SADIS COST RECOVERY ADMINISTRATIVE GROUP (SCRAG)

TWENTY-THIRD MEETING

(Virtual meeting, 30 November 2022)

Agenda Item 5: Review of the status of SADIS payments for the current year (2023) invoices

CREDIT BALANCES

(Presented by the Secretariat)

1. Introduction

1.1 The sum of all outstanding credit balances, including the credits generated from to SCRAG/23 billing (WP/11, Attachment B refers), is approximately £19 000.

2. How Credits Originate

2.1 In reference to the SCRAG/23, when 2021 assessments were computed, 2019 ATKs per State were applied to the estimated 2021 SADIS costs. As a result, an adjustment to account for the variance between the 2019 and 2021 ATKs and between the 2021 estimated and actual costs is computed. This 2021 assessment adjustment (WP/7 refers) is applied to the 2023 assessments (WP/11, Attachment A refers).

2.1.2 A credit, as reflected in WP/7, may result if:

- a State's actual 2021 ATKs are lower than the 2021 ATKs that were used in the 2021 assessment calculation; and
- the total actual 2021 SADIS costs that were prorated between the States are lower than the estimated 2021 costs that were used to calculate the 2021 assessments.

2.2 The amount to be assessed per State for 2023 is also impacted by the collection of assessments related to prior years. Over-recoveries of past amounts that were subject to collection are deducted from the current year assessments. As a result, a credit, as described in paragraph 2.1.2, may not be offset by the current year assessment or the value of the credit may increase.

2.3 Credits may also result from a State overpaying their invoice.

3. Options

3.1 Outstanding credit balances per State can be:

a) carried forward an applied to future invoices; or
b) returned to the State.

3.1.1 Under option (a), the number of years an outstanding credit balance should be carried forward is considered. An assessment of each account with a credit balance is feasible given there are currently 36 States with credit balance. If it is determined that the credit balance will be drawn down and eliminated within the next 2-3 years, carrying the balance forward is deemed a reasonable option.

3.1.2 Under option (b), the materiality of the credit balance in conjunction with the means of processing the return of funds is considered. If there is a relatively immaterial impact on the reduction of a large credit balance, consideration will be given to return the funds to the State through annual invoicing. Also, individual credits can be netted with combined invoices that are paid through ASECNA to facilitate the processing of immaterial credit balances or a large individual credit.

3.2 Credit balances subsequent to SCRAG/23 billing calculations:

- 18 new credit balances resulted;
- 8 credit balances reduced;
- 10 credit balance increased; and
- 2 credit balance eliminated.

4. Action by the Group

4.1 The Group is invited to note the information provided.

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