

23.4 Debtor Control Policy

Procedures number:	23.4	Version:	1.1
Drafted by:	ML, BV	Endorsed by Board:	21/5/2020
Responsible person:	EO	Scheduled review date:	May 2021
Associated documentation	Debtor Control Procedure		

POLICY PURPOSE

The purpose of this policy is to ensure that Interchange IE is able to minimise risk of participant and third-party provider debt to the organisation. The associated policy and procedures assist staff to have defined processes and clear delegation of authority for collection of debts, bad debt write-off and doubtful debt provision.

SCOPE

This policy has a defined scope within its application.

This policy applies to all NDIS participants who choose Interchange IE services and supports (including those who self-manage and purchase our services and supports), participants who currently access services through their funded NDIS plan and plan managers, including NDIS who are responsible for reconciling payment for Interchange IE services delivered to NDIS participants.

RESPONSIBILITIES

All employees of Interchange IE must be aware of this policy and the need to implement it. All employees of Interchange IE must understand the financial implications of providing support to participants and the risks bad debt arising from supports provided could pose for the organisation's financial sustainability.

Responsibility for debt collection on behalf of Interchange IE is as follows

- Any Interchange IE employees authorised to undertake invoicing for Interchange services and supports provided and in the recovery of outstanding debts from participants and other third-party debtors such as plan managers or brokering providers.
- Support Coordinators are responsible for liaising with finance in the event of a Support Coordinated participant generating a bad debt and working with participants as required to ensure the debt is paid or an appropriate payment plan is negotiated.

Responsibility for Bad Debt Write-Off or Waiving of Debt

The Financial Administrator after consultation with the Executive Officer, their delegated authority and the Board via recommendation from the Treasurer or Finance subcommittee.

Responsibility for Doubtful Debt Provision

The Executive Officer in consultation with the Finance Sub-committee as a delegation of the Board.

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DEFINITIONS

Bad debts: Bad debts are debts that have been assessed as being uncollectable

Bad debt write-offs: When the money owed in the bad debt is no longer counted as an asset of Interchange IE and financial statements are amended to reflect this change

Provision for doubtful debts: An estimate of the amount of debt raised that is unlikely to be collected/ recompensed

Waiving of debt: Debts that are waived (forgiven) in circumstances deemed appropriate by Interchange IE

Travel: Refers to the picking-up and dropping-off of participants before and after the direct delivery of supports. The staff costs and travel costs incurred as part of this support are identified as part of the planning process and charged on an actual kilometre basis

Transport: Is part of the direct delivery of supports as part of the agreed plan of the participant. The kilometre costs incurred as part of this support is identified as part of the NDIS planning process and charged on an actual kilometre basis

Plan Manager: An NDIS registered plan management provider who administers payment of supports in a plan on the participant's behalf

Fee for service: A person pays for Interchange IE supports on a user pays basis because they are not funded by the NDIS, DHHS or other Commonwealth funding or they are self-managing their NDIS plan, or their plan has been exhausted and are therefore paying out of pocket.

POLICY

Consistent efforts are made to ensure debts are collected promptly, doubtful debts are provided for, and appropriate authorisation is obtained for the write-off of bad debts for participants and/or third-party providers. Invoices are issued fortnightly and overdue account holders are followed up by phone call or email.

PROCEDURE

1. Bad debt collection

A debt is created when the Interchange IE service or support is provided. To minimise risk of bad debt, before supports or services are provided, the service agreement should stipulate the terms and conditions of services and support provision including the approach to cancellation of services and supports, opting in and opting out of a service booking and the invoicing procedure.

Unless directed to the contrary by the Executive Officer or their designated authority, it is also best practice to provide a quote for services or supports intended to be provided upfront to minimise risk of bad debt.

Where a participant purchases supports from Interchange IE which are not claimed back directly from the NDIA (such as travel or activity cost, fee for service or a third party provider is brokered or administers a plan via plan management), invoices will be generated by finance and emailed or posted to the participant or their identified nominee, the plan manager or the third party provider for payment within 30 days.

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After thirty-one days, finance will send an overdue invoice reminder to the participant or their nominee. After a further fourteen days with payment outstanding, finance will send a letter of demand to the participant or their nominee for the invoice to be paid within the next seven days. They will also contact the participant or their nominee by phone to ascertain if there is a reason the participant cannot pay the invoice. In the case of hardship, finance should liaise with the participant's support coordinator to draw up an agreed plan of repayment e.g. arrange for the debt to be repaid in instalments.

If the participant or their nominee has not paid their invoice within sixty days, and the participant does not have an agreement in place with Interchange IE to repay the debt, Interchange IE may cease the service booking (allowing for the thirty days notification period required). The bad debt may also be referred to the debt collector at the discretion of the Executive Officer or their delegated authority.

Finance should keep records of all attempts to contact the participant or their nominee on Reckon and in a spreadsheet on the Finance drive. A register of debtors should also be maintained by finance on the Finance drive.

2. Bad debt write-off

If debts are over 100 days old, with no payment plans in place, they shall be considered to be bad debts. After all avenues to collect the debt have been exhausted (as described above), approval may be sought to write-off a bad debt. Approval of the bad debt to be written off (below \$200 will be authorised by the Executive Officer and acted upon by the Finance Administrator) whilst debts over \$200 will require the approval of the Executive Officer and the Treasurer of the Board or their delegated authority to be written off.

All approved write-offs shall be recorded in the nominated accounts under the Finance Department.

If a debt is written off and a participant seeks to have further service provided at a future date, the written off debt shall be reinstated and the participant shall be required to pay the debt prior to the provision of further services and supports under a service agreement.

3. Doubtful debt provision

A doubtful debt provision will be made in the annual budget of up to \$5000. This provisional amount should be reviewed by the Board and management team at the commencement of each new Financial Year (July) against bad debt actuals and then every two years thereafter in accordance with the review process for policies and procedures.

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RELATED LEGISLATION AND DOCUMENTS

NDIS Terms of Business

NDIS Price Guide Victoria

RELATED POLICIES & PROCEDURES

Interchange IE Service Agreement

NDIS Participant Plan