



**Carshalton High School for
Girls**

***Asset Replacement
Strategy and Procedure***

1. Introduction

Academies are required to establish systems of control to ensure that assets and resources used by the academy are recorded and adequately safeguarded against loss or theft. Records of some assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly if they are attractive and portable items. This policy will also discuss the asset replacement strategy and procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:

- 1.1** The purpose of this procedure is to provide the means for the disposal of redundant or surplus assets.
- 1.2** The policy aims to achieve the best possible outcome for the Academy by gaining the best available net return when selling and to ensure the Academy is even-handed, open and honest in all dealings.
- 1.3** The best value outcome to The Academy must be a major consideration when disposing of assets.
- 1.4** Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
- 1.5** Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives The Academy of income without any offsetting benefit. The Academy should therefore dispose of such equipment in line with the processes set out below.
- 1.6** Consideration has been given to identifying the risks and the areas most susceptible to fraud and the policy is designed to minimise fraud.
- 1.7** In the interests of promoting probity, fair dealing and openness, sections must not sell or otherwise transfer surplus equipment to staff (for personal use) (or their relatives or friends) unless arising from a public competitive process, i.e. advertised sale which is open to the public. Where a member of the public and a staff member offer an equal price, the item must be sold to a member of the public. The sale price must be the best market price and under no circumstances may equipment be donated to staff.

2. Systems of Control

The system of control for assets incorporates the following features:

2.1 Scope and Definition:

2.1.1 Capital Asset definition

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

2.1.2 Capitalization 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.

2.1.3 Capitalization thresholds

All individual fixed assets greater than or equal to £5,000 will be assessed for capitalisation. Bulk purchases of fixed assets greater than or equal to £25,000 will also be assessed for capitalisation

Detailed records shall be maintained for all fixed assets above the established threshold.

2.1.4 Other assets

Detailed records are maintained at the discretion of the School Business Manager for all items below the capitalization thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer and other equipment that fall below the established thresholds and any other assets specified by the School Business Manager.

2.1.5 Depreciation and useful life

The School Business Manager will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation is recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

Grouping of assets should under normal operating circumstances exclude furniture items, as these are considered to be of low risk in value and possibility of theft. However, where under a major construction programme the expenditure related to new furniture is in excess of £20k, they should be grouped, capitalised accordingly, and depreciated over their useful economic life.

As a general guidance the following asset groups will be depreciated as follows:

ASSET GROUP	DEPRECIATION METHOD
Land	No depreciation
Buildings and Building modifications	2% (50 years) straight line with nil residual value
Plant and Machinery	20% (5 years) straight line with nil residual value
Building Enhancement	5% (20 years) straight line with nil residual value
Computers and Software	These will be written off at the time of acquisition
Equipment	10% (10 years) straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use
Furniture	These will be written off at the time of acquisition
Motor Vehicles/Minibuses	20% (5 years) straight line with nil residual value

2.1.6 Safeguarding and controlling fixed assets

All machinery and equipment and vehicles are assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, the department head in custody of that asset is responsible for preparing a fixed asset data sheet, which is then forwarded to the business office to ensure proper recording. A physical inventory will be taken annually on or about 30th June and compared to the physical inventory records. The results are forwarded to the finance office where appropriate adjustments will be made to the fixed asset records.

2.2 Responsibility:

Overall responsibility for the register is shared between the School Business Manager, who will make any decisions related to accounting for and disposing of assets subject to approval by the board, and the Finance Manager, who will implement the operational part of the policy.

At a departmental level in the following way - Asset	Department	Personnel
ICT Equipment	ICT	ICT Network Manager
Teaching and Learning Equipment	Curriculum	Faculty Leader
Premises Equipment and vehicles	Premises	Premises Manager
Canteen Equipment	Premises	Premises Manager
Administrative and Senior Leadership Equipment	Admin	Finance Manager

2.3 Security

Assets in the register will be permanently marked or tagged. A stock take will be taken annually during October. More focused stock takes, at department level, will be carried out at random times throughout the year. Any discrepancies will be investigated promptly and if significant will be reported to the governing body. Assets will be secured by appropriate physical means.

3. Disposal

Items can be available for disposal if they are:

- Not capable of running required operational software systems or being upgraded to do so.
- No longer required, due to changed procedures, functions or usage patterns.
- No longer complying with occupational health and safety standards.
- Beyond repair, but able to be sold for scrap.

3.1 Options for Disposal of Assets

Assets identified for disposal may be dispensed with using the procedures below.

Acceptable methods of disposal are:

- Private Sale where the best possible value will be obtained.
- Donated to a community service organisation subject to the provisions of section 3.3 of this policy.
- Destroyed or recycled.

Choice of the most appropriate disposal option will normally be influenced by the age and functionality of the equipment for disposal and by market value. In all cases assets disposed of must be reported to ensure they are removed from the central Inventory.

A more detailed description of each disposal option is set out below.

3.2 Sale

A private sale involves assigning a price to the item(s) and publicising the item(s) availability for sale and setting a closing date for receipt of bids. This may range from a newspaper advertisement to a general Email notice and in some instances sealed bids. To ensure a fair price is paid in the case of a private sale, a market value assessment should be obtained, in writing, from the School Business Manager. Prospective buyers should be given adequate opportunity to inspect the goods prior to sale. Collection or forwarding of the goods is normally contingent on the presentation to The Academy of evidence of payment of the sale price. The item may, on receipt of an offer, be sold to the first person to make such an offer. All sales will be subjected to VAT where applicable.

3.3 Donations

The Academy may authorise the donation of the equipment to another organisation. Ideally, such donations should be to organisations and not to individuals. The preferred recipient of such donations by the Academy should be partnership primaries. All donations must be approved by the Board of Governors.

3.4 Destroyed or Recycled Equipment

Items with no market value and no use to any other organisation or person may be destroyed in an appropriate and safe manner. An 'Asset Disposal' form (see Appendix A) must be completed and authorised by the appropriate approvers and forwarded for updating of the Asset Register.

4. General Procedures for Disposal of Equipment

4.1 Identify assets for disposal

4.2 Complete Asset Disposal sheet (Appendix 'A')

4.3 Determine the market value of the asset

4.4 Select the best disposal option – where the nature of the asset means it is not suitable for donation to a primary but has significant value then sale should be the preferred option.

4.5 Upon receipt of a written request from the relevant department School Business Manager will undertake the following actions:

- Validate the serial numbers/identity of the asset
- Remove the item from the Asset Register
- Remove the item from maintenance arrangements

4.6 For re-sale/donation of PCs

- Estimate the time required from to erase all hard disc contents and re-install the base operating system (e.g. win 3.xx, w95, win2000, winXP, etc)
- Upon receipt of order from IT Client arrange for hard disc erasure and re-install. Ensure the IT Client is aware that the recipient of the kit should be advised in writing that:-

- ❖ The Academy will not be liable for any Health and Safety issues surrounding the use of the equipment – sample wording might be:

“It is the recipient’s responsibility to ensure that the equipment is suitable and safe for its intended use, installed correctly, and that it can be used without risk to health or safety. It is the recipient’s responsibility to obtain any instructions for and advice on the installation and use of the equipment and to carry out or to have competent persons carry out all necessary checks appropriate to the equipment. The Academy will not be liable for any loss, damage, or injury arising out of the installation or use of the equipment, however caused”.

- ❖ Maintenance is not included on the kit.

- ❖ When complete, arrange for collection.

4.7 Oversee the sale including the collection of income and issuing of receipts identifying VAT where applicable.

5. Disposal Limits

- 5.1** Items which are to be disposed of by sale or destruction must be authorised by the appropriate approvers and, where significant, should be sold following competitive tender. The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 5.2** Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence 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.
- 5.3** 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.
- 5.4** All disposals of land must be agreed in advance with the Secretary of State.

6. Loan of Assets

- 6.1** Items of academy property must not be removed from academy premises without the authority of the Premises Manager. A record of the loan must be recorded in a loan book and booked back in to the academy when it is returned.
- 6.2** 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 academy's auditors.

2017/ 2018 Equipment/Asset Disposal Form

Please complete and pass to the Finance Office

Asset ID no:	Department:
CHSG Order No:	Equipment Barcode:
Equipment Description/Name	
Manufacturer:	
Model:	Serial No:
Year of Purchase:	Original Cost: £
Quantity:	Location:
Reason for Disposal:	
<p>Proposed disposal methods: Please tick: <input type="checkbox"/> To be scrapped <input type="checkbox"/> To be sold^{*1} <input type="checkbox"/> Part exchanged <input type="checkbox"/> Damaged^{*2} <input type="checkbox"/> Stolen^{*2} <input type="checkbox"/> Lost ^{*3} <input type="checkbox"/> Other – please specify</p> <p>^{*2}Please attach report submitted to/by Premises Manager ^{*3}Please attach full report on how, when and by whom</p> <p>Confirm that health and safety risks have been considered and safety assessment has taken place?</p> <input type="checkbox"/> Y/N By <p>Please provide details with costs £:</p> <p>^{*1}If to be sold, please state: To whom:</p> <p>Proposed sales price (net of VAT): £..... VAT £..... TOTAL £..... Note: VAT must be added to any sale price</p> <p>Approval for Disposal</p> <p>Proposer:..... Date:.....</p> <p>Authorised by Faculty Leader:..... Date:.....</p> <p>Authorised by Headteacher:..... Date:.....</p> <p>Authorised by School Business Manager:..... Date:.....</p> <p>Where the Asset originally cost over £10K, approval by the Chair of Governors</p> <p>Authorised by Chair of Governors:..... Date:.....</p>	

FOR FINANCE USE:

Department Asset Register Updated: by.....Date:.....