

Accounts Receivable

Category:	Finance	Last Updated:	14-11-2024
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Purpose

To perform transparent, effective and timely debt management and recovery to maintain cashflows.

Policy

1. NSCF will take steps to ensure that all monies owed are invoiced and collected within a reasonable timeframe to maximise its cash flow.
2. In managing debtors, NSCF will ensure proper accounts and records are maintained and promptly bring all debts to account in the official accounting records.
3. NSCF will be fair, transparent and consistent in its approach to recovery of debt and will exhaust all reasonable avenues before writing off a bad debt.

Procedures

Customer Accounts

1. A customer account is to be set up in the official accounting records for each customer that will be invoiced. Only one account will be set up per legal entity.
2. Prior to setting up a new customer account, the primary contact staff member should conduct due diligence on the customer by verifying their identity and details. A credit risk assessment may be carried out at the discretion of the Finance Coordinator.
3. Customer accounts are not required for cash purchases made online or via a point-of-sale device, for example: event/workshop tickets, merchandise, plant, or food & beverage sales.

Raising of Invoices

1. A tax invoice is to be raised upon confirmation from the relevant area of one of the following:
 - a. provision of a service/s;
 - b. transfer of a good;
 - c. receipt of a purchase order;
 - d. contract billing point has been achieved; or
 - e. a project/grant milestone has been achieved.
2. Invoices will be issued in Australian Dollars and will include the applicable Goods and Services Tax (GST) treatment.

Payment Terms

1. Standard Payment Terms are:
 - a. Seven days for Market stallholder fees; or

b. Fourteen days for all other invoices.

2. The Finance Coordinator may grant approval to offer non-standard payment terms.

Allocation of Payments

1. Monies will not be allocated to individual invoices until either a remittance or confirmation email is received from the customer providing details of the payment, except at the discretion of the Finance Officer.

2. Where the payment details are not sufficient or a part payment is received, the customer will be contacted for the allocation advice on the payment. If no response is received, the payment will be left open on account as an unallocated payment.

Refunds

1. If a customer account is in credit due to an overpayment a refund can be processed. The customer will be required to provide their banking information to facilitate payment.

Statements and Dunning Letters

1. Dunning letters relating to outstanding invoices will be sent by the Finance Coordinator to customers at 30, 60 and 90 days. If collection has been unsuccessful by 90 days, the 90-day dunning letter is sent advising the customer that the debt may be referred to an external debt collection agency.

Late Payment Penalties

1. At the discretion of the Finance Coordinator:

a. a late payment penalty of \$25.00 will be levied against invoices outstanding for more than 60 days; and

b. an additional late payment penalty of \$50.00 + 10% interest p.a. will be levied against invoices outstanding for more than 90 days.

Debt Collection Process

1. Any debt that is overdue and exceeds 90 days will be reviewed and the following action will be taken by the Finance Coordinator in consultation with other relevant staff:

a. consideration given to entering into a formal payment plan. The customer must provide adequate reasons for wishing to enter into a payment plan (eg financial hardship); or

b. the debt may be referred to an external debt collection agency.

2. Costs associated with the debt collection process will be charged back to the relevant job code.

3. Customers who fail to meet their financial obligations may have their accounts inactivated by the Finance Coordinator. This may affect their ability to engage or contract with NSCF in the future.

Dispute Process

1. A customer may advise NSCF that there is disagreement regarding the terms and conditions of an agreement/contract and/or the status of project milestones which impacts the collection of the debt.

2. Where a staff member is notified and/or becomes aware of customer concerns/disagreement over the terms and conditions of any agreement/contract or project milestones they must immediately advise the Finance Coordinator.

3. An invoice in dispute is not subject to the debt collection process. The debt collection process will resume upon dispute resolution or after 60 days if a mutual resolution cannot be achieved.

Bad Debt Write-off

1. Debts are considered completely irrecoverable and will be written off to bad debts expense in the following circumstances:

- a. all attempts to recover the funds have been exhausted;
 - b. the debtor is bankrupt, in receivership, administration or liquidation;
 - c. it is uneconomical to pursue the debt; or
 - d. the appointed debt collection agency advises it is no longer effective to pursue the debt.
2. Staff who are notified and/or become aware of a customer being placed in administration or liquidation must immediately advise the Finance Coordinator.
 3. Bad debts of \$500 or under may be written off by the Finance Coordinator with approval from a Group Manager.
 4. Bad debts over \$500 may be written off by the Finance Coordinator with approval from the Management Committee.