Debtors Procedure

Section 1 - Preamble

(1) Charles Darwin University (CDU) is committed to obtaining payment in full from general debtors as quickly as possible, in a manner that maintains customer goodwill and observes the principles of sound business practice. Finance is responsible for debtor risk management and the University's debt recovery processes for general debtors.

Section 2 - Purpose

(2) This document outlines the management and administration for the recovery of outstanding general debtors in a timely and efficient manner.

Section 3 - Scope

(3) This procedure applies to all organisational units and employees authorised with invoicing and recovery of outstanding debts.

(4) This procedure does not apply to Student debtors (administered through the Student Finance) which are processed via student enrolment rules.

Section 4 - Procedure

(5) At the request of Authorised Officers, Accounting Services or the Responsible Officer raise invoices within the Oracle system, for the provision of goods and services to all general debtors in accordance with the University's credit terms. Full payment is expected within the University's terms as stipulated on the invoice. Organisational units are not permitted to make arrangements with debtors for the payment of invoices outside of the standard University credit terms.

General Debtor Recovery

(6) Accounting Services or the Responsible Officer regularly monitors the University's outstanding general debtors and undertakes to recover outstanding debts by reviewing all overdue invoices. The following steps will be taken when outstanding invoices are thirty (30) days or more overdue:

a. Contact the debtor directly by telephone or email to remind the debtor about the University's terms of credit;
b. Contact the Authorised Officer who requested the invoice, if the debtor has any issues concerning the invoice it may be rectified by requesting a credit note to cancel, re-issue or adjust the invoice accordingly; and
c. Record all communications and actions in the Oracle system or the stand-alone finance systems.

(7) After three (3) attempts over the next thirty (30) days to recover the outstanding general debt, Accounting Services or the Responsible Officer will refer the matter back to the Authorised Officer who requested the original invoice. Authorised Officers must:

a. Persistently follow-up with the debtor through his/her ongoing client relationship over the next thirty (30) days until payment is received or a conclusion is reached, that nothing more can be gained by proceeding further;
b. Facilitate open and clear communication between Accounting Services, Responsible Officers and Management Accountants as to the progress of debt recovery; and
c. Review and advise Accounting Services if there are any reasons why an outstanding invoice should not be sent for external debt collection.

(8) At the end of each month, Accounting Services or the Responsible Officer will produce a list identifying all outstanding invoices of 365 days or more.

(9) Upon identifying the list, Accounting Services will:

a. Enter a journal to charge the cost centre that received the income when the invoice was generated. The debit is charged to code "372-00 – Bad Debts Expense – General"; and credit is charged to "754 03 – Provision for Doubtful Debts - General";
b. If a payment is received after the provision journal is actioned, such journal will be reversed.

External Debt Collection

(10) After all avenues have been exhausted and the University is unable to recover payments, outstanding invoices will be considered for external debt collection by the Associate Director Finance

(11) The Senior Manager Business Advisory will make recommendations for the external debt collection of outstanding invoices to the Vice-President Corporate and CFO. External debt collection must be approved by the Vice-President Corporate and CFO.

Doubtful Debts Provision and Bad Debt Write-Off

(12) The provision for Doubtful Debts and the Bad Debts Expense journal is built on the likelihood of debt recovery based on the outcome of all of the stages above. The Doubtful Debts expense is charged back to the cost centre that received the income when the invoice was generated.

(13) At the end of each financial year on approval from the Vice-President Corporate and CFO, any outstanding debts under $50,000 per debtor will be written off. Any individual debtor over $50,000 on recommendation from the Vice-President Corporate and CFO will be forwarded to the Vice-Chancellor for write-off approval under advice to Council.

(14) Upon authorisation the accounts will be written off, costed back to the organisational unit and any GST remitted to the Australian Tax Office, claimed back.

(15) All debts that have been written-off will be reported to the University's Finance and Infrastructure Development Committee on a yearly basis.

Section 5 - Non-Compliance

(16) Non-compliance with Governance Documents is considered a breach of the Code of Conduct – Staff or the Code of Conduct – Students, as applicable, and is treated seriously by the University. Reports of concerns about non-compliance will be managed in accordance with the applicable disciplinary procedures outlined in the Charles Darwin University and Union Enterprise Agreement 2022 and the Code of Conduct – Students.

(17) Complaints may be raised in accordance with the Code of Conduct – Staff and Code of Conduct - Students.

(18) All staff members have an individual responsibility to raise any suspicion, allegation or report of fraud or

corruption in accordance with the Fraud and Corruption Control Policy and Whistleblower Reporting (Improper Conduct) Procedure.

Status and Details

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Responsible Executive	Bryce Dorrian Chief Financial Officer
Implementation Officer	Jennifer Desamito Associate Director Finance
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