

Controlled Document – Refer to NMIT website or intranet for latest version

MANAGEMENT OF DEBTORS

Section	Finance		
Approval Date	28.09.2009	Approved by	Directorate
Next Review	27.05.2020	Responsibility	Director of Finance and Business Improvement
Last Reviewed	27.05.2016	Key Evaluation Question	6

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 (i.e. excludes student debtors).

RESPONSIBILITY

The Director of Finance and Business Improvement is responsible for overall control of organisational debtors.

The Credit Controller is responsible for operational control and follow up on a regular basis. They are assisted by the Finance Clerks when required.

Budget managers, programme administrators, and Finance Clerks are responsible for assisting the Credit Controller with follow up as required.

MANAGEMENT

All outstanding amounts must be recorded within the central debtors system maintained by the Finance Team. No subsidiary debtors systems are to be maintained at programme area or team level, unless approved by the Director of Finance and Business Improvement.

All invoices are due for payment by 20th of the month following invoice date unless alternative terms are stated on the invoice or in a contract.

REPORTING

Aged Debtors Reports are prepared and checked fortnightly by the Finance Clerk and submitted to the Director of Finance and Business Improvement for review. The Director of Finance and Business Improvement will advise the Credit Controller if debts are to be written off or further action is required.

FOLLOW UP

Debtors' statements are produced monthly by the Credit Controller with assistance from the Finance Clerks when required, following the criteria in the table below.

< 30 Days	30 - 60 Days	60 - 90 Days	> 90 Days
Reminder sticker on statement	Statement Email reminder of overdue account	Statement Attempt to contact via telephone or email	Send to debt collection agency once agreed by Director of Finance and Business Improvement

WRITE-OFF PROCEDURES

Where the Credit Controller believes that a debt is unrecoverable, they will advise the Director of Finance and Business Improvement who will determine whether the debt is to be written off. Bad debt write offs where the amount is less than \$2,000 or where the cost of collection exceeds the collectable amount can be authorised by the Director of Finance and Business Improvement. All other write offs must be authorised by the Director of Finance and Business Improvement and either the Chief Operating Officer or the Chief Executive.

Debt write-offs will be charged against the bad debts code. Any amounts recovered by the debt collection agency will be coded against the 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 must be authorised by the Director of Finance and Business Improvement, subject to the authorisation procedure required for bad debt write offs as indicated above.