

EXECUTIVE COUNCIL

RESTRICTED

Title of Report: Write-off requests: Uncollectable Revenue
Paper No: 72/09
Date: 23 April 2009
Report of: Director of Finance

1.0 Purpose

To seek approval to write-off irrecoverable revenue.

2.0 Recommendations

Executive Council is requested to recommend to His Excellency The Governor to approve the write-off of irrecoverable revenue totalling £181,935.04 in accordance with the provisions of section 63 of the Finance and Audit Ordinance 1988.

3.0 Summary of Financial Implications

	2008/09	Full Year
Operating expenditure	£15,909.85	n/a

4.0 Background

This report only details those write-offs over £1,000. Those debts under £1,000 will be approved by the Director of Finance as approved by Exco in June 2008 (115/08).

The table at Appendix 1 details all sums requested to be written off.

5.0 Financial Implications

Should these amounts be approved for write-off the following departments will incur costs as detailed below for which virements will be required.

Medical	£4,635.40
PWD	£4,429.25
Customs	£6,845.20
	<u>£15,909.85</u>

£172,870.39 of the recommended write-offs were fully provided for in the 2007/08 accounts and will therefore not affect the resource surplus/deficit.

6.0 Legal Implications

None

7.0 Human Resources Implications

None

APPENDIX 1 Write-offs for approval

Debts covered by provision

Stanley Cabs	£7,646.80	Company has dissolved and the Tax Office believe there is no further avenue for collection this corporation tax.
Various fishing licences	£139,570.67	There are six fishing licences, the most recent dated December 2004, which are unlikely to be recovered after this length of time. The amounts outstanding are all partial invoice debts remaining from original invoices totalling £652,904.
Island Shipping	£25,652.92	Remaining accrued income debtor relating after liquidation of Island Shipping. £26,464.95 was received against debt of £52,117.87 recorded in the accounts.
	<u>£172,870.39</u>	

Debts not covered by provision

Medical Invoices (AIG)	£4,635.40	Two invoices dated 2006 & 2007 for medical treatment of tourists where insurance details only have been provided. FIG has been informed by the Insurer that they are not liable. It is not considered practical or cost effective to invoice foreign nationals two years after provision of service. The Medical department are reviewing procedures in order to ensure such instances do not reoccur however, there is no further course of action possible for these two debts.
Customs invoices (FIC)	£6,845.20	FIC has advised FIG that eleven customs invoices dated 2007 relate to three companies that have gone into receivership (for which FIC are the agent). These invoices are therefore deemed not receivable.
Electricity invoices (Robin Goodwin)	£4,429.25	No meter readings were taken over a period of 3.5 years by PWD as the meter was marked on the database as being set to pre-payment. This was noted when the tenant moved out of the government property and three invoices were raised. The family believe that the Social Services department were liable for the electricity as part of a package for the welfare of their disabled child. The Director of Health & Social Services and Director of Public Works have reached agreement that this amount should be written off, as it is impossible at this stage to determine if that was correct or not, although there is no reference on file to this, and it was clearly not the tenants fault that invoices had not been raised earlier which have ensured that the anomaly was addressed at an earlier stage.
	<u>£15,909.85</u>	
TOTAL	<u>£188,780.24</u>	