

Debt Management Receivables Policy

Policy Code: FN1855

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Purpose

The purpose of this policy is to define the principles by which the University effectively and efficiently generates and manages income for services provided in order to maintain University cashflow and to minimise “bad debts”.

Scope

This policy applies to all income, revenue, receipts or activities that are undertaken for the purpose of generating income for the University, even when there is an expectation that the University may reimburse another individual or organisation.

It does not include any personal activities undertaken outside of University work time and without the support of University resources.

This policy does not apply to student fee debtors (administered through the Student Management System) which are processed via student enrolment rules and processes, or accommodation debtors which are processed through the University Accommodation system

Legislative Context

- Financial Management Act 1994

Definitions

Term	Definition
ABN	Australian Business Number: Single identifier for business dealings with the ATO and other government agencies.
Accounts Receivable (AR)	Money due or owed to a business by a customer for products and/or services provided by the business.

Term	Definition
Agreement	A legally binding arrangement between two or more parties, usually involving the provision of goods or services in return for payment.
Bad Debt	Is an accounts receivable (AR) amount owing that has been clearly identified as not being collectable.
Conflict of Interest	Is assessed in terms of the likelihood that members of the University community possessing a particular interest could be improperly influenced, or might appear to be improperly influenced, in the performance of their duties.
Credit Note	A document that a seller gives to a buyer who returns a product, pays too much for something, etc., which the buyer may use at a later time to pay for something else, or clear off their existing debt.
Customer	Any individual, corporation, company, institution, Government Agency, etc. that has been provided with goods or services by the university under credit arrangements. Customers can also include persons who have made overpayments or received overpayments such as salary or allowances.
Debt	Something owed, such as money, goods, or services
Debtors	Client, Company or student related debt, administered outside of the primary student management system who owes money to the University.
Debt Recovery	Is when an entity is able to collect payment for a debt.
Dispute	To question the validity of the charges incurred.
Doubtful Debt	An amount shown in a financial statement representing amounts formally classified as a receivable that will probably be written off as a bad debt.
GST	Goods and Services Tax.
Instalment	One of the portions, usually equal, into which a debt is divided for payment at specified intervals over a fixed period.
Invoice	A detailed list of goods provided or services rendered, with an account of all costs; an itemised bill.
Legal Letter	System generated notice of overdue sums of money which have not been paid 14 days later on the date on which they should of been paid and only after an overdue notice has been issued.
Overdue Notice	System generated notice of overdue sums of money which have not been paid 7 days later on the date on which they should of been paid.
Period of Credit	The University's credit terms for receivable debtor related invoices eg: 30 days from date of invoice.
Purchase Orders	A formal document initiated by a buyer and forwarded to a supplier normally used to form the basis of approval for the supplier to raise an invoice for the supply of goods/services to the buyer.
Statement	The process of methodically communicating with customers to ensure the collection of overdue accounts receivable. In this instance, statement refers to the system where standard reminder letters are sent automatically when invoices become a certain numbers of days overdue.
Write off	To cancel from accounts as a loss.

Policy Statement

Generating Income

University staff must ensure that the supply of goods and services achieves the best economic outcome for the University and is aligned to University strategies.

Other factors to also consider:

- The terms and conditions of any agreement should be reasonable and compatible with the University's policies. The proposed agreement must be approved in accordance with relevant delegations before committing the University.

- All relevant risks in negotiating for the supply of goods and services should be appropriately managed.
- The University's taxation status as a not-for-profit entity must not be compromised. Where any doubt exists, the matter should be referred to the Finance Officer, Taxation & Treasury.
- Price and the pricing method should be managed, as a minimum exceed expected total cost, including direct and indirect overhead costs.
- Income is generated in Australian Dollars only.
- When the amount of work involved is uncertain, instalment billing for a period of time at an agreed rate may be appropriate.
- The accounts receivable section of Finance is responsible for managing the collection of receivable debtors, outstanding debts and raising correct tax invoices. Student Finance is responsible for managing the collection of student fee related debt.
- In order to manage its resources effectively and efficiently the University must ensure that all monies owed to the University are paid within a reasonable timeframe.
- Standard University payment terms are 30 days.

Managing Risk

Credit risk arises when a service/good is provided before payment is received. Credit risk must be managed for all transactions.

The University must have the capacity to meet its commitments. The risk of non-completion must be understood, reduced and managed appropriately.

Non-compliance may result in unnecessary loss, failure to comply with financial management policies and procedures and external legislation.

Transaction Recording and Accountability

All University invoicing must be completed accurately and on a timely basis and within the University's receipting and accounting systems to avoid delays and losses in income for services and goods provided.

All income credited to the University are University funds. Funds are to be used for University business purposes only.

Supporting Documents

- Debt Management (Receivables) Procedure
- Revenue, Cash & Cash Equivalent Policy and Procedures
- Delegations-Contract, Financial, Staffing and Tender Policy and Procedures
- Delegations Limits Table
- [Conflict of Interest Policy](#) and Procedure
- [Account Receivable Request](#)

- Request for Trade Reference
- Risk Assessment Checklist
- Student fee collection and debt management Policy and Procedure
- Campus Life Debt Recovery Policy and Procedure

Implementation and Communication

The Debt Management (Receivable) Policy will be communicated throughout Federation University via:

1. Announcement on the FedNews website;
2. 'Recently Approved Documents' webpage to alert the University-wide community of the approved Policy;
3. Information/Training Sessions; and/or
4. Inclusion in the University's online Policy Library;
5. Distribution of e-mails to relevant University Staff and Stakeholder.

Forms/ Record Keeping

Records Disposal

Title	Location	Responsible Officer	Minimum Retention Period
Agreement	Legal Office	University Lawyer	7 years after contract has expired
Agreement (Other)	Schools and Directorates	Directors/Business Managers	7 years after contract has expired
Account Receivable Request	Financial Services HUB	Chief Operating Officer/CFO	7 years
Risk Assessment Checklist	Financial Services HUB	Chief Operating Officer/CFO	7 years