

Credit Control Policy

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Authorised by:

**Secretary General
& Head of Finance**

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1. *Purpose and scope of Policy*

This policy defines the terms and conditions under which debts owed to the Irish Red Cross are administered, managed and recovered. The objective of the policy is to ensure that debtors of the Irish Red Cross are managed effectively, that debts owed to the charity are paid in a timely manner and that bad debts are minimised.

The policy specifically covers debts and collections relating to two distinct groups of customers-External Customers and Internal Customers

1.1. External customers

These are defined as external organisations or individuals to whom goods or services have been supplied whether from Irish Red Cross Head Office, Commercial Training, Areas or Branches.

1.2. Internal customers

These are defined as all inter-company parties to whom goods or services have been supplied and cover relationships between the following:

- Head Office and Area/Branch
- Area and Branch
- Branch and Branch
- Commercial Training and Area/Branch
- Head Office and Commercial Training
- Branch member and any of the above parties

The Finance Department at Head office provides assistance and advice to the Irish Red Cross on credit control and debt management issues. It is however essential that all Irish Red Cross staff and members recognise the importance of credit management and control and co-operate fully with finance staff who manage the administration process.

2. Standard Terms and Conditions

2.1. *New and Existing Account Applications*

External customers

External customers who wish to open an account with the Irish Red Cross must furnish the following information and complete a credit application form (see Appendix 2) so that credit facilities can be approved.

- Company/Trader Name
- Business address
- Contact name
- Email address
- Trade references or Bank reference
- Directors/Owners names
- Tax Status

Updated information will be sought for accounts that have not been active for three years to ensure that details on file are correct. (See Appendix 2)

Internal customers

All internal customers, for example Area/ Branches, will be approved by the Board as part of the Area/Branch set up and approval process.

3. Approval of Credit facilities

In considering an application for credit facilities, the following criteria must be satisfied:

External customers

- a) For startup companies a minimum of three orders already on account and settled with cash in advance.
- b) Can provide two independent trade references or one trade reference and a bank reference.
- c) Willing to sign an agreement concerning adherence to the credit terms on offer.
- d) Will provide tax status and VAT Registration number, where relevant.

Internal customers

- a) Must hold a bank account in the name of the Irish Red Cross.
- b) Bank balance must be confirmed by providing bank statement on application.
- c) First sales order will not be greater than €500 euro or greater than one third of their bank account balance.

All customers who receive credit from the Irish Red Cross will satisfy the above preconditions. In the event of failure to meet these criteria, customers will remain strictly on a “cash on delivery” basis.

4. Credit Limits

Customer credit limits will be reviewed annually by the finance staff.

External customers

€600 euro credit limit cap is applicable to customers with course place bookings of 1-2 per year.

€2000 euro credit limit cap is applicable to customers with course place bookings of 1-2 per month.

All other customers will be capped at three times the average monthly invoice value based on the recent sales figures.

Internal customers

Credit limits will be capped at three times the average monthly invoice value based on the recent sales figures, but in any event will be no greater than 10% of annual turnover.

5. Credit Periods

External customers

Credit terms are set uniformly at 30 days from the date of the invoice. All accounts not cleared within 60 days or prior to the commencement date of a course, whichever is later, will be put on hold and credit facilities will be withdrawn until payment has been received. This will be implemented without exception

Internal customers

Credit terms are set uniformly at 30 days from the date of the invoice. All accounts not cleared within 60 days will be put on hold and credit facilities will be withdrawn until payment has been received. This will be implemented without exception.

6. Accounting Procedures

6.1. Invoicing

Invoices will be issued promptly, no later than seven working days following the sale of a product, or following the commitment in writing to provide a service. Commercial courses will be invoiced a maximum of 41 days before the commencement date of the course.

Terms of 8 credit will be quoted on all invoices or in the circumstance where the payment is cash on delivery, the payment receipt will be noted.

6.2. Statements of Account

Within seven days of month-end, a statement of account will be issued to all customers.



7. Credit Responsibilities

Finance Department staff report to the Secretary General. Its functions include the extension of credit, collections and the application of payments. Finance Department staff will deal with all debtor payment queries in the first instance. The Head of Finance establishes all credit limits, has final authority to release or hold all orders when credit problems exist, decides when credit facilities should be withdrawn and decides when formal credit recovery should be initiated.

8. Overdue Debt collections Procedures

8.1 Debtor Collections

Once customers exceed their credit terms the following steps will be taken:

External customers

In circumstances of failure to pay within the 30 day payment limit or prior to the course commencement date, whichever is later, a written reminder will be sent to the address on file; requesting payment within 7 days and informing the customers that failure to clear any arrears will result in withdrawal of credit facilities.

Internal customers

In circumstances of failure to pay within the 30 day payment limit, a written reminder will be sent to the address on file; requesting payment within 7 days and informing the customers that failure to clear any arrears will result in withdrawal of credit facilities.

A follow-on reminder will be sent after a further 7 days giving notice that credit facilities will be withdrawn if payment is not received.

Should the unpaid period extend further and in the event that the 60 days hold period is reached, the debtor will then be advised by letter that the account is on hold, which means that no further credit will be extended and/or no further new business will be transacted until the outstanding debt is cleared.

8.2. Process of Collection-External customers

Once the account is on hold, the process of collection begins. In fact, some of the preparatory work will already have been completed as the debtor will have received a number of letters/emails highlighting the fact that payment has not been made and is overdue. The details are recorded in a "Bad & Doubtful Debts" register at this point and a decision will be taken as whether to pursue the outstanding debt through a debt collection agency or through legal action. At this point the customer will be issued another reminder which will give 14 days' notice of referral to a debt collection agency or notice of legal action.

8.3. Process of Collection-Internal customers

Unpaid Branch accounts will be brought to the attention of the Area Committee for agreement on an appropriate repayment plan. If no response is received, it will be brought to the attention of the Board and approval sought to clear the account balance with the branch funds available. In the case of Unpaid Area accounts, these will be brought to the attention of the Board and again approval will be sought to clear the account balance with the Area funds available. In these cases, the Areas or Branches in question will be issued another reminder which will give 14 days' notice of this action.

If no response is received and there are no funds available to clear the debt, approval will be sought from the Board to write off the debt.

A Report will be provided detailing all debts that may be recommended for write off-- with the relevant context for that recommendation. These reports will be copied to our Internal Audit Committee and also provided to our External Auditors.

8.4. Delegated authority to write off debts is as follows:

Bad debts up to €3,000 Head of Finance with subsequent advice to Secretary General

Bad debts over €3,000 and up to €10,000 Secretary General with subsequent advice to the Board

Bad debts over €10,000 Approval is required from the Board

9. Credit Review of Accounts

All credit accounts will be reviewed by the Finance Department on a monthly basis. This review will identify accounts that are problematic, and establish what actions should be taken. Where credit facilities have been withdrawn and a debt is subsequently settled, credit facilities can normally be re-instated on the same day between 9.00am and 5pm on a Monday to Friday.

10. Debtors Provisioning in the Accounts

At year end general provisions for bad and doubtful debts are made in the accounts of the Irish Red Cross. Specific provisions will be made for debts or part debts deemed unrecoverable or unlikely to be recovered. Additional general provision will be made in line with the following criteria

- 20% for all debts outstanding from 60-120 days (or 3 months)

When all means of recovery have been exhausted, approval will be sought to write off the debt in the next accounting period.



11. Returns Policy

This primarily applies to the purchase of tangible products.

In the event that goods are no longer required, they can be returned un-damaged in their original packaging to Head Office, Finance and Facilities Department, within seven days. In the events that goods are damaged or defective, they can be returned within 30 days from the day the order is received, with an explanation as to the problem encountered. These will be replaced as soon as possible or a refund/credit note effected. Reference numbers should be quoted in returning an order.

In the event that a payment has been made online by credit card or any other method of payment, a refund will be made except in the event that the goods are being fully replaced and the order is identical. A credit note will normally be issued in most refund situations.

12. Course Cancellation Policy

Internal customers

If a customer is accepted onto a course and wish to cancel their place on the course, the following notice is required:

Five working days notice – full refund will be given.

Less than five working days prior to the commencement of the course, the Branch or Area will be required to pay the full course price. There are no exceptions to this policy.

External customers

If a customer is accepted onto a course and wish to cancel their place on the course, the following notice is required:

Five working days notice – full refund will be given.

Less than five working days prior to the commencement of the course, the full course price must be paid. The only exception to this is in cases where the customer is transferring their place to another Irish Red Cross course.

New Account Application Form

Company Details

<i>Company Name</i>	
<i>Company Address</i>	
<i>Invoice Address (if different to above)</i>	
<i>Tax Status & VAT No</i>	
<i>Director(s)/Owner(s) Name(s)</i>	
<i>Contact Name</i>	
<i>Tel No</i>	
<i>Email</i>	
<i>Accounts Contact Name</i>	
<i>Accounts Contact Tel</i>	
<i>Accounts Email</i>	
<i>Email Address for invoices to be sent</i>	
<i>Purchase Order Required (Y/N)?</i>	

Trade References

Please list 2 trade suppliers with whom you are currently trading, a bank reference can be provided in place of one of the trade references

	1	2
<i>Company Name</i>		
<i>Company Address</i>		
<i>Contact Name</i>		
<i>Contact Tel No</i>		
<i>Contact Email</i>		

Declaration

I hereby authorise the Irish Red Cross to obtain references from the above as and when appropriate. I agree to abide by the terms and conditions as set out by the Irish Red Cross as attached, which includes that all invoices are due to be paid within 30 days from the date of invoice. I declare I have authority to apply for credit on behalf of the company.

<i>Signed:</i>		<i>Date:</i>	
<i>Name:</i>		<i>Position:</i>	

Once completed this form can be emailed to ***commercialaccounts@redcross.ie***, faxed to 061-469780 or posted FAO Agnes Scully, Irish Red Cross, 58 Henry Street, Limerick.

Office use only:

Checked By:		Date:	
Approved By:		Date:	
Account No:		Cr limit:	

Existing Account Update Form

These details are required to ensure that the details we have on file are correct and that invoices are made out correctly and sent to the appropriate person within the company.

Company Details

<i>Company Name</i>	
<i>Company Address</i>	
<i>Invoice Address (if different to above)</i>	
<i>Contact Name</i>	
<i>Tel No</i>	
<i>Email</i>	
<i>Accounts Contact Name</i>	
<i>Accounts Contact Tel</i>	
<i>Accounts Email</i>	
<i>Purchase Order Required (Y/N)?</i>	

Declaration

I agree to abide by the terms and conditions as set out by the Irish Red Cross as attached, which includes that all invoices are due to be paid within 30 days from the date of invoice.

<i>Signed:</i>		<i>Date:</i>	
<i>Name:</i>		<i>Position:</i>	

Once completed this form can be emailed to commercialaccounts@redcross.ie, faxed to 061-469780 or posted
FAO Agnes Scully, Irish Red Cross, 58 Henry Street, Limerick. For any queries contact Agnes at 061-318510

Office Use Only

<i>Checked By:</i>		<i>Date:</i>	
<i>Account No:</i>			