



## **FINANCIAL PROCEDURES**

### **Section 18 – Commercial Debt Collection Procedures**

<b>Approving Body:</b>	Resources and Performance Committee
<b>Date of Approval:</b>	February 2021
<b>Policy Owner:</b>	Finance and Compliance
<b>Last Review Date:</b>	February 2021
<b>Next Review Date:</b>	September 2022

## 18.1. Objectives

At all times, all outstanding debts should be under control and subject to standard collection procedures. The Finance Department will involve the instigating department in the collection process where the debt is 46 days overdue and prior to referral to debt collection agents. Older debt will then progress to a status of either:

- active with debt collection agents
- with active instalment plan in place
- with County Court Judgement obtained for applicable values or
- written-off.

## 18.2. Authorizations

Authorization for arranging instalment plans, referral to debt collection agents and debt write-off are documented in appendix A1.

## 18.3. Interaction

Where invoices remain outstanding and no instalment plan agreed, communications giving full and fair notice of any action to be taken will be e-mailed to customers as follows. Where no e-mail address is registered on the customer record, a physical reminder notice is printed and sent. Action should be taken to obtain an e-mail address so that any future correspondence is electronic:

Letter reference*	Days from due date	Action
RL1	1	System generated standard reminder. Reminder logged on ABW record.
RL2	16	System generated standard reminder. Reminder logged on ABW record
RL3	31	System generated standard reminder with reference to Debt Collection Agents. Reminder logged on ABW record.
H1	46+	Issuing department provided with debtor list informing them of referral to debt collection agents and if unsuccessful debt will be written back to department. ABW record updated to reflect hold for department advice. Debtors are contacted via telephone and details logged on ABW record.
P2	71+	Notice of referral. ABW record updated to reflect 'P2' and reminder logged.
Sanction 1	91	Refer to Debt Collection Agents

## 18.4. Referrals to Debt Collection Agents

18.4.1. All debts, other than small values\*, that have not been collected through the standard collection processes will be referred to the University's external debt collection agency. All debtor correspondence in relation to the debt will be sent from and should be directed to the agency, who have the authority to enter into instalment arrangements with the debtor with the debtor without reference to the University. If the

initial contact fails to secure settlement, the University will instruct the commencement of legal proceedings to include obtaining a county court judgement (CCJ) for debt of applicable value\*.

18.4.2. If STA International Ltd have not been able to establish the whereabouts of a debtor, a trace will by default be initiated in each case. Where the debtor is not based in the UK, a trace will be initiated with the debt collection agency's local agents in the country of the debtor.

18.4.3. Where the collection of sums due results in increased cost to the University the debtor shall be responsible for paying the cost incurred to recover the amount. The University will seek to recover all costs or fees that are legitimately due from a debtor. Any costs or fees due will be reasonable and will reflect the actual cost incurred.

18.4.4. Where applicable\*, the University will instruct the enforcement of judgements via High Court Enforcement Officers (Bailiffs). Should this prove unsuccessful, the debt collection agency will be asked to place the account on hold for a period of two years at which time a further attempt at enforcement will be made.

\*See appendix B1 for table of applicable values\*

18.4.5. The transactions on ABW will be updated with statuses to reflect the current stage of the collection process and legal action as follows:

Reference	Description	Category
I1	Paying instalments to AU**	Pre-referral
R0	Referred to collection agents	Referral
R1	Legal action instigated	
R2	Judgement obtained	
R33	Judgement enforcement active	
C1	No referral due to value or non-standard reasons	For write-off
C2	Referred however no legal action due to value	
C3	Judgement obtained however trace or enforcement unsuccessful	

The Collection agency code STA or ORL will also be entered in the ABW account

*\*\*Aberystwyth University will seek to enter into short-term instalment plans only up to a maximum of 6 months. Longer-term instalment plans will be directed to external debt collection agents for ease of monitoring.*

## 18.5. Write-off

Where the University has been unsuccessful in securing payment, the Finance Department will propose the writing off debts, subject to appropriate approval in accordance with the schedule of Financial Delegations of Authority\*, where one of the following criteria has been met:

- The total value of the debt is considered small value\*\* and standard collection processes have been completed.
- The debt has been referred to the debt collection agency and all their efforts prior to commencing legal action have failed to secure payment\*\*.
- A County Court Judgement has been obtained however the debtor's whereabouts are unknown and a legal trace has proved unsuccessful. The judgement will remain in place and in the event of the debtor contacting the University in future to make arrangements for a settlement, the debt will be resurrected.
- A County Court Judgement has been obtained however the total debt is below the threshold for enforcement by the High Court Enforcement Officers\*\*.
- A County Court Judgement has been obtained, the total debt is equal to or greater than the threshold for enforcement by the High Court Enforcement Officers\*\*. Their efforts have proved unsuccessful in two attempts over a two-year period. The judgement will remain in place and in the event of the debtor contacting the University in future to make arrangements for a settlement, the debt will be resurrected.
- Any ad-hoc reasons subject to appropriate approval.

*\*See appendix A1 for full details*

*\*\*See appendix B1 for table of applicable values*

Any small balances resulting from bank charges or differences in exchange can be credited subject to approval from the Fees and Cash Manager -.

## Appendices

<b>Appendix A1</b>	
Instalment plans	Any non-standard instalment arrangements must be approved by the Fees and Cash Manager or higher grade.
Referral to debt collection agents	Issuing departments will be provided with a monthly list of debtors informing them the debt will be assigned to the debt collection agents and if unsuccessful the debt will be written back to the department.
Reversal of sanctions	Sanctions may be reversed when full payment is received, or a credit note issued. In this instance STA should be informed. Reversing of sanctions for any other reason must be approved by Fees and Cash Manager or higher grade.
Write-off	Appendix B of the Financial Delegations of Authority states that the Deputy Director of Finance has delegated authority to approve debtor write-off up to the value of £5K and the Vice-Chancellor/Executive has the delegated authority to approve debtor write-off up to the value of £100K. Resources and Performance Committee approve debtor write-off over the value of £100K.

<b>Appendix B1</b>	
<b>Action</b>	<b>Value</b>
Referral to debt collection agents	≥ 50.00
Legal action	≥ 250.00
High Court Enforcement	≥ 500.00