

## POLICY PURPOSE

The purpose of this policy is to ensure that All About Care Australia (AACCA) is able to minimise the risk of participant and third-party provider debt to the organisation. The associated policy and procedures assist staff with defined processes and clear delegation of authority for collecting debts, bad debt write-offs and doubtful debt provisions.

## SCOPE

This policy has a defined scope within its application.

This policy applies to all NDIS participants who choose AACCA services and supports (including those who self-manage and purchase our services and supports), participants who currently access services through their funded NDIS plan and plan managers, including NDIS who are responsible for reconciling payment for AACCA services delivered to NDIS participants.

## RESPONSIBILITIES

All employees of AACCA must be aware of this policy and the need to implement it. All employees of AACCA must understand the financial implications of providing support to participants and the risks bad debt arising from supports provided could pose for the organisation's financial sustainability.

Any AACCA employees authorised to undertake to invoice for AACCA services and supports provided and in the recovery of outstanding debts from participants and other third-party debtors such as plan managers or brokering providers. Support Coordinators are responsible for liaising with finance in case a Support Coordinated participant generates a bad debt and working with participants as required to ensure the debt is paid or an appropriate payment plan is negotiated.

## DEFINITIONS

**Bad debts:** Bad debts are debts that have been assessed as being uncollectable

**Bad debt write-offs:** When the money owed in the bad debt is no longer counted as an asset of AACCA and financial statements are amended to reflect this change

**Provision for doubtful debts:** An estimate of the amount of debt raised that is unlikely to be collected/ recompensed

**Waiving of debt:** Debts that are waived (forgiven) in the circumstances deemed appropriate by AACCA

**Travel:** Refers to the picking-up and dropping-off of participants before and after the direct delivery of supports. The staff costs and travel costs incurred as part of this support are identified as part of the planning process and charged on an actual kilometre basis

**Transport:** This is part of the direct delivery of supports as part of the agreed plan of the participant. The kilometre costs incurred as part of this support are identified as part of the NDIS planning process and charged on an actual kilometre basis

**Plan Manager:** An NDIS registered plan management provider who administers payment of supports in a plan on the participant's behalf

**Fee for service:** A person pays for AACCA supports on a user pays basis because they are not funded by the NDIS, DHHS or other Commonwealth funding or they are self-managing their NDIS plan or their plan has been exhausted and are therefore paying out of pocket.

## POLICY

Consistent efforts are made to ensure debts are collected promptly, doubtful debts are provided for, and appropriate authorisation is obtained for the write-off of bad debts for participants and/or third-party providers. Invoices are issued fortnightly and overdue account holders are followed up by phone call or email.

## PROCEDURE

### 1. Bad debt collection

A debt is created when the AACCA service or support is provided. To minimise the risk of bad debt, before supports or services are provided, the service agreement should stipulate the terms and conditions of services and support provision including the approach to cancellation of services and supports, opting in and opting out of a service booking and the invoicing procedure.

Unless directed to the contrary by the Director or their designated authority, it is also best practice to provide a quote for services or supports intended to be provided upfront to minimise the risk of bad debt.

Where a participant purchase supports from AACCA which is not claimed back directly from the NDIA (such as travel or activity cost, fee for service or a third party provider is brokered or administers a plan via plan management), invoices will be generated by the finance team and emailed or posted to the participant or their identified nominee, the plan manager or the third party provider for payment within 30 days.

After thirty-one days, the finance team will send an overdue invoice reminder to the participant or their nominee. After a further fourteen days with payment outstanding, the finance team will send a letter of demand to the participant or their nominee for the invoice to be paid within the next seven days. They will also phone the participant or their nominee to ascertain why the participant cannot pay the invoice. In the case of hardship, finance should liaise with the participant's support coordinator to draw up an agreed plan of repayment, e.g. arrange for the debt to be repaid in instalments.

If the participant or their nominee has not paid their invoice within sixty days, and the participant does not have an agreement in place with AACCA to repay the debt, AACCA may cease the service booking (allowing for the thirty days notification period required). The bad debt may also be referred to the debt collector at the discretion of the Director or their delegated authority.

The finance team should keep records of all attempts to contact the participant or their nominee.

### 2. Bad debt write-off

If debts are over 100 days old, with no payment plans in place, they shall be considered to be bad debts. After all, avenues to collect the debt have been exhausted (as described above), approval may be sought to write off bad debt. Approval of the bad debt to be written off (below \$200 will be authorised by the Director and acted upon by the Finance Administrator) whilst debts over \$200 will require the approval of the Director to be written off.

All approved write-offs shall be recorded in the nominated accounts under the Finance Department.

If a debt is written off and a participant seeks to have further service provided at a future date, the written-off debt shall be reinstated and the participant shall be required to pay the debt before providing further services and supports under a service agreement.

### 3. Doubtful debt provision

A doubtful debt provision will be made in the annual budget of up to \$5000. This provisional amount should be reviewed by the management team at the commencement of each new Financial Year (July) against bad debt actuals and then every two years thereafter in accordance with the review process for policies and procedures.

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## RELATED LEGISLATION AND DOCUMENTS

NDIS Terms of Business

NDIS Price Guide

## RELATED POLICIES & PROCEDURES

AACA Service Agreement

NDIS Participant Plan