



Robert Carre Trust Bad Debt Policy

For Clerk's Use Only			
Trust Policy			
Date of last review	14/12/2018	Board Sign off date	05/02/2018
Next Review	February 2020	Board/LGB/SLT Sign off date	
Notes:			

Introduction

1.1 In accordance with the Master Funding Agreement, the Robert Carre Trust (RCT) is required to apply financial and other controls which conform to the requirements of both propriety and good financial management. The RCT will abide by the requirements of the Academies Financial Handbook at all times.

1.2 To this end the Trustees are responsible for ensuring that procedures are in place for the recovery of any outstanding debts. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

Debts – Routine administration

2.1 Routine administration is to be carried out by the Finance Department in order to ensure customers are aware of the state of their accounts and also to ensure that the relevant departments within the school are aware of their customers' accounts. Action is as follows:

- A supplier statement is issued on the 15th of each month or the nearest Monday should the 15th fall at a week-end.
- Also on the 15th of each month, or the nearest Monday should the 15th fall at a week-end, The Aged Debtors report is produced and passed to the relevant personnel (Community Sports officers, Management Accountant)

Debts – Overdue

2.2 In accordance with the terms and conditions stated on the sales invoice income is due by the 21st day. If an account becomes overdue reminders will be issued at the following intervals:-

- Once the debt is overdue (after 21 days) the 1st reminder letter is sent
- 1 weeks after the dispatch of the first letter a phone call is made to pursue the debt should payment not have been received
- 6 weeks from date of account – the 2nd reminder is sent
- 4 days after the dispatch of the 2nd reminder a phone call is made to pursue the debts should payment not have been received
- 10 days after the phone call and further phone call is made to pursue the debts should payment still not have been received and a final reminder letter is sent and the debtor informed that legal action will be taken
- If payment has still not been received after 12 weeks the debt is placed with the RCT solicitors who will be asked to write to the customer requesting payment and stating that the supplier (RCT) has passed them the debt to recover
- If payment has not been received 1 week later (13 weeks overdue) then court proceedings are instigated by the solicitor.

A summary of the stages is in the table format below

Summary of Bad Debt Collection			
An invoice raised on 1 Sep will be pursued as follows.			
DATE	STAGE	ACTION	RESPONSIBLE
21-Sep	1	Reminder letter to Customer	Management Accountant
28-Sep	2	Phone call to customer	Relevant Department (i.E. Community Sport)
13-Oct	3	Second Letter is sent	Management Accountant
17-Oct	4	Phone call to customer	Management Accountant
27-Oct	5	Further phone call to customer	Management Accountant
27-Oct	6	Final Letter to Customer	DoFAR
10-Nov	7	RCT Solicitors pursue debt by letter	DoFAR & RCT Solicitors
17-Nov	8	RCT Solicitors to pursue to Court	DoFAR & RCT Solicitors

Controls

2.3 The Management Accountant, through the Director of Finance, Administration and Resources, is to ensure that the relevant reports and letters are produced, signed and dispatched in accordance with the schedule on page 1.

The Aged Debtors report is to be reviewed and signed monthly by either the Management Accountant or the Director of Finance, Administration and Resources and evidence of each debt pursued retained on file.

The Management Accounts routinely show the Balance Sheet and this is also to include any debtors overdue and the current action taken to recover the debt so that this can be scrutinized by the F&R Committee.

Write Off

2.4 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in the accounts in accordance with the following procedures:-

- a. Individual debts below £1,000 will be reviewed by the Executive Headteacher and Director of Finance, Administration and Resources and may be written off.
- b. Debts above £1,000, but beneath the delegated limits as set in the Academies Financial Handbook, may be written off by the Executive Headteacher with notification to the next meeting of the Finance and Resources Committee.
- c. For debts above the delegated limits as set in the Academies Financial Handbook the Finance and General Resources Committee must first agree that they wish to write off the debt and seek final approval from the Trustee Board. The Director of Finance, Administration and Resources, on behalf of the Academy Trust, must then obtain the approval from the EFA for its intention to write off any debts owed to it.
- d. The Academy will retain a Bad Debt Write-Off Summary for debts where EFA approval has been sought.

Reviewed by Finance and Resources Committee on 5 December 2017

Approved at the meeting of the RCT Board on 5 February 2018

Next review: February 2020 (two years)