



## Bad Debt Policy

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### Aims

This policy sets out Parley First School's procedure for the recovery of bad debts and the writing off of bad debts. It is based on the procedures contained in Dorset County Council's Schools Scheme of Financial Management and Financial and Administrative Regulations.

### Implementation

1. 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 immediate payment.
2. All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease immediately and the debtor will be informed in writing. The service will not be reinstated until the debt is cleared and payment of future services is made in advance.
  - 3 weeks from date of invoice – 1<sup>st</sup> reminder
  - 6 weeks from date of invoice – 2<sup>nd</sup> reminder
  - 9 weeks from date of invoice – 3<sup>rd</sup> reminder

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

3. After 14 days, where a debt is still outstanding, 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.
4. Legal action will not be taken for debts under £50
5. If, after every reasonable 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 LEA's procedure:

*'No debtor shall be excused a payment due other than with the approval of the Director for Children's Services and the Chief Financial Officer. The Chief Financial*

*Officer shall maintain a record of such write offs, which shall be available for inspection by any member of the County Council'*

*Source: Financial and Administrative Regulations para. 28*

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

**Monitoring and evaluation:**

The operation of this policy will be monitored by the Finance Committee at its regular meetings.

**Review:**

This policy is to be reviewed by the Finance Committee of the Governing Body annually as part of its review of the Financial Procedures Policy.

Confirmed by: **The Governing Body of Parley First School**

Signature of chair:..... Dated: .....  
Finance Committee

Reviewed : July 2011

Next review due: Summer 2012