

Sundry Debt Collection and Recovery Policy



Responsible Division Corporate & Strategy

Responsible Business Unit/s Financial Services

Responsible Officer Manager Financial Services

Affected Business Unit/s All branches

Document Ref 3406377

Purpose

This policy states the Council's position to ensure the efficient and effective recovery of outstanding sundry debtors while maintaining quality customer service.

Policy Statement

In order to ensure the efficient and effective recovery of outstanding sundry debtors while maintaining quality customer service, the City of Bayswater adopts the following policy:

OBJECTIVE

- To provide a framework within which procedures for the recovery of outstanding sundry debts can be developed for the City of Bayswater.
- To ensure all sundry debts owed to the City are paid by the due date and followed up within specified timeframes.
- To ensure the fair, equitable, transparent and consistent approach to the City's sundry debt management decisions and practices.

PRINCIPLES

Debt Management

Prudent debt management practices will apply and include:

- Raising invoices - ensuring debt is raised in accordance with services provided, account details are correct and GST provisions are applied,
- Ensure the issuing of monthly statements to overdue debtors are sent out at the end of each month,
- Reviewing Aged Debtor reports monthly.
- Liaising with departments which requested the invoice to be raised that all information is correct,
- Keeping regular contact with Debtors,

- In consultation with the department initiating the debt, negotiated exemptions up to \$100 may be provided depending on the nature of the debt and debtor e.g. community groups or welfare recipients.

Sundry debts other than library

- Systematic debt recovery approach based on 30 day, 60 day and 90 day timeframes.
- Issuing 7 Day Reminder Letters to Debtors.
- A Notice of Intention to Summons is to be issued at least fourteen (14) days after the due date of the Final Demand Letter to those persons, who did not respond accordingly to the Final Demand Letter. The Notice of Intention to Summons is to specify that the sundry debtors have seven (7) days to pay in full or to enter into a special repayment arrangement – failure to do so will result in a General Procedure Claim being issued without further notice.
- Report Bad Debts and/or Doubtful Debts to the relevant Director or Manager on a regular basis.
- Recommend Write-Off of Sundry Debtors when all avenues have failed or it is uneconomical to proceed recover process.

Sundry debts from library:

- A tax invoice is raised 10 days after an overdue letter has been issued. Two phone calls are made within sixty (60) days of invoice being raised. A Sixty (60) day letter is then issued to the persons, who did not respond accordingly to the tax invoice.
- Recommend Write Off of Sundry Debtors when debts exceed twelve (12) months and debt has been reported to State Library

Provision of Doubtful Debts

Aged debts greater than 150 days shall be reviewed and provided for as a doubtful debt, following advice from the initiating section, according to an assessment which has regard for:

- The size and nature of the debt.
- The debtor in question.

Aged debts less than 150 days may be provided for as a doubtful debt if the recovery of the debt is known to be unlikely. Any adjustments to the Provision for Doubtful Debts shall be made annually and will be charged to a Bad Debt Expense corporate account.

Write Offs

Debts shall be written off only when all reasonable attempts at recovery have been taken.

Recommendations for write off shall be made by the Director of Finance and Corporate Services following discussion with the department responsible for the raising of the debt.

In accordance with section 6.12(c) of the Local Government Act 1995 all debts which require Councils approval to be written off will be reported to Council.

Delegated Authorities

In accordance with section 5.42 of the Local Government Act 1995 the following delegated authority applies:

- The Chief Executive Officer has delegated authority to write off any bad debts (not including rates or other charges) considered irrecoverable as specified in the Delegated Authority Register. . Any write offs performed under the Chief Executive Officers delegation will be reported to Council for noting.
- Any amount in excess of the specified value to be written off will require the authorisation of Council. All debts which require Council's approval to be written off will be reported to Council.

Definitions

Sundry Debtors comprises accounts receivable due to the City of Bayswater by customers for the supply of goods and services e.g. Income from property including community reserve and hall hire, private works reimbursements and recovery of fines and penalties

Related Legislation

Local Government Act 1995:

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*

Related Documentation

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|-----------------------------|---|----------------------------|
| Relevant Delegations | Delegated Authority Register - FM – D05 Granting Concessions and Write-Offs | |
| Risk Evaluation | Low | |
| Council Adoption | 22 July 2014 | Resolution 12.3.1.2 |
| Review/Modified | 28 February 2017 | Resolution 10.9 |
| Review/Modified | 9 April 2019 | Resolution 10.5.2.1 |
| Review/Modified | 28 March 2023 | Resolution 10.6.4.5 |