



Policy Name	Debt Collection Policy
Policy Number	8
Version No.	V1
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Amendment dates	
Review dates	2020, 2021

Purpose

This Policy is designed to guide the processes the organisation will undertake with regard to outstanding debts and debtors. The policy establishes clear, equitable, accountable and transparent process that the Association will follow for its debt management and collection practices.

Policy

The organisation will apply a fair and reasonable approach to Debt Recovery to ensure money owed to the organisation is collected in a timely manner by utilising efficient and effective debt recovery processes.

Policy Objective

The Debt Collection Policy has been created to maximise the organisation's revenue and to ensure that all debts owed to the organisation are received by the due date or followed up within specified timeframes.

1. Debt Management

The following lists actions that can be undertaken with regard to non-payment of an invoices:

- 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 and noted that the invoice is outstanding.
- If payment has not been received within a further 7 days, where possible, telephone contact is made with the debtor requesting payment. A reminder/final Notice invoice will be issued with an overdue stamp.
- If payment has not been received within a further 7 days of the reminder/final notice, a letter is sent to the debtor advising that debt collection will commence if the invoice is not paid in full within 7 business days and all costs associated with this process will be added to the outstanding debt.
- If payment is not received within 7 business days of the date listed on the letter, the debtor's contact details may be provided to a debt collection agency, who will issue a letter of demand requesting payment within 7 business days.
- If payment is not received within 7 business days of the date listed on the letter of demand, the debtor will be advised that the debt has been referred to a debt collection agency.
- If payment is not received within 4 business days as dictated in the letter of demand, Southern Tablelands Arts will liaise with the relevant debt collection agency as to how to proceed.
- Payment arrangements may be negotiated to increase the likelihood of the Association receiving any outstanding amounts.
- The Executive Director has the discretion to vary these steps.

2. Debt Disputes

Where a debt is disputed it will be referred to the Executive Director and Chairperson of the Board. The Executive Director will ensure that the dispute is investigated and actioned in a timely manner (within 30 days of the notice of dispute) and ensure the Debtor is advised of the outcome of the investigation.

3. Write Off

Where the recovery of debt is unlikely prior to completing all steps listed above (ie where the debtor is bankrupt or in liquidation), the debts will 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.

4. Provision for Bad or Doubtful Debts

Where the recovery of debt is unlikely prior to completing all steps listed above (ie where the debtor is bankrupt or in liquidation) a provision for doubtful debt shall be made by the Treasurer and advised to the Board at the next Board meeting in the Treasurer's Report.

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.

To ensure an adequate provision is taken-up and smooth-out any sharp adjustments, at a minimum, the Association is required to update their provisions in line with this policy every quarter (end of March, June, September, December each year).

Reminder that this is a provision only and any receivables subsequently collected can be written back to profits.

4.1 Calculation

Provision for Bad & Doubtful Debts should be calculated exclusive of GST (Ex-GST), per the following policy:

Trade Receivables : Provision policy (% of total balance Ex-GST)	
Part A – Distressed clients	
In financial distress*	100%
For the remaining balances, provisioning should be made according to the ageing as follows:	
Part B – Ageing	
Current – 90 days	0%
Greater than 90 days – 180 days	25%
Greater than 180 days – 360 days	50%
Greater than 360 days	100%

* Financial distress in this context means that the client is currently unable to pay debts and make repayments. This will depend on factors which are not assured. A slow payer or a client on a payment plan may not be in financial distress.



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Relevant documents:

Financial Management Policy
Risk Management Policy
Fraud Prevention Policy
Code of Conduct
Gifts Benefits and Bribes Policy