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Name: Customer Credit Terms Policy and Procedures  
Endorsed by: Continuous Improvement Committee  
Date approved: May 2020  
Review Date: November 2021

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## PURPOSE

The following Policy and Procedure outlines and attempts to protect students from defaulting on their debt or exceeding their ability to repay debt. It sets forth the guidelines by which Benchmark College manages the extension of credit terms and facilitates the collection and cash applications of payments of scheduled fees and charges.

## SCOPE

Benchmark College's Customer Credit Terms Policy and Procedure applies to staff (Chief Executive Officer, Finance Manager and those staff who manage student work) and students and their employers.

## RELATED DOCUMENTS

- Financial Management Policy
- Fees and Charges Policy and Procedures
- Refund Policy and Procedures
- Customer Debt Collection Policy and Procedures
- Contract form to enter payment plan
- NSW Fee Schedule
- VET Student Loans fee schedule
- Student Handbook

## RELEVANT STANDARDS AND GUIDELINES

- Standards for Registered Training Organisations (RTOs) 2015 – Clause 5.3, 7.2 and 7.3.
- Financial Viability Risk Assessment Requirements 2011
- Smart and Skilled Contract Terms and Conditions (current version)
- Smart and Skilled Operating Guidelines; (current version)
- Smart and Skilled Prices, Fees and Subsidies (current version)
- VET Student Loans
- Australian Accounting and Auditing Standards
- Standard - Australian Accounting Standards Board (AASB) 7: Financial Instruments Disclosure
- Standard - AASB 139: Financial Instruments: Recognition and Measurement
- Standard - AASB 132 Financial Instruments: Presentation - September 2011 (Compilation)

## **POLICY & PROCEDURES**

Benchmark College is committed to ensuring that its customers, when incurring debt, understand the fees to pay and are not over extended when committing to fees and charges.

This policy aims to ensure that students and employers are fully informed of payment options and that these options are both realistic and practical.

All Fees and charges are discussed on enquiry as is the option for flexible repayment plans. This information is made readily available to students via a number of different methods including web site, pre-enrolment information, Student Handbook and Head Office Staff.

All notes on discussions with students/employers regarding fees are to be recorded in VETtrak (student management system).

### **Fees and Charges**

Benchmark College advises all students and employers the fees and charges incurred before training commences either by the application form or by invoice.

With the application form, payment is discussed with the Benchmark College team.

The invoice outlines payment methods available and terms of repayment.

Benchmark College will not collect more than \$1,500 in prepayments at any one time for any student. Progress payments will only be collected once the student has made the appropriate progress with training when payments exceed \$1,500. (for further information refer to the refund policy and the fees and charges policy).

It is advised if the invoice is incorrect, the student or employer should contact Benchmark College Head Office immediately to get the invoice reviewed and amended if/ where necessary.

For further details on fees and charges refer to the Fee schedule.

### **Payment Arrangement**

All payment arrangements are organised with and agreed to by Benchmark College Staff prior to training commencing.

Students or Employers entering into a payment plan can choose the amount and frequency of payments over the training term, providing fees are paid in full by the time the course completes. Students/ employers can make payments directly to the college through their own arrangements.

### **Default of Payment**

Accounts Receivable reports are run each month from the finance database MYOB.

Training does not commence until a minimum of 20% of the student fee has been paid and a payment arrangement has been set up, or fees paid in full (if under \$1,500). For further details on fees and charges refer to the Fees schedule.

A credit limit is breached when the payment arrangement defaults.

Customers are notified either by email or by phone to discuss the default in payment. If there is a resolution, then training continues. If no resolution is reached, training is put on hold. Please refer to Benchmark College's Customer Debt Collection Policy and Procedure.

When a credit limit is breached all relevant staff are notified. This includes applicable Trainer, Administration, Training and Engagement Manager and Chief Executive Officer. All staff involved with the customer should not carry out further work until authorised by the Finance Manager.

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### **Review outstanding training and training history**

If the customer has a large number of fees outstanding or has increased the volume of trainees since the last credit review, then a review of the credit limit must be undertaken. This is the responsibility of the Finance Manager.

If the credit limit needs to be increased, this must be approved by the Chief Executive Officer. Once this has been approved, all staff working on outstanding fees must be notified to restart the customer's training.

### **Credit terms defaults due to outstanding payments**

The Finance Manager makes a list of all outstanding payments.

All Benchmark College Staff can contact the customer and explain that further training cannot be continued until the account has been paid. Explain that a payment will need to be made before the next training can be commenced.

If the customer is having difficulty, make a payment arrangement to bring them back in line with their credit limit.

Get the signoff of the Finance Manager before discussing this option with the customer.

Use the following script to assist with the call:

“Hi \_\_\_\_\_, how are you? Just thought I would give you a ring about your outstanding fees. Unfortunately, we have noticed that payments for your enrolment fees have fallen behind on your account and these will need to be paid for before we can continue with training. Are you able to fix this up today so we can continue with your training?”

If they cannot pay on the day of the phone call, then get an expected payment date from them and confirm that training cannot continue until the payment is made.

### **Review payment terms for the customer**

If the customer has increased the volume of training since the last credit review, the payment terms must also be reviewed by the Finance Manager and Chief Executive Officer.

**PAYMENT OF FEES PROCESS**

