

Worlingham CEVC Primary School

BAD DEBT AND REDUNDANT EQUIPMENT POLICY

*Like a tree firmly planted by streams of living water we will grow
in knowledge, love, faith and wisdom. Based on Psalm 1:3*



1 INTRODUCTION

There are County Council Regulations and Financial Procedures relating to writing off debts and disposing of assets. These, together with the Suffolk Scheme of LMS, and Audit Commission/OFSTED guidelines ("Keeping Your Balance" paragraphs F11 (income) and M5 (Assets), have been taken into account in this document. The stages prior to the write-off of debts included in section 2 of this policy are based upon the periods used by Suffolk County Council.

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:-

- a. Those up to the value of £100 to be approved by the Headteacher and reported to the next meeting of the Finance Committee.
- b. Those exceeding £100 to be referred to the Governing Body for approval, either directly or after consideration by the Finance Committee.

Individual amounts written off which exceed £100 must be reported to the LA so 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 in part from its delegated budget (Financial Regulation 8.7). Where the estimated disposal value of 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:-

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

The LA 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).

Redundant IT and electrical equipment will not be passed on to a third parties and will be disposed of in accordance with the Waste Electrical and Electronic Equipment (WEEE) directive.

A list of equipment disposed of will then be presented to the Governing Body at its next meeting. This list will show, so 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 (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.

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