

TITLE:	Debtor Recovery Policy		
DIVISION:	Corporate Policy		
ADOPTED BY:	Council		
DATE OF ADOPTION:	16 July 2015	DATE OF REVIEW:	1 July 2019
MOTION NUMBER:	201/15		
POLICY NUMBER:	CP000044		
AUTHORISED:	Chief Executive Officer		

THIS POLICY APPLIES TO:

All employees of the Barkly Regional Council and Elected Members

PREAMBLE

The aim of all policy is for Councillors to provide strategic input into the effective operational framework of the organisation under S.11 of the Local Government Act

SUMMARY

The Policy sets out the Council's requirements in regard to the collection of outstanding debts due to the Council

OBJECTIVES

To ensure the efficient and effective recovery of outstanding sundry debtors while maintaining quality customer service. To ensure that, where possible, sundry debts owed to Council are paid by the due date and that outstanding debts are followed up within specified timeframes. To ensure an equitable, accountable and transparent approach to Council's sundry debt management, collection decisions and practices.

BACKGROUND

The Council may be owed money for a variety of reasons: For example – rates, fees and charges, and work which may be done for private individuals and organisations. A majority of the money owed will be paid on time but some debts may become outstanding and the Council has a responsibility to recover monies owing to it in a timely and efficient manner. The longer recovery action is delayed the more difficult it can become to collect the money owed.

POLICY STATEMENT

The Council has a responsibility to recover monies owing to it in a timely and efficient manner and in accordance with the relevant legislation. Regulation 26 of the NT Local Government Accounting Regulations requires the CEO to:

Ensure that proper records are kept of debts owed to the council. The records are to be kept by computer and must be capable of being arranged according to the category of the debt (distinguishing in particular between debts for, or related to rates and other debts); and according to the age of the debt.

Council's administration will apply prudent debt management practices. These will include:

- Raising invoices: Invoices must be raised where money is owed. Account details must be recorded correctly and GST applied as appropriate.
- Issuing monthly statements to overdue debtors at end of each month
- Reviewing Aged Debtor reports monthly
- Regular reporting to Council on overdue and outstanding debtors
- Keeping in regular contact with overdue Debtors
- Implementing a 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.
- Initiating legal action which generally will start with a Statement of Liquidated Claim, followed if necessary by a Writ of Execution or a Garnishee Order. Council may in specific circumstances initiate action under Section 173 of the Local Government Act (Sale of land for non-payment of rates).
- Cessation of services: Where debts have been incurred in relation to the provision of services and these debts are overdue, Council will review whether further services will be provided to the debtor until overdue amounts have been paid
- Recommending the writing off of debts when all avenues of recovery have failed or it is considered uneconomical to proceed further

Management of Debts

The CEO may enter into arrangements for the payment of outstanding debts over a period of time as long as the objective is to ensure payment in full and there is a reasonable prospect of the debt being repaid. At the CEO's discretion an agreement may provide for an appropriate interest rate to be applied to any outstanding debt.

Doubtful Debts

Aged debts other than rates greater than 150 days shall be identified and provided for as a doubtful debt,

Aged debts other than rates less than 150 days may be provided for as a doubtful debt if the recovery of the debt is considered unlikely.

Writing off Bad Debts

Debts may be written off by resolution of the Council (either wholly or in part) however Regulation 27 of the NT Local Government Accounting Regulations provides that this may only occur where the CEO has certified in writing that:

- *If the debt is for rates – that there is some doubt whether the rates were properly imposed, or are recoverable at law, or it would be impracticable or uneconomical to recover the rates; or*
- *If the debt falls within some other category – that the CEO has made all reasonable efforts to recover the debt and it is not reasonably possible to recover it.*

LEGISLATION, TERMINOLOGY AND REFERENCES

NT Local Government Act

Definitions

Notice of Demand: Demand letter from Council's debt recovery agent.

Statement of Liquidated Claim: Is a legal document which outlines to the debtor that a claim has been made to a Court for the recovery of monies due

Writ of Execution: Documentation served by on a debtor after determination by a Court allowing a court official to seize and sell goods to enable payment of the debt

IMPLEMENTATION AND DELEGATION

The CEO has delegated authority to implement this policy and to make decisions in relation to debt recovery in accordance with this Policy.

EVALUATION AND REVIEW

This Policy should be evaluated on the basis that the Audit Committee is satisfied that it has complied with and meets internal control requirements; and; that all outstanding sundry debtors have had recovery action taken against them, in accordance with this policy.

This Policy is to be reviewed every four (4) years, and may be reviewed at other times at the discretion of Chief Executive Officer.