



South East Cornwall Multi Academy
Regional Trust

Donations Policy and Procedure

Approved by the Trust Board on 23rd March 2017

This Policy will be reviewed and revised at least annually and in response to any audit or improvement recommendations

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POLICY

1. INTRODUCTION

This policy and procedure framework for the acceptance and management of donations to the Multi Academy Trust has been drawn up to be consistent with the requirements laid out in the Education Funding Agency (EFA) Financial Handbook for Academies.

Donations and gifts may be in the form of cash, goods or services. They may be given with or without conditions. Donation means a contribution that voluntarily transferred by one person to another without compensation or benefit flowing from the giver to the receiver. Generally, donations are irrevocable, and, beyond a possible designation of use, the donor does not impose contractual requirements or subsequent reports as a condition of the donation. The term donation in this policy includes sponsorship and gifts.

2. PURPOSE

The Trust needs to value and record contributions from sponsors. The Trust's accounting procedures must clearly identify receipt of all donations. The Trust must also differentiate between donations, discounted purchases and gifts given with conditions.

The purpose of this policy is to clarify the process for acceptance and accounting for donations.

3. POLICY STATEMENT

The Trust supports the solicitation for, and acceptance of, external donations, gifts and sponsorship that promote the objects of the Trust.

Donations, gifts and sponsorship are accepted free of obligation to the donor.

Donations, gifts or sponsorship will be declined in accordance with paragraph 5.

Donations will be accounted for so that their receipt and subsequent expenditure or transfer to other funds can be readily identified and reported.

PROCEDURE

4. OFFERS OF DONATIONS

Offers of donations made to individual Directors, Governors or members of staff should be referred to the Chief Financial Officer in the first instance. The Chief Financial Officer will determine whether the donation is consistent with the Trust's objects as defined in its Articles of Association. For donations that are equal to, or greater than, £10,000 in value the Chief Financial Officer will consult with the Chief Executive Officer before making a decision about accepting the donation.

All donors should be requested, for audit purposes, to put in writing details of their gift, the fact it has no conditions attached (where relevant), their estimation of the value of the gift and when the academy will receive the gift.

Where there are conditions attached, it is unlikely the amounts can be recorded as donations of an unrestricted nature. Also, discounted amounts cannot be treated as charitable donations, but must be shown as a reduction on costs.

5. REASONS FOR DECLINING DONATIONS

An offer of a donation will be declined if one of the following conditions exist:

- The donation has conditions attached that are inconsistent with the Trusts objects;
- The donation has conditions attached that are inconsistent with procurement best practice or legislation;
- The donation has conditions attached that are inconsistent with the principle that a donation is a contribution that voluntarily transferred by one person to another without compensation or benefit flowing from the giver to the receiver.
- The source of the donation or its intended purpose are inconsistent with the characteristics of the Trust as laid out in the Funding Agreement or are likely, in the view of the Chief Financial Officer, to draw adverse publicity for the Trust or bring it into disrepute.

6. ACCOUNTING FOR DONATIONS AND BANKING

Donations made in cash will be banked in the Trust bank account in the first place. Receipt of the donation will be logged on PS Financials, as if it was into a separate bank account, so that all receipts of donations and the subsequent transfer of these to other bank accounts, or their expenditure, can be identified and reported.

Gifts of cash are the easiest to value. However a proportion of contributions may be in the form of gifts in kind (ie assets).

Gifts in kind will be included in the Trust's accounts (within the Statement of Financial Activities) in the accounting period in which they are receivable. The value placed on gifts in kind will be either a reasonable estimate of their gross value to the Trust or (less likely) the amount actually realised as in the case of second-hand goods donated for resale.

The key valuation test for a gift in kind is "what would the Trust be prepared to pay to purchase the asset?" For example: if an academy wants a mid-range PC and is given a high-spec PC, then the valuation of that gift should be based on that of a mid-range PC.

The Trust may also receive assistance in the form of donated services (eg 'time') or facilities. Such incoming resources will be included in the Statement of Financial Activities where the benefit to the academy is reasonably quantifiable and measurable. This would usually be limited to donations by an individual or entity as part of their trade or profession. For example if a local accountancy firm agreed to supply an accountant free of charge for a couple of hours a month, this will be included in the accounts. However a police officer talking to a group of pupils as part of his/her community liaison role will not be classified as a donation, as this service would always be provided free as part of normal police activities.

In contrast to donations as part of a trade or profession, the contributions of volunteers are excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms. For example

parents or other volunteers assisting with reading in the classroom would be excluded. However the exclusion of these contributions may be disclosed in the Trustees' Annual Report if this information is necessary for the reader to gain a better understanding of the Trust's activities.

The value placed on those donations which are included in the Statement of Financial Activities will be the price the Trust estimates it would pay in the open market for the services or facilities. For example:

- if an academy requires a bookkeeper and is given the services of a chartered accountant (for doing the work of the bookkeeper) then the valuation of time should represent what it would have cost to obtain the services of a bookkeeper
- if the gift is classroom assistance irrespective of who is providing the time the appropriate rate from the relevant pay scale (i.e. unqualified or qualified) should be used.

The valuation of gifts in kind and donations under the above rules may be different from the value placed on the asset, service or facility made by the donor. However it is the Trust's responsibility to account for the gift at a valuation which they can justify to their auditors.

In many instances obtaining a valuation will be relatively straightforward or the Trust will be able to satisfy itself that the donor's own valuation of the gift is fair and reasonable. However, it is recognised that in some instances it will be more difficult to obtain a comparable valuation. The Trust will consider what evidence they require to enable them to form a view on the valuation of gifts. Listed below are a number of sources of evidence of valuation:

- comparable quotations from alternative suppliers;
- what is already paid for that service/asset;
- cash realised if the gift were to be sold;
- experience of the Trust in purchasing similar services or assets; and
- what the Trust would be prepared to pay for that gift out of an academy budget.

The auditors will wish to see evidence of the valuation of gifts and therefore evidence obtained as above will be retained and discussions on valuation at the Local Governing Committee's meetings will be minuted fully.

Time spent by Directors and Governors in attending Trust Board and Local Governing Committee meetings is part of their responsibility in undertaking their governance role and therefore will not be included as a business contribution. However, if a Director or Governor gives additional free time to an academy providing professional advice, outside their role as a Director or Governor, this may be accounted for as a donation. Academies should ensure they are clear about what constitutes the work and role of Directors and Governors before determining whether additional assistance from a Director or Governor is classified as a donation.

"Free gifts" i.e. non-solicited gifts will only have a value to the Trust if the gift assists in achieving its objectives. However the auditors will expect annual accounts to show the full details of the Trust's transactions, whether they are monetary or notional. The Trust will therefore account for unsolicited gifts where applicable

7. DISCOUNTS

The general rule relating to discounts is that they are not acceptable as "gifts" and should not be recorded as income. This is because under generally accepted accounting principles, discounts are not accounted for as income but as a reduction in expenditure. As the Trust is required to obtain value for money, the offer of discounts should be taken into account in making purchasing decisions.

Full records of receipt of business contributions will be retained, as the auditors will require evidence of receipt.