

Revenue Contracts and Debtors Procedure

Section 1 - Purpose

(1) This procedure outlines the requirements for managing revenue and debtors in accordance with applicable Accounting Standards and the [Financial Management Act 1994](#). It supports compliance with RMIT's [Financial Management Policy](#).

Section 2 - Authority

(2) Authority for this document is established by the [Financial Management Policy](#).

Section 3 - Scope

(3) This procedure applies to the RMIT Group. Where differing legislative requirements apply in a specific jurisdiction, the local entity must develop documented procedures to ensure compliance and seek endorsement from the Chief Financial Officer.

Section 4 - Procedure

Recognition and Measurement of Revenue

(4) Revenue must be recognised in accordance with applicable Australian Accounting Standards.

Establishment and Approval

(5) Contracts must only be signed by individuals authorised under the [Delegations of Authority Policy](#) and who understand RMIT's obligations under the [Contract Management Policy](#).

(6) For contracts with international parties, Central Finance Operations must be consulted prior to finalisation due to potential international tax implications.

(7) Where there is uncertainty about RMIT's obligations, guidance must be sought from Legal Services or Finance teams.

Customer Onboarding, Credit Assessment and Trading Terms

(8) Credit checks, unless an approved exception applies, must be performed at the earliest stage—typically during negotiation and before contract execution. If not completed, the Accounts Receivable team may request a credit check before creating a customer record in Workday or assigning a credit limit.

(9) Credit check requirements are based on total contract value:

- a. Less than \$25,000 – No credit check required
- b. \$25,001 to \$50,000 – Payment history analysis required
- c. \$50,001 to \$250,000 – Payment history and ASIC check required
- d. Over \$250,000 – Full credit report required

(10) Government agencies and departments are exempt from credit check requirements.

(11) The cost of any credit check conducted through an approved credit reporting agency will be borne by the applicants cost area.

(12) If credit concerns are identified, the Accounts Receivable team will notify the applicant, who is responsible for assessing the risk of proceeding.

(13) Where a customer is considered high risk, approval to proceed must be obtained from the Chief Financial Officer. Any resulting risk will rest with the applicant's cost area.

(14) A "[Create New Customer Details](#)" form must be submitted in Workday by the applicant. Approval must be obtained before goods or services are delivered.

(15) Once approved, the customer account will be created and the customer number issued within two working days.

(16) All sales to customers without approved credit must be conducted on a cash-on-delivery (COD) basis.

(17) The Accounts Receivable team will periodically review credit limits based on payment history and other relevant indicators.

(18) Standard trading terms are 30 days from the invoice date unless otherwise specified in contractual terms.

(19) Restricted trading terms may be applied by the Accounts Receivable team where a customer fails to meet standard terms.

(20) Customers with accounts more than 60 days overdue may be placed on stop credit by the Accounts Receivable team, unless the debt is under active dispute.

(21) Customers placed on stop credit with any RMIT entity may be restricted across the entire RMIT Group until debts are settled.

(22) Inter-company charges must comply with service level agreements (SLAs), royalty agreements, and applicable international tax laws.

Invoicing and Adjustments

(23) To raise a customer invoice, the relevant area must initiate a "[Create Customer Invoice](#)" task in Workday, quoting the purchase order or relevant contract. Where neither exists, supporting documentation must be submitted and approved in line with [Delegations of Authority Policy](#).

(24) Invoices must be addressed to the customer's accounts payable team and include the contact's full name.

(25) Where a credit note is required, a "[Create Customer Invoice](#)" task must be submitted in Workday. The adjustment must reference the original invoice and clearly state the reason.

(26) If part of an invoice is disputed, the undisputed amount remains payable in accordance with agreed credit terms.

Management of Doubtful and Bad Debts

(27) The Accounts Receivable team is responsible for ensuring all debtor, doubtful debt, and bad debt transactions are authorised in accordance with the [Delegations of Authority Policy](#).

(28) Debts may be recommended for write-off only after all reasonable and economical recovery efforts have been exhausted. Approval must be obtained from the appropriate delegate or the Chief Financial Officer.

(29) Any recoveries received after a write-off has been processed must be recognised as revenue.

(30) In accordance with the [Limitation of Actions Act 1958](#), RMIT retains the right to legally enforce debt recovery for up to six years after a write-off.

(31) Debts that have been written off will be reviewed periodically by the Accounts Receivable team.

(32) Students with overdue debts may be subject to enrolment cancellation, in line with the [Enrolment Procedure - Discontinuation of Student Program](#).

(33) The Team Leader, Accounts Receivable, is responsible for process implementation. Requests for deviations must be submitted in writing and approved by the Director, Central Finance Operations.

Recognition and Provisioning for Impairment

(34) Debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment, in line with applicable Accounting Standards.

(35) Provisions for doubtful debts are recorded during the financial year based on budget estimates.

(36) Each debt is periodically reviewed, with provisions adjusted based on recovery history and Australian Accounting Standards. A 100% provision will apply in cases of liquidation, receivership or insolvency.

Section 5 - Definitions

(Note: Commonly defined terms are in the RMIT Policy Glossary. Any defined terms below are specific to this policy).

RMIT	The University, its controlled entities and strategic investment vehicles (known as the RMIT Group).
Applicant	The RMIT staff member or organisational unit (e.g. school, department, college or portfolio) responsible for initiating a request to establish a new customer, raise an invoice, or engage in commercial activity that may result in a debtor arrangement. The applicant is accountable for assessing associated risks and ensuring appropriate approvals are obtained in line with this procedure.

Status and Details

Status	Current
Effective Date	6th August 2025
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Approval Authority	University Executive Committee
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Expiry Date	Not Applicable
Policy Owner	James Morgan Chief Financial Officer
Policy Author	Daniel Ryan Director, Central Finance Operations
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Glossary Terms and Definitions

"RMIT Group" - RMIT University and its controlled entities (RMIT Europe, RMIT Online, RMIT Vietnam, RMIT University Pathways)