Protection Service <https://tps.gov.au>

4. EMPYREAN EDUCATION INSTITUTE OBLIGATIONS - Financial Viability Risk Assessment Requirements 2011

4.1 Intent

- a) The VET Regulator can request Empyrean Education Institute 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 Empyrean Education Institute business continuity, and its capacity to achieve quality outcomes. The assessment informs a judgement about whether Empyrean Education Institute 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.

4.2 Obligation to submit assessment

- a) Empyrean Education Institute 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.

4.3 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 particular 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 – impact of organisation accounting policies on its financial risk.

4.4 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.

5. POLICY PRINCIPLES

The following principles underpin this policy.

5.1 Financial Management

- a) Empyrean Education Institute 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; including management of the EEI student trust account
 - 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.

5.2 Course Fees

- a) Empyrean Education Institute will strive to maintain highly competitive fair and reasonable fee structures, outlining these in a “Schedule of Fees”.
- b) Empyrean Education Institute adjusts 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.
- c) Empyrean Education Institute provides details of course fees in all course information. (See Client Information Policy)
- d) Course fees may be negotiated with individual clients, as approved by Director Empyrean Education Institute.



- e) The Director Empyrean Education Institute 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”. Empyrean Education Institute will ensure these fees are applied and communicated to clients at the time of enrolment, in accordance with the relevant Funding body” fees policy.

5.2 Fee Payment Arrangements

- a) **Funded Domestic Students** Fees must be calculated in accordance with the DTWD 20189 Business Rules. In this instance, domestic funded students are to be invoiced by unit enrolment census dates and applicable payment plans may be arranged subject to EEI approval in accordance with the 2019 DTWD Business Rules. No fees are taken in advance for this cohort of students.
- b) **Full Fee-Paying Domestic Students**
 - i. In this instance, domestic full fee-paying students are to be invoiced by unit enrolment census dates and applicable payment plans may be arranged subject EEI approval. No invoice payment amount is to exceed the maximum amount of \$1500 advance payment.
 - ii. Flexible payment arrangements/ options will accommodate individual circumstances.
 - iii. Fees must be paid in full before certification will be issued
 - iv. If payment instalment / arrangements are in place, and a payment becomes overdue and remains unpaid for a period more than 14 days, Empyrean Education Institute reserves the right to suspend the clients learning or assessment (or both) until all fee payments are up-to-date.
 - v. Flexible payment arrangements, such as instalments, credit card, direct debit, cheques and EFT remittance are acceptable to accommodate the diverse financial situations of clients.
- c) **International Students**
 - i. Empyrean Education Institute meets its requirements of Tuition Assurance in accordance with the ESOS ACT by membership of the Federal Governments Tuition Protection Service (TPS).

5.3 Tuition Protection Outline

The Tuition protection service legislation requires EEI to maintain enough balance in our Student Trust account to enable the refund/repayment of tuition fees to students who are unable to commence their course for the following reasons:

- a) In the unlikely event that EEI no longer provides a course of study in which a student is enrolled, the student is entitled to either:
 - i. **Course Placement Offer** An offer of a place in a similar course of study with another Education Provider. In this instance, the unspent balance of tuition fees will be transferred to the other Education Provider.
 - ii. **Refund** The student may request a refund of unexpended pre-paid tuition fees from the TPS.
- b) **In either of the above cases the student must continue to meet relevant immigration requirements.**



- c) If EEI is no longer providing a course of study and is unable to refund any unspent tuition fees, the EEI Director will notify the TPS Director within 3 business days of the default date. EEI will have 14 days to complete its Tuition Protection Requirements. EEI will then notify the TPS Director within 7 days.
- d) For further information about the Tuition Protection Service, please follow the link <https://tps.gov.au/StaticContent/Get/StudentInformation>
- e) EEI accounts department will monitor the EEI Student Management System financial reports to ensure a constant balance to ensure the repayment of pre-paid student fees.
- f) EEI Accounts department will provide a weekly summary to the EEI CEO regarding the calculation of the bank account balance
- g) EEI CEO is to ensure the Student Trust Account balance is in excess of this amount at all times.

5.3 Refunds

- a) Empyrean Education Institute applies refunds in accordance with the EEI Refund Policy.

5.4 Asset Management

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

6. EMPYREAN EDUCATION INSTITUTE RESPONSIBILITIES

The Director Empyrean Education Institute is responsible for:

- a) Ensuring compliance with financial management policies, procedures and systems.
- b) Ensuring compliance with Financial Viability Risk Assessment Requirements
- 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 Empyrean Education Institute has sound financial management standards for matters relating to the Scope of Registration and scale of operations.

7. ACCESS & EQUITY

The Empyrean Education Institute Access & Equity Policy applies. (See Access & Equity Policy)

8. RECORDS MANAGEMENT

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

9. MONITORING & IMPROVEMENT



Equanimity Consultants Pty Ltd
T/A Empyrean Education Institute
ABN: 70080503091
16 The Terrace Fremantle
W.A 6160
(08) 9228 1600
www.eei.wa.edu.au
RTO ID: 52118 CRICOS: 03275D

All Financial Management practices are monitored by the Director Empyrean Education Institute and subject to ongoing review during monthly Financial Review meetings. Areas for improvement identified and acted upon. (See Continuous Improvement Policy)