

**Policy Title: Management of Trade Credit and Receivables**

**Policy Owner: Chief Financial Officer, Finance and Business Services Centre**

**Keywords: 1) Credit 2) Receivables 3) Invoices 4) Debtors  
5) Debt Write-Off's**

**Policy Code: PL070 [ad045]**

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**1. INTENT**

The Management of Trade Credit and Receivables Policy sets out the principles for managing the University's receivables and related credit exposures.

**2. ORGANISATIONAL SCOPE**

All ECU Staff

**3. DEFINITIONS**

TERM	DEFINITION
Authorised Officer	A University employee who has the financial delegation to authorise a transaction.
Business Unit	School or Service Centre.
Credit Note	A transaction to reverse all or part of an invoice due to an overcharge, short delivery, invoicing errors or approved price adjustments.
Credit Risk Assessment	An assessment of the credit worthiness of a debtor.
University Billing Systems	Oracle Receivables, ECU Student Management System, the Library Billing System, the Vario Billing System and Parking Management System.

#### **4. POLICY CONTENT**

The Policy outlines the University's standard approach towards management of trade and credit receivables. The Policy sets out the principles and related documents that must be adhered to by all staff.

- 4.1.1 Credit Risk Assessments must be undertaken prior to granting credit to safeguard the University from exposure to credit risk.
- 4.1.2 All invoices must be generated through the nominated University Billing Systems and comply with legislative requirements.
- 4.1.3 All foreign currency trade invoices shall be raised in accordance with the Treasury Policy.
- 4.1.4 The University's standard credit terms are 30 days from the date of the invoice unless otherwise approved by the Chief Financial Officer.
- 4.1.5 Credit Notes shall be issued on approval by an Authorised Officer for adjustments to the original invoice. A Credit Note cannot be used to write-off or adjust debt beyond normal commercial consideration.
- 4.1.6 Amounts due to the University must be collected in a timely manner and all reasonable efforts must be made to recover the full amount owing to the University within the agreed credit terms.
- 4.1.7 Where it proves to be difficult to recover amounts outstanding, the University may agree to a repayment schedule with the debtor. Approval is required from an Authorised Officer before any request can be processed and penalties and interest charges would apply as recommended by the Chief Financial Officer.
- 4.1.8 Outstanding debts that have exhausted all recovery action by the University will be reviewed by the Manager, Financial Services to determine if the debt shall be recovered via a debt collection agency before consideration for write-off.
- 4.1.9 Any debt that has reached 91 days or more past the invoice date will have an expense raised centrally to create a doubtful debt provision unless alternate arrangements have been agreed with the Business Unit. In event that the debt is later written-off, the expense will be charged to the originating Business Unit.
- 4.1.10 No debt is to be written-off unless all reasonable actions have been taken to recover the debt.
- 4.1.11 All write-offs must be duly approved in accordance with the University Financial Delegations.
- 4.1.12 A set of accompanying guidelines form part of this Policy. All relevant guidelines must be considered when applying the principles and provisions of this Policy.

#### **5. ACCOUNTABILITIES AND RESPONSIBILITIES**

In relation to this policy, the following positions are responsible for the following

*Policy Owner*

The Chief Financial Officer has overall responsibility for the content of this Policy and its operation in ECU.

*Student Services Centre*

ECU Student Services Centre is responsible for the invoicing, collection and management of all student fees raised through ECU's Student Management System (Callista).

*Staff*

Staff are required to comply with the content of this Policy and to seek guidance in the event of uncertainty as to its application.

**6. RELATED DOCUMENTS:**

6.1 The Policy is supported by the following Guidelines:

- [Trade Credit and Receivables Guidelines](#)

6.2 Other documents which are relevant to the operation of this Policy are as follows:

- [AD060 - Treasury Policy](#)[AD055 - Management of Student Loan Policy](#)
- [ECU Delegations Manual](#)
- [WA Treasurer's Instruction TI807](#)

**7. CONTACT INFORMATION**

For queries relating to this document please contact:

Policy Owner	Chief Financial Officer
All Enquiries Contact:	Corporate Finance Accountant
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**8. APPROVAL HISTORY**

Policy Approved by:	Vice-Chancellor
Date Policy First Approved:	20 January 2005
Date Last Modified:	09 September 2020
Revision History:	<p>13 December 2010</p> <p>18 December 2014 (Approved by Acting Vice-Chancellor)</p> <p>December 2015 - Reviewed and amended to reflect new academic organisation structure</p> <p>November 2016 – Links updated</p> <p>18 July 2017 – Reviewed (no changes made)</p> <p>09 September 2020 – Link updated</p>
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