Debt Management

Policy and Procedures

Note: This policy needs to be tailored to the circumstances of each organisation, including the supports provided, what job roles it has, and what systems are in use.

# Policy

<Insert name of organisation> aims:

* to implement financial processes that support customers to avoid or limit their debts to <Insert name of organisation>
* to manage customers who are debtors to assure <Insert name of organisation>’s financial sustainability
* to have appropriate separation of duties in relation to writing-off debt <this might not be possible in very small organisations>
* for supports delivered under NDIS, to comply with the NDIA’s Terms of Business for Registered Providers and the NDIS Price Guide, including:
	+ prohibition on advance payments for Agency Managed plans
	+ prohibition of late payment fees, and
	+ processes for withdrawal or termination of services.

# Procedures

**Definitions**

Definitions of terms used and their meaning within the context of this Policy are listed below.

* Agency Managed Plan: For customers who are NDIS participants, a method of managing supports in a plan whereby <Insert name of organisation> receives payment from the NDIA via the NDIS Provider Portal.
* Plan Management Provider: For NDIS, a third-party registered provider which assists the participant to manage the funded supports in their plan. <Insert name of organisation> invoices the Plan Management Provider, which then pays <Insert name of organisation>.
* Self-managed: For customers who are NDIS participants, a method of managing supports in a plan whereby the customer is responsible for managing their supports and paying <Insert name of organisation> directly.

**Debt prevention and limitation**

The <insert title of position, for example, Finance Manager> is responsible for establishing effective billing processes and efficient payment collection methods.

**Effective billing processes**

* NDIS-funded supports
	+ Agency-managed plans: Payment Request through NDIS Provider Portal; daily or weekly <or whatever other cycle is used depending on the unit of measure of the supports provided>.
	+ Plan Management Provider: Invoice to Plan Management Provider; weekly.
	+ Self-managed: Invoice to customer; weekly.
* Non-NDIS funded disability supports other than therapy: Invoice to customer; weekly; except for rent and other household expenses in Specialist Disability Accommodation, which is charged fortnightly in advance.
* Non-NDIS therapy: Invoice to customer; at time of delivery, for immediate payment.

**Efficient payment collection methods**

<Insert name of organisation> accepts the following payment methods.

* NDIS-funded supports
	+ Agency (NDIA) Managed Plans: Bank transfer by NDIA
	+ Plan Management Provider: Credit card; bank transfer
	+ Self-managed: Credit card; bank transfer
* Non-NDIS funded disability supports other than therapy: Credit card; bank transfer
* Non-NDIS therapy: Credit card; direct debit.
* Where payment is by credit card, the NDIS Price Guide does not permit the charging of a surcharge.

**Debtor management**

<Insert name of organisation>’s business processes will ensure that all payments are recorded in <name of finance system> on a daily basis <or whatever other cycle is used>.

Outstanding debts are reviewed on a weekly basis by <Insert title of position, for example, Customer Service Manager (CSM)> who decides on the appropriate action to be taken.

Records of all interactions with debtors are maintained in <name of system, for example, finance system>.

The following processes apply.

* 14 days after issue of invoice: Payment due. <If the due date is not 14 days after request, adjust this and all following days.>
* 17 days after issue of invoice: Payment received in our bank account.
* 18 days after issue of invoice: Payment information entered in <name of finance system>.
* 19 days after issue of invoice: <CSM> runs debtors report in <name of finance system>. Calls customer/carer. If successful in speaking to customer/carer and in gaining assurance of prompt payment, records the promised date for payment in <name of finance system> and emails customer reminder. If not successful in gaining assurance of prompt payment, emails letter saying services might be withdrawn/ terminated if invoice not paid in 5 days.
* 26 days after issue of invoice:
	+ <CSM> runs debtors report in <name of finance system>. Calls customer/carer. If successful in speaking to customer/carer and in gaining assurance of prompt payment, records the promised date for payment in <name of finance system> and emails customer reminder. If not contactable, checks <name of CRM system> and speaks to <insert operational role> to check if customer/carer is overseas, in hospital, etc. If no acceptable reason for non-payment, consider withdrawing/terminating services with immediate effect. If so, inform customer in writing and advise <insert title of rostering role> and <insert title of operations role>.
	+ If the customer has an NDIS Plan and is self-managing and there are doubts about the participant’s capacity to self-manage, contacts NDIA.
	+ Emails final demand letter requiring payment in 5 days, and stating that unless payment is received in that timeframe, recovery will commence through a debt collection agency without further notice.
* 33 days after issue of invoice (unless customer/carer known to be overseas, in hospital, etc.) : <CSM>, if debt not paid, ensures that services withdrawn/ terminated with immediate effect if this has not already occurred. Informs customer in writing and advises <insert title of rostering role> and <insert title of operations role>.
	+ Provides latest relevant information to <Insert title of role, for example, Finance Manager.
	+ <Finance Manager>: In conjunction with <CSM>, decides action to be taken (for example, arrangements for debt collection, or repayment plan. Make recommendation for further action in writing to CEO.

**Finalising debts**

The <CSM> together with the <Finance Manager> may propose that the CEO <or role than holds delegation> accept a reasonable request for payment by instalments, provided agreement is reached on the terms and the timeframes. Such agreements are to be in writing and confirmed by both parties, with a copy to the <CSM> and <Finance Manager>.

In the event of a payment default the full amount of the debt will become due for payment and will be referred to <Insert name of organisation>’s debt collector.

Prior to referring a debt to a debt collection agency, the <Finance Manager> and the <CSM> will confer about whether it is uneconomic to finalise recovery action, for example, if the debt is of relatively small value. If so, a recommendation shall be made to the CEO who holds the delegation <or role that holds delegation> to write-off debt.

**Reporting to Executive and Board on debts**

As part of the standard financial reports, the <Finance Manager> shall provide a written report to the Executive management team and to the Board each month on the amount and age of debts, the action taken, and the rationale for the any write-off of debt.