



Coastal Learning
PARTNERSHIP

Donations Policy

This policy has undergone an Equalities Impact Assessment in line with the requirements of the Public Sector Equality Duty

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| Committee: | Resources Committee |
| Policy Ratified: | May 2024 |
| Review Date: | May 2027 |

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1. Roles and Responsibilities

The Resources Committee has overall responsibility for approving the Donations Policy.

The Chief Finance and Operations Officer (CFOO) is responsible for ensuring staff are familiar with the Donations Policy, and that it is being applied consistently.

Each school's Headteacher and Local Governing Body (LGB) has responsibility for monitoring the implementation of this policy locally.

Headteachers are responsible for ensuring that, within their individual school:

- The Donations Policy is applied consistently.
- Advice is sought from the CFOO of any specific circumstances that they are unsure about or where they are not certain if the policy applies.

2. Introduction

This policy and procedure framework for the acceptance and management of donations to Coastal Learning Partnership has been drawn up to be consistent with the requirements laid out in the Code of Fundraising Practice and the Charity Commission.

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 is voluntarily transferred by one person to another without compensation or benefit flowing from the receiver to the giver. Generally, donations are non-recoverable, 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.

It is important to note that routine voluntary work, such as by parents or members of the community would not usually be covered by this policy. Such people are freely giving of their time in quite a general way, or they wish to be involved in the life of the school or they wish to benefit from gaining experience. It isn't necessarily a service that has been volunteered specifically to enable the school to achieve its objectives.

3. Purpose

Academies need to value and record contributions from sponsors. The individual schools' accounting procedures must clearly identify receipt of all donations. The academy 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.

4. Linked Policies

This policy should be read in conjunction with section 2.5 of the CLP Anti-fraud and Corruption policy - Gifts and Hospitality and the Gift Register within.

5. Offers of Donations

Offers of donations for an individual school or for the Trust made to individual Governors, Trustees, Members or other members of staff should be referred to the Headteacher (for Local Governors or school staff) or Chief Finance & Operations Officer (for the Trustees or Central team staff members) in the first instance. For donations that are equal to, or greater than, £5,000 in value the Headteacher will consult with the Chair of Governors and the CFOO with the Chair of Trustees before making a decision about accepting the donation.

Due diligence should be carried out on the donor and the donation on offer before accepting. It is the responsibility of the Headteacher for individual school donations, or the CFOO for Trust wide donations to complete the 'Know Your Donor – Key Questions' as per Appendix A of this policy. A record of this form should be kept on file for 7 years as audit evidence.

Any suspicion of fraudulent or corrupt activity should be notified to the CFOO who will report externally in accordance with Page 3 of Appendix A of the 'Know Your Donor' document, and notify the Resources Committee.

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 school or Trust 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.

6. Reasons for Declining Donations

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

- The donation would be contrary to the Proceeds of Crime Act 2002;
- The 'Know Your Donor – Key Questions' as per Appendix A cannot be satisfactorily answered or raised suspicion
- The donation has conditions attached that are inconsistent with the Trust's Objectives;
- 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 receiver to the giver.
- The source of the donation or its intended purpose are inconsistent with the characteristics of the Multi Academy Trust as laid out in the Funding Agreement or are likely, in the view of the Headteacher or CEO, to draw adverse publicity for the academy or MAT or bring it into disrepute.

7. Accounting for Donations and Banking

Donations made in cash will be banked in the Trust bank account in the first instance. The transaction will be entered onto Access Finance using a donation ledger code, so that all receipts of donations and 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 (i.e. assets).

Gifts in kind will be included in the Multi-Academy 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 the Trust 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 (e.g. 'time') or facilities. Such incoming resources will be included in the Statement of Financial Activities where the benefit to the Trust 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 specific academy's activities.

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

If the Trust 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.

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 local governing body and Trustee'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 local governing body and Trustees 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 local governing body or Trustees 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 the Trust already pays for that service/asset;
- Cash realised if the gift were to be sold;
- Experience of governors or Trustees in purchasing similar services or assets; and
- What the governors or Trustees would be prepared to pay for that gift out of the 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 governing body's or Trustee's meetings will be minuted fully.

Time spent by governors or Trustees in attending local governing body or Trustee 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 or Trustee gives additional free time to the Trust providing professional advice, outside their role as a governor or Trustee, this may be accounted for as a donation. Multi Academy Trusts should ensure they are clear about what constitutes the work and

role of governors and Trustees before determining whether additional assistance from a governor or Trustee 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 a Trust's transactions, whether they are monetary or notional. The Trust will therefore account for unsolicited gifts where applicable.

8. 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.



Tool 6: Know your donor

Know your donor - key questions

These questions are not intended to be asked in respect of each donor. However, trustees may need to consider them depending on the risk, including the size and nature of the donation, and whether it appears to have any suspicious characteristics.

General information

- Who are the donors?
- What is known about them?
- Does the charity have a well established relationship with them?
- Do any additional identity checks need to be made? Full use should be made of internet websites, particularly to check whether a donor organisation is registered with another regulator. Registration may provide access to the organisation's accounts and governing document
- Are the donors UK taxpayers, and can Gift Aid be claimed?
- If Gift Aided, does the donation fail all the 3 tests, in which case it is a tainted charity donation? The tests establish whether the person or linked person or entity gains a financial advantage from the donation; whether 1 of the main or sole purposes is to obtain a financial advantage directly or indirectly from the charity for the donor or linked person; and the donor is not a wholly owned subsidiary of the charity or a 'relevant housing provider'.
- In what form is the money being received? Cash, cheque, bank transfer?
- Have any public concerns been raised about the donors or their activities? If so, what was the nature of the concerns and how long ago were they raised? Did the police or a regulator investigate the concerns? What was the outcome?
- Would any adverse publicity about the donor have a damaging effect on the charity?

Comments

The nature of the donation and any conditions

- How big is the donation?
- Is it a single donation, or one of a number of regular donations, or the first of multiple future donations?
- Is the donation one of a series of interest-free loans from sources that cannot be identified or checked by the charity?
- Are there unusual or substantial one-off donations?
- Does the donation come with any conditions attached? What are they? Are they reasonable?
- Is there a condition that funds are only to be retained by the charity for a period and then returned to the donor, with the charity retaining the interest?
- Is the donation conditional on particular organisations or individuals being used to apply the funds?
- Is the donation conditional on being applied to benefit particular individuals either directly or indirectly?
- Is there a suggestion that the charity is being used as a conduit for funds to a third party?
- Is the donation in sterling or another currency, perhaps with a requirement that the donation be returned in a different currency?
- Are any of the donors based, or does the money originate, outside the UK? If so, from which country? Does this country/ area pose any specific risks?
- Are donations received from unknown bodies or international sources where financial regulation or the legal framework is not rigorous?
- Is the donation received from a known donor but through an unknown party or an unusual payment mechanism where this would not be a typical method of payment?
- Is anything else unusual or strange about the donation?

Comments

What trustees should do if they are suspicious

- If due diligence checks reveal evidence of crime, trustees must report the matter to the police and/or other appropriate authorities.
- If the trustees have reasonable cause to suspect that a donation is related to terrorist financing, they are under specific legal duties under the Counter-Terrorism Act to report the matter to the police. In the case of money laundering, reports can be made to the police, a customs officer (HMRC), or an officer of the National Crime Agency.
- Such issues should be reported to the Charity Commission under the reporting serious incidents regime, especially if significant sums of money or other property are donated to the charity from an unknown or unverified source. This could include an unusually large one-off donation or a series of smaller donations from a source you cannot identify or check. The commission would expect trustees to report any such payment (or payments) totalling £25,000 or more.
- Check the donor against the consolidated lists of financial sanctions targets and proscribed organisations.
- Consider whether to refuse the donation.

Comments