



**NYAHURURU WATER & SANITATION CO. LTD.**

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## **DEBT MANAGEMENT POLICY**

**JULY -2018**

## **1.0 INTRODUCTION**

Nyahururu Water and Sanitation Company Limited (NYAHUWASCO) treats, distributes and sells water and provides sewerage services to Nyahururu residents and those in the environs as mandated by the Northern Water Services Board who are the licensing for the undertaking. The water charges are invoiced using the tariff as set and published by the Water Regulatory Board. The services are sold on a post paid basis where customers are invoiced monthly and are given fourteen (14) days within which to pay for the services provided and invoiced.

## **2.0 PURPOSE**

This policy outlays a general framework that shall govern the debt collection and control activities. It sets out general guide lines as to how the Company shall handle all matters relating to debt recovery.

## **3.0 BROAD OBJECTIVE**

NYAHUWASCO has adopted a liberal policy which seeks to ensure that the Company has in place a debt management infrastructure that is effective, appropriate and supportive of all the other Company's overall goals and strategic objectives. The need for this policy is further underscored by the need to ensure the Company bottom line is realized.

## **4.0 DEBT MANAGEMENT PROCEDURES**

### **4.1 Invoicing and disconnection notification.**

All customers shall be invoiced on a monthly basis. Upon invoicing, the customer shall be given seven days to settle the bill and seven days disconnection notice. NYAHUWASCO shall ensure timely delivery of bills via SMS or thro email address given and the exact delivery date is indicated.

Upon expiry of the notice, on the 15<sup>th</sup> day the customer shall be liable for disconnection without further notification. The above shall be clearly communicated to the customer through the billing statement/invoice.

### **4.2 Reconnection**

Late payment fees shall be levied upon expiry as per the gazetted tariff. **Disconnected supplies will be re-instated within 24 hours upon payment of the outstanding bill and reconnection fees.**

Customers who remain disconnected for 90 days will have their contracts terminated, accounts closed and the deposits applied against the outstanding debt and remaining balances shall be forwarded to legal section for the necessary recovery procedures and the same will be communicated to the customers.

#### **4.3 Disconnection from the mains**

This shall apply in the following instances:

- Where customers deny access to meters for disconnection or inspection.
- Where customers have reconnected themselves after being disconnected by the company.
- Where customers have illegal connections and by passes.
- Any other situation that the Company may deem necessary for disconnection from the main.

These disconnections shall attract a fee/penalty as per gazetted tariff plus settlement of the outstanding amounts.

#### **4.4 Contracting on premises with outstanding debt**

This shall apply in the following instances:

- Where tenants default on payment of bills and run away, the landlord shall be required to provide all the available details useful in tracing the tenant or otherwise settle the outstanding bill.
- Only landlords shall be allowed to enter a new contract for these premises.
- Where properties are changing hands, the outstanding bills must be cleared before the transfer of the water accounts. New owners acquiring properties without the due clearance shall assume liability for any outstanding debts.
- The Company shall further enforce payment of any outstanding debts that are more than 30 days old through disconnection and/ or transfer of debt for landlords with multiple accounts from the un-cleared ones to those that are paid up.
- For same plot no. with multiple landlords, approvals for water on such will require prior settlement any outstanding amounts in such areas.

#### **4.5 Payment by installments**

This shall apply where:

- Customers come forward before expiry of their notices requesting for prolonged payment period. The same shall be considered and allowed for a maximum period of three months subject to review of customer payment history.
- Any customer defaulting on an installments payment arrangement shall have the agreement nullified and shall be required to pay the full outstanding bill.
- For items i & ii above, the customer has to fill a commitment form.

#### **4.6 Administrative action**

When procedures in 4.0 above have been followed and the debt is still outstanding after 90 days, the following procedure shall be followed before any write off:

- Send a demand bill stating the outstanding amount.
- After 15 days, if there is no response sends a second reminder and follows up with physical visits and/or calls.
- Refer the matter to legal department.
- After 30 days, the legal section sends a legal notice detailing the legal procedure to be followed against the customer in case of the continued debt
- After 45 days the Company shall contract debt collectors to assist in the recovery of these debts
- In the event that this fails, the Company shall send an intention to sue to the defaulting customer.
- Listing debtors on Credit Reference Bureau

##### **4.6.1 Debts eligible for write off after administrative action**

The following categories of debts can be recommended for write-off if not recovered after the above procedures:

- Where the property has been demolished and has changed hands.
- Where the landlord has died and no apparent heir/ executor/administrator of the estate are traceable to be sued.

- Where the site has been abandoned and is inhabitable for a period of at least three (3) years.
- Where the debts are more than three years old and even after investigations have proved irrecoverable.
- Any debt on repossessed properties, which has been rejected by the owner
- Sewer debts owing on account of water lost through a leakage after the meter
- Faulty meters registering wrong readings.

Debts not recovered and are aged above three (3) years after the procedures above have been followed, shall be forwarded to the Board through the office of the Head of Commercial/Financial Services with a recommendation for write off. However, each case shall be handled individually on its own justification for proposed debt write off.

#### **4.7 Legal Action**

Legal action begins three months (45 days) after sending the first notice of outstanding bills and all administrative action has failed. Here, the debtor is taken to court and:

##### **A. If legal action succeeds;**

- The debt owed is paid.
- The cost of litigation is met by the defaulting customer.

##### **B. If Legal action fails due to;**

- The landlord's insolvency /bankruptcy, or
- Loss of legal suit by the Company; then
  - a) The debt should be recommended for write off and;
  - b) The Company shall meet the costs of the litigation.

##### **C. Appeal**

This will be applicable if the legal action fails and the company **feels** it was unfair

#### **5.0 SURVEILLANCE**

This shall be enforced in the following circumstances;

- i. Where customer has been on cutoff or sealed for over 30 days.
- ii. Where customer is suspected to be using water illegally.

- iii. In these two circumstances the customer will be arrested and taken either to court or penalized for the offence.
- iv. The customer will before reconnection required settling his bill in full.

**6.0 BAD DEBT PROVISION**

Annual provision for bad debts shall be an equivalent to the proportion of debts aged above three (3) years or 10% of the outstanding debts whichever is higher.

**7.0 AMMENDMENTS**

This policy may be amended as need arises.

**SIGNED;**

**CHAIRMAN.....DATE.....**

**BOARD OF DIRECTORS.**