



DEBT COLLECTION POLICY

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<i>Relevant Document Reference</i>	EHA Standard Operating Procedure - Debt Collection (D13/11367)
Applicable Legislation	S143 Local Government Act 1999

1. Purpose

This Debt Collection Policy (Policy) sets out a clear, equitable, accountable and transparent process that Eastern Health Authority (EHA) will follow for its debt management and collection practices.

The Policy will also assist in ensuring that all debts owed to EHA are received by the due date or followed up within specified timeframes.

2. Scope

This policy applies to all EHA Staff in relation to the collection of outstanding debt

3. Definitions

Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.

Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.

Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.

A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.

Invoice Date – the date which the invoice has been raised in the debtors system.

Write Off – the accounting procedure for cancelling a debt that is no longer collectable resulting in its removal from EHA's Balance Sheet.

4. Principles

Decisions relating to collection of outstanding debts will be considered in the context of:

- **Accountability and Transparency**

EHA's practices and decisions will be made in accordance with the relevant legislation and accepted conventions. Staff will ensure that internal controls are applied when dealing with outstanding debts.

- **Fairness and Equity**

EHA will ensure that all credit and related debts are managed fairly and equitably.

This Policy confirms that parties who incur debts do so on the understanding that the prescribed repayment terms are met.

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated.

Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and recovery process will be applied.

5. Policy

EHA staff will maintain procedures that support the administration of this Policy.

5.1 Credit Management

Credit terms for all Sundry debtors are 30 days from the date of invoice.

5.2 Debt Management

- 5.2.1 If payment has not been received within 30 days of the invoice date a statement will be issued to the debtor advising of invoices still to be paid as a first reminder.

- 5.2.2 If payment has not been received within 60 days of the invoice date, where possible telephone contact is made with the debtor requesting payment. Another statement is issued with an overdue stamp.
- 5.2.3 If payment has not been received within 90 days of the invoice date, a letter is sent to the debtor advising that debt collection will commence if the invoice is not paid in full within seven (7) calendar days and all costs associated with this process will be added to the outstanding debt.
- 5.2.4 If payment is not received within 97 days of the invoice date, the debtor's contact details are provided to EHA's debt collection agency, who will issue a demand letter requesting payment within seven (7) calendar days.
- 5.2.5 If payment is not received within a further 14 days staff will liaise with the relevant debt collection agency as to how to proceed. This resulting action will be determined on a case by case basis taking in to consideration section 6.4 of this Policy.
- 5.2.6 The Chief Executive Officer has the discretion to vary steps in 5.2 subject to delegation limits.

6. Provision for Doubtful Debts

Where the recovery of debt is unlikely prior to completing all steps listed in 5.2 (i.e. where the debtor is bankrupt or in liquidation), a provision for doubtful debt shall be made.

7. Write off

- 7.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 7.3 All debts up to the value of \$3,000 must be authorised by the CEO.
- 7.4 Any debts greater than \$3,000 must be authorised by the Board of Management.

8. Review & Evaluation

This Policy will be reviewed at least once every two years. However, EHA may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

9. Statement of Adoption

This Policy was adopted by the Board of the Eastern Health Authority on 19 February 2014.