



## DEBT COLLECTION POLICY

### GERMAN SCHOOL NAIROBI

#### Document

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#### Version Control

Issue Date	Summary of Key Changes	Review Date	Valid from
May 2020	First Review	May 2024	1 <sup>st</sup> June 2024

#### Glossar

word	explanation	page
Board	Elected members of the society	2
debts	a sum of money that is owed or due	2
bad debts	receivable amount that is not paid	2
calendar days	Every day on the calendar	2
working days	Monday to Friday, without <u>public</u> holidays	3



## **General requirements**

The school will take all reasonable measures to collect all outstanding debts as part of its management of school funds. A debt will be written off only after all reasonable measures have been taken to recover it.

This debt collection policy will observe the relevant school financial guidelines and the Kenya Debts (Summary Recovery) Act 1969 and any other legal requirements. In particular:

- The Board of directors (“Board”) will approve the write-off of all debts, stocks, and surplus assets.
- A formal record of any debts written off will be maintained and this will be retained for at least 10 years. The record should be in the form specified in Appendix 1.
- The Board will at all times seek the advice of its legal representatives should they consider taking legal or other action to recover any outstanding bad debt.

In principle, payment for all goods and services rendered by the School will be collected immediately after the 30-day payment period. **School fees are payable in advance**

The following procedures should be followed by Administration to ensure timely collection of all outstanding debts:

### **1. Acceptable payment period**

The general payment period is 30 calendar days after invoice date. However, the Board can determine an acceptable payment period before the debt recovery procedures are applied.

The Board can consider that an acceptable payment period may vary between different income generating activities; for example;

- School fees
- Trips and activities
- School books
- Bus
- Enrolment and deposit etc.

Debt recovery procedures should be applied in accordance with item 3 of this policy.

### **2. Debt collection procedure SCHOOL FEES (Written Reminders)**

The German School Nairobi offers three **advance** payment options:

- 1) Yearly payment (1 payment)
- 2) Semester payment (2 instalments)
- 3) Quarterly payment (4 instalments)



Where payment from the parent/guardian has not been received in advance within the agreed payment period, the debt collection procedure will be as follows:

**a) OPTION 1 and 2 (Yearly and Semester Payments)**

**i) First reminder email**

A no-reply reminder email should be sent five (5) working days after the end of the payment period. It shall clearly state that all overdue payments must be received within ten (10) working days. Debtors statement of account and copies of all outstanding invoices can be sent upon request.

**ii) Second reminder email**

A second reminder email will be sent eleven (11) working days after the first reminder letter email. It shall be clearly stated that all overdue payments be received within (7) working days.

This will be actioned by the Finance and Accounting department. Debtors statement of account and copies of all outstanding invoices can be sent upon request.

The date of the first reminder is to be quoted in this reminder email.

**iii) Final reminder email**

Final reminder email will be sent eight (8) working days after the second reminder email. This reminder shall clearly state that all overdue payments must be received within five (5) working days or the children will be dismissed from school until all overdue payments are made. Report cards will not be handed out to children where there is an outstanding amount.

This will be actioned by the Head of administration and the debtors statement of account will be attached to the reminder email.

The date of all previous reminders is to be quoted in this reminder email as well.

The dismissal of the children will be agreed between the Principal and the Head of Administration and communicated in writing by the Head of Administration. The Board's Finance committee will be informed at this stage.

**b) Option 3 – quarterly payment:**

**i) First reminder email**

A no-reply reminder email shall be sent five (5) working days after the end of the payment period. It shall clearly state that all overdue payments must be received within five (5) working days. Debtors statement of account and copies of all outstanding invoices can be sent upon request.

**ii) Second reminder email**

A second reminder email will be sent six (6) working days after the first reminder letter email. It shall be clearly stated that all overdue payments be received within five (5) working days.



This will be actioned by the Finance and Accounting department. Debtors statement of account and copies of all outstanding invoices can be sent upon request.

The date of the first reminder is to be quoted in this reminder email.

### **iii) Final reminder email**

A Final reminder email will be sent six (6) working days after the second reminder email. This reminder shall clearly state that all overdue payments must be received within three (3) working days or the children will be dismissed from school until all overdue payments are made. Report cards will not be handed out to children where there is an outstanding amount.

This will be actioned by the Head of administration and the debtors statement of account will be attached to the reminder email.

The date of all previous reminders shall be quoted in this reminder email as well.

The dismissal of the children will be agreed between the Principal and the Head of Administration and communicated in writing by the Head of Administration. The Board's Finance committee will be informed at this stage.

### **c) Failure to respond to the reminders**

If full payment is not received after the final reminder, the Head of Administration will contact parents and advise them to keep their children at home and that the matter may be referred to the school's legal advisors.

At this point, the Principal and the class teacher(s) will be informed about the implementation of these measures.

At the discretion of the Head of Administration and in consultation with the Board, the debtors may be required to pay the full yearly rate in advance. Credit services will no longer be available to them.

This decision and its basis will be recorded and be documented by the Head of Administration on the school servers / cloud within the legal limits.

### **c) Negotiation for alternative settlement terms/plan**

Debtors are expected to settle the amount owed to the school in a single payment after receiving the first reminder for overdue payments within the stipulated payment period. However, if they are unable to pay, the school management may enter into an agreement with the debtors specifying how the overdue debt will be settled within a specified period of time.

If a debtor requests for an alternative payment plan, the request should be made immediately the first reminder is sent out. The request may be granted and potentially adapted at the discretion of the school management.

The settlement period shall be within the current school year and shall be judged to be reasonable. Payment plans that exceed the current school year to recover the open balances need to be signed additionally by one member of the Board's Finance committee.



### 3. Costs of debt collection

Where the school incurs material additional costs in collecting a debt, the Board will decide whether to seek to recover such costs from the debtor.

The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in collecting the debt.

This decision and its basis will be recorded by the Head of Administration and the Board.

### 4. Policy Review

A review of this policy is at the discretion of the Head of Administration but must take place at least every three years and requires the approval of the Board.

  
Maria...  
Head of Administration

  
Lucia...  
Chair Finance Committee

  
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Chairperson of the Board