

Bangor University

Invoicing and Credit Control Procedures

1 Purpose

- 1.1 To ensure that invoices are appropriately issued and settled on a timely basis, thereby maximising the cashflow to the University.

2 Scope

- 2.1 These procedures supplement the Financial Regulations and apply to all invoices issued by Colleges, Central Service Departments, University wholly owned subsidiaries and any other unit or department outside of the University's central Finance Office (hereafter referred to as "Department") that has delegated authority to issue their own invoices. It does not therefore apply to:

- Student debt (i.e. tuition fees, bench fees and accommodation etc) that is invoiced through the Banner student records system.
- Invoices issued by the University's central Finance Office in respect of Research grants or contracts or Services Rendered activities.

3 Authority to Issue Invoices

- 3.1 The Director of Finance shall delegate authority to Departments to issue their own invoices where deemed appropriate. The Director of Finance reserves the right to remove this authority if the financial regulations or credit control procedures are not followed.

4 Raising Invoices

- 4.1 All invoices must be raised through the University's debtors accounting system (i.e. Agresso). Invoices must not be raised on any other form of invoice stationery, or in any other form or letter purporting to be an invoice.
- 4.3 Invoices for the supply of any goods or services must only be raised if there is a written form of agreement against which to raise an invoice. Where such supplies are not made under a "standard" form of University contract (see 4.4 below), this should take the form of a purchase order on headed stationery when dealing with a company or other organisation, or an equivalent written and signed form of order when dealing with an individual. Such purchase order or equivalent (i.e order documentation) must as a minimum make clear:

- order number and date
- the name of the company/organisation/individual to invoice
- the invoicing address
- the name and contact details of the person placing the order
- precise details of the supply being made, including price, quantity, relevant timings etc
- total price
- clear indication as to whether price includes or excludes VAT

- 4.4 If a Department makes any supplies by issuing a standard form of contract, this must be notified to the University's Finance Office, who will examine and approve the contract terms. The right is reserved to obtain external legal advice where appropriate or necessary, the cost of which will fall as a charge on the Department.
- 4.5 Invoices must not be issued for supplies based on verbal agreements, unless an order is placed by telephone AND payment is received by credit card.
- 4.6 Invoices must be raised promptly, and no later than 7 days following delivery of the goods or completion of the service. Goods and services must not be supplied without a contract or order documentation being in place.
- 4.7 Due to the costs of administration it is uneconomic to raise low value invoices. Any supply of goods or services where the price, excluding any VAT, is below £100 should be dealt with either on cash with order basis or by credit card.
- 4.8 There are also certain types of supply that should be dealt with either on cash with order basis or by credit card as follows:
- Sales of books or publications
 - Sales of consumables, equipment and software
 - Conference attendance
 - Short courses (not invoiced through the Banner student records system)
 - Charges for food and refreshments to individuals/students
- 4.9 In the event that a VAT invoice is requested under 4.7 or 4.8, a "paid" invoice may be raised, but the remittance must be clearly allocated to the invoice number on the Banking Summary form passed to the Cashiers Office in order to ensure correct allocation and settlement.
- 4.10 Invoices should only be raised to third parties, and should not be issued for supplies by one University department to another (i.e. inter-departmental trading). For this purpose any University subsidiary undertaking (whether wholly or partly owned), the Management Centre etc are regarded as third parties as they are separate legal entities to the University. Inter-departmental trade should be dealt with as "internal recharges", and be processed by way of journal postings to the accounting system.

5 VAT

- 5.1 Supplies of education, and certain charges that are incidental to the provision thereof, are classed as VAT exempt. However, many activities that the University engages in will require VAT to be added at the standard rate. Departments should seek guidance from the University's VAT Officer within the central Finance Office for guidance as necessary.

6 Credit Notes

6.1 Credit notes should only be raised to cancel an invoice, either in part or in whole, which has been incorrectly raised. When raising credit notes the following points should be noted:

- In some cases it may be necessary to credit the original invoice in full and reissue the invoice correctly. Both the credit note and the re-issued invoice should be sent to the client. In other cases it may only be necessary to raise a partial credit.
- The credit note narrative should: clearly state at the beginning of the narrative “Credit Note”; refer to the original invoice number which is being cancelled/credited; make clear why the credit note is being issued; and follow the same VAT treatment as the original invoice being cancelled/credited.

6.2 With the exception of debts that have been approved for write-off in accordance with the Financial Regulations, credit notes must not be raised to cancel an invoice due to the failure or refusal by a client/customer to pay an invoice that is properly due for payment.

7 Foreign Currency Invoices

7.1 The terms of supply should always be agreed in £ sterling to avoid any exposure to foreign exchange losses upon settlement. Only in exceptional circumstances should invoice terms be accepted in foreign currency, for example, where payment is made by a grant awarding or sponsoring organisation that operates only in foreign currency.

7.2 The Agresso accounting system has the functionality to raise invoices in Euros (€) and US dollars (US\$). The same rules and principles will apply if this currency is selected.

8. Invoicing Overseas Clients

8.1 Clearance of cheques received from outside the UK is always uncertain, and cheques can be dishonoured many months after depositing with a bank in the UK. In order to minimise risk, as any agreement with an overseas party is for all practical purposes almost impossible to enforce, it is recommended that:

- The payment terms provide for advance payment, preferably in full, but as a minimum to cover all direct costs.
- Payment terms in the order documentation/contract are agreed (and recorded on the face of the invoice) as being “*only by electronic funds transfer directly to the University’s bank account or by cheque negotiated/drawn on a UK bank account*”.

9 Credit Control

9.1 Credit control is the prime responsibility of the Department issuing the invoice.

9.2 The University’s payment terms are 14 days from the date of invoice. Departments are not permitted to agree instalment terms with the debtor unless authority is sought from the Director of Finance.

- 9.3 The issuing of payment reminders is automated and notification is issued by email to the nominated department representative. Please ensure that this email address is correct and is updated when personnel duties change or personnel leave the department. The Finance Office will issue invoice reminders on or around 10 working days after each calendar month end. Invoice reminders will automatically be generated and issued to debtors unless a request is made by the Department within 10 days to withhold a reminder. Reasons for withholding a reminder must be emailed to the Finance Office. Reminders will automatically be issued if no reply is received. A three reminder process will be followed:
- First reminder requests payment within 14 days.
 - Second reminder requests payment within 7 days
 - Third reminder demands payment within 7 days or the matter is referred for Court Action.
- 9.4 Following each calendar month end, the Finance Office will provide a report listing outstanding invoices over 90 days old. A Department will be responsible for monitoring payment of invoices, and from the issue of third reminder stage should establish contact with the debtor by telephone to ascertain if there is any reason for non-payment, and assuming that there is no dispute with either the supply or make-up of the invoice, should demand immediate payment. Notes of all contact should be recorded, including dates, names of contact and brief details of conversation for follow-up. This information should be recorded on the report and returned to the Finance Office
- 9.5 Upon receipt of the report under 9.4 above, and prior to the issue of the next debtor report, the Finance Office must be provided with a written report of all invoices that remain unpaid following the issue of the third reminder, including details of contacts made and any reasons for non-payment. The Finance Office will review the position in consultation with the Department and consider one or more of the following possible actions:
- Direct telephone contact with the debtor by the Finance Office in order to seek immediate payment, and if possible collect payment by credit card or standing order mandate.
 - Suspension of the debtor's account to prevent any further business.
 - Referral of the debt to the University's debt collection agents.
 - Referral of the debt to the County Court.
 - Recommendation of write-off to the Director of Finance and/or Resources Committee.
- 9.6 The Head of each College, Central Service Department or Subsidiary Company will designate a member of their staff who will take responsibility for credit control and act as the point of contact for the Finance Office.

9.7 Summary of process

Debt Recovery Stage	Action	Department actions if debt remains unpaid	Day
N/A	Invoice	<ul style="list-style-type: none"> • Department raise invoice • Workflow approved 	1
1	Automated reminder process	<ul style="list-style-type: none"> • Automated reminders 1,2 and 3 issued • Department notified that reminders are issued. • Department can request reminders are put on hold by contacting the Finance Office but must provide an explanation. • Department to supplement automated reminders with telephone calls, email exchanges etc. • Departments must record all communication with debtor, e.g. time/date, name, summary of discussion. 	+14/90
2	Debt reports from Finance Office	<ul style="list-style-type: none"> • Department must provide the Finance Office with an update against each debtor. • The information will be loaded into Agresso. 	+90/120
3	Refer to Debt Recovery Agents	Once agreed with Finance Office the debt will be referred to Debt Recovery Agents.	+120

9.8 Write off Procedures

Whilst the University will make every effort to pursue debts it recognises that in some circumstances debts will become irrecoverable. Good practice dictates that, when all methods of debt recovery have been exhausted, any debts that remain irrecoverable are written off promptly in accordance with the Financial Regulations. Under the Financial Regulations, the Director of Finance may write off bad debts up to the value of £1,000. Bad debt in excess of £1,000 must be referred to the Resource Committee for write-off. In order to request a debt write-off, a department must demonstrate that the enforcement steps set out in 9.6 and 9.8 have been followed, and that one or more of the following conditions have occurred:

- The debt is owed by a person or company subject to bankruptcy or insolvency proceedings, with little chance of the University subsequently receiving a dividend;
- The debtor has died and there are no or insufficient funds remaining in the estate to settle the debt;
- The debtor is suffering from a severe illness which makes enforcement action inappropriate;
- It is not cost-effective to pursue the debt (either due to the small value of the debt itself; or due to the fact that enforcement might cost more than the debt to be recovered, balanced against the likelihood of recovering that debt); or
- The debtor cannot be traced.

Note that it is only appropriate to issue a credit note against a debtor invoice when some detail on the original invoice was incorrect. If a valid invoice was raised but the debt is not collectable, then the debt must be written off in accordance with the above procedures.

10 New Debtor Accounts and Credit References

- 10.1 New debtor accounts/addresses are opened upon request to the Cashiers section in the Finance Office. Details should include the following:
- Full legal name (or individual name where the order entity is not a company or other form of organisation)
 - Invoicing address
 - Contact name and telephone number
 - Type of supply for which the account is being opened
 - Value of first transaction (excl VAT)
 - Estimated highest value of any one transaction (excl VAT)
 - Estimated value of sales over next quarter and year (excl VAT)
- 10.2 Multiple invoicing addresses maybe held for each debtor. However, the contact name will not be included in the invoicing address, as this creates a proliferation of address records and creates legal ambiguity as to who the debt relates to. The contact name should therefore be recorded in the invoice “particulars” section as “FAO”.
- 10.3 In the case of new debtor accounts an external credit reference will be sought for commercial and other organisations outside of the public sector where either the proposed supply for any one transaction, or the total value of supplies in any one quarter, exceeds £2,500 (excl VAT). If the credit rating is not entirely satisfactory, the Finance Office may prescribe advance payment or some level of deposit.

- 10.4 External credit checks will usually be turned round within 3 days. There will be a small charge which will fall on the Department to cover the external cost, usually in the order of £30 to £50.

11 Pricing

- 11.1 All supplies must be priced to cover their full cost. Advice should be sought from the Finance Office as appropriate.
- 11.2 In the case of clearly defined trading activities the scale of prices and any discounting policy, should be approved and formally recorded by the responsible management group for that trading unit.