



Sheffield City Council Financial Regulations 2018

Summary of changes from the 2017 Regulations

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Foreword

This document summarises the main changes from the 2017 to the 2018 Financial Regulations. It is not intended to replace due consideration of the current Regulations.

If you have any queries on the content of the Regulations please contact your [Finance Business Partner](#).

The Appendices details relevant extracts from the 2017/18 Financial Regulations.

1. General Review/ Update – links, format, etc.....

Out-of-date references to previously operated Council systems have been removed from the document, i.e. OEO and CareFirst, and any detail linked to these systems has been removed and updated to match current practice/ systems.

All embedded links have been updated and internal job titles have been reviewed to match the current structure.

2. Amended Paragraph - Financial Planning (Chapter 3)

3.2. Annual Revenue Budget Monitoring

The Head of Strategic Finance will prepare budget monitoring reports in consultation with Executive Directors. The Head of Strategic Finance will produce an annual timetable for budget monitoring reporting and the following principles will apply:

- Monitoring reports, prepared on an accrued basis, will be reported to Portfolio Management Teams on a monthly basis (except month 1).
- Quarterly overall monitoring reports will be presented to the Executive Management Team and Cabinet (at a frequency to be determined by the s151 Officer (*Chief Finance Officer*) and Cabinet Member for Finance).

Consolidated monitoring reports will be presented to the Scrutiny Management Committee if requested.

The relevant Scrutiny and Policy Development Committees of the Council may request more frequent budget monitoring information.

As soon as practical after the end of the financial year, the Head of Strategic Finance will report to Cabinet the overall Revenue out-turn position including details of reserves, balances and provisions held by Portfolios. The report should include recommendations relating to the treatment of any under and over spending by Portfolios.

This amendment was requested to ensure the Financial Regulations matched current working practices.

3. Amended Paragraph - Income Management (Chapter 7)

7.6. Bad and Doubtful Debt Provisions

When an invoice is raised the Business Unit is immediately credited with the income. For that income to be relied upon the debt must be paid within 60 days.

If a debt is not paid by day 60, a charge will be made against the Business Unit to make full provision for the debt not being paid.

Exceptions to this can only be approved by the Head of Commercial Business Development. A list of the agreed exceptions is maintained by the ICAM Team in Finance & Commercial Services.

The year-end bad debt provision will be calculated based on historic collection trends.

Creating a provision for bad or doubtful debt does not mean that recovery action will stop. The Council will continue to take recovery action after the provision is made.

7.6.1. Payments received after 60 days

Where an outstanding debt is paid after day 60 and before day 91 the Business Unit will be credited with 50% of the income. The remaining 50% will be diverted to help balance the Council's overall budget.

If the debt is paid after day 90, 100% of the income will be diverted to help balance the Council's overall budget and the Business Unit will not receive any.

Exceptions to the '60 day rule' can only be approved by the Head of Commercial Business Development. A list of the agreed exceptions is maintained by ICAM Team in Finance & Commercial Services.

7.7. Bad Debt Write-offs

If recovery action is unsuccessful, the Council may write-off debts that are correctly due to it but which, for whatever reason, are no longer collectable.

Where possible all recovery procedures should be pursued and exhausted within 12 months of the invoice date. After this timescale the outstanding debt should be considered for write off unless:

- It is covered by an on-going payment arrangement.
- There is on-going action, up to and including Court action, to recover the debt.
- The debt has been recorded on the Local Land Charges Register.

A list of unapproved write offs will be passed to the relevant Finance & Commercial Services Leadership Team (FCSLT) member to approve. The ICAM Team will then update Integra to complete the write off.

Writing off a debt involves removing a debt from the Council's accounts using money that has been set aside as part of the bad and doubtful debt provision and will only be done in exceptional circumstances.

Write-offs must be proposed by the relevant Executive Director and approved and actioned by the Head of Commercial Business Development.

By the time a debt is written off a full provision must have been created for it.

The Head of Strategic Finance will report debts, and the changes in the bad debts provision, to the Audit Committee as part of the annual accounts process.

These amendments ensured compliance with recommendations from recent Internal Audit reports.

Appendices – 2017/18 Financial Regulations

A. Financial Planning (Chapter 3)

Annual Revenue Budget Monitoring

The Head of Strategic Finance will prepare budget monitoring reports in consultation with Executive Directors. The Head of Strategic Finance will produce an annual timetable for budget monitoring reporting and the following principles will apply:

- Monitoring reports, prepared on an accrued basis, will be reported to Portfolio Management Teams on a monthly basis (except month 1).
- Monthly overall monitoring reports will be presented to the Executive Management Team and Cabinet (quarterly – months 3, 6, 9 and 12).

Monthly monitoring reports will be prepared for the portfolio holding Cabinet Member(s) by the Head of Strategic Finance in consultation with the Executive Director.

Consolidated monitoring reports will be presented to the Scrutiny Management Committee if requested.

The relevant Scrutiny and Policy Development Committees of the Council may request more frequent budget monitoring information.

As soon as practical after the end of the financial year, the Head of Strategic Finance will report to Cabinet the overall Revenue out-turn position including details of reserves, balances and provisions held by Portfolios. The report should include recommendations relating to the treatment of any under and over spending by Portfolios.

B. Income Management (Chapter 7)

Bad and Doubtful Debt Provisions

When an invoice is raised the Business Unit is immediately credited with the income. For that income to be relied upon the debt must be paid within 60 days.

If a debt is not paid by day 60, a charge will be made against the Business Unit to make full provision for the debt not being paid. Exceptions to this are where the:

- Debtor has an agreement to pay and is abiding by it.
- Debt is covered by a Charge (e.g. on property, land, etc.).

The year-end bad debt provision will be calculated based on historic collection trends.

Creating a provision for bad or doubtful debt does not mean that recovery action will stop. The Council will continue to take recovery action after the provision is made.

Payments received after 60 days

Where an outstanding debt is paid after day 60 and before day 91 the Business Unit will be credited with 50% of the income. The remaining 50% will be diverted to help balance the Council's overall budget.

If the debt is paid after day 90, 100% of the income will be diverted to help balance the Council's overall budget and the Business Unit will not receive any.

Exceptions to the '60 day rule' can only be approved by the Head of Commercial Business Development. A list of the agreed exceptions is maintained by ICAM Team in the Finance Service.

Bad Debt Write-offs

If recovery action is unsuccessful, the Council may write-off debts that are correctly due to it but which, for whatever reason, are no longer collectable.

All possible recovery procedures should be pursued and exhausted within 12 months of the invoice date. After this timescale the outstanding debt should be written off unless:

- It is covered by an on-going payment arrangement.
- There is on-going action, up to and including Court action, to recover the debt.
- The debt has been recorded on the Local Land Charges Register.

If a Service Business Unit Manager fails to authorise write-offs within a month of receiving notification from the Council's finance system (Integra). Finance will complete the approval process.

Writing off a debt involves removing a debt from the Council's accounts using money that has been set aside as part of the bad and doubtful debt provision and will only be done in exceptional circumstances.

Write-offs must be proposed by the relevant Executive Director and approved and actioned by the Head of Commercial Business Development.

By the time a debt is written off a full provision must have been created for it and reported to Members as part of the monthly budget monitoring process.

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