

## Policy F.06 Sundry Debt (Other than Rates) Management



### **Preamble**

The responsibility for good governance including proper control and operation of a local government's affairs, the allocation of resources and determination of policies rests with Council. Proper policies and procedures provide for the smooth running of the organisation, whilst providing for the stewardship function of the public moneys under the control of the local government (Western Australian Local Government Accounting Manual).

The *Local Government Act 1995* (the Act) identifies the role of Council to include:

### **2.7 Role of council**

(2) ... the council is to –

- (a) oversee the allocation of the local government's finances and resources; and
- (b) determine the local government's policies.

With Council's role focused on the broader governance and financial responsibilities, the Chief Executive Officer has substantial operational responsibility to ensure the financial matters are handled effectively and efficiently (Western Australian Local Government Accounting Manual).

Further, the Act identifies the duties of the Chief Executive Officer to include:

### **6.5 Accounts and records**

*The CEO has a duty –*

- (a) to ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government;

Whilst carrying out its responsibility to ensure monies owed to it are recovered in a timely, effective and efficient manner, the local government will:

- treat all people fairly and consistently under this policy;
- treat all matters under this policy confidentially; and
- treat people with respect and sensitivity in considering their circumstances.

## **Objective**

The object of the Sundry Debt (other than Rates) Management Policy is to minimize risk, provide a framework for the efficient and effective collection of outstanding sundry debts, and fulfill statutory requirements in relation to the recovery of fees, charges, and other debts (e.g. fines and grants).

## **Statement**

Sundry Debtor credit accounts will not be routinely established for the following services:

- Private Works;
- Facilities Hire or Entry Fees; and
- Cemetery Fees.

So while credit can be approved for the provision of such services, the administration will routinely seek payment in advance and/or upon their delivery.

Prior to extending credit, prospective Sundry Debtors must complete a Credit Application Form. Thereafter, the administration is responsible for the design and implementation of systems and procedures for:

- extending or denying credit to prospective Sundry Debtors;
- setting standardised payment terms for Debtors generally;
- the debt collection process; and
- stop credit actions where applicable.

Where the recovery of debt is unlikely, a provision for doubtful debts must be made in accordance with Australian Accounting Standards, and a bad debts register will be maintained and reviewed on a regular basis.

Proposed write-off of bad sundry debts greater than \$500.00 (excluding GST), must be reported to Council on a quarterly basis and will include:

- name of Debtor;
- amount to be written off;
- description of invoice; and
- reason for write-off.

For a debt to be written off either by Council or the administration, one of the following conditions must be satisfied:

- the Debtor cannot be located;
- uneconomical to pursue the debt;
- the hardship circumstances of the debtor do not warrant the taking or continuation of recovery action; or
- legal proceedings through the courts have proved, or on legal advice would prove, unsuccessful.

Where a debt is recommended to Council for write-off as a result of hardship circumstances, the name of the Debtor will be reported to Council in confidence.

#### **Review Plan**

This policy is to be reviewed every four years, review by date June 2020.

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<b>POLICY SUBJECT</b>	<b>Sundry Debt (Other than Rates) Management</b>
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