



AUDIT COMMITTEE REPORT

Report Title	Write-off Financial Instruction
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AGENDA STATUS:

PUBLIC

Audit Committee Meeting Date:	17 th February 2009
Policy Document:	No
Directorate:	Finance & Support
Accountable Cabinet Member:	Councillor Malcolm Mildren

1. Purpose

1.1 This report introduces and puts into context, the attached Write-off Financial Instruction as requested by Audit Committee.

2. Recommendations

2.1 To note this report.

2.2 To consider and give an opinion on the proposed write-off methodology and the authorisation levels contained in the Financial Instruction.

3. Issues and Choices

3.1 Report Background

3.1.1 The Audit Committee has requested a Financial Instruction on write-off procedures and rules.

3.1.2 Financial Regulations, as part of the constitution, makes provision for the Director of Finance and Support to release Financial Instructions. These financial instructions will be in more detail and more operational than the Financial Regulations but they carry the same weight as the Financial Regulations themselves and, once issued, must be complied with.

3.1.3 Audit Committee is therefore requested to consider this Financial Instruction and pass comment on it. These comments will be considered and the Financial Instruction amended accordingly prior to being issued by the Director of Finance and Support.

3.2 Financial Instruction Contents

3.2.1 The process of applying for write-off is set down. A key point to note is that the Director of Finance and Support or nominated representative must approve all write-offs prior to them being actioned.

3.2.2 All valid reasons for write-off are listed in the Instruction. This includes a description of what condition the debt is expected to be in if that reason is to be accepted as valid. In all instances, full backup documentation must accompany the request for write-off.

3.2.3 The Financial Instruction contains write-off authorisation levels and values. Audit Committee are specifically asked to consider these and give an opinion on whether the levels and the reporting lines contained in the instruction are considered appropriate.

4. Implications (including financial implications)

4.1 Policy

4.1.1 Not applicable.

4.2 Resources and Risk

4.2.1 The appropriate write-off of debt is crucial to good debt management. Debt should not be written off if it is collectible, however it is not appropriate to maintain the debt if there is little or no chance of payment and resources could be directed elsewhere.

4.2.2 If debt has to be written off due to poor supporting information, additional investigation is necessary to discover why the documentation is poor and to prevent a similar issue arising in the future.

4.3 Legal

4.3.1 Some debt must be managed in specific ways, i.e. Housing Benefit Overpayments, and it is crucial that debt management incorporates statutory requirement.

4.3.2 Heed must be taken of statute barred debt.

4.4 Equality

4.4.1 Not applicable.

4.5 Consultees (Internal and External)

4.5.1 None

4.6 Other Implications

4.6.1 None

5. Background Papers

5.1 Financial Instruction on debt write-offs.

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