

# TRADE DEBTOR PROCEDURES 2023

Issued by: Chief Financial Officer

Dated: 3 May 2023

Last amended:

Signature:

Name: Wayne Andrews

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## 1 Purpose and application

- (1) These procedures set out principles for managing:
  - (a) the University's trade debtors recorded in the PeopleSoft finance system; and
  - (b) the trade debtors of specified associated or controlled entities.
- (2) These procedures apply to anyone involved in raising invoices for and collecting:
  - (a) the University's trade debts; or
  - (b) trade debts of any other entity which is legally or contractually bound to follow them.
- (3) These procedures do not apply to student debtors.

**Note:** Student debtor data is recorded in the University's student management system.

## 2 Commencement

These procedures commence on 4 May 2023.

## 3 Interpretation

**accountability area** has the meaning set out in the [University of Sydney \(Delegations of Authority\) Rule 2020](#). At the date of these procedures, that is:

means the organisational unit (e.g., a faculty, school, University school, responsibility centre, administrative unit) for which a delegate is responsible.

**approver** means a staff member in an accountability area who is authorised to approve invoices, and adjustments to invoices, that have been raised in the PeopleSoft finance system.

**customer** means a trade debtor set up in the PeopleSoft finance system.

<b>delegate</b>	means a person authorised by the Senate to act on behalf of the University in specified situations, as provided by the <a href="#">University of Sydney (Delegations of Authority) Rule 2020</a>
<b>FCT</b>	means Financial Control and Treasury within the University's Finance professional services unit.
<b>requester</b>	means a staff member in an accountability area who is authorised to raise invoices, and make adjustments to invoices, in the PeopleSoft finance system.
<b>research grant management system</b>	means the University's system used to manage research grants, which is currently IRMA (Integrated Research Management Application).
<b>student debt</b>	means any amount owed by a student on account of University fees and financial obligations, as that term is defined in the <a href="#">Student Debtor Sanctions Policy 2014</a> . As at the date of this policy this includes but is not limited to: <ul style="list-style-type: none"><li>• tuition fees</li><li>• student contribution amounts</li><li>• overseas student health cover charges</li><li>• student loans</li><li>• stipend overpayments</li><li>• charges for administrative services provided by the University</li><li>• charges for internet use and printing</li><li>• library debts</li><li>• student services and amenities fees</li></ul>
<b>trade debtor</b>	means a person or organisation external to the University who buys goods or services from the University with credit and pays the University at a later date. <p><b>Note:</b> Internal University transactions are not trade debts.</p>

## 4 General principles

- (1) The approval of the relevant delegate must be obtained when providing goods and services on credit terms.

**Note:** See [University of Sydney \(Delegations of Authority\) Rule 2020](#).

  - (a) This is usually done through a formal written contract or purchase order.
- (2) The contract or purchase order must be in the form approved by the Office of General Counsel (OGC).

**Note:** Refer to the list of [customers who require a purchase order](#).
- (3) Unless the relevant contract provides to the contrary, standard payment terms for trade debtors are 30 days from the invoice date.

- (4) Commercial activities must be referred to the Research Post Awards team for assessment and approval. Trade Debtor invoices cannot be raised for commercial activities without attached approval from Research.

**Note:** Requests are to be submitted through the [services portal](#).

**Note:** See the [Guidelines Concerning Commercial Activities](#).

- (5) Exceptions to the requirements of this clause may be approved by either:
- (a) the Manager, Treasury Operations; or
  - (b) the Supervisor, Billing and Collections in FCT.

## PART ONE: CENTRAL TRADE DEBTORS SYSTEM

### 5 Overall requirements

- (1) Unless the relevant contract provides to the contrary, the accountability area must raise invoices in the PeopleSoft Trade Debtor system:
- (a) within 30 days after delivery of the goods or services; and
  - (b) in Australian dollars.
    - (i) For [foreign currency invoices](#), the system will convert the foreign currency to Australian dollars on the date the invoice is issued.
- (2) Except for invoices interfaced from the research grant management system. The accountability area must raise an invoice for any amount greater than AUD \$1,000 (exclusive of GST).
- (a) Lesser amounts can be paid to the University directly through the [online payment system](#).
- (3) Exceptions to the requirements of this clause may be approved by either:
- (a) the Manager, Treasury Operations; or
  - (b) the Supervisor, Billing and Collections in FCT.

### 6 Creating and amending customer records

- (1) New customer records must be established by the relevant requesters and approved by the relevant approvers.
- Note:** See the Services Portal '[How to set up a new customer for billing](#)'.
- (2) Amendments to existing customer records must be sent to the Treasury Operations Team, FCT at [finance.billing@sydney.edu.au](mailto:finance.billing@sydney.edu.au).
- (a) All relevant supporting documentation must be attached to the request.

## 7 Raising an invoice

- (1) **Requesters** are responsible for raising a trade debtor invoice, ensuring that:
  - (a) the appropriate customer is invoiced for the goods and services provided;
  - (b) the appropriate revenue classification codes are used;
  - (c) the appropriate GST codes are applied; and
  - (d) the following documentation is scanned and attached to the invoice raised:
    - (i) contract agreement including the payment schedule;
    - (ii) work papers with details of calculations;
    - (iii) confirmation from the Chief Investigator or appropriate staff member that the deliverable milestones in the contract agreement have been met; and
    - (iv) all relevant correspondence.
- (2) Requesters should raise invoices using:
  - (a) the process specified in the Services Portal for Australian currency and other currencies listed there;  
**Note:** See '[Raising and invoice via the accounts receivable system](#)'; or
  - (b) the [Foreign Currency Invoice Request form](#) for other currencies.
- (3) Trade debtor invoices are generally emailed to the customer through the PeopleSoft Trade Debtor system daily.
- (4) **Approvers** are responsible for reviewing and satisfying themselves that the requester responsibilities specified in clause 7(1) have been correctly discharged before approving the trade debtor invoice.

## 8 Adjusting an invoice

- (1) Adjustments to invoices can be made by relevant requesters and approved by relevant approvers using the [Credit Note request form](#).  
**Note:** Adjustments to invoices are generally to correct data entry errors, contract changes and calculation changes. See [How to raise a credit note](#).
- (2) Requesters cannot approve invoice adjustments.
- (3) The responsibilities specified in clause 7 apply to any adjustments, including provision of supporting documentation.
- (4) In some instances, it may be necessary to cancel the original invoice and create a new invoice.

## **9 Overpayments by customers**

- (1) If a customer makes an overpayment, the relevant requester must review the customer's outstanding debt position and:
  - (a) apply the overpayment to the oldest outstanding debt; or
  - (b) refund the overpayment to the customer by completing a payment request form which is processed in the accounts payable system.
- (2) Billing and Collections, FCT may write off low value foreign currency exchange rate variations, provided that these do not result in any overpayment by the trade debtor.
- (3) Refunds or write offs of trade debtor overpayments must be approved by the relevant delegate.

## **10 Trade debtor statements**

Billing and Collections, FCT will distribute trade debtor statements to each customer monthly

## **11 Reconciliation of trade debtors in PeopleSoft**

Billing and Collections, FCT are responsible for the trade debtor reconciliation in the PeopleSoft system, including reviewing and correcting:

- (a) transactions that are rejected by the PeopleSoft system and listed in the sundry debtors suspense account; and
- (b) errors in the daily finance system report which compares the general ledger balance with the trade debtor transaction total.

## **12 Debt recovery**

- (1) Billing and Collections, FCT are responsible for monitoring the aged debtor report.
  - (a) Invoices that are unpaid more than 30 days from the due date must be reviewed and emails sent to the customers seeking payment.
    - (i) Emails should generally be issued to customers weekly.
  - (b) Invoices that remain unpaid more than 120 days must be reviewed by Billing and Collections and referred back to the relevant accountability area for the delegate to endorse FCT to either:
    - (i) write off the debt; or
    - (ii) refer the outstanding debt to a debt collection agency, for debts in excess of \$1,000.

- (2) Billing and Collections, FCT are responsible for processing the debt write off or referral to a debt collection agency.
  - (a) Write offs must be approved by the relevant accountability area delegate.
  - (b) If a debt is written off, a debit charge will be made to the relevant accountability area when the trade debtor invoice is cancelled in the PeopleSoft finance system.
  - (c) If a debt collection agency is retained, its charges will be debited to the relevant accountability area.

## PART TWO: SATELLITE DEBTOR SYSTEMS

### 13 Overall requirements

- (1) All satellite debtor systems must be established, approved and managed consistently with the [Financial System of Record Procedures 2022](#).

**Note:** See the list of currently [approved finance satellite systems](#).
- (2) The accountability area must undertake or review the satellite debtor reconciliation each quarter and include a provision for doubtful debts if required.
- (3) The relevant finance manager is responsible for debt recovery, including where appropriate:
  - (a) writing off the debt with the approval of the relevant delegate; or
  - (b) referring the debt to a debt collection agency.

## PART THREE: RESEARCH DEBTOR INVOICING SYSTEM

### 14 Overall requirements

- (1) Except as provided in subclause 14(2), the relevant Chief Investigator or other delegate is responsible for approving all debtor invoicing for external research contracts, grants and commercial activities through the research grant management system, including expense reimbursements specified in the contracts.
- (2) The following are not invoiced through the research grant management system:
  - (a) education contracts;
  - (b) Global Engagement Office grants;
  - (c) exam marking;
  - (d) ad-hoc invoice requests when the contract has not been entered in the research grant management system;
  - (e) honoraria of \$1,000 or less;
  - (f) other expense reimbursements not specified in the contract; and
  - (g) complex invoices, such as a single debtor invoice with multiple funding sources.

- (3) The research grant management system's debtor invoicing system tracks the invoicing process, including:
  - (a) milestones set up with the grant initiation; and
  - (b) automated invoice creation in Central Trade Debtors finance system.

**Note:** See [Research Invoicing](#) for additional information.
- (4) The relevant finance manager must review the research debtor invoices each quarter and include a provision for doubtful debts if required.
- (5) The relevant finance manager is responsible for debt recovery, including where appropriate:
  - (a) writing off the debt with the approval of the relevant delegate; or
  - (b) referring the debt to a debt collection agency.

## 15 Rescissions and replacements

This document replaces the Trade Debtors Procedures 2017 which commenced on 5 December 2017, which are rescinded as from the date of commencement of this document.

## **NOTES**

### **Trade Debtor Procedures 2023**

Date adopted: 3 May 2023

Date commenced: 4 May 2023

Date amended:

Administrator: Director, Financial Control and Treasury

Review date: 4 May 2028

Rescinded documents: Trade Debtors Procedures 2017

Related documents: University of Sydney (Delegations of Authority) Rule 2020

## **AMENDMENT HISTORY**

<b>Provision</b>	<b>Amendment</b>	<b>Commencing</b>
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