

## **SECTION 1**

# **What Every Registered Training Organisation Should Know About Compliance to Build a Better Business**

Sample Chapter Only

# INTRODUCTION

The words ‘compliance’ and ‘risk’ can evoke powerful emotions. You may look forward to the challenge of managing compliance and risk. If you do, then this book will be a delight to read. On the other hand, if you fear compliance management this first Section of our book will bring you hope with easy to follow compliance solutions. We will show you how to remove your compliance headache and help you get smart with your compliance to improve and grow your business. As an RTO owner or manager, you must be able to demonstrate significant and ongoing commitment to operating your business. This commitment is demonstrated through your approach to governance, management philosophy, systems, policies, communication, and actions. Of course, you should also commit to the compliant delivery of quality training and assessment so the most obvious place to start is with the standards or legislation for the Vocational Education and Training (VET) sector. These vary depending on which State you are in, where you plan to operate as an RTO and whether you wish to deliver to local students or to international students.

## **Compliance standards**

**Australian Skills Quality Authority (ASQA):** If your RTO is operating or will operate under ASQA’s jurisdiction you must work within the Vocational Education and Training (VET) Quality Framework. This comprises the:

- [Standards for Registered Training Organisations \(RTOs\) 2015](#)

- [Australian Qualifications Framework](#)
- [Fit and Proper Person Requirements](#) (part of the Standards)
- [Financial Viability Risk Assessment Requirements](#)
- [Data Provision Requirements](#).

**Victorian Registration & Qualifications Authority (VRQA):** If you wish to operate an RTO for local students within Victoria you must comply with:

- [Australian Quality Training Framework's Essential Conditions and Standards for Continuing Registration](#)
- [2016 VRQA Guidelines for VET Providers](#).
- **Training Accreditation Council Western Australia (TAC: WA):** The Training Accreditation Council (the Council) is responsible for registering training providers delivering nationally recognised training to domestic students in Western Australia only, or in both Western Australia and Victoria. TAC does not register or regulate training providers in WA who deliver nationally recognised training to:
  - students in states other than WA and Victoria, including online delivery or to
  - international students on a student visa.

If you wish to operate under the jurisdiction of TAC you must comply with the Standards for RTOs 2015. If you would like to stay on top of these requirements, we regularly update our website. Please visit

<http://thelearningcommunity.com.au/>. The best way to stay informed is to join our email list and you will receive regular updates. You can sign up to the mailing list on our website.

But is following the Standards enough to enable a successful RTO business?

Whatever the regulatory framework is, you must align closely with all the requirements. However, one of the biggest problems in RTOs is that owners are so focused on meeting these specific RTO compliance obligations that they forget they are also running a business. Managing compliance is just a part of running a good business! We believe that you should develop a ‘good for business’ approach rather than a ‘have to’ approach to compliance.

What do we mean by this? You should encourage proactive and systematic monitoring of all components of business operations. You should engage staff and managers and share quality data and information across the RTO. Compliance management is part of good business management. This is the focus of this Section of our book. We designed this Section to support you as you develop, implement, and maintain your RTO compliance systems, with a focus on good governance and management of your business operations. We will explain the concepts of governance, compliance management and structured continuous improvement in the RTO context and why you should know about them.

We have outlined the steps for developing and implementing a compliance system to reflect the core values of your organisation. For this reason, the content in this Section is consistent with the Australian

Standard Compliance Systems AS ISO 19600:2015<sup>1</sup>. We have written an RTO story to demonstrate how easy it can be to adopt the ‘good for business approach’ to compliance and grow your business at the same time. The story is on the companion workbook. But first, let’s be clear on some important terms used throughout the book. You will find a glossary at the end of the book but a number of important terms are also defined throughout the book. Over the next few pages we will define ‘governance’, introduce the role and responsibilities of compliance management, and begin to explore the importance of continuous improvement.

## **Governance, compliance management and continuous improvement**

**What is Governance?** Governance is a system of rules, practices and processes by which an organisation is directed and controlled. The system must include decision-making processes, allocation of power and accountability, verification of performance, and reporting cycles and protocols.

A good governance system enables management to achieve the vision and goals of the organisation and at the same time ensure that the needs of the many stakeholders are met. In an RTO, these stakeholders may include owners, students, funding bodies, staff, community members, employers, and accrediting bodies. The governance system must be tailored to the size and purpose of the organisation so that it can achieve strategic business, compliance and risk objectives. Good governance includes clear values that will frame a proactive approach to compliance management. It is the values of the organisation that will set the tone for

all operations. An RTO that values quality training and assessment practices will be driven to achieve quality outcomes across all aspects of the business.

Finally, the governance system should also incorporate clear policies and processes, information about your organisational structure, and systems to manage students, customers, human resources, finances, and risk and compliance. A structured continuous improvement system is also necessary if you are to stay on track with improvement of your operations.

**What is Compliance Management?** Management of compliance is an obligation of all organisations and a basic skill for managers so that they can achieve good business outcomes. If a positive compliance management attitude becomes part of the culture of the organisation, one of the business outcomes will be ‘compliance’! Implementation of a compliance management system provides an opportunity to not only improve an organisation’s performance but also to manage risk and reduce the cost of failing to meet legal and other obligations. A compliance management system is an integrated system of documents, functions, processes, controls and tools that help organisations comply with legal requirements, and any standards or guidelines. This system should be aligned closely with the organisation’s values, objectives, strategy and compliance risks (AS ISO 19600:2015). To be successful with compliance management there must be a ‘whole of organisation’ commitment to achieving compliant operations, including a commitment from the governing body, leadership, effective communication channels, training and support, and a continuous improvement ‘good for business’

approach to monitoring and managing the system. After systematically identifying compliance obligations, an organisation should implement a rolling review of all legal and regulatory changes relevant to their compliance obligations. These changes will be ongoing, so after the system is established organisations must be vigilant to keep on top of their compliance requirements in reference to changing laws and regulations. An RTO must ensure it delivers quality training and assessment for individual students, industry, and the vocational education and training (VET) sector.

RTO management must establish an effective governance, risk and compliance system that enables the organisation to demonstrate a commitment to the provision of quality training and assessment. The systems must include clear management philosophy, systems, policies, and communication channels. The regulatory frameworks for RTOs (both AQTF and VET Quality Framework) promote a very strong continuous improvement approach to management.

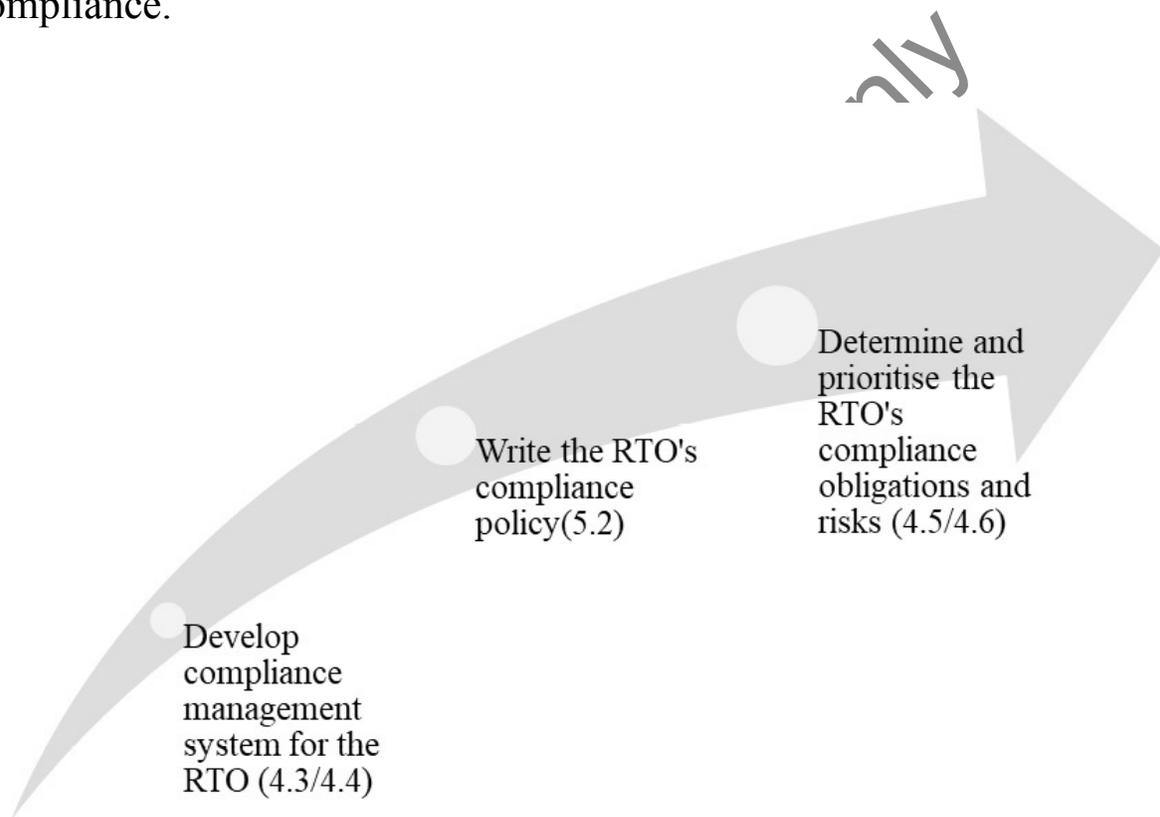
**Who is Responsible for Governance and Compliance Management in an RTO?** Leadership and commitment from both the governing body and management team are the two essential characteristics for establishing and maintaining effective compliance in an organisation. The Chief Executive of an RTO holds the responsibility for governance and compliance risk for the organisation. In other words, they are accountable for governance and compliance. All RTOs are required to comply with a governance standard (Clause 7.1 of the Standards for RTOs 2015). If, at the time of a regulator audit you are found to be non-compliant in any clause, you will be assessed as being non-compliant

against Clause 7.1. For this reason, it is essential that the person who is responsible for governance and compliance is equipped for the task. That person must ensure the development and implementation of a comprehensive management system that spans the depth and breadth of the RTO and incorporates compliance management.

**Continuous Improvement in an RTO:** A number of Clauses from the Standards for RTOs 2015 are concerned with quality improvement and monitoring of RTO training and assessment practices (Clauses 1.6, 2.1-2.4, 7.1, 8.4 and 8.5). The cycle of improvement is also an essential part of the compliance management system in an RTO. Systematic and continuous are the two words to reflect on as you prepare to either develop a new continuous improvement system or review an existing system in the RTO context. We will explore the type of system that you will need to ensure a good for business approach to RTO and compliance management.

**Compliance Management Systems:** The AS ISO 19600:2015 Compliance Management Systems Standard<sup>2</sup> provides guidance for establishing, evaluating, maintaining and improving an effective and responsive compliance management system within an organisation. We used this Standard to frame the remainder of this Section to encourage you to embed compliance in your business thinking and practice. Figure 1 illustrates the key steps required to establish an effective compliance management system in your RTO. The diagram includes a reference to the Clause (numbers) within the Compliance Management Standard. The requirements for good governance and leadership and commitment to the establishment of a compliance culture are included throughout the

Chapters as we outline the Steps for Implementation. A series of Case Studies are also provided in The Workbook: Companion to ‘The Essential Guide to Building a Successful RTO’. The Case Studies illustrate how to build a compliant and successful RTO. In the next few chapters, we also work through the steps required to identify internal and external issues that may impact on the compliance of your RTO and the importance of identifying your key stakeholders and their impact on compliance.



*Figure 1. Steps for Establishing an RTO's Compliance Management System*

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<sup>1</sup> <https://infostore.saiglobal.com/en-au/standards/as-iso-19600-2015-1809224/>

<sup>2</sup> Ibid