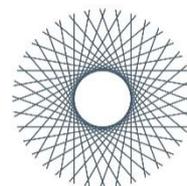


# Donations and Sponsorship: Policy and Procedure



HERTS FOR  
LEARNING  
**MULTI  
ACADEMY  
TRUST**

---

**STATUS:** Statutory

---

**DATE ISSUED:** March 2018

---

**REVIEW DATE:** March 2020

---

**APPROVED BY:** Board of Trustees

---

**APPROVAL  
DATE:** 16 May 2018

---

This policy includes:

## Policy

1. Introduction
2. Purpose
3. Policy Statement

## Procedure

4. Offers of donations
5. Reasons for declining a donation
6. Accounting for donations and banking
7. Discounts

# POLICY

## 1. INTRODUCTION

- 1.1. This policy and procedure framework for the acceptance and management of donations to the Herts for Learning Multi Academy Trust (HfL MAT) has been drawn up to be consistent with the requirements laid out in the Education and Skills Funding Agency (ESFA) Academies Financial Handbook.
- 1.2. Donations may be in the form of cash, goods or services. They may be given with or without conditions. Donation means a contribution that is 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.

## 2. PURPOSE

- 2.1. The Trust and individual schools need to value and record contributions from sponsors. The Trust's accounting procedures must clearly identify receipt of all donations. The school/Trust must also differentiate between donations and discounted purchases given with conditions.
- 2.2. The purpose of this policy is to clarify the process for acceptance and accounting for donations.

## 3. POLICY STATEMENT

- 3.1. The Trust Board of the HfL MAT supports the solicitation for, and acceptance of, external donations and sponsorship that promote the objects of the Trust.
- 3.2. Donations and sponsorship are accepted free of obligation to the donor.
- 3.3. Donations or sponsorship will be declined where they are given with conditions that are incompatible with: the objects of the Trust; public procurement legislation; genuine principles of donation without obligation; or because of the source or conditions of the donation might bring the Trust in to disrepute.
- 3.4. 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

- 4.1. Offers of donations made to individual Trustees or Governors or members of staff should be referred to the Chief Executive Officer (CEO) (Trustees or central team) or headteacher (AGB Governors or school staff) in the first instance. The CEO / Headteacher 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, £5,000 in value, the headteacher will consult with the CEO or Chief Financial Officer who will refer to the Board of Trustees before making a decision about accepting the donation.
- 4.2. All donors should be requested, for audit purposes, to put in writing details of their donation, the fact it has no conditions attached (where relevant), their estimation of the value of the donation and when the Trust / school will receive the donation.
- 4.3. 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

- 5.1. An offer of a donation will be declined if **any one** of the following conditions exist:
  - 5.1.1. The donation has conditions attached that are inconsistent with the Trust's Objects
  - 5.1.2. The donation has conditions attached that are inconsistent with procurement best practice or legislation
  - 5.1.3. The donation has conditions attached that are inconsistent with the principle that a donation is a contribution that is voluntarily transferred by one person to another without compensation or benefit flowing from the giver to the receiver
  - 5.1.4. The source of the donation or its intended purpose are inconsistent with the characteristics of a school as laid out in the Trust's or Academy's Funding Agreement or are likely, in the view of the headteacher or CEO, to draw adverse publicity for the school or Trust or bring it into disrepute

### 6. ACCOUNTING FOR DONATIONS AND BANKING

- 6.1. A donation made in cash to schools and the Trust must be banked as soon as it is agreed the donation can be accepted. The donation must be recorded in the Donations line within the accounting system. Any subsequent transfer of the donation to another part of the Trust will require an opposite entry to the donations account with the recipient part of the Trust mirroring this entry. This will enable clear reporting and tracking of all donations.

- 6.2. Donations of cash are the easiest to value. However a proportion of contributions may be in the form of donations in kind (i.e. assets).
- 6.3. Donations in kind will be included in the school's accounts (within the Statement of Financial Activities) in the accounting period in which they are receivable. The value placed on donations 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.
- 6.4. The key valuation test for a donation in kind is "what would the Trust be prepared to pay to purchase the asset?" For example: if the Trust school wants a mid-range PC and is given a high-spec PC, then the valuation of that donation should be based on that of a mid-range PC.
- 6.5. A school may also receive assistance in the form of donated services (e.g. 'time') or facilities. Such incoming resources will be included in the Statement of Financial Activities where the benefit to the school 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.
- 6.6. 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.
- 6.7. The value placed on those donations, which are included in the Statement of Financial Activities, will be the price the school estimates it would pay in the open market for the services or facilities. For example:
- if a school 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 donation 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.
- 6.8. The valuation of 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 AGB's or Board of Trustee's responsibility to account for the donation at a valuation, which they can justify to their auditors.

- 6.9. In many instances obtaining a valuation will be relatively straightforward or the AGB or Board of Trustees will be able to satisfy itself that the donor's own valuation of the donation is fair and reasonable. However, it is recognised that in some instances it will be more difficult to obtain a comparable valuation. The AGB or Board of Trustees will consider what evidence they require to enable them to form a view on the valuation of donations. Listed below are a number of sources of evidence of valuation:
- Comparable quotations from alternative suppliers
  - What the Trust/school already pays for that service/asset
  - Cash realised if the item were to be sold
  - Experience of governors/Trustees in purchasing similar services or assets
  - What the governors/Trustees would be prepared to pay for that item out of the school/Trust's budget
- 6.10. The auditors will wish to see evidence of the valuation of donations and, therefore, evidence obtained as above will be retained and discussions on valuation at the AGB's/Trust's meetings will be minuted fully.
- 6.11. Time spent by governors/Trustees in attending governing body/Trust meetings is part of their responsibility in undertaking their governance role and therefore will not be included as a business contribution. However, if a governor/Trustee gives additional free time to the school/Trust providing professional advice, outside their role as a governor/Trustee, this may be accounted for as a donation. Schools and the Trust should ensure they are clear about what constitutes the work and role of governors/Trustees before determining whether additional assistance from a governor/Trustee is classified as a donation.
- 6.12. "Free gifts" i.e. non-solicited donations will only have a value to a school/Trust if the donation assists in achieving its objectives. However the auditors will expect annual accounts to show the full details of a school's/Trust's transactions, whether they are monetary or notional. The school/Trust will therefore account for unsolicited donations where applicable

## 7. DISCOUNTS

- 7.1. The general rule relating to discounts is that they are not acceptable as donations 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 governing body/Trust is required to obtain value for money, the offer of discounts should be taken into account in making purchasing decisions.
- 7.2. Full records of receipt of business contributions will be retained, as the auditors will require evidence of receipt.