



## Credit Control and Debt Management Procedure

### Document change control

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### Revision history

Version	Type (new, replacement, revision)	Date	History (reason for changes)
V1.0	New	October 2019	To combine previous three separate Credit Control policies into one composite document and ensure the policy is reflective of the College's actual operating procedures
V1.1	Revision	April 2020	Update changes of job titles and roles and responsibilities
V1.2	Revision	March 2021	Split out Policy and Procedures
V1.3	Revision	May 2023	<ul style="list-style-type: none"> <li>Updated changes of job titles and roles and responsibilities.</li> <li>Included a section on Bad Debt Write-Offs</li> </ul>

## **Monitoring and review**

- This policy will be reviewed by the Corporation at least every year.

## Introduction

This document sets out the credit control and debt management procedure for Bradford College and its subsidiaries surrounding the collection and chasing of monies due.

The aim of the credit control and debt management policy is to ensure that the debt profile of the College is managed effectively, that debt owed to the College is converted into cash in a timely manner thereby maximising cash-flow, and that the potential for bad debt is minimised.

The procedure details:

- When, where and how payments shall be made.
- Availability of Payment Plans.
- The sanctions that the College has available to effect payment.
- The help available to students should they have problems.
- Terms and conditions applicable to sponsors and other commercial debtors.

### 1. Purpose of Policy

The aim of the Credit Control and Debt Management Policy is to ensure that the debt profile of the College is managed effectively, that debt owed to the College is paid in a timely manner, that debt payment is maximised and any potential bad debt is minimised. The College has many sources of income, which are collected by different methods. This policy specifically covers the collection of tuition fees, sponsorship income, accommodation and commercial debt.

### 2. Standard Terms and Conditions – Tuition Fees

#### Financial Requirement for All Students

All students on a programme of study at the Bradford College are required to pay tuition fees and other charges for each academic year prior to or within the period of study for that year. Fees will be due at the start of each academic year or period of study for the whole programme or course. In specific circumstances provision may be available to pay fees in instalments during the academic year.

Progression through a programme of study may be affected if this obligation is not fulfilled. It is the responsibility of the student to ensure that the necessary funds are in place to pay their fees.

If a student intends to apply to an organisation for example, Student Loans Company (SLC), or seek sponsorship for assistance in paying their fees, they must do so in good time. The College will need to see documentation from such an organisation or sponsor, confirming the level of financial assistance it will give, at registration or commencement of studies. The College reserves the right to activate direct debit instalment plans for students who do not have the necessary student finance in place.

From the point of enrolling, the student will be liable for any outstanding fees and should the student opt to use student finance to pay fees, it does not mean any fee liability is transferred as a result.

Variation of the standard credit terms is at the sole discretion of the Head of Finance & Procurement and will normally only be considered upon receipt of a written request.

### 3. Payment of Fees

The following options are available to all students who are responsible for the payment of their fees.

**NOTE: acceptance of one of these payment methods is a condition of registering at the College.**

The College offers the facility to allow students to pay tuition fees in advance prior to registration. If the student chooses to pay their share of the fee in full, they can do so in a single instalment

A student can take the option to pay the full fee on enrolment, payable by bank transfer, on-line payment, cheque, cash or debit/credit card, or agree to pay the fee in several instalments over a period of time using direct debit. Students wishing to pay by instalments should contact the Accounts Receivable team to arrange an appropriate payment plan. These payment options apply irrespective of the student's registration date.

Further information on payment plans is available in the Enrolment Pack issued to prospective students. Details of any outstanding College debts will be provided by the Accounts Receivable team in the Finance Office.

#### **4. Payment by Sponsor**

If the student has arranged for the fee to be paid in whole or in part by a sponsor, it is important that the student provides proof of the sponsorship to the Enrolments and Admissions team (FE students) or HE Student Finance (HE Students), so that the sponsor can be invoiced. Standard payment terms of 30 days apply. Any debt unpaid by a sponsor will revert to the student and it will become the student's responsibility to arrange an alternative source of funding or to pay the fees. The student will be invoiced for all outstanding fees in the event of any default.

It is the responsibility of the finance team to ensure:

- Invoices are sent out to the sponsor within 7 days of the fee being transferred into the name of the agreed Sponsor.
- A timely follow up any unpaid invoices.
- Students are advised in writing of any unpaid sponsor fees and arrangements made for alternative payment of fees.
- HODs are informed of any students with outstanding payment issues.

#### **5. Returning Students with Outstanding Debt**

Students returning to the College must have paid all outstanding debts before they can re-register. Any student returning to their next year of study must not have debts outstanding from any previous academic years.

Students will be unable to re-register if debts are not paid, unless agreed to the contrary with the Accounts Receivable and Credit Control Team Leader

#### **6. Refunds, Waivers, Withdrawals and Cancellations**

Before a student makes the decision to withdraw from a course of study they should be directed to seek guidance and advice from the Head of Department (further education students) or HE Student Finance (higher education students). Further information is detailed in the applicable Bradford College Fees policy.

#### **7. Payment of Library fines and charges**

Failure to return Library books and/or pay the outstanding fines or charges will result in further action to recover the outstanding items/amounts under the policy.

Staff and students are responsible for the payment of outstanding fees and charges within 30 days of the submission of an invoice, or action will be taken to recover.

## **8. Overdue Student Debt Collection Procedure**

Collection of overdue student and commercial debt will follow the process detailed in the College's Procedure for the Collection of Overdue Student and Commercial Debt as appended to the Policy.

## **9. Blocked Students**

A student who has been blocked for default in the payment of a tuition fee may be re-admitted to a programme of study where either payment is made in full or sufficient information is provided regarding when and how payment will be made. This regulation is without prejudice to the College's right to make an arrangement for the payment of fees where a student is in default.

Being blocked from a programme of studies for non-payment of fees shall not be grounds for granting extensions for submission of assessments, nor may the Board of Examiners treat such a block as circumstances adversely affecting student performance in assessment.

If at the end of a level or a stage of a programme of studies a student is in default of payment of part or all of a relevant tuition fee, whether blocked or not, the College may withdraw the student from the programme of study, that is, may terminate the student's registration.

Where a student wishes to dispute the decision of the College to block or terminate their studies due to fees not being paid, they should make a formal review request in writing to the Accounts Receivable and Credit Control Team Leader (further education students) or HE Student Finance (higher education students).

There may be a delay to the issuing of certificates for any student who has not paid their fees and it could possibly be that the student with unpaid fees may be prevented from attending any awards or graduation ceremonies. A student who owes fees will also be ineligible to proceed from one stage or level of a programme to the next or receive an academic award.

## **10. Commercial Debt**

Payment terms for commercial debt is 30 days from date of invoice unless specified otherwise, in writing.

Variation of the standard credit terms is at the sole discretion of the Head of Finance & Procurement and will normally only be considered upon receipt of a written request.

## **11. Debt Recovery**

The College reserves the right to take any reasonable steps to recover any outstanding debt in connection with unpaid academic fees including undertaking legal proceedings to recover such debts. The College reserves the right to seek reimbursement of reasonable costs associated with the recovery of outstanding debts. When an account is passed to an outside recovery agency the debt referral fee is 15% of the outstanding balance. The debt referral fee is added to the outstanding balance, becoming part of the total amount owed by the student or commercial debtor to the College.

## **12. Bad Debt Write Off**

Once all debt chase procedures have been exhausted (including legal proceedings if appropriate), a debt will be written off, in accordance with the Financial Regulations Policy.

- Bad Debt Provision

A bad debt provision is made where Accounts Receivable believe there is a risk to collecting a debt. Bad debts passed to an outside Debt Collection agency are provided for.

The bad debt provision is prepared monthly by Accounts Receivable and reviewed by the Head of Finance and Procurement.

- Bad Debt Write Off

A bad debt write off review is carried out quarterly to determine if any debts provided for should be written off.

The authority levels for writing off bad debt are shown in the Bad Debt Write-off Approval Matrix below:

<b>Bad debt Write-Off Approval:</b>	
<i>Value of bad debt</i>	<i>Approver</i>
Upto £1,000	Head of Finance & Procurement
£1,000 to £10,000	Vice Principal Finance & Corporate Services
Over £10,000	Finance and General Purposes Committee

At the end of each financial year the Accounts Receivable and Credit Control Manager will prepare a report of all debts aged in excess of 6 years old - time barred from being collected under statute of limitations rules - and any such debts will be approved for write-off by the Head of Finance and Procurement. Records of all written off debts and the associated approvals will be kept by the Accounts Receivable and Credit Control Manager.

### **13. Roles and Responsibilities**

The Accounts Receivable and Credit Control Team Leader is responsible for the operation of this procedure along with the related policy. The Accounts Receivable and Credit Control Team Leader is also responsible for the alignment of these procedures with the policy and with the FE and HE Tuition Fees policy and procedures and the Financial Regulations. The Head of Finance & Procurement will monitor and ensure that the Accounts Receivable and Credit Control Team Leader operates within and is compliant with the policy. Heads of Department are informed where an unpaid account directly affects the student base within their curriculum area.

### **Related Documents**

Credit Control Policy

FE Tuition Fees Policy

HE Tuition Fees Policy