

WRITE OFF POLICY

1. INTRODUCTION

- 1.1 Following the recent senior management restructure, officer delegations and authorisations have been reviewed. The review highlighted the need to update the process for writing off debt.
- 1.2 This report seeks approval for the adoption of a new write off code of practice, principally to ensure the limits are reasonable and appropriate and to ensure the delegations fit with the new senior management structure.

2. BACKGROUND

- 2.1 The write off procedure falls under Financial Regulations which states that:
 - the S151 Officer is authorised to write off uncollectable or cancelled debt;
 - prior to write off all debts must be submitted with full details; and
 - all written off debt must be reported to the Audit Committee annually.

3. EXISTING ARRANGEMENTS

- 3.1 The following ten service areas are responsible for the collection of income and administration of debt write offs:
 - Council Tax
 - Business Rates
 - Overpaid Council Tax Benefit and Housing Benefit
 - Accounts Receivable
 - Housing Rents
 - Garages
 - Penalty Charge Notices
 - Stores
 - Health and Leisure Centres
 - Estates and Valuations
- 3.2 The S151 Officer delegates to the relevant Service Manager the approval of debt write offs that fall within a pre-agreed set of parameters and circumstances.
- 3.3 The code of practice (Appendix 1) requires the ten service areas to prepare write off schedules for approval in the same way but ensuring the write off is coded against criteria for write off. The criteria are listed in Appendix 2.
- 3.4 Where a write off is requested outside of the standard reasons the account with full supporting paperwork must be submitted to the S151 Officer via Internal Audit (which may highlight possible system failures) for approval.
- 3.5 The effectiveness of these arrangements is reported on as follows:

- Annually each Service Manager arranges for a full system reconciliation to demonstrate write offs have been processed accurately and report collection performance and the annual amount and breakdown of write off reasons to the S151 Officer.
- From this information a single report is submitted to the Audit Committee by the S151 Officer. (Example of pro forma at Appendix 3)

Additionally, Internal Audit will complete an annual systems audit on write offs processed.

4. PROPOSED FRAMEWORK

- 4.1 The existing arrangements as outlined above are being adhered to, and the annual reporting process is deemed as sufficient and appropriate.
- 4.2 Some minor housekeeping is required to update the Code of Practise (Appendix 2) to take into consideration the new Senior Management structure. A couple of minor changes are also proposed to the established policy;
- The delegated 'upper limits per debtor' values are in need of updating, as outlined within Appendix 2.
 - The Section 151 officer may be required to agree appropriate write-off limits, if new lines of income are generated, not covered by the list of service areas in paragraph 3.1.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct budget implications. Whilst write offs impact on the level of revenue received, this is not affected by this report.

6. EQUALITY & DIVERSITY, ENVIRONMENT AND CRIME & DISORDER IMPLICATIONS

- 6.1 There are none arising directly from this report.

7. RECOMMENDATIONS

It is recommended that the Cabinet approve the updated code of practice for write offs, as attached as Appendices 1 and 2 to this report, with effect from 5 April 2017.

For further information please contact:

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Background Papers:

None

1.0 INTRODUCTION

- 1.1 Section 151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs”. This responsibility is vested with the Section 151 Officer. This code of practice seeks to ensure that the role of the Section 151 Officer is not compromised.
- 1.2 To ensure this proper administration, the Section 151 Officer has an obligation under the Authority’s Financial Regulations for write offs. The Section 151 Officer may authorise an officer (Service Manager) to authorise an uncollectable or cancelled debt to be written off. This delegation carries with it accountability.
- 1.3 The previously established Code of Practice has now been updated with the intention of formalising procedures and to maintain consistency across the Authority.

2.0 POLICY

- 2.1 The code of practice will set out standards to act as a guide for each Service Manager to follow. Appendix 2 sets out the service area, the maximum amount per debtor and criteria for the write off that each Service Manager can approve.
- 2.2 Each of the **ten** identified service areas in appendix 2 will prepare write off schedules.
- 2.3 A summary page will show the total amount to be written off or on and the number of accounts by criteria. Accompanying paperwork will show the account to be written off **or on**, the value, which of the criteria the write off falls under and any background information or evidence.
- 2.4 The Senior Manager within the service is then responsible for checking the summary details and carrying out spots checks, with exception to the Accounts Receivable team, who will send individual schedules to BRO’s for approval and spot checks, before signing the schedule. Any queries should be raised at this time. Once satisfied the Senior Manager will sign the schedule.
- 2.5 The signed schedule is passed to the relevant Service Manager for approval. Authorised Service Managers for each service are listed in appendix 2.
- 2.6 Where the write off is for an exceptional item or over the maximum amount per debtor as listed on appendix 2, the Service Manager must submit the account to the Section 151 Officer for approval via Internal Audit.
- 2.7 Approved accounts for write off should be sent to the relevant Systems Officer for action who will retain all paperwork.
- 2.8 Collection performance and write offs approved to be reported to the S151 Officer.

Year End Process

- 2.9 Each Service Manager to ensure that the approved accounts to be written off **or on** have been actioned correctly through system reconciliations.
- 2.10 Following the reconciliation (attached as appendix 3), a nominated Service Manager or a delegated officer, to compile and submit a report by 31st May each year, to include write offs for all services, to the Section 151 Officer (for the annual report to Audit Committee) showing;
- the total amount (£) and
 - the number of accounts written off by agreed criteria

APPENDIX 2

SERVICE AREA	SERVICE MANAGER RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER £ LIMIT PER DEBTOR
Council Tax	Housing & Community	Bankruptcy Abscond Small Balance (up to £500) Deceased Bailiff unable to collect/no goods on which to levy Indiv. Vol. Agreement / Debt Relief Order	£3,500
Business Rates	Housing & Community	Bankruptcy/Liquidation Abscond Small Balance (up to £500) Deceased Bailiff unable to collect / no goods on which to levy Indiv. Vol. Agreement / Debt Relief Order	£3,500
Council Tax and Housing Benefit (including Fraudulent cases)	Housing & Community	Bankruptcy Abscond Small Balance (up to £500) Deceased LA Error DWP Error Collection Agency unable to collect Indiv. Vol. Agreement / Debt Relief Order	£3,500
Housing Rents	Housing & Community	Bankruptcy Abscond Small Balance (up to £500) Deceased	£3,500
Accounts Receivable	Housing & Community	Bankruptcy Abscond Small Balance (up to £500) Deceased Uneconomic to pursue through the court Indiv. Vol. Agreement / Debt Relief Order	£1,500
Penalty Charge Notices	Street Scene	Bankruptcy Abscond Deceased Bailiff unable to collect / no goods on which to levy Foreign Vehicle	£1,500
Garages	Housing Property & Performance	Bankruptcy Abscond Small Balance Deceased	£1,500
Stores	Building Works	Obsolete / Damaged Stock Picking Error	£1,500
Health and Leisure Centres	Health & Leisure	Small Balance (up to £500) Missing Membership Proofs	£1,500
Estates & Valuations	Legal / Estates	Bankruptcy Abscond Small Balance (up to £500) Deceased	£1,500
All	Section 151 Officer	Any write off/on including; Partial write offs of live accounts, paying accounts, large balances, any other exceptional reason	NO LIMIT

