

## SUNDRY DEBTORS POLICY & PROCEDURE

### INTRODUCTION

The Director of Resources has responsibility, under Section 151 of The Local Government Act 1972, for administration of the financial affairs of the Council. One such area of administration is that relating to Sundry Debtors and it is this, which is covered by this Procedure.

### SUNDRY DEBTS

The term Sundry Debtor refers to all billable income due to the Council other than Council Tax, Car Parking Fines and Income for Licences and Garden Waste collection.

### POLICY

The function and objectives of this Procedure are to collect all income due for goods and services provided and to ensure the Councils effective recovery of all outstanding debts by:

- Timely raising of invoices
- Ensuring invoices are accurate and valid
- Prompt query resolution
- Effective matching of payments against debts
- Good control of debt
- Prompt recovery action on outstanding balances
- Stopping of Services where debts remain outstanding
- Ensuring implementation of a prudent write-off policy
- Ensuring authority levels are documented and adhered to.
- Management Reporting and Performance Measurement

### PROCEDURES

#### 1 INVOICE REQUESTS

- Wherever possible and appropriate income should be obtained in advance or at the point of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost of administrating the recovery of debts.
- All other demands for income must be made via the Sundry Debtors system. An invoice request form must be completed and forwarded in its excel format to [debtors@maldon.gov.uk](mailto:debtors@maldon.gov.uk) . The form template can be found on the intranet under Finance Info.
- Unless obliged to contractually, officers should not raise an invoice for a debt less than £10 as it is deemed to be uneconomic.

The following guidance is provided to ensure that data quality standards are met.

- Customers full Name Address and Phone number to be supplied, and email address if available
- A full description of the charge should be given to support the invoice being raised. (No abbreviations are to be used)
- Times and/or dates of service/provision to be included in description of charge
- MDC Officer name and contact details (in the event of a query)
- Supplier Purchase Order No if appropriate
- VAT where applicable.
- Requests to raise an invoice must be passed to Finance within **5 days** of the charge becoming known.
- The invoice should be raised by Finance and sent to customers within **9 days** of receipt of the request

## **2 INVOICE PAYMENT**

- Payment is due within 14 days from the date of invoice.
- The following methods of payment are offered
  - Cheque
  - Phone
    - Credit cards
    - Debit Card
  - Standing Order
  - Internet
    - Credit cards
    - Debit Card

## **3 QUERIES**

- Services are responsible for resolving all queries and should aim to settle queries within 14 days.
- Services must make Finance aware of all queries, and keep them informed of discussions and agreements.

## **4 DISPUTES**

Invoices that are challenged by the customer will remain payable while in dispute but recovery action will be withheld whilst the dispute is being dealt with.

- If it is agreed that the charge should not have been made, a request for a credit note must be made by the department. The credit note request template can be found on the intranet under Finance Info.
- If it is agreed that the customer was overcharged, and a partial credit is due, a credit note request must be made by the department

- If after investigation the customer's dispute is found to be unsupported, recovery action will continue from the relevant stage it was placed on hold.

## **5 CREDIT NOTES**

- If a Service finds that all or part of an invoice has been raised in error, the Service is responsible for making a credit note request to Finance to offset against the original invoice.

## **6 OUTSTANDING INVOICES**

### **Internal Debt Management**

- Finance will keep Services informed of outstanding debts by production of a monthly aged debt report
- Stage 1. If an invoice is unpaid, and not disputed, 21 days after the date of being raised a first reminder letter will be sent by Finance\*\*
- Stage 2. A second reminder will be sent by Finance after 35 days if the invoice remains unpaid or an instalment plan has not been agreed in writing between the customer and Finance.
- Stage 3. If the invoice is still outstanding after 49 days, Finance will send a 'Warning of Legal Proceedings' letter. Finance will also advise the Service department to withdraw any service /supply. The Service department must make contact with the customer to inform them of the withdrawal of service. Services should advise Finance of any communication with the customer regarding the outstanding invoice
- Stage 4. If payment has not been received within 14 days of the date of the stage 3 letter:
  - No further action will be taken where an account balance is less than £30 and the debt will be written off.
  - No further action will be taken where notifications of Receivership/Bankruptcy/Ceased Trading have been received and notice of claim has been lodged with the receiver and the debt will be written off.
  - Remaining accounts with outstanding balances of £30 or more will be passed to an external debt collecting agency for a period of 6 months.
- Stage 5. Debts returned unpaid from the external debt collecting agency will be reviewed by the Finance Manager to consider if the debt should be written off or pursued through the court.
- Stage 6. Once a judgement order has lapsed and the debt remains unpaid, the case will be reviewed by the Finance Manager to consider if the debt should be written off or the Court recovery service used

\*\* Except for Section 106 and Award of Costs invoices which will be passed, at this stage, to the Section 106 officer/Planning Manager to be actioned through the Supreme Court

- The Finance Manager will ensure there is suitable bad debt provision for write offs set aside each year as part of the annual accounts process.

## **7 MANAGEMENT REPORTING**

- A monthly aged debt report will be sent to Service Admin, Directors, Service Mangers and the Finance Manager. These reports must be checked by the Service area and Finance informed of any action taken for debts reaching Stage 3 recovery (see section on internal debt management).
- A monthly Write offs and review report will be sent to the Section 151 Officer for authorisation of action required and approval of write offs.

## **8 PERFORMANCE MANAGEMENT**

Financial services will review the following reports to assist with the effective recovery of outstanding debts.

- Daily reconciliation of Debtors ledger
- Aged Debt Analysis
- Monthly review of outstanding balances by responsible officer in Finance
- Volume of invoices raised
- Volume of Stage 1 and 2 letters sent
- Number of cases sent to Court/Debt collection agency

## **9 PERFORMANCE TARGETS**

Financial Services will aim to achieve the following performance targets.

- Reminder letters sent within timescales detailed in Section 6
- Aged Debt reports to be issued within 15 working days of month end
- Summary arrears analysis report to be produced within 10 working days of month end
- Recovery Targets for current and prior year debts will be set by the Finance Manager.

## **10 DORMANT ACCOUNTS**

- Accounts with zero balances that have seen no activity for 18 months will be deleted from the Sundry debtors system