



May 2019

# Accounts Receivable Procedures

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### 1. Purpose and Scope

The purpose of these procedures is to provide guidelines to ensure the Accounts Receivable Policy is implemented and administered correctly.

It is also to ensure all debts owed to Unitec are paid by the due date and followed up within specified timeframes and appropriate internal controls are exercised for all debt management practices and procedures.

This document applies to all Unitec staff and must be read in conjunction with the Accounts Receivable Policy and other relevant policies.

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### 2. Student Receivables Detailed Procedures

#### 2.1 Student Billing

- i. Managed by the Operations Enrolment Processing team.
- ii. The specific details of student enrolments and billing are governed by the Admissions, Enrolment and Fees Policy.
- iii. The Enrolment Processing team enters invoices into the PeopleSoft Student Financial billing system Campus Solutions.
- iv. The Student Finance staff in the Operations Department manage the debtor receipts.

#### 2.2 Past Due

- i. The billing statement will show in detail all current and overdue invoices and due dates.
- ii. Debtors are aged according to due dates. First due date is 7 days before a course starts, 30 days after the course start date, 60 days after the course start date.
- iii. The Student Finance team will consider any charges not paid by the due date on the billing statement to be overdue.
- iv. A hold will be placed on the account and the debtor will be denied any services, including registration, until the debt is paid.
- v. If a student is currently enrolled when a debt becomes past due, they may remain enrolled for the current semester, but will be denied other services (graduation, transcripts, future registration, etc.) until the debt is paid.

#### 2.3 Demand Letters

- i. Student debtors are contacted as follows:
  - o Email sent 7 days before the course starts (C21)
  - o Email sent 30 days after due date (C30)
  - o Email and letter sent 60 days after due date (C60)

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### 2.4 Overdue amount less than \$100

- i. If the debt is 90 days overdue and the amount overdue is less than \$10, the Student Finance staff will write it off and it is categorised as a "Small Balance - Write-off". The Finance Administration Manager will review these amounts on a quarterly basis.
- ii. Debts between \$10 and \$100 are written off and are categorised as a "Bad Debt under \$100 Write-off". A block called Negative Service Indicator (NSI) is applied to the student account and, should the student return, the overdue debt needs to be paid before further enrolment.

### 2.5 Overdue amount \$100 or more

- i. If the debt is 90 days overdue and the amount overdue is \$100 or more, the Student Finance staff will verify the overdue debt on the account and send the debt to a debt collection agency once confirmation of appropriate actions have been undertaken i.e. letters/emails/repayment agreements sent refer 2.3 above. Records of all such actions must be retained for record-keeping purposes.

### 2.6 Repayment of overdue debts

- i. If a student agrees to repay the debt over a period of time, the student submits a payment plan request. The Team Leader Student Finance assesses the request for approval. The repayment term shall not exceed 12 months.
- ii. The student will continue to have access to services if they are meeting their repayments. Access to services is only denied if the student fails to meet repayments.
- iii. If the student does not abide by the terms of the agreement, the debt will be sent to a debt collection agency.

### 2.7 Sending an overdue debt to a debt collection agency

- i. Prior to sending an overdue debt to a debt collection agency, Student Finance staff will have sent letters and/or repayment agreements. Records of all such actions must be submitted to Student Finance staff for recordkeeping purposes.
- ii. Unitec may defer forwarding an overdue debt to the debt collection agency for up to 12 months if there is indication that doing so would improve the chances of collection. This is subject to approval by the Finance Administration Manager for amounts up to \$1,000 and by the Executive Director - Finance for amounts more than \$1,000.

### 2.8 Debt write offs

- i. All debt write offs are to be authorised in line with the Unitec Delegated Financial Authorities Schedule.

### 2.9 Repayment after debt is written off

- i. If an account is subsequently paid after being written off, Student Finance staff must re-enter the charges in the billing system at the time of payment.

### 2.10 Debtors' files

- i. All student debtors' files for which a bad debt has been written off are to be clearly noted so that any future invoicing does not take place until the original debt is cleared. This is noted as NSI.
- ii. At month end, the Finance Administration Manager will reconcile the Students Accounts Receivable subsidiary ledger to the General Ledger

## 3. Non - Student Receivables Detailed Procedures

### 3.1 Billing

- i. The Finance, Facilities Management and Copy Centre teams manage the invoicing and monthly statements for non-student debtors respectively in the Financial Management System in PeopleSoft. The Treasury Accountant is responsible for receipting all non-student debtor receipts for Finance, Facilities Management and Copy Centre debtors.
- ii. It is the responsibility of the Department to have a Terms of Trade Agreement signed by the new customer and a credit check completed, before any goods or services are rendered.
- iii. The credit check can be completed by referring to a debt collection agency like Baycorp or checking the Personal Property Securities Register for long term debtors (more than 12 months) and amounts more than \$20,000.
- iv. The Terms of Trade Agreement and evidence of the credit check must be submitted to Finance, Facilities Management and Copy Centre respectively for filing, together with the approved invoice requisition form for the new customer.
- v. Departments are required to raise and send the approved invoice or credit notes requisition form for all other existing customers, to the Accounts Administrator Debtors in Finance, or the Office Administrator in Facilities Management, or Copy Centre Coordinator in Copy Centre.

### 3.2 Past Due

- i. The billing statement will show in detail all current and overdue invoices and the due dates.
- ii. Debtors are aged according to due dates i.e 20<sup>th</sup> of the following month
- iii. Any invoices not paid by the due date on the statement are considered to be overdue.

### 3.3 Demand Letters

- i. If invoices are 30 days overdue, the respective Accounts Receivable staff will send an overdue debt letter to the debtor.
- ii. If invoices are 60 days overdue, an overdue debt letter is sent to the debtor, stating that if the debt remains unpaid after 7 days from the date of the letter, the account may be sent to a debt collection agency.
- iii. If the debt is still not paid after that 7 days, a Final letter is sent to the debtor informing the account has now been sent to the debt collection agency. This will be communicated immediately to the Finance Administration Manager.

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- 3.4 Overdue amount of less than \$100
  - i. If invoices are not paid 67 days after "Past Due" and the total amount overdue on the account is less than \$100, the Accounts Receivable staff will flag the account as "small balance - pending write off".
  - ii. This debt write off will need to be approved by the Finance Administration Manager.
- 3.5 Overdue amount greater than \$100
  - i. If the overdue debt that is \$100 or more is not paid after 67 days, Accounts Receivable staff will send the overdue debt to a debt collection agency.
- 3.6 Repayment of overdue debts
  - i. If a debtor agrees to repay the debt over a period of time, the respective staff in Finance, Facilities Management or Copy Centre will draft a repayment agreement to be signed by the debtor and the Finance Administration Manager.
  - ii. If the debtor does not abide by the terms of the agreement, the debt will be sent to a debt collection agency.
- 3.7 Sending an overdue debt to a debt collection agency
  - i. Prior to sending an overdue debt to a debt collection agency, the respective staff would have telephoned, and sent letters or repayment agreements to the debtors. Records of all such actions must be retained for record-keeping purposes.
  - ii. Unitec may defer forwarding an overdue debt to the debt collection agency for up to 12 months if there is indication that doing so would improve the chances of collection. This is subject to approval by the Finance Administration Manager for amounts up to \$1,000 and by the Executive Director - Finance for amounts more than \$1,000.
- 3.8 Debt written off
  - i. All debt write offs are to be authorised in line with the Unitec Delegated Financial Authorities Schedule
- 3.9 Repayment after debt is written off
  - i. If an account is subsequently paid after being written off, the respective staff will inform the Treasury Accountant to enable it to be coded to the Bad Debt Recovery account.
- 3.10 Debtors' files
  - i. All debtors' files for which a bad debt has been written off are to be clearly noted so that any future invoicing does not take place until the original debt is cleared.
  - ii. At month end, the Accounts Administrator Debtors staff will reconcile the Accounts Receivable subsidiary ledgers to the General Ledger and submit to the Finance Administration Manager for review.

### 4. Segregation of Duties

A reasonable segregation of duties should be established. No employee should have complete control over more than one of the following duties:

- i. Invoicing customers for goods or services provided
- ii. Receiving and recording payments for debtors
- iii. Raising and authorising an invoice requisition form
- iv. Raising and authorising an credit note requisition form
- v. Reviewing monthly financial systems debtors' reports and their reconciliation
- vi. Establishing credit policies: Approving requests for credit, invoice cancellations, credit notes and write-offs of debtor amounts.

### 5. Authorisation and Reporting

#### 5.1 Accounts Receivable functions

The following Accounts Receivable functions require approval by staff who have delegated financial authority approved by the Chief Executive:

- i. Establishing appropriate rates and contract prices
- ii. Granting credit amount to customers
- iii. Raising and authorising an invoice requisition form
- iv. Raising and authorising a credit note requisition form
- v. Determining which accounts are uncollectible and should be written off

#### 5.2 Invoicing and credit notes

- i. Once the Terms of Trade Agreement is signed and a credit check is completed, the customers must be invoiced immediately when the supply of goods or services by Unitec have been rendered, e.g. contract education, property rentals, classrooms, etc.
- ii. In the case of Seminars or other services that Unitec incur costs to deliver the service, payment should be received in advance.
- iii. Invoices are raised only from authorised invoice requisition forms and credit notes are raised only from authorised credit note requisition forms.
- iv. Credit notes must be countersigned by the Finance Administration Manager (FAM) up to the amount of \$1,000 and by the Executive Director - Finance for amounts between \$1,001 and \$50,000.

#### 5.3 Disputes

In circumstances where a debt is in dispute due to a variety of circumstances such as:

- Administration errors
- Discounts

the necessary adjustment by credit note must be authorised as per the Delegated Financial Authorities Schedule. The above information is to be included in the debtor report to the Executive Leadership Team for the period.

### 5.4 Reporting

The Student Finance and Accounts Administration Debtors staff will submit reports detailing what debts had been written off, what debts have been sent to the debt collection agency, a debtor summary report on the Aged Trial Balance and a schedule of debt repayment plans to the following recipients:

- monthly to the Finance Administration Manager and Executive Leadership Team
- annually to the Executive Leadership Team

## 6. Responsibilities

Role	Responsibilities
Executive Director - Finance	Policy sponsor Authorises credit notes between \$1,001 to \$50,000 Authorises bad debts write off or debts adjustments as per the Delegation Financial Authorities Schedule Periodically reviews debtors aging reports
Finance Administration Manager (FAM)	Policy owner Authorises credit notes up to \$1,000 Authorises bad debts write off or debts adjustments as per the Delegation Financial Authorities Schedule Reviews monthly debtor aging reports Monitors progress on collecting outstanding debts
Head of School Executive Dean Executive Director	Authorises the invoice requisition form Authorises the credit note requisition form Authorises the internal requisition form for student debtors Approval for new non-student customers set up once Terms of Trade Agreement is signed and credit check is completed Responsible for raising debts adjustments requests
Student Finance	Manage the student debts
Finance, Facilities Management and Copy Centre staff	Manage the non-student debts including Facilities Management, Copy Centre and other general debtors
Unitec staff	Comply with this policy

## 7. Reference Unitec Policies

### 7.1 Compliance with Unitec Policies

This policy will be conducted in accordance with Unitec's policies listed (but not limit to) as below:

- Tuition Fees Policy
- Admissions, Enrolment and Fees Policy
- Delegations Financial Authorities Schedule

## 8. Document Management and Control Details

### 8.1 Document Details

<b>Version:</b>	2.1	<b>Issue Date this Version:</b>	May 2019
<b>This Version Approved by:</b>	Executive Leadership Team	<b>Date of Approval:</b>	
<b>Document Owner:</b>	Finance Administration Manager	<b>Document Sponsor:</b>	Executive Director - Finance
<b>Date of Next Review:</b>	February 2021		
<b>Date first version issued:</b>	2009	<b>Original Approval Body:</b>	Finance Committee of Council

### 8.2 Amendment History

Version	Issue Date	Reason for Revision	Approved by
1	2009	New policy	Finance Committee of Council
2	2015	Review and addition of internal audit's recommendation	Executive Leadership Team
3	2016	Update Policy	Executive Leadership Team
4	2019	Update Policy	Executive Leadership Team



## Accounts Receivable Procedures

5	2019	Minor updates to the procedures in relation to Student Debtors	Executive Director - Finance
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