



Institution	Mercury Institute of Victoria
Policy Name	Business and Financial Viability Policy
Policy Governance	Compliance Manager
Reference to Standards	Standards for RTO 2015 - Standard 7 Clause 7.2, 7.4
Date of Approval	April 2022
Review Date	April 2023

PURPOSE

This policy ensures that Mercury Institute of Victoria use efficient financial management practices and systems including Auditing and provision of information for Compliance. This is achieved by ensuring that the requirements for financial viability, insurance, fit and proper persons, and fee protection are met.

Mercury Institute of Victoria establishes this policy and procedure to:

- Comply with the requirements of Standards for RTO 2015 – Standard 7 Clause 7.2, 7.4

SCOPE

This policy applies to the entire scope of Mercury Institute of Victoria.

1. PROCEDURE

RESPONSIBILITY AND AUTHORITY

Business viability and oversight

- Mercury Institute of Victoria conducts **annual** business and financial planning to ensure the ongoing viability of the RTO. This process reviews the likelihood of business continuity and Mercury Institute of Victoria's capacity to continually achieve quality outcomes. During this process, strategic directions may be reviewed to maintain viability.



- Business planning and financial viability will consider whether Mercury Institute of Victoria has the financial resources to:
 - Acquire the assets and physical resources to deliver all qualifications on its scope of registration
 - Employ sufficient appropriately qualified staff to cover the courses on its scope of registration
 - Provide appropriate levels of student services
 - Remain in business to ensure that each student achieves completion
 - Appropriately manage the risks associated with its operations and delivery
 - Meet the above requirements, even in an uncertain environment.

Risk Management

Mercury Institute of Victoria has developed and implemented a risk management framework, which includes identification, measurement, treatment, monitoring and review mechanisms of all risks associated with running the business. This includes identifying and addressing risks associated with the calculation of the Tuition Protection Scheme Risk rated premium component.

Risks and control mechanisms are reviewed and re-assessed at least annually.

Fit and Proper Persons

- All Executive Officers and High Managerial Agents of Mercury Institute of Victoria satisfy the Fit and Proper Person Requirements 2011 and each have made a declaration in accordance with ASQA's requirements and Schedule 3 of the Standards. Any new managers will also be required to meet these requirements and make this declaration.
- All managers employed by Mercury Institute of Victoria have appropriate authority to ensure that Mercury Institute of Victoria always complies with the Standards.

Insurance

Mercury Institute of Victoria holds, always, public liability insurance to cover all training and assessment activities it provides as an RTO and will ensure that the insurance is appropriate to Mercury Institute of Victoria's size and scope of operations.



Protection of fees paid in advance

Mercury Institute of Victoria protects the fees that are prepaid by students, or on behalf of students, for services not yet delivered in accordance with Clause 7.3 of the Standards, the ESOS Act and the National Code Standard 3 and line with its Fees and Refunds Policy & Procedures.

Procedures:

1. Business planning, risk and financial viability

A. Create/review business plan

- Each year review the business plan and ensure it aligns with Mercury Institute of Victoria's strategic directions and confirms the ongoing viability of Mercury Institute of Victoria. Review strategic directions as required to ensure continuity of the business.
- Discuss updates to the business/strategic plan at the management meeting.

B. Create/ review risk management plan

- Record risks in the Risk Management Register.
- Ensure all risks associated with the risk-rated premium for the TPS are considered. This includes payment in arrears, length of operation, growth in overseas student numbers, maximum overseas source country concentration and non-compliance history.
- Review all newly identified risks entered into the Risk Management Register at management meetings.
- Determine how each risk will be treated and document on the Risk Management Register, setting timeframes and responsibilities to ensure the risk is treated.
- Determine the best monitoring process for each risk and add it to the Risk Register.
- Review all risks on the Risk Management Register at least annually and record review outcomes and actions on the register.

C. Financial viability

- Monitor the ongoing financial viability of Mercury Institute of Victoria at least



quarterly to ensure the ongoing viability of the business. The following common indicators of viability should be considered:

- 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 its statutory obligations (for example GST, taxation, superannuation, Companies Code)
 - Compliance with accounting standards
 - Accounting policies – the impact of the organisation’s accounting policies on its financial risk
- Review financial viability information at management meetings.
 - If ASQA is conducting a Financial Viability risk assessment at any time or otherwise requests information about Mercury Institute of Victoria’s financial viability, ensure cooperation and provide information as requested to ASQA or nominated parties (e.g., independent auditors).

2. Fit and Proper Person Requirements

A. Ensure fit and proper person requirements are met

- Ensure each executive officer and high managerial agent meets the Fit and Proper Person Requirements 2011.
- Have each person fill in ASQAs Fit and Proper Person Declaration and store it in the staff member’s file.
- Ensure relevant influential personnel, managers, and shareholders, understand that they are required to notify the CEO if there is anything that may impact that person’s



status as a Fit and Proper Person (FAPP). This item will be raised at each management meeting as a reminder.

- Use ASQAnet to advise ASQA of any changes to the FAPP status of any person within 90 calendar days of the change.

Refer to this information for more details of the types of changes to be reported to ASQA <https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes>

B. New managers, directors, and shareholders.

- Before confirming the position, ensure FAPP requirements can be met by the individual.
- Use ASQAnet to advise ASQA of any changes to managers, directors, and shareholders within 90 calendar days of the change.

Refer to this information for more details of the types of changes to be reported to ASQA <https://www.asqa.gov.au/vet-registration/meet-requirements-ongoing-registration/notify-asqa-changes>

3. Insurance

A. Public liability insurance

- Each year, ensure public liability insurance is paid to an appropriate level and policy covers all training and assessment delivered by Mercury Institute of Victoria. Ensure the insurance broker is aware each year of any changes to operations so that full coverage is ensured.
- Mark expiry date in the calendar so renewal is not missed.

4. Protection of fees paid in advance

A. Development of payment schedules and invoicing processes

Domestic students

- Develop payment schedules and invoicing processes for each course prior to advertising or accepting enrolments to ensure that:
 - no more than \$1,500 is collected in advance from any student at any time for services that have not yet been delivered including fees collected prior to the course commencing, and for any fees collected during the course.



- 100% of fees are invoiced at least two weeks prior to the expected completion date (based on course duration) to ensure that students can pay their fees on time.

International students

- Develop payment schedules and invoicing processes for each course prior to advertising or accepting enrolments to ensure that:
 - No more than 50% of tuition fees are collected in advance from any student at any time for services that have not yet been delivered unless students have chosen to pay a higher portion of their fees upfront.
 - In the case of a short course that falls into one study period of 25 weeks or less, the full amount may be collected.
 - The remaining 50% is collected no earlier than 2 weeks before the start of the second study period.
 - Ensure invoices are not raised and no money is collected prior to a formal written agreement has been signed by the student in accordance with the ESOS Act, the National Code and the Fees and Refunds P&P

Alternative fee protection measures – domestic students

- If it is ever a requirement for a course that more than \$1,500 is paid in advance for services not yet delivered:
 - ensure fee protection measures are in place to protect these fees which aligns with Schedule 6 of the Standards e.g. bank guarantee or approved Tuition Assurance Scheme, please refer to schedule 6 requirements here: <https://www.asqa.gov.au/standards/enrolment/clauses-7.3> update the Fees and Refunds P&P to specify the fee protection measure chosen and any additional requirements or obligations Mercury Institute of Victoria has under to maintain this fee protection measure.
 - Update this procedure if applicable