

Credit Control and Debt Management Policy

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1. Purpose

The purpose of the credit control and debt management policy is to ensure that the debt profile at St George's University of London (SGUL) is managed effectively, that debt payment is maximised and bad debt risk is minimised.

The Accounts Receivable Team and Finance Department provides assistance and advice to the University on credit control and debt management issues, however it is essential that all University staff be aware of the importance of cash management and fully co-operate with staff who manage the administration process.

This document excludes the invoicing, management and collection of student and halls of residence fees, which are covered by the [Tuition Fee Policy](#) and [Student Fee Debt Collection Process](#).

2. Introduction

This process refers to all sales invoices raised for non-student related income and all new customer requests, individual customer requests and changes to existing customers.

If you have any queries please contact a member of Accounts Receivable on 020 8725 5028/2554/5775 or email accountsreceivable@sgul.ac.uk

3. New Customer Set Up

This process should be undertaken before any work commences or liability is undertaken by SGUL (i.e. staff employed or expenditure incurred).

New customers will be set up by Accounts Receivable within 5 working days of receiving a correctly completed form. If the form does not include all the necessary information or is not filled out correctly it will be returned to the person who requested it.

No invoices will be raised for a new customer until the new customer set up process has been completed and approved. There is a separate process for raising an invoice and new customers must be set up and approved **prior** to requesting an invoice be raised.

New customer account set-up form can be found [here](#)

Completed new customer requests forms should be sent to accountsreceivable@sgul.ac.uk

On receiving a correctly completed new customer request form, Accounts Receivable will check the following:

- i. Customer is not already set up within Agresso
- ii. All the details are correctly provided i.e. trading name, address, company registration number, VAT number
- iii. Agreed credit terms are within the parameters set out in the SGUL Financial Regulations
- iv. Supporting document is attached and aligns with information provided on form
- v. Examine the company's credit worthiness for anticipated sales greater than £2,000 (see credit approval section below)

Please Note: A New Customer Accounts Set up form should be completed in all instances for new customers or changes.

4. Credit Approval

Credit checks are carried out to avoid bad debt, write offs and to help reduce the overall risk to SGUL.

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All customers must have a credit worthiness check when the anticipated sales are greater than £2,000, the cost of which will be paid centrally. Credit checks may also be undertaken for existing customers where there is a potential risk, change in circumstances or a poor payment history.

NHS Trusts, government institutions, charities and public sector educational establishments are generally excluded from credit searches. However, some charities may still be credit checked, dependent on the expected value of SGUL's future activity with them.

For entities with no company registration the set up can be done on the condition that an Income and Expenditure for the most recent financial year are submitted for review. If this is not submitted and the department still require an account set up, then the risk of any bad debt lies with the department.

Where an unsatisfactory credit rating is obtained for a new customer (or a current customer has a poor payment history) and the department insists on proceeding with the sale, it must be emphasised that the department has to accept responsibility for any debt. An email confirmation departmental responsibility for debt must be sent to accountsreceivable@sgul.ac.uk. The Accounts Receivable Manager will maintain a register of customers set up with unsatisfactory credit ratings.

Should the debt become bad (i.e. uncollectable through enforcement, or because the company has gone into liquidation), the amount will be automatically written back to the department.

Departments remain liable for all unpaid invoices.

5. Sales Invoices

All invoices must be raised in compliance with the SGUL's general invoicing advice detailed in the Financial Regulations.

Invoice request forms are available [here](#) and completed forms should be sent to accountsreceivable@sgul.ac.uk

A sales invoice request will be actioned by Accounts Receivable within 5 working days of receiving a correctly completed form. If the form does not include all the necessary information or is not filled out correctly it will be returned to the requestor for completion before an invoice is raised.

The detailed process for requesting a sales invoice can be found [here](#)

All sales invoices require approval by Finance before release.

6. Purchase Orders

It is the responsibility of the department to make sure that purchase order numbers or references are obtained from the customer to ensure prompt payment. The purchase order number must be completed on the invoice request form.

7. Payment Terms

SGUL's standard credit terms are payment due within 30 days of invoice date.

Payments can be made by bank transfer, cheque or credit card

Staff should consider requesting an advance payment if the sale is likely to be a one-off occurrence or is for a sum less than £1,000.

8. Credit Notes

Credit note request forms are available [here](#) and completed forms should be sent to accountsreceivable@sgul.ac.uk

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A credit note request will be actioned by Accounts Receivable within 5 working days of receiving a correctly completed form. If the form does not include all the necessary information or is not filled out correctly it will be returned to the requestor for completion before an invoice is raised.

The detailed process for requesting a credit note can be found [here](#)

9. Debt Management

All overdue debt will be reviewed and Accounts Receivable will liaise with the department. Where a customer has an overdue debt the department should review whether further services should be provided while the debt remains outstanding.

The Financial Transactions Supervisor will meet with the Director of Finance or the Deputy Director of Finance bimonthly to discuss overdue debt will, on a case by case basis and discuss whether it should be referred to a debt collection agencies and/or solicitors for collection.

Legal action to recover outstanding debt will be taken by SGUL where prior agreement is obtained with the Finance Director. All relevant parties should be notified.

Any invoice which has been queried and remains outstanding for four months as a result of the department involved not having actioned the query received, will be charged back to the department /budget holder.

All non-collectable debt will be recommended for write-off. All recommendations will be fully communicated to all relevant parties and agreed with the Director of Finance.

NHS debt usually takes longer to collect due to the lengthy approval process and procedures at the NHS Trusts. The NHS debt will be closely monitored by the Accounts Receivable Manager with tailored reports sent to trusts and meetings held at regular intervals throughout the year in order to control debt.

Research debt which remains unpaid because it has been invoiced without due regard to contractual obligations will be cancelled and charged back to the original research project/code.

10. Debt Write-off

All bad debt write-offs must be approved by the Director of Finance. Write-offs of debt valued at over £20,000 must be approved by Finance Committee and noted in the committee meeting minutes.

A register of bad debts will be maintained electronically on the Finance shared drive.

The bad debt provision is subject to review on an annual basis aligned with year-end accounts.

A periodic review of all transactions coded as write-offs will be undertaken to confirm appropriate coding, descriptions and approval process.

11. Customer Review

A report will be run each June of any customers which have not been used for 18 months will be reviewed. This report will be discussed with departmental contacts and any customers which are no longer required will be closed.