

2022 Provider Selection Process

Guide to 2022 Financial Assessments

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Section One: Guide to 2022 Financial Assessment

For Training Providers who hold a 2021 *Skills First VET* Funding Contract and Training Providers applying to the 2022 Limited Expression of Interest: *Skills First* training for Specific Programs

Overview

Introduction

Training Providers are required to provide financial documentation and information regarding their corporate structure to the Department of Education and Training (the Department) for an independent financial assessment in order to be considered for a Draft 2022 Standard VET Funding Contract *Skill First* Program.

The offer of a Draft 2022 Standard VET Funding Contract *Skills First* Program is conditional upon the Department being satisfied with the results of the independent financial assessment.

Exemptions from the Financial Assessment Process

The following Training Providers are not required to provide any documents as specified in the **Mandatory Documentation** section of this document, as they are exempt from the financial assessment process in its entirety:

- TAFE institutes.
- Dual sector universities.
- Victorian government schools; and
- Training Providers whose legal entity is a Victorian Government department or other Victorian Government-owned entity, including those owned by local councils.

Mandatory Documentation

Training Providers will be required to submit the following to the Department's independent financial assessor:

- The Training Provider's latest audited financial statements, including notes to the financial statements and the independent auditor's report for the legal entity making the application. and
- A completed and signed **Due Diligence Request Form**

Note a copy of the **Due Diligence Request Form** has been published in the Documents section of Skills Victoria Training System (SVTS)

Audited Financial Statement Requirements

The latest audited financial statements, including notes to the financial statements and the independent auditors report for the legal entity making the application, must meet the following requirements:

- The audited financial statements must relate to the legal entity, which encompasses the Training Provider.
- In instances where the Training Provider is seeking to use and submit audited financial statements that relate to a Parent entity, a copy of the Deed of Cross Guarantee between the Training Provider and the Parent entity, together with proof of registration of the Deed of Cross Guarantee with the Australian Securities and Investment Commission (ASIC), must be provided.
- If the Training Provider has a reporting year ending 30 June, the latest audited financial statement is deemed to be for the year ended 30 June 2021. Similarly, if the Training Provider has a reporting year ended 31 December, the latest audited financial statement is deemed to be for the year ended 31 December 2020.
- Each audited financial statement must be for a distinct 12-month period and include an independent audit report. The independent audit report is to be issued by a person / entity who is listed as a current Registered Auditor with ASIC. The following link will assist the Training Provider in assessing if this requirement has been met [ASIC Registered Audit Link](#).
- The independent audit report must be an Unqualified, with the exception of a specific qualification on completeness of income for fund raising activities, as is sometimes the case for non-for-profit entities in receipt of regular donations.
 - An Emphasis of Matter is not to be considered a Qualification.
 - An Unqualified audit report will have the words that state, or are to the effect, that the financial statements present fairly and or give a true and fair view.

Learn Local organisations will be required to provide audited financial statements but are exempt from the requirement for the independent auditor to be a Registered Auditor with ASIC. This is the only exemption to the use of an ASIC Registered Auditor.

Financial Assessment Process

Equifax Australasia Credit Ratings Pty Ltd, trading as Corporate Scorecard (A.B.N 33 007 527 611) is the nominated independent financial assessor for the 2022 Contracting Process.

The Department will pay the fees due and payable to Corporate Scorecard as part of this financial assessment process on behalf of Training Providers in relation to the 2022 Contracting Process

Training Providers must submit all documents, as specified in the **Mandatory Documentation** section of this document, to Corporate Scorecard to the following email address Skillsfirst2022@equifax.com by 5:00pm (AEST) Friday, 15 October 2021.

Note the Department recommends that Training Providers request a Delivery / Read receipt when emailing skillsfirst2022@equifax.com

The first process undertaken by Corporate Scorecard is to determine whether the Training Provider has met all the mandatory requirements identified in this document. Failure to comply with any of the mandatory requirements mentioned in this document will result in the Training Provider being assessed as having been unsuccessful in its submission.

If these requirements have been met, Corporate Scorecard will complete a Probability of Default Assessment.

Probability of Default Assessment

Corporate Scorecard will use the documents as specified in the **Mandatory Documentation** section of this document and other publicly available information to complete a detailed analysis to determine the Training Provider's probability of defaulting on payments to its creditors in the next 12 months.

If the probability of default is above the threshold considered acceptable by the Department, the Training Provider is deemed to have failed the financial assessment. The Department will be guided by Corporate Scorecard in determining the appropriate threshold for this assessment.

Due Diligence Check

Corporate Scorecard will conduct due diligence checks, create profiles of ownership and Relevant Person structures for each Training Provider.

These profiles will assist the Department in understanding training provider ownership structures. Credit checks of Directors / Committee Members / Relevant Persons associated with the Training Provider may also be undertaken to determine if there is a history of debt recovery, pending court actions or insolvency proceedings afoot.

The Training Provider may be deemed to have failed the Assessment Process subject to any adverse findings of this due diligence check.

The Department reserves the right to request other reasonable information from the Training Provider during the financial assessment process.

Section Two: Due Diligence Request

In considering whether a Training Provider that applies to receive Victorian government funding for training provided to eligible individuals under a Draft 2022 Standard VET Funding Contract *Skill First* Program is suitable to receive such funding, the Department considers whether the Training Provider complies with the Department's requirements, and considers any issues arising from its due diligence checks.

The Department may also consider the prior conduct of the Training Provider and any of its Related Training Providers, and consider any other relevant matters when assessing the suitability of the Training Provider for the purpose of being eligible for the Contract.

Completing and submitting the Due Diligence Request Form

The Authorised Officer in respect of the Training Provider, will need to be a Relevant Person, as defined by clause 1.1 of the Draft 2022 Standard VET Funding Contract *Skill First* Program and must complete all relevant sections of the Due Diligence Request Form.

Note a copy of the **Due Diligence Request Form** has been published in the Documents section of Skills Victoria Training System (SVTS)

Upon completing the Due Diligence Request Form, the Authorised Officer must sign and date this form and submit this to Corporate Scorecard via the following email address Skillsfirst2022@equifax.com by 5:00pm (AEST) Friday, 15 October 2021.