



DRAFT

Policy on collection of overdue debts (excluding rates and water)

Governance Policy

Policy Owner	Chief Financial Officer		
Adopted by	Thames-Coromandel District Council		
Description of policy	A policy to ensure that overdue debts are collected promptly, efficiently and consistently, but that allows for differing circumstances of debtors.		
Keywords	Debt, debtor, overdue, collection, collect, payment, write-off		
Policy Number	10247	Doc Set Number	3247061
Supersedes policy no.	10024	Superseded by	
Date policy first adopted	15 December 1999	Date this version adopted	
This version effective from:		Date of next review:	

Objectives

The objective of this policy is to ensure that overdue debts are collected promptly, efficiently and consistently while allowing some flexibility within the policy to allow for differing circumstances of debtors.

Note: The policy does not apply to collection of rates debts (including water charges) as these are largely controlled by the provisions of the Local Government (Rating) Act 2002 and the Council's Ten Year Plan.

Background

The current policy on the Collection of Overdue Debts was adopted by the Council on 21 May 2008, replacing the previous version adopted in 1999. The policy was due to be reviewed in 2011, however this did not take place at that time.

Implementation

As the policy statements are not being amended from those adopted in 2008, no new steps are required to implement the policy. However, relevant staff will be reminded of the policy once approved by the Council.

Risks

If this policy is not implemented correctly, there is a risk that customers may not be treated consistently in relation to any overdue debts, or that debts are not collected in a timely manner, adversely impacting on ratepayers.

Measurement and Review

The effectiveness of this policy can be measured by comparing the value of overdue debt in relation to total general revenues of Council at various intervals. The policy will be reviewed every three years.

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Policy Statement

1. Council requires all overdue debt to be collected as quickly and as efficiently as possible. Costs of collection, the circumstances of the debtor, and whether or not any concession that might be considered could create precedence for future similar cases, must all be taken into account when determining the appropriate collection process.
2. Follow up of overdue debt should commence within 28 days of the debt becoming overdue. This will be by telephone, email, letter or any other form of communication considered appropriate to the circumstances.
3. If payment is not received in response to an initial approach by staff, further communication may take place except that once the debt remains unpaid for two months after the end of the month in which the debt is incurred, a formal letter advising legal or other action will take place must be sent within 14 days. (This letter should allow seven days for payment before the stated action is taken.)
4. Management in their discretion may use any method legally available to Council to collect overdue debt and can include the use of agencies such as solicitors, debt collection companies, and Tribunals.
5. Council delegates authority to the Chief Executive to take all steps required to recover any debt including legal action, but excluding High Court action. The Chief Executive may delegate any responsibilities, powers, or duties under this policy, except where specifically excluded within this policy, to any officer of the Council.
6. Staff with the appropriate delegated authority from the Chief Executive may enter into "arrangements to pay" with any debtor at their discretion if this becomes the preferred method of ensuring payment and avoids unnecessary hardship to the debtor.
7. Any debts of a non-regulatory nature may be written off by an officer with delegated authority if, in their view, the costs of collection outweigh the value of the debt. Any such write-offs are to be reported to the Audit Committee at their first meeting following the end of the financial year.
8. The Chief Executive only, may authorise mediation, if the value of the debt and the complexity of the issues are considered large enough to warrant the cost involved.
9. Staff will at all times respect the privacy of individuals and communicate in a courteous and professional manner. At the same time, staff have the right to terminate conversations with any debtor who becomes abusive or threatening.