



# whitchurch town council

## Income Collection & Debt Recovery Policy 2024

Adopted by Full Council on 24/04/2024 (WTC/FC/43c/2324)

**This Policy was adopted by Whitchurch Town Council at its meeting held on 24/04/2024 and replaces all previous versions.**

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*Functions of the Proper Officer may be delegated at their discretion, subject to the council's Scheme of Delegation, though responsibility will remain with the postholder.*

*In these regulations, any reference to RFO and Proper Officer is interchangeable due to the nature of the appointment/s.*

## 1. Introduction

1.1 This policy sets out the detailed rules and procedures for the Council's income collection and debt recovery action process.

1.2 The policy supplements the overall financial framework for the collection and banking of income as set out in Section 9 of the Council's approved Financial Regulations.

1.3 The policy encompasses the raising of all invoices for services provided, goods supplied or work carried out by the Council, as well as covering income collection procedures for cash, cheques, card payments and bank transfers paid directly to the Council, in respect of the precept, grants and contributions, fees and charges, rents, and other income.

1.4 The systems and procedures set out in this policy in relation to the collection and recovery of all income due to the Council are the responsibility of the Finance and Administration Officers, ultimately reporting to the Proper Officer / RFO.

## 2. Aims of the Policy

2.1 The aims of this policy are to set out the detailed rules, procedures, and internal controls for the collection of income due to the Council and the recovery of any outstanding debt.

2.2 In particular the policy aims to ensure that:

- all income directly receivable by the Council in the form of cash, cheques, and card payments, is properly collected, receipted and recorded, securely held and banked promptly.
- invoices raised in respect of debtors are properly checked for price, accuracy, and VAT treatment, and promptly issued.
- positive action is taken to prevent arrears occurring.
- appropriate recovery action is taken against non-payers.
- all income is properly reconciled and accurately accounted for.

2.3 The policy is intended for use by all officers of the Council with responsibility for requesting sales orders, collecting income or chasing outstanding debt, and sets out the responsibilities and the procedures that should be followed.

2.4 The policy is also relevant to the staff of the Finance and Administration team in administering income collection and debt recovery systems, and checking, recording, reconciling and accurately accounting for all income.

## 3. Income Collection Responsibilities

3.1 The principle of separation of duties shall be observed in connection with the collection of income due to the Council as far as is practicable within the staffing resources available.

3.2 As a minimum, separation of duties must be observed in respect of the following areas: The collection and banking of income, and the duty of recording and reconciling that income.

3.3 The Proper Officer / RFO is ultimately responsible for the collection of all accounts and sums due to the Council.

3.4 The Finance and Administration team are responsible for the following procedures:

- setting up new customers on the sales ledger.
- checking the calculation of the amount due.
- ensuring the correct VAT treatment.
- ensuring the correct coding of the income.
- raising the invoice promptly.
- sending out reminder letters.
- co-ordinating any recovery action.
- ensuring all income directly receivable by the Council in the form of cash, cheques and card payments, is properly collected, receipted and recorded, securely held and banked promptly.
- ensuring all income is properly reconciled and accurately accounted for.

3.5 Finance and Administration Officers are responsible for the raising debtor invoices, and for the collection of income relating to their specific areas, in accordance with the requirements of this policy and the Financial Regulations.

3.6 The Council's Oversight Committee are responsible for reviewing all fees and charges for goods supplied and services provided by the Council, annually, and making recommendations to the Council regarding any changes to fees and charges.

3.7 The Council's Oversight Committee is responsible for the consideration of outstanding debts and the approval of any requests for the write off of any irrecoverable debts.

3.8 The following section of the policy sets out the detailed procedures in relation to the sales order and debtor invoicing system.

## **4. Sales Order and Debtor Invoice Procedures**

4.1 All sales invoices must be made on an official debtor invoice, by Finance and Administration Team.

4.2 All sales orders should be priced, wherever possible using the Council's approved fees and charges schedule.

4.3 Debtor invoices are currently raised for:

- General Debtors
- Cemeteries
- Leases and Rents
- Facilities Hire and Commissions

4.4 Sales order invoices will be raised and sent out within a timely manner.

4.5 The invoice will show the following information:

- The name and address of the Council.
- The Council's contact details.
- The Council's VAT registration number.
- Invoice number.
- Invoice date.
- Customer name and address.
- Description of the goods or services provided.
- Value of the goods or services provided; Any VAT chargeable; Total amount chargeable.
- Payment terms.
- The Council's bank details.

4.6 There are currently five forms of payment available for debtor's invoices. These are cash, cheque, BACS, Standing Orders and Credit/Debit Cards.

4.7 If the customer is not already set up as an approved debtor on the financial management system, they will be set up on the system by the Finance Officer, recording the following information as a minimum:

- Name and address of the customer.
- Contact details for the customer.
- Payment terms, which will normally be set at 30 days for all customers, unless specifically and expressly agreed by the Proper Officer / RFO.

## 5. Recovery Action Procedure

5.1 The status of all debtors will be reviewed by the Finance and Administration team on a regular basis.

5.2 At the end of each month a debtors listing will be produced from the financial management system showing outstanding debtors and the age of the debt.

5.3 A statement will be sent out to those debtors who are outside of the payment terms, summarising the overdue amounts and reminding the customer that the debt needs to be paid as soon as possible.

5.4 The outstanding debtor report will also be reviewed by the Finance Officer on a monthly basis and further recovery action will be instigated where relevant.

5.5 The formal recovery action procedure to be followed in respect of all outstanding debtors can be summarised as follows:

**1 Month Overdue (30 days)** A telephone call to the customer followed by a statement of the outstanding amounts will be sent out to the debtor requesting payment within seven days. This is followed up with the below:

**2 Months Overdue (60 days)** A reminder letter will be sent with details of further recovery action if the debt remains unpaid after a period of two months and any regular booking cancelled.

**Final Reminder (90 days)** If the debt has not been cleared within a further month, a final notice will be sent informing the debtor that the debt may now be referred to the small claims court or passed to a collection agency for recovery.

**Legal Action or Write Off** If payment is still not forthcoming following the issue of the final reminder, a judgement will then be made by the Proper Officer / RFO, as to whether the debt should be referred for legal action.

The materiality of the debt will need to be considered as taking legal action could incur solicitor and court costs which would be added to the debt. If the debt is considered uncollectable or not material, it would then be referred to the Council's Oversight Committee for recommendation to Full Council for write off.

5.6 It is recognised that in some cases debts may not be paid because the debtor has financial difficulties. In such cases, efforts will be made to assist the debtor to pay the debt. For example, an arrangement may be made to allow the debt to be repaid by instalments.

5.7 Leases: All debts arising under Leases or Tenancy Agreements will be treated on their own merit and will not be subject to the ordinary Debt Recovery Procedure outlined above. Alternative remedies for unpaid rent or service charges should be wholly considered before the course of action for debt recovery is determined.

## 6. Write Off Procedure

6.1 Details of any material outstanding debts are reported to the Oversight Committee on the Budgetary Control Reports. Whitchurch Town Council will seek to minimise the cost of write-offs by taking all necessary action to recover what is due.

6.2 Any requests to write off irrecoverable debts would be reported to and subject to the approval of the Oversight Committee. Any debt write off must be reviewed and approved by Full Council and be written off in the financial year in which it is approved.

6.3 Any debts to be written off should be reported in the form of a write-off schedule to the Council's Oversight Committee for recommendation to Full Council. Where possible, the write-off schedule should contain the following information:

- Customer Ref.
- Invoice number/s.
- Date of invoice/s.
- Amount of debt.
- Reason for write off.
- Recovery history.
- Date of write off.
- Authorisation of write-off

6.4 Any write offs of debt would be charged against the bad debts nominal ledgers.

6.5 If the debt is subsequently repaid, the debt will be written on again to account for the sum paid.

6.6 The Proper Officer / RFO should ensure any bad debts and doubtful debts are correctly accounted for at year end.

## **7. Collection and Banking of Income**

7.1 All cash, credit/debit cards and cheques received at the Council Offices will be logged by the Finance and Administration team. Where possible, payment by electronic means will be encouraged.

7.2 Each cash Credit/debit card or cheque payment will be receipted using the official Council receipt book.

7.3 Once receipted, each payment received will be recorded on a daily record and held in a cash box in the finance safe prior to banking, at least monthly (though more frequently considering amounts held for insurance purposes), by the Finance and Administration team. A bank paying-in slip will be completed and retained for all office banking.

7.4 The Finance Officer is responsible for ensuring that all income is accurately and properly recorded in the Council's Accounts.

7.5 The Finance Officer is responsible for ensuring that all grants and other funding provided by external bodies by bank transfer, including the precept, are properly claimed, received promptly, checked for accuracy, properly recorded in the Council's Accounts, and only used for the purposes for which they were awarded.

7.6 In all cases income will be recorded on banking sheets by the Finance and Administration staff, deposited with the Council's bankers at the earliest available opportunity and reconciled to the Council's bank accounts monthly.

7.7 All staff involved in financial transactions, including the transport of banking monies, must remain vigilant to the Council's practices for personal safety and lone working, including where insurance arrangements cover the transit of cash and other negotiable instruments.

## **8. Policy Review**

8.1 This policy will be reviewed every 2 years or when legislation requires.