



Asset Control, Purchase & Disposal Policy

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Introduction

Oak Learning Trust is required to establish systems of control to ensure that assets and resources used by the individual Academies are recorded and safeguarded against loss or theft. Records of certain assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly where they are attractive and portable items. This policy will also discuss the procedures for dealing with obsolete equipment.

The aims of the policy can be summarised as follows:

- To provide the means for the disposal of redundant or surplus assets.
- To achieve the best possible outcome for the Trust by gaining the best available net return when selling and to ensure the Trust is even-handed, open and honest in all dealings.
- To ensure that a best value outcome to the Trust is a major consideration when disposing of assets.
- Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
- Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Trust of income without any offsetting benefit. The Trust should therefore dispose of such equipment in line with the processes set out below.
- To consider the identification of any risks and areas most susceptible to fraud.

Systems of control

The system of control for assets incorporates the following features:

Capital Asset definition

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

Capitalisation method

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

Capitalisation thresholds

Oak Learning Trust has established the following minimum capitalisation thresholds for capitalising fixed assets:

- Land, Buildings and improvements £50,000
- Machinery/equipment/vehicles/ICT £1,000

Where items purchased are singularly <£1,000 but if combined are >£1,000 then these should be capitalised for example this could include 30 classroom computers or 10 iPads. Detailed records shall be maintained for all fixed assets above the established thresholds by the Trust finance team on behalf of the individual Academies in accordance with the Scheme of Delegation.

Other assets

Detailed records are maintained for all items identified by the Trust Business Manager that are below the capitalisation thresholds but that should be safeguarded from loss. These items are part of the annual physical inventory discussed below.

Purchase of Assets

Purchase of freehold property must be approved by the Secretary of State through the EFA. Approval for purchase of other assets must follow the Trust's purchasing and procurement policies.

All fixed assets purchased with a value over £1,000 must be capitalised and entered into the asset register. The asset register will include the source of funds for the asset.

The asset register will detail the following:

- asset description
- asset number
- serial number, where appropriate
- 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 rate
- current book value

- location
- name of member of staff responsible for the asset

Gifts of Assets

All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given. The value placed on gifts in kind should be either a reasonable estimate of their gross value or the amount actually realised. The key test is what the Trust would have been prepared to pay to purchase the asset. Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

Security of Assets

All fixed assets recorded in the register are permanently marked as “Property of Oak Learning Trust”, as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the individual Academies but not owned by them should be recorded as such. Physical counts against the register are undertaken annually at or about June 30th. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board of Trustees. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

Capitalisation of Assets

Newly capitalised items should be transferred to an appropriate ledger code in the balance sheet each month with a corresponding entry for depreciation to expenditure. This should then be reconciled to the fixed asset register monthly.

Depreciation of Assets

All fixed assets will be depreciated using a straight-line method of depreciation at the following rates:

- Buildings 50 years
- Large outdoor play equipment 15 years
- Plant and Machinery 7 years
- Furniture and Equipment 7 years
- ICT Equipment 3 years

Land is not depreciated.

Disposal of Assets

Secretary of State approval through the EFA must be sought before disposal of any freehold land and/or buildings. The Trust may dispose of any other fixed asset without the approval of the Secretary of State except for assets acquired by attracting a grant of over £20k individually or collectively. Assets may be available for disposal for a number of reasons, e.g

- Beyond economical repair
- No longer complying with Health and Safety requirements
- No longer required due to changed procedures or functions
- Not capable of running required software
- Not fit for purpose

All requests for disposal must be submitted to the Trust Business Manager and then approved by CEO (up to £500) or the Finance, Estates, Audit and Personnel committee (over £500).

The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are:

- Private Sale to ensure a fair price is received, a market valuation should be obtained. The sale should be publicised appropriately, via advertising or e-mailing and could be sold to the first person to make an offer or via sealed bids, as appropriate.
- Donation to an appropriate organisation all donations must be approved by the Board of Trustees
- Recycled or Destroyed Items with no market value or no use to another organisation should be appropriately and safely destroyed. The asset disposal should be approved by the CEO.

General disposal procedures

- Identify asset for disposal
- Determine market value
- CEO or trustees approve disposal
- Select the best disposal method
- Record disposal in the asset register

Sale or donation of ICT or scientific equipment - specifics

- All hard disc data contents should be erased and operating re-installed
- The recipient of the ICT or scientific equipment should be advised and consent in writing that the Trust will not be liable for any Health and Safety issues surrounding the use of the equipment.

Disposal Limits

The Secretary of State's consent is obtained before the disposal of any asset for which grant of over £20,000 was made, or where land or buildings has been transferred from the LA at no cost to the Academy.

If within any one fiscal year (Sept-Aug) the Academy disposes of items which collectively originally attracted grant of more than £20,000 then the EFSA should be informed.

The trust business manager can approve write offs of up to £500.

Disposal authorisation should include justification that the asset has become obsolete to the Academy. Assets judged to be obsolete should be destroyed or sold for maximum value.

Funds gained as proceeds from the sale of fixed assets should be maximised. If the sale proceeds are not reinvested, the Academy must repay to the Secretary of State the same proportion of the proceeds as equates to the proportion paid for the acquisition of the fixed asset. The proceeds from the sale of the assets acquired with grant from the Secretary of State cannot be used as the Academy's contribution to further grant aided projects or purchases.

Disposal of land must be agreed in advance with the Secretary of State.

Loan of Assets

Items of Trust property must not be removed from the premises for non-business purposes without the authority of the Trust Business Manager who is also the CFO. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for extended period or to 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 Academy’s auditors.

Responsibility

Overall responsibility for the asset register is owned by the Trust Business Manager who will make any decisions related to accounting for and disposing of assets subject to approval by the trustees, as necessary.