

ACCOUNTS RECEIVABLE PROCEDURE

SCOPE

This procedure applies to staff involved in University Accounts Receivables and debtor activities at all Monash University locations.

For the purpose of this procedure, references to 'the University' includes activity at Monash University Australia, Monash University Malaysia and Monash Suzhou, unless indicated otherwise.

PROCEDURE STATEMENT

This procedure outlines the University's processes and requirements for accounts receivables to ensure that monies owed to the University are collected in a timely manner and in accordance with legislative requirements to maintain University cash-flows and minimise bad debt.

Receivables are monies owed to the University for goods or services purchased on credit and/or provided by the University under an agreement. Prior to negotiating agreements or providing goods or services, staff should refer to the University's Debtor Viability Procedure for a credit risk assessment to be undertaken in order to minimise the risk of non-payment.

1. Creation of accounts

- 1.1 Invoices for the sale of goods or services to external organisations and individuals must be raised in accordance with the requirements for invoicing as set out below.
- 1.2 A customer account must be set up in the University accounting platform (e.g. SAP in Australia) for each customer that will be invoiced with all required customer details, including the customer's ABN or ACN for Australian entities or CCM for Malaysian entities.
 - 1.2.1 Only one account is to be set up per legal entity, including instances where there is a separate head office or multiple branch accounts.
- 1.3 Prior to the account being approved, all customer details must be verified by Receivables and Revenue Accounting Services in Australia or the Revenue Finance Team in Malaysia.
- 1.4 Staff should advise Receivables and Revenue Accounting Services in Australia or the Revenue Finance Team in Malaysia immediately upon becoming aware of a change of ownership to an account.
- 1.5 If the legal entity responsible for payment of the account has changed, Receivables and Revenue Accounting Services in Australia or the Revenue Finance Team in Malaysia will block the old account and open a new account in the correct entity name.

2. Risk assessments

- 2.1 Credit risk assessments on customer accounts will be undertaken by Receivables and Revenue Accounting Services on an ongoing basis and a risk classification assigned based on payment history in SAP.
- 2.2 The risk classification of an account will inform the debt collection process or the 'dunning profile' applied to a customer. Research and Revenue Accounting Services (R&R) in Australia or the Revenue Finance Team in Malaysia may also undertake a debtor viability assessment for existing customers (debtors) as set out in the Debtor Viability Procedure.

3. Invoicing and receipting funds

- 3.1 A standard Monash tax invoice should be raised upon the provision of goods and services. All tax invoices must be coded to an income account.
 - 3.1.1 A standard Monash tax invoice must be raised for:
 - all amounts received which are greater than AUD\$5,000 at Monash University Australia; and

- all amounts received which are greater than RM5,000 at Monash University Malaysia.
- 3.2 Where a standard Monash tax invoice cannot be raised (e.g. for cash received at University events), a manual receipt may be issued.
- 3.3 For advice on scenarios where a standard tax invoice is not possible or a manual receipt is not acceptable, staff should contact Receivables and Revenue Accounting Services (for Monash University Australia) or the Revenue Finance Team (for Monash University Malaysia).
- 3.4 Prior to an invoice being approved, the invoice will be reviewed by the authorised staff member in Receivables and Revenue Accounting Services, Monash University Australia, or by the authorised staff member in the Revenue Finance Team, Monash University Malaysia.
- 3.5 An authorised financial limit is not applicable for the approval of debtor invoices, however, staff must be assigned an authorised financial limit and contract signing right for the signing of any initial contracts.
- 3.6 If an invoice has been raised, and payment is received via cash, cheque or EFTPOS, a Receipt of Money Received (ROMR) form must be completed and forwarded with the monies to the cashiers at the local campus, referencing the appropriate tax invoice number.
- 3.7 Sales over the internet need to have a standard Monash tax invoice and/or receipt issued. Staff must ensure that GST or SST is being appropriately charged. For further advice, staff must consult with:
- The Tax Team, Corporate Finance, Monash University Australia for advice on GST;
 - The Revenue Finance Team, Monash University Malaysia for advice on SST.
- 3.7.1 For monies received other than in person, i.e. via internet or phone sales, a tax invoice and/or receipt will be completed and forwarded by mail to the customer by Revenue and Receivables Accounting Services in Australia or the Revenue Finance Team in Malaysia.
- 3.8 If a tax invoice is not raised, a Receipt of Money Received (ROMR) form must be completed and forwarded with the monies to the cashiers at the local campus, with documentation providing the correct coding for the accounting platform.

Invoicing donations

- 3.9 Tax invoices will only be sent to the donors if the donor has requested a tax invoice. Where an invoice is required for a donation, an invoice request must be emailed to donor.relations@monash.edu. Where no tax invoice has been requested, donors will be sent receipts for income taxation purposes from the University's database. Staff should refer to the University's [Philanthropic Gift Acceptance Procedure](#) for more information.

Allocation of monies

- 3.10 Monies will not be allocated to individual tax invoices until a remittance or confirmation is received from the customer, except in exceptional circumstances at the discretion of Receivables and Revenue Accounting Services in Australia or the Revenue Finance Team in Malaysia.
- 3.11 Requests to allocate monies to an invoice should be forwarded to finance-corporatereceivables@monash.edu. Requests to allocate EFT received monies to a General Ledger (GL) should be forwarded to finance-corporatebanking@monash.edu in Australia or revenuefinance@monash.edu in Malaysia.

Income derived from online or overseas sales (Monash University Australia Only)

- 3.12 In exceptional circumstances, staff may use an online or a third party overseas agent/company to assist with the sale of goods and services where the University's own payment channels (i.e. shop.monash) are not appropriate. Staff must contact Receivables and Revenue Accounting Services via email finance-corporatereceivables@monash.edu for advice on the University's payment channels and the use of third party providers.
- 3.13 Where overseas business activities will result in income being generated, the value of the services or goods provided and the costs incurred (including any service fee charges or commission) should be agreed upon in advance by the relevant staff member. Staff must verify the value of sales generated before and/or after the sales period.
- 3.14 Upon completion of the sales period, an invoice may be raised for the third-party agent who is to remit the funds via EFT or other forms of payment as specified on the invoice. No cash should be accepted from the agent as payment whilst overseas. Staff should contact finance-corporatereceivables@monash.edu to allocate monies received.
- 3.15 Where applicable, an invoice received for an agent's service fee charges or commissions will be paid in accordance with the University's [Supplier Payments Procedure].

Recipient created tax invoices (Monash University Australia only)

- 3.16 Recipient Created Tax Invoices (RCTI) agreements must be in place for all RCTI arrangements prior to a RCTI being processed. Staff must seek advice from the Tax Team, Corporate Finance where an RCTI arrangement is requested. The Taxation Team will maintain a central register of agreements and will provide the party and circumstance of the RCTI agreement on the [Finance intranet](#).
- 3.17 All RCTIs received must be sent via internal mail to Receivables and Revenue Accounting Services with details of the relevant general ledger account, cost centre and fund to which the money is to be credited.
- 3.18 An RCTI transaction will not be raised in SAP until payment from the customer has been received in the University bank account.

Raising credit notes

- 3.19 If a standard SAP tax invoice has been provided to the customer and an adjustment or cancellation is required, a credit adjustment note must be raised. All credit adjustment notes must reference an invoice with appropriate supporting documentation and be approved by the Credit Adjustment Note Approver.
- 3.20 The Credit Adjustment Note Approver is responsible for reviewing the account codes, tax codes and supporting documentation is correct. An authorised financial limit is not applicable for the approval of credit notes.

4. Debt collection

- 4.1 Follow up of payment for invoices and settlement of debt is to be conducted by:
- Research and Revenue Accounting Services (R&R) and Receivables and Revenue Accounting Services at Monash University Australia; and,
 - Revenue Finance Team at Monash University Malaysia.
- 4.2 Reports about aged or outstanding debts will be provided to:
- Faculty Finance Managers on a monthly basis for review; or
 - the cost centre owner on request.
- 4.3 A doubtful debt provision, i.e. all debts which have not been paid within 120 days of the invoice date, will be raised twice a year. The provision must relate directly to invoices on customer accounts and may not be a percentage of trade receivables.
- 4.4 The University's Office of General Counsel (OGC) must be contacted for advice on any dispute or non-payment of research contracts and/or service agreements in accordance with the prescribed terms and conditions.
- 4.5 When undertaking follow-up of outstanding payments, the University will:
- issue a dunning letter for invoices outstanding for 45 days;
 - issue an urgent second reminder for invoices overdue by 60 days or more;
 - issue a final demand where the invoice remains overdue by 90 days or more.
- 4.6 Upon request from the cost centre owner by email to corporate.receivables@monash.edu and in consultation with Receivables and Revenue Accounting Services, the debt may be placed with a debt collection agency for further action. The cost centre is responsible for funding any costs associated with the debt collection process.

Debt write-off

- 4.7 A decision to write-off a debt should be assessed in reference to the following:
- all attempts to locate the debtor have failed;
 - when it is uneconomical or unreasonable to finalise recovery action due to the relatively small value of the debt and/or the potential cost to recover exceeds the initial debt;
 - if the particular circumstances (i.e domestic, financial or medical) of a debtor at the time does not warrant the taking of recovery action or further recovery action;
 - where the debtor is bankrupt, in receivership or in liquidation; and
 - where the University's collection agents advise that it is no longer cost-effective to pursue the debt.
- 4.8 If all reasonable attempts have been made and a debt is not collected, the Head of Unit, Portfolio Head, Faculty General Manager, Faculty Finance Manager delegate may approve the write-off of the debt. The authorised delegate must email confirmation to finance-corporatereceivables@monash.edu in Australia or revenuefinance@monash.edu in Malaysia. This advice must include the invoice number and a brief reason for the write-off decision.
- 4.9 After confirming that appropriate action has been taken to recover the debt, Receivables and Revenue Accounting Services for Monash University Australia and Revenue Finance Team for Monash University Malaysia will charge the debt back to the cost centre using the same tax code per the original tax invoice.

- 4.10 Receivables and Revenue Accounting Services, Monash University Australia or Revenue Finance Team, Monash University Malaysia should be advised immediately when staff are notified and/or become aware of an account being placed in administration, liquidation or in any way becoming insolvent.
- 4.11 If a customer is placed under administration, bankruptcy or liquidation, Receivables and Revenue Accounting Services Monash University Australia or the Revenue Finance Team, Monash University Malaysia will coordinate correspondence with the trustees for the settlement of any debt. Where there are insufficient funds to settle a debt, the financial delegate will be advised and the debt written off.

5. Refunds

- 5.1 All requests for refunds must be received in writing and signed by the customer (if possible) and two staff members (authoriser and approver). Supporting documentation and the original receipt must be attached with the reasons for the refund being processed and submitted to finance-corporatereceivables@monash.edu in Australia or revenuefinance@monash.edu in Malaysia.

DEFINITIONS

Aged debts	Where payment has not been received within 30 days from the date of invoice.
Doubtful debt provision	All debts which have not been paid within 120 days of the invoice date
Dunning Profile	Classification of a client based on the nature of the transaction with Monash. This information feeds into the debt follow-up process or dunnings process where the client receives reminder notifications.
GST	Australian Goods and Services Tax.
Recipient created tax invoice (RCTI)	A tax invoice created by the purchaser (recipient) of the goods and/or services.
SST	Malaysian Sales and Services Tax
Tax invoice	An invoice for GST purposes that meets Australian Tax Office requirements, as outlined in A New Tax Systems (Goods and Services Tax) Act 1999 or an invoice for SST purposes that meets the Royal Malaysian Customs Department requirements.

GOVERNANCE

Parent policy	Financial Management Policy
Supporting schedules	N/A
Associated procedures	Revenue Handling Procedure Supplier Payments Procedure
Related legislation	N/A
Category	Operational
Approval	Chief Financial Officer 7 April 2021
Endorsement	Payment Services Manager, Purchasing Support 26 March 2021
Procedure owner	Payment Services Manager, Purchasing Support
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