



## **Production and Sales of Goods, Products and Services from Prison Industries – Appendix 2**

### **Debtors Policy and Guidelines**

Individual business areas are responsible for the operation of their credit policy and debtor administration. This document provides guidelines and information for Departmental staff with:

#### **1. Processing credit application**

##### **1.1 Businesses**

Where the client is a business or corporate in nature, the clients may purchase prison goods on credit. The clients must complete the Department of Corrective Service's credit application form and submit it to the prison concerned. Terms and conditions are specified on the application.

The approval depends on the investigation of the credit worthiness of the customers. No goods should be provided until the credit application is approved. The Manager Prison Industries is responsible for approving credit applications.

##### **1.2 General public and employees**

The Department of Corrective Services, under no circumstances, provides credit to the general public or employees of the Department. All prison industries goods are cash on delivery for these transactions.

Employees are permitted to purchase goods from prison workshops (standard catalogue items only) at the standard price list, made from materials ordered through the normal supplies. Please refer to the Circular to Superintendents No 15/2000 for more details.

Where the general public wish to purchase an item(s) from a prison workshop(s), a deposit of 20% of the purchase price must be paid in advance. All accounts unless otherwise agreed in writing shall be paid upon delivery of the goods or upon completion of the work undertaken by the Department. Possession of the prison goods will not pass until full payment has been received by the Prison Industries.

A failure to collect goods within 30 days from the date of being ready for collection will render the deposit forfeited and goods returned to stock. Deposits will not be returned due to customers who change their mind with regard to their order(s).

#### **2. Investigating the credit worthiness**

Business customers who wish to operate via account are required to complete the Department of Corrective Services' [credit application form](#). In the credit application, the

client is required to provide two business trading references (companies or businesses with whom the applicant is currently trading). By providing the references, the applicant agrees that the Department of Corrective Services may seek from any trade references named in the credit application, information relating to the applicant's credit worthiness, credit standing and credit history.

It is the responsibility of the Manager Prison Industries to check the references and the credit worthiness of the customers.

### **3. Credit limit**

The credit limit for each applicant will be set based on the estimated monthly purchases from the customers.

### **4. Credit terms and conditions**

All accounts unless otherwise agreed in writing shall be paid upon delivery/collection of goods. Disputes and/or claims do not constitute ground for non-payment of amount other than those in dispute.

The applicant cannot use the credit facility until it receive notice in writing from the Department of Corrective services stating that the facility has been granted and until then all accounts from the Department shall be on a cash basis upon delivery/collection of goods.

The Department may withdraw the credit facility at any time without notice.

All risks in any goods ordered by the customer shall be deemed to pass to the clients from the time the goods are loaded for delivery by the Department. All goods remain the property of the Department of Corrective Services until the Department receives the payment in full.

The general payment term is 30 days from the date of the invoice. However, depending on the outcome of credit worthiness, payment terms may be earlier than 30 days. Please refer to the Credit Application for more terms and conditions.

### **5. Collection procedures**

Due to the diverse areas of invoices, the debts recovery function remains with the Prison business unit. It is the responsibility of the Prison concerned to monitor the aged debtors outstanding balance report. This report details invoices outstanding by aged categories.

For example:

- 01 - 30 days past due
- 31 - 60 days past due
- 61 - 90 days past due
- 91 -180 days past due
- 181 - 360 days past due
- 361 + days past due.

## 5.1 Debt recovery time frame

Payment should be received within 30 days from the date of the invoice. Should no payment be received within 35 days, the follow actions must take place:

- 35 to 40 days First letter of demand
- 40 to 50 days Second letter of demand
- 50 to 60 days Final letter of demand
- 60 to 70 days Credit arrangement ceased
- 71+ days Matter referred to Collection Agency - (Private Agency or State Solicitor's Office)

## 5.2 State Solicitors' Office

Where the efforts to recover the debts have been unsuccessful, Prison Business Units may refer the matters to State Solicitors' Office (SSO) for legal actions.

Where the matters are referred to SSO, Prison Business Units are required to forward all documentations (invoice, purchase order, letter of demands and phone conversation notes) to SSO.

Any legal and associated costs incurred for debts recovery will be passed onto the appropriate customer. However, where the recovery is unsuccessful, the costs will be transfer to Prison Services.

## 5.3 Write Offs

Write offs should only be employed as a matter of last resort. Approval for write offs must be obtained for any revenue that becomes irrecoverable. All applications for write off are to be forwarded to the Manager, Financial Accounting.

The level of approval is dependant on the value of the item to be written off. Current levels of approval are:

- Commissioner - Write offs of any one item to the value of \$100,000.00
- Minister - Write offs over \$100,000.00 up to \$250,000.00
- Governor - Write offs in excess of \$250,000.00

The write off amounts will be charged to the relevant performance centre. The amount of write offs will be disclosed in the notes to the Department of Corrective Services Financial Statements.

## 6. Application to "Request a Payment Arrangement".

The debtor may approach the Prison concerned and submit a written request to enter into a payment arrangement. The relevant form must be completed by the debtor and submitted to Prison Administration. Any such request must be received by Prison Administration within 60 days from the date of issue of the original invoice

A copy of the written request must be forwarded through the Manager, Prison Industries to the Debtors Officer, Finance Department within DCS for consideration and approval. Any

approval is at the discretion of the Debtors Officer. A decision, in regard to the proposed arrangement will be communicated in writing by the Debtors Officer.

If an arrangement has been approved in accordance with the proposal, then the relevant Prison Industry is required to regularly monitor repayments/debtors' compliance.

In the event of a default by the debtor, notice must be provided of such default to the Debtors Officer as soon as it is believed to be necessary, for appropriate action.

## **7. Dishonoured payments**

If the customer's cheque or credit card payment is dishonoured, the Department of Corrective Services will charge a \$15 administration fee.

## **8. Contacts**

### **Invoices/debtors/reports:**

#### **Senior Debtors Officer**

Financial Management Directorate

Financial Accounting Branch

Telephone: (08) 9264 1235

Facsimile: (08) 9264 1733

### **Legal action:**

#### **Senior Managing Law Clerk**

State Solicitors' Office

Telephone: (08) 9264 1816

Facsimile: (08) 9264 1812

### **Write offs:**

#### **Revenue Coordinator**

Financial Management Directorate

Financial Accounting Branch

Telephone: (08) 9264 1236

Facsimile: (08) 9264 1733