

Outstanding General Debtors Procedures

INTRODUCTION

The University is committed to obtaining payment in full from general debtors as quickly as possible, in a manner that maintains customer goodwill and observes the principles of sound business practice. The Office of Financial Services is responsible for debtor risk management and the University's debt recovery processes for general debtors.

COMPLIANCE

This is a compliance requirement under the [Charles Darwin University Act 2003](#) section 8, part 33.

INTENT

This document outlines the management and administration for the recovery of outstanding general debtors in a timely and efficient manner.

RELEVANT DEFINITIONS

In the context of this document

Authorised Officer (also referred to as Account Coordinator) means the person who is responsible for the account or who signed a contract for goods and services on behalf of the University;

Accounts Receivable means a University ledgers/accounts receivable staff member responsible for raising invoices in the Oracle system, contacting debtors for overdue debts and Authorised Officers in relation to outstanding debtor follow up;

Bad Debt Write-Off means those debts where all avenues for recovery have been completely exhausted and the outstanding debts are considered non-recoverable;

Credit means the provision of goods and services to customers before payment;

Debt Recovery means to collect or recover monies owed to the University by a debtor. Such action may include engagement of a debt collection agency to act on the University's behalf;

Management Accountant means the officer responsible for managing the financial affairs of the organisational unit;

Oracle system means the University's financial management system;

Organisational Unit means a school, centre or other academic unit, a department, or other administrative unit;

Outstanding or overdue invoices means invoices for the sale of goods and services on credit that have not yet been paid in accordance with the University's standard credit arrangements; and

Responsible Officer means a business unit staff member responsible for raising invoices in stand-alone finance systems, liaising with Accounts Receivable, contacting debtors for overdue debts and Authorised Officers in relation to outstanding debtor follow up.

PROCEDURES

At the request of Authorised Officers, Accounts Receivable or the Responsible Officer raise invoices within the Oracle system, for the provision of goods and services to all general debtors in accordance with the University's credit terms. Full payment is expected within the University's terms as stipulated on the invoice. Organisational units are not permitted to make arrangements with debtors for the payment of invoices outside of the standard University credit terms.

General Debtor Recovery

Accounts Receivable or the Responsible Officer regularly monitors the University's outstanding general debtors and undertakes to recover outstanding debts by reviewing overdue invoices starting with the oldest outstanding invoice. The following steps will be taken when outstanding invoices are thirty (30) days or more overdue:

- Contact the debtor directly by telephone or email to remind the debtor about the University's terms of credit;
- Contact the Authorised Officer who requested the invoice, if the debtor has any issues concerning the invoice it may be rectified by requesting a credit note to cancel, re-issue or adjust the invoice accordingly; and
- Record all communications and actions in the Oracle system or the stand-alone finance systems.

After three (3) attempts over the next thirty (30) days to recover the outstanding general debt, Accounts Receivable or the Responsible Officer will refer the matter back to the Authorised Officer who requested the original invoice. Authorised Officer's must:

- Persistently follow-up with the debtor through his/her ongoing client relationship over the next thirty (30) days until payment is received or a conclusion is reached, that nothing more can be gained by proceeding further;
- Facilitate open and clear communication between Accounts Receivable, Responsible Officers and Management Accountants as to the progress of debt recovery; and
- Review and advise Accounts Receivable if there are any reasons why an outstanding invoice should not be sent for external debt collection.

At the end of each month, Accounts Receivable or the Responsible Officer will produce a list identifying all outstanding invoices of ninety (90) days or more.

On approval from the Director of Finance, Accounts Receivable will:

- Enter a reversing journal to charge the cost centre that was to receive the income when the invoice was generated. The debit is charged to code "372 – Bed Debts Expense"; and credit is charged to "754 03 – Provision for Bad Debts"; and
- Reverse the journal the following month.

External Debt Collection

After all avenues have been exhausted and the University is unable to recover payments, outstanding invoices will be considered for external debt collection by the Director of Finance.

The Director of Finance will make recommendations for the external debt collection of outstanding invoices to the Executive Director, Finance and Asset Services. External debt collection must be approved by the Executive Director, Finance and Asset Services.

Doubtful Debts Provision and Bad Debt Write-Off

The provision for Doubtful Debts and the Bad Debts Expense journal is built on the likelihood of debt recovery based on the outcome of all of the stages above. The Doubtful Debts expense is charged back to the cost centre that received the income when the invoice was generated.

At the end of each financial year on approval from the Executive Director, Finance and Asset Services, any outstanding debts under \$50,000 per individual item will be written off. Any individual item over \$50,000 on approval from the Executive Director, Finance and Asset Services will be forwarded to the Vice-Chancellor for write-off approval under advice to Council.

Upon authorisation the accounts will be written off, costed back to the organisational unit and any GST remitted to the Australian Tax Office, claimed back.

All debts that have been written-off will be reported to the University's Finance and Infrastructure Development Committee on a monthly/yearly basis.

ESSENTIAL SUPPORTING INFORMATION

Internal

[Fees and Charges By-laws](#)

[Outstanding General Debtors Policy](#)

Document History and Version Control

Last amendment:	15 Dec 2017	Next Review:	Mar 2015
Sponsor:	Chief Financial Officer		
Contact Officer:	Director, Finance		

Version	Date Approved	Approved by	Brief Description
1.00	12 Jun 2013	Vice-Chancellor	Creation of original document and upload to CDU website.
1.01	15 Dec 2017	Governance	<ul style="list-style-type: none">• Conversion to new template due to new University branding• Updated hyperlinks• Amended Contact Officer from Director FAS to Director, Finance• Added Sponsor, Chief Financial Officer