



D O W N H A M
M A R K E T

T O W N C O U N C I L

CREDIT MANAGEMENT CODE OF PRACTICE

Date of Adoption: 27 February 2024
Revision – every 3 years

CREDIT MANAGEMENT CODE OF PRACTICE

1. INTRODUCTION

- 1.1 This document presents a set of good practice guidelines, for the provision of Downham Market Town Council's (hereinafter referred to as the Council) 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 His 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. Staff must ensure that any income due has been claimed and that appropriate invoices have been requested. There must be a valid, documented reason for any uninvited 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 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/events
- Market stalls
- Open spaces

4.2 A deposit which will form part of the total account, and a refundable damage deposit is required to secure the booking of the:

- Town Hall (see Terms and Conditions of hiring Downham Market Town Hall)
- Jubilee Community Centre (see Terms and Conditions)

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 the Council is 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 HMRC regulations, VAT will be reclaimed by the VAT return six months after the date of invoice.

7. DEBT RECOVERY

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

7.2 Reminder letters are emailed whenever possible or printed and despatched by the Town Clerk/Responsible Financial Officer, or Deputy Town Clerk to the debtor using first class post.

7.3 Unless alternative procedures have been agreed, the first reminder letter is produced fourteen 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 the Council's 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 the Council's 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 £100.00 net, 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 the Council 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.

8. OVERPAYMENTS

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

9. COLLECTION MATTERS

- 9.1 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 email.
 - 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. LETTING OF INVESTMENT PROPERTY

Most, if not all, letting will be made under the auspices of The Landlord and Tenant Act, as amended. It is important to consider the documents in detail, as they may, for example, provide for a certain "period of grace" before legal action can be taken to recover any debt or may contain other provisions that limit the Council's power of recovery.

11. REVIEW AND AMENDMENT OF PRACTICE

- 11.1 This code of practice will be reviewed every 3 years, to ensure it complies with updated regulations and will be presented for review by the Governance Committee.

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