



EARLEY TOWN COUNCIL

CREDIT MANAGEMENT POLICY

This document presents a basic set of good practice guidelines for the sale of Earley Town Council's goods and services.

Charging For Goods and Services

Goods/services should only be provided on receipt of an official order or booking from the customer.

Charges will be reviewed at least every twelve months. Officers should be notified of any changes and customers made aware in writing where appropriate.

Before undertaking any additional works or supplying any supplementary goods/services, it is essential to obtain written authority from the customer, including acceptance of the additional costs involved.

An invoice should be raised once the service has been received or goods delivered except in circumstances where payment in advance is required. If the charge is to include Value Added Tax (VAT), this must be made clear to the customer. All VAT charges will conform to the requirements of the HMRC.

Raising Invoices

If payment can be secured before goods are supplied, then this should be done.

All sales of goods/services must be identified and invoices raised accordingly. Responsible Officers must ensure that all income due has been claimed and that appropriate invoices have been raised. There must be a valid, documented reason for any uninvoiced work/service and these must be approved by the relevant committee.

Unless stipulated otherwise, all invoices must be raised as soon as practicable after the goods or service has been delivered.

All invoices must be in the format output from the accounting system (Rialtas), no manual invoices should be issued.

If the goods/services are subject to VAT, this must be shown and coded separately on the invoice.

All invoices should be checked for accuracy, as this will reduce the number of credit notes that the Council will need to issue.

Credit Notes

If an invoice is raised in error it must be cancelled with a credit note. Adequate documentation or information should be supplied to support the credit note. The credit note and supporting information should be filed accordingly in the 'RBS Sales Ledger Invoices' folder.

A credit note will also be raised as part of refunding a customer, this will be either a full or partial refund depending on the particular circumstances.

Write Offs

A debt should only be written off when it is a valid debt and the Council is unable to secure payment.

If a debt is to be written off, it must be approved by the Policy & Resources Committee if greater than a value of £100 and referred to Council if greater than £5,000. The Responsible Financial Officer (RFO) shall only write off a debt below the lower threshold after notifying the Chair of the Policy & Resources Committee, who may ask for the matter to be brought to the Committee.

All write offs should be supported by the relevant documentation/information as to the reason for write off.

In accordance with HM Revenue and Customs regulations, VAT will be reclaimed by the VAT return.

Debt Recovery

All staff must recognise the importance of recovering outstanding debts.

The Town Council's standard payment terms are 28 days. If a payment becomes overdue, a statement of account and a request for payment will be sent via email and/or post.

This process will be repeated after a further 14 days unless payment in full has been received or alternative arrangements have been made with the debtor.

If, after a further 14 days, payment in full has not been received, a further email and/or letter will be sent requesting payment within 7 days.

The Town Council may, at any stage listed above, follow up with a phone call if no response is received to the email or letter.

If the debt remains outstanding and no payment arrangements have been agreed between the debtor and the Council, the debtor will be advised that the Council may choose to take court action if payment remains outstanding.

It is the responsibility of the Finance Officer to regularly update the Town Clerk (RFO) on any outstanding debtors and steps taken to secure payment.

For debts below £500 the RFO shall determine the appropriate action to take in consultation with the Chairman of the Policy & Resources Committee and report the same to the next meeting of the Committee.

For debts above £500 the Policy & Resources Committee/Council shall determine the appropriate action to take.

At every stage of the collection process, full records must be kept of any discussions or correspondence between the Council and the debtor.

In respect of all overdue payments, the Town Council reserves the right to suspend all future bookings/services at any point during the collection process until payment in full has been received.

The Town Council reserves the right to add a charge to cover lost interest on the monies outstanding, where the value is greater than £100.

If a dispute or query is raised in respect of the invoice then further recovery should be suspended, until the matter is resolved. This should be done swiftly.

Excess Payment

A payment made in excess of the debt invoiced will result in one of the following actions as appears reasonable:

- a) It may be returned to the payer with a request for the correct payment
- b) It may be accepted and the appropriate refund made in respect of the excess
- c) It may be accepted and, with the agreement of the customer, held on their account and allocated against a subsequent invoice.

Conduct In Collecting Debts

The Council will not use oppressive or intrusive collection methods.

The Council will not act in a manner intended to embarrass the debtor.

The Council will be discreet when attempting to contact the debtor, whether by telephone, email or letter.

The Council will ensure that all attempted contact with debtors is made at reasonable times and at reasonable intervals.

Unless instructed otherwise by the debtor, the Council will not discuss or disclose to anyone the customer's information. Notwithstanding this provision the Council may disclose customer information to any agent or body instructed to obtain payment on its behalf.

The Council will not use improper means to obtain the telephone number or address of the debtor.

Review and Amendment of Practice

It shall be the duty of the Policy & Resources Committee to review this policy every three years.

Date of policy:

Approving committee: Policy & Resources Committee

Date of committee meeting:

Policy effective from:

Date for next review: