



Knutsford Town Council

Credit Management Policy

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INTRODUCTION

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

CHARGING FOR GOODS AND SERVICES

- 1.1 Goods/services should only be provided on receipt of an official order, or booking form from the customer. All orders should be acknowledged in writing and include reference to whether the order includes VAT.
- 1.2 Charges will be reviewed at least every twelve months. Officers should be notified of any changes and customers made aware in writing where appropriate.
- 1.3 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.
- 1.4 An invoice should be raised once the service has been received or goods delivered. Where appropriate interim invoices will be sent as appropriate. 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

- 2.1 If payment can be secured before goods are supplied, then this should be done.
- 2.2 All sales of goods/services must be identified and charges 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.
- 2.3 Unless stipulated otherwise, all invoices must be raised as soon as practicable after the goods or service has been delivered.



- 2.4 No manual invoices should be issued. All invoices must be in the format output from the accounting system.
- 2.5 If the goods/services are subject to VAT, this must be shown and coded separately on the invoice.
- 2.6 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

- 3.1 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.
- 3.2 A credit note should be raised to cancel the invoice in full or to reduce the value.
- 3.3 A credit note will also be raised as part of refunding a customer.

WRITE OFFS

- 4.1. A debt should only be written off when it is a valid debt and the Council is unable to secure payment.
- 4.2. If a debt is to be written off it has to be approved by Finance Committee if greater than a value of £100 and referred to Council if greater than £5,000. The Responsible Financial Officer shall only write off a debt below the lower threshold after notifying the Chairman of the Finance Committee, who may ask for the matter to be brought to Committee.
- 4.3. All write offs should be supported by the relevant documentation/information as to the reason for write off.
- 4.4. In accordance with HM Revenue and Customs regulations, VAT will be reclaimed by the VAT return.

DEBT RECOVERY

- 5.1 All staff must recognise the importance of recovering outstanding debts.
- 5.2 Reminder letters are printed and dispatched by the Responsible Finance Officer to the debtor using first class registered post. Unless alternative procedures have been agreed:
 - a. The first reminder letter is produced 14 days from the due date stating payment is required within seven days and that any further provision of services/goods will be cancelled until payment is received in full. The letter may also state that the Council reserves the right to add a charge to cover lost interest on the monies outstanding, where the value is greater than £100.

- b. After a further seven days, a second reminder is sent, notifying the customer that unless payment is made within seven days the council is likely to take court action
 - c. For debts below £500 the Responsible Financial Officer shall determine the appropriate action to take in consultation with the Chairman of the Finance Committee and report the same to the next meeting of the Finance Committee.
 - d. For debts above £500 the Finance Committee/Council shall determine the appropriate action to take.
- 5.2. At every stage of the collection process, full records must be kept of any discussions or correspondence between the Council and the debtor.
- 5.3. 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.
- 5.4. Any requests for repayment on an instalment basis should result in full settlement within twelve months and be agreed by the Finance Committee if over £1,000.

EXCESS PAYMENT

- 6.1. 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 provided it does not exceed the sum due by more than 10% / £50 whichever is the lower, and the appropriate refund made
 - c. It will be accepted and no refund made for amounts less than £1

REVIEW AND AMENDMENT OF PRACTICE

- 7.1 It shall be the duty of the Finance Committee to review this policy from time to time.

CONDUCT IN COLLECTING DEBTS

- 8.1 The Council will not use oppressive or intrusive collection methods
- 8.2 The Council will not act in a manner intended to embarrass the debtor.
- 8.3 The Council will be discreet when attempting to contact the debtor, whether by telephone, letter, or by personal visit.
- 8.4 The Council will ensure that all attempted contact with debtors is made at reasonable times and at reasonable intervals.
- 8.5 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.
- 8.6 The Council will not use improper means to obtain the telephone number or address of the debtor.