

REGULATION 19: INCOME COLLECTION AND BANKING - CURRENT

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Income is collected by the Council in relation to:

- one-off charges (such as entrance fees to Ferneham Hall)
- enforcement charges (such as car park standard charge notices)
- sundry debtor charges (where an invoice is sent to the recipient of a service for payment)
- recurring income (such as Council Tax and Housing Rents.)

The Councils [Collection and Recovery Policy](#) covers in detail the main sources of income managed by the Revenues, Benefits, Debtors and Housing services. However, all income collection processes must be handled with care to avoid loss or theft.

19.1 OVERVIEW

19.1.1 **Fees and Charges:** In accordance with [Financial Regulation 6.4.4](#), managers must keep under review the level of fees and charges and any other levies made for goods and services under their control.

Together with the Statutory Chief Finance Officer they shall report to the Executive at least annually on the need to vary existing charges and introduce new charges.

All work group managers must also maintain a charging policy for their services covering:

- a) the goods and services which will require fees and charges;
- b) how much will be charged for them and why;
- c) the terms of sale.

19.1.2 **Credit Agreements:** Any agreement which allows the extension of credit payment facilities must be agreed in advance with the Statutory Chief Finance Officer.

19.1.3 **VAT on Income:** In accordance with [Financial Regulation 20](#) Directors and Chief Officers must ensure that all employees collecting income establish the appropriate tax treatment on each transaction they deal with.

19.1.4 **Responsibility for Income Collection:** All arrangements for the collection of income are subject to the approval of the SCFO, Directors and Chief

Officers are responsible for ensuring that all income due in accordance with Council policy is brought into account.

- 19.1.5 **Timing of Collection:** Income due to the Council shall be recovered by collection at the point of sale/ service or in advance, wherever possible.
- 19.1.6 **Cash in Transit:** Where income is being collected away from the main Council buildings, appropriate consideration should be given to the security arrangements for both the cash and the personnel involved, in accordance with Financial Regulation Support Document 35 - Cash in Transit.
- 19.1.7 **Controlled Stationery:** All receipting devices, debtor accounts, forms and other documents of a like nature shall be ordered and controlled as directed by the Statutory Chief Finance Officer.

19.2 RECURRING INCOME

- 19.2.1 **Maintenance of Registers:** Services responsible for the collection of recurring income must compile and maintain up-to-date records of all relevant properties, businesses and occupants.
- 19.2.2 **Security of Data:** All recurring income data must be handled sensitively and in accordance with the Data Protection Act. Appropriate controls must be established to secure any billing data collected electronically.
- 19.2.3 **Debt Notification:** Services responsible for the collection of recurring income must ensure that appropriate notifications of debts due are issued promptly to those liable for the debt.
- 19.2.4 **Collection Methods:** The income collection methods employed should ensure the efficient and prompt collection of income due and comply with the Councils [Collection and Recovery Policy](#).

19.3 SUNDRY DEBTOR ACCOUNTS

- 19.3.1 **Notification of Debts:** All Managers with income budget responsibilities shall notify the Nominated Chief Officer with responsibility for Exchequer functions" **promptly** of any income due to the Council. This is to ensure that records of money due to the Council are accurately kept and debtor's accounts raised promptly, where necessary.

These include goods supplied or services rendered by or on behalf of the Council and contracts, leases, tenancy agreements, conveyances and other agreements which involve the receipt of monies by the Council.

- 19.3.2 **Supporting Documentation:** Directors and Chief Officers shall ensure that adequate documentation is kept to support accounts raised on their behalf of their services.
- 19.3.3 **Form of Debtor Accounts:** Accounts for all sums payable to the Council shall only be raised on forms approved by the Nominated Chief Officer with responsibility for Exchequer functions"
- 19.3.4 **Information on Accounts:** All accounts must detail:
- a) the full name and address of the legal entity responsible for the debt, including names of contact, partners and/or parent company if appropriate;
 - b) a description of the debt, what it is for, how and when it was incurred and any special conditions relating to the supply e.g. standards, specifications, delivery dates;
 - c) the price to be paid for the goods or service, and where appropriate the rate and value of VAT and the total sum to be paid;
 - d) the terms and conditions of payment including stage payments if appropriate.
- 19.3.5 **Accuracy of Accounts:** Managers must ensure that any charge raised on an account is valid, accurate and, to assist in case of possible dispute, supported by reliable documentation such as a written agreement or as specified by the Solicitor to the Council.
- 19.3.6 **Timing of Accounts:** In order to comply with VAT Regulations, local authority accounts must be issued within **two months** of the supply of the goods or service, unless specific dispensation is granted by HM Revenue and Customs.
- 19.3.7 **Credit Notes:** No bona fide debt can be cancelled once raised except by payment or write off. A credit note can be issued to correct factual inaccuracy or administrative errors in the calculation or billing of debt.

19.4 INCOME COLLECTION

- 19.4.1 **Separation of Duties:** Duties should be separated so that those responsible for raising accounts are not involved in the receipt of payments. If this causes difficulties then written permission must be sought from the Statutory Chief Finance Officer to waive this rule. The manager concerned must then demonstrate that there are compensating controls in place.
- 19.4.2 **Post Opening:** At least two employees must be present when post, which is expected to contain income, is opened. A record of the total income received in a post opening session must be maintained.

- 19.4.3 **Counterfeit Notes:** Any bank notes received in person should be checked to ensure they are genuine, in accordance with [Support Doc 33 - Detection and Handling of Counterfeit Notes](#), before they are accepted.
- 19.4.4 **Records of Cash Collection:** Appropriate records must be maintained of all cash payments received through the post or in person; these should be updated at the time of collection. This will usually be by means of issuing till receipts or completing official receipts; however, in some cases the use of registers or logs may be more appropriate.
- 19.4.5 **Use of Official Receipts:** Only official Council pre-numbered receipt books, as provided by the Nominated Chief Officer with responsibility for Exchequer functions., can be used and these must show:
- a) the date of receipt;
 - b) the name of the person making the payment;
 - c) a brief description of the reason for the payment or an account reference;
 - d) the value received and whether cash or cheque;
 - e) the signature of the person issuing the receipt;
 - f) the Councils VAT registration number and any VAT paid.
- 19.4.6 A copy of the receipt must be retained by the unit receiving the income and a copy passed to the Nominated Chief Officer with responsibility for Exchequer functions.
- 19.4.7 Once receipts books have been completed they should be passed back to the Nominated Chief Officer with responsibility for Exchequer functions for storage for the required period.
- 19.4.8 All payments received via electronic transfer, direct debit, BACS, cheque or some other non-cash method do not require a formal receipt unless requested by the payer.
- 19.4.9 **Full and Final Settlement:** Payments received in “*Full and Final Settlement*” must only be accepted and paid in if they are sufficient to fully clear the appropriate debt, or with the approval of the Nominated Chief Officer with responsibility for Exchequer functions.
- 19.4.10 **Personal Cheques:** Personal cheques or other such payments must not be cashed out of monies held on behalf of the Council.
- 19.4.11 **Suspense Accounts:** Any unidentified cash received must be paid into a suspense account for that purpose. All suspense accounts must be monitored at least **monthly** and balances cleared as soon as possible.
- 19.4.12 **Security:** In accordance with [Financial Regulation 13.1](#), appropriate arrangements must be made for all income collected to safeguard against loss or theft.

- 19.4.13 **E-Income:** Income to be collected by electronic means must be carried out in accordance with the [Financial Regulations Support Document 13](#).
- 19.4.14 **Direct to Bank Collections:** Income, which is collected directly to a Council bank account, must be processed **promptly** into the Council's financial accounting systems.
- 19.4.15 **Money Laundering:** Any large payment received in cash must be handled in accordance with the Council's [Money Laundering Policy](#).

19.5 TRANSFER AND BANKING

- 19.5.1 **Separation of Duties:** Duties should be separated so that those responsible for the banking of cash should not be involved in raising accounts or receiving payments.

If this causes difficulties then written permission must be sought from the Statutory Chief Finance Officer to waive this regulation. The manager concerned must then demonstrate that there are compensating controls in place.

- 19.5.2 **Cash Up:** Tills containing cash should be cashed up daily in the presence of 2 or more officers.
- 19.5.3 **Transfer of Income:** Where monies are passed from one person to another the value of the transfer must be recorded, dated and signed, with a copy retained by the 'transferor'.
- 19.5.4 **Postal Trays:** On no account shall cash or cheques be transferred between sections by use of the postal tray system.
- 19.5.5 **Reconciliation of Takings:** Cash and cheque receipts must be regularly reconciled to payments transferred to the Cash Office or banked directly. These reconciliations should be reviewed by managers.

Any overs and unders found during reconciliation should be recorded and attempts made to resolve the imbalance. Any 'under' collections over **£25** should be reported to the Line Manager and "Nominated Audit Manager".

- 19.5.6 **Timing of Banking:** All monies received on behalf of the Council shall be passed to the Council's Cashiers or the Council's bank as soon as practical. For income totalling over **£250** banking must be within **1 working day** of receipt.

For values under this amount a maximum period of **5 working days** delay is permissible, as long as it is kept securely during this period.

19.5.7 **Total Income Banked:** No deduction shall be made from income collected, unless written approval has been given by the Statutory Chief Finance Officer.

19.5.8 **Banking of Cheques:** Every officer of the Authority who pays money into a banking account of the Council, shall ensure that the following particulars of each cheque paid in are recorded:

- a) the amount of the cheque;
- b) a reference (such as the number of the receipt given or the name of the debtor), which will connect the cheque with the debt or debts in discharge or partial discharge of which it is received.

Exemption from this rule is allowed if it can be demonstrated that this information is held securely on a Council system, which provides a clear audit trail to the cheque transactions, included in a banking transaction.

19.5.9 **Reconciliation of Ledger Transactions:** Cash and cheque transfers prepared for banking must be regularly reconciled to income posted to the Council's accounting system, in accordance with [Financial Regulation Support Document 37- Income Reconciliation Procedure](#) . These reconciliations should be reviewed by managers.

19.5.10 **Reconciliation of Bank Statements:** All income prepared for banking must be regularly reconciled to the Council's bank account statements.

19.6 RECOVERY AND WRITE-OFFS

19.6.1 **Recovery Procedures:** Directors and Chief Officers must establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly. Any recovery procedure utilised must conform to the Council's [Collection and Recovery Policy](#).

19.6.2 **Unreasonable Pressure:** In accordance with the CIPFA standards of professional practice, all outputs from all related accounting systems must be checked and validated for reasonableness to ensure that no unwarranted pressure is brought to bear on debtors.

19.6.3 **Write-Off Authorisation:** Debts due to the Council may only be written off:-

- a) by the Statutory Chief Finance Officer where the amount for any one debtor is less than **£5,000**, and in accordance with [Financial Regulation Support Document 11](#);

- b) if they are **standard car park charge notices** which have been waived under the authority of the "Nominated Chief Officer with responsibility for Parking";
- c) if they relate to housing rent income which has been waived as **rent free weeks** under the authority of the "Nominated Chief Officer with responsibility for Council Housing";
- d) if they relate to **renovation grant repayments** which have been waived under the authority of the "Nominated Chief Officer with responsibility for Housing Grants";
- e) in all other cases by the Executive, or other relevant committee.

19.6.4 **Case Details:** Authorisation for write-off will only be given on receipt of debt particulars (debtor, amount and nature of debt) plus a summary of recovery action taken.

19.6.5 **Records:** A record must be kept of all write-offs authorised and actioned which is totalled at the end of each financial year.

Other Points of Reference (underline denotes a hyperlink is available)

[Financial Regulation 6: Financial Strategies](#)

[Financial Regulation 10.3: Insurance](#)

[Financial Regulation 13.1: Security of Assets](#)

[Financial Regulation 20: Taxation](#)

[Financial Regulation Support Document 11: Authorisation of Income Write-offs](#)

[Financial Regulation Support Document 30: Money Laundering Policy](#)

[Financial Regulation Support Document 33: Detection and handling of Counterfeit Bank Notes](#)

[Financial Regulation Support Document 37: Income Reconciliation Procedure](#)

Financial Regulation Support Document 13: Electronic Collection of Income (In progress)

Financial Regulation Support Document 35: Security of Cash in Transit (Drafted)

[Collection and Recovery Policy](#)

[Constitution Part 4.5: Scheme of Delegation to Officers](#)

CIPFA Standards of Professional Practice: Income Collection

FBC Fees and Charges Booklet