

Manchester Health and Care Commissioning

Debt Management Policy

Date Approved:

February 2018

Version:	1
Author:	Kaye Abbott
Approved by:	Finance Committee
Approved date:	February 2018
Review date:	February 2021 (three years)
Target audience:	All MHCC Employees, including Governing Body Members, Clinical Leads, Officers and Staff [and GP Practices including GP Partners (or where the practice is a company, each director) and individuals in a practice directly involved with the business or decision making of their CCG]

Contents

1 1 Policy Summary 4

2 2 Introduction 5

3 3 Purpose..... 6

4 4 Key terms 6

5 Equality and Diversity..... 6

6 5 Staff Responsibilities 7

7 10 Associated documentation 18

1 Policy Summary

As a member of staff you should...	As an organisation we will...
<p>As a member of Staff you should complete all your working activities within Policy and Procedures set out by the Organisation.</p> <p>'Debt management Policy' is set up to provide assurance that the financial probity of the CCG is attained and maintained.</p>	<ul style="list-style-type: none">• Ensure that this policy and supporting processes are clear and help staff understand what they need to do. • Identify a team or individual with responsibility for:<ul style="list-style-type: none">○ Keeping this policy under review to ensure they are in line with the guidance.○ Providing advice, training and support for staff on how this policy should be implemented and monitored.○ Auditing this policy and its associated processes and procedures at least once every three years.

2 Introduction

Manchester Health and Care Commissioning (MHCC) is the partnership between NHS Manchester Clinical Commissioning Group (CCG) and Manchester City Council (MCC) which leads the commissioning of health, social care and public health services in the city of Manchester.

Manchester Health and Care Commissioning (MHCC) (the 'organisation'), and the people who work with and for us, collaborate closely with other organisations, delivering high quality care for our patients.

These partnerships have many benefits and should help ensure that public money is spent efficiently and wisely. But there is a risk that conflicts of interest may arise.

Providing best value for taxpayers and ensuring that decisions are taken transparently and clearly, are both key principles in the NHS Constitution. We are committed to maximising our resources for the benefit of the whole community. As an organisation and as individuals, we have a duty to ensure that all our dealings are conducted to the highest standards of integrity and that NHS monies are used wisely so that we are using our finite resources in the best interests of patients.

In this policy we refer to staff as both NHS Manchester CCG staff and Manchester City Council staff who work collaboratively as Manchester Health and Care Commissioning.

The aim of this document is to provide guidance to all CCG staff requesting money from another organisation/individual for goods, services or recharges of costs. (The organisation/individual will be referred to as the Debtor in the rest of this procedure). This procedure applies to all employees of the CCG, any staff who are seconded to the CCG, contract and agency staff and any other individual working on CCG premises.

This policy covers the following:-

- Requesting a sales invoice (via a Debtor Request form – sample in Appendix 1)
- Raising the sales invoices
- Collection of outstanding debts
- Receipting of payments
- Disputing invoices
- Provision for bad or doubtful debts and write off

Excluded from this policy are the following:-

- VAT debtors
- Prepayments
- Income accruals

3 Purpose

The purpose of the Debt Management Policy document is to set-out Debt Management policies and procedures to ensure that Client debt is managed in an efficient and effective manner.

The document is also intended to provide an understanding of how the debt management function operates and how specific elements within this process are managed between the client and the Manchester CCG Debt Management Team (DMT).

Note: This document is not designed to provide a detailed breakdown of processes within the debt management area.

4 Key terms

Equality and Diversity

The CCG is committed to:

- Eliminating discrimination and promoting equality and diversity in its policies, procedures and guidelines, and

- Designing and implementing services, policies and measures that meet the diverse needs of its population and workforce, ensuring that no individual or group is disadvantaged.

To ensure the above a robust relevance test has been undertaken to identify any adverse impact on the equality groups.

This Policy is set up in line with the NHS Constitution

The CCG is committed to:

- The achievement of the principles, values, rights, pledges and responsibilities detailed in the NHS Constitution, and
- Ensuring they are taken account of in the production of its Policies, Procedures and Guidelines.

This procedure supports the NHS Constitution by committing to use NHS resources responsibly and fairly and providing best value for taxpayer's money

5 Staff Responsibilities

Chief Accountable Officer

All Staff: All MHCC Employees, including Governing Body Members, Clinical Leads, Officers and Staff [and GP Practices including GP Partners (or where the practice is a company, each director) and individuals in a practice directly involved with the business or decision making of their CCG]

Management Accounts are responsible for completing debtor request forms, ensuring that these are accurate and completed in full before sending on to the Technical Accounts team.

Completed debtor requests need to be emailed to manccg.ardebtorrequest@nhs.net

The Operational Finance team are responsible for validating the debtor request forms, raising the sales invoices and collecting the cash in conjunction with NHS Shared Business Services.

The Operational Finance Team will provide quarterly updates to the Finance Committee and Audit Committee confirming the current debtor's position and highlighting the aged debt profile. If there are any debtors write offs these will be reviewed by Chief Finance Officer and Audit Committee, with final authorisation of actions by the CFO, Finance Committee or Board, in line with the Scheme of Delegation.

6 Procedure for raising invoices to other organisations / individuals

6.1 Authorisation of supply

Prior to agreeing to supply goods or services to any organisation or individual, the person responsible for initiating the supply within the CCG's must establish the following about the debtor:-

- (a) They are able to pay for the goods or services
- (b) They are authorised to contract with the CCG for the proposed supply of goods and services
- (c) Endeavour to obtain a Purchase Order

If the debtor requires a purchase order before goods or services can be supplied the CCG, the person responsible must obtain a purchase order (either paper or electronically) from them before supplying the goods or services.

The goods or services should not be supplied if the debtor cannot meet all criteria.

Authorisation for supply must be obtained from the relevant budget holder.

6.2 Notifying Finance to raise a sales invoice

The authorising budget holder must notify their management accountant to raise a sales invoice to the debtor.

To raise a debtor request, budget holders must provide the following information: -

- Name of the debtor in full (specifying whether NHS or Non NHS.).
- Contact name in the debtor organisation and telephone number.
- Full address of the debtor including post code
- Brief description of the services/goods**
- The dates when the service/goods were provided.
- Amount
- Whether VAT applies to the invoice
- For NHS organisations, specify whether income is: -
 - Gross or Net accounting
 - Programme (associated with delivery of healthcare) or Admin
- The full financial code including the analysis 2 code as appropriate to identify the Organisation in line with the general ledger mandated coding structure

** in addition to the description the requestor or management accountant must provide sufficient evidence and information as backup to enable the debtor to be completely clear exactly what service was received, the period this relates to and the basis for the calculation of the amount due.

Ideally a confirmation email from the debtors confirming that they accept the charge would be good practice.

The management accounts team will check the information provided by the requestor and complete the debtor request form (available from the operational finance team). An example is shown in Appendix 1. (This is an excel based document).

The form must be submitted electronically to the Account Receivable Team Mailbox: Manccg.ardebtorrequest@nhs.net

6.3 Raising Sales Invoice

The operational finance team will check the debtor request as follows:-

- All details are correct
- Adequate back up has been provided

Where there is inadequate backup, the team will liaise with the relevant management accountant in the first instance, to obtain the information before the invoice is raised. If the team considers that there is insufficient backup to collect the debt they will refer the issue to the Head of Operational Finance.

The operational finance team will retain the debtor request on file and also record details of the sales invoices raised on the request.

AR will raise a sales invoice, which is sent to NHS Shared Business Services to be processed and sent out to the customer.

6.4 Credit Control (Debt Chasing and Collection)

Standard approach to Credit Control

NHS Shared Business Services are responsible for collecting all debts and the full policy is attached in Appendix 2.

Standard payment terms for the CCG are 30 days from invoice received date. The exceptions to this are the following which will be immediate payment terms:-

- Staff who have left the organisation
- Course fees and charges

For NHS organisations which currently use NHS Shared Business Services, these transactions will be interfaced from AR through to AP for processing and payment. NHS reminder letters are not issued for these transactions.

For Non NHS commercial and non-commercial debt the credit control stages are as follows:-

Statement - All debtors are sent a full statement of outstanding invoices and amounts each month. The statement will include all transactions up to the month end and will be issued by the 14th of the following month.

30 days from date of invoice – A first reminder letter will be sent to all debtors by NHS Shared Business Services when the invoice is 1 day overdue.

40 days from date of invoice – NHS Shared Business Services will send a second reminder letter.

60 days from date of invoice - Debtors will receive a final demand letter from NHS Shared Business Services.

Collections Efforts will commence from the first day overdue, NHS Shared Business Services will refer debts to the CCG's operational finance team for recommended write off, or external debt collection where the debt becomes overdue by over 30 days.

Agreements to allow debtors to pay by instalments (also known as a payment plan) can only be agreed by the Head of Operational Finance. The decision will take into account:

- The amount of the debt;
- How long it has been outstanding; and
- The financial circumstances of the debtor.

The financial circumstances will be assessed on evidence such as recent bank statements, detailed income and expenditure for the debtor, payslips etc.

If a debtor fails to adhere to a previously agreed payment plan, the debt will become due in full immediately.

6.5 Payroll overpayments (for staff that have left the CCG)

Where the employee has left the CCG, Payroll will notify the operational finance team electronically with the full employee information and the amount and details of the overpayment, within 5 working days of becoming aware of the issue.

A Payroll Overpayment form needs to be completed in all cases.

The Operational Finance Team will then raise a sales invoice and send a copy of the invoice along with an accompanying letter to the debtor.

6.6 NHS debtors

The CCG is part of the NHS and there is a formal quarterly process for reviewing, agreeing and disputing debtors known as Agreement of Balances (AoB), documented elsewhere.

60 Days overdue

Invoices overdue by 60 days will be referred to the Head of Operational Finance, who will contact the organisation requesting:

- (a) that the invoice be paid if it was agreed as part of the AoB exercise or
- (b) The reason for the dispute if it was not agreed.

90 Days overdue

If the invoice remains unpaid after 90 days and the CCG believes the charge to be valid the Head of Operational Finance will refer the invoice to their counterpart within the debtor organisation, to obtain a resolution.

If the discussion is unsuccessful, then discussions will take place at director level

Ultimately if these processes prove unsuccessful the debt will be escalated to the Area Team for arbitration.

6.7 Manchester City Council

The CCG has an on-going relationship with the Council and all issues must be escalated through the relevant Management Accountant.

Less than 90 Days Overdue

Representatives from the CCG's Finance Department meet on a regular basis with colleagues from Manchester City Council, and in these meeting outstanding debt is discussed.

90 Days Overdue

The matter will be escalated to the Head of Operational Finance, who will contact the Head of Finance at MCC requesting that the invoice be paid or for further information as to why it is dispute.

If agreement cannot be reached, it will then be escalated to the Chief Finance Officer with the CCG, who would contact the City Treasurer.

6.8 Disputes

Where the Debtor queries the sales invoice, there are two scenarios:-

1. Debtor identifies that there is inadequate backup or missing information
 - Debtor requires further information (inadequate backup) or needs their own systems to be followed e.g. Manchester City Council requires a Purchase Order
2. Debtor disagrees with at least one of the following:
 - the amount
 - service delivered or
 - the period to which it relates (Disputed)

For scenario 1 (Missing backup or information) it is the responsibility of the budget holder to resolve the problem in conjunction with their management accountant. For these invoices follow the procedure in [NHS Shared Business Services Debt Management Policy](#).

For scenario 2 (Disputed) AR will liaise with the management accountant in order to try and resolve the dispute.

Where payment has still not been received the invoice will need to follow the Provision process in section 8.

6.9 Provision for debts

Each quarter the CCG will review overdue debts and make a provision for debts on the following basis.

Category	Trigger for Provision	Provisions
Non NHS	Debt outstanding for 60 days or more	Provision of 50% of outstanding debt if > 60 days overdue Provision of 100% of outstanding debt if > 120 days overdue
MCC	Debt outstanding for 60 days or more	Provision of 50% of outstanding debt if > 60 days overdue Provision of 100% of outstanding debt if > 120 days overdue
Other - Paying in Instalments	Debt outstanding for 60 days or more	No provision if payment plan in place and being adhered to
Other - Not Paying in Instalments		Provision of 50% of outstanding debt if > 60 days overdue Provision of 50% of outstanding debt if > 60 days overdue

The CCG is committed to recovering all due amounts and only as a last resort will it consider write off of debts.

Write offs of debt must be reviewed by Chief Finance Officer with a proposal reviewed by the CCG Audit Committee. Any formal approval would be agreed by the CCG CFO, Finance Committee or Board, in line with the Scheme of Delegation.

Waiver: Any deviations to this write off policy must be authorised by the Chief Finance Officer.

7 Monitoring Compliance with and Effectiveness of this Procedure

The operational finance team will run an aged debt report each month which will include a report of all disputes. This will be circulated to the CCG Finance Committee or equivalent and reported to the CCG Board on a quarterly basis.

MCCG will ensure that no organisation will be treated unfairly in relation to the implementation of this policy due to their protected group.

8 Review of the procedure

This procedure will be reviewed on a three-yearly basis from the date of implementation.

Minor amendments (such as changes in title) may be made prior to the formal review, details of which will be monitored/approved by the Associate Director of Engagement in consultation with HR where relevant. Such amendments will be recorded in the Register and a new version of the PPG issued.

9 Debtor Complaints procedure

In the event that a Debtor wishes to raise any concerns, these concerns must be raised in writing (either by email or letter) to the Head of Operational Finance at the following address, within 7 working days of the issue:-

Finance Department
NHS Manchester CCG
Parkway 3
Princess Road
Manchester
M14 7LU

The Head of Operational Finance will investigate the concern and provide a written reply within 14 working days of receipt of the letter or email.

In the event that the debtor wishes to progress the matter further they must then write to the Chief Finance Officer at the address above, who will make the final decision.

Debt Management Policy

Appendix 1: CCG Sample Debtor Request Form

COMPLETED BY REQUESTOR			
Ledger	14L Manchester CCG		
Requested by		Name of Mgmt Accountant requesting this	J Bloggs
Date Requested		Date requested	10/08/2016
Date for Invoice		Date to be entered on invoice	31/07/2016
Invoice or Credit Note		Invoice or Credit Note	Invoice
Type of Customer		Select from list	
Purchase Order No			
PAYROLL NUMBER (if Staff Member)		Assignment number- this is an 8 digit number	
Is this a New Customer?			
Customer Name		Organisation name	Stockport CCG
Department (if relevant)			
Address Line 1		Organisation full address	7th Floor
Address Line 2		Organisation full address	Regent House
Address Line 3		Organisation full address	Heaton Lane
Address Line 4		Organisation full address	Stockport
Post code		Mandatory	SK4 1BS
Contact Name		Name of contact person at Customer site	FAD SUE HOLLIS (LEAD NURSE)
Contact Name Department			
Phone Number		Phone No. of contact person at Customer site If customer type is NHS Select Recharge or Income. Otherwise select	0161 365 9874
Is this Income or a recharge?			
Income categorisation			
Description		Enter full description of service.	
Quantity			1
Price			12,000.00
Oracle Org		00W, 01N OR 01M	00W
Cost Centre		e.g. 730123	
Subjective		e.g. 666000	
Analysis 1		e.g. 0000	
Analysis 2		e.g. 0000	
Sub Total		Automatically calculated	12,000.00
VAT RATE		- Select from list	
VAT	0.00	Automatically calculated	-
Total		Automatically calculated	12,000.00
Additional Information		Any other information to be added about requestor	
BACK UP ATTACHED		Must have adequate backup	
COMPLETED BY AR			
Completed By		Name of AR user	Justine Field
Oracle Reference		Oracle Invoice/Credit Note No.	123456
Date Created on Oracle		Date completed by AR	10/08/2016
VAT rate	20%		

10 Associated documentation

This Policy should be read in conjunction with the following documents:

- Prime Financial Policies;
- Commissioning Strategy, Budgets, Budgetary Control and Monitoring Policy;
- Expenditure Control;
- Accounting Systems
- CCG Standing Financial Instructions

Key Contacts

Name	Role	Email Address	Telephone Number
Kaye Abbott	Head of Finance – Financial Management & Governance	kayeabbott@nhs.net	0161 765 4258 1
Beverley Duff	Financial Accountant	beverley.duff@nhs.net	0161 765 4225