



WAVERLEY
COUNCIL

Trade Debtors Policy

Policy owner	Executive Manager, Finance
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Relevant legislation/codes	Local Government Act (1993) Local Government (General) Regulation (2005)
Related policies/procedures/guidelines	Trade Debtors Procedures OLG Debt Management and Hardship Guidelines (2008)
Related forms	N/A

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1. Background

This policy relates to the recovery of trade debtors outstanding debt.

2. Purpose

The purpose of this policy is to ensure the efficient collection of money owed to the Council. The policy engages responsible departments to work together towards effective recovery of outstanding debt.

3. Scope

This policy applies to all Council staff responsible for collection of revenue.

4. Credit Terms

Unless otherwise agreed in writing by the Executive Manager Finance invoices must be paid in full by the date specified on the invoice or per the lease or license arrangement.

This is normally in advance of receiving the good or service that has been agreed to be supplied by Waverley Council.

5. Debt Recovery

- 5.1. Payment terms are strictly 14 days from date of invoice so all invoices should be paid before commencement of the next calendar month.
- 5.2. If after the debtor has been pursued for late payment by the responsible department, the payment remains overdue by 30 days, the responsible department is to contact the debtor by phone, letter or email with a reminder that payment is past due and unless payment is made within 7 working days, service may be withdrawn.
- 5.3. If payment is overdue by 60 days, the responsible department will refer the debt to Council's Finance department for external debt recovery. Refer to Trade Debtors Procedures for details.
- 5.4. Legal proceedings will commence with the issue of a Letter of Demand, notice of proposed legal action and continue with the issue and service of a Statement of Liquidated Claim (Summons), followed by Judgement, then Writ and finally issue an Examination Summons to recover the outstanding debt. Any costs incurred by the Council in connection with legal recovery will be added to the outstanding account.
- 5.5. If having followed the above process the debt remains outstanding a decision will be made by Finance in conjunction with the Executive Manager of the responsible department for the debt to be referred to the General Manager and Executive Leadership Team (ELT) or Council if the write off value is above the General Manager's delegation, to be written off.

- 5.6. Bond holding by the Council can be applied to any outstanding debts owed by the Trade Debtor.
- 5.7. All correspondence to be recorded in relevant Trim for audit purposes.

6. Payment Arrangements

Any person, organisation or company who is having genuine difficulty in paying the debt, is encouraged to contact Council's relevant department and make a personal payment plan/arrangement to pay off the debt in a reasonable and manageable timeframe. The Manager of the relevant department may consider and agree upon a plan (i.e. a payment arrangement to make weekly payments of an agreed amount until the debt is paid in full). Details of the payment arrangement must be recorded and payments monitored. Failure to adhere to the arrangement shall result in Council commencing debt recovery procedure.

7. Doubtful Debts

a. Reporting Requirement

The Council is required to provide for doubtful debts in its annual accounts in accordance with Accounting Standard AASB 139.

b. Timing

The methodology used to calculate the provision for doubtful debts will be reviewed on an annual basis to ensure it represents a reasonable estimate of risk to the Council based on historical data obtained.

c. Methodology - Trade Debtors Doubtful Debt Provision

The provision for doubtful trade debts will be based on specific debts overdue greater than 90 days based on the following schedule:

DAYS	%
0 - 90	0%
91 - 180	50%
181 - 365	75%
365 +	100%

8. Bad Debts

8.1 Timing

The write-off of bad debts will occur on a quarterly basis after the recovery actions in this policy have taken place.

8.2 Recommendations and Approval

All requests for bad debt write-offs must be made by the Executive Manager of the respective department via the Executive Manager Finance. The Executive Manager Finance will then prepare a report to the General Manager or Council for the debts to be written off.

9. Review of Policy

This Policy will be reviewed every four years or as required in the event of legislative changes or requirements. The Policy may also be changed as a result of other amendments. Any amendments to the Policy must be way of a Council resolution or with the approval of the General Manager.

10. Definitions

Term	Definition
<i>Trade Debtor</i>	An individual or organisation who owes money to the Council for the provision of goods and services.
<i>Doubtful Debt</i>	A debt that has a risk of non-recovery
<i>Bad Debt</i>	A debt that is deemed to be being non recoverable
