

Credit, Pre-billing and Collection Procedure

Section 1 - Purpose and Scope

(1) The University of Queensland (UQ) supplies services to external customers in return for payment. This Procedure outlines the process and requirements for credit management, activities prior to billing, and the collection of overdue debt for services that are supplied by UQ to external customers on credit terms.

(2) This Procedure applies to all UQ staff that provide services to external customers ("UQ service providers") in return for payment to UQ and/or perform the following financial management functions at UQ:

- a. Credit control activities.
- b. Billing for trade activities.
- c. Research debt management and recovery (refer also to the [Contract Research and Grants Financial Management Procedure](#)).
- d. Overdue debt collection.

(3) This Procedure does not apply to student related billing or collections (refer to the [Student Fees Policy](#) and the [Incidental Student Fees and Charges Procedure](#)) or to services provided to internal UQ Organisational Units.

Section 2 - Process and Key Controls

(4) UQ staff intending to provide a service to an external customer (UQ service provider) in return for payment on credit terms that is greater than \$1,000 must contact Accounts Receivable in the Finance and Business Services Division (ar@fbs.uq.edu.au) prior to:

- a. commencing the provision of new services to the customer, or
- b. continuing to provide services to an existing customer on new credit terms.

(5) Accounts Receivable will assess the customer's credit risk to UQ and notify the UQ service provider on the outcome of the credit assessment.

(6) Credit approval is required from Accounts Receivable prior to commencing the provision of services to the customer or continuing to provide services to the customer on new credit terms.

(7) Accounts Receivable will create new customer accounts in UniFi (UQ's Finance system) following credit approval and notify the UQ service provider's relevant Finance Professional Services Team.

(8) The relevant Finance Professional Services Team is responsible for billing external customers for the provision of services. All billing must be processed through UniFi.

(9) To manage overdue debts payable to UQ, Accounts Receivable will monitor the credit risk of external customers and perform debt collection activities as required.

(10) Unrecoverable debts are declared bad and will be written off against the relevant Organisational Unit. A bad debt

write off may only be approved by UQ officers that have the relevant financial sub-delegation as per [University Financial Delegations](#).

Section 3 - Key Requirements

Credit Risk Assessment and Approval

(11) UQ service providers intending to provide an external customer with trade or research services on credit terms must contact Accounts Receivable (ar@fbs.uq.edu.au) before committing UQ to the transaction. Services to external customers on credit terms must not be provided without prior credit approval and validation of the customer from Accounts Receivable.

(12) Accounts Receivable will conduct due diligence on the customer and assess the credit risk to UQ by undertaking the following activities:

- a. verifying the identity of the customer and assessing their suitability to trade with UQ based on the Australian Government's "[know your customer](#)" procedures; and
- b. performing a credit risk assessment and determining the customer's ability to pay.

(13) Accounts Receivable will undertake the credit risk assessment and customer validation process in a timely fashion to minimise disruption of the provision of services to UQ customers.

(14) Where the credit assessment of an external customer indicates an unacceptable level of financial, reputational or other risk to UQ, Accounts Receivable may not approve the customer for credit and will notify the UQ service provider of the decision.

(15) Where the credit risk has been deemed unacceptable to UQ, Accounts Receivable will recommend not to approve a new credit exposure or to discontinue supply of goods or services to an existing debtor account. Before making a recommendation not to approve a credit exposure, Accounts Receivable will consult the relevant UQ service provider, Office of Sponsored Research or Head of School.

Credit Risk Monitoring

(16) Accounts Receivable will also monitor existing customers and may recommend declining continuing trade if there is an unacceptable level of financial, reputational or other risk to UQ. For example, if a customer has not paid an overdue debt, Accounts Receivable may recommend that continued trading with the customer be ceased.

Prior to Billing

(17) For a credit approved and validated customer, Accounts Receivable will create a new customer account in UniFi and notify the relevant Finance Professional Services Team that billing may commence.

(18) The Finance Professional Services Team is responsible for the billing process in UniFi. Instructions on the UniFi billing procedure are available in the UniFi Training module in Blackboard.

Management of Overdue Debt

(19) Accounts Receivable will perform the following activities to manage overdue trade debts payable to UQ:

- a. Consult with Finance Professional Services Teams and UQ service providers providing services to assist with the collection of overdue debt from customers.
- b. Contact customers/debtors with reminder notices for due debts and overdue debts.

- c. Issue final demand notices for debts confirmed to be correct, dispute free and owing to UQ.
- d. Refer overdue debtors to external third party debt collection agencies.

(20) For research debt management and recovery refer to the [Contract Research and Grants Financial Management Procedure](#).

Debt Write-off

(21) Unrecoverable debts are declared bad and will be written off (against the provision for bad and doubtful debts) against the Organisational Unit. Reasons for writing off unrecoverable debt may include:

- a. Insolvency, including bankruptcy, administration or liquidation (where UQ is an unsecured creditor).
- b. Skip trace, or the debtor is no longer contactable and UQ is unable to locate the debtor.
- c. The debt is uneconomical to continuing pursuing recovery.
- d. Reputational risk to UQ is too high, particularly if there may be an unresolved dispute regarding the debt.
- e. Where there is a perceived risk that legal action may adversely affect the reputation of UQ, particularly if the debt is disputed and remains unresolved.

Section 4 - Roles, Responsibilities and Accountabilities

Chief Financial Officer

(22) The Chief Financial Officer is responsible for:

- a. recommending and/or escalating exceptions to credit risk assessments and approvals to the Chief Operating Officer; and
- b. approving high value credit exposure and bad debt write off in accordance with the schedule of [Financial Sub-delegations](#).

Accounts Receivable

(23) Accounts Receivable, within the Finance and Business Services Division, manages UQ's credit risk assessment and debt collection activities, and is responsible for:

- a. performing verification checks of all new customers to UQ in accordance with 'know your customer' (KYC) procedures;
- b. monitoring and performing credit risk assessments of new and existing customers to mitigate bad debt losses, and escalating credit related issues to the Manager, Collections and Receivables;
- c. creating and maintaining all debtor accounts in UniFi;
- d. monitoring, reviewing and reporting on the performance of overdue debt;
- e. debt collection activities and collaborating with UQ Organisational Units and customers to resolve disputed debts, and escalating overdue debt to the Chief Financial Officer where the risk to UQ is assessed as medium to high;
- f. referring overdue debt to a third party agency for collection when all internal recovery attempts have failed, and managing the vendor relationship for third party collections; and
- g. providing support and advice to internal and external stakeholders in relation to UQ credit, billing and debt collection.

Finance Professional Services Teams

(24) Finance Professional Services Teams are responsible for:

- a. engaging with UQ service providers and customers to collect mandatory information for billing;
- b. following prescribed billing guidelines for processing a bill in UniFi; and
- c. assisting Accounts Receivable with debt collection queries as required.

UQ Staff

(25) UQ staff providing external customers with trade or research services in return for payment to UQ (UQ service providers) are responsible for:

- a. seeking customer validation and credit approval from Accounts Receivable prior to providing a service to a new customer;
- b. liaising with the Organisational Unit's Finance Professional Services Team to arrange and process billing in UniFi to ensure the accuracy and payment of debt; and
- c. assisting Accounts Receivable and Finance Professional Services Teams with the collection of overdue debt from customers.

Section 5 - Monitoring, Review and Assurance

(26) Credit monitoring will be performed by Accounts Receivable for all debtor accounts in UniFi with overdue balances in order to mitigate bad debt loss to UQ.

(27) Accounts Receivable will assess compliance with this Procedure via a range of mechanisms including:

- a. monitoring the effectiveness of UQ's credit risk management protocols;
- b. reviewing relevant local standard operating procedures to ensure requirements and processes are accurate and effective; and
- c. monitoring the age of debt transactions reconciliation of debtor accounts.

(28) Accounts Receivable will review this Procedure periodically to ensure that it is current and relevant, and that it provides for efficient and effective credit management, billing and debt collection processes at UQ.

Section 6 - Recording and Reporting

(29) Accounts Receivable will provide data and trend reports to monitor overdue debt collection. Reports will be provided as follows:

- a. weekly to the Manager, Collections and Receivables; and
- b. quarterly to the Chief Financial Officer and the Associate Director, Financial Operations.

Section 7 - Appendix

Definitions

Term	Definition
Credit	The ability for a customer to obtain goods or services before payment.

Term	Definition
Debt	A sum of money that is owed or due.
Provision (services)	Providing or supplying goods or services for use.
Provision (debt)	An amount set aside in an organisation's account for a known liability.
Staff	Continuing, fixed-term, research (contingent funded) and casual staff members.

Status and Details

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