



Debt Collection Policy
(Approved by Governing Council 3rd May 2010)

THE PURPOSE

The following debt policy provides guidance to the School Management for the recovery of all debts due to the Governing Council.

The debts due to the Governing Council can be classified under two categories:

- Material and Services Charges legislation and Administrative Instructions and Guidelines
- Other Charges (specifically extra curricular charges)

This policy is to be read and applied subject to any DECS administrative and legal requirements.

Liability for Debt – Material and Services Charges

Section 106A part (6) determines the liability of the material and services charge as follows:

the parents of the student are jointly and severally liable for the charge;

A student can only be charged for the Material and Services Charges once per calendar year.

Approved School Card holders are relieved from paying Material Services Charges.

Invoicing

1. Persons liable for debts due to the Governing Council must have been provided with a compliant tax invoice from EDSAS finance.

Instalment Plans

The Principal and the debtor must negotiate and sign a formal instalment agreement. The agreement must detail the amount and due date for each instalment.

If the debtor defaults on an instalment payment, and fails to notify the school prior to this payment of any financial difficulty, the school without further notice may cancel this agreement and legally pursue the debt.

Amount Recoverable – Material and Services Charges

The legislation for Materials and Services Charges allows schools to recover a ‘standard sum’ annually.

The standard sum is indexed each year by the June quarter of the City of Adelaide CPI. A circular is distributed annually by DECS with the calculated legally enforceable ‘standard sum’ amounts for the following year.

The school must have complied with the Materials and Services Charges legislation and Administrative Instructions and Guidelines.

Recovery Action – Material and Services Charges

The Finance Officer is required to ensure that all invoices outstanding are accurately recorded and maintained within the Accounts Receivable module of EDSAS finance.

The Finance Officer must document all steps undertaken by the school to recover the debt. This includes recording the dates that invoices and statements were distributed, and/or phone calls and letters that have been sent to debtors.

For all outstanding debts a statement must be issued to all persons liable for the Charge prior to the end of term 2. A reasonable period of time must be given between the first and final statement.

For all outstanding debts a final statement (stamped final notice) must be issued to all persons liable for the charge. This statement must state “further action will be taken if this account remains outstanding after a period of no less than 14 days.”

The Material and Services Administrative Instructions and Guidelines allow schools to undertake legal action at the beginning of Term 2. This also applies to default instalment agreements.

The Governing Council must discuss the various debt recovery options. (Further information is available on each option in the Material and Services Charges Administrative Instructions and Guidelines)

Option 1: Pursue the debt through the minor claims court

Option 2: Engage the services of an independent debt collector

Option 3: Central Debt Collection

The Governing Council must approve the school undertaking legal action, based on the options above. The approval to pursue the debt must be minuted in the Governing Council minutes. The anonymity of the families involved must be preserved at all times.

Waive or reduce the Material and Services Charge

1. The Principal can waive or reduce the Charge, where they believe the debtor is experiencing financial hardship. The waiving or reduction of the Charge is to be dealt with confidentially between the debtor and the Principal.

Writing Off Debts

A debt may be written off by resolution of the Governing Council on the recommendation of the Principal or delegate.

A recommendation to write off a debt can be made when all reasonable avenues to recover the debt have been exhausted, and where it is not cost effective to pursue the debt through legal action.

