



M E L ' S  
M A K E U P  
P T Y L T D

## **Mel's Makeup Finance Policy and Procedure Manual**

## Table of Contents

Mel’s Makeup Finance Policy and Procedure Manual .....	1
Introduction.....	4
Finance Authorisation Policy .....	5
Purpose of the Policy .....	5
Procedures .....	5
Bank Account Policy .....	7
Purpose of the Policy .....	7
Procedures .....	7
New Supplier Policy.....	10
Purpose of the Policy .....	10
Procedures .....	10
Purchasing Policy .....	12
Purpose of the Policy .....	12
Procedures .....	12
Stock Control Policy .....	14
Purpose of the Policy .....	14
Procedures .....	14
Accounts Payable Policy .....	17
Purpose of the Policy .....	17
Procedures .....	18
New Customer Policy .....	20
Purpose of the Policy .....	20
Procedures .....	20
Customer Credit Limit Policy .....	22
Purpose of the policy.....	22

Procedures .....	22
Accounts Receivable Policy .....	24
Purpose of the Policy .....	24
Procedures .....	24
Debt Management Policy .....	27
Purpose of the Policy .....	27
Procedures .....	28
Financial Documents Filing and Saving Policy .....	30
Purpose of the Policy .....	30
Procedures .....	30



## Introduction

The Mel's Makeup Pty Ltd Finance Policy and Procedure Manual provides the policies and procedures for managing financial transactions within the business, which all staff must follow. It also provides guidelines for Mel's Makeup Pty Ltd to administer these policies and the correct procedures to follow.

Mel's Makeup Pty Ltd will keep all policies current and relevant. From time to time, it will be necessary to modify and amend some sections of the policies and procedures or add new procedures.

Any suggestions, recommendations or feedback on the policies and procedures in this manual are welcome.

These policies and procedures apply to all employees.



# Finance Authorisation Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

As noted in this policy, all financial transactions must be authorised by the authorised person before the transaction is undertaken.

This policy is to be read in conjunction with other specific finance policies where relevant.

## Procedures

Before any of the following financial transactions are undertaken, the authorising person noted must authorise the transaction.

Where an additional policy is noted, this policy must also be adhered to when undertaking the financial transaction.

Finance Transaction	Authorised Person	Additional Policy
Bank Accounts	The Finance Manager	Banking Account Policy
Issuing Petty Cash	The Finance Manager	Issuing Petty Cash Policy
Business Credit Card	The Finance Manager	Business Credit Card Policy
Authorising New Customers	The Finance Manager	Authorising New Customers Policy
Authorising New Suppliers	The Finance Manager	Authorising New Suppliers Policy
Purchasing Stock	The Finance Manager	Purchasing Stock Policy
Purchasing Assets/ Equipment	The Finance Manager	Purchasing Assets/ Equipment Policy
Debt Collection	The Finance Manager	Debt Management Policy
Payment of Invoices	The Finance Manager	Payment of Invoices Policy



# Bank Account Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

This policy sets out the requirements for the use of bank accounts, including opening and closing bank accounts, bank account authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

## Procedures

### Opening Bank Accounts

Any new bank accounts to be opened for the business must have the authorisation of the Finance Manager

For each new bank account opened, the finance systems must be updated, and the bank account registered by the Finance Manager.

### Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque, EFT or another online payment method, there must be (2) two persons authorising each payment.

The authorised persons for bank account payments are the:

- Finance Manager - Mel's Makeup Pty Ltd
- General Manager - Mel's Makeup Pty Ltd.

Each payment made must be supported by an invoice, receipt or other appropriate documentation, and the authorisations must be attached to this documentation before payment is made.

### Variations to Bank Account Terms and Conditions

Any variations to banking arrangements can be made or varied by the Finance Manager

The Finance Manager is responsible for updating the finance system, and bank account register with the new information.



## **Closing Bank Accounts**

Where it is decided that a bank account is no longer necessary, the Finance Manager will authorise the closure of the bank account.

The Finance Officer will then be required to complete the following:

- ensure all transactions concerning the account (including cheques drawn) have been completed
- lodge with the bank a letter, signed by two (2) authorised signatories advising of the closure of the account
- meet the bank's requirements concerning account closure.

The Finance Manager is responsible for removing the bank account from the finance system and bank account register.

## **Bank Account Transactions**

All deposits received must be banked within two (2) days from receipt.

Unallocated direct deposits of more than \$100.00 will be investigated thoroughly to determine the source of the deposit. The deposit will be allocated to a suspense account where the source cannot be identified to keep these funds separate and identifiable.

Cheques outstanding for more than twelve months will be reallocated back to the business through the Finance management system.

Where a payment stop on a cheque is required, this will be authorised by the Finance Manager

The Finance Manager will be responsible for carrying out the following duties regarding payment stop on a cheque:

- ensuring the cheque has not already been presented at the bank
- getting authorisation to action the stop payment using appropriate forms from the bank
- ensuring the bank receives the notification of the stop payment notice
- obtaining confirmation of action from the bank of the stop payment
- ensuring the details of the stop payment are kept in the stop payment folder.



## Bank Reconciliations

A Bank Reconciliation must be completed every time a bank statement is received.

Before the reconciliation process, the accounts office manager must ensure that all transactions up to the end of your bank statement have been recorded in the accounting system.

### Reconciliation process

1. Download the bank statements from the bank.
2. Compare the deposits and withdrawals

To do this match the deposits in the business records with those in the bank statement. Compare the amount of each deposit recorded in the debit side of the bank column of the cashbook with credit side of the bank statement and credit side of the bank column with the debit side of the bank statement. Mark the items appearing in both the records.

3. Adjust the bank statement

Adjust the balance on the bank statements to the corrected balance. To do this you add deposits received and recorded by the business but are not yet recorded by the bank, deduct outstanding cheques and add/deduct bank errors.

Bank errors are mistakes made by the bank while creating the bank statement. Errors may include entering an incorrect amount or omitting an amount from the bank statement. Compare the cash account's general ledger to the bank statement to spot the errors.

4. Adjust the cash account

Adjust the cash balances in the business account by adding interest or deducting monthly charges and overdraft fees.

5. Compare the balances

After adjusting the balances as per the bank statement and the cash account, the adjusted amounts should be the same. If they are still not equal, investigate the discrepancy and then reconcile again.

6. Record journal entries
7. Once the balances are equal, prepare journal entries for the adjustments.

# New Supplier Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

All new suppliers to the business must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the business objectives.

## Procedures

### Choosing a New Supplier

A new supplier must provide our business with quality products, excellent service, competitive pricing, and efficient delivery.

For each new supplier, the following information table must be completed before agreeing to services.

### Supplier Selection Background Information

Business Name of Supplier: \_\_\_\_\_

Location of Supplier: \_\_\_\_\_

Products/Services provided by the supplier: \_\_\_\_\_  
(Attach a list if necessary)

Name of business owner/sales representative: \_\_\_\_\_

How many years has the supplier been trading?: \_\_\_\_\_

### Supplier Selection Review Checklist

For each new supplier being considered, the following checklist must be completed

Is the supplier pricing competitive? Attach list to this checklist: \_\_\_\_\_

What are the payment terms for this supplier?: \_\_\_\_\_

What is the return policy for this supplier?: \_\_\_\_\_

Does the supplier provide warranties, guarantees etc.?: \_\_\_\_\_



Are the suppliers' representatives knowledgeable of the products/ services and industry?: \_\_\_\_\_

Is there an alternative to this supplier? Has the alternative supplier been considered?: \_\_\_\_\_

What are the delivery services of the supplier?: \_\_\_\_\_

Has a credit check been undertaken for the supplier (attach to this checklist): \_\_\_\_\_

Has the Personal Property Securities Register (PPSR). been reviewed: \_\_\_\_\_

Has the supplier been trade checked (attach this to this checklist): \_\_\_\_\_

### **Appointment of Supplier**

The Finance Manager will authorise the appointment of a new supplier.

All relevant details of the supplier will be entered into the finance system by the Finance Office once approval is obtained.

The Finance Manager will review the information entered into the finance system and independently verify the supplier's bank account or other payment details to ensure payments made are to the correct supplier.

The purchasing department will be notified within one week of the new supplier being approved.

### **Supplier Payment Terms**

A purchase order must support all purchases from suppliers – refer to the Purchasing Policy.

Payment terms for all suppliers must be reviewed by the Finance Manager annually. Following this review, each supplier must be approached to seek improved payment terms by the Finance Manager.

All supplier payments are to be reconciled weekly to ensure that payment terms are adhered to. For payments made to any suppliers earlier or later than the agreed terms, the Finance Officer will prepare a report that details why the payment terms have not been adhered to.

This report will be reviewed and authorised by the Finance Manager.

### **Additional Policies for Suppliers**

Purchasing Policy



# Purchasing Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

This policy provides guidelines for the purchase of goods, services, equipment and assets for the business.

This policy is applicable for all purchases over \$100.00. Where items to be purchased are less than \$100.00, the petty cash policy must be used.

## Procedures

### Request for Purchase

All purchases for business items must be requested through a purchase order.

Authorised suppliers must supply all items over the value of \$250.00 – refer to the New Suppliers Policy where the supplier is not an existing supplier.

For single items over the value of \$1,000.00, three quotations must be provided.

A purchase request must address the following criteria:

- purchasing that promotes environmental sustainability
- value for money
- preference to Australian/ locally produced.

All purchase orders must be authorised within the following guidelines:

Items Purchased	Persons Authorised	Second Authorisation
Retail Stock	The Finance Manager	The General Manager
Spare parts, components etc.	The Finance Manager	The General Manager
Equipment	The Finance Manager	The General Manager
Assets	The Finance Manager	The General Manager

Items Purchased	Persons Authorised	Second Authorisation
{insert other types of purchases here}	The Finance Manager	The General Manager

All authorised purchase orders are to be copied. One copy must be distributed to accounts payable with estimated payment date and one copy to the Warehouse Manager, who will check receipt of purchase against the purchase order when received.

### Equipment Asset Purchases

All equipment and asset purchases must be entered into the finance system by the Finance Officer with the following details included:

- date of purchase
- supplier
- make, model, warranty/guarantee information.

### Receipt of Purchases

All Tax invoices need to include the supplier's identity and ABN. If no ABN is included on the invoice a new invoice is to be requested from the supplier.

All supplier invoices received are to be checked against the purchase order and noted as correctly supplied.

The invoice will then be forwarded to accounts payable for payment of purchase.

### Additional Policies for Purchasing

New Supplier Policy

Stock Control Policy

# Stock Control Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

This policy provides guidelines for monitoring and managing the amount of stock within the business to ensure that there are suitable levels of stock available to customers at all times. This policy covers the purchase of any stock and equipment required by Mel's Makeup Pty Ltd.

It is the Product Managers responsibility to ensure that the stock control policy is adhered to by all employees.

## Procedures

### Purchase of Stock

It is the Product Managers responsibility to:

- identify core stock and ensure that appropriate levels are held at all times
- monitor all stock levels and 'stock turn' (how many times stock turns over in a year)
- for fast-moving stock, negotiate with suppliers for 'just in time' deliveries where possible
- regularly review sales budgets and order necessary stock in line with budgets
- negotiate with suppliers for best price, quality, delivery methods and returns policy
- order all stock required
- maintain "preferred suppliers" list
- keep up to date with customer and market trends and seek out new products for recommendation to the Product Manager.

Purchase of all stock must be authorised by the Product Manager and the Stock Control Manager.

All stock purchases must be requested by using a purchase order form and adhere to the purchasing policy.

### Receiving Stock

When stock is received from the supplier, it is the Warehouse Manager's responsibility to:



- review delivered items to the delivery docket, including quantity, quality and completeness of the order
- match delivery docket to purchase order
- follow up and ensure correct stock order will be received where there is under/over-supply, damaged goods etc.
- store the stock securely and in the appropriate area
- update all stock records for receipt of goods
- inform the Product Managers of any under/oversupply or damaged goods.

### **Managing Stock**

It is the Product Manager's responsibility to:

- identify core stock and ensure that appropriate levels are held at all times
- monitor all stock levels and stock turns
- regularly review sales budgets and ensure that stock is ordered in line with budgets
- understand each stock item – which items are the fast and slow-moving stock
- monitor re-order levels and ensure orders are placed on time to reduce the non-availability of core or necessary stock items
- ensure that all stock items are priced in line with pricing or mark-up policy
- meet weekly with the sales team to coordinate stock purchases, review stock performance and sales performance
- ensure that all staff are aware of new products, price changes and procedures for accurate recording of all stock movements
- ensure that there are adequate controls in place to minimise theft and waste of all stock items
- organise and oversee physical stock take twice a year and match records of stock take to administrative and the finance management records.

It is all sales employees' responsibility to:

- identify core stock and ensure that appropriate levels are held
- raise purchase orders for low levels of stock



- adhere to all policies
- understand the importance of good stock control
- keep up to date with stock pricing and new products
- ensure that all stock records are kept accurately
- ensure that all stock is securely stored to minimise theft and wastage.

### **Additional Policies for Stock Control Policy**

Purchasing Policy

New Supplier Policy



# Accounts Payable Policy

Policy Number: 157889

Policy Date: 01/01/2021

## Purpose of the Policy

The purpose of this policy is to establish the responsibilities, controls, authorisations and procedures for the accurate and timely payment of invoices and payment requisitions processed by Accounts Payable.

## Policy

Only invoices and payment requisitions that are properly approved will be processed for payment. Cheques are not to be issued to "Cash". Payments will be made in accordance with the payment terms established with the supplier.

## Responsibilities

All employees submitting an invoice or cheque requisition for processing must promptly provide invoices and cheque requisitions to the Accounts Payable Officer to meet the payment terms and internal processing deadlines.

The Accounts Payable Officer is responsible for reviewing the invoices entered to ensure that payments are processed in accordance with these policies.

The Accounts Payable Officer is responsible for:

- processing payments promptly to take advantage of earned discounts
- generating cheques and processing Electronic Funds Transfers (EFT)
- controlling the blank cheque stock.

## Segregation of Duties

Segregation of duties separates roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to payment without the involvement of others, and thereby segregation of duties reduces the risk of fraud or error to an acceptable level. For example, no one individual should be able to set up a new vendor, create a purchase order for that vendor, post and approve the invoice from that



vendor, create, approve and record the payment to that vendor. Giving a single individual the ability to perform all of the above operations increases the risk of fraud or error.

Segregation is achieved as the Accounts Payable Officer does not create purchase orders or approve invoices. Cheques are co-signed by the Accounts Payable Officer and the Finance Officer.

### **Approvals Required**

At the store level, each invoice is verified by the person who placed the initial order (requisitioner) before forwarding it to the Accounts Payable Officer.

If a discrepancy is identified by the Accounts Payable Officer, this should be discussed with the Product Manager, who will assist in resolving the discrepancy and approving or declining the invoice for payment. Invoices with discrepancies must not be paid until the discrepancy is resolved. If required, to ensure accurate records are maintained, the Accounts Payable Officers must contact the supplier and request an amended invoice.

Suppliers should issue a unique invoice number for every invoice they send out. This is extremely important, so we avoid paying duplicate invoices. If any invoice arrives without a unique invoice number, return the invoice to the supplier to be amended.

## **Procedures**

### **Accounts Payable Payment**

Approved invoices received by the Accounts Payable Officer shall be coded and processed for payment within five (5) business days of receiving the invoice.

Once an invoice is received, the Accounts Payable Officer must check the validity of the invoice. This is achieved by matching the invoice with the purchase order. If for whatever reason, an invoice does not match with the purchase order, payment should be stopped pending further information. The Accounts Payable Officer should seek further clarification from the person requisitioning the stock and then liaise with the supplier to request an amended invoice.

Once an invoice is approved, a payment requisition is generated. All requisitions should be accompanied by supporting documentation, coded and approved. Missing supporting documents, coding or approvals will delay the processing of the cheque requisition.

### Completion of Payment Requisitions

The following information needs to be filled out on the cheque requisition:

- Date - current.
- Payee - complete name and address of individual/company to be paid. Note that this should match the supporting documentation.
- Details of Payment – invoice numbers being paid.
- Accounts to be charged - valid general ledger accounts and the amount to be charged to each account. If a prompt payment discount is taken up, this needs to be noted here.

e.g.	Account Payable Control Account	\$100.00	
	Subsidiary Ledger	\$100.00	
	Cash at Bank		\$100.00

- Total Amount of payment
- Requested by – the signature of employee generating cheque requisition.
- Approved by – name and signature of authorised person - Finance Manager or Managing Director.

Once approved, the Accounts Payable Officer will generate cheques and process EFTs. If the scheduled payment date is a weekend the payment will be made on the Friday before the payment date.

### Saving Payment Requisition Authorisations

The payment **requisition** with supporting documentation (copy of invoices and credit notes), must be saved in the following folder format and an email requesting authorisation forwarded to the Finance Manager or Managing Director for approval.

**FIN-20-01-2021\_Feb\_payment requisition authorisations**



# New Customer Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

All new customers to the business must be reviewed and accepted in accordance with this policy.

## Procedures

### Choosing a New Customer

A new customer must support our business with good credit quality and prompt payment.

For each new customer, the following information table must be completed before agreeing to services.

### Customer Background Information

- Business name of customer
- Location of customer
- Products or services required by the customer  
(Attach a list if necessary)
- Name of business owner/ sales representative
- How many years has the customer been trading?

### Customer Review Checklist

For each new customer being considered, the following checklist must be completed:

- Have trade references been sourced for the new customer? (Attach copies)
- Has the customer been informed of the trade terms **30 days from the invoice date** and agreed to these terms?
- Has the new customer completed a credit application form? (Attach completed form)
- Has the Personal Property Securities Register (PPSR) been reviewed?
- Appointment of Customer

The Finance Manager will authorise the appointment of a new customer.



Each new customer will have a credit limit set. This credit limit will be set out in accordance with the Customer Credit Limits Policy.

All new customers must be given a New Customer Letter which must be signed and returned before any sales are to take place.

All relevant details of the new customer will be entered into the financial management system by the Finance Manager once approval is obtained.

The Finance Manager will review the information entered into the financial management system to ensure all information is correct.

The sales department will be notified within one week of the new customer being approved.

### **Customer Credit Terms**

All customer payment terms must be 30 days.

Where a customer has requested longer payment terms than the policy, this should be referred to and authorised by the Finance Manager.

All customer payments are reviewed at least once a quarter to ensure that payment terms are adhered to. For payments made outside of the agreed terms, the Finance Officer will prepare a report that details why payment terms have not been adhered to.

This report will be reviewed and authorised by the Finance Manager.

### **Additional Policies for Customers**

Customer Credit Limits Policy

Customer Debt Management Policy

# Customer Credit Limit Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the policy

This policy ensures a customer doesn't get too far into debt without a payment plan being put into place or supply of goods stopped.

## Procedures

Aged Receivables Summary Reports on customer credit must be run every month.

When a credit limit is breached, all relevant staff will be notified. This includes sales, distribution, and accounts receivable staff.

Any current outstanding orders should be stopped until the breach in the credit limit has been rectified. All staff working on sales or orders for the customer should not carry out further work until authorised by the Finance Manager.

Please also check that it does not contradict any other processes that are in the policy.

## Review outstanding orders and sale history

If the customer has a large number of outstanding orders or has increased the volume of orders since the last credit review, then a credit limit review must be undertaken.

This is the responsibility of The Finance Manager.

If the credit limit needs to be increased, this must be approved by The Finance Manager. Once this has been approved, all staff working on outstanding orders must be notified to restart the customer's orders.

## Credit limit is breached due to outstanding payments

The Finance Manager must make a list of all outstanding payments.

The Finance Officer must ring the customer and explain that further orders cannot be processed until the account has been paid.



If the customer is having difficulty, make a schedule of payments to bring them back in line with their credit limit.

Get the signoff of The Finance Manager before discussing this option with the customer.

Use the following script to assist with the call:

*“Hi John, how are you? Just thought I would give you a ring about your outstanding orders. Unfortunately, we have noticed that payments for previous sales have fallen behind on your account, and these will need to be paid for before we can process the next set of orders. Are you able to fix this up today so we can continue on your order?”*

If they cannot pay on the day of the phone call, then get an expected payment date from them and confirm that any outstanding orders cannot start until the payment is made.

### **Review payment terms for the customer**

If the customer has increased the volume or value of orders since the last credit review, the payment terms must also be reviewed by The Finance Manager.

Where large orders are being placed, the payment terms should include deposits on orders and progressive payments for each order. This must be discussed and agreed upon with the Finance Manager.

# Accounts Receivable Policy

Policy Number: 257834

Policy Date: 01/01/2021

## Purpose of the Policy

The purpose of this policy is to set out the processes for managing Mel's Makeup Pty Ltd account receivables and to ensure that all money owed to Mel's Makeup is collected promptly and in accordance with legislative requirements to maintain cashflows and to minimise bad debts.

## Procedures

### Invoicing customers

Accurate records are to be maintained on all accounts receivable. The records to be maintained for each customer must include the complete name, address, contact details and Australian Business Number (ABN) when necessary.

At the time of sale, an invoice is to be provided to the customer. The sale is to be entered into the Accounts Receivable Subsidiary Ledger for the customer, and the total sales for the month are entered into the Accounts Receivable Control Ledger. The Accounts Receivable Subsidiary Ledger is to be maintained for each account, showing all charges and payments. The Accounts Receivable Control Ledger is to equal the Accounts Receivable Subsidiary Ledgers for all customers. To ensure accuracy, monthly reconciliations are to be completed between the Accounts Receivable Subsidiary Ledgers for the customers and the Accounts Receivable Control Ledger.

### Statements of Accounts

Statements of accounts are to be sent at least monthly to all customers who have an outstanding balance due. The statement should indicate the total balance owing and identify a payment due date.

Statements of accounts for customers who have an outstanding balance past the due date must include the following note.

### Note to Customer

*We understand that oversights happen but would appreciate prompt payment of this amount.*





Could you please let our accounts department [accounts@melsmakeup.com](mailto:accounts@melsmakeup.com) know when we can expect payment. If payment has already been made, please disregard this email. If you believe an error has been made, don't hesitate to contact our accounts department to discuss the matter.

*Thanks in advance for your cooperation.*

If full payment is not received, the procedures outlined in the Debt Management Policy and Customer Credit Limit Policy are to be followed.

### **Reporting Accounts Receivables**

Monthly – The accounts department must generate an Accounts Receivable Aging Report at the month's end. A copy of the Accounts Receivable Aging Report will be submitted to the Finance Manager within five (5) working days of the month's end of the month to review.



# Debt Management Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

This policy provides guidelines for the management and collection of late payments from customers.

## Definition of Terms

Terms	Definition
Provision for doubtful debts	An amount in the Financial Statements to cater for the possibility that some debtors will not meet their obligation to pay invoices.
Bad debts	The amount of a debt for which all reasonable steps to collect have been exhausted and the debt is not worth further pursuit.

## Statements of accounts

Statements of accounts are to be sent at least monthly to all customers. The statement should indicate the total balance due and identify a payment due date.

Statements of accounts for customers who have an outstanding balance past the due date must include the following note.

### **Note to customer**

*We understand that oversights happen but would appreciate prompt payment of this amount.*

*Could you please let our accounts department [accounts@melsmakeup.com](mailto:accounts@melsmakeup.com) know when we can expect payment? If payment has already been made, please disregard this email. If you believe an error has been made, don't hesitate to contact our accounts department to discuss the matter.*

*Thanks in advance for your cooperation.*

## Reporting Accounts Receivables

At the end of each month the accounts department must generate an Aged Receivable Summary Report. A copy of the report is to be forwarded to the Finance Manager withing 5 working days of the end of the month to review.



Based on the Aged Receivable Summary Report the Finance Manager will:

- vary the provision for doubtful debts amount in the company accounts to 5% of amounts older than 3 months by creating a journal entry to increase or decrease the provision for doubtful debts
- generate a Debt Summary Report in which all overdue customers and contact details are noted. The following procedures will then be undertaken to recover outstanding amounts.

## Procedures

- The Finance Manager [financemanager@melsmakeup.com](mailto:financemanager@melsmakeup.com) and Accounts Receivable Officer [accounts@melsmakeup.com](mailto:accounts@melsmakeup.com) are to be cc'd on all emails sent to customers regarding overdue accounts.
- **First Contact – Friendly reminder:** Email the customer once the payment is one (1) week overdue. Remind them that payment is due and has not been received. Ask them when they will be paying and keep a record of the conversation or email. Remember to be friendly. They may have forgotten or paid into the wrong bank account.
- **Overdue reminder:** After two (2) weeks, if they do not respond to the email, send another email with **URGENT ACTION REQUIRED** in the subject line; also, try contacting someone else in the business. Let them know who you are trying to contact. This often results in a return response from either the person you were trying to contact or someone else from the business. Make a note of all conversation details and attempts to contact the customer in the Overdue Accounts Customer Payment Record.
- **Final notice:** When a payment is overdue for four (4) weeks, a final notice is sent by email and followed up with a phone call. A record of this notice must be entered onto the Overdue Accounts Customer Payment Record.
- **Direct contact:** Where there has been no response to the final notice within seven (7) days, the Finance Manager must either visit the customer or phone where the previous contact has been by email. The purpose of this step is to secure a date of payment. A record of this notice must be entered onto the Overdue Accounts Customer Payment Record.
- **Formal letter of demand:** Where payment remains outstanding for six (6) weeks, and there has been an unsatisfactory response from the customer, a formal letter of demand is issued. A formal letter of demand is to be authorised and signed by the Finance Manager or, in their absence, the Managing Director, Melissa Murray. Once authorised, this letter is to be sent via registered mail, and a record of this notice must be entered onto the Overdue Accounts Customer Payment Record.

- **Debt collection agency:** Where the amount outstanding is more than \$800.00, and the Finance Manager has approved, a debt collection agency is appointed to recover the debt. Outstanding amounts less than \$800.00 are to be written off with approval from the Finance Manager.
- **Write off debt:** A debt should be "written off" when the debt is more than three months old, no payments have been received in that period, legal and other collection action has been exhausted and in the view of the Financial Manager, there is no reasonable prospect monies owing will be collected. No further sales are to be undertaken with that customer without approval from The Finance Manager.

### **Write-off Request Procedure**

The Finance Manager is to apply to the Managing Director to write-off a receivable when the following criteria have been met:

- the procedures outlined in the Customer Credit Limit Policy has been followed, and it has been determined that the receivable is uncollectible
- the amount outstanding is less than \$10.00 (excluding GST), and it is not viable to chase the debt.

The Write Off Request should be sent to the General Manager and include the following information:

- a statement signed by the Finance Manager stating that in their opinion, the accounts are uncollectible and should be written off
- a list showing each debtor's name, the dollar amounts due and the basis for determining the account to be uncollectible
- the total dollar amount to be written off
- the total number of accounts to be written off.

Once approval has been given from the General Manager, the debt can be written off.

# Financial Documents Filing and Saving Policy

Policy Number: 157856

Policy Date: 01/01/2021

## Purpose of the Policy

This policy provides guidelines for filing and naming finance documents on Mel's Makeup's data server.

## Procedures

### Filing Structure

The electronic filing system is located on Mel's Makeup's data server and accessed by staff via My Computer / Network Drives on their computers.

Most folders within the filing system are open to all staff. However, for confidentiality reasons, several folders can only be accessed and used by agreed named staff.

The following is a list of shared folders accessible to all staff.

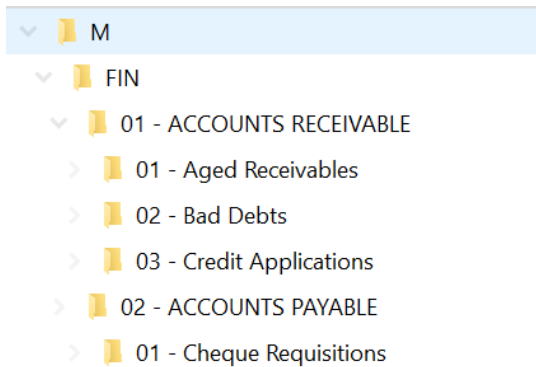
Shared Folders	Abbreviated Title
Administration	ADM
Communication	COM
Finance	FIN
Policies and Procedures	PP
Professional Development	PD
Projects	PRO

Each section can be broken down into agreed sub-folders and further sub-folders as shown below:

Shared Folder	Sub-folder	Sub-folder
FIN	01- ACCOUNTS RECEIVABLE	01 – Aged Receivables 02 – Bad Debts 03 – Credit Applications



	<p><b>02- ACCOUNTS PAYABLE</b></p> <p><b>03-</b></p>	<p><b>01 – Cheque Requisition</b></p>
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Documents are filed within folders, and each folder has a unique reference number. For example, Using the above example:

- the reference number for filing Aged Receivables Reports would be FIN-01-01
- the reference number for filing documents relating to Cheque Requisitions would be FIN-02-01.

### Naming and Saving Financial Documents

All documents should follow the agreed standardised formats and include:

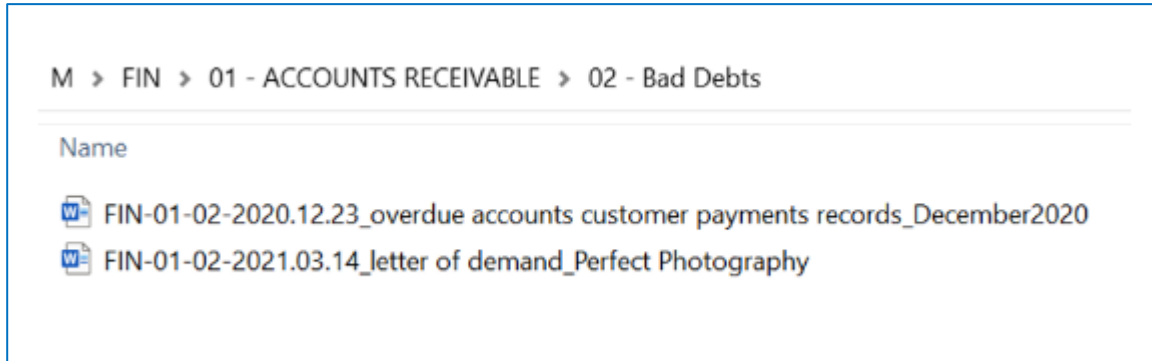
- The file location of document: e.g., FIN-01-01
- Date in YYYY.MM.DD format: e.g., date of the report/work document
- Document type: e.g., Aged Receivables Report,
- Description: e.g. Further information about the document to make it easy to search records.

For example, if saving the:

- aged receivables report for February the report should be saved as:
  - FIN-01-01-2021.03.03\_aged receivables report\_February2021.
- December overdue accounts customer payments record should be saved as:



- FIN-01-02-2020.12.23\_ overdue accounts customer payments record\_December2020
- letter of demand for an outstanding account should be saved as:
  - FIN-01-02-2021.03.14\_letter of demand Perfect Photography



### Storage in network drives

Network drive storage allows for immediate, internal, on-site, offline access to company files while maintaining data security. Each staff member also has access to a personal folder that contains messages, forms, files, and other personal folders. You work with a personal folder file as you would with any other file.

- Log in to your assigned company computers using your account details.
- Access the computer network drive Mel’s Makeup (M:). Should you experience difficulties with completing this, contact the IT Service Desk for assistance.
- Open the “Mel’s Makeup [team] files” folder.
- Create a new folder under their names using the following naming convention:  
[Last Name] [First Name]
- Create files under the file naming convention as follows:

Mel’s Makeup\_ [Last Name] \_ [First Name] \_ [File Name].docx