

## Debt Write Off Process

## Appendix A

1. Uncollectable debts that require write off require formal approval, which is a key financial control in respect of income due. The Council's Financial Regulations set out the approval limits for debt writes offs as follows.

<b>Write off Limits (Debits &amp; Credits)</b>	<b>Limit</b>
Portfolio Holder in consultation with S151 Officer	£20,000
Chief Executive & Section 151 Officer	£5,000
Directors (Heads of Service)	£2,000
Assistant Director Finance	£1,000

2. Harlow Council collects a range of income, namely; Council Tax, Non Domestic Rates, Housing Rent, Sundry income, and housing benefit overpayments.

In collecting the above income, services comply with the statutory requirements to collect amounts falling due, utilising legal enforcement options when required. Where all legal options for recovery have been exhausted, it is prudent to consider whether the debt should be written off.

3. Debts will be considered for write off in the following circumstances.
  - Personal Bankruptcy and the debt forms part of the bankruptcy.
  - Debt Relief Order (DRO) and the debt is included in the DRO.
  - Individual is deceased, with no estate.
  - Debtor has absconded, no trace.
  - Uneconomical to collect (small balances and no ongoing liability)
  - Order of a Court to remit part or all of the debt.
  - Company Insolvency
  - Dissolution of Company
  - Individual / Company Voluntary Arrangement where payments have been received as agreed, and the end of the arrangement period is reached.
4. The Council's Financial Regulations stipulate that as a key control for financial and operational control systems, there should be segregation of duties, authorisation and approval procedures.

The process to identify debts that require write off and the authorisation / approval is segregated in that officers will identify debts that require write off, the requests are then reviewed by a senior manager, before being passed to the relevant authorised approver for consideration.

5. Once debts have been approved for write off, the debts are written off in the relevant financial systems, with the action undertaken by an officer separate to the above process, satisfying the requirement for segregation of duties in accordance with for internal financial controls. Records of the debts written off

and the authorised approval are held securely, and available as evidence for the Council's internal and external auditors.

6. There are occasions where credit balances can arise, and it has not been possible to repay the monies to the debtor. In these circumstances, the process to obtain approval to write off mirrors that of uncollectable debts.