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| **University of Edinburgh**  **Commercial Customer Policy** |
| **Purpose** |
| The purpose of the policy is to describe how the University of Edinburgh will manage the financial administration of its commercial activity and how it engages with its corporate commercial customers.  This Policy should be read in conjunction with other University regulations and policies including the [Conflict of Interest](https://api.search.ed.ac.uk/s/redirect?collection=edi-public-meta&url=https%3A%2F%2Fwww.ed.ac.uk%2Ffiles%2Fatoms%2Ffiles%2Fconflict_of_interest.pdf&auth=ve8ZHSRXATbo0txnhT2D5A&profile=_default&rank=1&query=conflict+of+interest), [Anti-Bribery & Corruption Policy](https://www.edweb.ed.ac.uk/finance/for-staff/financial-regulations-policies-and-procedures/policies-and-procedures) and [Fraud Policy](https://www.edweb.ed.ac.uk/finance/for-staff/financial-regulations-policies-and-procedures/policies-and-procedures). |
| **Scope** |
| The University offers a range of commercial goods and services to individuals and organisations. This policy applies to all commercial services offered by the University and its subsidiaries, where the value of the transaction is over £50 (exclusive of VAT treatment).  For the avoidance of doubt, this policy supersedes any other University, College/Support Group or School/ Planning Unit guidance on commercial activity. |
| **Exclusions** |
| The policy does not apply to tuition fees, student accommodation or research services that have their own due diligence processes. |
| **Principles** |
| Before engaging in any trading, Departments must assess if it satisfies a primary purpose, is ancillary or non-primary purpose. Non-primary purpose trading can impact the charitable status of the University and may influence corporation tax liability so needs to be considered carefully in advance. [[1]](#footnote-2)  The price of goods and/or services should generate a desirable level of income in order to cover the full cost and produce a surplus.  The University will take action to recover unpaid debts, and will charge interest on late payments. Interest will be charged on late payments in accordance with The Late Payment of Commercial Debts (Interest) Act 1998.  All invoices must be raised in the People and Money system or in a specialist system approved by the Director of Finance (e.g. ProVet for veterinary practice invoices).  The University will only raise sales invoices for amounts below £50 in exceptional circumstances (eg. A recurring bill for service).  Online payments should be offered as an alternative to invoices where possible. |
| **Roles and Responsibilities** |
| Departments supplying commercial goods and services are responsible for agreeing contractual terms with their customer and initiating a sales transaction.  The Finance Operations Team is responsible for the University's customer record creation and maintenance, due diligence, sales invoicing, debt management and credit arrangements. |
| **Customer Acceptance** |
| Staff must not confirm orders or contracts for customers until due diligence has been carried out.  Finance Operations will carry out due diligence/Know Your Customer checks on new or existing corporate customers where there has been a notified change of circumstances such as a change of name or address.  The University will use a credit checking service to obtain credit scores for organisations seeking to become customers as a due diligence step. |
| **Credit** |
| The University’s credit terms are 30 days from the invoice date, unless other contractual terms have been agreed and confirmed with Finance Operations.  Credit can only be offered to corporate customers if their credit rating indicates that they will be able to pay, and they do not have a history of non-payment of University invoices. |
| **Sales Invoicing** |
| Sales must be invoiced in GBP unless stipulated in a customer contract.  Invoices must be issued in advance, or, where the customer meets the requirements for credit, within 7 working days of the goods or service being provided.  For both primary and non-primary purpose activity, due consideration must be given to the VAT (indirect) and direct taxation implications. |
| **Debt Management and Write Off** |
| The University will take action to recover debts that are not paid by the agreed date. This may include legal action or the use of external agencies.  The Credit Control team in Finance Operations will monitor accounts to identify repeated late or non-payment. The University may decline credit to these customers in the future. The University may also monitor if a customer is also a University creditor, on a case-by-case basis.  The Director of Finance has the delegated authority from the University Court to write off debts up to two million pounds. Any debt exceeding that limit will be referred to University Court. |
| **Definitions** |
| |  |  | | --- | --- | | Corporate Commercial customer | An organisation (including the beneficial owner of any company) buying University goods and services that are not primary purpose in nature. | | Debt | An amount that is still outstanding after the agreed payment date has passed. | | Debt write-off | Decision to cancel or stop pursuing an unpaid debt. | | Due diligence | Checks carried out to assess whether a potential customer poses a financial, regulatory or reputational risk to the University. | | Primary Purpose Activity |  | |
| **Exceptions** |
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| **Equality and Diversity** | The Equality Impact Assessment has been completed and addresses any equality and diversity impacts of this policy. |
| **Further Information/Queries** | Please contact the Head of Finance Operations for further information or if you require this policy in an alternative format. |
| **Useful links** | [Finance Policies and procedures](https://www.edweb.ed.ac.uk/finance/for-staff/financial-regulations-policies-and-procedures/policies-and-procedures)  [Sustainable Travel Policy](https://www.ed.ac.uk/sustainability/what-we-do/travel/climate-conscious-travel/sustainable-travel-policy-2021)  [Powers of Delegation | The University of Edinburgh](https://ukwestr-notifyp.svc.ms:443/api/v2/tracking/method/Click?mi=DU6JW5xuYkGNQohCIWgjnA&tc=Link&cs=c275f6a8f6feded5601416a580541c04&ru=https%3a%2f%2fwww.ed.ac.uk%2fgovernance-strategic-planning%2fgovernance%2funiversity-governance%2fpowers-of-delegation)  *Anti Money Laundering Statement*  **Policies related to ethical and sustainable business:**  [Anti-Bribery and Corruption Policy](https://www.ed.ac.uk/finance/for-staff/financial-regulations-policies-and-procedures/policies-and-procedures)  [Gifts and Hospitality Policy](https://www.ed.ac.uk/files/atoms/files/receipt_of_gifts.pdf)  [Conflict of Interest Policy](https://www.ed.ac.uk/files/atoms/files/conflict_of_interest_0.pdf)  [Anti-Money Laundering Policy](https://www.edweb.ed.ac.uk/finance/for-staff/financial-regulations-policies-and-procedures/new-anti-money-laundering-policy) |

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| **Approval and Review** | |
| Date policy approved | 5 April 2022 |
| Final approval by | University Executive |
| Consultations held | FOTAG 13th October 2021 |
| Date of commencement of policy | August 2022 |
| Date for review of policy | February 2023 |
| Policy review by | Head of Finance Operations |
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| **Version control** | | | |
| **Version** | **Amendment made** | **Approval date** | **Approved by** |
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1. The trading classification workflow supplied in Appendix 1 will assist determining the trading purpose, if you are unsure of which category your activity falls under than please contact your Finance Business Partner or the Tax Team in Finance. [↑](#footnote-ref-2)