

# COUNCIL POLICY

<b>Debt Management</b>	Document No:	CPL510.1
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Responsible Officer: <b>General Manager Corporate Services</b>	Expiry Date:	N/a
	Version No	02
Authorising Officer:		<b>Chief Executive Officer</b>

## 1. PURPOSE

To provide for sound credit management and the recovery of debt in a timely manner.

## 2. SCOPE

Applies to all business units and Council employees authorised with the responsibility of providing credit, invoicing and recovery of outstanding debt including General Rates, Differential Rates, Special Charges, Municipal Charge, Waste Charges, Sundry Debtors, Interest and miscellaneous charges.

## 3. REFERENCES

- Annual Budget (including Fees & Charges, Rating Strategy)
- Penalty Interest Act 1983
- Local Government Act 1989 (ie. Sec 172, Sec 180)

### ***Policies:***

- Debt Management – Sale of Property – CPL510.6
- Cash Handling and Merchandise Control - CPL510.3

### ***Procedures:***

- Debt Management - Rates - MPR510.1.2.1
- Debt Management – Sundry Debtors – MPR510.1.3.1
- Debt Management - Infringements - MPR510.1.1.1
- Debt Management - Recreational and Sporting Clubs - MPR510.1.1.2
- Debt Management – Special Rates and Charges – MPR510. 2.1.1
- Debt Management – Landfill – MPR510.1.4.1

### ***Other:***

- Chief Executive Delegations to Staff
- Service Level Agreement (Council's Debt Collector)

#### 4. DEFINITIONS

- **Accounts Receivable, Credit Account, Sundry Debtors, Debt** - all refer to an amount owed to Council.
- **Service** – includes goods supplied or delivered, admission, sale of items, hire of facilities or items - supply of information and any other matter giving rise to a fee or charge being made by Council.
- **Debtor** - any person, corporation, business or other entity owing money to Council.
- **Provision for Doubtful Debts** – an estimate of the amount of debt raised that is unlikely to be collected.

#### 5. COUNCIL POLICY

Council will operate effective billing and debt collection processes including the efficient management of accounts receivable and related credit management.

The granting of credit and recovery of debts outstanding must be controlled from the timely raising of invoices and subsequent monitoring and collection of debt.

Council debt is to be managed in accordance with this policy and where applicable the defined management procedures.

Payment for Council Services should, where possible, be made at the time when the service is provided and by way of a “non-cash” transaction, (refer Cash Handling and Merchandise Control – CPL510.3) being cheque, credit card, or direct debit. For example entry fees, sales of merchandise, subscriptions, memberships, plans, licences and fees should be payable at the time of service and/or delivery.

Where credit is provided the following applies:

##### 5.1. Trading Terms

Unless otherwise provided by legislation, trading terms are not to exceed 30 days net from date of invoice/statement.

##### 5.2. Invoices

The debt is to be recognised at the time services are provided.

##### 5.3. Provision of Credit

The provision of credit is not automatic and credit can be suspended or withdrawn based on compliance with trading terms.

A Credit Application form may need to be completed in accordance with the Debt Management – Sundry Debtors procedure.

##### 5.4. Credit Limits

Credit limits will be applied to larger accounts in accordance with sundry debtor procedures in consultation with the business unit.

##### 5.5. Recovery of Outstanding Debt

Recovery processes will be implemented through Council’s preferred supplier of Debt Collection services in accordance with the service level agreement. No recovery action should commence without satisfactory proof of debt.

## 5.6. Waiver of Penalty Interest – Negotiated Settlements

Council will consider Waiver of Penalty Interest on a case by case basis. The Manager – Financial Services, as delegated officer, will negotiate the terms of settlement.

## 5.7. Payment Agreements

Payment Agreements must be duly noted and authorised by a delegated officer. Defaulted agreements will activate enforcement.

## 5.8. ‘Securing’ Unsecured Debt (Sundry Debtors)

Depending on the circumstances Council will attempt to ‘secure’ unsecured debt via either obtaining directors guarantee (credit application), or other arrangement. If no security can be obtained, then proactive management of credit limit is expected.

## 5.9. Bankruptcy

Council will not declare itself as a creditor on bankruptcy applications to property based debts.

## 5.10. Provision for Doubtful Debts - Debt Write-off

Provision for Doubtful Debts will be reviewed on an annual basis in accordance with Accounting Standards.

Long Term Debt (>12 months) recommended to be written off will be decided in accordance with delegations.

## 5.11. Reporting

Debt Management reports are to be prepared on at least a quarterly basis and will be reviewed by the Audit Advisory Committee in conjunction with management.

## 6. QUALITY RECORDS

Quality Records shall be retained for at least the period shown below.

Record	Retention/Disposal Responsibility	Retention Period	Location
Requests to Raise Debt and Supporting Documents	Business Unit	7 years	Corporate Records
Invoices & Electronic Records	Financial Services	7 Years	Corporate Records

## 7. ATTACHMENTS

Service Level Agreement.