

Bad Debt Policy

This policy was formally adopted by

St Cleer Parish Council

on

25.03.26

Review date: 25.03.2029

1.0 Introduction

1.1 This policy outlines St Cleer Parish Council's procedures for dealing with late payments and outstanding accounts (bad debts) in accordance with Financial Regulations.

1.2 The aim of this policy is to make clear the procedure that St Cleer Parish Council will follow to identify, minimise and recover potential bad debts and write-off any debts which cannot be recovered.

2.0 Credit Control

2.1 All income due will be collected in accordance with the Financial Regulations and any sums found to be irrecoverable or any subsequent bad debts shall be reported to the Finance & General Purposes Committee and Full Council.

2.2 Unpaid income and bad debts shall be treated in the following manner:

2.2.1 Invoices which remain unpaid after 30 days will receive a telephone call or email reminding the customer that the invoice remains unpaid.

2.2.2 Invoices which remain unpaid after 45 days will receive a letter reminding the customer that the invoice remains unpaid.

2.2.3 Invoices which remain unpaid after 60 days will receive a letter reminding the customer that the invoice remains unpaid and that future bookings will be suspended until the invoice is paid.

2.2.4 Invoices which remain unpaid after 90 days will receive a letter reminding the customer that the invoice remains unpaid and notifying them of the withdrawal of the service provided. This letter will also include a statement that Warfield Parish Council will actively pursue all outstanding debts through the legal system.

2.2.5 All letters will be accompanied by a statement of account from the parish council's financial system.

3.0 Legal recovery

3.1 It may be necessary for the council to begin legal proceedings to recover any debt owing. The Responsible Financial Officer (RFO) will consider if such action is in the financial interests of the council and will submit a written report to the Chair of the Finance & General Purposes Committee detailing the course of action to be followed.

4.0 Write-off bad debts

4.1 St Cleer Parish Council will seek to minimise the cost of write-offs by taking all necessary action to recover what is due. Debts will be subject to the full recovery, collection and all reasonable legal procedures.

4.2 The parish council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice. Whilst writing off bad debts is a non-routine function; all practical means should be taken to recover outstanding amounts due to the parish council before the RFO recommends writing off a bad debt to the Finance & General Purposes Committee. Before this decision is made, due diligence consideration should include the following: -

- The cost of recovery against the amount owed.
- The likelihood of success.
- Were the correct procedures followed.
- Could procedure and practices be improved.

4.3 Any debts to be written off should be reported in the form of a write-off schedule to the Full Council. The write-off schedule should contain the following information:

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

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

5.0 Year-end

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