

GENERAL DEBT COLLECTION POLICY

Section	Finance
Contact	Chief Financial Officer
Last Review	November 2024
Next Review	November 2029
Approval	FAC24/35
Effective Date	November 2024

Purpose:

The purpose of this policy is to define actions to be taken to chase overdue general debt. General debt is defined as debt owed by debtors who are not students and for this policy includes research debt. Overdue debt is any amount that has not been paid after the due date on the invoice.

It is important for cash flow purposes that debt is collected in a timely manner and in accordance with payment terms. When a debt becomes overdue prompt action must be taken to chase and collect the debt.

Policy:

The chasing of overdue general debt is the responsibility of the originating Massey department, section, school, or institute. The accounts receivable team may assist the originating department to collect overdue debts.

To setup a new general debtor an application for commercial credit must be completed by the requesting department. When new debtors are setup, they are advised of and agree to Massey's terms of trade.

As per Terms of Trade payment is due on the 20th of the month after invoice is issued. Exceptions to this are for property leases and research contracts.

A monthly statement is sent to each debtor showing outstanding debt as at the last day of the month. The statement shows a list of outstanding invoices and the date each was issued. Debtors that have amounts owing that are 30, 60, or 90 days overdue will be sent an overdue debt letter.

At each month end a listing of debt is sent by accounts receivable to the originating departments for chasing. It is the responsibility of the department to contact each debtor that has an overdue balance and confirm when payment will be made. The communication method used will depend on the age of the debt as below.

30 days – Email to debtor requesting confirmation of when payment will be made.

60 days – Phone call to debtor requesting payment and warning that interest of 1.5% per month may be charged.

90 days – Phone call to debtor requesting urgent payment and advising that debt may be sent to Baycorp and that any debt collection costs incurred will be charged to the debtor.

If the debt is outstanding for 90 days or more the Head of Department/Institute/School (HOD/I/S) must advise the relevant SLT Member. In addition, the Chief Financial Officer (CFO) should also be advised for review and follow up.

The debtor will continue to receive a monthly statement showing the overdue amount. Overdue debt may incur a penalty interest charge of 1.5% per month as per Massey's Terms of Trade.

Debt outstanding for more than 6 months will be impaired and provided for by Finance, unless extenuating circumstances exist which must be agreed by the CFO. In most cases the debt will then be placed with a debt collector (appointed by Finance).

The department/section/school/institute will continue to follow up on impaired / written-off debt with oversight from the Accounts Receivable team.

At the end of the financial year, a doubtful debt provision will be made by Finance and approved by the CFO. This provision will be based on an appropriate percentage of outstanding debt greater than 30 days excluding:

1. Where there are balances in excess of the agreed percentage where it is clear that recovery is remote. In these circumstances a specific provision will be made.
2. Where there are extenuating circumstances that indicate the likelihood of recovery is high.

Audience:

All Management of the University
All staff

Relevant Legislation:

Nil

Related Procedures/Documents:

Nil

Document Management Control:

Prepared by: Chief Financial Officer
Owned by: Deputy Vice-Chancellor University Services
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