

# Lerwin Aged Care Facility Debt Recovery Policy



## COUNCIL POLICY – Lerwin Aged Care Facility Debt Recovery

Reference Number	#704122
Responsible Business Unit	Organisational Services - Finance
Responsible Officer	General Manager Corporate Services
Legislation	Local Government Act 1999 Local Government General Regulations 1999 Local Government Financial Management Regulations 2011 Local Government Finance Authority Act 1983 Rates and Land Tax Remissions Act 1986 Aged Care Act 1997
Relevant Delegations	Chief Executive Officer General Manager Corporate Services Chief Financial Officer Manager, Lerwin
Related Policies Management Guidelines Frameworks	Financial Sustainability Policy #750838 Lerwin Aged Care Refundable Accommodation Deposits Governance Policy #696288 Lerwin Debt Recovery Guidelines
Link to Strategic Plan	Objective 5.2 - Sustainable
Council resolution	14 March 2017
Date Adopted	Item 52.2
Review Date	September 2019
Previous Revisions	122.11 – 8 September 2014

## POLICY STATEMENT

To ensure the fair, equitable and consistent collection of the Lerwin debtors in an effective and timely manner, the Council will attempt to recover all costs, interest and expenses incurred by the Council, whilst recognising the need to identify and consider individual cases of genuine hardship and treating them appropriate and compassionately.

## OBJECTIVES

Residents entering Lerwin agree to the fees and charges as set out in the Resident and Accommodation Agreement ("the agreement") at the time of admission in accordance with legislative requirements. This income forms an important part of the funding required for the delivery of quality care and services. This policy provides guidance for the Council to assist with the recovery of unpaid fees and charges for Lerwin debtors.

## SCOPE

This policy will apply to the collection of outstanding monies from all debtors of Lerwin.

## PRINCIPLES

The principles that will apply in the management and recovery of debt are:

- The Council has a responsibility to recover monies owing in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- The Council will operate effective and efficient billing and debt collection processes;

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- The Council aims to minimise the amount of outstanding monies that it is owed;
- The Council will recognise genuine financial hardship and treat people with respect and compassion in considering their circumstances;
- The Council will treat all people fairly and consistently under this policy;
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;
- The Council will not place an outstanding debtor with the Council's debt collection agency without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt; and
- Once a final letter of demand is issued, legal action will proceed and any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not compromised.

## IMPLEMENTATION

Lerwin debtors become overdue when not paid in accordance with the terms of the Resident Billing Statements issued by Lerwin or the arrangements agreed on resident admission and outlined in the agreement. Terms of payment will be as specified and agreed in the agreement.

The Council may apply interest on late payments and recovery of any costs reasonably incurred from a breach of the agreement.

The Council will commence its legal recovery process through a debt collection agency on overdue amounts for debtors after all reasonable attempts to collect the debt have been made by Council staff.

Where the Council incurs legal costs for debt recovery, the legal costs will be recoverable from the debtor.

All payment arrangements outside of the Council's terms of the agreement must be applied for in writing. Payment arrangements will only be recognised when the debtor is provided with written approval of the payment arrangement.

Information regarding payment arrangement plans and progress payments of overdue accounts will be made available to the debtor upon written application.

The Council may, at its discretion, remit penalties and related expenses for late payment of debtors where genuine hardship can be substantiated.

A provision of Doubtful Debts shall be made and considered where the debtor is in liquidation, bankrupt, not locatable or the recovery of the debt looks doubtful.

Debt may be considered for write off in accordance with the Council approved delegations if there is no reasonable prospect of recovering the debt or the costs of recovery are likely to equal or exceed the amount to be recovered and reasonable attempts have been made to recover the outstanding amount.

The Council will maintain a management guideline and procedures that support the administration of this policy including monitoring on a month basis by the Chief Financial Officer against identified performance measures. All written off debts will be reported to Council on a quarterly basis and will include the amount written off, description and reason for the write off.

## Debt Management

The debt collection practices will be applied to all **outstanding Lerwin debts** (greater than 30 days) without any payment arrangement in place or default of payment arrangement as outlined in the Lerwin Debt Recovery Management Guideline:

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The general debt collection process will include:

- i. A reminder requesting payment or to contact the Billing Officer at Lerwin to enter into a payment arrangement.
- ii. Where no response is received, telephone contact and/or reminder letters requesting payment within specified time frames will be made and the debtor will be advised to contact the Billing Officer at Lerwin to enter into an arrangement. Administration fees will be incurred and charged according to Section 144 of the Local Government 1999, the Aged Care Act 1997 and/or the agreement.
- iii. Where no response is received, a letter of final demand will be sent by registered post. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action.
- iv. Where no response is received, the outstanding debt will be forwarded to Council's debt recovery agent.
- v. When possible, any outstanding debtor will not be provided with future credit until the debt is cleared. Any customer whose debts are sent to the debt recovery agent will be made aware that their credit history could be affected.

## DEFINITION

"Agreement" is the Resident and Accommodation Agreement between the Lerwin Aged Care Facility and the resident.

"Debtor" is an individual, organisation or other party that transacts with the Council for the purchase and/or provision of goods or services from the Council that results in a commitment to pay at a future time. In most cases, a "Lerwin Debtor" will be a party who has entered into a Resident and Accommodation agreement with the Council.

"Debt" is the amount of money owed by the debtor as a result of a transaction with the Council.

"Default" means where a Council approved payment arrangement is in place and payments are not made as agreed by the client under the Resident and Accommodation agreement.

"Financial hardship" means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt. Reductions of an Accommodation Payment amount or Accommodation Contribution amount covered by the Aged Care Act, financial hardship will be determined by the Commonwealth Government, upon application.

"Payment arrangements" means alternative arrangements to the terms included in the Resident and Accommodation Agreement for the payment of the outstanding debt. The arrangement requires written approval by Council Administration.