



(F4) SUNDRY DEBTORS COLLECTION POLICY

POLICY OBJECTIVE

The objective of this policy is to clearly set out guidelines for the collection of outstanding fees and charges, and the undertaking legal action in relation to sundry debtors for debt collection within the Shire of Derby/West Kimberley.

POLICY STATEMENT

1. Credit Management

- a) *Invoice* – Each invoice shall be dated and request payment within 14 days.
- b) *Statement* – Statements will be sent to all debtors at the end of each month. Monthly Statements shall be issued for all invoices that have not been paid. Statements shall clearly indicate the due date.
- c) *Aged Debtor Report* – will be reviewed monthly.

Where appropriate, receipt of a prepayment, bond or deposit will be required prior to Council commencing the supply of goods or services.

The debt recovery process is always subject to the priority positions as outlined in the Financial Hardship Policy.

2. Debt Management

1. Should the invoice/statement remain unpaid after close of business on the 30th day after the original invoice was issued the following steps shall be taken;
 - a) A statement with a final sticker/stamp will be posted to the debtor advising of the invoices still to be paid.
 - b) If payment has still 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.
 - c) If payment has not been received within 90 days of the invoice date, a letter of demand is sent to the debtor advising that debt collection will commence if the invoices is not paid in full with seven days and all costs associated with this process will be added to the outstanding debt.
 - d) A list of all outstanding debts of more than 90 days is to be sent to the Council's debt collection agency.
2. Letter of Demand – The debtor will be issued with a Letter of Demand by Council's debt collection agency, the letter shall advise of impending legal action for recovery of the unpaid amounts, allowing seven days for payment.
3. If no response is received and no alternative payment arrangement is entered into following the Letter of Demand, a senior officer of the Shire of Derby/West Kimberley is required to be consulted prior to further legal action being undertaken. The invoice is then to be processed by Council's debt collection agency for the lodgement of a General Procedure Claim and served by a bailiff.
4. Debtors are required to either pay the full amount on the General Procedure Claim, or enter into an alternative payment arrangement plan as agreed between the debtors and Council.



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5. Any payments received from the debtor whom a General Procedure Claim has been issued, must immediately be removed from any further legal action.
6. In cases where the debtor cannot be located, Council's debt collection agency can be requested to carry out a "skip trace" on the debtor. The costs associated with a skip trace cannot be recovered from the debtor.
7. If the debtor has not responded to the General Procedure Claim, court action may be taken to recover the debt. A Property Seizure and Sale Order (PSSO) is to be lodged within 14 days after the date of service of the General Procedure Claim. The PSSO is to be served by a bailiff.
8. Alternative Payment Arrangements – In order to be considered for an alternative payment arrangement, the following is required:
 - a) Debtor must prove financial hardship.
 - b) An arrangement must be entered into on the appropriate form.
 - c) All invoices are to be cleared by 30th June of the applicable financial year.
 - d) Should an alternative instalment payment not be made by the date specified in the agreement between Council and the debtor, Council will proceed with recovery action on the balance of the outstanding debtors account.

3. **Provision for Doubtful Debts**

Where the debt has not been recovered after the above steps, a provision for doubtful debt shall be made.

Write off:

1. Section 6.12 of the Local Government Act 1995 will apply when determining if an outstanding debt should be written off.
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.
3. 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.
4. The thresholds contained in Council's Delegations Register will be applied when approving the write-off of an existing debt.
5. 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.



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Policy Details			
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Policy Implementing Officer or Team:	Finance Team	Policy Reviewer:	Director Corporate & Community Services
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