

ADOPTED

COUNCIL MEETING MIN

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Objective

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

The objective of this Policy is to set out Council's principles in relation to the provision of credit facilities for external parties. The primary objectives of this Policy aim to ensure that:

- The provision of credit will be based upon equitable and consistent treatment of all prospective commercial debtors; and
- That parties who incur sundry debts do so in full expectation of meeting the repayment terms prescribed; and
- That all accounts receivable are managed in such a way as to not jeopardise the funding or effective cash flow of Council's operations.

Legislative requirements

- Local Government Act 1993
- Local Government (General) Regulation 2021
- Privacy and Personal Information Protection Act 1998 (PPIPA ACT)
- Privacy and Personal Information Protection Regulation 2019

Related policies and plans

- Debt Management and Recovery Policy
- Privacy Management Plan

Policy

Accounts receivable – Sundry Debtors

Sundry debtor credit accounts will not be routinely established for the following services:

- Private Works
- Facilities Hire
- Cemetery Fees

The provision of these services requires payment in advance except in limited circumstances where prior approval has been obtained from the Director Corporate Services.

Prior to credit being given and a service provided, an application for such credit must be submitted on the prescribed form. The *Application for Credit* form details the terms and conditions of credit with Council. If the applicant is a corporation (as defined in the Corporations Act 2001), the Council may require from all the directors of the applicant company, personal guarantees in support of an application for such credit. The *Deed of Personal Guarantee and Indemnity* form details the terms and conditions of the personal guarantee.

Once submitted, the forms will be reviewed and assessed by the Manager Revenue & Property. The review and assessment of the application may include:

1. An evaluation of the applicant's previous payment history with Council; and
2. The Council making enquiries as to the credit and financial status of the applicant. The applicant is required to provide its consent for the Council to use the information disclosed in the submitted forms to make such enquiries. The enquiries may include , but are not limited to:
 - a. a credit reporting agency;
 - b. a debt collector; or
 - c. a legal services provider.

Credit will be refused where an evaluation of an application is deemed to be unsatisfactory.

The service unit manager/Coordinator who provides the particular service and is requesting the creation of the sundry debtor, is responsible for ensuring that Council is legally entitled to collect the debt when the invoice is raised.

Where a sundry debtor does not make payment within the timeframe stipulated in the General Debtors and Other Debt Collection Considerations of Council's *Debt Management and Recovery Policy*, the Manager Revenue & Property is authorised to suspend the debtor's credit with Council. The service unit manager/coordinator is to be advised immediately and is required to give consideration that no further services are provided to the debtor until further notification. ie the service may be suspended.

Services may be provided, and credit extended, where debtors with suspended accounts repay the amount outstanding in full and subject to a further analysis of the credit that may be provided.

From time to time there will be instances where Council has to undertake immediate works that will require an *Application for Credit* form to be completed retrospectively. Where applicable an *Application for Credit* form will still be required to enable all sundry debtors to be treated consistently in accordance with this Policy.

Procedures in relation to the recovery of overdue sundry debtor accounts are prescribed in the General Debtors and Other Debt Collection Considerations of Council's *Debt Management and Recovery Policy*.

The Director Corporate Services is authorised to deal with all matters that may vary from the provisions of this Policy.

Privacy

The Council is committed to protecting privacy. The personal information that Council is collecting is personal information for the purposes of the *Privacy and Personal Information Protection Act 1998* (the Act). The intended recipients of the personal information are Officers within Council.

The Council keeps this personal information to change and update records and for assessing Applications for Commercial Credit, managing accounts and, if necessary collecting debts. This information may be disclosed, whether or not an account is overdue, to the Council's risk insurers, management and debt recovery collectors and its legal representatives.

Application may be made for access or amendment to information held by Council. A request may also be made that Council suppress personal information from a public register. Council will consider any such application in accordance with the Act. Enquiries concerning privacy issues can be addressed to the General Manager, PO Box 156, Mudgee NSW 2850.

Variation

Council reserves the right to vary the terms and conditions of this policy, subject to a report to Council.