# FINANCIAL POLICIES AND PROCEDURES

## SECTION 4: REVENUE & RECEIVABLES

## POLICY 5: DEBT COLLECTION & WRITE-OFF

### Policy Rationale

[organisation] will utilise methods of debt collection where appropriate to maximise cash flow and minimise exposure to bad debt risk. Bad debts will only be written off when all other avenues have been exhausted.

### Policy Statement(s)

[organisation] is committed to addressing debtor queries both promptly and satisfactorily, and in a manner to enhance the collection of any outstanding balances.

[organisation]’s CFO / Finance Manager is responsible for monitoring accounts receivables. They shall pursue the payment of overdue accounts receivables where:

1. Reasonable endeavours (including sending a formal letter demanding payment within 10 working days) to recover the debt have taken place
2. It has been ascertained that there are no outstanding issues in relation to the accounts receivable balance
3. The overdue amounts are within their delegated authority. If they are outside their delegation, they will need to be escalated to [organisation]’s CEO or Board

Where the above criteria have been met, [organisation]’s CFO / Finance Manager is permitted to engage in the following activities to secure payment of overdue accounts receivables:

1. Negotiate and implement payment plan arrangements, where the receipts due under a payment plan outweigh any costs associated with that payment plan
2. Refer the outstanding amount to a debt collector if amount owed is in excess of [$X}
3. Refer the matter to [organisation]’s CEO and, in accordance with [organisation]’s Legal Policy, suggest possible avenues of litigation to retrieve outstanding amounts

Once any of the above debt collection activities have been enacted:

1. A provision for the doubtful debt should be made in [organisation]’s financial systems
2. [organisation] shall only supply products or services to the debtor on a cash basis
3. Any unpaid balances may then be written off, as approved by the CEO in accordance with [organisation]’s Delegated Authorities
4. No goods or services will be purchased from any unresolved bad debtors

### Policy Implementation and Related Procedure Documents

The implementation and review of these Receivables policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

The [organisation]’s CFO / Finance Manager will implement procedures for debt collection (including establishment of approved credit agencies) and the implementation of a black listed customer / supplier list.

The following [organisation] policies and frameworks should be referred to in this regard:

* + Finance Manual
  + Delegated Authorities Policy
  + Accountability, Internal Controls & Audit Policy
  + Financial Systems & Procedures Policy
  + Revenue & Receipting Policy
  + Receivables Policy

### Legislative Compliance Considerations

* + Part 3 of the Contract and Commercial Law Act 2017
  + Goods and Services Tax Act 1985
  + Tax Administration Act 1994
  + Privacy Act 2020
  + Credit Contracts and Consumer Finance Act 2003 [if applicable]

### Review Protocol

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| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |