

INCOME, COLLECTION OF MONEY & BAD DEBT POLICY

Purpose

The Viridis Federation of Orchard, Southwold and Hoxton Garden Primary Schools has a duty to recover all sums due to it as efficiently and effectively as possible. Ultimately more revenue means better provision for its pupils.

The purpose of this policy is to ensure that all income due to the school is collected in a timely and cost effective way and to minimise the risk of non-payment. It sets out roles and responsibilities as well as giving clear timescales for the collection of monies that are due.

Wherever possible, advance payment will be secured before the provision of goods and services or at the point of delivery, thus avoiding expensive income collection arrangements and negating the possibility of bad debt.

General Guidelines

The Governing body has agreed to the following in connection with income and the collection of income.

Receiving Payments Into School

- There shall be sufficient segregation of duties between the staff member responsible for collecting money and issuing invoices, and the Office Manager and/or Finance Officer will be responsible for the subsequent income collection and the Finance Officer will be responsible for inputting the transaction into the financial system.
- As an extension of the monthly bank reconciliation process, the School Business Manager (SBM) will review all outstanding invoices to see if further credit control measures need to be applied.
- BACS payments are preferred over cheques, and cheques are preferred over cash (from a risk point of view). Hence the schools account number and sort code shall be quoted on its invoices.
- To guard against cheque fraud, the officer responsible for receiving cheques for the school shall:
 - Ensure details on the cheque are correct (amounts in words and number, signed etc.)
 - Ensure the Payer has no history of dishonouring cheques
 - Never accept post-dated cheques
 - Ensure cheques can be assigned/traced to the intended expenditure area by writing additional information on the back of each cheque (i.e. the child's name, the name of the school trip etc.)
- For school trips and similar, an up to date log is to be kept showing who has paid and who has not. This can be manual or computerised, eg. TUCASI system.

Administering Cash

- The Viridis Federation of Orchard, Southwold and Hoxton Garden Primary Schools shall adhere to the following guidelines:
 - In the first instance, cash shall be collected by someone other than the Finance Officer (FO); eg: Office Manager (OM).
 - All received monies shall be recorded on TUCASI payment system by the collecting officer.
 - Cash shall be kept in a secure place before it is banked in accordance with the school's insurance limits.
 - Never take cash home
 - Never ask and always discourage payers from sending cash through the post
 - Bank cash regularly
- All cash collected shall be banked in its entirety.
- The counting of cash for banking shall be carried out by the Finance Officer and one other person. The paying in book shall be initialled by the two officers involved to document this. The official bank paying in book shall always be used.

Bad Debts

- All Monies owing will be subject to the school's credit control system. This are all unpaid monies by parents and staff for school dinners, after school activities, etc.

Write Off

- Write offs shall only be considered as a last resort. Anything above £100 must be approved by the Headteacher (HT) or the Executive Headteacher (EHT) or Governors in line with Financial Regulation (see page 4 of this document).

Invoicing for Income Procedure

- The main income (i.e. budget share) promised to a school from LB Hackney is secured and paid in instalments. This does not require invoicing. However other funding from other council's departments and other third parties will likely require invoicing. **As a matter of caution, always offer to invoice unless otherwise told not to do so, preferably in writing.**
- To raise a new invoice the school Finance Officer will use the school's invoicing system created by the SBM. This consists of spreadsheet template which is sequentially numbered. The FO will raise invoices when necessary by populating the required fields indicated on the template, this will be saved in the correct invoices' folder in a PDF format.
- This invoice will be sent to the Debtor. Preferably electronically in the saved PDF format.
- At the time of the next bank reconciliation, receivable income is reviewed by the School Business Manager (SBM) and each outstanding invoice shall be chased for payment.
- When an invoice's credit period has lapsed. The school's credit control process should be engaged. Please see below.

Receiving Cheque Payments Into School Procedures

- All non-invoiced payments are to be collected at the school office, ie:- Dinner Money, After School Clubs (ASC), Breakfast Club (BC), Trips, etc.
- On receipt of a cheque, the officer concerned will check that the details on the cheque are correct.
- The exact details of what the payment is for shall be recorded on the back of the cheque.
- Each cheque shall be logged onto the school's payment TUCASI system.
- When the banking is done, the Finance Officer will tally all unbanked cheques on the log as a batch, fill in the paying-in book and bank it.
- At the next bank reconciliation the SBM will reconcile the bank statement against the paying-in book. The SBM will initial each paying-in slip generated by FSM system and date it to show the process has been completed. Any discrepancies shall be investigated immediately.
- Bounced cheques shall be subject to the school's credit control process as outlined below.

Receiving Cash Payments Into School Procedures

- All cash income shall be collected at the school office and entered in the first instance on TUCASI. Where possible, receipt shall be given to each payer. The receipt must contain the following; date of the payment, the purpose of the payment (what the payment is for and who it is for), and the amount paid.
- If the payment is for a school trip, the officer will also enter this payment against the school trip log to keep track of who has paid and who hasn't.
- Any spoiled receipts shall be retained in the receipt book.
- The collected cash is to be kept in a secure safe by the collecting officer.
- At the appointed time, the collecting officer and the Finance Officer shall count the collected cash together. The total amount shall be entered onto the paying in book. The Finance Officer shall initial and date the paying in stub to verify they have agreed the total.
- The Finance Officer shall reconcile the total amount counted, against the receipt book. Any discrepancies shall be investigated immediately. Errors arising from 'operator error' must be communicated to the collecting officer.
- Banking of the collated cash shall be done regularly, usually weekly. The physical banking of monies is carried out by the Premises Manager who will sign the banking log.
- At the next bank reconciliation, the SBM shall reconcile the paying-in book stubs against the bank statement. If there are any discrepancies, an investigation shall be

raised with the bank. Otherwise the SBM will initial and date the Finance Management System generated slip to show the process has been completed.

Bad Debts Procedure

Any monies that are due to the school that have not been received shall be subject to the following procedures. This will include (though not exclusively); unhonoured cheques, unpaid invoices that have exceeded the credit period, other unpaid services (e.g. dinner money, ASC, BC, Trips, etc.)

- An attempt shall be made by the Office Manager and/or Finance Officer to contact the individual by telephone to raise the matter of the missing payment. The OM or FO shall note down the reasons for the delay and seek settlement from the debtor. If appropriate, payment via instalments should be considered. If the debt is disputed, the details of the dispute should be recorded and escalated as appropriate. If the debtor cannot be reached in person, the OM or FO will leave a message (where possible) to ask for a return call within 24hrs.
- If the telephone approach proves unfruitful, write to the debtor in question. If the debt relates to school dinners, ASC, BC, Trips, etc. include in that letter a clear statement asking for settlement and a termination date of school dinners or pertinent activity for the pupil in question if no attempt is made to resolve the matter. This termination date must give the debtor a reasonable amount of time to make alternative arrangements for their child.
- The school should consider escalating all bad debts for debt recovery via legal means. The consideration should take into account the value of the debt and the cost of recovery
- A list of people who have become bad debtors shall be kept by the school for the purpose of making sure no more debts are incurred by these individuals. This list shall be edited as and when debts are settled.
- Bad debts over 6 months old shall be written off in line with procedures below.

Write Off Procedures

When assessing whether a debt can be written off, schools must first consider the following:

- Have all reasonable steps been taken to collect the debt?
- What is the prospect of receiving the income without significant investment in time or resources?
- What is the cost to the school (e.g. in pursuing recovery)?
- The Executive Headteacher can write off any single item of debt not exceeding £1000. Any amounts above this threshold will need to be authorised by the Governing Body.
- Amounts greater than £10,000 will need the authorisation of the Director of Finance at the LB Hackney.