## Dublin City University

## Accounts Receivable Processes & Procedures

This policy applies to Dublin City University (DCU) and its wholly owned subsidiary companies. Any exception will be noted in this document and/or appendices. The abbreviation DCU is used for all entities unless stated otherwise.

This policy does not refer to Student Fees, Student Residences, or retail sales, which are covered by separate policies. It does include lettings in Campus Residences to 3rd parties where credit terms apply.

**Credit Account**

Accounts Receivable will agree to open a credit account following the submission of the Credit Application Form.

**Terms**

Payment terms, on all invoices, are 30 days from date of invoice, unless an alternative is agreed with Accounts Receivable and in writing with the client. Payment terms of 7 days apply to English Language Training clients provided by DCULS (a DCU subsidiary).

**Payment type**

Payment is accepted in any form of legal tender including credit card and funds transfer direct to a DCU bank account, including direct debits and standing orders.

**VAT**

VAT is added as appropriate under law to all invoices and payable by the DCU client.

**Pro-forma**

Pro-forma invoices may be raised when appropriate.

**Deposits**

Deposits will be accepted if agreed with Accounts Receivable and the client. In some agreements a deposit will be required.

**Invoicing**

All invoices issued by DCU to third parties must be processed through the Finance Office. Invoice requests are made on Agresso using the Sales Order Process.

Sales orders are raised by each department/ school/ centre. The sales order (from which an invoice is created) must include a description of the activity and an amount in accordance with the schedule of charges. Each sales order request should have the appropriate back-up, e.g. Copy of contract/ purchase order number/ letter of authorisation/etc and agreed with the customers. Support documentation must be retained by the department/ school/ centre raising the sales order.

Invoices are issued by Finance Office on a weekly basis. Requests received by Wednesday lunch time, which are clear and not subject to query, will be issued on Thursday of each week.

**Credit Notes**

Credit notes are issued for non-delivery of goods/service and incorrect invoicing in terms of client or pricing or quantities or goods/services/PO Numbers. Credit notes are raised by the invoicing unit (i.e. unit which raised the sales order) in the first instance or alternatively accounts Receivable may agree to raise a credit note but the credit note form must be accompanied with the email request. Credit Notes are generally issued on Friday.

**Customer Statements**

A Statement of Account is emailed to all DCU debtors on the 1st working day of each month detailing all outstanding invoices.

**Customer Reminders**

Reminders are emailed mid-month to debtors to prompt payment for over-due invoices, on the basis of more than 30 days overdue, more than 60 days overdue and more than 90 days overdue.

**Staffing**

Accounts Receivable staff report to the Fees and Receivables Manager, and are responsible for the raising of invoices, for issuing statements, for issuing letters and passing outstanding debt to external collection agencies. Accounts Receivables Staff are responsible for the posting details of monies received and matching these receipts to sales transactions on behalf of Companies. This task in respect of DCU is undertaken by DCU Finance.

The Accounts Receivable staff are responsible for calling university only clients to collect outstanding monies. The DCU companies carry out their own client calling.

Invoice queries are initially addressed by the staff. Resolution, however, of invoice queries and/or non-payment may require the input from the unit that raised the sales order including direct contact with the client.

**Client Calling**

Clients will be contacted directly in relation to late and outstanding debt, i.e. monies due greater than the credit terms. Contact will be made by telephone, email or other communication method.

**Escalation**

Problem debt collections may be referred to the invoicing unit to advance resolution before being included in the debt letter process or forwarded for legal action. Depending on the payment record, age of debt, and the quantum, the outstanding debt may be referred directly to external agents.

**Debt Letters**

Reminder communications (see “Customer Reminders”) will be issued at determined intervals to prompt payment from the client. These Customer Reminders will change to Debt Letters the longer the debt remains outstanding, and the seriousness of these letters increase, with the ultimate threat of forwarding the debt to professional collection agency and or legal action.

**Legal Action**

Non-payment of invoices and non-response to collection calls and letters may result in the debt being referred for legal action including taking the client to court, issuing judgement, taking back goods, suspension of services, and seeking other compensation including taking IP.

**Monitoring and Review**

Accounts receivable staff monitor client balances on a regular basis, including daily, weekly, and monthly. Finance Management reviews by exception on a weekly basis and specific cases as they arise.

Monthly reports are issued to the DCU Director of Finance, the DCU Financial Controller, the DCU Research Accountant, the DCU Management Accountant, the DCU Financial Accountant and the Company Accountants. The report schedules are set out in the Appendix.

**Accounting for Bad Debt and Bad Debt Provision**

Monthly and annually following a review of outstanding monies an assessment is made of debt that might not be collectable. This assessment is based on the age of the debt, the payment record of the client, the quantum of the debt, the financial status of the client and any other relevant information. The sum of the specific doubtful debt, adjusted for VAT represents the bad debt provision. Increases in the bad debt provision increase the bad debt chargeable to the bad debt account.

**Bad Debts**

Amounts receivable balances classified as a potential bad debt are not credited off until all collection avenues are exhausted and no possible further collection routes exist. This may take considerable time. Decisions on complete write-off will be made by the Finance Office management on a quarterly basis.

**Intercompany**

Debts due between DCU group entities will be settled no later than one month after month end of the month in which the debt is due. If there are no issues Finance Office will ensure the payment is processed. Resolution of “old” queried debt will be referred to the Chief Operating Officer/Director of Finance.

Form 1:

**Dublin City University**

**Credit Application Form**

Form 2:

**Dublin City University**

**Credit Note Approval Form**

BEING FINALISED

Appendix 1

**Terms & Conditions of Sale**

BEING FINALISED

Appendix 2

**Accounts Receivable functions**

|  |  |  |
| --- | --- | --- |
| **Entity/Function** | **AR Function** | **Escalation** |
| DCU Core | DCU AR | DCU Finance |
| DCU Research | DCU AR | DCU Research Finance Group |
| DCULS | DCULS | DCU Finance |
| Campus Property | CPL | DCU Finance |
| Helix (UAC) | Helix | DCU Finance |
| Invent | DCU AR | DCU Finance |
| Campus Residences | CRL | DCU Finance |
| Trispace Sport | DCU Sport | DCU Finance |
| Trispace Catering | DCU Catering | DCU Finance |

The webcam on the [**Agresso 5.5 : Agresso 5.5: Buyer - Departmental Administrator Training**](http://www4.dcu.ie/sites/default/files/finance/images/Agresso5.5_BuyerDepartmentalAdminTraining.wmv) covers Sales Order and is available on the following link;

<http://www4.dcu.ie/finance/agresso_5-5_upgrade.shtml>

Appendix 3

**Reporting**

* Full list of outstanding debtors
* Full list of outstanding debtors by entity, i.e. company, DCU Core, DCU Research, InterCompany
* Summary aged debtors by entity, i.e. group, company, DCU Core, DCU Research, InterCompany
* Highest (#) Debtors by value by group/entity
* Listing of all debtors greater than # number of days, e.g. over 90 days, over 120 days
* Debtor days by group/entity
* Credit note report