



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **SIRWFIN002A Manage debtor processes**

**Revision Number: 2**

## SIRWFIN002A Manage debtor processes

### Modification History

The version details of this endorsed unit are in the table below. The latest information is at the top.

Release	Comments
Second Release	Editorial updates

### Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to manage debtor accounts and processing procedures to minimise loss and maximise debt recovery within a wholesale business.

### Application of the Unit

This unit applies to personnel who use methods to control consumer debt from sale of products or services and protect a business from financial risk. It involves analysing customer information to confirm appropriate credit levels, trading terms and payment procedures for customers, acting to limit financial risk to both the business and its customers, and implementing debt recovery procedures according to company policy.

### Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

### Pre-Requisites

Nil

### Employability Skills Information

This unit contains employability skills.

## Elements and Performance Criteria Pre-Content

### Elements and Performance Criteria

#### Element

#### Performance Criteria

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.

- |   |  |
|---|--|
| <p>1. Control consumer debt from direct sale of products or services.</p> | <p>1.1.Source <b><i>information</i></b> on trading terms and credit levels for <b><i>purchasers</i></b>.</p> <p>1.2.Confirm trading terms for individual purchaser of products or services according to <b><i>organisation policy</i></b>.</p> <p>1.3.Analyse <b><i>trading history</i></b> of individual purchaser of products or services.</p> <p>1.4.Confirm <b><i>payment procedures</i></b> for business, account and individual customers according to workplace policy and <b><i>relevant legislation</i></b>.</p> <p>1.5.<b><i>Communicate</i></b> confirmed payment policy and procedures for business, account and individual customers to other <b><i>team members</i></b>.</p> |
| <p>2. Remove financial risk.</p>  | <p>2.1.Determine <b><i>financial risk</i></b> to both business and customer.</p> <p>2.2.Examine options available to remove financial risk in <b><i>sales transactions</i></b>.</p> <p>2.3.Take action to remove financial risk.</p>   |
| <p>3. Implement debt recovery strategy.</p>                               | <p>3.1.Apply procedures to determine if a customer account is in arrears within set workplace timeframes.</p> <p>3.2.Ascertain capacity of customer to adhere to <b><i>debt recovery strategy</i></b>.</p> <p>3.3.Reconfirm trading terms with customer.</p> <p>3.4.Take action to avoid future debt relationships with the customer.</p>  |

## Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

### Required skills

- managing compliance with credit levels and trading terms
- formalising credit and trading term request and enquiry processes
- minimising liability and risk
- managing debt to achieve strategic and budget outcomes
- monitoring debit history for a customer, product or service
- assessing financial risk
- configuring business technology to report customer history, credit levels and trading terms
- interpersonal communication skills to:
  - communicate with team members through clear and direct communication
  - ask questions to identify and confirm requirements
  - share information
  - give instructions
  - use language and concepts appropriate to cultural differences
  - use and interpret non-verbal communication
- literacy skills in regard to:
  - planning, organising and analysing information
  - documenting policy and procedures
- numeracy skills in regard to:
  - financial processes and planning
  - recording and reporting information
  - analysing financial risks

### Required knowledge

- features of a debt recovery strategy
- debtor reporting protocols
- credit exposure and risk strategies
- liabilities and factors indicating bad debt
- profit and the impact of debt on cash flow
- business policy and procedures relating to:
  - corrective actions
  - communicating with staff and customers
  - financial governance
- relevant sources of information on trading terms and credit levels for customers
- legal and legislative requirements affecting debt recovery

## Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

### **Critical aspects for assessment and evidence required to demonstrate competency in this unit**

Evidence of the following is essential:

- identifies and accesses relevant and accurate information to confirm trading terms and credit levels for customers
- consistently applies business procedures to confirm trading terms and credit levels with customers
- determines financial risk to avoid debt and recognise, remove and control the risk of bad debts
- identifies, describes and avoids debt exposure
- consistently applies formal debt recovery strategy according to business policy and legislative requirements.

### **Context of and specific resources for assessment**

Assessment must ensure access to:

- a real or simulated work environment
- relevant business financial systems
- relevant documentation, such as:
  - workplace or sample policy and procedure manuals
  - financial transaction docketts, slips and invoices
  - banking deposit forms
  - workplace or sample documentation in regard to credit approval processes
  - relevant legislation

### **Methods of assessment**

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- observation of performance in the workplace
- a simulated role play
- third-party reports from a supervisor
- review of portfolio of evidence
- customer feedback
- written or verbal questioning to assess knowledge and understanding.

### **Guidance information for assessment**

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

## Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below.

***Information*** sources may include:

- legislation and regulations
- workplace policy and procedures
- supplier or customer instructions
- industry codes of practice
- feedback from managers and supervisors
- non-verbal communication
- online or hard copy resources.

***Purchaser*** may include:

- new or repeat contacts
- external and internal contacts
- other businesses or end consumers serviced through business customers or directly
- purchasers with routine or special requests
- people from a range of social, cultural and ethnic backgrounds and with varying physical and mental abilities.

***Organisation policy*** may relate to:

- operational procedures
- acquisition and sale of products and services
- management structure and communication relationships
- interaction with customers
- debt recovery and financial governance.

***Trading history*** may accessed via:

- manual files and reports
- electronic files and reports
- database
- external agents.

***Payment procedures*** may include:

- direct credit
- credit card
- cheque
- standing offers
- cash
- agreed means.

***Relevant legislation*** may include:

- application of GST
- Australian Competition and Consumer Commission provisions
- Trade Practices and Fair Trading Acts
- privacy legislation
- WHS

Techniques used to *communicate* may include:

- workplace relations
- industry codes of practice
- licence, patent or copyright arrangements
- anti-discrimination law.
- speaking and listening
- reading and writing
- electronic media, such as email
- telephone
- body language
- facial expression
- using languages other than English including , local community languages, Indigenous languages
- using forms of visual communication such as sign language
- using assistive technology such as TTY.

*Team members* may include:

- managers and supervisors
- full-time, part-time, casual or contract staff
- people from a range of social, cultural and ethnic backgrounds
- people with varying levels of language and literacy
- people with a range of responsibilities and job descriptions.

*Financial risk* may vary according to:

- types of products and services provided
- size, type and location of business
- business merchandise range
- strategic measurement and evaluation systems and processes
- characteristics of the specific products or services
- business service range.

*Sales transactions* may be completed:

- face-to-face
- on the telephone
- online
- by order form.

*Debt recovery strategies* may include:

- electronic or manual forms of contact with the debtor
- letters of intent
- legal letters
- contracted help from debt recovery agencies
- alteration to trading terms
- legal action
- financial remedies.

## **Unit Sector(s)**

Wholesale

## **Competency field**

Finance