

IP Cashier

Newsletter for Cashiers, Administrators and Managers

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Introduction



**Jim Curtois, Director of Banking
reviews the challenges of 2006**

The beginning of 2006 heralds a challenging year for Banking as we prepare for a large reorganisation of the Directorate. We fully expect to be able to undertake the changes that are necessary for our continued efficiency drive, without any interruption of service to you, our customers. We will keep you informed of progress with this project and we expect that once completed, the improvements will benefit everyone.

We are continuing to upgrade IT systems, which we have been using for some time now. These upgrades have enabled us to operate efficiently under the financial regime and there will be further changes to the systems as and when needed. Looking ahead, we are still planning to expand the online facilities, but will need further investment in IT before we can achieve this. We continue to welcome and value your suggestions on this issue.

Good communication between us is essential and we look to this newsletter as another avenue for an on going dialogue. We look forward to hearing from you about the newsletter, via our Letters page, or through our daily contact with you.

**Jim Curtois,
Director of Banking**

Change Is a Constant In Our Working Lives

The Civil Service is undergoing a challenging time as we seek to reflect the expectations of the Government and the public on standards, transparency, service excellence and value for money.

In all of this there are two constants, one is the certainty of change and the other is our commitment to customer satisfaction. We believe that our standard of work and our relationship with our customers should identify us as a first class provider of investment and estate accounting services to Insolvency Practitioners (IPs) and Official Receivers (ORs).

With effect from 5th June 2006, the services provided by IP Banking and OR Banking as part of the Banking Directorate of the Insolvency Service will be combined to operate under the new name of The Insolvency Service Estate Accounts Directorate.

Our change of name signifies a restructuring of our business to follow our workflows in order to meet our similar customers' needs and we expect this to further enhance our excellence in service delivery. In addition to this we are creating a new section, which will focus on the return of unclaimed monies to the creditors community.

These changes will enable improvements to our flexibility at the operational level whilst allowing us to enhance our performance as we strive toward excellence on service delivery, both within our front and back office teams.

By improving the flexibility of our workforce and sharing the workload across teams we should be able to make potential cost savings.

Overall we will increase our business-process efficiency and maximise the effectiveness of our resources for the benefit of all of our stakeholders. The resulting improvements in our systems and close team working will only improve our services to you.

Bank of England to Office of HM Paymaster General

Last year we made some changes to the way funds are paid to the Insolvency Services Account. Thank you for your patience and co-operation during the transition but we need to remind you of a couple of points:

- The sort code quoted on the bottom of the BGC book (62-30-03) must only be used when paying in cash or cheques with a BGC slip. The sort code must not be used for BACS or CHAPS receipts. If you are uncertain of the correct codes to use they can be viewed on the website at <http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/ipb/OPGsortcodesaccountnumbers> or please telephone us on 0121 698 4257/4181.
- Cheques in foreign currency should not be paid in using the BGC slips but should be forwarded to the Cashiers Section at the following address:
Insolvency Service, PO Box 3690, Birmingham B2 4UY.

Crediting CHAPS

If you have to pay receipts into the Insolvency Service Account that exceed one million pounds, the funds will reach us quicker via the CHAPS system, rather than the BACS or Cheque Clearing System. It would help us to progress the credit more efficiently if you can let us know in advance. Email IPBanking.cashiers@Insolvency.gsi.gov.uk and quote the case id as a reference.

This is better for creditors, as the funds start accruing interest at our rate of 5.25% sooner.

If you are uncertain which sort code to use to submit funds to us via the CHAPS system, please visit our website, the link shown below will direct you to the relevant area:

<http://www.insolvency.gov.uk/insolvencyprofessionalandlegislation/ipb/OPGsortcodesaccountnumbers.htm>

The End Of The Road

Every final account we receive that includes a court order to annul the bankruptcy, must also include a trustee's release. The latter has significant bonding implications. Orders of the Court must clearly address both matters.

Section 299(4) of the Insolvency Act 1986 says that where a court annuls the bankruptcy it also sets the date of trustee release. Even though Rule 6.214(4) of the Insolvency Rules 1986 says that the court may set the date of release by reference to the filing of the final account (rule 6.214(2)), filing of the account without the court order will not result in the release of trustee.

If we receive a final account without an appropriate court order, we will have to return it to you for an amended court order. Further information will be provided in "Dear IP".

Did you know

We received 56,000 calls last year and answered each of them within 16 seconds

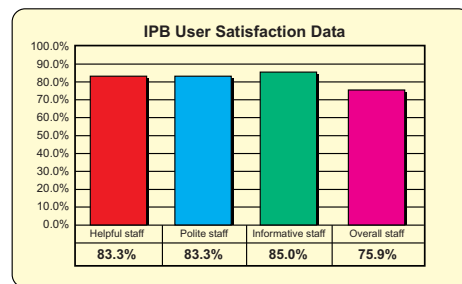
We replied to 43,500 of the 44,000 letters we received, within 15 days

We deal with over 419,000 financial transactions a year

Reaching The Parts That Only Surveys Can Reach

At the end of last year, we sent out a customer satisfaction survey to Insolvency Practitioners, which asked for information across a number of departments. Overall the results of the survey provided us with excellent feedback. Here's a snap shot of the results as they affect the Banking Directorate.

It was refreshing to see that 88% of Insolvency Practitioners said they felt very positive about the service they receive from IP Banking, although only 76% said they were pleased with our service overall.



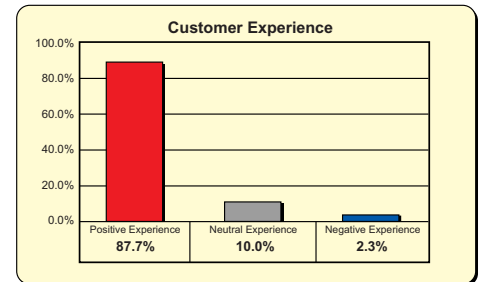
88% of respondents told us that they felt positive about our service

We are delighted that over 80% of IPs said their calls were answered politely and that they found us helpful and informative, although only 76% rated our overall service.

A Dividend Of Substance

If your dividend exceeds 2000 cheques, it will help to speed up the process if you can let us know in advance. When we receive your requests for production of dividend cheques we have to carry out the following procedures:

- Verify the Insolvency Practitioners authorising signature.
- Divide the dividend into batches of approximately 200 cheques.
- Add-list each batch.
- Verify that all the batches accumulative totals match your total.
- Ensure that there are enough funds on the estate to allow payment.



Over 80% of those responding found us to be Helpful, Polite & Informative, but only 76% of you were pleased with our overall service

The full report can be found at our website at www.insolvency.gov.uk

These results are based on the views of the 79 IPs who responded to our survey. It would be interesting to hear what the rest of you think, so when you're looking for an inspirational way to fill a coffee break, please complete the survey either using the attached form and mail it to us, or on line at www.insolvency.gov.uk A full breakdown of these results will be given in the next issue.

We get lots of feedback from you on a day to day basis but it helps to have your written feedback too. So please complete the enclosed survey.



You can send us your dividends electronically too, as an Excel document. So that we can progress the dividend, we will need a covering CAU109 form, which should include the total and original IP signature via the postal system. These requests should be directed to: IPBanking.payments@insolvency.gsi.gov.uk

We can also produce your dividend in alphabetical order and you will need to write 'Alphabetical' across the top of Form CAU109 and your list of payees MUST be in alphabetical order.

Get It Published!

Every voluntary liquidation must be advertised in the Gazette, in line with section 109 of the Insolvency Act 1986. Although funds from a voluntary liquidation don't have to be invested in the Insolvency Services Account, the appointment must still be advertised. This matter is discussed at a technical level in Chapter 5:50 of "Dear IP"

An office holder can be fined for non-compliance and charged daily for continued contravention. We also have an obligation to draw it to the attention of the appropriate regulatory body.



An increase in this type of oversight means that details of the liquidation won't be entered onto our database of insolvencies. This will delay us setting up an account, which will mean more work for both of us!

To Charge Or Not to Charge - that is the Question

Secretary of State fees are payable on all monies arising from bankruptcies and compulsory liquidations paid into the Insolvency Service Account (ISA). If there is a reason why monies are exempt, then as well as ticking the box on the bank giro credit slips, we also require a detailed explanation.

Earlier this year we issued letters to trustees and liquidators, requesting written reasons as to why funds should not attract Secretary of State fees.

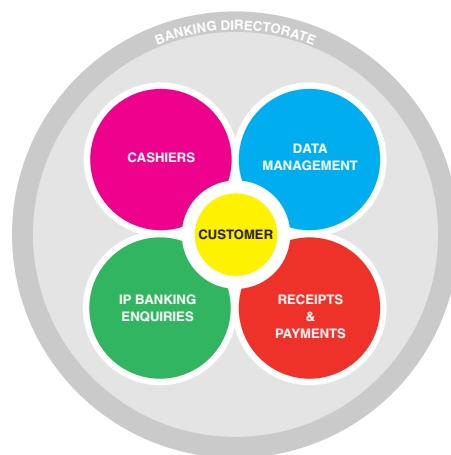
If funds are subject to a charge or have been provided by a third party, they should be accounted for separately. They will need to be paid into a sub account under the same estate number.

Nine On The Line



To assist you to speak to the right person when you contact us, we set out below a simple chart showing the structure of our team. There are thirty of us, working in four main areas, which include Cashiers; Data Management; Receipts & Payments; IP Banking Enquiries. Our following newsletters will look at the work of each of these four teams, beginning with your first port of call, the Enquiries Section.

The section is also responsible for closing cases, receiving approximately sixty finals a day. All written correspondence received is recorded onto a spreadsheet and telephone call volumes are monitored by each member of the team.



Helen said: "Because we are usually the first point of contact, everyone of us needs to have a high overall knowledge about other areas. Although the majority of enquiries are dealt with on the section, we sometimes have to pass telephone calls on to other sections or departments. As you can imagine, good oral and written communication skills are essential."

The Enquiries Section, which has nine members of staff, is headed up by the Manager, Helen Day. Helen said: "The majority of the ninety written queries we receive on a daily basis are about account reconciliation, e.g. transferring receipts or payments or calculating Secretary of State fees. The team also deals with approximately 100 telephone calls per day which are usually balance enquiries."

A number of the team have completed a customer service NVQ, which has proven beneficial with the results of our recent survey which has said that calls were answered politely and that you found us helpful and informative."

Online Access



Q. What is online access?

A. Online access allows Insolvency Practitioners and their staff to view their cases online and print account statements if needed.

Q. How does it work?

A. The data is a copy of the system that is used by IP Banking and is refreshed at 4am and 2.30pm - so it is never more than 6 hours old.

Q. Who is it for?

A. IPs, cashiers and case administrators.

Q. Why was it set up?

A. To allow IPs to view the accounts online and print off statements if necessary without having to contact IP Banking.



Q. How many people use it?

A. As at the end of February 2006, we have 911 IPs who have been issued with a password which enables them to gain access online. The password can be shared with all office staff, as there is no restriction on the number of users sharing the same access password.

Q. What are the benefits of the service to your customers?

A. It allows for more flexible working for IPs, as the service is available seven days a week.

Q. What are the benefits of the service to the directorate?

A. An improved service. We are currently looking at further developments, such as IPs being able to print off their own interest notices, rather than having to request them from us.

Q. What is your role / What is IP Banking's role?

A. We issue an offer letter, together with a case listing and application form. We create the account when the forms are returned and offer support and advice to users if needed. This includes dealing with password problems and case listings on the system. We ensure that the data is correct and maintain a link between the users and the developers.

Q. Have you received any comments or positive feedback?

A. Yes - most IPs find online access useful. It has reduced the amount of telephone calls and requests for statements.

If there are any further suggestions as to how we can continue to improve the services we offer to you, we would be delighted to hear from you.

The Numbers Game

The Insolvency Services Account was established in the early 1970s to provide estate accounting, banking and investment services for the Insolvency Practitioners and Official Receivers. In recent years the insolvency figures have risen to record levels, a trend which is set to continue.

During 2005/06 in the Banking Directorate, we dealt with over 419,000 financial transactions which amounted to an annual turnover of around £1 billion. We successfully processed 98% of your payment requisitions within four days and answered over 99% of the 56,000 telephone calls that we receive within 16 seconds.

Furthermore, last year, we replied to 43,500 of the 44,000 letters we received in less than 15 days and we have despatched over 66,000 statements to you comfortably within our 10 day target.

We had aimed to deliver 11% of the 195,000 IP payments that we made electronically, but only managed to send 9% by this method. This was due to the large dividend distributions that we have successfully processed, that are very difficult to send electronically due to the volumes involved. One thing is for sure though, we will continue to encourage electronic payments as they are faster, safer and cheaper and this is a benefit to us. More importantly, this is a benefit to you and the creditor.



As three time winners of the Charter Mark award, which is given to public services for excellence, we are continuing to work towards providing a high quality banking and investment service.

Letters to the Editor?

Q. Can I pay unclaimed Administration monies into the ISA?

A. No, there is currently no provision for The Insolvency Service to hold unclaimed monies in regard to insolvency types, other than liquidations. However The Insolvency Service is seeking views as to whether the current inability to make payments into the ISA is a matter of concern.

Thomas Smith, London

Q. I am locked out of BANCS Online but when I respond to the e-mails and they tell me the account is unlocked, my password still does not work, why?



A. The first and quickest way is to take action yourself. When an invalid password is entered three times over the course of a day, BANCS Online will automatically send you an e-mail informing you the account is locked out. Simply reply and send a blank message back. Shortly afterwards BANCS Online will send you another e-mail informing you that the account has been unlocked. **At this point your password changes** to your IP number and the day's date. For example, if your IP number is 1234 and you receive

your unlocked message on the 5th of the month then your new password would be 12345. (Please also note that dates 1 to 9 are just 1 to 9 and not 01 to 09).

BANCS Online will then ask you to change the password. However if after following these instructions you are still unable to view your accounts on-line, please contact Online Support on: **0121 698 4274/4252**.

Janet Jones, Manchester

Q. I recently sent a requisition to close a voluntary account and ticked the box to close. However, when I received the final balance, the closing interest had not been added to the cheque. What do I have to do to ensure the remaining balance is issued?

A. If a requisition is marked to close, IP Banking will close the interest bearing account but will not automatically alter the requisition to include the final interest. To ensure that interest is added to a final cheque, you should write the following statement on the requisition form 'ADD INTEREST TO FINAL CHEQUE'.

If you require the cheque to bring the account to zero you should write the following on the requisition form - 'ALL FUNDS'.

IP Banking will ensure that the balance on the account is issued and if the case is a voluntary liquidation, then the account is closed.

Sarah Brown, Newcastle

Enforcement

In recent years personal insolvency figures have risen, as corporate insolvencies have remained stable. Last year 47,291 people were declared bankrupt and 12,893 companies went into liquidation (5233 compulsory liquidations and 7660 creditors voluntary liquidations). For many bankruptcy is not an easy option. A number of factors affect the levels of bankruptcy, they include: availability of credit, unemployment, redundancy, illness and breakdown in relationships such as divorce. Few people see bankruptcy as an easy way out of their debts but rather that they have no real alternative.

Bankrupts who are dishonest or reckless in the period leading up to their insolvency could face lengthy sanctions. The Official Receiver can apply to court for a bankruptcy restrictions order (BRO) which can last for periods of between 2 to 15 years. Alternatively bankrupts can agree to bankruptcy restrictions undertakings (BRUs), an out of court agreement, which has the same effect as a BRO.

In the last financial year 843 bankrupts were subject to BROs and BRUs. The following examples set out the type of behaviour, which led to bankruptcy restrictions. A laboratory technician in the 'north east' accepted a 7 year BRU after running up debts of £6,000 by unreasonably and extravagantly spending money on prostitutes, alcohol and gambling he also paid thousands of pounds to family members for alleged loans. A builder and carpenter in south Wales, was given a 12 year BRO for failing to keep proper accounting records and being unable to account for £35,000 worth of expenditure. The restrictions they will be subject include declaring their status to credit providers if they wanted credit of more than £500; and not acting as the director of a company or taking part in its promotion, formation or management without the permission of the court.

Continued on back page

Status Quo

Do you have any cases, which have remained static since the 1st April 2004? We sent out a list of them in June last year to everyone concerned and thank you to those people that responded. If there are any cashiers who didn't receive notification and if you would like a copy of the list, please email us with the IP details to IPBanking.onlinesupport@insolvency.gsi.gov.uk and we will forward you the list.

A Day in the Life of a Cashier



In the days when we studiously pored over hand written ledger cards, trying to ensure that our numbers were perfectly formed and therefore easily legible, we were promised a future where paper in the office wouldn't exist, everything would be on computer.

I have been working in banking for seventeen years, so have seen many changes, the biggest one being account records transferred to computer, but whilst the ledger cards have disappeared I still see a lot of paper around me.

However, we are now able to download our bank statements, produce BACS reports and cashflow statements at any time of the day rather than having to be reliant on it sent through the post. As our workload and payments increase in line with the growing number of bankruptcy cases, our electronic systems are making it easier to more quickly provide you with the information that you need.

There are ten people working in our team, including the section manager. Staffed from 8am until 5pm every day the team work flexi time and our busiest period is in the morning as we have to complete the bank statements and pass on receipt details to the section for posting. We are also responsible for preparing electronic

transfers and these must be completed by 12pm.

In the future, I hope that there will be even more electronic communication, which will enable us to provide information faster and more efficiently. IP Banking and OR Banking sections are to be merged so there will be just one team of cashiers managing our bank accounts.

I don't see my job as a 'boring' civil service role; I enjoy it and see it as high profile. Whilst some of my work is routine and process driven, I look forward to answering your telephone enquiries because it provides me with the opportunity to talk to you, our customers.

I believe that we do provide a good general service and it's great to hear feedback from our user group that supports this, however we are constantly looking at ways to improve this service to you, our customers, so like they say, it's good to talk!

By Su Beach

Enforcement

Continued from previous page

Holding the directorship of a company brings with it many financial responsibilities and obligations to the public. Even though the overall trend for company liquidations remains historically low, The Service continues to take action to disqualify directors for misconduct which includes trading when the company was insolvent, failure to keep proper accounting records and failing to submit tax returns or pay monies to due to Crown departments in the period leading to liquidation.

For the same time period 1173 directors were disqualified under section 6 of the Company Directors Disqualification Act (CDDA) directors. A director of a shoe retailer whose business owed £8million pounds in debt was disqualified for 9 years because the business ran up debts the director knew the company could not pay.

Directors of an IT business agreed not to become company directors for 14 years when their business failed with £9million worth of debt after they had failed to keep proper accounting records and created sales invoices without pay taxes. Banned from the promotion, formation or management of a company, these and other disqualified directors will not be able to inflict further misery on public or private companies, which had hoped to carry out legitimate business transactions.

Reference No. URN 06/423

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