

Debt Management Policy – Commercial and Research

Introduction

This document sets out the policy of the University in relation to commercial and research debt, along with the debt management procedures followed in furtherance of this policy.

This policy contains details on:-

- Credit Reference Checking
- Credit Limits
- Responsibility for Contracts
- Invoicing and Credit Notes
- Debt Collection Procedure
- Review of the Policy

The Head of Projects and Policies is responsible for managing and reviewing this policy. Finance staff within the Income and Credit Control department are responsible for the effective operation of debt management procedures. All University staff are expected to be familiar with this policy and to contribute to its effective implementation.

Credit Reference Checking

All Colleges, Institutes and Departments entering into a contract or agreement with a total value of £10,000 (including VAT) and above, or requiring a commercial invoice of £10,000 (including VAT) or above to be issued, will require permission from the Income and Credit Control department section **prior to any agreement being entered into or work being carried out.**

The Senior Credit Controller will conduct credit checks by one or more of the following methods as deemed appropriate:

- taking up trade references
- taking up bank references
- obtaining a credit status report from a business information company
- analysis of audited accounts

The Senior Credit Controller will inform Colleges, Institutes and Departments as to the outcome of the credit checks. Once permission is given by the Income and Credit Control department, the College, Institute or Department can enter into an agreement/contract.

Colleges, Institutes or Departments can request the Income and Credit Control Department to carry out a credit check on any company or individual where they feel it necessary to assure the risk of debt to the University is minimised.

Credit Limits

Credit limits are utilised by the University in order to minimise the risk of loss through the non-payment of debts. They will be set by the Income and Credit Control Department in consultation with the appropriate school or department.

Credit limits should be determined in accordance with the customer's needs and credit worthiness, but should not exceed the debtor's ability to repay (as evidenced by a credit check), or which the debtor's past payment history suggests is beyond their trading ability.

Factors to consider when setting individual credit limits include:

- typical order sizes and the price of the good or services
- typical frequency of ordering
- any exceptional settlement terms that may be applicable
- the credit rating of the customer determined during the credit check
- the customer's payment record, in the case of existing customers

Credit limits should be reviewed annually, or more frequently if the Income and Credit Control department consider it necessary. Unless authorised in writing by the Head of Income and Credit Control, credit limits are not to be exceeded.

Contracts

It is the responsibility of Colleges, Institutes and Departments to ensure that contracts are agreed, and/or purchase orders are received prior to the provision of goods or services.

Invoicing and Credit Notes

All goods supplied and services rendered must be accounted for through the University's accounting systems. Colleges, Institutes and Departments are responsible for ensuring that the Finance Department is fully informed of all sources of commercial and research income due on a timely basis. This includes research grants and contracts as well as income from the provision of goods and services. Copies of grant/claim forms and or invoice request forms must be submitted to the Finance Department, who are then responsible for issuing invoices.

Income must be billed through the University's financial systems. Data for invoicing is provided electronically by Colleges, Institutes or Departments. Only the Income and Credit Control Department can issue an invoice, using the data from Colleges, Institutes and Departments, or from the underlying data feeds of the applicable system.

The same procedure is followed for credit notes. Data for credit notes is provided by Colleges, Institutes or Departments but only the Income and Credit Control Department has system authorisation to issue credit notes.

Debt Collection Procedure

The University standard credit terms are 7 days from date of invoicing. The following collection procedures will commence on accounts that remain unpaid after 7 days;

- Statements are issued to all customers on a monthly basis
- Overdue letters are issued to all customers seven days after statements are issued
- Telephone or email follow up is undertaken after a further seven days
- A second letter is issued after a further seven days
- Regular liaison is maintained with originating departments who provide assistance in resolving queries.
- If, after the procedures detailed above are undertaken and payment is not forthcoming, the debts will be placed with an external debt collection agency.

Review

The Debt Management Policy will be reviewed by the Head of Projects and Policies on an annual basis.