Financial Management

The purpose of this policy is to ensure SRDITA manages its financial resources responsibly, transparently, and in compliance with relevant legislation and standards. This policy establishes guidelines for budgeting, financial reporting, risk management, and accountability to support the organisation’s sustainability and strategic objectives.

This policy applies to all financial activities undertaken by SRDITA, including budgeting, expenditure, financial reporting, auditing, and risk management. It covers all personnel involved in financial processes, including management, administrative personnel, and third-party providers.

SRDITA is committed to maintaining sound financial management practices that ensure the organisation’s financial stability, compliance with legal and regulatory requirements, and efficient use of resources. Financial decisions are made in alignment with the organisation’s strategic goals and operational priorities.

SRDITA maintains stringent financial management policies and practices across all operational areas, ensuring business continuity and the ability to achieve high-quality outcomes. SRDITA ensures financial arrangements satisfy the *VET Quality Framework Financial Viability Risk Assessment Requirements* at all times.

SRDITA guarantees that at all times, training, business and program services are rendered before fees paid are expended.

Rationale

SRDITA employs a robust financial management framework to monitor its financial position and ensure governing persons are informed of and actively managing financial risks. Financial management processes are overseen by the Finance Manager, who has direct access to the CEO and Management Team. This enables regular review of financial performance and ensures compliance with regulatory obligations, including the *VET Quality Framework Financial Viability Risk Assessment Requirements*. Monthly financial reporting provides a comprehensive overview of the organisation’s financial position, including budgets, cash flow, and performance against financial plans, ensuring timely identification and mitigation of potential risks.

The governing persons actively engage in reviewing the **Financial Plan** and are regularly updated on the organisation's financial forecasts, allowing them to assess the impact of financial performance on the delivery of training and assessment services. Annual audited financial statements are prepared by a qualified accountant and reviewed by an independent auditor, providing assurance of compliance with statutory obligations and sound financial management. Where required, financial audits specific to government-funded contracts are conducted to ensure alignment with funding requirements.

To further mitigate risks, SRDITA adheres to rigorous financial viability assessments, including liquidity, solvency, and revenue analysis. Established indicators guide these assessments and involve independent audits. The organisation ensures all financial data is transparent, accurate, and accessible, maintaining separate general ledger accounts for fee-for-service and government-subsidised training.

The governing persons’ financial acumen is strengthened through targeted professional development and updates on regulatory changes, enabling them to make informed decisions that align with organisational goals and sustainability. By fostering a culture of fiscal responsibility and maintaining a proactive approach to financial oversight, SRDITA ensures its financial stability, compliance, and capacity to deliver quality vocational education and training services. Continuous monitoring and evaluation of financial processes support the organisation's commitment to improvement and risk mitigation, ensuring long-term success and compliance with regulatory standards.

Financial Management Systems

The SRDITA *Finance Manager* has direct access to the SRDITA *Chief Executive Officer* and the Senior Management team, who jointly ensure that:

- SRDITA meets its financial management and regulatory obligations regarding financial viability and record-keeping.
- SRDITA's financial records are monitored and reported on in compliance with its financial management regulatory obligation, and
- When requested, formal assurance is provided and evidenced, demonstrating that SRDITA has sound financial management standards in place for matters related to its scale of operations,

including the provision of annual audited accounts and project contract-specific audits where required. This includes an annual business viability assessment, where required by government funding contractual requirements.

Where required by any jurisdictional funding, subsidy, or grant agreement, SRDITA maintains proper accounts, records, and financial statements that show the receipt, use, and expenditure of the specific contracted funds and the carrying out of the relevant, approved contracted purpose.

SRDITA ensures a sufficient level of financial acumen across the Executive team by selecting individuals with proven financial expertise, providing targeted professional development, and fostering ongoing financial oversight. Regular professional learning and updates on regulatory changes, enhance their capability to analyse budgets, monitor financial performance, and make informed decisions. This ensures the Executive team maintains strong fiscal responsibility and aligns financial management with organisational goals and sustainability.

Financial Planning

The organisation manages financial risks through the appropriate monitoring and oversight of the RTO's financial position, financial performance, and cash flows, which are managed, monitored, and understood by governing persons.

SRDITA's governing persons are involved in reviewing the organisation's **Financial Plan**. They are regularly informed about the financial position and forecasts of the RTO, including how the position impacts the delivery of training and assessment in accordance with the *Standards for RTOs.*

eSkilled Student Management System

All accounts receivable (debtors) functions for SRDITA are undertaken within the eSkilled *Student Management System*. This system ensures clear and transparent visibility of all service fees and charges, directly linked to relevant clients and services delivered.

A variety of fees, charges and refund policies and procedures are in place to ensure clear and transparent communication and administration of service fee requirements. Please refer to the **"Fees, Charges, and Refunds"** section of this manual.

Financial Reporting

The SRDITA *Finance Manager* has direct access to the SRDITA *Chief Executive Officer* and Senior Management team, who ensure that:

- SRDITA meets its financial management regulatory obligations in relation to financial viability and financial record-keeping,
- SRDITA financial records are monitored and reported on in compliance with its financial management regulatory obligations on a monthly basis, for review and as a basis for improvement, and
- When requested, formal assurance is provided and evidenced demonstrating that SRDITA has sound financial management standards for matters related to the RTO's scope of registration and scale of operations, including the provision of audited accounts.

Accounts and Records of Fees

The accounts and records kept by SRDITA clearly distinguish between income from fee-for-service training and government-subsidised courses. SRDITA has established and maintains a separate general ledger account to record the receipt of income from tuition fees and the payment of refunds for each government funding or subsidy contract held.

The SRDITA *Finance Manager* maintains general procedures and work instructions for:

- Processing of all accounts payable,
- Completion of all SRDITA financial returns,
- Reporting on SRDITA's performance against budgets,
- Completion of SRDITA's annual financial reports, and
- Completion of SRDITA's annual and project contract financial audits.

SRDITA is fair and honest when dealing with the individuals it trains, with other RTOs, with industry and community representatives and with governments.

SRDITA notes and maintains compliance with the following jurisdictional frameworks:

- *ACT Quality Framework,*
- *NSW Quality Framework,*
- *QLD Quality Framework,* and
- *VIC Skills First Quality Charter.*

SRDITA operations demonstrate a commitment to the following principles and obligations.

Annual financial statements

SRDITA prepares general-purpose financial statements for each financial year of SRDITA (within the meaning of section 323D of the *Corporations Act 2001* (Cth)), within 3 months after the end of the financial year.

The financial statements are:

- Prepared by a qualified accountant (within the meaning of the Corporations Act 2001) in accordance with applicable accounting standards, and
- Audited by a qualified auditor who is independent of SRDITA.

The financial statements are accompanied by the following:

- A report by the auditor,
- A copy of the auditor's independence declaration required under section 307C of the Corporations Act 2001,
- A declaration by a qualified accountant or auditor that SRDITA has, as at the date of the declaration, complied with all statutory obligations relating to the payment of the following:
  - company tax,
  - goods and services tax,
  - withholding tax, including withholding tax for employees,
  - payroll tax, and
  - superannuation guarantee for employees.

Where SRDITA is part of a consolidated entity, the financial statements are accompanied by a copy of the most recent consolidated financial statements for the entity prepared in accordance with applicable accounting standards.

ELICOS Business Management

SRDITA:

- Have its accounts been prepared in accordance with Australian Accounting and Auditing Standards, at least annually?
- Provides the certificate of accounts to the ESOS agency on request,
- Provides a complete audit report of its financial accounts from a qualified and independent auditor, if the ESOS agency reasonably deems this necessary, and
- Provides other business management documents as requested by the ESOS agency, if reasonably deemed necessary.

ASQA Financial Viability Risk Assessment

ASQA may require SRDITA to demonstrate its financial viability at any point in time, upon request.

The assessment of financial viability risk is directed at evaluating the likelihood of its business continuity and its capacity to achieve quality outcomes. In particular, the evaluation informs a judgement about whether the organisation has the financial resources necessary to:

- Acquire the requisite assets and physical resources to deliver all qualifications within its scope of registration,
- Employ sufficient appropriately qualified personnel 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 uncertain environments.

Financially viable means the ability of an organisation to generate sufficient income to meet operating payments, debt commitments and, where applicable, to allow growth while delivering quality training and assessment services and outcomes.

Financial viability risk means the assessed financial performance, operations, and capacity of an organisation as an ongoing concern to deliver quality training and assessment services and outcomes for the duration of its registration, and the potential of its losing this capacity.

An ***independent qualified auditor*** is:

- The Auditor-General of a State, of the Australian Capital Territory or of the Northern Territory, or
- A person registered as a company auditor or a public accountant under a law in force in a State, the Australian Capital Territory or the Northern Territory, or
- A member of the Institute of Chartered Accountants in Australia, or of the Australian Society of Certified Practising Accountants, or
- A person approved by the Minister in writing as a qualified auditor for the *Higher Education Support Act 2003* (Cth), and
- A person independent from the entity being audited.

SRDITA must submit to an assessment of financial viability risk by a qualified independent financial auditor nominated by ASQA at any time during its registration period, as determined by ASQA in accordance with the Risk Assessment Framework.

The obligation to submit to the assessment also applies to parent organisations, affiliated companies or organisations that have a vested interest in the organisation.

The assessment of financial viability risk involves evaluating common indicators of financial performance and position. These may include, but are not limited to, the following indicators:

- Liquidity– including current ratio and cash flow assessments,
- Solvency – including debt to assets assessment, debt to equity assessment,
- Economic Dependency – for example, reliance upon government-funded training, or reliance on a particular cohort of students (e.g. overseas students),
- 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, and
- Accounting policies – impact of the organisation's accounting policies on its financial risk.

Information that could be used to assess the common indicators above and to decide about financial viability risk may include, but not be limited to:

- 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, and
- 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).

Monitoring and Evaluation

SRDITA monitors and evaluates financial management processes to ensure performance is adequate and outcomes are met.

A process of performance monitoring, evaluation, and reporting has been established and implemented.

The organisation continually improves the effectiveness and efficiency of processes. Process performance and outcomes are regularly audited to identify and remove causes of existing and potential problems, as well as to uncover any opportunities for improvement.

Please refer to the **Quality Policy** for further information on the monitoring and evaluation process.