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| Title | **Develop, implement, manage, and review credit policy** |
| Level | **5** | **Credits** | **10** |

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| Purpose | People credited with this unit standard are able to:– demonstrate knowledge of credit policy;– develop credit policy;– implement and manage credit policy; and– review credit policy. |

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| Classification | Financial Management > Credit Management |

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| Available grade | Achieved |

**Guidance Information**

1 Legislation applicable to this unit standard includes:

 Anti-Money Laundering and Countering Financing of Terrorism Act 2009;

 Companies Act 1993;

 Construction Contracts Act 2002;

 Credit Contracts and Consumer Finance Act 2003;

 Human Rights Act 1993;

 Personal Properties Security Act 1999;

 Privacy Act 2020;

 and all subsequent amendments and replacements.

2 Definitions

 *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.

 *Organisational practice* includes documented policies, procedures, and practices pertaining to credit.

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.

**Outcomes and performance criteria**

**Outcome 1**

Demonstrate knowledge of credit policy

**Performance criteria**

1.1 Identify the strategic direction, risk appetite, and values of a business.

1.2 Describe the purpose of a credit policy.

1.3 Identify business rules relevant to a credit policy.

1.4 Identify legislation relevant to a credit policy.

Range legislation may include but is not limited to – Personal Property Securities Act, Credit Contracts and Consumer Finance Act, Companies Act, Anti-Money Laundering and Countering Financing of Terrorism Act, Construction Contracts Act.

1.5 Describe risk management strategies to mitigate financial losses

Range strategies may include but is not limited to – progressive billing, securities and guarantees, factoring, credit insurance, payment inducements, terms and credit limits, stopping of credit.

1.6 Document the levels of delegated authority.

1.7 Document recovery procedures for overdue accounts.

**Outcome 2**

Develop a credit policy

**Performance Criteria**

2.1 Develop a credit policy consistent with business requirements.

**Outcome 3**

Implement and apply a credit policy.

**Performance criteria**

3.1 Communicate credit policy to staff in an appropriate format.

Range includes but is not limited to – nature of credit policy, reason for change, effect(s) of change;

appropriate formats may be based on but are not limited to – staff roles and responsibilities, significance of credit policy.

2.2 Apply credit policy fairly and consistently across an organisation.

2.3 Align procedures for storage, retrieval, and use of credit information with credit policy and legislative requirements.

2.4 Explain how to monitor the application of credit policy and advise the outcome of non-compliance.

Range may include but is not limited to – granting of credit, credit limits, stop credit, collection of overdue accounts, repossession of goods, write-offs.

**Outcome 3**

Review credit policy.

**Performance criteria**

3.1 Review credit policy on a continuing basis and recommend change.

Range may include 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.

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| Planned review date | 31 December 2030 |

**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 | 31 December 2021 |
| Rollover and Revision | 4 | 15 November 2012 | 31 December 2021 |
| Rollover and Revision | 5 | 22 May 2014 | 31 December 2021 |
| Review  | 6 | 18 June 2015 | 31 December 2023 |
| Review | 7 | 24 September 2020 | N/A |
| Review | 8 |  | N/A |

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| Consent and Moderation Requirements (CMR) reference | 0121 |

This CMR can be accessed at [www.nzqa.govt.nz/framework/search/index.do](http://www.nzqa.govt.nz/framework/search/index.do).

**Comments on this unit standard**

Please contact Ringa Hora Services Workforce Development Council qualifications@ringahora.nz if you wish to suggest changes to the content of this unit standard.