



COUNCIL POLICY

CREDIT POLICY

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Subsequent Amendments:

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Credit Policy

1. INTRODUCTION

1.1 Purpose

Each act of supply of goods and/or services to an (external) individual organisation or other parties will give rise to a debt.

This Policy sets out the Corporation's principles in relation to the provision of credit and the management of related debt.

1.2 Scope

This Policy relates to the credit and related debt management arrangements that apply to a comprehensive range of services provided by the City of Adelaide and purchased by a wide range of individuals and organisations.

Rate related debts are not covered by this Policy.

1.3 Relevant Legislation and Corporate Requirements

This Policy complies with the requirements of the *Local Government Act 1999* and *Regulations* and is consistent with other Council Policies.

Staff will maintain procedures to support the administration of this Council Policy.

2. PRINCIPLES

2.1 Accountability and Transparency

Council's practices and decisions are underpinned by accountability and transparency and must accord with the requirements and intent of relevant legislation and accepted conventions.

Policy and Procedure internal audit controls will be implemented and monitored .

2.2 Fairness and Equity

Council will ensure that credit (and related debts) are managed fairly and equitably. This Policy maintains that parties who incur sundry debts do so in full expectation of meeting the repayment terms prescribed.

Council also acknowledges that organisation and individual financial circumstances can change. If difficulties are anticipated, individuals

and organisations must promptly initiate discussions seeking alternative arrangements.

2.3 Responsibilities

Prime responsibility for managing credit and related debt will lie with the staff and department initiating the debt.

The Financial Services Department will provide a support and coordinating role for all other departments.

2.4 Risk Management

Risk Management principles will underpin decisions made in relation to credit and related debt management.

3. POLICY

3.1 Credit Management

Credit accounts for customers will be established according to business requirements.

Commercial credit risk assessment practices will be applied. Where appropriate prepayment, bonds and deposits will be required.

3.2 Debt Management

Debt collection practices will be (consistent with commercial business practices) applied

The following steps will be generally used for debt recovery:-

- 30 Days Statement issued with an overdue notification requesting payment within 7 days
- 60 Days Telephone contact is made with the customer requesting payment or letter requesting payment within 7 days
- 90 Days Letter to customer informing that legal action will be pursued if the matter cannot be urgently resolved. Negotiated exemptions may be provided depending on the nature of the debtor eg community groups or welfare recipients.

3.3 Provisions

Aged debts greater than 150 days should be provided for according to an assessment which has regard for –

- (a) the size and nature of the debt
- (b) the debtor in question

Aged debts less than 150 days may be provided for if the recovery of the debt is known to be unlikely.

Any adjustments to the provision shall be made annually and will be charged as an expense to the responsible department.

3.4 Write Offs

Debts that are considered unrecoverable, or where the cost of recovery is uneconomic, shall be written off against the Provision according to the appropriate delegated authority.

3.5 Delegated Authorities

The Manager, Financial Services has delegated authority to write off a debt where the amount is less than \$5,000.

The Chief Executive Officer has delegated authority to write off a debt where the amount is less than \$20,000.

The Council or a Council Committee will write off a debt where the amount greater than \$20,000.