

## Fixed assets

### 23. Asset register

23.1 The purpose of the asset register is to:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the Academy's financial system, and,
- support insurance claims in the event of fire, theft, vandalism or other disasters.

23.2 All items purchased with a value over the Academy's capitalisation limit of £3,000 must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number (if available)
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

23.2 The register will also include a schedule of computer software licences where these exceed £3,000, the equipment to which they relate, their cost, and any expiry or renewal date.

23.3 A copy of the asset register should be held in the Finance Office.

### 24. Depreciation, security and disposals

#### *Depreciation*

24.1 Depreciation on assets is as follows:-

- Leasehold Land & Buildings over the period of the lease (generally 125 years i.e. 0.8% per annum)
- Motor Vehicles 25% straight line
- Plant & Machinery 25% straight line
- Furniture & Equipment 15% straight line
- Computer Equipment & Software 33.333% straight line

### *Security of assets*

- 24.2 Equipment must be secured by means of physical and other security devices.
- 24.3 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register.
- 24.4 Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Resources Committee. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

### *Disposals*

- 24.5 Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the Resources Committee and, where significant, should be sold following competitive tender. The Academy must seek the approval of the Trust in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 24.6 If disposals within one financial year (September-August) collectively originally attracted grant of more than £20,000 then the Academy must inform the Trust's Director of Finance & Operations.
- 24.7 Disposal of equipment to staff is not encouraged, as it may be more difficult to provide evidence that the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 24.8 The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE a proportion of the sale proceeds.
- 24.9 All disposals of land must be agreed in advance with the Secretary of State.

### *Loan of Assets*

- 24.10 Items of Academy property, including portable computers, must not be removed from Academy premises without the authority of the Head of Department. A record of the loan must be recorded on a loan of equipment form (Appendix 6), and booked back into the Academy when it is returned.
- 24.11 The Head of Department will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.
- 24.12 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's internal auditors.

## Other financial procedures

### 25. Retention of records

#### Accounts etc

Sales Contracts	6 years after agreement ends
Purchasing Contracts	6 years after agreement ends
Stock Inventories	10 years
Published Accounts	Permanently
Taxation Returns	Permanently
External Audit Reports	Permanently
Cheques	6 years
Bank Statements	6 years
Deeds of Covenant	12 years after final payment
Primary Salaries & Wages Records	7 years
Expense Accounts	7 years
Pension Scheme Records	Permanently

#### General

Insurance Policies (Excluding Liability)	6 years after lapse
Liability Insurance Policies	Permanently / Indefinitely
Insurance Claims	6 years after settlement
Insurance Schedules	10 years
Academy Minutes	Permanently

#### Academy Records

Student Records	5 years after leaving date
Academy Meal Records	Current year + 3 previous years
Receipt Books	Current year + 3 previous years
Voluntary Fund Records	Current year + 3 previous years
Finance System Back Up	Retained/maintained by supplier (PS Financials) for 6 years.

### 26 Tax

26.1 VAT is a complicated area. The following controls set out the control framework for the school. The Active Learning Trust compiles and submits a consolidated VAT returns for all its components and deals with HMRC on all matters relating to VAT.

26.2 All school finance staff need to be aware of the main principles of VAT as set out below:

- *Input tax:* As a member of the Active Learning Trust, the school can reclaim the VAT charged by suppliers for all school-related activities (with the exception of certain exempt activities)
- *Output tax:* The school must add VAT (output tax) to any charges it levies for goods and services defined as 'business'. For VAT purposes, 'business' has a wide meaning and includes any activity that is mainly concerned with making supplies to other persons for a consideration. In most cases it will be clear whether an activity is a business activity for VAT purposes and whether the related income is therefore within the scope of VAT. Examples of income which is generally outside the scope of VAT include most grants, donations and compensation payments. If there is any doubt in this area, the lead finance officer in the school should contact the Trust's Director of Finance.

26.3 In order for the school to reclaim input tax, a proper VAT invoice is required. A VAT invoice must contain the following elements:

- Suppliers name, address and VAT registration number
- Date goods/services were supplied
- Name and address of the school
- Goods or services supplied
- Amount payable excluding VAT
- Amount of VAT
- VAT rate

For items under £250 suppliers are allowed to issue a less detailed invoice

## **27. Leasing**

27.1 Certain types of lease are a form of borrowing and require prior approval from the EFA. Since it is not always clear whether a particular lease falls into this category, the Scheme of Delegation requires individual schools to consult the Trust's Director of Finance & Operations before entering into any leasing arrangement.

27.2 The requirement to consult the Trust's Director of Finance & Operations covers all lease agreements including those for equipment such as photocopiers, computers and hand dryers as well as for premises or land. Further details are included in the Scheme of Delegation.

## **28. Novel and contentious payments**

28.1 The EFA requires Trusts to exercise particular care before entering into novel payments or other transactions in which the trust has no experience, or which are outside the range of normal business activity for the trust. Similar care must be exercised in entering into contentious transactions i.e. those which might give rise to criticism of the trust by the public or the media.

28.2 It is difficult to be specific about what might constitute novel or contentious payments. Academies **must** therefore seek advice from the Trust's Director of Finance & Operations at an early stage if there is any doubt about the propriety of a payment. The Director of Operations will seek further advice from the EFA, including seeking specific approval in advance where appropriate.

28.3 Our Auditors have confirmed that schools can make payments to volunteers as gratuities up to a maximum of £25 per person per annum to recognise the contribution these people bring to the school. These payments can only be in the form of flowers or vouchers – no cash gifts and should be charged against School Fund income not main school funding and clearly identifiable from the entries in the accounting system as "Gratuities paid"

## **29. Staff expenses**

29.1 The Trust wide staff expenses policy adopted by the Local Governing Body is attached at Appendix 11.

### **30. Investigation of fraud and irregularity**

- 30.1 The procedures set out in this manual are intended to provide a range of proportionate internal controls to reduce the risk of fraud and irregularity. However, since such risks can never be completely eliminated, all governors and employees should be alert to the possibility of fraud and irregularity. .
- 30.2 In the event of suspected or identified fraud, the matter must be reported immediately to the Trust's Director of Finance & Operations. Following investigation, the Director of Finance & Operations is responsible for taking or recommending appropriate action including notification to the EFA where the level of fraud or theft meets the thresholds set out in the Academies Financial Handbook.

### **31. Insurance**

- 31.1 It is a Trust requirement that schools enrol with the DfE's Risk Protection Arrangement (RPA). Schools are also responsible for procuring separate and additional insurance from commercial providers for risks not covered by the RPA including, in particular, cover for vehicles, overseas travel and works of art.

