

MANAGEMENT OF ORGANISATIONAL DEBTORS PROCEDURE

Section	Finance		
Approval Date	15.02.2019	Approved by	Executive Team
Next Review	As required	Responsibility	Executive Director - Finance, Compliance and Business Intelligence
Last reviewed	11.02.2019	Key Evaluation Question	6

PURPOSE

To ensure that organisational debtors of Nelson Marlborough Institute of Technology (NMIT) are effectively managed and maintained at minimum levels, with the lowest possible risk of bad debt write-off.

SCOPE

All amounts owing to NMIT by organisations (i.e. excludes student debtors).

RESPONSIBILITY

The Finance Team Leader is responsible for overall control of organisational debtors.

The Finance Team is responsible for operational control and follow up on a regular basis.

Budget managers and programme administrators are responsible for assisting the Finance Team with follow up as required.

MANAGEMENT

All outstanding amounts must be recorded within the central debtors system maintained by the Finance Team. No subsidiary debtors systems are to be maintained at programme area or team level, unless approved by the Executive Director - Finance, Compliance and Business Intelligence.

All invoices are due for payment by 20th of the month following invoice date unless alternative terms are stated on the invoice or in a contract.

REPORTING

Aged Debtors Reports are prepared and checked monthly by the Finance Team and submitted to the Finance Team Leader for review. The Finance Team Leader will advise if debts are to be written off or further action is required.

FOLLOW UP

Debtors' statements are produced monthly by the Finance Team, following the criteria in the table below.

< 30 Days	30 - 60 Days	60 - 90 Days	> 90 Days
Invoice re-sent with reminder email	Statement Followed up with reminder email and request payment within 14 days	Statement Email (Account overdue - Payment remitted within 5 working days) Attempt to contact via telephone	Send to debt collection agency once agreed by Finance Team Leader

WRITE-OFF PROCEDURES

Where the Finance Clerk believes that a debt is unrecoverable, they will advise the Finance Team Leader who will determine whether the debt is to be written off. Bad debt write-offs where the amount is less than \$2,000 or where the cost of collection exceeds the collectable amount can be authorised by the Executive Director - Finance, Compliance and Business Intelligence. All other write-offs must be authorised by the Executive Director - Finance, Compliance and Business Intelligence and the Chief Executive.

Debt write-offs will be charged against the bad debts code. Any amounts recovered by the debt collection agency will be coded against the bad debts code.

Limit	Delegation Holder
\$2,000	Finance Team Leader
\$20,000	Executive Director – Finance, Compliance & Business Intelligence
Over \$20,000	Executive Director- Finance, Compliance & Business Intelligence AND Chief Executive

CREDIT NOTES

Credit notes for the return of goods or the non delivery of services must be authorised by the appropriate budget manager, include a clear indication that goods have been returned in good order and be signed by a second person other than the budget manager.

Delegation Limit	Organisational Debtors	
	Delegation Holder – Academic	Delegation Holder - Business Support
Original invoice amount	Curriculum Manager OR Finance Team Leader OR Executive Director - Finance, Compliance and Business Intelligence	Manager/Team Leader OR Finance Team Leader OR Executive Director - Finance, Compliance and Business Intelligence

PENALTY PAYMENTS

NMIT may apply penalty charges as appropriate to cover debt recovery costs.

JOURNAL ADJUSTMENTS

All journal adjustments to the debtors' ledger must be authorised by the Finance Team Leader, subject to the authorisation procedure required for bad debt write-offs as indicated above.