

## DETAILS

Council  Admin

Effective from:	25 February 2020
Contact officer:	Supervisor Debtor Management
Next review date:	February 2022
File reference:	FN338/111/05
iSpot references: Policy	22890901
Value Proposition:	41751690

## OBJECTIVES AND MEASURES

Objectives:	Ensure an equitable approach to the granting of credit facilities to prospective customers while reducing Council's exposure to bad debt
Performance Measures:	Less than 3% of new customers are deemed as insolvent within the first 12 months of trading
Risk Assessment:	Medium

## POLICY STATEMENT

All extension of credit to Council of the City of Gold Coast (Council) customers is controlled by this policy and attached Standards. The extension of unapproved or informal credit outside this policy is not permitted.

All credit facilities must be established in compliance with Attachment A – Standards.

## SCOPE

This policy applies to all prospective customers of Debtor Management except:

- those customers required to be raised as a result of statutory/regulatory obligations of the Council, or
- accounts relating to recoverable private works, or
- accounts raised as a result of a Council Decision, or
- at the discretion of the Chief Executive Officer or delegate.

This policy applies to all directorates and all council officers.

## DEFINITIONS

**Approved Credit Facility** – An approved non cash-on-delivery or prepayment facility for the provision of goods and services as contained in Council's Register of Fees and Charges.

**Council** – Council of the City of Gold Coast

## RELATED POLICIES AND DELEGATIONS

Debt Recovery Policy

## LEGISLATION

*Corporations Act 2001*  
*Information Privacy Act 2009*

General Retention and Disposal Schedule for Administrative Records

## SUPPORTING DOCUMENTS

Attachment A - Standards  
Register of Fees and Charges

## RESPONSIBILITIES

Sponsor	Director Organisational Services
Owner	Executive Coordinator, Revenue Services, Organisational Services

## VERSION CONTROL

Document	Date	Approved	Amendment
22890901 v5	22.02.20	A/CEO iSpot #75768755	Minor amendment
<a href="#">22890901 v4</a>	31.01.17	GA1700125.003/G17.0131.019	Major amendment – deemed Administrative
<a href="#">22890901 v3</a>	13.10.16	COO iSpot #58446806	Minor amendments
<a href="#">22890901 v2</a>	20.12.13	COO iSpot #42719343	Minor amendments
<a href="#">22890901 v1</a>	31.08.11	F00.1130.008	

## **1. Supplier's Obligations**

- A. An approved credit facility is required before goods/services are supplied.
- B. All suppliers of good/services within the scope of the policy are to determine if the customer has an approved credit facility with Debtor Management when the goods/services are requested on a credit basis.
- C. All prospective customers requesting a credit facility are to complete an Application for Credit Account form and attach additional documents where relevant.
- D. All completed Application for Credit Account forms and attachments are to be forwarded to Debtor Management for evaluation.

## **2. Company Director and Personal Guarantees**

- A. Director's Guarantees are required from all directors where the applicant is a company.
- B. Personal guarantees are required from all applicants other than companies where the estimated monthly usage is greater than \$500.

## **3. Special Consideration**

- A. Where the applicant is a community organisation or a government department, a Credit Account Application will still be required but details in respect of trade references will not be required. A credit check will not be undertaken and a guarantee will not be required.
- B. If the applicant is a new business and trade references cannot be supplied, personal references for directors/owners or other relevant documentation may be requested.
- C. Credit facilities will not be granted to former customers where a receivable account has been written off as a bad debt unless the debt is paid in full or where other overdue accounts exist including rates and/or other charges.
- D. When the requirement for a Credit Account Application to be completed is waived at the discretion of the delegated officer, the actioning officer must record the reason for such action.

## **4. Debtor Management Obligations**

- A. On receipt of the completed Credit Account Application form, the responsible officer will, where required;
  - i. Request a credit score from the mercantile agent currently utilised by Council;
  - ii. The officer will collate all documents and replies and forward to the delegated officer for consideration.
- B. The delegated officer shall review the documentation and determine if a credit facility will be granted. The decision will be at the discretion of the delegated officer giving due consideration of the referees' responses, previous payment history with Council, information provided by the commercial agent together with any other information deemed relevant to the decision making process.
- C. The officer shall notify the applicant and relevant suppliers of the decision in writing.
- D. Relevant information in respect of contacts, owners and directors names and telephone numbers together with ABNs will be entered and maintained in the Accounts Receivable system by authorised officers.

## **5. Retention of Documents**

The original Application For Credit Account Form and supporting documentation will be retained by Debtor Management for a period of three years or the life of the account whichever is the longer.