

POLICY / PROCEDURE / ACADEMY DOCUMENT:	BAD DEBT POLICY	
POLICY REF:	K-FMP-008	
POLICY STATUS:	Recommended	Statutory ✓
THIS VERSION APPROVED (DATE):	7th March 2016	
SIGNED: (CHAIR OF MEETING)	
MINUTED (DATE):	7th March 2016	
REVIEW DATE:	1st March 2019	
COMMITTEE:	Leadership and Management	
RESPONSIBLE OFFICER:	Strategic Business Manager	

BAD DEBT POLICY

CONTENTS

- 1 INTRODUCTION**
- 2 BAD DEBTS**
- 3 VERSION CONTROL**

BAD DEBT POLICY

Created by: Mark Kemp (Strategic Business Manager) on 19th February 2015
This version printed: 15 March 2016

Z:\z-Policies\Policy Ref K-FMP-008 Bad Debt Policy.docx

1 INTRODUCTION

- 1.1 In accordance with Section 74 of the Schools Funding Agreement, The Ashley School Academy Trust (TASAT) is required to apply financial and other controls which conform to the requirements of both propriety and good financial management.
- 1.2 To this end the Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

2 BAD DEBTS

- 2.1 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 debtor's account will be issued. However to ensure sound internal control, staff who raise debtors accounts, such as the Strategic Business Manager, should not also have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes Her Majesty's Revenue & Customs (HMRC) statutory requirements.
- 2.2 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
- 2.3 The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

- 2.4 After 10 weeks from the date of the account, where the debt is still outstanding, legal action will be considered, and the debtor will be informed of this in writing.
- 2.5 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:
- The Strategic Business Manager on behalf of the Academy Trust must provide 30 days' notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 83 of Schools Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State for Education's approval (see below).
 - Those debts *below* the value set out in the annual Academies Financial Handbook can then be approved and written off by the Leadership and Management Committee and reported to the next meeting of the Governing Body.
 - Any proposed write off of debts *above* the value set out in the annual Academies Financial Handbook require the prior written consent of the Secretary of State for Education in accordance with section 82 of Schools Funding Agreement.
- 2.6 The Academy will retain a Bad Debt Write-Off Summary.

3 VERSION CONTROL

Academy Version 2015-2016/002 2014-2015/001	v.002 - February 2016 v.001 - March 2015
Date agreed by the Leadership & Management Committee:	7 th March 2016
This policy updates and replaces that approved by Governors:	2 nd March 2015
<p>In this policy as in all documents of The Ashley School Academy Trust (“TASAT”) any reference to The Ashley School, The Academy, School, Governors of The Ashley School or Trustees of The Ashley School is a reference to The Board of Directors of The Ashley School Academy Trust and any reference to the Headteacher of The Ashley School is a reference to the Chief Executive Officer of TASAT.</p>	
<p>The Ashley School Academy Trust An exempt charity limited by guarantee Company Number: 07729412</p>	