

Debt Management Policy – Commercial and Research

Introduction

This document sets out the policy of the University in relation to commercial and research debt, along with the debt management procedures followed in furtherance of this policy. This policy contains details on:-

- Credit Reference Checking
- Responsibility for Contracts
- Invoicing and Credit Notes
- Debt Collection Procedure
- Review of the Policy

The Head of Income & Credit Control is responsible for managing and reviewing this policy. Finance staff within the Income and Credit Control department are responsible for the effective operation of debt management procedures. All University staff are expected to be familiar with this policy and to contribute to its effective implementation.

Detailed user guides, quick cards and tutorial videos which explain how the processes for invoicing customers are undertaken in the University's finance system, CHIME, are available on the intranet:

<https://intra.brunel.ac.uk/s/CHIME/Pages/CHIME-Training-Sales-Orders-and-Invoicing.aspx>

Credit Reference Checking

All Colleges, Institutes and Departments entering into a contract or agreement with a total value of £10,000 (including VAT) and above, or requiring a commercial invoice of £10,000 (including VAT) or above to be issued, will require to carry out a due diligence check on the customer.

Colleges, Institutes or Departments can request the Income and Credit Control Department to carry out a credit check on any company or individual where they feel it necessary to assure the risk of debt to the University is minimised.

The Credit Controller will inform Colleges, Institutes and Departments as to the outcome of the credit checks. The department would need to carry out a risk analysis prior to making a viable business decision in cases on unfavourable credit checks. The Credit Controller, in conjunction with the applicable College, Institute or Department, will conduct credit checks by one or more of the following methods as deemed appropriate:

- taking up trade references
- obtaining a credit status report from a business information company
- analysis of audited accounts

Contracts

It is the responsibility of Colleges, Institutes and Departments to ensure that contracts are agreed, and/or purchase orders are received prior to the provision of goods or services.

Invoicing and Credit Notes

All goods supplied and services rendered must be accounted for through the University's accounting systems. Colleges, Institutes and Departments are responsible for ensuring that the Finance Department is fully informed of all sources of commercial and research income due on a timely basis. This includes research grants and contracts as well as income from the provision of goods and services.

Income must be billed through the University's financial systems. Data for invoicing is provided electronically by Colleges, Institutes or Departments administrator through a Sales Order Process in Finance system that once approved by the Line Managers would automatically generate an electronic invoice emailed out to the Customer. Only the Income and Credit Control Department can approve a New Customer, using the data from Colleges, Institutes and Departments, or from the underlying data feeds of the applicable system.

The same procedure is followed for credit notes. Data for credit notes is provided by Colleges, Institutes or Departments administrator approved by the Line Manager.

Debt Collection Procedure

The University standard credit terms are 30 days from date of invoicing. The following collection procedures will commence on accounts that remain unpaid after 30 days;

- Automated Electronic Statements are issued to all customers on a monthly basis
- Overdue letters are issued immediately to all customers for all invoices that become overdue
- Telephone and/or email follow up is undertaken after a further seven days
- A second letter is issued after a further seven days with email and telephone follow-up continuing.

- Regular liaison is maintained with originating departments who provide assistance in resolving queries and obtaining payment and services stopped where necessary.
- If, after the procedures detailed above are undertaken and payment is not forthcoming, with no known reason for non-payment over £50, the debt will be placed with an external debt collection agency.

Reviewed: July 2023