

Prepaid Fee Management Policy



SECTION 1

1. Purpose

- 1.1. This policy outlines the approach of IHNA in managing, protecting, and utilising prepaid tuition fees paid by students, in compliance with:
- 1.2. Standards for RTOs 2015 – Clause 4.3.
 - a. Education Services for Overseas Students (ESOS) Act 2000 Sections (28), (29) and (31).
 - b. National Vocational Education and Training Regulator (Compliance Standards for NVR Registered Training Organisations and Fit and Proper Person Requirements) Instrument 2025 - Accountability Requirements – Section (18), (19), (20)
 - c. Australian Consumer Law
 - d. Other relevant commonwealth regulations
 - e. prepaid fee protection as detailed within the Compliance Requirements of the National Vocational Education and Training Regulator Act 2011 (NVR Act) or any other applicable legislation in force at the time.
- 1.3. IHNA ensures that prepaid fees are handled in a financially responsible and compliant manner, particularly in cases where students have paid tuition fees prior to course commencement.

2. Scope

- 2.1. This policy applies to all domestic and international students who prepay tuition fees to IHNA and all staff involved in finance, admissions, and student administration processes.

3. Definitions

- 3.1. Prepaid Fee: Tuition fee received before the delivery of related course services or Fees collected before training and assessment services have been delivered.
- 3.2. Protected Amount: Tuition fees for overseas students who have not commenced their course.
- 3.3. Unearned Revenue: Revenue for services yet to be delivered, shown as a liability.
- 3.4. Tuition Protection Service (TPS): Australian Government initiative protecting international students where providers cannot deliver a course.
- 3.5. Designated Account: A separate bank account held solely for prepaid fees, drawn down only when services are delivered. A separate, protected account as required by the ESOS Act for storing prepaid international student fees.

3.6. For other terms used in this policy, refer to the IHNA's Glossary of Terms.

SECTION 2

4. Policy

- 4.1. IHNA ensures that prepaid fees exceed \$1500 for services yet to be delivered, IHNA will:
- Hold the excess amount in a designated account for student prepaid fees; and
 - Only draw down funds as services are delivered or only after the course commencement date.
 - Maintain prepaid fees securely in designated accounts until the individual is eligible for withdrawal.
 - Track and report monthly to assess liability and support accurate financial management.
 - Hold in current membership with the Tuition Assurance Scheme operator protection and compliant with all obligations under the Tuition Protection Service (TPS) for both domestic and international students.
- 4.2. If IHNA is unable to provide the services for which the individual has prepaid, IHNA places the student into an equivalent course at a location suitable to the student and provides all services for which the student has prepaid at no additional cost.
- 4.3. If an equivalent course cannot be found, IHNA refunds the student the prepaid fees in excess of the threshold prepaid fee amount.

5. Obligation for IHNA to maintain the Separate designated account

- 5.1. IHNA, as a registered training provider receiving tuition fees from overseas students or intending overseas students prior to course commencement, maintains a designated account in accordance with section 28 of the ESOS Act. This account is held with an Australian Authorized Deposit-taking Institution (ADI) as defined in section 9 of the Corporations Act 2001.

6. Education Services For Overseas Students Act 2000 - Sect 29

IHNA obligations about prepaid money in the designated account

- 6.1. Tuition fees received prior to the commencement of the course must be deposited into the designated account within five (5) business days of receipt.
- 6.2. Requirement in relation to withdrawing money from the account, Finance Manager will ensure

that, at all times, the designated account holds a sufficient amount (the "protected amount") to repay all tuition fees to each relevant overseas or intending overseas student.

6.3. This applies to students who:

Have pre-paid tuition fees to IHNA; and Have not yet commenced the course that IHNA will deliver.

6.4. An amount may be withdrawn from the account, so as to reduce the balance of the account below the protected amount, only if

- a. the amount is withdrawn to pay a refund under section 46D, 47D or 47E to, or in relation to, a relevant student; or
- b. both of the following apply:
- c. IHNA arranges, under section 46D, for a relevant student to be offered a place in an alternative course at the provider's expense;
- d. the amount is withdrawn to pay the alternative provider in relation to the relevant student; or
- e. the amount is withdrawn to pay the TPS Director under section 50C in relation to the relevant student.

Note 1: Tuition fees of a relevant student cease to be part of the protected amount (and may therefore be withdrawn from the account) once the student begins the course that IHNA is to provide to the student: see subsection (6.3).

Note 2: There are no limits on withdrawals from the account as long as the balance of the designated account remains above the protected amount.

6.5. An amount withdrawn in accordance with subsection (6.4) must not be more than the amount of the tuition fees received by the provider in respect of the relevant student before the student begins the course.

6.6. Finance Manager must ensure that money in the designated account is not available for the payment of debts, etc.

6.7. To avoid doubt, the protected amount:

- a. is not available for the payment of a debt of any creditor of the provider, other than as referred to in subsection (6.4); and
- b. is not liable to be attached or taken in execution under the order or process of a court at the instance of any creditor of the provider, other than as referred to in subsection (6.4).

6.8. Withdrawals

- a. Withdrawals must only be made in proportion to the tuition and services already delivered, as required by ESOS Section 29 and TPS refund obligations. Withdrawals from the designated account must be authorised by multiple signatories, specifically the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).
- b. All withdrawals must be supported by appropriate documentation evidencing the eligibility of the withdrawal amount, including but not limited to fee schedules, student enrolment and progression records, and reconciled account statements verifying that the funds relate to services already delivered.
- c. Non-compliance with this policy may result in regulatory penalties, financial risks, and reputational damage to IHNA. All staff must ensure adherence to maintain student trust and legal compliance.

7. Collection of Prepaid Fees

- 7.1. IHNA allows students to make payments above \$1,500 in accordance with ASQA and ESOS rules. However, any fees above \$1,500 must be protected.
- 7.2. For overseas students, no more than 50% of the total course fee may be collected prior to course commencement unless the student voluntarily elects to pay more.
- 7.3. All tuition fees received prior to the course commencement must be deposited into a designated account within five business days.

8. Protection Measures

- 8.1. IHNA holds membership with the Tuition Protection Service (TPS) for both domestic and international students.
- 8.2. For international students, a Separate designated account is maintained in line with the ESOS Act requirements:
 - a. Managed by an authorised deposit-taking institution
 - b. Not subject to creditor claims or execution orders
 - c. Balance maintained to cover all prepaid amounts for students who have not commenced
- 8.3. IHNA also maintains an internal term deposit as a contingency to support fee protection obligations.

9. Utilisation of Prepaid Fees

- 9.1. After a student has commenced their course, prepaid tuition fees may be withdrawn from the designated account progressively on a needs basis to support operational and academic delivery.
- 9.2. The unearned portion of prepaid tuition fees will continue to be recorded as a liability within IHNA's accounting system until such time as the relevant training and assessment services have been provided.

10. Monthly Monitoring and Reconciliation

- 10.1. Monthly reviews are conducted to:
 - a. Reconcile prepaid fee liabilities.
 - b. Ensure balances in designated accounts match the liability.
- 10.2. Findings from reconciliations must be documented and reported by the finance manager to the CFO.
- 10.3. Significant discrepancies must be escalated to the CEO and the management by the CFO immediately and a report to be submitted to the Finance committee quarterly.

11. Collaboration with IHNA Finance and Accounts Department

- 11.1. The Finance Manager will lead collaboration with relevant internal stakeholders, including the Student Support Team, Compliance Team or Admissions Team

This collaboration will ensure:

- a. Effective monitoring of student commencement, deferrals, and withdrawals;
- b. Timely provision of prescribed information for financial and compliance reporting;
- c. Accurate management of the designated account, ensuring funds are utilised in accordance with legislative and policy requirements; and

Proactive identification and resolution of compliance issues related to prepaid tuition fees.

12. Complaints and Appeals

- 12.1. Students have the right to lodge a formal complaint in writing using the IHNA Complaints and Appeals Form available online via the student portal or website, by email, or in hard copy through Student Administration, if they are dissatisfied with any aspect of prepaid tuition fee

management, including:

- a. Fee collection processes
- b. Refund decisions
- c. Fee protection arrangements
- d. Any related service provided by IHNA, its staff, agents, or related parties.

12.2. All complaints and appeals will be managed and resolved in accordance with the IHNA Student Complaints and Appeals Policy to ensure consistency, fairness, and compliance with regulatory standards.

13. Responsibilities

13.1. The Finance Manager is the single point of accountability for managing prepaid tuition fee funds, including reconciliation, tracking, compliance with regulatory obligations, and ensuring this policy is implemented effectively. Other staff such as the Finance Officer, Compliance Manager, and Admissions Team will support the Finance Manager in carrying out these responsibilities.

SECTION 3

14. Associated Information

Related Internal Documents	• Financial Management Policy • Fees Policy • Fee Payment Procedure • Refund Policy • Refund Procedure • Tuition Protection Service Policy • Tuition Protection Procedure • PRISMS Data Entry Procedure
Related Legislation, Standards, and Codes	• National Vocational Education and Training Regulator Act 2011 • Education Services for Overseas Students Act 2000 (ESOS Act) • Standards for Registered Training Organisations 2025 • Tuition Protection Service Framework
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Document Custodian	Chief Financial Officer
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Department	Finance
2025 Standards for RTOs	Outcome Standards for Registered Training Organisation – Quality Area 2 - Student Support

15. Change History

Version Control		Version 1.1
Version No.	Date	Prepaid policy separated from the fee policy and procedure to clarify the requirements of section 28 and 29.
V.1.0	16/05/2025	Initial creation in alignment with the IHNA Fees Policy, formatted and updated document governance.
V.1.1	18/08/2025	Updated to RTO Standards 2025 and designated account handling details clarified.