

BAD DEBTS PROCEDURE (FMPM)

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1 PURPOSE

- 1.1 This procedure outlines how CQUniversity will manage bad debts.

2 SCOPE

- 2.1 This procedure applies to CQUniversity employees involved with the management, provision for and write-off of bad debts.

3 PROCEDURE

Write-offs

- 3.1 Debts will be written off only when the recovery procedures as specified in the University's [Collections Policy and Procedure \(FMPM\)](#) have proven unsuccessful and further action is either not cost effective or is highly unlikely to succeed.
- 3.2 The decision to write-off individual debts should include consideration of the cost of recovery action versus the amount of the debt being pursued.
- 3.3 The Finance Operations Manager, or their delegate, will recommend to the Vice-Chancellor and President debts to be written off via a submission, with supporting documentation, to the Executive Management Committee meeting.

Delegation of powers

- 3.4 Under the [Delegation of Authority Policy \(FMPM\)](#), all write-off of bad debt must be approved by the Vice-Chancellor and President.

Administration and management

- 3.5 The Finance Operations Manager, or their delegate, will maintain a register of debts that have been written off. The register will record the details of the debt, the authority for write off and any subsequent action to reinstate.
- 3.6 To prevent unauthorised bad debts journal entries, access to the receipting and bad debts processing functions will be separated with no write-offs to take place in either the Financial Management or Student Management Systems without specific approval, as specified above.
- 3.7 The Finance Operations Manager will perform quarterly reviews of debtors' accounts to ensure that bad debts are written off in a timely manner.
- 3.8 The Finance Operations Manager will ensure that the General Ledger Accounts Receivable Balances are reconciled on a monthly basis to the debtor balances in the Financial Management System and Student Management Systems.
- 3.9 The register of bad debts will be reviewed quarterly by the Deputy Vice-Chancellor (Finance and Planning) or their delegate.

Provision for bad debts

- 3.10 The provision for bad debts will be reviewed annually by the Finance Operations Manager to recognise any doubt as to the collectability of debts and the potential for a current debt to deteriorate and become bad.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Deputy Vice-Chancellor (Finance and Planning) and Finance Operations Manager are responsible for implementing, monitoring, reviewing and ensuring compliance with this procedure.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.3 No additional reporting is required.

Records management

- 4.4 All communication and documentation pertaining to bad debts will be maintained by Finance and Planning Division for audit review.
- 4.5 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 4.6 University records must be retained for the minimum periods specified in the University Sector Retention and Disposal Schedule on the [Queensland State Archives website](#).

5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University [glossary](#).

6 RELATED LEGISLATION AND DOCUMENTS

[Collections Policy and Procedure \(FMPM\)](#)

[Delegation of Authority Policy \(FMPM\)](#)

[Financial Accountability Act 2009](#) (Qld)

7 FEEDBACK

7.1 Feedback about this document can be emailed to policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

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Advisory Committee to Approval Authority	Audit, Risk and Finance Committee
Administrator	Deputy Vice-Chancellor (Finance and Planning)
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Notes	