

West Midlands Pension Fund
Debt Monitoring and Write-off Policy

1. Introduction

- 1.1. This policy sets out the procedures to be applied in charging for, monitoring and collecting amounts owed to the Fund, and in approving the write-off of outstanding debts.
- 1.2. Under the Fund's constitution, responsibility for the approval of write-offs is delegated to the Head of Finance, in conjunction with the relevant Head of Service, where the debt has arisen.
- 1.3. This policy sets out the procedure to be applied from 1 April 2018 onwards.

2. Issuing of Invoices for Amounts Due to the Fund

- 2.1. Where it is established that an individual or organisation owes an amount of money to the Fund, in **all** cases the Finance Team are instructed to raise an invoice, by the through the Fund's Agresso system as soon as any relevant transaction arises requiring payment to the Fund.
- 2.2. This invoice will be sent by email to the debtor, or by post if an email address is not available. In exceptional circumstances, and with the agreement of the Head of Finance, the invoice may not be issued, but the reasons for non-issuance are recorded within the Finance and/or Pension Administration systems.
- 2.3. Invoices will be due for payment within 30 days from the day of raising.
- 2.4. When the Fund receives payment for an invoice, the Finance team will make an entry in Agresso to record this receipt against the invoice at the earliest opportunity. Where required, the Fund administration system, UPM, is updated to reflect invoices and payments received.

3. Monitoring Outstanding Debts

- 3.1. The Finance team monitor the value of debts outstanding in Agresso on a monthly basis.

- 3.2. The Finance team maintain a record of overdue invoices, the actions taken in connection with them, and any other relevant information.
- 3.3. When an invoice becomes overdue; that is, it has not been paid in full within 30 days from its raising, a first reminder letter is sent to the debtor. This is by email if an email address is available, or by post if not.
- 3.4. If the invoice is not paid in full within 14 days of a first reminder letter being sent, a second reminder letter will be sent. Where the debtor is an employer, the Employer Services team shall be notified on the issue of the reminder letters.
- 3.5. Interest may be charged on late payment of invoices, in accordance with either regulations or the Fund's Pensions Administration Strategy.
- 3.6. Where the invoice remains unpaid for 14 days following the second reminder letter and the Finance Team are not made aware of any extenuating circumstances, the outstanding debt will be referred to the Council's debt recovery team to take further action, which could include referring the outstanding debt to legal services to pursue the debt through the Courts if required.

4. Write-off of Outstanding Debts

- 4.1. Outstanding debts may be written by the Head of Finance with the agreement of the Assistant Director, Finance and Investments and the Director of Pensions.
- 4.2. Outstanding debts will only be written off where one or more of the following conditions apply:
 - Legal action is unlikely to be successful;
 - The debt is not recoverable for legal reasons e.g. statute barred debt;
 - The debtor is deceased and there are no funds available within the estate;
 - There is no trace of the debtor;
 - Legal recovery would cost more than the outstanding debt; or
 - The debtor is insolvent and there is little likelihood of a dividend.
- 4.3. In applying such a judgement, appropriate consideration will be given to:
 - The amount of the debt, and the impact of any write-off on the Fund;
 - Alternative courses of action that may increase the probability of recovering the debt.

- 4.4. The approval process for write-offs will include consultation with relevant Head of Service.
- 4.5. All write-offs are formally recorded and approved for audit purposes.
- 4.6. Write-offs are reported in aggregate to Pensions Committee, as part of the quarterly monitoring report.

5. Accounting for Impairment of Debts

- 5.1. Where a debt is judged to be at risk of non-payment, the Head of Finance shall make an entry in the Fund's accounts to impair the value of the debt accordingly.

Version 1.3

9 March 2018