

Guide to 2023 financial assessment

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About this guide

Terminology

In this document:

'we', 'us' or 'the department' means the Department of Education and Training

'you' means a training provider that holds a 2022 Standard VET Funding Contract (2022 Contract holder) OR a training provider applying for a 2023 Standard VET Funding Contract (EOI applicant)

Who should use this guide?



Use this guide if you:

- have a 2022 Standard Skills First VET Funding Contract with a conditional offer of a 2023 Contract
- are applying for a 2023 Standard VET Funding Contract as part of our limited expression of interest (EOI) process.



This guide **doesn't** apply if you're a:







- TAFE
- a dual sector university
- Victorian government school
- training provider whose legal entity is a Victorian Government department or other Victorian Government-owned entity, including those owned by local councils.

Overview

Passing an independent financial assessment to our satisfaction is one of the conditions for us to offer you a 2023 Standard VET Funding Contract (2023 Contract).

This guide explains the independent financial assessment process and the mandatory documents you must submit.

Important information

Due date to submit documents		5:00pm (AEDT) Friday, 14 October 2022
Independent assessor		We have engaged Equifax Australasia Credit Ratings Pty Ltd, trading as Corporate Scorecard (A.B.N 33 007 527 611) to do the financial assessment on behalf of the department
Where to submit your documents	 	Submit directly to Corporate Scorecard via: skillsfirst2023@equifax.com We recommend you request an email delivery/read receipt
Enquiries		Submit an enquiry via the Skills Victoria Training System (SVTS), using enquiry category '2023 Skills First contracting'
No fees		The department will pay all Corporate Scorecard's fees in this financial assessment for the 2023 contracting process.

The financial assessment process

An independent assessment

We've nominated Corporate Scorecard as the independent assessor to do the financial assessments for the 2023 contracting process.

Probability of default assessment

Corporate Scorecard will complete a detailed analysis to determine your probability of defaulting on payments to its creditors in the next 12 months. To do this analysis, it will use the mandatory documents you submitted and other publicly available information.

To pass the financial assessment, the probability of default must be above the threshold we consider acceptable. We will be guided by Corporate Scorecard in determining this threshold.

Due diligence check

Corporate Scorecard will conduct due diligence checks, create profiles of ownership, and establish relevant person structures for your training provider. These profiles help us to understand your ownership structure.

Corporate Scorecard may conduct credit checks of directors, committee members and relevant persons associated with your training provider to determine if there is a history of debt recovery, pending court actions or current insolvency proceedings.

We reserve the right to request other reasonable information from you during the financial assessment process.



You can fail the financial assessment due to adverse findings from the due diligence check.

Mandatory documents

You must submit these documents to Corporate Scorecard:

1. Your latest audited financial statements.
2. A completed and signed due diligence request form (this form is published on the [Skills Victoria Training System \(SVTS\)](#)).



If you don't meet the requirements in this Guide, Corporate Scorecard will assess your submission as unsuccessful.

1. Audited financial statements

You must submit your latest audited financial statements, including:

- notes to the financial statements
- the independent auditor's report for the legal entity making the application.

Make sure your financial statements meet the requirements outlined below.

The legal entity for your training provider

The financial statements must relate to the legal entity that encompasses your training provider.

Where you are submitting audited financial statements related to a parent entity, you must include:

- a copy of the Deed of Cross Guarantee between your training provider and the parent entity
- proof of registration of the Deed of Cross Guarantee with the Australian Securities and Investment Commission (ASIC).

End of financial year reporting

Where your financial year reporting ends 30 June, we deem your latest audited financial statement to be for the year ended 30 June 2022.

Where your financial year reporting ends 31 December, we deem your latest audited financial statement to be for the year ended 31 December 2022.

Independent audits

The financial statements must:

- contain each audited financial statement for a distinct 12-month period and include an independent audit report
- have the independent audit report issued by a person or entity listed as a current Registered Auditor with ASIC. You can check if you've met this requirement at [ASIC Registered Audit](#).

Your independent audit report must be an unqualified one. The exception is 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 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. An Emphasis of Matter is not considered a qualification.



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

2. Due diligence request form

You must have an authorised officer complete all relevant sections of our due diligence request form. The authorised officer must be someone who meets the definition of a 'Relevant Person' in the draft 2023 Contract.

A relevant person means someone at a sufficiently high level within your organisation to exercise a material degree of control or influence over the management or direction in relation to training delivery.¹



The due diligence request form is published on SVTS

¹ relevant person includes any Executive Officer or High Managerial Agent, consistent with how these are defined under the *Corporations Act 2001* (Cth) and the *National Vocational Education and Training Regulator Act 2011* (Cth) as persons with a high level of Control.