



Muirhouse Housing Association

MUIRHOUSE HOUSING ASSOCIATION

Title of Policy:	Write-off for Bad Debts
Date of Adoption or Last Review:	May 2021
Lead Officer:	Barry Allan, Interim Chief Executive
Date of Next Review:	May 2024
Regulatory Standards of Governance and Financial Management	Standard 3: 3.1, 3.3 <i>"The RSL manages its resources to ensure its financial well-being and economic effectiveness".</i>

Policy: Write-off for Bad Debts

Write-off for Bad Debts Policy

1 Introduction

1.1 We will implement systems and procedures to identify all income due to be received, and will ensure, so far as is possible, that all monies due are paid to us.

1.2 The areas of risk with regard to income are:

- Rent and service charges from properties;
- Rechargeable repairs to tenants.

1.3 The procedures for dealing with bad debts will include:

- Identifying any debt which may prove uncollectable;
- Putting in place a provision in the annual budget to cover potential bad debt;
- Carrying out all reasonable steps to recover the debt;
- When the debt proves uncollectable, writing-off the debt.

1.4 This policy is supported by the Rent Setting, Collection and Debt Recovery procedures.

2 Irrecoverable Debts

2.1 Debts will be regarded as being irrecoverable (uncollectable) where:

- Due to legal reasons the debt cannot be pursued;
- It is too difficult or expensive (i.e. it is not cost effective) to recover the debt;
- The debtor has no forwarding address.

Staff will attempt to recover such debts after write off, if a former tenant can be traced, the recovery is cost effective and the debt is not time-barred.

3 Procedural Framework

3.1 The procedures for bad debts will cover rent, service charges and rechargeable repairs.

3.2 Rechargeable repairs will be paid for in advance, where possible.

3.3 Debts of up to £150 will only be pursued if there is a high expectation of collection.

- 3.4 All debts of over £150 will be pursued and, if over £500, a decree obtained if appropriate.
- 3.5 Write-off lists for rents, service charges and rechargeable repairs will be submitted to the Audit & Risk Committee on a Bi-annual basis. The following authorisation is required with any write-offs:
- Any write-off under £500 can be authorised by Senior Management.
 - Any write-off between £500 - £1,000 will be reported to the Audit & Risk Committee for approval.
 - Any write-off exceeding the amount of £1,000 will be reported to the Board of Management for their approval.

If the total write-off over a period of six months is over £5,000 then this must be reported to the Audit & Risk Committee at the next available meeting.

- 3.6 The Audit & Risk Committee will consider all proposals to write-off rental, service charge and rechargeable repairs income due, and will submit recommendations to the Board.
- 3.7 The Audit & Risk Committee will review the adequacy of the £150 level regularly, and at least annually.

4 Implementation and review

- 4.1 Senior Management will ensure that this policy is implemented and that appropriate procedures are in place to identify potential and actual bad debts, and to arrange for write-off where required.
- 4.2 Senior Management will ensure that this policy is reviewed at least every three years, and that any amendments required are submitted to the Board for approval.