



Credit procedure

Version: 1.1 | **Version effective:** 30/01/2020

Audience

Department-wide and customers of the department

Purpose

This procedure provides information about how to manage credit arrangements between the department and its customers to minimise the risk of financial loss to the department through non-payment of debts.

Overview

Credit is extended to the department's customers who purchase goods or services from the department, where payment is not received at point of sale.

Officers with general expenditure delegation are required to approve credit arrangements, to the limit of that delegation.

Separate delegations exist for grant and contract arrangements – refer to the [Finance Delegations](#).

The department's standard terms of trade are 30 days net from date of invoice. The delegate may approve a variation to the standard payment terms at the point of approving credit.

Responsibilities

Customers

- Provide documentation accepting the liability for the debt.
- Provide the department (as a minimum):
 - for individual customers – full name, physical address (not a PO Box), telephone number, email address (if available)
 - for companies/businesses – Australian Business Number (ABN) and/or Australian Company Number (ACN), registered office address and principal place of business, full name and address of Directors/Principal/Partners, telephone number, email address
- Pay invoices created by the department as per the terms set out on the invoice or as per contractual obligations.

Delegated Officers

- Assess the credit worthiness of a customer prior to providing a service in advance of payment.
- Approve credit arrangements up to General Expenditure authority as per the [Finance delegations](#).
- Cover the cost of external credit history checks within local budget. (Costs will vary, and will be quoted as part of the contact with Finance Branch in Step 1 of the process, below).
- Document decisions where credit is given to customers with poor credit history.
- Revoke or review existing credit arrangements in line with any new assessment of a customer's credit worthiness.

Finance Branch

Organise credit history checks with an external credit reference company when required.

Process

The Delegated Officer will:

1. Assess the credit worthiness of a customer before providing a service in advance of payment by:
 - Assessing the customer's ability to pay based on customer category e.g. a student, business or Department of Education International (DEi) account. Checking credit history of customer via the Department's finance systems for existing customers; and/or
 - Requesting an external credit history check from Finance Branch (company/ business customers only).
2. Approve credit for customers as per the [Finance delegations](#) (see General Expenditure limitations).
3. Document decisions where credit is given for customers with poor credit history.
4. Raise an invoice with supporting evidence of the validity of the debt. This can include a purchase order, a signed agreement or other evidence from the customer accepting liability for the debt.
5. Revoke or review existing credit arrangements in line with any new assessment of credit worthiness.

Definitions

Term	Definition
Credit	The ability of a customer to obtain goods and services before payment, based on the trust that the payment will be made in the future.
Credit history	A record of the customer's responsible payment of invoices and debts.
Credit worthiness	The extent to which a customer is likely to pay or default on paying their obligations.
Debt	The amount of money that is due and payable on the invoice.
Payment terms	The length of time a customer has to pay their invoice.

Term	Definition
Student	1. A person enrolled at a state school but not a person who is also enrolled at a non-state school unless the person's enrolment at the state school preceded the person's enrolment at the non-state school; OR 2. A person who is a pre-preparatory age child registered in a pre-preparatory learning program at a prescribed State school; and who is: 3. An Australian citizen or permanent resident; OR 4. The child of an Australian citizen or permanent resident. DEi customers are not classified as students for the purpose of credit provision or debt collection processes.
Terms of trade	The standard time the department sets for customers to pay their invoice.

Legislation

- [Financial and Performance Management Standard 2019 \(Qld\)](#) (s13)

Delegations/Authorisations

Officers with general expenditure delegation are required to approve credit arrangements, to the limit of that delegation. Refer to the [Finance delegations](#).

Policies and procedures in this group

- [Revenue policy](#)
- [Debt management procedure](#)
- [Requests for Voluntary Financial Contributions procedure](#)
- [Student Resource Scheme \(SRS\) procedure](#)

Supporting information for this procedure

- Nil

Other resources

- [User charging procedure](#)
- [Invoicing](#) (DoE employees only)

Contact

For further information, please contact:

Accounts Receivable and Banking

Email: receivables.finance@qed.qld.gov.au

Review date

17/10/2021

Superseded versions

Previous seven years shown. Minor version updates not included.

1.0 Credit

Creative Commons licence

Attribution CC BY

Refer to the [Creative Commons Australia](https://creativecommons.org/) site for further information