Woodcrest
State College
P-12 Seamless Education

DEBT MANAGEMENT POLICY

Rationale
School Financial Process Requirements (SFPR) provide instructions for schools to complete financial tasks as quickly and easily as possible, incorporating internal controls. They are mandatory for all schools and are incorporated into the audit program to ensure a strong financial position is maintained. Schools are required to review outstanding invoices and make provisions in the accounting system for any debts that may not be collected.

Internal Controls
A monthly review of the aged debtors report highlights overdue debts and the principal must determine if an amount outstanding is a legally recoverable debt. Any invoices that have remained outstanding for longer than 30 days must be considered as a potential 'bad debt' unless a payment agreement is in place.

These include:

- Student Resource Scheme contributions where the student has left the year level or the school,
- Excursion fees or other fees outstanding after the activity/transaction has taken place and the parent has not entered into a payment arrangement,
    - Textbook hire and educational resources provided by the school that, if not provided by the school, would have to be purchased by the parent (textbooks, photocopies of workbooks), and the parent has agreed to join a Student Resource Scheme (SRS) by signing the SRS participation agreement form or
- A commercial entity refuses to respond to requests for payment.

Response Process for Bad and Doubtful Debts

Student Debtors

- Negotiate payment schedules/Centrelink payments with debtor where debts are unable to be repaid in a lump sum
- Mail out statements and reminders after the payment agreement due date each term
- Advertise payment due dates in newsletters, school sign and Facebook
- Withhold issuing of resources provided through the scheme
- Undertake the formal DOE debt management process as outlined in the DOE debt management procedure, including referring parents to the Finance, Procurement and Facilities Division with the department.

Commercial Entities

- Initiate contact with customers by telephone, letter, fax or email attaching statements to recover overdue debt
- Negotiate payment schedules with debtor where debts are unable to be repaid in a lump sum
- Undertake the formal DOE debt management procedure including referring to external debt collection agencies via Finance, Procurement and Facilities Division with the department.
- Obtain delegated approval to commence external action against a debtor
- Recommend to the principal for write off at the completion of a full unsuccessful recovery cycle

Staff Debtors

- Initiate contact with customers by telephone, letter, fax or email attaching statements to recover overdue debt
- Negotiate payment schedules with debtor where debts are unable to be repaid in a lump sum
- Undertake the formal DOE debt management procedure including referring to external debt collection agencies via Finance, Procurement and Facilities Division with the department.

Criteria considered by the principal criteria when determining a case for debt waiver:

- Financial hardship - if the payment of the debt would cause significant financial issues to the debtor or the debtor's family the principal may consider waiving or reducing the debt. Onus of proof is on the debtor.
- Compassionate grounds - if there is a reason that the debt should not be collected the principal may waive the debt.
- Age of the debt (when incurred/when raised) - if the debt is old it may not be possible to contact the debtor.
- Cost effectiveness and likely success of recovery - if the debt is small or collection may be difficult or costly, the principal may write off the debt.
- Value of debt - again, if the debt is small, administrative costs of collection may be more than the value of the debt.
- Exceptional error by department - if there was an extraordinary error by the school it may be preferable to write off the debt than pursue a difficult recovery.

Student Accounts

Student Accounts must be fully paid by due dates, unless there is an active payment plan in place.

Payment Plans

Electronic Payment Plans are provided by the school to assist caregivers experiencing financial hardship.

Inclusions for electronic payment plans are:

- SRS
- Subject fees

Exclusions for electronic payment plans are:

- Excursions/extracurricular activities. (These must be paid before the due date for the students to attend, non payment will result in the student being excluded from the activity).

Ideally, caregivers will commence electronic payment plans at the commencement of each school year with a view to having all outstanding fees and levies paid by September of the same year. If there are values outstanding from previous year/s these must be paid first before the current year, payment plans will be adjusted to include these amounts.

Excursions & Extracurricular activities:

All excursions must be paid in full by the due date for the student to participate within the activity. Excursions and extracurricular activities are excluded from payment plans.

Ideally, caregivers of students who undertake extracurricular activities or participate in excursions are members of the Student Resource Scheme and have completed participation form.

Optional Non-Curricula/Recreational Activities :

Principal may use discretion to exclude students from optional, non-curricular activities where a parent has an outstanding debt with the school if all debt collection processes have been undertaken.

Camps

To allow students to continue to attend the camps the following conditions apply:

- Are members of the Student Resource Scheme (SRS) and have completed the participation form
- Camp fees must be paid in full by the due date.

A deposit/payment for the camp will not be receipted by the finance staff unless these conditions are met.

Recreational Activities:

Recreational activities are offered by the school to enhance the social experience of education. Recreational activities are not permitted to be part of an electronic payment plan. Examples of recreational activities are listed below and each have their own considerations based on the time of the year on which they fall:

- <u>End of year excursions</u>

To allow students to attend the end of year excursions, the following conditions apply:

- The SRS has been paid in full
- a committed electronic payment plan has to be in place from the commencement of the school year

Year 12 Senior Jersey

To allow students to participate in the Senior Jersey, the following conditions apply:

- Payment for jersey received by the due date
- Agree to participate in SRS by completing SRS Participation form.
- No outstanding invoice owing or up to date payment plan in place

Year 12 Formal (September)

To allow students to attend the Year 12 Formal, the following conditions apply:

- all outstanding fees and levies from previous years, and the current year, are paid in full
- Ticket paid in full before due date.

Overseas trips (Ski Trip & International Tours)

To allow students to participate in overseas trips, the following conditions apply:

- All outstanding fees and levies from previous years, and the current year have been paid in full

A deposit for the trip will not be receipted by the finance staff unless these conditions are met.

Reference Documents:

http://ppr.det.qld.gov.au/corp/finance/services/Pages/State-Education-Fees.aspx
https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/E/EducGenPrR06.pdf
http://ppr.det.qld.gov.au/corp/finance/accounts/Pages/Debt-Management.aspx
https://oneportal.deta.qld.gov.au/Services/Finance/Delegations/Pages/Default.aspx
https://oneportal.deta.qld.gov.au/Services/Finance/FinancialManagement/RevenueManagement/Pages/Default.aspx
https://oneportal.deta.qld.gov.au/Services/Finance/Forms/Documents/fmpm_externalfeesandcharges.pdf

DEBT MANAGEMENT POLICY

(Internal Office Use Only)

A debt becomes overdue when payment has not been received by the due date. Once an account is overdue, debt collection processes should commence.

Schools are responsible for ensuring student and customer (debtor) accounts are accurately recorded, prior to commencing debt collection on overdue amounts. This requires a check to make sure fees and charges are enforceable ie. the school has evidence that the debtor has agreed to the fee or charge, receipts have been matched to invoices and any uncleared items in the bank statement have been matched against a customer account, if applicable.

Examples of enforceable debt include:

- overdue Student Resource Scheme (SRS) payments where there is a signed SRS participation agreement form.
- charges for materials for subjects where the instruction is extended through providing practical learning experiences in excess of materials provided by schools appropriations.
- field trips, including camps and excursion charges
- charges for transport to sporting events (where the student has attended)
- hire of equipment such as musical instruments or photographic equipment
- formals
- sporting or artistic programs, overseas trips that extend beyond the core curriculum

PROCESS

The following is the debt management procedure for Woodcrest State College

- Statements sent monthly
- Debt management process ran each month by performing the dunning process in OneSchool

@ 30 days overdue – 1st Overdue Notice
@ 60 days overdue – 2nd Overdue Notice
@ 90 days overdue – 3rd Overdue Notice

All unpaid debts after the above process will be referred to the Finance, Procurement and Facilities division within Education Queensland and may be referred to external debt collection agencies.

Review the Agresso Aged Debtors Detailed by Customer Group Report, to identify unpaid and overdue invoices, at least once a month. We will issue overdue notices to debtors with overdue accounts (by email or mail), indicating that payment for an invoice is overdue, after each 30 days outstanding.

If a debtor does not pay, but contacts the school after receiving an overdue notice to discuss financial hardship, we will then negotiate an electronic repayment schedule if the debt cannot be repaid in a lump sum. However this is to be paid off by September of each year.

If the debtor disputes the account, we will resolve the dispute as quickly as possible, make any required adjustments to the account, if applicable and notify the debtor of the outcome.

If a parent/guardian or carer applies to have a student related debt waived, the school Executive Principal only has the authority to consider the request on several grounds.

Financial hardship – if the payment of the debt would cause significant financial issues to the debtor or the debtor's family, the Executive Principal may consider waiving or reducing the debt. The Executive Principal will request evidence of financial hardship, to support the waiver decision and ask the Business Manager to write off the debt.

If the debt is written off, due to student leaving, a copy of the last statement will be filed in the student file in case of re-enrolment to the school.

Compassionate grounds

The school will ensure complete records of conversations or correspondence with a debtor are kept. Emails should be retained and copies of letters sent by mail retained.

If the school is making extended electronic payment plan arrangements with a debtor, request an email address and follow up with an email to the debtor, confirming the arrangement as per BPoint Electronic Direct Debit request. Notes regarding any conversations should include date and time and conversation outcomes.

School debtors greater than 120 days may be referred to Finance Branch for advanced legal debt collection.

Finance Branch, Accounts Receivable and Banking Team (AR&B), is responsible for providing debt collection services for overdue accounts, only, if the course of action for reasonable recovery has been initiated and maintained by the school without success.