

Debt Collection Policy

Policy Reference Number	1088434
Responsible Department	Corporate Services
Related Policies	Internal Control Policy
Related Procedures	Nil
Date of Initial Adoption	17 January 2012
Last Reviewed by Council	16 May 2023

1. Purpose

This Policy sets out a clear, equitable, accountable and transparent process that Council will follow for its debt management and collection practices. The Policy will also aim to ensure that all debts owed to Council are received by the due date or followed up within specified timeframes.

2. Introduction

Council requires significant levels of income to provide an extensive range of services to the Community and receives this income from various parties including residents, community and sporting groups, businesses and other levels of government. This income is received for different purposes such as user charges, statutory charges, grants and subsidies. To provide the necessary cash flow required to deliver these services effectively and efficiently, Council should receive this income in a timely manner.

This Policy does not apply to the collection of outstanding rates. This is covered in Council's Rating Policy.

3. Power to Make the Policy

Council is empowered to make this Policy pursuant to Sections 143 to 145 of the Local Government Act 1999.

4. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2024:

- Leading our People (Goal 5)

5. Principles

Decisions relating to collection of outstanding debts will be considered in the context of:

Accountability and Transparency

Council's practices and decisions will be made in accordance with the relevant legislation and accepted conventions. Employees will ensure that internal controls are applied when dealing with outstanding debts.

Fairness and Equity

Council will ensure that all credit and related debts are managed fairly and equitably. This Policy confirms that parties who incur debts do so on the understanding that the prescribed repayment terms are met.

Responsibilities

The department providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated. Finance will be responsible for raising the invoice and the recovery of any debts for all departments, noting that support may also be required from the employee/s requesting the invoice to be generated.

Risk Management

Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and recovery process will be applied.

6. Definitions

Credit	the purchase and/or provision of goods and services from Council by a debtor with a commitment for them to pay at a future time.
Debt	the amount of money owed by the debtor as a result of an invoice raised by Council. A debt is expected to be settled within the normal payment terms of trade.
Debtor	an individual, organisation or other party that transacts with Council where goods and/or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a payment to be made to Council. A debtor is an asset for Council, as it gives rise to an anticipated future economic benefit. The future benefits are cash inflows, which occur when the debt is paid.
Invoice Date	the date which the invoice has been raised in the debtors system.
Provision of Doubtful Debts	the accounting procedure for recognising the estimated value of debts that may end up being uncollectable.
Risk	the possibility of non-payment of the debt by the debtor when the amount is due. The likelihood of non-payment increases as the age of the debt increases.

Write off the accounting procedure for cancelling a debt that is no longer collectable, resulting in its removal from the debtors Balance Sheet account.

7. Policy

Finance Employees will maintain procedures that support the administration of this Policy.

7.1 Credit Management

- 7.1.1 Credit terms for all Sundry debtors are thirty (30) days from the date of invoice.
- 7.1.2 Where appropriate, receipt of a prepayment, bond or deposit will be required prior to Council commencing the supply of goods or services.

7.2 Debt Management

- 7.2.1 If payment has not been received within 30 days of the invoice date, a statement with an overdue stamp will be sent to the debtor advising of the invoices still to be paid.
- 7.2.2 If payment has not been received within 60 days of the invoice date, where possible, telephone contact is made with the debtor requesting payment. A reminder is also issued via post or email.
- 7.2.3 If payment has not been received within 90 days of the invoice date, a letter is sent to the debtor advising that debt collection will commence if the invoice is not paid in full within 10 business days and all costs associated with this process will be added to the outstanding debt.
- 7.2.4 If payment is not received within 10 business days of the date listed on the letter referred to in Section 7.2.3, the debtor's contact details are provided to Council's debt collection agency, who will issue a demand letter requesting payment within 14 days.
- 7.2.5 If payment is not received within 14 days of the date listed on the demand letter referred to in Section 7.2.4, another demand letter is sent to the debtor requesting payment within 10 days. The letter will also state that Council may issue an Intention to Sue letter if payment is not made within this timeframe.
- 7.2.6 If payment is not received within 10 days of the date of the second demand letter referred to in Section 7.2.5, the debt collection agency will issue an Intention to Sue letter.
- 7.2.7 If payment is not received within the timeframe dictated in the Intention to Sue letter, Employees will liaise with the relevant debt collection agency as to how to proceed. This resulting action will be determined on a case by case basis taking into consideration Section 7.4 of this Policy.
- 7.2.8 The Chief Executive Officer (or General Manager nominee) has the discretion to vary steps 7.2.1 to 7.2.7, subject to delegation limits.

- 7.2.9 Payment arrangements may be negotiated to increase the likelihood of Council receiving any outstanding amounts.

7.3 Provision for Doubtful Debts

- 7.3.1 Where the debt has not been recovered after reaching Section 7.2.7, a provision for doubtful debt shall be made.

7.4 Write off

- 7.4.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.4.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered. This assessment will be required from Section 7.2.6.
- 7.4.2 The writing off of a debt and any associated debt recovery or legal costs will be charged to the account where the invoice was originally raised.
- 7.4.3 The thresholds contained in Council's Delegations Register will be applied when approving the write-off of an existing debt.
- 7.4.4 All write-offs will be reported to Council on a quarterly basis and will include the amount written off, description of the invoice and reason for write-off.

8. Review & Evaluation

Within six months of each new Council term Council will review this policy. Following this initial review this policy will be reviewed annually by staff with minor administrative adjustments being approved by the Chief Executive Officer.

9. Availability of the Policy

Copies of this Policy will be available at Council's principal office during ordinary business hours and at Council's website www.campbelltown.sa.gov.au.