

**Council Policy  
CP035  
Writing Off Bad Debts**

<b>Officer</b>	Financial Accountant	<b>Owner</b>	Director Corporate & Commercial Services
<b>Review frequency</b>	Biennially	<b>Next review</b>	2017
<b>Council resolution number and date</b>			
<b>Mayor</b>		<b>Chief Executive Officer</b>	

### OBJECTIVE

The purpose of this policy is to establish guidelines for the writing off of debts that are no longer considered collectable.

### SCOPE

This policy applies to all City employees, contractors and councillors.

### DEFINITIONS

**City** means the City of Greater Geraldton.

**Council** means the Council of the City of Greater Geraldton.

**Councillor** means a person who holds the office of Councillor on the Council.

**Mayor** means the Mayor elected by electors of the district of the City of Greater Geraldton.

**CEO** means the Chief Executive Officer of the City.

**Employee** means a person employed by the City under section 5.36 of the LGA.

**Act** or **LGA** means the *Local Government Act 1995*.

### POLICY

1. Where difficulty is experienced in recovering debts there comes a point where it is inappropriate, overly expensive or uneconomic to pursue further action. These debts should be written off as failure to do so will overstate operating profit and Accounts Receivable.
2. A debt may be written off by the Director Corporate & Commercial Services if the debt is under \$5,000 including GST.
3. A debt may be written off by the Chief Executive Officer if the debt is under \$10,000 including GST.
4. Any writing off of debts over \$10,000 must be approved by Council.
5. A debt may be considered to be written off where:
  - the cost of attempting to recover the debt would exceed the debt;
  - the debtor is deceased and the amount is uncollectable;
  - the debtor has become bankrupt;

- recommendation of the debt collector that the amount is not collectable;
  - the debt is subject to a decision of a legal judgment or court order; or
  - all reasonable action has been taken to recover the debt.
6. A report for each request to write off a debt must be provided to the Director Corporate & Commercial Services indicating:
- The value of the debt;
  - How long it has been outstanding;
  - The actions taken to recover the debt; and
  - Why further attempts to recover the debt should not be undertaken.
7. A report of all debts written off is to be presented to Council, including details as to why the debts were written off.

#### **ROLES AND RESPONSIBILITIES**

The Director of Corporate & Commercial Services is responsible for implementing and maintaining this Policy.

#### **WORKPLACE INFORMATION/REFERENCES**

Local Government Act 1995  
Operational Policy – OP054 Employee Code of Conduct