

## Debtor System

1. On the 28<sup>th</sup> of each month, the bookkeeper will check the bank feeds or bank statement for any new debtor payments and will allocate these to the corresponding unpaid invoices as required.
2. On the 1<sup>st</sup> of each month, the client will send the bookkeeper a list of accounts receivable (AR) invoices to create.
3. On the 1<sup>st</sup> of each month, the bookkeeper will raise and send all AR invoices to debtors with 7 days terms (or terms as outlined by client's business).
4. On the 15<sup>th</sup> day of each month, an AR statement is sent to each debtor with outstanding debts greater than zero.
5. On the 20<sup>th</sup> day of each month, the bookkeeper will
  - i. Check the bank feeds or bank statement for any new debtor payments made between the 1<sup>st</sup> and 20<sup>th</sup> of the current month and will allocate these to the corresponding unpaid invoices as required.
  - ii. Create and print 2 sales reports:
    - AR due as of the 20<sup>th</sup> of the current month and
    - Payments received between 1<sup>st</sup> & 20<sup>th</sup> of the current month
6. The bookkeeper will review the AR report and will further break it down into debtors with unpaid debts:
  - Greater than 15 days
  - Greater than 30 days
  - Greater than 45 days
  - Greater than 60 days
7. The bookkeeper will send these reports to the client who will further review them.
8. The client will provide the bookkeeper with a list of debtors to contact using the following procedure:
  - i. Send reminder email to debtors greater than 15 days (see over for email sample)
  - ii. Ring debtors greater than 30 days (see over for telephone contact ideas)
  - iii. Send first reminder letter to debtors greater than 45 days or second letter if first letter has already been sent previously (see over for sample letters)
  - iv. Refer debtors greater than 60 days to chosen debt collection agency (see below)

[www.debtordaddy.com](http://www.debtordaddy.com)

[www.ccaonline.com.au](http://www.ccaonline.com.au) (no collection, no fee)

[www.ecollect.com.au](http://www.ecollect.com.au) (no monthly fees & no collection, no fee)

[www.aaamercantile.com.au](http://www.aaamercantile.com.au) (monthly fee instead of payment upon collection)

*EMAIL SAMPLE:*

Subject Line: REMINDER: YOUR {BUSINESS NAME} ACCOUNT IS OVERDUE!

Dear \_\_\_\_\_

We are sending you this email to remind you that your invoice \_\_\_\_\_ for the amount of \_\_\_\_\_ is now \_\_\_\_\_ days past due. Please send your remittance ASAP. If you wish to discuss your invoice or payment with us, please call our office on {PHONE NO} or reply to this email. We look forward to receiving your payment at your earliest convenience,

Regards,

\_\_\_\_\_

*TELEPHONE CALL TIPS:*

- When calling the debtor,
  - i. Identify yourself
  - ii. Verify you are speaking with the debtor
  - iii. State the amount past due
  - iv. State why you are calling i.e. "I need you to make full payment today". At this point remain quiet and allow the debtor to comment or provide further explanation of the situation.
  - v. Remain firm and non-emotional; don't get angry nor too talkative or friendly. You need to communicate the seriousness of the situation.
  - vi. If you want to negotiate payment a plan, ask what can be paid today and when the balance will be paid. Record firm dates and amounts before the call ends as this information will be required for follow up if a second call is required.
- Remain positive but firm (and serious) during the call; be polite but insist on recovering the debt at the earliest possible time.
- Don't give up even if the amount is low – keep trying to recover the debt.
- Offer discounts on original invoices for payments made on or before the due date e.g. 3% discount

*SAMPLE LETTERS:*

Important – send no more than 2 letters spaced no more than 30 days apart. If the debt is not collected after 2 letters, then refer the debt to a collection agency. The first letter should be a past due reminder letter and the second letter should be more aggressive.

Include the following in your letters:

- Amount due
- Due date
- Ask for full payment
- Encourage the debtor to contact you to discuss any issues or problems

- Give reasons why it is in their best interest to pay you e.g. their credit rating will remain undamaged.
- Ensure that EFT & credit card payment details are provided on the bottom of the letter i.e. “how to pay” options (make it easy for them to pay!)

**Letter One Sample (Reminder):**

(your name)  
(street)  
(city, state, postcode)

(date)

(name)  
(street)  
(city, state, postcode)

RE: \_\_\_\_\_

Dear \_\_\_\_\_ (debtor):

We are sure that you will not object to this reminder that there is a balance due of \_\_\_\_\_ (amount of balance) on your monthly account.

If you have not yet made payment, please do so now; this will bring your account up-to-date.

If you would like to discuss your invoice or any issues relating to payment, please call our office immediately.

Thank you, we appreciate your business.

Kind Regards,

(name)

(title)

(phone and email)

(Provide “how to pay” details here)

**Letter Two Sample (2<sup>nd</sup> Letter):**

(your name)  
(street)  
(city, state, postcode)

(date)

(name)  
(street)  
(city, state, postcode)

RE: \_\_\_\_\_

Dear \_\_\_\_ (name):

At {BUSINESS NAME} it is our policy to provide excellent service and products to all of our clients. We believe that you have received such service and/or products and as such, it is with some concern that we note that your account with us remains unpaid. We wrote to you on \_\_\_\_\_ (date) to remind you to pay but unfortunately have not received any remittance from you. We are inquiring why there has been a further delay in paying your long overdue account. If we can help by offering a payment arrangement, extending our terms, or by recommending a lending company, please let us know.

We would appreciate talking with you about this issue within the next \_\_\_\_\_ (days) and/or you making a payment in the amount of \_\_\_\_\_ (amount of payment) immediately via the one of the payment methods shown below.

If we have not received payment by \_\_\_\_\_ (date), this debt will be referred to our debt collection agency (name agency here). Remember, to ensure that your credit rating remains intact, payment of all debts, ours and otherwise, is necessary immediately.

Sincerely,

(name)

(title)

(phone and email)

Provide "how to pay" options here.