



**Belfast City Council**

<b>Report to:</b>	<b>Strategic Policy and Resources Committee</b>
<b>Subject:</b>	<b>Debt Management</b>
<b>Date:</b>	<b>23 October 2009</b>
<b>Reporting Officers:</b>	<b>Trevor Salmon, Director of Corporate Services</b>
<b>Contact Officers:</b>	<b>Trevor Wallace, Financial Accounting Manager Paula McKissick, Operational Manager CTU</b>

**Purpose of Report**

The purpose of this report is to apprise Committee of the current level of debt awaiting write off and to seek authority to proceed with the write off.

**Relevant Background Information**

**(a) General**

The Council is responsible for the administration of public money and must have effective arrangements in place for ensuring that customers pay for the services they receive. Where payment is not forthcoming, the Council must take all reasonable steps to pursue the outstanding debt, including legal action where appropriate.

The issue of writing off outstanding debt whereby the amount is deemed to be irrecoverable was discussed at a previous COMT Meeting, dated the 16<sup>th</sup> September 2009, and it was agreed that the Director of Corporate Services would bring a report to address this matter.

This report has been prepared for Committee at the request of the Director of Corporate Services who has been overseeing the Council's debt management.

This paper explains the level of debt requiring writing off and the steps taken to try and recover the debt.

A copy of the Council's policy for writing off bad debt is set out in Appendix 1. Some further information on individual debt is given in Appendix 2.

**(b) Implementation of SAP Accounting System and Central Transactions Unit**

Prior to October 2007 departments were responsible for debt management which included granting of credit through to the recovery of debt. With the introduction of SAP and the Central Transactions Unit (CTU) the responsibility for pursuing and recovery of debt transferred to the CTU.

With the Council's approach to debt management changing and the implementation of a new Accounting System, departments were asked to deal with any debt which was waiting writing off prior to the go-live date of SAP which was October 2007.

**(c) CTU**

CTU have conducted monthly meetings with each Council department to ensure that any actions required, with regards to the debt, are actioned accordingly and have been brought to the attention of the relevant business units.

The overall amount of debt awaiting writing off for four Sales Offices is detailed below and totals **£32,643.47**.

<b>Sales Office</b>	<b>Name</b>	<b>Amount</b>
<b>W01</b>	<b>Waterfront Hall</b>	<b>21,352.89</b>
<b>J01</b>	<b>CIT</b>	<b>2,537.76</b>
<b>F01</b>	<b>Landfill</b>	<b>6,372.82</b>
<b>R01</b>	<b>Development</b>	<b>2,380.00</b>
<b>OVERALL TOTAL</b>		<b>32,643.47</b>

**Key Issues**

Committee is asked to approve the writing off of the above debt amounting to £32,643.47.

**Documentation Attached**

Appendix 1 – Council's Bad Debt / Write off Policy  
Appendix 2 - Breakdown of write off by Sales Office

## **Appendix 1 – Council's Bad debt / Write-off Policies**

### **3.20 Writing off Bad Debts**

3.20.1 In order that the value of debtors may not be overstated in the Council's balance Sheet at 31 March in any year, the Central Transactions Unit should examine the debtors list each month and arrange to have bad debts dealt with in accordance with the Financial Regulations.

#### ***Amounts up to and including £500***

3.20.2 The chief officer certifies that the debt is to be written off.

3.20.3 A write-off journal should then be raised, showing the amount of VAT applicable to the debt.

#### ***Amounts over £500***

3.20.4 The chief officer must be advised that the debt should be written off and a report prepared for committee. The report must indicate at least:

- the amount of the debt
- the service provided which gives rise to the debt
- the name and address of the debtor
- a statement that all reasonable steps in accordance with the Council's procedures have been taken to recover the debt including, where necessary, details of the action that has actually been taken.

3.20.5 When the Council has approved the committee decision the Central Transactions Unit must ensure that action is taken promptly by raising a write-off journal, showing the amount of VAT applicable to the debt.

This page has been intentionally left blank.