




**Policy Title:            ACCOUNTS RECEIVABLE POLICY**

**Policy Type:            FINANCIAL**  
 (Statutory, Financial, Administrative, Human Resources)

**Policy Number:        F001**

Approved by Council	Last Review	Current Review	Next Review
	19 May 2020	19 May 2021	19 May 2022
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	20.6632	21.6948	
<b>Approved by CEO/Director:</b>	<b>Bernie McCarthy - CEO</b>	Signature 	
<b>Effective Date</b>	<b>20 May 2021</b>		
<b>Implementation Department</b>		<b>Officer Position</b>	
Corporate Services		Finance Manager	
<b>Revision Number:</b>	<b>Document Management File #</b>		
<b>6.0</b>	<b>01-03-F001</b>		

## 1. Policy Background/Scope:

To provide for a Policy to ensure all amounts excluding those owed by Community members, Councillors and employees which are due and payable to Council, are levied and collected on a continuous and timely basis.

## 2. Policy Provisions:

### 2.1. All debtors (excluding local community members, councillors and employees).

- (a) No services or goods will be provided by Council unless paid in advance or with a purchase order received from the organisation, business or relevant government departments.
- (b) Accounts are due and payable within 30 days from the date of the issue of the debtor account. Overdue accounts are accounts that remain unpaid after the 30 day period.
- (c) An interest rate, as set by Council from time to time, will be levied against accounts outstanding for longer than 60 days.
- (d) Should an account remain unpaid after 30 days a reminder letter will be sent to the debtor, the letter will generally indicate:
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - That the payment is sought immediately.
  - Request to contact Council immediately if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
- (e) Should an account remain unpaid after 60 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the second letter as no response had been received on the first notice.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - The amount of interest levied on the overdue account.
  - That the payment is sought immediately.
  - Request to contact Council immediately if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
  - That if payment is not received within 21 days legal proceedings for recovery of the outstanding amount may be taken.
- (f) Should an account remain unpaid after 90 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the third letter as no responses had been received on previous two notices.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - The amount of interest levied on the overdue account.
  - That the payment is sought immediately.
  - Request to contact Council immediately if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
  - That if payment is not received within 21 days legal proceedings for recovery of the outstanding amount will be taken.
- (g) Debtor may apply in writing to pay the outstanding amount in monthly instalments. The Chief Executive Officer or Finance Manager will consider the application and approve if repayment is reasonable.

No services or goods will be supplied by Council if an account remains unpaid for a period longer than 30 days unless satisfactory arrangements have been made to pay the outstanding account.

- (h) Accounts that remain unpaid 21 days after the date of issue of the third notice will be handed over to a debt collection agency or Council's solicitors for the recovery of the outstanding amount. A letter regarding the hand-over of the account will be sent to the debtor.
- U) Due to high collection costs and legal fees, accounts less than \$200.00 will not be handed over to Council's solicitors for legal action.

### **3. Employed local community members**

- (a) No services or goods will be provided by Council unless paid in advance unless debt arises out of Council's control i.e. damage to Council's property etc.
- (b) Accounts are due and payable within 30 days from the date of the issue of the debtor account. Overdue accounts are accounts that remain unpaid after the 30 day period.
- (c) An interest rate, as set by Council from time to time, will be levied against accounts outstanding for longer than 60 days.
- (d) Should an account remain unpaid after 30 days a reminder letter will be sent to the debtor, the letter will generally indicate:
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - That the payment is sought immediately.
  - Request to contact Council immediately or to visit the Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
- (e) Should an account remain unpaid after 60 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the second letter as no response had been received on the first notice.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - The amount of interest levied on the overdue account.
  - That the payment is sought immediately.
  - Request to contact Council immediately or to visit the Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
  - That if payment is not received within 21 days legal proceedings for recovery of the outstanding amount may be taken.
- (f) Should an account remain unpaid after 90 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the third letter as no responses had been received on previous two notices.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - The amount of interest levied on the overdue account.
  - That the payment is sought immediately.
  - Request to contact Council immediately or to visit the Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
  - That if payment is not received within 21 days legal proceedings for recovery of the outstanding amount will be taken.

- (g) Council will attempt to visit the debtor at home to discuss the outstanding account and to make arrangement for the payment thereof.
- (h) Debtor may apply in writing to pay the outstanding amount in monthly instalments. The Chief Executive Officer or Finance Manager will consider the application and approve if repayment is considered to be reasonable.
- (i) Accounts which remain unpaid 21 days after the date of issue of the third notice will be handed over to a debt collection agency or Council's solicitors for the recovery of the outstanding amount. A letter regarding the hand-over of the account will be sent to the debtor.

**4. Unemployed local community members (Persons/Families dependent on welfare payments)**

- (a) No services or goods will be provided by Council unless paid in advance unless debt arises out of Council's control i.e. damage to Council's property etc.
- (b) Accounts are due and payable within 30 days from the date of the issue of the debtor account. Overdue accounts are accounts that remain unpaid after the 30 day period.
- (c) No interest is to be levied on arrears or outstanding amount.
- (d) Should an account remain unpaid after 30 days a reminder letter will be sent to the debtor, the letter will generally indicate:
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - That payment is sought for the outstanding amount.
  - Request to contact Council immediately or to visit Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
- (e) Should an account remain unpaid after 60 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the second letter as no response had been received on the first notice.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - The amount of interest levied on the overdue account.
  - That payment is sought for the outstanding amount.
  - Request to contact Council immediately or to visit Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
- (f) Should an account remain unpaid after 90 days a follow-up letter will be sent to the debtor, the letter will generally indicate:
  - That it is the third letter as no responses had been received on previous two notices.
  - The amount of the overdue account.
  - Description of the services provided by Council.
  - That the payment is sought immediately.
  - Request to contact Council immediately or to visit Council's office if there is difficulty with the payment of the account or if the debtor disagrees with the amount due and payable.
- (g) Council will attempt to visit the debtor at home to discuss the outstanding account and to make arrangements for the payment thereof.
- (h) Debtor may apply in writing to pay the outstanding amount in monthly instalments. The Chief Executive Officer or Finance Manager will consider the application and approve if repayment is considered to be reasonable.

- (i) Accounts outstanding for a period longer than 12 months will be written-off as irrecoverable. The Chief Executive Officer is authorised to write-off debt to a maximum of \$1000.00 per debtor. The write-off of bad debts above \$1000.00 per debtor will be authorised by Council.
- U) A register of debts written-off will be maintained and followed up annually to establish the circumstances of the debtors. Should there be a change in the circumstances of any of the debtors, the procedures as in 1, 2 and 4 will be followed.

## **5. Councillors and employees**

- (a) No services or goods will be provided by Council unless paid in advance unless debt arises out of Council's control i.e. damage to Council's property, overpayment of wages or allowances etc. A debt may only arise as a result of Council's normal business operations. Any amount due to Council, which does not form part of its normal operations, must be repaid in full immediately.
- (b) Deduction authority forms must be signed at the same date the debt arises and must be repaid at a minimum rate of \$50.00 per week or 10% of the take home pay, whichever is the lowest.
- (c) Deduction authority forms for old debt, including debt written-off, must be signed by newly appointed employees and debt must be repaid at a minimum rate of \$50.00 per week or 10% of the take home pay, whichever is the lowest.
- (d) Repayment period of Councillors must not exceed the remainder period of their term.
- (e) Total outstanding amount must be deducted from final payment to councillor or employee at the end of the term or date of termination. Should there still be an amount due to Council after end of the term or termination date, then the same procedures will be followed as in 1, 2 or 3 above.

## **6. Write-off of bad debts**

- (i) Bad debts will be recognised when the accounts receivable are seen to be no longer collectable or proven irrecoverable.
- (ii) The Chief Executive Officer is authorised to write-off debt to a maximum of \$1000.00 per debtor.
- (iii) The write-off of bad debts above \$1000.00 per debtor will be authorised by Council.

## **7. Refunds and Credit Notes**

Refunds or credit notes are considered on a case by case basis and must be authorised by the Finance Manager or Director of Corporate Services.

## **8. Commencement of bankruptcy proceedings**

Council reserves the right to commence bankruptcy proceedings against a debtor if:

- the debt is still outstanding 6 months after the due date, and
- the amount owing is \$6,000 or more.

## **9. Related Documentation:**

*Delegation Register*