

Elmsett C. of E. V.C.P. School

Bad Debt & Redundant Equipment Policy



Document Control

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1. INTRODUCTION

There are certain County Council Financial Regulations relating to the disposal of assets and stores by schools (as attached) which, together with the Suffolk Schemes of LMS and OFSTED guidelines (paragraphs 8.6 and 9.1), have been taken into account in this document. The stages prior to writing off a debt included in section 2 of this policy are based upon the periods used by the County Treasury in relation to its debtors.

2. BAD DEBTS

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, a debtors 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.

All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- 3 weeks from date of account - 1st reminder
- 6 weeks from date of account - 2nd reminder
- 8-10 weeks from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

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 £100 to be approved by the Headteacher and reported to the next meeting of the Finance Committee
- Those exceeding £100 to be referred to the governing body for approval, either directly or after consideration by the Finance Working Group.

Individual amounts written off which exceed £100 must be reported to the LEA as soon as practicable (Suffolk LMS Scheme Annex E.12). The VAT element of any debt must not be written off, as this contravenes HM Customs and Excise statutory requirements.

3. SURPLUS EQUIPMENT

The governing body has the authority to declare equipment, furniture or other assets or stores 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 (Financial Regulation 8.7). Where the estimated disposal value or surplus or redundant assets (equipment) or stores is less than £100 or sale is to be by public auction or competitive tendering, authority for disposal can be given by the Headteacher.

The prior approval of the governing body will be required (in accordance with Financial Regulation 8.8) where:

- The estimated disposal value is between £100 and £500 and the sale is not to be by public auction or competitive tendering;
- The estimated disposal value is above £500, or;
- The sale is to be to a governor or employee of the County Council.

The LEA should be consulted regarding the sale or disposal of redundant items of equipment etc. valued in excess of £100 (Financial Regulation 8.9 and Suffolk LMS Scheme Annex E.13).

A list of equipment disposed of will then be presented to the governing body at its next meeting. This list will show, so as far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value. The school's inventory will be amended to show disposals and such entries will be endorsed by the Headteacher.

The net income (ie. Excluding VAT) from sales of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.