



## FINANCE POLICY AND PROCEDURES FRAMEWORK

### Debt Management Policy and Procedures

#### 1.0 Purpose

The purpose of this document is to communicate to staff, students and company debtors the College strategy for the avoidance of bad debts arising, in meeting the College's financial obligations. This policy sets out the framework within which debt management will be administered within the College.

#### 2.0 Policy

***Jewel and Esk College is committed to reducing the probability of bad debts arising. The College will ensure that a robust debt management procedure is adhered to by all relevant staff and is applied to all company and student sales transactions.***

#### 3.0 Scope

- 3.1 This policy applies to all staff with any involvement in the sales process. The College operates a policy whereby companies are required to pay for a service (course) in advance of the course commencing, or at an agreed interval if authorised by the Director of Finance.
- 3.2 Students are required to pay their course fees at the time of registration, unless agreed otherwise by the Director of Finance or the Principal.
- 3.3 The College operates an Instalment Plan, which can be applied to students if they, at the time of registration, have difficulty meeting the full cost of fees or whenever a student falls into arrears with their payment (refer to the Instalment Policy for guidance).
- 3.4 The Instalment Plan is not intended to be applied to companies however, in exceptional circumstances, this can be considered and approval sought from the Director of Finance.
- 3.5 HE students applying for registration with SAAS should do so preferably prior to College induction, but no later than 7<sup>th</sup> December each year.

- 3.6 This policy also incorporates the procedure for recovery of Bursary over-payments.
- 3.7 This policy should be read in conjunction with the College Equality Diversity & Inclusion Policy and its separate Disability, Race and Gender Equality Schemes.

#### **4.0 Responsibility**

- 4.1 The Director of Finance is responsible for managing this policy.
- 4.2 The Directorate is responsible for ensuring that College management and staff adhere to the policy.
- 4.3 Appropriate members of Finance staff and relevant College staff are responsible for the effective operation of the Policy and Procedures.

#### **5.0 Procedures**

##### **5.1 General**

Debt management and debt collection are two key activities that facilitate the effective recovery of debt owed to the College and reduce the probability of bad debts occurring. There are two main categories of debtors: commercial and students.

Commercial - This relates to sales transactions with commercial firms. The College has a legal recourse against commercial firms and can therefore take legal action as a last resort, with a reasonable chance of success, but to avoid this situation, commercial firms are required to sign mandates and pay in advance of the course starting.

Students - Students are expected to pay their course fees at the time of registration. HE students should register with SAAS no later than 7<sup>th</sup> December each year. Failure to register will initiate a personal invoice and non-payment will result in the student being considered for removal from their course of study. The College has a legal right to claim the recovery of debt from a student through court proceedings, however prior to taking this action, and in accordance with the College's Financial Regulations, the College will maintain dialogue with a student and under specific circumstances retain course certificates pending payment of outstanding fees.

In accordance with the "Late Payment of Commercial Debts (Interest) Act 1998", the College is entitled to charge interest on any debt outstanding after 30 days.

## 5.2 Debt Management and Debt Collection

Debtors who have received approval from the Director of Finance and are not paying in advance will be issued with a College invoice. This invoice will clearly state the date, name, address, reference number, detail of service provided, price of service, and methods of payment.

As standard practice, all invoiced companies and students are given 14 days in which to settle their debt.

After 14 days, the Debt Officer will send a 1<sup>st</sup> reminder to each debtor. In addition, the Debt Officer will contact the debtor by telephone advising that the debt is due for payment and a 'reminder' letter is being issued. Depending on individual circumstances, students might be offered an Instalment Plan.

After 30 days, the Debt Officer will follow this up with a telephone call to ascertain why payment has not been received, request payment, and send a final reminder letter.

After 45 days, the Debt Officer will follow up with a final telephone call to ascertain why payment has not been received (company only), and request payment.

After 60 days, a company will be referred to the College debt collector.

After 60 days, students will be referred to the Student Services Co-ordinator, who will advise them that failure to pay might result in them being withdrawn from the course of study and/or their certificate retained pending payment. Student details, including course details and debt history should be provided for the Student Services Co-ordinator. The Student Services Co-ordinator will determine whether the student is suffering from any form of hardship, and if this is established, will consider the student's case. The Student Services Co-ordinator will discuss the case with the Head of Finance to ascertain a satisfactory solution, which could include an option to pay by instalments.

If, at the end of this process, an instalment plan has not been agreed and the fees remain unpaid, then students will be considered for removal from their course of study by the Head of Faculty and the Director of Finance.

Companies and students who fail to pay their debts prior to referral to the College debt collectors will be 'blacklisted' for future applications to study at the College, and/or use their facilities.

### 5.3 Debt Management Control

The Debt Officer is responsible for providing management with the following information to enable informed decisions to be made:

- Student doubtful debt by age, value, type and action taken.
- Commercial doubtful debt by age, value, type and action taken.
- Details of accounts passed to the College debt management companies.
- A position statement on each debtors account.
- A monthly report (including cumulative) on doubtful debt considered as bad debt.
- A report on proposed debt for write-off and debt written-off, plus balance outstanding against the bad debt provision.

### 5.4 Doubtful Debt Considered as Bad Debt

Once all options have been exhausted to recover outstanding debts, a report, to consider whether to follow on with legal action (after 120 days), should be prepared by the Finance Manager for the Director of Finance's attention.

### 5.5 Debt Written-Off

In very exceptional circumstances. debt to be written-off will be ratified by the Directorate.

## 6.0 Review of Policy

This policy should be reviewed every 3 years or whenever changes affect it.