



Cash Receipts and Accounts Receivable Policy

Date approved	11 May 2022
Policy owner	Chief Financial Officer
Cohesion Link	
Next review date	30 December 2024

Policy overview

1. The Cash Receipts and Accounts Receivable Policy explains the requirements for cash received, raising invoices for goods and services provided by Te Tari Taiwhenua, the Department of Internal Affairs (DIA) and its debt collection settings, to ensure:
 - Prompt receipting and banking of monies received,
 - Effective control of accounts receivable,
 - Prompt invoicing and collection of amounts owed to DIA, and
 - Correct recording and treatment of accounts receivable transactions in the financial records.

Application

2. This policy applies to:
 - All kaimahi collecting money for DIA; and
 - Kaimahi involved in DIA's accounts receivable functions.
3. The policy principles for cash receipts also applies to non-DIA activities by kaimahi, such as fundraising or where money is collected for purchasing items for celebrations or farewells.

Delegated authorities

4. The delegated authorities that apply are outlined in the [Delegations Policy](#).

Detailed policy

Cash receipts

5. The following are minimum standards DIA requires to ensure all cash is held and managed securely, to reduce the risk to both our kaimahi and the public:
 - Two kaimahi must be present when opening mail which may contain cash.
 - All cash received is to be recorded immediately, which a second kaimahi verifies.
 - A receipt must be issued immediately for all cash received over the counter.

- All cash must be banked within 1 week of receipt (including posting all required transaction details in the Financial System).
- Any cash received must be held securely until banked, preferably in a safe.
- Access to the safe (or other secure location) is limited to a small number of kaimahi.

Raising invoices, credits and refunds

6. Invoices must be raised within a week of goods or services being supplied to the customer.
7. Credits or refunds must be raised when there is a requirement to cancel invoices in whole or in part.

Debt collection

8. DIA's payment terms require payment by the 20th day of the month following the date of the invoice. However, business units can implement more immediate payment terms if necessary.
9. The debt collection action adopted by the Accounts Receivable team is based on the length of time an invoice has been outstanding, measured in months since issue.
10. Debts over 60 days due may result in the suspension of credit facilities. The Accounts Receivable Team Leader must consult with the business unit before deciding on suspension of credit facilities.
11. Debts over 90 days due may be lodged with a debt collection agency.
12. Budget holders are responsible for reviewing the aged debtors report on a regular basis, assisting with collection efforts and advising the accounts receivable team of any reason not to send reminder notices or lodge the debt with a collection agency.

Bad debt write-off

13. Where collection efforts have not been successful, the write-off of debt can be requested by the budget holder. Applications for write-off must be completed, setting out the details of the invoices and the circumstances surrounding the request.
14. Write-off of bad debts must be approved in line with the [Delegations Policy](#).

Receipt of payment from customers

Payment by direct credit

15. Customers should be directed to use Direct Credit (or bank transfer) to DIA's bank account as the preferred method of payment.
16. Customers are required to provide the customer number, invoice number or other identification detail on the bank transaction to enable the efficient matching of the receipt of payment against the customer account.

Payment by direct debit

17. The Business Unit is consulted about the set-up of this payment method and is responsible for arranging direct debit authorities from customer.

18. The Accounts Receivable team is responsible for direct debit processing. This processing must be 2 to 5 working days after the issue of invoice or statement to provide sufficient notice to the customer.

Definitions

19. The following definitions apply when interpreting this policy:

- **Financial System** – Rehutai (DIA’s Financial System)
- **Receipts** – Payments from customers for money owing to DIA, including by cash, EFTPOS, debit/credit card and bank deposit.

Related policies, procedures, standards, guidelines, legislation, and/or websites

20. The following document is relevant to this policy:

- [Delegations Policy](#)

Released under the Official Information Act (1982)