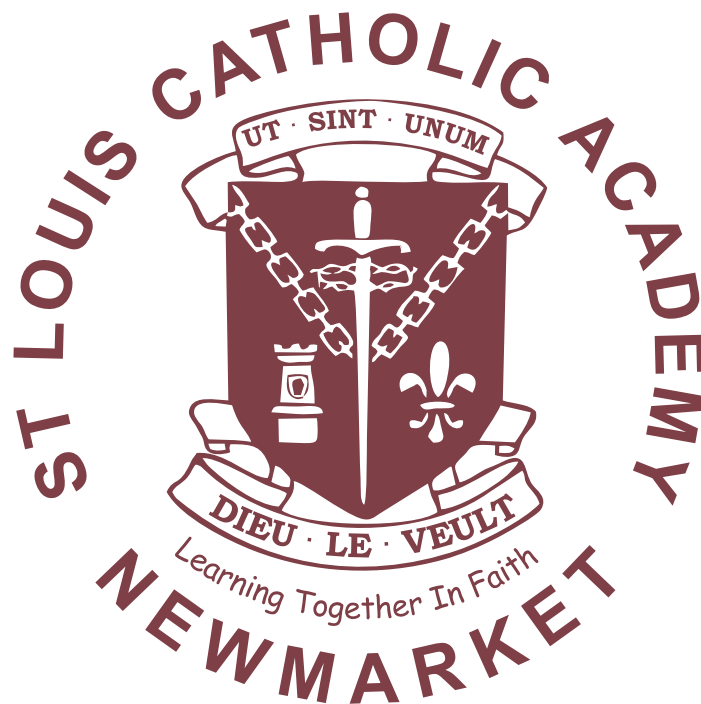


# St Louis Catholic Academy

*“Learning Together in Faith”*

## Bad Debt and Redundant Equipment Policy



<b>Date approved</b>	10 <sup>th</sup> February 2015
<b>Signed</b>	Mrs J Whipp (Chair of Governors)
<b>Minuted</b>	10 <sup>th</sup> February 2015
<b>Date of next review</b>	February 2017

# Bad Debt and Redundant Equipment

## A. Bad Debt

A.1. Income (Dinner monies, Treetop fees, Swimming Tuition fees, etc.) should be collected before or at the time the relevant sale or service is provided. Invoices will be generated by the SIMS.net system wherever appropriate. If this is not possible, a debtor's account will be issued. However to ensure sound internal control, staff who raise debtors accounts, such as the bursar, should not also have the authority to write off debts. VAT must not be written off.

A.2. All debts will be recorded and non-payment will be followed-up by issuing reminders as follows:

3 weeks from date of account	1st reminder
6 weeks from date of account	2nd reminder
8 weeks from date of account	Final reminder (sent by recorded delivery)

If after 10 weeks payment is still not forthcoming then legal action will be considered and the debtor informed of this in writing.

A.3. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual irrecoverable debts may be written-off in accordance with the following procedure:

Those up to the value of £100 to be approved by the Headteacher and next meeting of the Governing Body;

Those exceeding £100 to be referred to the Governing Body for approval.

A.4. The EFA's prior approval must be obtained for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses and any uncollected fines; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts; and
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

Any VAT element of the debt cannot be written-off, as this contravenes HM Customs and Revenue statutory regulations.

## **B. Redundant Equipment**

B.1. The Governing Body has the authority to declare equipment, furniture or other assets surplus to requirements and to arrange for their sale or write-off, provided the items concerned were purchased in full or part from its delegated budget.

B.2. Where the estimated disposal value of surplus or redundant assets or stores is less than £1000 or sale is to be by public auction or competitive tendering up to £5000, authority for disposal can be given by the Headteacher.

B.3. The prior approval of the Governing Body will be required where;

- the estimated disposal value is between £1000 and £5000 and the sale is not to be by public auction or competitive tendering;
- the estimated disposal value is above £5000;
- the sale is to be to a Governor or an employee of the Academy.

B.4. The EFA will be consulted regarding the sale or disposal of redundant items of equipment, etc valued in excess of £500.

B.5. A list of equipment disposed-of will be presented to the Governing Body at their next meeting. This list will show, as far as is known, the item, date of manufacture or purchase, values when new and when made redundant and disposal value. The Academy's Fixed Asset Register will be amended to show disposals and such entries will be endorsed by the Headteacher.

B.6. The net income (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the School budget will be credited back to the School budget.