



BAD DEBTS/WRITE OFF POLICY

INCLUDING SALES INVOICE/DEBTORS PROCEDURE

SALES INVOICE PROCEDURE

1. Finance Team to process the Sales Invoice through the finance system (PS Financial) in accordance with the Finance Management Regulations.
2. Finance Team to set up the Customer within PS Financial or cross check any existing information, i.e. Address, Billing Name.
3. Finance Team to check the cost of the service where applicable. Any variations to be authorised by the Business Manager
4. Finance Team to send out the sales invoice together with a copy of booking form (if applicable) for signature. (If not already completed)
5. Finance Team on receipt of payment process accordingly on PS Financial ensuring that income is matched to the relevant invoice(s) then sales receipted.
6. Finance Team to run monthly 'Aged Debtors' reports and process. (See below)

BAD DEBTORS PROCEDURE

1. Sales invoice is raised by the Finance Team on request. Payment term for debtors is 30 days from date of invoice
2. Finance Team to run monthly 'Aged Debtors' report within PS Financial (1st working day of each month)
3. Finance Team to check 'Aged Debtors' report against the Sales Ledger and any outstanding banking to ensure payment has not been received.
4. Finance Team to send out 1st reminder letter to debtor.
5. If invoice remains outstanding when next 'Aged Debtors' report is produced Finance Team to follow up on with 2nd reminder letter and (where possible) make telephone contact with debtor.
6. If the invoice is still outstanding on the next 'Aged Debtors' report following the above 3rd and final reminder to be sent and Business Manager informed to take further action.
At this stage the Finance Team should ascertain the nature of the debt and, in certain circumstance take action to discontinue such service eg. room letting or sport facility hire.

Please note when trying to resolve outstanding debts it is in the best interest of the Academy to retrieve money. Therefore, give the supplier an opportunity to pay by instalments if this helps to resolve the problem. However, timescales and repayment terms need to be reasonable.

Copies of all letters and conversations to be filed within the 'Aged Debtors' file in case future legal action needs to take place.

NOMINAL RECEIPTS

Where payment has been processed via a nominal receipt and this has been returned from the bank unpaid, this is to be raised with the Senior Finance Officer. It will then be

agreed whether a 'Sales Invoice' will be raised or a letter/telephone call made to the debtor. Non-payment will then follow the 'Bad Debtors' procedure.

BAD DEBT/WRITE OFF POLICY

RATIONALE

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for payment within the Academy's standard payment terms period of 30 days from date of invoice.

GUIDELINES

All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided (eg. letting of rooms or sports facilities) reasonable time will be given to allow the relevant budget holder to liaise with the service user to agree arrangements to recover the debt. However, the Academy reserve the right to withdraw the service at any during which the debt remains outstanding - the debtor will be informed of this in writing. In such circumstances the service will not be reinstated until the debt is cleared. The Academy may change the payment terms at its discretion and invoice in advance for future such services.

Reminder issue timescales

- 30 days from date of invoice - 1st reminder
- up to 60 days from date of invoice - 2nd reminder
- up to 90 days from date of invoice - final reminder

The final reminder will be sent recorded delivery and states that legal action may be taken if debt not settled immediately.

Finance Team to allow 5 working days to elapse prior to alerting Business Manager of continued non-payment. At this point legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to the County Legal Services, where appropriate.

Legal action will not be taken for debts under £200.00.

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 accordance with the following procedures:

- Those up to the value of £500 to be approved by the Headteacher and reported to the next meeting of the governing body;
- Those exceeding £500 to be referred to the governing body for approval, either directly or after consideration by the Academy's Finance Committee;

The VAT element of any debt must not be written off as this contravenes HM Revenue and Customs statutory requirements.

Tor Bridge High is committed to ensuring the General Data Protection Regulation (GDPR) is adhered to at all times within the schools. We will ensure that all data we are given is processed in line with our organisation's Data Protection Policies and in line with your rights under the Data Protection Act 2018 and the EU General Data Protection Regulations.

Owner: Business Manager

Reviewed: November 2019

Next review due: November 2021

ANNEXE A - SAMPLE REMINDER LETTERS - 1ST REMINDER LETTER

Dear

Re: Invoice number

Having checked our records we find that the above invoice dated remains outstanding.

Our agreed terms (as shown on the invoice) are that payment is made within 30 days from the date shown on the invoice and this time has now elapsed.

I would be grateful if you could arrange payment of the sum due within the next 7 days. If you have any query regarding the outstanding amount, please contact our Finance Department at Tor Bridge High urgently. If payment has been made in the last few days, please ignore this reminder.

Kind regards
Mrs H Rose
Senior Finance Officer

2ND REMINDER LETTER

Dear

Re: Invoice number

I refer to my reminder letter dated regarding the above invoice which still remains outstanding.

I would be grateful if you could arrange payment of the sum due immediately.

If you have any query regarding the outstanding amount, please contact our Finance Department at Tor Bridge High urgently. If payment has been made in the last few days, please ignore this reminder.

Kind regards
Mrs H Rose
Senior Finance Officer

3RD REMINDER LETTER

Dear

Re: Invoice number

Our records show that we have sent two reminder letters dated and To date we have not received either payment of the amount due or acknowledgement of this correspondence.

I would be grateful if you could arrange payment of the sum due immediately. Failure to do so may result in legal action being taken.

If you have any query regarding the outstanding amount, please contact our Finance Department at Tor Bridge High urgently.

Yours sincerely
Mrs C Burnard
Business Manager