

<b>Title</b>	<b>Manage credit policies and procedures</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>10</b>

<b>Purpose</b>	This unit standard is for people involved or who are intending to be involved in the management of credit. People credited with this unit standard are able to: develop a credit policy; implement and manage credit policies; and assess the effectiveness of, and review, credit policies.
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<b>Classification</b>	Financial Management > Credit Management
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<b>Available grade</b>	Achieved
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### Explanatory notes

- 1 Legislation applicable to this unit standard includes the Personal Properties Security Act 1999, Credit Contracts and Consumer Finance Act 2003, Companies Act 1993, Privacy Act 1993, Human Rights Act 1993, Credit (Repossession) Act 1997, and their subsequent amendments, and Romalpa clauses.
- 2 Definitions  
*Credit policies* include documented practices, policies, and procedures pertaining to credit.  
*Quality Management System* refers to the procedure for establishing, maintaining, and reviewing policies and procedures in the organisation.  
*Romalpa clause* includes any terms of trade statement that refers to retention of title made and agreed to by both parties before delivery of goods.  
*Continuing basis*, for the purpose of assessing this unit standard, means over a three month period.  
*Industry practice* includes policies, procedures and standards that competent practitioners in the industry recognise as current industry best practice.
- 3 This unit standard may be assessed on-job in the workplace using naturally occurring evidence or in off-job simulated work situations designed to draw upon similar performance to that required in work in a credit administration and/or credit management context.
- 4 All evidence is in accordance with organisational practice where possible, otherwise evidence may be based on industry practice.

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### Outcomes and evidence requirements

#### Outcome 1

Develop credit policy.

**Evidence requirements**

- 1.1 Develop credit policy in accordance with the quality management system.
- 1.2 Reflect the balancing of risk against benefits in the development of credit policy.
- 1.3 Develop and document minimum acceptable criteria for the granting of credit a.
- 1.4 Meet relevant legislative requirements in the development of credit policy.
- 1.5 Reflect the reduction of risk to a minimum in the development of credit policy.  
  
Range cash, progressive billing, securities and guarantees, factoring, credit insurance, payment inducements, Romalpa clauses.
- 1.6 Document recovery, repossession, and write-off procedures for overdue accounts in the development of credit policy.
- 1.7 Describe the levels of authority and roles in the granting or stopping of credit in the development of credit policy.
- 1.8 Develop credit policies that are consistent with the strategic direction and values of the organisation in accordance within the quality management system.

**Outcome 2**

Implement and manage credit policies.

**Evidence requirements**

- 2.1 Document and communicate credit policies to all staff in accordance with the quality management system.
- 2.2 Apply credit policies fairly and consistently across all levels of the organisation.
- 2.3 Monitor the application of the credit policy and note non-compliance.  
  
Range includes but is not limited to – granting of credit, credit limits, stop credit, collection of overdue accounts, repossession of goods, write-offs.
- 2.4 Ensure that procedures for the storage, retrieval, and use of credit information are consistent with credit policies and legislative requirements.
- 2.5 Implement and manage credit policies in accordance with the quality management system.

**Outcome 3**

Assess the effectiveness of, and review, credit policies.

## Evidence requirements

3.1 Review credit policies of the organisation on a continuing basis and recommend changes in accordance with the quality management system.

Range includes but is not limited to – the economic climate, the organisation’s strategic direction and objectives, market forces, the total indebtedness in the accounts receivable ledger and the cash flow requirements of the organisation.

3.2 Consider recommendations for changes to policy and action, document and communicate changes in accordance with the quality management system.

3.3 Canvas debtor viewpoints on credit policies and their effect on the organisation’s business, in accordance with the quality management system.

Range customer focus groups, conferences, questionnaires, surveys, individual interview, complaints register, incoming mail, telephone calls.

<b>Planned review date</b>	31 December 2020
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### Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	30 August 1999	31 December 2013
Revision	2	22 October 2002	31 December 2013
Review	3	28 June 2005	N/A
Rollover and Revision	4	15 November 2012	N/A
Rollover and Revision	5	22 May 2014	N/A
Review	6	18 June 2015	N/A

<b>Consent and Moderation Requirements (CMR) reference</b>	0121
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

### Please note

Providers must be granted consent to assess against standards (accredited) by NZQA, before they can report credits from assessment against unit standards, or deliver courses of study leading to that assessment.

Industry Training Organisations must be granted consent to assess against standards by NZQA before they can register credits from assessment against unit standards.

Providers and Industry Training Organisations, which have been granted consent and which are assessing against unit standards must engage with the moderation system that applies to those standards.

Requirements for consent to assess and an outline of the moderation system that applies to this standard are outlined in the (CMR). The CMR also includes useful information about special requirements for organisations wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

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### **Comments on this unit standard**

Please contact The Skills Organisation [reviewcomments@skills.org.nz](mailto:reviewcomments@skills.org.nz) if you wish to suggest changes to the content of this unit standard.