

City of Hobart

Policy

Title: **Collection and Reporting of Outstanding Sundry Debts**

Category: **Corporate Governance**

Date Last Adopted 23 November 2020

1. Objectives

The objectives of the policy are to:

- Ensure that sundry debts are collected in a fair and consistent manner;
- Minimise the level of outstanding sundry debts;
- Ensure that uncollectable sundry debts are written off in a timely manner; and
- Ensure timely reporting on outstanding sundry debts.

2. Background

The below policy was developed to ensure legislative compliance and procedural instruction in the collection and reporting of outstanding sundry debts.

3. Policy

1. Payment Terms

Council's standard payment terms for sundry debts is 30 days from date of invoice, except where documented in a lease agreement or other contract, in which case the terms will agree to that agreement.

Collection

Depending on the value of the debt, if payment is not received by the due date of the invoice the debtor will be issued with an account statement followed by a final notice.

Where a sundry debt remains unpaid, the debt may be referred to a collection agency.

Phone contact will be made with the debtor where possible, prior to referring the debt to a collection agency, reinforcing that referral to a collection agency is imminent unless appropriate action is taken.

Officers will be attentive to the benefits of making personal contact with debtors and executing payment arrangements which are satisfactory to the Council.

In response to approaches by debtors who have difficulty in meeting invoice due dates, a suitable payment arrangement may be considered and entered into.

If a debtor has made a satisfactory arrangement with the Council to clear a sundry debt and has adhered to the arrangement, referral to a collection agency shall not be required.

Any payment arrangement will be recorded in the appropriate Council file and monitored, in an effort to achieve full payment.

Records of important transactions between officers and debtors in relation to the administration of this policy will be maintained in the appropriate Council file.

2. Interest

Interest will not be charged on outstanding sundry debt, except where the General Manager is delegated the authority to charge interest.

Where interest is charged, it will be calculated monthly on overdue amounts at the same rate as the rate that is determined by the Council, from time to time, for the purposes of Section 128(2) of the *Local Government Act 1993*.

3. Reporting

A report highlighting outstanding sundry debts is to be submitted to the Finance and Governance Committee for consideration on a quarterly basis.

Debts that have been determined as being uncollectable are to be periodically recommended for write off, in line with delegations.

Details of debts written off by the General Manager are to be submitted to the Finance and Governance Committee for noting.

4. Delegations

Delegations to write off debts are as follows (all amounts are exclusive of GST):

- The General Manager may write off or vary debts, including interest charges, up to a value of \$5,000 subject to the Finance and Governance Committee being later notified.
- Amounts in excess of \$5,000, and up to \$10,000, are to be written off by the Finance and Governance Committee.
- Amounts in excess of \$10,000 are to be written off by the Council.

Delegations to charge interest on overdue sundry debts are as follows:

- The General Manager, has discretion, in line with the following general criteria:
 - (i) The quantum of the overdue sundry debt exceeds \$5,000; and
 - (ii) The debt exceeds 90 days in age

4. Legislation, Terminology and References

Sections 76 and 128(2) of the *Local Government Act 1993*

Council's Delegations Register

Responsible Officer:	Director City Enablers
Policy first adopted by the Council:	13/05/1996
History	
Amended by Council	14/07/1997
Amended by Council	10/12/2012
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