



Bodmin Town Council Credit Management Code of Practice

Document Name & Version:

Credit Management Code of Practice - BTC – 20.07.23 - VFA 4.0

Responsible Officer: Senior Accounts Officer

Date approved by Policy & Resources Committee: 20th July 2023

Date adopted by Council: 20th July 2023

Review Date: 20th July 2024

1 Introduction

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

These guidelines have been drawn up in consultation with the Council's Internal Auditor and should be read in conjunction with the Council's Financial Regulations.

2 Charging for Goods and services

- 2.1 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.

- 2.2 Charges will be reviewed at least every twelve months. Staff should be notified of any changes and customers made aware in writing where appropriate.

- 2.3 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.

- 2.4 An invoice should be raised on completion. 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 Her Majesty's Revenue and Customs (HMRC).

3 Raising Invoices

- 3.1 If payment can be secured before goods or services are supplied, then this should be done. If payment is received in advance, it is not necessary to raise an invoice, unless requested. If payment has not been received in advance an invoice must be raised so that the debt is accounted for.

- 3.2 All sales of goods/services must be identified, and charges raised accordingly. Managers must ensure that all income due has been claimed and that appropriate invoices have been requested. There must be a valid, documented reason for any uninvoiced work/service, and these must be approved by the Council.

- 3.3 Unless stipulated otherwise, all invoices must be raised within 30 days of the supply of the goods/services.
- 3.4 No manual invoices should be issued. All invoices must be in the format adopted by the Council and be actioned using the accounting system.
- 3.5 If the goods/services are subject to VAT, this must be shown and coded separately on the invoice.
- 3.6 All invoices should be checked for accuracy, as this will reduce the number of credit notes that the Council will need to issue.

4 Payments In Advance & Deposits

- 4.1 Payment is required in advance of the hire of:
- Rooms for private functions (as per Financial Regulation 9.10)
 - Parks and open spaces
 - Market stalls
- 4.2 A deposit is required to secure the booking of the:
- Suite for larger private functions
 - Areas of the Parks & Opens Spaces (in line with charging structure)

5 Credit Notes

- 5.1 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.
- 5.2 A credit note should only be raised to cancel the invoice in full or to reduce the value. Do not raise a credit note if the invoice has been paid in full. If money has to be returned, a refund should be made.

6 Write Offs

- 6.1 A debt should only be written off when it is a valid debt and we are unable to secure payment.
- 6.2 If a debt is required to be written off it must be approved by Council if the value is over £100.00 net.
- 6.3 All write offs should be supported by the relevant documentation/information as to the reason for write off.

6.4 In accordance with HM Revenue and Customs regulations, VAT will be reclaimed by the VAT return six months after the date of the invoice.

7 Debt Recovery

7.1 All staff must recognise the importance of recovering outstanding debts.

7.2 Reminder letters are emailed wherever possible or printed and despatched by the Senior Accounts Officer to the debtor using first class post.

7.3 Unless alternative procedures have been agreed. The first reminder letter is produced 14 days from the due date. The letter states payment is required within fourteen days and that any further provision of services/goods will be cancelled until payment is received in full.

7.4 After a further fourteen days, a second reminder letter is sent, notifying the customer that, unless payment is made within seven days, the debt will be referred to our collection agents.

7.5 After a further seven days, a third reminder letter is sent, notifying the customer that, unless payment is made within seven days, the debt will be referred to our collection agents. The third reminder letter will be sent out using the recorded delivery postal service.

7.6 If, after this period has elapsed and no payment has been received, court action is to be commenced immediately.

7.7 It is recommended that debts of less than £25.00 with the are not referred for legal action.

7.8 At every stage of the collection process, full records must be kept of any discussions or correspondence between you and the debtor.

7.9 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.

7.10 Any requests for repayment on an instalment basis should result in full settlement within twelve months.

8 Overpayments

- 8.1 When a payment in excess of the invoice value is received, the balance should be refunded to the customer. Unless the customer agrees it can be used against another outstanding invoice.

9 Collection Methods

The Council will not use oppressive or intrusive collection methods.

- The Council will not act in a manner intended to embarrass the debtor.
- The Council will be discreet when attempting to contact the debtor, whether by telephone, letter, or by personal visit.
- The Council will ensure that all attempted contact with debtors is made at reasonable times and at reasonable intervals.
- Unless instructed otherwise by the debtor, the Council will not discuss or disclose to anyone the customer's information unless there is a legal requirement.
- The Council will not use improper means to obtain the telephone number or address of the debtor.
- The Council will not pressure debtors to sell property or raise funds by further borrowing.

10 Review and Amendment of Practice

- 10.1 This code of practice will be reviewed annually, to ensure it complies with updated regulations and presented for approval by the Finance, Staffing & Performance Management Committee.

11 Alternative Formats

- 11.1 If you need this information in a different format or have any other queries regarding this policy, please contact us:

- by email: admin@bodmin.gov.uk
- by phone: 01208 76616
- by post: Shire Hall, Mount Folly, Bodmin, PL31 2DQ