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# **EGERTON UNIVERSITY**

# **CREDIT CONTROL**

# AND

## DEBTS MANAGEMENT POLICY



**Transforming Lives Through Quality Education** Egerton University is ISO 9001:2008 Certified

### **EGERTON UNIVERSITY**

### CREDIT CONTROL AND DEBTS MANAGEMENT POLICY

#### 2015

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Credit and Debt Management Policy

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Credit and Debt Management Policy

#### 1.0 **PREAMBLE**

The University has various sources of income that include: Capitation, Fees, Grants and research funds, Rental Income and Interest from Fixed Deposit which is collected through different methods. It also provides imprests or salary advances to staff for various activities. While its terms of sale for its goods and services may include cash or credit sales it may borrow Loans and operates overdraft facilities with its bankers as appropriately approved by the Council. Whereas it also obtains services and purchases of goods on credit it may pay for the supply of goods or services in advance where credit facilities are not provided. This policy specifically covers the collection of fees, management of advances, Commercial debts and repayment of loans or payment in advance for goods supplied or services rendered leave of study bonds and Disposal of goods on Credit.

An effective credit and debt management maximizes the income from various sources of income and minimizes the risk of bad debts. The Credit and Debt Management Policy provide the guidelines for operations of the credit and debt profiles of the University. The departmental and Units heads in the University shall ensure that his policy is implemented. The University Management shall be responsible for the enforcement of this policy. The Accounts and Finance Controller shall be responsible for the monitoring of the limits of debts/credit, payments, progress on recovery and provide monthly management reports. The credit policy shall ensure that the University operates an efficient and effective credit and debt management control system.

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#### 2.0 PAYMENT OF FEES

- a) All students on a programme of study at Egerton University shall pay tuition fee in advance and all other charges as per the prescribed fee structure which may be varied from time to time by the university unless otherwise notified in advance.
- b) Diploma, Undergraduate and Postgraduate students may apply for financial assistance to the Higher Education Loans Board (HELB)
- c) Students may apply for financial support from a sponsor and the University will only accept commitments from Organizations that have prior arrangement with the University.

#### 2.10 Mode of Payments of fees and other charges

#### a) Payment in advance

The University requires that students pay fees and other charges in advance prior to registration.

In this mode the student is expected to pay either through a banker's cheque payable to Egerton University or direct deposit in any of the University fees collection accounts in stated banks.

The student's details: Name, Registration Number and year of study should be indicated in the pay in slips or at the back of the Banker's cheque.

All monies received from students and sponsors shall be acknowledged through issues of an official receipt.

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#### b) Payment of Tuition Fees per Semester

In this mode tuition fees shall be apportioned in equal installments to the number of semesters in an academic year. Other administration or service charges shall be payable at the beginning of each academic year. The student shall be required to pay in full tuition fees applicable to a semester within the Senate allowed period for registration.

#### 3.0 STUDENTS DEBTORS

All students shall be invoiced by the university for the courses/programme they have been admitted. The invoice shall either be in form of a letter of admission in case of a new student or through the semester statement/invoice for continuing student.

#### a) Sponsored Students

- i) A student on sponsorship should provide evidence of the commitment by the sponsor.
- ii) The University will invoice the student for an academic year or for the entire study period, with a provision that fees is subject to review from time to time.
- iii) That student is responsible for his/her fees and ensuring that the sponsors meet their obligations in time.
- iv) Where a sponsor pays all the fees including the living expenses, the University will transfer the excess to the individual student only on written request by the sponsor.

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 v) In the event that a sponsor defaults on payment, the student will be required to pay the fees or solicit for the alternative source of funding before he/she is registered or allowed to sit for examination or graduate.

#### b) Deferment of Studies/Withdrawal from the University

- i) Where a student defers his/her studies before registration and attending classes, then no charges will be made to the student except application charges as.
- ii) When a student due to medical grounds with sufficient evidence is unable to undertake his/her studies in a semester, the fees paid may be transferred to the next semester on request.

#### c) Deposits by Overseas Students

If a student who applies for a course and is admitted but declines to take up the offer then any deposit shall be refunded less the amount of bank charges.

#### d) Application Fees

All monies paid as application fees shall not be refundable.

#### 4.0 <u>REFUNDS OF EXCESS FEES</u>

- a) The University shall not refund excess fees paid in an academic year. Such excess funds shall be carried forward to meet the fees charges for the next academic year/s.
- b) Exemption for refund of excess fees

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- i) Refund of excess fees could be made with the consent of the sponsor after the completion of an academic programme to the sponsor.
- c) No refunds shall be made for:

Any excess fees arising out of Constituency Development Fund (CDF) bursary or

Higher Education Loans Board bursary or Loan

Ministry of Higher Education, Science and Technology bursary.

Any other form of bursary specifically stated as non-refundable

#### d) Transfer of Excess Fees

Transfer of excess fees will not be allowed except in the following circumstances

- i) Where a student has completed their academic programmes. In such cases any fees applicable to those courses/charges shall be transferable.
- ii) Where a student has been discontinued on academic grounds.

#### e) Fees Debt Collection

 All students with fees balances shall be issued with written demand notices. Any fees balances must be paid before the commencement of the next semester. A student will not be

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allowed to sit for examination for a particular course or defend a proposal/Thesis before fees is paid in full.

- ii) A student who has withdrawn from the University for Non Payment of fees shall be required to pay for the period covered
- iii) Where the debt is not paid within 60 days, the University will take legal action to recover the debt and legal costs.

#### f) StudentAccommodation

- i) All students with unpaid accommodation balances shall be issued with demand notices.
- A student who has withdrawn from the University for Nonpayment of accommodation charges shall be required to clear the outstanding debt immediately.
- iii) Where the debt is not paid within 60 days, the University will take legal action for recovery of the debt and legal costs.

#### 5. <u>COMMERCIAL DEBTS</u>

- a) All services offered or goods supplied by the University shall be paid for in accordance with the terms and conditions agreed upon in the contract.
- b) Any order for reservations for services/goods shall be accompanied by payment of 75% of the proforma Invoice amount. The balance of the Invoice (25%) shall be payable at the time of offering the services or delivery of goods.

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- c) A credit supply shall only be authorized by the Vice Chancellor or Deputy Vice Chancellor of Administration and Finance. The University should seek references for large debtors and creditors from their bankers' business associates and where necessary director's integrity should be ascertained to ensure their capabilities to pay or give services required.
- d) The University credit period for external debtors shall be 30days. An interest of 5% per month and the collection charges shall be chargeable beyond the credit period.
- e) The University inter departmental credit period shall be 30 days with a monthly limit of Kes 200,000 non-accumulative.
- A bad and doubtful debt shall be provided for as soon as it is apparent that recovery will be hard after taking the following measures
  - i) Demand letters/notices
  - ii) Demand letters/notices from lawyers
  - iii) Salary attachment
  - iv) Debt collectors
  - v) Civil suit
  - vi) Auction
  - vii) Repossessions
  - viii) Commitment to Civil jail

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g) A debt that is unrecoverable after a period of five (5) years shall be forwarded to University council for consideration and recommendation to the Treasury through the Ministry of Education Science and Technology for write off.

#### 6. <u>IMPRESTSANDADVANCES</u>

- a) Staff shall be granted imprest/advances for specific tasks. Such imprests shall be used for the purpose for which it was granted.
- b) An Imprest/advance shall not be granted to a member of staff unless and until he/she has surrendered any other imprest or advance previously granted, except special circumstances with the approval of the DVC (A&F) or Accounts and Finance Controller.
- c) All imprests shall be surrendered to the Debtors Section in Finance Department within 48 hours or the next working day on return from official journey or after procuring goods and/or services and entered in the official register maintained by the Debtors Section.
- d) Research project imprest should be taken according to the approved work plan and in accordance with the budget. All projects grants should be banked in one account.
- e) All imprests for the purchase of goods or services shall be made in accordance with the Public Procurement and Disposal Act, 2005 and any amendment thereto and in accordance with the Financial Rules and Regulations.

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#### 7. <u>UNSURRENDERED IMPREST</u>

Where an imprest is not surrendered/accounted for as per the Financial Rules and Regulations then recovery measures shall be instituted within one month from the due date.

#### 8. <u>PAYMENT FOR GOODS/SERVICES IN ADVANCE</u>

A supplier who is not prequalified and requires that goods or services be paid for in advance before supply or provision of service then such a supplier shall be required to provide a bank guarantee/security with the University for a similar amount. Such orders will be made in accordance and within the approved budget .Commitment letter should be provided by the user and approved by the Head of procurement to ensure that all goods and services are supplied

#### 9. <u>PERFOMANCE BOND</u>

The University shall continue to award contract for project construction and consultancy works to successful bidders.Such contractors and consultants shall be required to provide to the University Performance Bonds. Payments for such contract work will be as provided for as per the terms and condition of the contract.

#### 10. BANK LOANS AND OVERDRAFT FACILITIES

#### a) Bank Overdraft Facilities

The University may obtain banking overdraft facilities from the Council approved University banks subject to approval by the

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University Council.

Letters of credit may be solicited from the Council approved University bankers on placement of sufficient funds as security as per the lending institution terms and conditions acceptable to Council.

#### b) Bank Loans

The University may borrow a loan from the Council approved University banks or any other bank on terms and conditions acceptable to the Council and subject to the approval by the Ministries of Education, Science and Technology and the National Treasury.

#### 11. LEAVE OF STUDY BONDS

Persons bonded as a result of study leave shall be liable as per the terms and condition in the bond.

#### 12. DISPOSAL OF GOODS ON CREDIT

The Head of Procurement shall inform the Accounts and Finance Controller in writing on all goods that are disposed on credit for a follow up for payments

#### **13. RESEARCH PROJECTS**

Research projects shall remit to the university the portion that should come to the university as per the research and consultancy policy.

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**NOTE:** The Credit and Debt Management Policy shall be read with all other statutes that includes: International Financial Reporting Standards. The policy will be reviewed after every 3 years

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