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| Policy Name: | Debtor Management |
| Classification: | Public – Council Policy |
| Adopted: | 28 February 2023 |
| Frequency of Review: | Triennial |
| Last Review: | January 2023 |
| Next Review Due: | January 2026 |
| Responsible Officer(s): | Executive Manager Finance and Corporate Governance |
| Policy and Code of Practice Manual File Ref: | CC10/2601 |
| Council File Reference: | CR22/90335 |
| Legislation Authority: | Local Government Act 1999 |
| Related Policies and Codes: | N/A |
| Related Procedures: | Debtor Management Procedure |

1. BACKGROUND

An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:

- (a) **Public accountability and transparency** – Policies and procedures publicly document the Council's position on which it will base its decisions. They demonstrate the Council's commitment to sound financial management and establish transparency for audit purposes;
- (b) **Ensuring a considered approach** – The formal adoption of carefully documented policies and procedures helps ensure that the Council's position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
- (c) **Consistency of decision making** – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;
- (d) **Clear guidance for staff** – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

2. PURPOSE

- 2.1 To provide a clear and concise policy framework in which to pursue all outstanding debts owed to the Council
- 2.2 To ensure a fair, consistent and accountable approach to Council's debtor management and collection decisions and practices
- 2.3 Assist in the efficient management of Council assets through the timely collection of outstanding monies

3. PRINCIPLES

- 3.1 The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management and recovery of debt are as follows:
 - (a) 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;
 - (b) Council will operate effective and consistent billing and debt collection processes;
 - (c) Council aims to minimise the amount of outstanding monies that it is owed;
 - (d) 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;
 - (e) If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt;
 - (f) Staff will maintain procedures to support the administration of this policy, including the monitoring of compliance with associated internal controls.

4. POLICY DETAIL

| | Rate Debtors | Other Debtors |
|-------------------------|--|---|
| Debt Management Process | <p>The following process will apply when a quarterly rates instalment become overdue:</p> <ul style="list-style-type: none">• Reminder letter requesting payment within 14 days or to contact Council to enter into a payment arrangement. <p>Final Notice requesting payment within 7 days. The notice will also state that failure to make payment in full or enter into a payment arrangement may result in</p> | <ul style="list-style-type: none">• 30 days overdue - Statement issued with an overdue notification requesting payment within 7 days• 30-60 days overdue – following a telephone call and/or email, a Letter of Demand sent informing that legal action will be pursued without further notice if no satisfactory response from the debtor• 90 days overdue – Debt Collection agency will be instructed to instigate legal proceedings for recovery of debt |

DEBTOR MANAGEMENT POLICY

| | Rate Debtors | Other Debtors |
|-------------------------------------|--|--|
| Debt Management Process | <ul style="list-style-type: none">the commencement of legal actionWhere no response is received, the outstanding debt will be forwarded to Council's debt collection agent (subject to minimum outstanding value of \$500). | In consultation with the Department initiating the debt, negotiated exemptions may be provided depending on the level/nature of the debt and the debtor (e.g. community groups or welfare recipients). |
| Late payment penalties and interest | Fines and interest will be applied in accordance with <i>Local Government Act 1999</i> | Not applicable |
| Payment arrangements | <ul style="list-style-type: none">Payments must be received on a weekly, fortnightly or monthly basisTwo payment defaults will result in immediate withdrawal of the payment arrangementFines and interest will not be applied provided payment terms are metThe Rates Officer, Senior Rates Officer, Manager Finance & Procurement or Executive Manager Finance and Corporate Governance are authorised to negotiate payment arrangements | <ul style="list-style-type: none">Payment arrangements will only be considered for debts (excluding property rents) greater than \$200. Arrangements to be negotiated with Department initiating the debt and authorised by Manager Finance & Procurement or Executive Manager Finance and Corporate Governance. |
| Sale of land for non-payment | <p>In accordance with Section 184 of the <i>Local Government Act 1999</i>, Council may sell land for the non-payment of rates when rates are in arrears for three (3) years or more.</p> <p>Initially, a pre-Chapter 10 letter will be sent, advising the ratepayer that rates are in arrears greater than three (3) years, and that Council may instigate proceedings to sell the land if payment in full is not received within 14 days</p> <p>Where no satisfactory response is received, a report will be prepared for Council detailing outstanding rates that have remained unpaid following the</p> | Not applicable |

DEBTOR MANAGEMENT POLICY

| | Rate Debtors | Other Debtors |
|------------------------------|---|--|
| Sale of land for non-payment | implementation of recovery action, and are in arrears for three (3) years or more. Council will provide direction on further action pursuant to Section 184 of the Local Government Act 1999 on presentation of such a report. | |
| Performance Target | Less than 4% of rate revenue outstanding as at 30 June each year. | Of total debts owed to Council: <ul style="list-style-type: none">• Less than 30 days – 70%• 30-60 days – 20%• 61-90 days – 6%• > 90 days – 4% |
| Delegations – Write-offs | <p>Debts shall be written off only when all reasonable attempts at recovery have been taken. The Council has delegated to the Chief Executive Officer the power pursuant to Section 143 of the <i>Local Government Act 1999</i> to write off up to \$5,000 of any one (1) bad debt.</p> <p>The Chief Executive Officer has sub-delegated to the following positions the power pursuant to Section 143 of the <i>Local Government Act 1999</i> to write off up to the following amounts of any one (1) bad debt:</p> <ul style="list-style-type: none">• Executive Manager Finance and Corporate Governance — \$1,000• Manager Finance & Procurement — \$200 <p>An instrument of delegation or sub-delegation prevails where inconsistent with the above. A debt must not be written off by the Council or a delegate or sub-delegate unless the Chief Executive Officer has certified that reasonable attempts have been made to recover the debt or that the costs of recovery are likely to equal or exceed the amount to be recovered. The Manager Finance and Procurement will ensure that a register of Debts written-off in accordance with this Policy is maintained.</p> | |
| Provisions for Bad Debts | Provision for Doubtful Debts will be reviewed on an annual basis in accordance with Accounting Standards | |

5. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed on a triennial basis.

The Chief Executive Officer will report to Council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced.

The Policy will be reviewed after each general election of Council.

6. FURTHER INFORMATION

Further information about this Policy can be obtained by:-

Telephone: 8522 9211

Email: council@gawler.sa.gov.au

Appointment: Town of Gawler Administration Centre, 43 High Street, Gawler East

Letter: PO Box 130, Gawler SA 5118

7. AVAILABILITY OF POLICY

The Policy is available to be downloaded, free of charge, from Council's website at www.gawler.sa.gov.au.

A printed copy may be purchased on request from the Council's Administration Centre.