



Bad Debt Policy

(Including Redundant Equipment)

This policy has been approved and adopted by the Christus Catholic Trust across all their academies and it will apply to all staff within the Trust.

Presented to Audit and Risk Committee	24 th November 2022
Presented and Approved by Board of Trustees	Bertrand Emecheta
Name of Chair of Trustees	Bertrand Emecheta
Next Review Date	November 2023

The Christus Catholic Trust wishes to build a welcoming community of faith that has Christ at the centre, where all within our schools' communities have a love of God and a love of one another. Prayer and liturgy will shape our daily life.

Purpose

The Local Governing Committee have a duty to ensure that the Academy receives all the funds to which it is entitled. This policy has been created to ensure the appropriate procedures are in place to deal with debts and the recovery of assets.

Introduction

The principle of this policy is to ensure that Christus Catholic Trust schools correctly account for bad debts.

Bad Debt

Income should be collected before or at the time the relevant sale or service is provided. Invoices will be generated by the Academy's accounting system wherever possible. If this is not possible, a manual ledger of debtors will be kept. However, to ensure sound internal control, employees who raise debtor accounts should not also have the authority to write off debts.

All debts will be recorded and non-payment will be followed-up by issuing reminders as follows:

- 3 weeks from date of account 1st reminder
- 6 weeks from date of account 2nd reminder
- 8 weeks from date of account Final reminder (sent by recorded delivery)

If after 10 weeks payment is still not forthcoming, then legal action will be considered and the debtor informed of this in writing.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual irrecoverable debts may be written-off in accordance with the following procedure:

Those up to the value of £25 can be approved by the Finance Manager and by the Headteacher up to a value of £200.

Authority to write off debts above this value up to a maximum of £500 must be referred to the Local Governing Committee and be formally recorded in the minutes of the next meeting.

Those exceeding £500 but less than £10,000 to be referred to the CCT Chief Financial Officer/CSEL and those exceeding £10,000 but less than the ESFA limit for approval must be referred to the Board of Trustees.

The ESFA's prior approval must be obtained for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses and any uncollected fines; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction;
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts; and
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

As the Trust is not VAT registered there will be no issue regarding the write off of VAT. However, if in the future the Trust does become VAT registered then any VAT element of the debt cannot be written-off, as this contravenes HM Customs and Revenue statutory regulations.

Redundant Equipment

The Local Governing Committee/Board of Trustees has the authority to declare equipment, furniture or other assets 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.

Where the estimated disposal value of surplus or redundant assets or stores is less than £1000 or sale is to be by public auction or competitive tendering up to £5000, authority for disposal can be given by the Local Governing Committee.

The prior approval of the Board of Trustees will be required where;

- the estimated disposal value is between £1,000 and £5,000 and the sale is not to be by public auction or competitive tendering;
- the estimated disposal value is above £5,000;
- the sale is to be to a Governor or an employee of The Trust or another connected party.

A list of equipment disposed-of will be presented to the Local Governing Committee at their next meeting. This list will show, as far as is known, the item, date of manufacture or purchase, values when new and when made redundant and disposal value. The Academy's Fixed Asset Register will be amended to show disposals.

Monitoring and Evaluation of the Policy

Christus Catholic Trust will ensure that this Bad Debt Policy (including redundant equipment) is reviewed annually, revised as necessary in the light of changes in circumstances and/or legislation.