

STRATTON ST MARGARET PARISH COUNCIL



LATE PAYMENTS (BAD DEBTS) POLICY

Financial Policy Number Four		
Issue No.	Date completed	Details of amendments
One	27/10/2009	Finance Committee Min Ref: FC60/09(c)
One	07/12/2010	Reviewed by the Audit & Governance Sub Committee

1.0 INTRODUCTION

- 1.1 This policy outlines the Council's procedures for dealing with late payments and outstanding accounts (bad debts) in accordance with Financial Regulation No: 5.

2.0 POLICY

- 2.1 All accounts due will be collected in accordance with Financial Regulation No. 5 and any sums found to be irrecoverable or any subsequent bad debts shall be reported to the Finance Committee.

Overdue accounts and bad debts shall be treated in the following manner:-

- (i) Customers with outstanding accounts at 90 days shall be passed to a registered debt collector following a final seven day warning at the discretion of the RFO or appropriate Officer of the Parish Council.
- (ii) Any bad debts that cannot be recovered shall be referred to the Finance Committee for authorisation to be written off or for authorisation to make arrangements to collect the debt in other ways.

3.0 CREDIT CONTROL

- 3.1 Invoices are raised and reminders generally sent, where necessary, at 30, 60 and 90 day intervals.
- 3.2 After 90 days, a letter is sent by recorded delivery to the debtor advising that if no payment is made within seven days, the debt will be passed to a debt collector for recovery.
- 3.3 In some instances, specific debts will be reported to the Finance Committee prior to being passed to the debt collector.
- 3.4 Where the debt collector is unable to secure payment, the debt will be referred to the Finance Committee.

4.0 TENANTS

- 4.1 Where bad debts relate to rent or other outstanding invoices from tenants, the Council will take whatever actions are deemed appropriate by the Finance Committee.

5.0 WRITE OFFS

- 5.1 The Council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice.

- 5.2 The Council will seek to minimise the cost of write offs by taking all necessary action to recover what is due. Debts will be subject to the full recovery, collection and legal procedures as outlined in this policy.
- 5.3 Any debts to be written off will be reported to the Finance Committee and must fall into at least one of the following categories:-
- (i) Small balances/overpayments.
 - (ii) Deceased or untraceable liable parties.
 - (iii) Balances are uneconomical to pursue.
 - (iv) Balances have been unsuccessfully pursued.
 - (v) Recovery procedures exhausted.
 - (vi) Customer formally insolvent / bankrupt / in liquidation / in administrative receivership.
 - (vii) Not in the Council's or Public interest to pursue further.
 - (viii) Insufficient evidence to justify legal action.
- 5.4 The write off schedule will contain the following specific information for each case:-
- (i) Customer name.
 - (ii) Invoice number or reference.
 - (iii) Date of invoice.
 - (iv) Amount of debt.
 - (v) Reason for write off.
 - (vi) Recovery history.
 - (vii) Date of write off.
 - (viii) Authorisation of write off.