

# PPPF001 FINANCIAL OPERATION AND MANAGEMENT POLICY AND PROCEDURES

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| <b>Date of Approval</b> | Sep 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Original Version</b> | 1.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>References:</b>      | <p>Education Services for Overseas Students (ESOS) Act 2000 - National Code 2018:</p> <ul style="list-style-type: none"> <li>- Standard 3, Standard 5 / Clause 5.1 to 5.3</li> <li>- Standard 6 Overseas student support services,</li> </ul> <p>Standards for RTOs 2015:</p> <ul style="list-style-type: none"> <li>- Chapter 6—Regulatory compliance and governance practice / Standard 7/Clauses 7.2 Financial Viability Risk Assessment Requirements</li> <li>- Schedule 6</li> </ul> <p>National Vocational Education and Training Regulator Act 2011,<br/>Relevant federal and state government legislations such as:</p> <ul style="list-style-type: none"> <li>- Information Privacy Act 2000 and</li> <li>- Electronic Transactions (Victoria) Act 2000.</li> <li>- Education &amp; Training Reform Act 2006</li> </ul> |

## 1. Purpose and Legislative Background

This policy ensures that PARAGON POLYTECHNIC complies with the legislative and administrative requirements of the Education Services for Overseas Students (ESOS) Act 2000 - National Code 2018 and National Vocational Education and Training Regulator Act 2011, Standards for Registered Training Organisations 2015 and other relevant federal and state government legislation. This policy and procedure apply to Finance Department, suppliers/agents and all students studying at PARAGON POLYTECHNIC to ensure that all accounts and financial resources are managed effectively, efficiently, accurately and equitably.

This policy is also to define in the common operating principles that apply to all financial transactions that occur at PARAGON POLYTECHNIC

## 2. Scope

As a provider of educational services to the Vocational Education and Training Market, it is imperative that PARAGON POLYTECHNIC is seen as a fair organisation.

## 3. Responsibility

- 3.1 The Chief Financial Officer (CFO) is responsible for implementing this policy and procedure and ensuring that team members, suppliers/agents and students are aware of and responding comply with the requirements.
- 3.2 The Marketing, Enrolment and Student support teams are responsible for cooperating with Finance Department based on this policy and procedure and ensuring that all enquiries and responses comply with the requirements.

## 4. Definition

- 4.1 **Debtor:** A person or enterprise that owes money to PARAGON POLYTECHNIC.
- 4.2 **Creditor:** A person or enterprise that PARAGON POLYTECHNIC owes money to.

#### 4.3 Accounts receivable:

The money that is owed to PARAGON POLYTECHNIC for providing training and other services to its students / clients.

#### 4.4 Accounts payable:

The money that is owed by PARAGON POLYTECHNIC for receiving goods/services from suppliers/agents.

### 5. Operation Principles

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#### 5.1 Treatment of Students

ALL students are to be treated equally and in a fair and compassionate manner. The rules surrounding any payment should be clear and should have been included in the student agreement prior to signing. If it is discovered that the situation was not clear, then the teams within PARAGON POLYTECHNIC have their responsibilities to work out with the Finance Department to make it transparent for the students as soon as possible.

#### 5.2 Statement of Fees

The Marketing Department will work out the course prices including the principle and promotion prices and mention clearly in a Statement of Fees. After having approval from the CEO, the Statement of fees will be sent to Admission team for issuing Letter of Offer (LOF) and Confirmation of Enrolment (COE). Also, the Marketing Department will be responsible to update the fees upfront on the website and in the marketing materials such as flyers and handouts for a particular marketing strategy with a specific period of time.

#### 5.3 Process Student Payment

- a) The Finance Department aims to process and reconcile tuition fee payments made by students within a timeframe of 3 business days. The CFO will contact Marketing and Admission Department in case the timeframe needs to be extended due to the factors such as the bank used issue, payment method, and whether for onshore or offshore students.
- b) Regarding the payment of initial deposit fees before the issuance of the CoE (Confirmation of Enrolment), the Finance Department will promptly notify the Marketing and Admission teams via email. This notification will be sent after confirming the receipt of the initial deposit in our designated bank account, along with the student's ID and their full name for reference.
- c) If the student completed payment directly into PARAGON POLYTECHNIC bank account before signing and sending back the Student Written Agreement, the Finance Staff in charge must contact the student or Education Agent immediately to inform them that the payment cannot be accepted, and the enrolment cannot proceed.
- d) Evidence of the transaction and communication must be kept that the money has not been used. All prepaid tuition fees must be kept in PARAGON POLYTECHNIC's Trust Account.
- e) Once the offer is accepted by a student, an appropriate payment (such as Bpay or evidence of direct payment via bank account or cash) will be sent to the Finance Department for processing.
  - If the payment is not processed the Finance Department must notify Admissions as soon as possible.
  - If a fund transfer has been arranged, then the Finance Department must check to see if has been received, if not, the pending matter should be diarised to follow up.

#### 5.4 Process Student Payment Plan

The Admission Department will be responsible to work out a payment plan and mention clearly in the Letter of Offer before sending to the student. The Finance Department will follow up with the payment

plan to make sure the student payment is on the right track. The Student Support team will be responsible to provide additional advice if the student struggles with their payment and requires further support.

#### **5.5 Process Agent Commissions and Bonuses**

Senior Marketing and Student Recruitment Executive of Marketing Department will be responsible to manage the targets from marketing team members and agents. When the targets achieved, the data will be sent through to Finance Department for commissions and bonuses processing. The Finance Department will complete the payment for commissions and bonuses within 3 business days from the date of receiving the enquiry from the Senior Marketing and Student Recruitment Executive.

For any further enquiry or discussion needed before finalising the payments, a written communication is a must between the Marketing and Finance Department.

#### **5.6 Financial Transaction System:**

XERO is the current accounting software system used to record all transactions and is administered by the Finance department.

#### **5.7 Maintaining the security of electronic transaction records:**

PARAGON POLYTECHNIC complies with the Standards for RTOs 2015, Information Privacy Act 2000 and Electronic Transactions (Victoria) Act 2000.

- a) Upon receiving transaction details for payments. Accounts will initiate the electronic transaction of fees.
- b) Hard copies credit card details or debit/banking details are stored separately and securely in a locked cabinet with the accounts department.
- c) The information will be kept throughout the student enrolment.

#### **5.8 Annual Accounts:**

As a private limited company, PARAGON POLYTECHNIC will ensure that the accounts are prepared by the external accounting firms for the annual audit in accordance with the company legislation and regulations.

#### **5.9 Protection of Student Enrolment Fees:**

- a) PARAGON POLYTECHNIC collects fees from students prior to commencement. The fees are paid by students as a part of their student agreement submission and paid before the Confirmation of Enrollment (CoE) is issued.
- b) The fees are put into the PARAGON POLYTECHNIC's designated account and are not drawn down.
- c) Once student commences, the funds are transferred from the designated account to the operating account.
- d) PARAGON POLYTECHNIC cannot require students to pay more than 50% of the total tuition fees before they start the course. However, the students, or the person responsible for paying the tuition fees, can choose to pay more than 50% of the student tuition fees before they start the course if they wish to do so.
- e) Evidence that students have exercised choice in how much of their tuition fees are paid up front must be recorded. There is no restriction on collecting tuition fees after a student has started their course. Courses with duration of 25 weeks or less are not subject to the 50 percent limit.

## 5.10 Tuition Assurance Schemes and TPS framework

- a) PARAGON POLYTECHNIC conforms to Standards for RTOs 2015 (Standard 7 and Schedule 6) regarding Tuition Free Protection.
- b) PARAGON POLYTECHNIC will contribute to the new Overseas Student Tuition Fund (OSTF) through the annual TPS Levy which will be managed by the TPS Director for the purposes of student placement and refund activity. PARAGON POLYTECHNIC undertakes to report to the TPS Director and the Secretary about PARAGON POLYTECHNIC or student defaults.

## 5.11 Reporting to the Regulator

### 5.11.1 Required Records:

Records will be kept enabling PARAGON POLYTECHNIC to provide the regulator with the following information given reasonable notice.

- a) Financial plan – minimum 3 years
- b) Current certified financial statements
- c) Bank guarantees or equivalent
- d) Bank confirmation of all debt, guarantees and encumbrances
- e) Refund policy (*PPPS011 Fees and Refund Policy and Procedures*)

In accordance with Standard 7/Standards for RTOs 2015, PARAGON POLYTECHNIC will, at all times, demonstrate its financial viability to the National VET Regulator during its registration.

### 5.11.2 Availabilities to provide the regulator (only if necessary):

- a) Projected student enrolments by qualifications
- b) A range of financial indicators, such as:
  - i. cash flow
  - ii. current ratio i.e. Total Current Assets/Total Current Liabilities (equal to or greater than 1)
  - iii. debt ratio Total Liabilities/Total Assets (equal to or less than 1)
  - iv. the provider shows that it has a financial guarantor with the capacity to service the guarantee and/or to demonstrate sufficient working capital to operate for at least 6 months without tuition fees.
- c) Details of whether any person involved in the management or provision of courses by the provider meets any of the descriptions listed in section 4.3.11(2) of the Education & Training Reform Act 2006.
- d) Other financial documents may be asked for and must be provided to demonstrate to the regulator that PARAGON POLYTECHNIC's continuing financial viability and its capacity to sustain quality VET operations into the future.

## 5.12 Insurance:

PARAGON POLYTECHNIC will maintain adequate insurance cover for all of its operations. It will instruct and take advice from an Independent Insurance Broker, but will as a minimum maintain cover as follows:

- a) Workers Compensation
- b) Public Liability of at least \$20m per event and maintain until 7 years after the end of the term
- c) Professional Liability / Indemnity
- d) Building and Contents cover each and every building / facility used by PARAGON POLYTECHNIC.

PARAGON POLYTECHNIC will comply with any risk management requirements of the insurance provider. Should any of the insurances listed above be cancelled and not immediately be replaced (for whatever reason), PARAGON POLYTECHNIC undertakes to notify ASQA as mentioned in Clause 7.2, 7.4/Standard for RTOs 2015.

### 5.13 Financial Processes

The Finance Department will maintain its own processes to ensure the financial integrity of transactions posted, the tracking of money received, and payment of monies owed.

## 6. Debtor/accounts receivable management

### 6.1 Income recognition

Income is recognised as per student's Letter of Offer on straight-line basis by the start date and end date of the course. The amount of income is the fee as per student's Letter of Offer.

### 6.2 Debt review and follow up:

Monitoring of debt frequency: Weekly

- 6.2.1 Review the Awaiting Payment Invoices on XERO to get the total amount students own to date
- 6.2.2 For students who have overdue fees for the first time, PARAGON POLYTECHNIC will send the First Reminder Letter
- 6.2.3 For students who have not paid the overdue after sending the First Reminder Letter, PARAGON POLYTECHNIC will send the Second Reminder Letter
- 6.2.4 For students who have not paid the overdue after sending the Second Reminder Letter, PARAGON POLYTECHNIC will send the Notice of Intention to Cancel Enrolment. Always send letters by post and email (if applicable).
- 6.2.5 For students who have been sent the Notice of Intention to Cancel Enrolment, the accounts receivable staff shall cc the email to the student's agent (if any) and will follow up with the student by phone to ensure the student is well aware of the Notice and to understand the student's intention to pay the overdue fees or not. All the communication must be noted in the student's payment plan Excel file for internal information.
- 6.2.6 If the student requests an extension of payment, an Intervention Strategy will be recorded in the form by the Student Support Team and transfer the form to the Finance Manager for approval. Once approved, the Finance Manager will communicate with the Admission team to issue a revised payment plan and duly signed by the Finance staff in charge and the student.
- 6.2.7 For a student who pays the overdue fees after PARAGON POLYTECHNIC sends the Reminder Letters/Notice, no further action is required.
- 6.2.8 For a student who fails to pay the overdue fees (without PARAGON POLYTECHNIC's approval) and does not apply to appeal against the decision made by the deadline given in the Notice of Intention to Cancel Enrolment, PARAGON POLYTECHNIC will inform Admissions department to cancel the student's enrolment and inform the Department of Immigration and Border Protection the amount of tuition fees owed to PARAGON POLYTECHNIC by the student.
- 6.2.9 For a student who fails to pay the overdue fees (without PARAGON POLYTECHNIC's approval) and applies to appeal against the decision made within the deadline given in the Notice of Intention to Cancel Enrolment, PARAGON POLYTECHNIC will contact the student to come for a meeting with the Finance Manager, Admission Manager and Compliance Manager. An Intervention Strategy will be recorded in the form with the outcome of the Appeal application. Hold on to (and process no further) the enrolment cancellation until the external appeal period has passed.

## 7. Creditor/accounts payable management

### 7.1 Expense recognition

Expense is recognised at the time services/goods are provided to PARAGON POLYTECHNIC in accordance with agreements/contracts with suppliers/agents and an invoice is issued to PARAGON POLYTECHNIC.

### 7.2 Procedures and guidelines

- a. Invoice must be addressed to PARAGON POLYTECHNIC
- b. Invoice should include Vendor/Supplier name, business address, contact details, amount and description goods or service provided, bank details for payment
- c. Australian Vendors must provide Tax Invoice with Australian Business Number (ABN)
- d. An invoice must be approved by the CEO before payment can be made.
- e. Invoices are to be paid by the due date. If no payment term is specified on the invoice, PARAGON POLYTECHNIC is required to settle the outstanding net amount specified in the invoice within 14 days from the date of issuing the invoice, in the event of default.
- f. The accounts payable officers must check the following before recording into XERO:
  - i. Invoice must match with the purchase order
  - ii. The goods/services specified on the invoice have been received and approved by PARAGON POLYTECHNIC's staff

### 7.3 Payment method

- a. Electronic Fund Transfer: for all applicable domestic payments
- b. Telegraphic Transfer using the SWIFT code: for international payments.
- c. Direct Debit Arrangement
- d. Online Payment
- e. Cash

## 8. Policy Control

| Version | Date     | Changes / Updates | Approved |
|---------|----------|-------------------|----------|
| 1.0     | Sep 2023 | Original Version  | CEO      |