
Policy Title:	Debtors Recovery
Policy No:	233
Policy Subject:	Debtors
Directorate:	Corporate Services
Department:	Debtors
Responsible Officer:	Director of Corporate Services
Authorised by:	North Burnett Regional Council
Adopted Date:	Policy & Strategy Meeting – 01/06/2010
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Authorities:	<i>Local Government Act 2009</i>

INTRODUCTION:

This policy outlines Council's procedure in the recovery of outstanding Debtors under the provisions of the *Local Government Act 2009*.

OBJECTIVES:

- To ensure a fair, consistent and accountable approach to Council's debt management and collection decisions and practices.
- Assist in the efficient management of Council assets through the timely collection of outstanding monies.

PRINCIPLES:

The principles that will apply in the management and recovery of debtors are as follows:

- Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- Council will operate effective billing and debt collection processes;
- Council aims to minimise the amount of outstanding monies that it is owed;
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;

PRINCIPLES (continued):

- If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor and Council for the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the outstanding debts;
- Council will explain to the debtor rights and obligations in relation to any action that Council might take to recover the outstanding monies;
- Council will not issue a letter of demand to a the debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt;
- Once a letter of demand has been issued legal action will proceed and any settlement negotiations will be made on a 'without prejudice' basis so that the legal right to collect the debt is not compromised;
- Council will make the processes used to recover outstanding debtors clear, simple to administer and cost effective; and
- Council will have regard to equity in providing the same treatment for debtors with similar circumstances.

PROCEDURES:

The following is the procedure and action that will be taken by the **North Burnett Regional Council** where debtors:

- 1. Account 5 to 30 Days in Arrears after initial invoice (aged 30 Days).**
A reminder notice shall be forwarded.
- 2. Accounts 30 to 60 days in Arrears after the initial invoice (aged 60 Days).**
Follow-up action by way of telephone contact and the issue of reminder notice/letter. (All communication with Debtor in to be noted on their Debtor Card)
The issue of a notice requesting immediate payment within fourteen (14) days advising that failure to pay will result in the account being referred to Council's Collection Agency for collection action regardless of phone contact.
Should payment not be received by this due date the account shall be referred to Council's Collection Agency for collection action and account put on Stop Credit.
- 3. Accounts 90 days or more in Arrears after the initial invoice.**
Debtors Officer to monitor the progress of the collection action by the Collection Agency and compile a monthly report on debt recovery actions.
Where this action does not bring full payment, the debt shall be referred to the CEO to undertake the filing of the debt in the Magistrates Court either by way of a minor debt claim in the Minor Debts Court or in the normal jurisdiction of the Magistrates Court.
(All communication with Debtor in to be noted on their Debtor Card)

PROCEDURES (continued):

For arrangements in both categories debtors will be given the following payment options:

- 1. All payment options – In Person – (Cash, Cheque, EFTPOS, Mastercard or Visa), Mail, Telephone, BPay, Direct Debit.** If a debtor defaults with the 1st lot of payment options for 1 months payments proceeds to payment options 2 only.
- 2. Electronic (BPay, EFTPOS, Mastercard or Visa, or Direct Debit) or Cash Options Only.** If a debtor defaults with the 2nd lot of payment options for 1 months payments proceeds to Payment Options 3 only.
- 3. Direct Debit Only.** If a debtor defaults with the 3rd lot of payment options for 1 month the debt will be immediately placed in the hands of Council's debt collectors.

DISPUTING A SUNDRY DEBT:

In the event that a sundry debt is in dispute, the debtor will be required to lodge a complaint in writing, by either submitting a letter or completing a customer request form.

The Manager of Finance & Information Services combined with the relevant operation manager will report the dispute and recommend a resolution to the CEO to ensure that a timely response is forthcoming, in accordance with Council's service standards.

BAD DEBTS:

Bad Debts will be recognised when the sundry debt is seen to be no longer commercially collectable. Such action maybe recommended to Council by its Collection Agent should the amount of the debt be uneconomic to proceed to the Magistrates Court or any other circumstance which may prohibit the likelihood of collection.

WRITE OFF BAD DEBTS:

The writing off of bad debts will be as follows:-

Debts for \$100 or less to be authorised by the Chief Executive Officer or the Manager Finance and Information Services. For debts greater than \$100 the Debtor will be referred to Council for a resolution. Once debts are written off the debtor will be place on the Bad debt listing, and Council will not be doing any future works without payment upfront and until full payment is made.

RECORDING OF DEBT COLLECTION ACTION:

To provide Council with a clear and accurate record of the actions that have been taken in the recovery of outstanding debts, a note is to be recorded on the End of Month debtors report and Debtor Card each time recovery action is taken, indicating the action taken and response if any received from the debtor.