

Write-offs

AT A GLANCE:

- An Agency must follow its debt recovery policies and procedures when dealing with write-offs.
- Statutory powers conferred on a statutory position by an Act of Parliament can be exercised and delegated in accordance with that Act of Parliament.

This Fact Sheet should be read in conjunction with the [legislation](#).

Authority for write-offs

The power to write-off amounts is granted by section 56 of the *Financial Management Act 2016*, with direction in relation to the management of agency write-offs provided in Treasurer's Instruction FC-14 *Write-offs*.

Write-offs must be approved by the Secretary of the Department of Treasury and Finance (for amounts less than \$250 000) or by the Treasurer, in accordance with Treasurer's Instruction FC-14. A debt will be accrued on the agency's debtors ledger until such approval is granted.

Debt recovery policies and procedures

Under Treasurer's Instruction FC-14, an Accountable Authority must ensure that debt recovery policies and procedures are in place to recover all amounts owing to an Agency.

The Agency's debt recovery policies and procedures should, at minimum, include a structured pathway to debt recovery, which may include enlisting external service providers.

An Accountable Authority should recover any debts strictly in accordance with the Agency's debt recovery policies and procedures. Each outstanding debt should pass through the debt recovery pathway, prior to recommendation for write-off. Debt recovery policies and procedures may include payment plan options.

The power to write-off a debt only exists where a legal debt is raised on the Agency's debtor ledger. If an Accountable Authority decides not to charge a fee, and thereby not raise a debt, there is no requirement for any write-off under section 56 of the Financial Management Act. This matter is an Agency policy issue.

Requests

Requests for the write-off of outstanding debts should be submitted to the Secretary of the Department of Treasury and Finance for approval on a periodic basis, with the timing of the requests to be determined by the Accountable Authority. The Accountable Authority may determine this to be annually or quarterly depending on the circumstances of the Agency.

Requests should include a schedule detailing each debtor and amount, and the reason that each debt is being recommended for write-off. Write-offs should be grouped into categories where practical to do so and include details of recovery and remedial action taken.

Where the write-off is for a material amount, the request should be made as soon as possible and include appropriate documentation to support the debt write-off, including advice from Crown Law as appropriate.

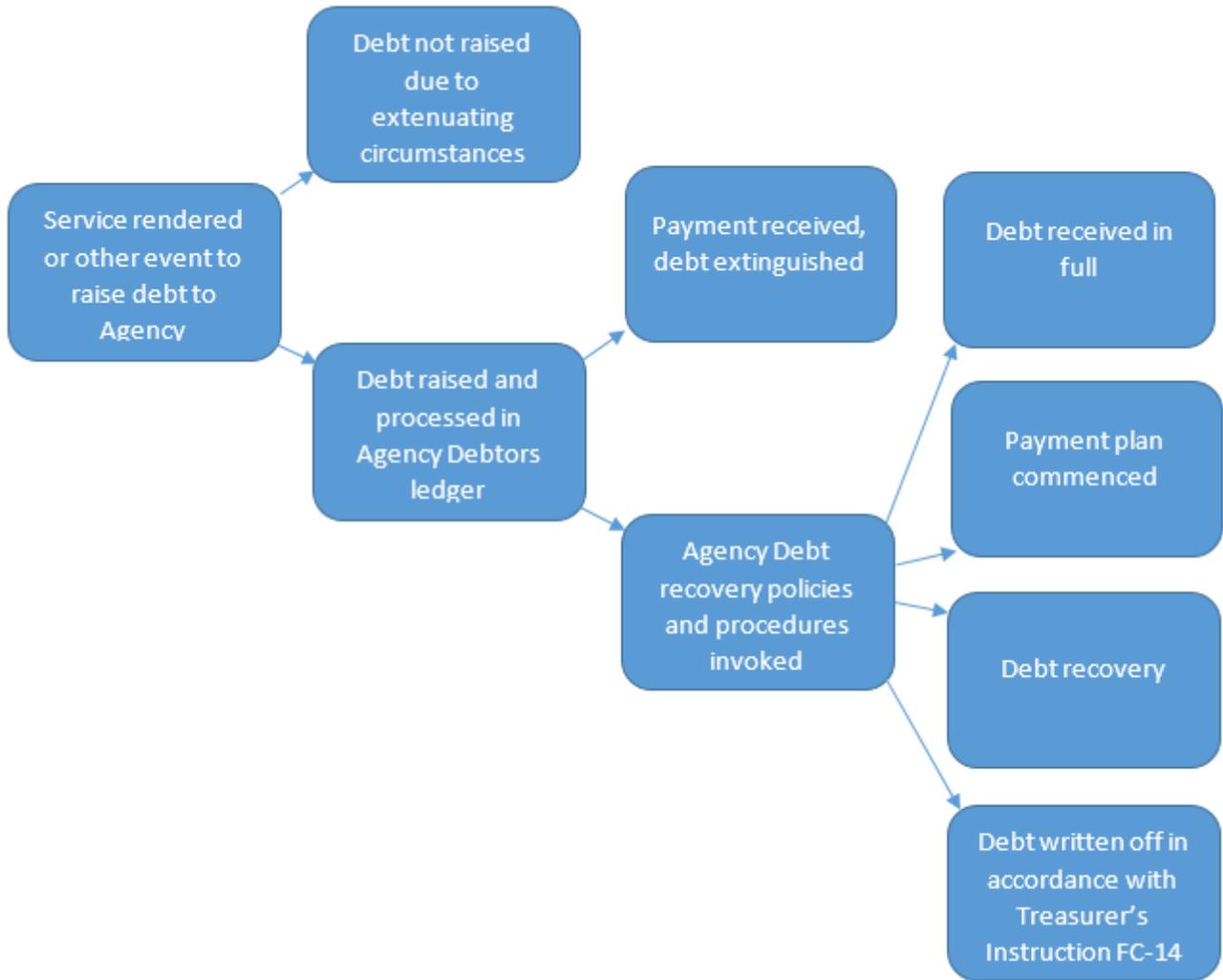
Any request to write-off a material loss due to fraud or a criminal offence must be supported by a police report, advice from Crown Law and a report made to the Chair of the Agency's Audit Committee in accordance with Treasurer's Instruction FC-I4.

Existing statutory powers to reduce or waive fees and charges

The financial management provisions of the Financial Management Act supersede the financial management provisions of another Act of Parliament, unless an Order or Determination has been issued under the Financial Management Act specifically in relation to certain powers. In a small number of cases, another Act of Parliament may grant a statutory position holder the power to reduce or waive fees and charges levied under that Act.

The statutory power to reduce or waive fees or charges differs from the power to write-off an outstanding debt, and are not restricted by section 56 of the Financial Management Act or Treasurer's Instruction FC-I4.

The different stages of a debt recovery process are illustrated below:



Other relevant information

Please also refer to:

Treasurer's Instruction FC-14 *Write-offs*

Financial Management Better Practice Guidelines