

GLAISYERS

ETL
GLOBAL



CLIENT BILLING POLICY

OVERVIEW & GUIDELINES

ABOUT THIS POLICY

The purpose of our Client Billing Policy is to establish basic guidelines relating to the creation, submission and payment of client bills, so that we:

- Spend less time chasing payment
- Improve cashflow
- Avoid bad debt
- Avoid disputes with clients; and
- Minimise aged debt.

WHO IS RESPONSIBLE FOR THIS POLICY?

The Finance Committee has overall responsibility for the effective operation of this policy. Suggestions for change should be reported to a member of the Finance Committee. Heads of Departments (HoD's) have day-to-day responsibility for compliance with the policy and you should refer any questions about this policy to them in the first instance.

The Finance Committee members are:

- Carolyn Smith
- Danny Fitzgerald
- David Jones
- Mike Fletcher; and
- Russell Brown.

WHO DOES THIS POLICY APPLY TO?

The procedures in this policy apply to all fee earners in the firm, including partners.

COMMON CAUSES OF AGED AND BAD DEBT

The common patterns associated with bad debt and delayed cashflow are:

- Failing to send a client engagement letter and obtain a signed copy on file before commencing work.
- Not sending bills to clients on the same day they have been created by the Accounts Team.
- Allowing large amounts of WIP to accrue before billing.
- Not billing monthly
- Lack of detail within billing guide
- Not providing clear cost reserves to clients
- Exceeding cost reserves without client agreement.
- Not engaging Credit Control quickly enough when a client raises an issue with a bill.
- Not chasing unpaid bills regularly.
- Continuing to carry out work for clients who don't pay bills on time.
- Carrying out work for new clients or clients in a different jurisdiction without securing monies on account.

THE PROCEDURE

a) File opening

- The correct client needs to be identified.
- Carry out a Credit reference check with CreditSafe for any new client
- The scope of work we are instructed to carry out must be set out clearly.
- A clear cost estimate must be provided.
- Ensure that the cost reserve mirrors the cost limit on ALB.
- No work should be carried out until we have obtained confirmation from the client in writing that they accept our terms of business.
- Request monies on account (see later)
- When acting for a Special Purpose Vehicle (**SPV**) or other corporate entities (overseas registered companies, newly incorporated companies or companies with poor credit rating) (a) require a director to accept personal liability for payment of our fees if the corporate entity client does not pay our bill and (b) obtain monies on account from the client. You should not undertake any work without monies on account without written authorisation from your HoD.

b) Creation of the bill

- Ensure the bill does not exceed the cost reserve agreed with the client. Where the reserve has been exceeded, contact the client by telephone to inform them of the excess amount and the reason and record a note of the discussion on ALB.
- Do not provide discounts without the agreement of your HoD. If work in progress (**WIP**) needs to be written off, obtain written approval from your HoD. If the amount to be written off exceeds £500 you must obtain written authority from a member of the Finance Committee before the bill is created and ensure any request is made in writing with supporting reasons.
- In order to comply with SRA guidelines, all bills along with the billing guide will be sent to clients the same day they are created from a standard email address from **yourinvoice@glaisyers.com**
- If you wish to provide the client with any information about the bill, you should do so by separate email along the lines of “*You will shortly be receiving an invoice from our automated accounts system. This relates to the following work.....*”
- Where more than one fee earner has recorded time on a file, ALB will automatically allocate the time on a pro-rata basis. There must be no reallocation of time other than in exceptional circumstances which must be authorised in writing by a member of the Finance Committee. Any request must be made in writing with supporting reasons.

c) When to bill

- Unless written authority has been obtained by your HoD, all Employment and Litigation Team files must be billed monthly or upon reaching WIP of £5000, whichever is the sooner.
- All Property bills are to be raised on completion. Where the transaction does not complete within 12 weeks of the file being opened, an interim bill should be issued unless your HoD authorises otherwise. Where there is the opportunity to interim bill, you are asked to do so.
- All Corporate bills are to be raised on completion. Where the transaction does not complete within 12 weeks (except in the case of an individual seller), an interim bill should be issued unless a HoD authorises otherwise. Where there is the opportunity to interim bill, you are asked to do so.

d) Locking of files

- Where a cost reserve has not been set on a file or where it has but it has been exceeded, the file will be locked. Authority to unlock the file will lie with a member of the Finance Committee.
- Files will also be locked where a client engagement letter has not been sent to the client. Where a client has either (a) a bill of £5000 or more outstanding over 30 days or (b) 2 bills outstanding of a combined value less than £5000 and a third bill issued, no further work must be undertaken without written authorisation from a member of the Finance Committee.

e) Monies on account

- Obtaining monies on account should be the norm rather than the exception. We recognise that certain clients who have earned our trust don't have to if they object (except for disbursements – see below). However, unless there is a good reason, we should always ask for monies on account and then any concerns about doing so raised by clients can be dealt with on a case-by-case basis recognising the fact that in some cases we are happy to act without, **provided the above procedures are followed which give us protection.**
- We should not incur disbursements without having monies on account unless a fee earner has authority from their HoD to do so.

f) When the bill becomes payable

- Our terms of business stipulate payment being due on delivery of the invoice.
- It is the fee earner's responsibility to chase prompt payment of a bill.
- Where a bill remains unpaid after 14 days an email should be sent to the client requesting payment within 7 days
- If a bill remains unpaid 7 days after having made a written request for payment, the client must be contacted by telephone and asked to pay the bill within 72 hours. Immediately after the call, follow up with an email confirming the payment arrangements agreed with the client, our Client Account bank details and a copy of the bill. Diarise the payment date agreed with the client and if payment is not received, call the client to request immediate payment.
- Immediately upon a client refusing to pay a bill, the fee earner must inform Credit control in writing (also copying in their HoD) in order that steps can be taken to review the situation.
- Secretaries and PA's can follow the above procedure on behalf of fee earners, however ultimate responsibility lies with the fee earner.
- Where a bill remains unpaid after 30 days, Credit Control will have authority to conduct steps to secure payment. This may involve fee earners being requested to chase payment and report back promptly. Fee earners are asked to cooperate with Credit control and comply with any steps asked you are requested to take in order to chase payment of an invoice.





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