

Aged Receivables and Debt Recovery Policy

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Name of Originator / Author:	Steve Quint, Head of Financial Accounting
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VERSION CONTROL SHEET

Version	Date	Reviewer	Status	Circulation	Comments
1.0	11/3/2021	Steve Quint, Head of Financial Accounting	Draft		
1.1	28/9//2021	Steve Quint, Head of Financial Accounting	Draft		
1.2	6/12/2021	Steve Quint, Head of Financial Accounting	Final		
1.3	14/07/2022	Emma Rhodes, Assistant Director of Finance	Final		Update to reflect change of organisation from CCG to ICB. Also updated to reflect designated limits as approved by the ICB Board.

Debt Recovery Process

All debts are tracked by SBS once the invoice has been raised. SBS have processes to chase up debts with emails and letters. The frequency and timing of reminders varies depending on whether the debts are NHS or non-NHS suppliers. Details found in the SBS policy document:

<\\Fscg-pr1\ccg\Lincolnshire CCG\2020-21\Finance & Contracting\Financial Accounting\Policies\SBS Debt Management Policy.pdf>

The policy describes that responsibility returns to the client after 30 days for non-NHS, 60 days for NHS.

External debt recovery is often suggested after 30 days. One agency that we can use through SBS is:

Legal recoveries and collections Ltd

www.legalrecoveries.com

0330 0246342

ICB actions for managing debts will be different depending on the type of debtor. These are described below. The aim is that after 60 days the debt has either been recovered, or an escalation process to recover the debt has started.

ICB management of Aged Receivables will be led by the Finance Analyst (Cash). They will review Receivables less than 2 months old to look for any technical blockages stopping payment as well as following the actions outlined below in Table 1.

Target: aged receivables over 90 days always less than 5% by volume and value (to maximise metrics score) for all categories of organisation.

Table 1: initial debt recovery processes

	Action at 30 days	Escalation	
Salary overpayments	Write to the individual, asking for agreement of a payment plan within 14 days, otherwise the debt will be passed to a debt collection agency.	After 60 days, share with ADoF to consider recommending for debt collection agency or writing off the debt. DoF approval needed.	The agency will seek ICB approval before proceeding to formal legal action.
PHB overpayment	Ask CHC team to review and advise the best way to follow-up with the debtor.	After 60 days, CHC team consider whether to reduce PHB payments, cancel debt or pass to a debt collection agency.	
NHS / public sector debtor	Find a named contact at the debtor and ask for payment, or an explanation of the delay.	After 60 days, arrange a meeting at ADoF level.	Establish contacts with local partners, e.g. Lincolnshire County Council.
Non-NHS debtor	Find a named contact at the debtor and ask for payment, or an explanation of the delay.	After 60 days, ask Finance Business Partner to lead. They should seek advice from budget holder about whether to cancel debt or pass to a debt collection agency.	

Aged receivables are included in the monthly financial accounting reporting back. In addition to this, the Head of Financial Accounting will perform a review in months 2, 5, 8 and 11 to ensure that debt recovery is proceeding in accordance with this policy.

The output of this review should include an update to the provision for doubtful debt, with supporting working papers.

The review after month 11 will serve to highlight transactions for write off if necessary in advance of the financial year end.

Procedures for Salary Recovery

- Work with Payroll to confirm procedure for identifying overpayment and notifying the ICB.
- Contact each person as soon as possible.
- Send standard letter asking for repayment in line with contractual obligations, and provide a Finance contact to discuss further with them.
- If no response after 30 days: write to the individual, asking for agreement of a payment plan within 14 days, otherwise the debt will be passed to a debt collection agency.
- Repayment plans will be approved by the Head of Financial Accounting. The number of months for repayment will depend on the value and personal circumstances, but in general expect:
 - encourage full repayment straightaway
 - aim for recovery within 6 months
 - no more than 12 months for repayment
 - monthly repayments may typically be between £100 and £500 per month.
- If no positive response to the 2nd letter, consider escalation to an external debt recovery agency.
 - Escalation to an external debt recovery agency can be approved by the Head of Financial Accounting or the Assistant Director of Finance.
- If debt collection agency not used then consider write-off.
 - Director of Finance must approve write-off of any value.

Procedures and obligations for write off

Director of Finance must approve write-off up to £50,000 in line with paragraph 6.3 of the Delegated Financial Limits (Section 9 of the ICB Governance Handbook). Approval by the Chief Executive required up to £100,000, and beyond that ICB Board approval is required.

Any write-off must be reported to the next meeting of the Audit Committee in accordance with paragraph 6.3 of the Delegated Financial Limits (Section 9 of the ICB Governance Handbook) - see below.

Section 9 of the ICB Governance Handbook
Delegated Financial Authority Limits

6. Income/debt write-off

	Responsibility	Delegation Arrangements	Further Information
6	Income/Debt Write-Off		
6.1	Authorisation of credit notes Greater than £1 million £500,000 and up to £1 million £250,000 and up to £500,000 Up to £250,000 Up to £50,000	ICB Board Chief Executive Director of Finance Deputy or Associate Director of Finance Budget Managers	
6.2	Authorisation to refer debts to debt collection agency	Director of Finance	Delegated to Deputy or Associate Director of Finance
6.3	Authorisation of debt write-off Individual debts: Greater than £100,000 £50,000 and up to £100,000 Up to £50,000	ICB Board Chief Executive Director of Finance	All write offs to be reported to the Audit and Risk Committee