

Income & Bad Debt Write-Off Procedure



Procedure Reference:		F01a Receipt of Income & Bad Debt Write-Off	
Related Policy:		F01 Financial Regulations Policy	
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Approved by P&PRG:		Oct 2023	
Owner:	Tom Leftley	Job Title:	Head of Finance
To be issued to:		Board of Management Ark Management All Staff	
Method of Delivery:		Email Procedure	

Version Control

Date	Owner	Version	Reason for Change
October 2020	Stuart Green	2	Procedure due for renewal, merge with procedure F20 Bad Debt Write-Off, and rename procedure F04a
October 2023	Tom Leftley	3	Procedure due for renewal and renamed F01a

Summary of Changes

Section	Change
Entire Procedure	Transfer to new format; Rename procedure F01a following removal of F04 Income and Bad Debt Write Off policy
Entire Procedure	Update references to other policies and procedures
2.2 Rechargeable Repairs	Changed procedure so rechargeable repairs are not immediately written off, but recognised as income and dealt with like any other income through the credit control procedure.
3.2 Rechargeable repairs	Removed this sub-section as rechargeable repairs should be dealt with in the same way as any other income for bad debt write-off purposes
Appendix 1	Removed appendix linking to the SHR

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1.0 Introduction

The purpose of this procedure is to set out our arrangements for ensuring that Ark identifies and receives the income due for the various services provided, and our arrangements for approving and recording the write-off of income where we have decided we will not be able to recover.

This procedure covers the following types of income:

- Rent and service charges;
- Rechargeable repairs;
- Payments on behalf of Care and Support customers; and
- Any other income.

2.0 Receipt of Income

2.1 Rent and Service Charges

Rent and service charges may be paid by or on behalf of tenants by:

- Direct debit
- Standing order
- Allpay card
- Debit card
- Cheque
- Cash
- Housing Benefit (by bank transfer or cheque from the relevant local authority)
- Universal Credit (by bank transfer from the Department of Work and Pensions (“DWP”))

Our ‘Rent Collection’ policy [HM04] and procedure [HM04a] set out the process by which Housing Services staff record rent charges (debits) and receipt of income (credits) within the housing management system.

This includes Housing staff having direct access to online bank statements (via RBS Bankline), allowing them to identify payments made into our bank accounts from Housing customers. Such payments are then credited to the appropriate tenant accounts by Housing staff in line with Housing procedure ‘Rent Collection’ [HM04a].

Housing Services staff also have access to the detailed breakdown of payments made by our tenants via their Allpay cards, again allowing them to credit the appropriate tenant accounts.

Cheques and cash received into the Priory will be recorded by Reception staff and banked by Finance staff. The Finance team is responsible for passing the relevant information to Housing

Services staff to allow for individual rent accounts to be updated with the amounts received.

Where the Finance team is not able to identify or reconcile any payments received they will liaise with Housing staff to resolve the queries.

As part of the regular month-end reporting cycle, the Finance team will transfer the monthly rents income information from the housing system to the general ledger on the finance system.

Once this has happened, the housing debit run for the following month will be posted.

A member of the Finance team will carry out the monthly cash reconciliation processes, reconciling the income details on bank statements with the income journal entries on the Finance system.

2.2 Rechargeable Repairs

The process for identifying and costing rechargeable repairs is covered in the Asset Management procedure 'Rechargeable Repairs' [AM01c]. Following identification of a rechargeable repair, a member of the Asset team will send the required details to the designated Finance staff member who will raise and issue the appropriate invoice.

Tenants may pay for rechargeable repairs by bank transfer, debit card, cheque, postal order, or by cash. Payments received will be recorded by Reception staff and passed to the Finance team to bank. The relevant member of the Finance team will credit the payment against the relevant invoice.

Income will be recognised in the same period as the expense, in line with accounting policies and so as to not cause variances in the monthly management accounts which are purely timing related – i.e. no bad debt provision will be created immediately as the expectation should be that we will recover recharges.

Any risk of non-recovery should be dealt with via subsequent credit control processes, and any write-offs in line with Section 3 of this procedure.

2.3 Care and Support Charges

Finance staff issue invoices to individual supported people, or to Local Authorities who make payments on behalf of people we support. The frequency of invoices depends on individual agreements, but usually follows a 4-weekly or monthly cycle.

Receipt of income is generally via bank transfer or cheque. On rare occasions, cash may be received, and will follow the process noted at 2.1 above.

Payments by bank transfer will be identified by the designated Finance member:

- as part of the regular checking of the Bankline statement; and/or
- from remittance statements received from local authorities.

Each payment should normally be identified from the invoice number quoted. Finance will check with relevant colleagues if it is not clear to what (or to whom) a payment refers to.

The Finance team will post each payment as a credit against the relevant invoice in the sales ledger.

2.4 Other Income

Other income may include:

- Grants received for specific purposes (including Housing Association Grant, medical adaptations, training, etc.);
- Donations and legacies;
- Payments of claims from our insurers; and
- Bank interest.

The Finance team will identify or where necessary confirm with the relevant director or manager the purpose of the income, and will then ensure that the details are posted to the correct income budget heading.

3.0 Write-Off of Bad Debt

The relevant Direct (Director of Care or Director of Customer Experience depending on where the arrears/invoices sit) will approve the write-off of individual arrears and/or invoices up to the limits specified in the Scheme of Financial Delegation under delegated authority from the Finance Sub-Committee.

For individual amounts over the limit specified, the Director of Finance will submit a recommendation regarding write off to the Finance Sub-Committee. The Sub-Committee paper will contain summarised anonymous information only, i.e. customer reference number, amount outstanding, and brief details of action taken to secure payment.

3.1 Rent and Service Charges

The Head of Housing Services will monitor the current levels of rent and service charges arrears as detailed in the 'Rent Collection' [HM04a] procedure.

At least annually, in consultation with the Head of Finance if required on specific cases, the Head of Housing Services will compile a list of outstanding arrears which are to be recommended for write-off as the likelihood of payment being received is deemed low.

Following approval of the amounts to be written off (either by the Director of Customer Experience or Finance Sub-Committee), the Head of Housing Services will arrange for the required adjustments to be made to the relevant rent accounts.

3.2 Care and Support Charges

At least annually, in consultation with the Assistant Director of Care & Support, and the relevant Area Manager, Registered Operations Manager, and/or Care & Support Manager, the Finance Business Partner will compile a list of outstanding invoices which are to be recommended for write-off as the likelihood of payment being received is deemed low.

Following approval of the amounts to be written off (either by the Director of Care & Support or Finance Sub-Committee), the Finance Business Partner will arrange for the required invoice[s] to be cancelled from the sales ledger, with the cost being recognised in the nominal ledger as a bad debt write-off.

4.0 Implementation and Review

4.1 Implementation

The Head of Finance will ensure that this procedure is followed by all Board Members and members of staff involved in the process for receipt of income and bad debt write-off.

4.2 Review

The Head of Finance will ensure that this procedure is reviewed at least every three years.