

Sundry Debtors Recovery Policy

1. Purpose

To ensure the efficient and effective recovery of outstanding sundry debtors while maintaining quality customer service.

2. Objectives

To provide a framework within which procedures for the recovery of outstanding sundry debts can be developed for Ku-ring-gai Council.

- To ensure all sundry debts owed to Council are paid by the due date and followed up within specified timeframes.
- To ensure a strategic, equitable, accountable and transparent approach to Council's sundry debt management, collection decisions and practices.

3. Legislative Framework and References

Council's statutory requirements:

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Council's delegation from the General Manager to staff, bodies and other individuals.
- Sundry Debtors Recovery Policy

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Version	Effective date	Summary of changes			
1.0	8 July 2009	Draft for Council resolution as Adopted			

4. Principles

Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations. Council's staff will take the appropriate steps to recover these outstanding sundry debtors in the Ku-ring-gai Council area according to the following principles:

4.1 Invoice Creation

The area within Council that wishes to raise an invoice shall either perform the raising of the debt themselves or where appropriate, complete an Invoice Request Form (Appendix A) immediately an amount becomes due and payable to Council. Based on this request, Council's Revenue Section will raise invoices in accordance with the Goods and Services Tax provisions.

4.2 Debt Management

Council's Revenue Section will apply prudent debt management practices. This includes:

- 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 end of each month,
- Reviewing Aged Debtor reports monthly,
- Liaising with sections which requested the invoice to be raised that all information is correct,
- Keeping regular contact with Debtors,
- In consultation with the section initiating the debt, negotiated exemptions may be provided depending on the nature of the debt and debtor eg community groups or welfare recipients.
- Systematic debt recovery approach based on 30 day, 60 day and 90 day timeframes. Issuing follow up letters to Debtors, referring aged Debtors to Council's Collection Agency who may issue letters of demand allowing for seven days payment prior to instigation of legal action. Generally the legal action starts with a Statement of Liquidated Claim, and where necessary, is followed by a Writ of

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Execution or Garnishee Order. Council may in specific circumstances issue Section 569 notices.

- Report Bad Debts and/or Doubtful Debts to relevant Manager or Supervisor on a regular basis.
- Recommend Write Off of Sundry Debtors when all avenues of recovery have failed or is uneconomical to proceed recovery process.

4.3 Provision for 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.

4.4 Write Offs

- Under Regulation 213 of the Local Government (General) Regulation 2005 a resolution or order writing off a debt to a council must:
 - a) specify the name of the person whose debt is being written off, and
 - b) identify the account concerned, and
 - c) specify the amount of the debt,or must refer to a record kept by the council in which those particulars are recorded.
- Under Regulation 213 of the Local Government (General) Regulation 2005. a debt can be written off only:
 - a) if the debt is not lawfully recoverable, or
 - b) as a result of a decision of a court, or
 - c) if the council or the general manager believes on reasonable grounds that an attempt to recover the debt would not be cost effective.
- Debts shall be written off only when all reasonable attempts at recovery have been taken.

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- Recommendations for write off shall be made by Council's Revenue Accountant to the Manager Finance following discussion with the area responsible for the raising of the debt.
- Debts that are considered irrecoverable, or where the cost of recovery is uneconomic, shall be written off as a bad debt against the Debtors account and the Provision for Doubtful Debts according to the appropriate delegated authority.
- Under Regulation 213 of the Local Government (General) Regulation 2005, the fact that a debt is written off under this clause does not prevent the council concerned from taking legal proceedings to recover the debt.

5. Delegated Authorities

In accordance with Sections 377 of the Local Government Act 1993 the following delegated authority applies:

- The General Manager has delegated authority to write off any bad debts (not including rates or other charges for which the Act, or any other regulation in force under the Act, makes specific provision for writing off those amounts in specified circumstances) considered irrecoverable to the limit of \$10,000.
- Any amount in excess of \$10,000 to be written off will require the authorisation of Council or General Committee of Council. All debts which require Council's approval to be written off, will be reported to Council.

6. Definitions

- **Notice of Demand:** Demand letter from Council's debt recovery agent.
- **Statement of Liquidated Claim:** Is a legal document which outlines to the ratepayer:
 - That a claim has been made to the Court for the recovery of monies;
 - Who has initiated the claim and whom the claim is against;
 - The monetary value of the claim; and
 - Time period available to relinquish the debt.

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- **Judgement:** In cases where the debtor does not respond to a Statement of Liquidated Claim issued to them, the Court may make a default judgement whereby it will award a decision without having the matter heard.
- **Writ of Execution:** Documentation served by a Court Sheriff on a ratepayer. This document allows a court to seize goods and sell the goods. The proceeds are then distributed to the ratepayers less part or full payment of the debt to council.
- **Rent for Rates:** Section 569 of the Local Government Act allows councils to order tenants of properties with overdue rates to pay rent to Council in lieu of unpaid rates, under specific circumstances.

7. Performance Indicators

- LGMA Financial Health Check: Collection Performance Part of 5.1. Fees Outstanding divided by Invoices raised plus Arrears Brought Forward less than (<) 4%. This indicator assesses only the impact of Fees on liquidity and measures the effectiveness/adequacy of Council in recovering fees legally owed to it.
- That all outstanding sundry debtors have had recovery action taken against them, as set out in Council's policy.

REQUEST FOR INVOICE

Company Name: _____
Address: _____ Phone No _____
_____ Fax No _____
_____ Email: _____
Post code _____ ABN: _____
Attention _____

COPIES OF SUPPORT DOCUMENTS (eg CONTRACTS/LETTERS/PURCHASE ORDER/OFFICIAL FILE)

MUST BE ATTACHED

Amount AUD\$ _____ GST \$ _____ Total (incl GST) \$ _____

GST of 10% must be added unless the supply is GST free, export or out of scope . Does GST apply Y/N

If NO, give reasons _____

Account No: _____

Invoice Details: _____

Requested by _____ (Print Name)

Authorised by: (Name) _____ Signature _____

Department: _____

Date ___/___/___ Phone _____

Special Instruction : Do Do not forward invoice to debtor.

REVENUE USE ONLY

Invoice no. _____ Date of invoice ___/___/___

Prepared by _____

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