

MANAGEMENT OF DEBTORS

Section	Finance		
Approval Date	28.09.09	Approved by	Directorate
Next Review	As required	Responsibility	Director of Finance and Corporate Services
Key Evaluation Question	6	ITPNZ Quality Standard	3

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 (ie excludes student debtors).

RESPONSIBILITY

The Finance Manager is responsible for overall control. Debtors Clerk for control and follow up on a regular basis.

Budget managers assist Debtors Clerk for follow up in relation to specific debtors, primarily ITO or Joint Venture type enquiries.

MANAGEMENT

All outstanding amounts are to be recorded within the central debtors system maintained by the Finance Team. No subsidiary debtors systems are to be maintained at school or team level, except where other arrangements are approved by the Finance Manager. All invoices are due for payment by 20th of the month following month of purchase unless alternative terms are stated on the invoice.

REPORTING

Aged Debtors Reports are to be prepared monthly by the Debtors Clerk and submitted to the Finance Manager for review. The Finance Manager should advise if debts are to be written off or further action is required. The Aged Debtors Report should be accompanied by a list of bad debts written off to date for that year.

FOLLOW UP

Debtors' statements will be produced by the Debtors Clerk each month, following the criteria in the table below.

< 30 Days	30 - 60 Days	60 - 90 Days	> 90 Days
Reminder stamp on statement	Statement Pre-printed letter Account overdue Payment remitted within 14 days	Statement Pre-printed letter Account overdue Payment remitted within 5 working days	Attempt to contact via telephone Send to debt collection agency once agreed by Finance Manager

WRITE-OFF PROCEDURES

Where a debt becomes un-recoverable, the Debtors Clerk will recommend to the Finance Manager that the debt be written off. Bad debt write offs are to be authorised by the Finance Manager and the Director of Finance and Corporate Services or the Chief Executive unless the amount is less than \$1,000 or where the cost of collection exceeds the collectable amount, which can be authorised by the Finance Manager.

The cost of debtors' write-offs will be charged to bad debts code.

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.

PENALTY PAYMENTS

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

JOURNAL ADJUSTMENTS

All journal adjustments to the debtors' ledger are to be authorised by the Finance Manager, subject to the authorisation procedure required for the write off of debts as indicated above.