Hello and welcome to the second edition of the Supervision Standard.

We have received positive feedback from our first edition and hope our newsletter continues to be as useful.

If you have any suggestions for content to include in future editions, please contact Head of Adjudication and Trustee Supervision Fiona Coyle.

In this edition:

- Bankruptcy statistics released
- BASYS developments
- Trustee tips and best practice
- Bankruptcy Restrictions team update
- Useful contacts
Submitting schemes of division on BASYS

A scheme of division can now be completed on BASYS which will save you uploading or submitting a paper copy.

BASYS will calculate and make provision for all statutory and trustee fees which have been determined but not yet shown through the account and will calculate any audit fees due to be raised on final fees and outlays. Using the scheme of division on BASYS makes setting out provisions easier and saves the need for a manual calculation.

For details on how to complete the scheme of division on BASYS, please refer to the BASYS user guide on our website.

Please remember to include your schedule of creditors with your account and scheme of division. The schedule of creditors can also be completed on BASYS.

Trustee accounts email notifications

BASYS has the functionality to issue an email notification when a trustee account is determined, extended, accelerated or returned. If you wish to receive email notifications, please send a request to the Trustee Accounts mailbox with the email address you would like notifications sent to. Only one email address may be provided per trustee.

Bankruptcy Restrictions Order BASYS functionality

The Bankruptcy Restrictions team are currently working with our Efficiencies and Technology team to allow for suspected offence reports and documents to be added direct to BASYS.

Further information on this will be provided when available.

Need help with BASYS?

If you need assistance with any aspect of the trustee supervision process on BASYS, we are happy to visit your office and provide training or you are welcome to visit AiB. If you require training in more than one area, we can arrange for this to be carried out on the same day.

The BASYS user guides also provide step-by-step instructions to carry out each function and these are available on our website.
Trustee Accounts team

**SIP9s**

To assist us when determining a trustee’s fee, we would be grateful if you could make sure the following checks are completed prior to submitting your SIP9:

- Check the dates on the SIP9 correspond with the account period
- Charge out rates are visible on your SIP9 or provided separately
- A SIP9 should always be submitted with an account to show what work has been carried out in the period. If there are no funds to allow a trustee to take a fee, fixing of the fee can be deferred and fixed in a subsequent account or if it is a final account, the fee will be restricted to the funds in hand.

**Determinations**

If you have not received a determination within four weeks of an account being submitted, please refer to the account on BASYS to identify whether it has been received.

The state history (example shown below) will show what action has been taken on the account. If the account has been determined, the determination can be found within the documents section of the account.

<table>
<thead>
<tr>
<th>New status</th>
<th>Date changed</th>
<th>Changed By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determined</td>
<td>11-Sep-2018 12:25</td>
<td>elizabeth roberston</td>
</tr>
<tr>
<td>Audited</td>
<td>11-Sep-2018 12:25</td>
<td>elizabeth roberston</td>
</tr>
<tr>
<td>Auditing</td>
<td>11-Sep-2018 12:17</td>
<td>elizabeth roberston</td>
</tr>
<tr>
<td>Submitted</td>
<td>31-Aug-2018 10:43</td>
<td>Val McCallum</td>
</tr>
</tbody>
</table>

Please ensure that all determinations are checked for accuracy before issuing to creditors.

If there are any issues with the account on BASYS or the determination, please contact the Accounts team.
Trustee accounts continued

Receipts and payments

Please make sure a paper copy of your receipts and payments account is uploaded to any accounts submitted on BASYS.

It was intended that the information input to BASYS would suffice as the receipts and payments, however there are discrepancies being found when future accounts are being submitted.

The Accounts team has therefore taken the decision to request a copy of the trustee’s receipts and payments. This will be until such time as an interface is developed so we can double check the information input to BASYS is correct for the account period submitted.

Any accounts submitted without a paper copy receipts and payments will be requested prior to the account being determined.

Evidence of creditor payments

When a dividend has been paid to creditors, evidence of the payment must be submitted to AiB with your final account. Sufficient evidence would be either:

- Copy cheques that correspond with the bank statement
- Signed receipt by the creditor

On occasions where none of the above is available, the AiB will accept a signed declaration by the trustee to advise payments were made.

Extension requests

When requesting to extend an account, a detailed explanation for the extension, the most recent case review and/or update on PPI investigations, asset realisations etc should be provided.

AiB will request such information prior to making a decision therefore it would be helpful if this is provided in the first instance.

Dear Trustee letter

Trustees should familiarise themselves with the content of the Dear Trustee letter recently issued in respect of selling on behalf of the secured lender and declaration of payment of the trustee’s fees by a third party.

The latter is in respect of cases where insolvency practitioners or their firms are requesting that a third party pays, deposits or guarantees an amount towards payment of the trustee’s fees and outlays.

This is particularly in the event of a shortfall of asset realisations or debtor contributions being insufficient to cover the expenses of the insolvency, including the trustee’s remuneration.

A copy of the letter can be found on our website.
**Audit observations**

Please ensure any audit observations raised with an account are answered when received rather than when the next account is due or submitted.

**Detailed SIP 9 requests**

If a detailed SIP9 is requested, it would be helpful if this was uploaded to BASYS in Excel format. This will allow us to filter and sort the information contained on your work record and will enable us to add a note to entries requiring further information for ease of reference.

**VAT registered**

When updating an account on BASYS please make sure you select whether the debtor or the trustee is VAT registered. Once this information has been completed BASYS will retain this information for any future accounts.

**Bond vouchers**

Please note that a cheque request voucher is not sufficient evidence for payment of outlays. To verify bond, we require a copy of the schedule highlighting the entry of the relevant debtor and a breakdown of the payments.

**Interim trustee appointed**

When a trustee is appointed interim trustee in a case and is subsequently appointed trustee on the award of sequestration, the first receipts and payments account should run from the date of the appointment as interim trustee until 12 months after the award of sequestration. The trustee’s SIP9 should correspond with the account period.
**Refunds to debtor**

Refunds to the debtor of overpaid contributions should be shown on BASYS as a negative entry (-£xxx) and not a payment made to the debtor. This will then correctly show the total amount of contributions received on BASYS.

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Original Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions in-gathered</td>
<td>Refund of overpaid contributions</td>
<td>-£100.00</td>
</tr>
</tbody>
</table>

**Adjudication circulars**

Please ensure a copy of your adjudication circular is sent to AiB when issuing these to creditors.

A copy can be uploaded to the documents section on BASYS and AiB will request the circular if it is not attached to the case prior to approving any schemes of division.

**Reopened cases and Section 63 applications**

When an application is being made to court in respect of a late account or to reopen a case, please ensure that a copy of the note to court is sent to AiB or uploaded to BASYS.

**Interim scheme of division**

When entering an interim scheme of division on BASYS, please ensure you make provision for any future costs of the trustee. This should be added within the 'Maintain provisions' section on BASYS, using the type 'miscellaneous' with the details entered in the description box.
Following on from our previous article regarding Appendix Ls, please note AiB will be requesting an Appendix L in all cases with property. This includes cases where the trustee has already agreed a proposal with the debtor and funds have been realised.

These retrospective Appendix Ls will be held in the case file, however no response will be issued by AiB unless the action is deemed to have been detrimental to the creditors.

A case update should be provided to AiB in all cases where the Appendix L action cannot be completed within a one year period. If for any reason the agreed action has changed, a new Appendix L with a new proposal should be submitted for agreement.

We have recently received some correspondence from creditors regarding consignations due to cheques being issued to the incorrect address. A number of creditors have advised that the address is correct on the claim form but has not been updated on the trustee’s system.

Trustees are encouraged to make payments to creditors via BACS payment as this is considered the quickest and most secure method of payment.
**Notifications reminder**

Please remember to submit a notification to AiB when uploading any documentation to BASYS.

A recent review noted that a number of documents have been uploaded to BASYS with no notification or the notification recipient not set to AiB.

AiB is unaware of documents being uploaded to cases unless a notification is created.

**Post 2015 Reopen or cure defect applications**

Requests to reopen or to cure a defect for all post 2015 legislation cases must be submitted to AiB.

Only pre 2015 legislation cases should be submitted to the sheriff for a decision. The Adjudication and Supervision team will make the decision on post 2015 cases.

**Commissioner cases**

Please ensure when submitting the minutes of the creditor meeting, you include the address details of the commissioner.

**Case debts**

It is important that trustees complete the case debts section on BASYS with all creditor addresses and reference numbers to ensure that AiB has this information available.

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Do you have news, content suggestions or feedback about the new Supervision Standard?

Contact Head of Adjudication and Supervision, **Fiona Coyle**
On 22 March 2019 the Sheriff at Lanark Sheriff Court granted an application by AiB for a Bankruptcy Restriction Order (BRO) in respect of the debtor Ross Leghorn, 14 Glenafeoch Road, Carluke, Lanarkshire, ML8 4DR for a period of six years. The misconduct was in terms of Section 156(2)(k) Carrying on any gambling, which may have materially contributed to or increased the extent of his debts and also 156(2)(i) Incurring a debt which the debtor had no reasonable expectation of being able to pay. The debtor borrowed a substantial amount of money within a 3 week period, of which a large proportion of this was used for gambling. In terms of the Sheriff’s interlocutor the BRO will remain in force until 21 March 2025.

On 26 February 2019 the Sheriff at Glasgow Sheriff Court granted an application by AiB for a Bankruptcy Restriction Order (BRO) in respect of the debtor Sabir Ali, 6 Alva Gate, Glasgow, G52 1NX for a period of six years. The misconduct was in terms of Section 156(2)(d) making a gratuitous alienation, or any other alienation, for no consideration or for no adequate consideration, which a creditor has, under any rule of law, right to challenge. The debtor transferred his half share of the property to his wife one month prior to award of bankruptcy, having already received a charge for payment from the petitioning creditor. This asset could have been potentially realised for the benefit of the creditors. In terms of the Sheriff’s interlocutor the BRO will remain in force until 25 February 2025.

On 13 February 2019 the Sheriff at Kirkcaldy Sheriff Court granted an application by AiB for a Bankruptcy Restriction Order (BRO) in respect of the debtor Grant George Simpson, 27 Chiefs Close, Kirkcaldy, Fife, KY1 2NH for a period of five years. The misconduct was in terms of Section 156(2)(k) carrying on any gambling. The debtor gambled extensively both prior and after his date of sequestration incurring significant losses including almost £10,000 post award. In terms of the Sheriff’s interlocutor the BRO will remain in force until 12 February 2024.

On 12 February 2019 the Accountant in Bankruptcy made a three year Bankruptcy Restriction Order (BRO) in respect of a debtor residing in Buckie. The misconduct was in terms of Section 156(2)(k) carrying on any gambling, which may have materially contributed to or increased the extent of her debts. The debtor gambled extensively in the year prior to bankruptcy with losses of £6,130, however the debtor has taken steps to address her gambling which has been reflected in the term. The BRO will remain in force until 12 February 2022.

There were a total of 16 BROs awarded for the period 1 April 2018 - 31 March 2019.

A full list of current BROs can be found on our website.
Thank you for taking the time to read our newsletter.

If you would like to discuss anything further or have any content suggestions for future editions or even some feedback, please contact

Head of Adjudication and Supervision, Fiona Coyle