

Australian College of Theology
FINANCIAL ALERT PROTOCOLS

Preamble

The ACT is obligated to monitor the financial performance of colleges in order to be satisfied that enrolling students will be provided with tuition that is consistent with the terms governing the awards for which they are enrolled. To this end the ACT reviews annual audited statements and asks for additional information on operational finances associated with the educational function of the controlling entity of the college in the Annual Report submitted to the ACT office by 31 March each year. This information is reviewed for two purposes, first to be satisfied that colleges are viable for the term of approval of their delivery of ACT awards, and second to accumulate information on the cost of delivery of education to benefit the ACT and its colleges in their financial management.

In reviewing the financial information supplied by colleges both the financial performance and the financial position of the colleges is considered, i.e., the income, expenditure, assets and liabilities. The ACT is aware that colleges may experience periods of financial stringency and that any action taken may require a couple of years to be effective. Colleges might also undertake strategic investment decisions that involve a period of operational deficits that are adequately covered by assets and reasonable expectations of higher future income.

1.

The review is presented to the Finance Committee of the ACT and from there to the Board of Delegates. Colleges that may be experiencing difficulties are identified and performance monitored. In instances where performance might raise concerns, it is appropriate for the ACT to set criteria to trigger formal action and decide when under its responsibilities it may be obliged to ask colleges for explanation and/or inform government agencies of its actions.

It will do this when:

- Significant losses have occurred of more than 10% of operating costs in one year or 15% over two years and/or the college is experiencing a pattern of declining student numbers or difficulty maintaining its governance, staffing, facilities or any other aspect of its institutional life, and
- There is neither explanation of these circumstances nor indication of how they might be addressed accompanying the financial reports, e.g., by a bank or a parent body guarantee.

The ACT will then:

- Advise the college that the financial situation has been noted by the Finance Committee and seek an explanation as well as evidence of action that may be taken to remedy the situation. The college may be asked to furnish its latest financial statements. In addition, colleges should be expected to explain and provide evidence of a strategy or budget or forecast which provides reasonable prospect of recovery.
- If, after receipt of this information, the ACT's Finance Committee is not satisfied and there is no bank guarantee or parent body guarantee, then the Board of Delegates will be notified if in the Finance Committee's opinion the college appears unlikely to trade out of its current difficulties and the ACT will advise the College accordingly.
- After the college acknowledges receipt of this advice and following a period of two weeks in which any appeal may be raised with the Board of Delegates, the ACT may write to the relevant state higher education authority informing it that

the financial situation of the college is under review. A copy of this letter will be sent to the college principal.

- At this point any FEE HELP money held by the ACT will not be disbursed to the college unless the college furnishes a bank guarantee or parent-body guarantee or deed of agreement over an asset lodged by formal instrument for that semester's tuition fees.

2.

If financial problems are addressed by the next financial year to the satisfaction of the Finance Committee and the Board of Delegates, the guarantees and conditions will be withdrawn.

However, if problems are not addressed, the ACT is to permit the college to deliver ACT awards to continuing students only until the end of the current semester.

The ACT is to write to the relevant state higher education authority informing it of the process in train, inviting a member of the state authority to accompany the Dean (or his representative) on a visitation to the college which will provide a self-review document and half yearly financial statements to the visitation committee.

The decision to restrict delivery will be reviewed by the Delegates in the light of the result of the visitation committee's report.

3.

If after the review no improvement in the college's financial situation is discernible and there is no bank guarantee or parent body guarantee, the Board of Delegates is to write to the college rescinding approval to teach some or all ACT awards until the financial situation improves sufficiently to warrant the confidence of the ACT to entertain a new application.

The ACT is to write to the relevant state higher education authority informing it of this decision.

The ACT will prepare the ground for the transferring of students to the same or equivalent awards at a second ACT institution or second provider in accordance with TAS agreements.

At any time should an ACT college cease to be able to complete the tuition for which fees have been paid, fees for any uncompleted unit of study should either be refunded to the student by the college or transferred through the ACT to a second ACT institution or a second provider that has agreed to enrol such students in the same or an equivalent course in accordance with the ACT's TAS arrangements. Students who elect not to be transferred will be reimbursed tuition fees by the college for any unit of study not completed.

Should the first college not be able to refund or transfer tuition fees for any uncompleted unit of study it is the responsibility of the ACT as provider to pay tuition fees demanded by the second college or provider or to refund those fees to students who elect not to be transferred. The ACT's maximum liability will be the tuition fees paid to the first college.

The ACT is to write to the relevant state higher education authority informing it of the cessation of teaching by the member college.

Mark Harding
Dean and CEO
2 June 2005