



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 members 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 Federation Business Manager (FBM) 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 dishonoring 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. company name, the name of the transaction etc.)
- For school lunches, After School Clubs, 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. TUC

Administering Payments

- The Viridis Federation of Orchard, Southwold and Hoxton Garden Primary Schools implements a cashless payment system and accepts Online payments through www.scopay.com. The Viridis also adopts a strict **NO DEBT** policy relating to the provision of school meals, After School Clubs, Trips, etc. and shall adhere to the following guidelines:
 - In the first instance, all online payments will be managed and monitored by the Office Manager (OM).
 - All received monies shall be recorded on TUCASI payment system by the administrative officers supervised by the Office Manager.
 - Cash and Cheques payments shall only be accepted in exceptional circumstances as authorised by the Headteacher.
 - If any cash and/or cheques are collected, these will 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
- If banking is necessary the following procedure will be followed:
 - The counting of cash/cheques for banking shall be carried out by the Finance Officer and one other person. 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. These 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 up to £100 must be approved by the Federation Business Manager; anything above £100 and up to £1000 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 FBM. 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 Federation Business Manager (FBM) 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 Cash & Cheques Payments Into School Procedures

- All non-invoiced payments are to be monitored and chased by the school office, ie:- Dinner Money, After School Clubs (ASC), Breakfast Club (BC), Trips, etc. by using the protocol detailed in the Debt Policy.
- If and when authorised, any payment made by the way of a cheque or cash, the officer concerned will check that all cash monies is correct and the details on any cheque are correct.
- All income shall be collected at the school office and entered in the first instance on TUCASI. Where possible, a 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.
- The exact details of what the payment is for shall be recorded on the banking log as a batch by the Finance Officer. When the banking log is completed, the Finance Officer will fill in the paying-in book in readiness for banking.
- If the payment is for a school trip, the officer in charge will also enter this payment against the school trip log to keep track of who has paid and who hasn't.
- The collected cash and cheques are to be kept in a secure safe by the Finance Officer.
- 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. 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 monthly as payment in cash and/or cheques are very minimal. The physical banking of monies is carried out by the Premises Manager who will sign the banking log.
- All monies received shall be logged onto the school's payment TUCASI system or appropriate Finance System (FMS).
- At the next bank reconciliation the FBM will reconcile the bank statement against all transactions recorded in FMS. The FBM will initial each paying-in slip generated by FMS 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. Any spoiled receipts shall be retained in the receipt book.

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) and/or send an email and ask for a return call or an email reply within 24hrs.
- If the telephone/email 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 Federation Business Manager can write off any single item of debt not exceeding £100, 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.