

## **BAD DEBT POLICY FOR ABINGDON LEARNING TRUST**

### **Introduction**

In accordance with Section 74 of the Schools Funding Agreement, the Academy Trust is required to apply financial and other controls which conform to the requirements of both propriety and good financial management.

To this end the Board of Trustees 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. It should be read in conjunction with ALT's Write Off policy.

### **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 debtor's account will be issued. However to ensure sound internal control, staff who raise debtors accounts, such as the Chief Financial Officer, will not also have the authority to write off debts. The VAT element of any debt to be written off must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

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

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 by a final reminder letter. The final reminder will be sent by recorded delivery and will threaten 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:-

a. The Chief Financial Officer on behalf of ALT will 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.

b. Those debts will then be considered by the Finance Committee and if agreed it will be approved and written off by the Resources Committee and reported to the next meeting of the Board of Trustees in accordance with ALT's Financial Handbook.

ALT will retain a Bad Debt Write-Off Summary setting out details of any bad debt write offs.

### **Review of this policy**

The Board of Trustees through its Finance Committee review this policy every three years. It may however review this policy earlier than this if the government produces new regulations, or if it receives recommendations on how this policy might be improved.

**Approved by Finance Committee of the Board of Trustees of ALT on 11 July 2017.**

**Signed:** (Chair of Trustees)

**Signed :** (Chief Executive Officer)

**Date for Review: July 2020**