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Name:	Customer Debt Collection Policy and Procedures
Endorsed by:	Continuous Improvement & Management Committee
Date approved:	May 2020
Review Date:	November 2021

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## PURPOSE

This policy provides guidelines for the collection of outstanding and overdue payments from customers.

## SCOPE

Benchmark College's Customer Debt Collection Policy and Procedure applies to the Chief Executive Officer (Benchmark College), Finance Manager (Benchmark College), staff who work with or on customer files and external stakeholders, customers/ students, employers, job active agencies and employment consultants.

## RELATED DOCUMENTS

- Financial Management Policy
- Fees and Charges Policy and Procedure
- Refund Policy and Procedure
- Customer Credit Terms Policy and Procedure

## RELEVANT STANDARDS AND GUIDELINES

- Standards for Registered Training Organisations 2015, Clause 4.1 (k), Standard 7 and Schedule 6
- Smart and Skilled Contract Terms and Conditions (current version)
- Smart and Skilled Fee Administration Policy (current version)
- Australian Accounting and Auditing Standards
- Standard - Australian Accounting Standards Board (AASB) 7: Financial Instruments Disclosure
- Standard - AASB 139: Financial Instruments: Recognition and Measurement

## DEFINITIONS

Customer	The person receiving the services, including training, room hire etc.
Debt	The sum of money that is owed or due.
Debtor	An Individual, Company or Employer that owes money to Benchmark College for services incurred.
Aging Debtor Report	A list of all overdue accounts and the length of time they are overdue.
VETtrak	Student database management system

## POLICY & PROCEDURES

An Aging Debtor Report is to be run every month. All overdue customer payments are to be noted and the following procedures undertaken until recovery of outstanding amounts:

1. **First Step:** The Finance Manager or delegate, will generate all outstanding customer statements on the 10th of every month and email to the customer on the day the statements are generated.
2. **First Contact:** If no payment arrangement entered into and/or the payment is overdue, phone, SMS or email the customer. Remind the customer that payment is due and has not been received. Ask the customer when they will be paying and keep a record of the conversation or email in VETtrak. Treat all customers in a courteous manner, the customer may have forgotten or paid into the wrong bank account.
3. **Overdue reminder:** If the customer does not respond to the phone call, SMS or email after 14 days from date of the first follow up. send the student an SMS stating their training may be suspended if a payment has not been received within 2 weeks from the date of notification.. This often results in a return response from either the person being contacted or someone else from the business. Make a note of all conversation details in student record system VETtrak.
4. **Final notice:** When a payment is overdue in total by 28 days or more, a final notice is to be sent to the customer that training will be suspended in 7 days by SMS or email Specifying the date the training will be put on hold. In 7 days when the student is put on hold, the student, trainer and employer is advised of the suspension in writing. A record of this notice must be entered into VETtrak.
5. **Formal letter of demand:** At the discretion of the Finance Team. Where payment remains outstanding for 182 days or more and there has been an unsatisfactory response from the customer, authorisation from the Chief Executive Officer for the formal letter of demand to be issued must be obtained. Once authorised, this letter is to be sent via registered mail and a record of this notice must be entered onto the overdue customer payment record and documented in VETtrak.
6. **Debt collection agency:** At the discretion of the Finance Team. Where the amount outstanding is in excess of 273 days and the Chief Executive Officer has approved, a debt collection agency is to be appointed to recover the debt. This action is recorded in the student records in VETtrak.
7. **Write off debt:** Customer payments that remain outstanding for 1.5 years are to be written off as bad debts and no further sales are to be undertaken with that customer without approval from the Finance Manager and Chief Executive Officer.