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**To: Secondary, Primary, Nursery & Special Headteachers and PRS for information,
To: Bursars/Admin Officers in Secondary, Primary, Nursery & Special Schools and
PRS for action**

Dear Colleague

BANK ACCOUNTS FOR SCHOOLS (BAFS) – NURSERY, PRIMARY, SECONDARY & SPECIAL SCHOOLS CLOSING OF ACCOUNTS FOR THE 2016-17 FINANCIAL YEAR

The purpose of this letter and guidance is to set out the procedures to be followed by schools during the closedown of the County Council's financial accounts for 2016-17.

The timetable for the Closedown of Accounts for the 2016-17 financial year is, again, challenging for all those involved given the dates of the Easter Holidays.

In addition, the Council's closing of accounts procedures this year will be affected in so much as North Yorkshire County Council, in readiness for the changes in 2017/18 which will require Local Authorities to have prepared a draft set of accounts by 31st May, is trialling the new deadlines this year to pave the way for a successful outcome once the regulations are introduced formally a year later.

For the reasons above, Schools may therefore find it helpful to draft their Closedown Journals (for items such as creditors, debtors, income in advance and payments in advance) prior to the end of the spring term using reasonable estimates where actuals are not known in order to meet the challenging deadlines to finalise School Accounts for 2016/17. Once these closedown journals are input into the County Council's Oracle Financials System, a reversal entry will be automatically made in the new 2017/18 financial year and will appear on the first Oracle Print for period 1 for 2017/18.

It is very important that all schools ensure that expenditure and income is allocated to the correct financial year and that the accounts are closed down after taking into account all relevant transactions.

The final BAFS settlement for 2016-17 will be processed with the May remittance advice. However, in accordance with the timetable included in the guidance (Section 3) you will receive your final BAFS remittance for 2016-17 to enable you to close your accounts.

With the help of this procedure guidance the vast majority of schools should be able to complete the closedown exercise, however, if there are any queries please do not hesitate to contact Integrated Finance. Whilst the Finance Enquiry Service is usually the route for all queries into Finance, for any queries specifically related to closedown, please contact the individuals listed below direct.

| | | | |
|----------------------------|-------------------|--------------|--|
| BAFS queries (Bank Rec) | Anne E Simpson | telephone: - | 01609 532680 |
| | | e-mail: - | Anne.E Simpson@northyorks.gov.uk |
| BAFS queries (VAT) | Nick Reast | telephone: - | 01609 532462 |
| | | e-mail: - | nick.reast@northyorks.gov.uk |
| SEN accounting | Melissa Hird | telephone: - | 01609 535886 |
| | | e-mail: - | Melissa.hird@northyorks.gov.uk |
| School Capital | Jayne Laver | telephone: - | 01609 534416 |
| | | e-mail: - | jayne.laver@northyorks.gov.uk |
| Accruals | Heather Sanderson | telephone:- | 01609 535752 |
| | | e-mail - | Heather.sanderson@northyorks.gov.uk |

FMS Team Helpline fms.team@northyorks.gov.uk and **01609 798838**

Thank you in advance for your support in ensuring we successfully achieve the closedown deadlines.

Yours sincerely

SALLY DUNN

Head of Finance – Schools & Early Years / FMS Team Manager

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1. Consistent Financial Reporting

Guidance notes re submission of 2016-17 CFR return

Schools holding funds on behalf of other schools

The DfE have identified a number of schools holding funds on behalf of other schools as part of a hub or network to carry out projects and the subsequent duplicated effect this had on their individual CFR returns when publishing benchmarking data.

A consequence of the above scenario can be that published spending data for these schools appears to show them as having a higher than average spend-per-pupil.

Examples of the types of funds referred to above are:-

- Enhanced Mainstream School (EMS) funding
- Ethnic Minority Hubs Funding

If your school has held funds (like those mentioned above) during the course of 2016-17 this will need to be reflected in your CFR return as per DfE guidance.

To do this we will identify the areas of staffing where these funds were utilised eg) Teaching, Advanced Teaching Assistants, Admin, Other Staffing etc and net off the costs against the additional funding you have received (by means of reducing your income and reducing your expenditure).

NO ACTION IS REQUIRED BY YOUR SCHOOL

2. Accrual Journals

Types of accruals and when to use them:

- **Creditor Provision**

Definition: an accounting provision put into the old year accounts to cover expenditure on goods and services received by 31 March 2017 and relating to the 2016-17 financial year but where the invoice has either not been received or paid by 31 March 2017.

The Effect of Completing a Creditor Journal: a debit will be made in the old financial year, i.e. 2016-17, and will show on the final Oracle financial print of the year. A reversal of the debit is automatically made in the new financial year, i.e. 2017-18, and a credit will show on the first (period 1) Oracle financial print of that year. This credit will cancel the actual charge when the invoice is paid later in the new 2017-18 financial year.

Creditor Journals should be completed for:

- **Yorkshire Purchasing Organisation:** (YPO) invoices where a school pays by Direct Debit for goods received before 31 March 2017 and where payment is not made until after that date;
- **Monthly supply claims** for February to be paid in March 2017 that had missed the Payroll deadline plus any March claims. Both will be charged direct to 2017-18; and
- **Monthly overtime claims** for March to be paid in April 2017-18.
- **Salary costing errors** that have not been identified, resolved and corrected by period 12, which have resulted in an employee been paid correctly, but the costs have not been charged to your school Oracle Code.

Weekly paid employee payroll costs covering up to and including 31 March 2017 will automatically be costed to 2016-17, therefore no creditor provision is required.

Creditor Journals **should not** be completed for:

- **Spring Term 2017 Meals** – all charges will be made in period 12 and 13 of 2016-17; and
- **Adjustments to Early Years Funding for spring 2017 actual numbers** - to be adjusted in period 12 of 2016-17.

Capital (subjective codes starting 96xx) – please refer to Section 6 for advice on what can and cannot be included on a journal.

- **Income in Advance**

Definition: a creditor provision adjustment in the old financial year 2016-17, to adjust for income received in advance and credited to a School Oracle Code, for an activity that is not due to either take until the new financial year, i.e. parental contributions towards education visits.

The effect of completing an Income in Advance journal will be that a debit will be made in the old 2016-17 financial year, and will show on the final Oracle financial print of the year. A reversal of the debit will show in the new financial year as a credit on the first Oracle financial print of 2017-18 to credit the income into the new financial year.

There are various restrictions in place on how unspent income at financial year-end is to be classified (as income in advance), and these restrictions particularly relate to grant income. Please refer to specific guidance on some of the main grants schools received and the suitable year-end treatment of unspent year-end income:

Income in Advance Journals should/can be completed for:

- Income from trips/visits to be undertaken after 31st March 2017, including income received on line.
- EFA 16-19 Bursary funds which cover the academic year 1 August 2016 – 31 July 2017
- Other unspent grant funding (as at 31 March 2017) that has conditions attached to it, which is for a specific purpose and timeframe, and therefore failure to meet these conditions may result in the grant being clawed back.

Income in Advance Journals should not be completed for:

- Pupil Premium
- Year 7 Catch Up Premium
- LMS Contingency payments
- Cluster funds and collaborative funding
- Additional Grant – Primary School PE & Sports Funding – covers financial year only. The allocation processed in 2016-17 covers the period September 2016 to March 2017 and does not necessarily need to be spent by 31 March 2017, but any unspent grant will form part of your year-end balance and cannot be treated as income in advance.

- **Debtor Provision**

Definition: an accounting adjustment to represent income due to the school for the 2016-17, for goods and services provided to customers in the 2016-17 financial year, but which has either not been received or banked by 31 March 2017.

The effect of completing a Debtor Journal will be that a credit will be made in the old 2016-17 financial year that will show on the final Oracle financial print of 2016-17. A reversal of the credit will show in the new financial year as a debit on the first Oracle financial print of 2017-18 and will be off-set by the eventual credit when the income is finally received, collected and banked in 2017-18.

Debtor Journals should be completed for:

- **Cash banked** after 31 March but relating to 2016-17;
- **On Line Income** – for schools using ParentPay the settlement statement for the period 15th-31st March 2017 will not be credited to your school bank account until after 31st March 2017.
- **LEA Directed Use** claims relating to the Spring Term that have missed the deadline for processing in 2016-17; and
- **Staff Absence Scheme** claims that have missed the deadline
- **Salary costing error** that have not been corrected by period 12, for example an employee has been overpaid but the credit have not been refunded to your school – you have submitted a query but it has not yet been resolved

Debtor Journals should not be completed for:

- **Cash banked** on or before 31 March 2017, which should be costed to 2016-17 and will show on the final bank statement;
- **LEA Directed Use** – claims submitted by the deadline processed period 13;
- **Staff Absence Scheme** – all claims received by 31 March 2017 will be processed in period 13; and
- **Adjustments to Early Years Funding for spring 2017 actual numbers** - to be made in period 12 of 2016-17.

Balance of Risks debtor adjustments: Please ensure you put the income credit adjustment to subjective code 9155 when completing and submitting a journal request. The use of this code will then be reviewed centrally by Integrated Finance.

- **Payments in Advance**

Definition: a debtor provision adjustment made in the old financial year to cover expenditure incurred in that year, for a service or goods which will not be delivered until the new financial year, for example, payment of examination fees that relate to exams to be taken in the summer term of the new financial year.

The effect of completing a Payment in Advance journal will be that a credit will be made in the old financial year, i.e. 2016-17, that will show on the final Oracle financial print so negating the debit made in the old financial year accounts. A reversal of the credit will show in the new financial year as a debit on the first Oracle financial print of 2017-18, therefore aligning the charge and the activity in the correct financial year.

Examples where Payment in Advance Journals **can** be used for:

- Examination fees for summer 2017;
- School trips and visits to be held after 1 April 2017;
- Training courses; and
- Photocopier and telephone line rentals

- **Revenue Contributions to Capital**

Definition: – The partial or full funding of a capital scheme or project, from revenue funds to meet any capital funding gaps.

A school can transfer revenue funding to meet capital expenditure but cannot transfer capital funding to meet revenue expenditure.

Therefore it is advisable to wait until the end of a capital scheme or the end of the financial year to make the adjustment or, if a scheme is running over two financial years, do so at the end of the first financial year and then at the end of the scheme.

The charge in the revenue accounts (E30) must equal the credit in the capital accounts (CI04)

The Processing of Creditor, Debtor, Income in Advance and Payments in Advance Journals (Accruals):

- Individual school accrual journals will be sent electronically to schools via Anycomms at the beginning of March along with instructions on how to download them.

Below is an example of the journal layout

| Mandatory | | Alternate RM Code | Supplier Name Only | Inv Number | Practical Narrative |
|----------------------|------------|----------------------|--------------------|------------|--------------------------------------|
| Oracle Subjective | £ Value | | | | |
| (a) | (b) 150.00 | (c) | (d) | (e) | (f) |
| 3000 | 150.00 | | abc | 1001 | Filing Cabinets delivered March 2017 |

The narrative you will see on your ORACLE print will be the information in columns (a), (d) and (f). See example below:

Creditor - Subj 3000 - abc Filing Cabinets delivered March 2017

If you use a different code in RM you can complete column (c) and this will show in your ORACLE narrative. This additional information should be helpful when the reversal journals are processed in period 1.

- **Schools are requested to provide clear and concise text on all journals submitted to ensure that Integrated Finance are able to meet the deadline dates for the transfer of the final prints and BAFS remittance advice to schools.** The following are examples of good practice:

- Creditor: "Spring 17 Vocational Courses – xyz College"
- Income in Advance: "Trip Income Summer 17"
- Debtor: "Spring 17 Educ Visit Fees O/S"
- Payments in Advance "Summer 17 Exam Fees – Pd 11"

- Schools are required to submit a **NIL RETURN** if accruals are not required by e-mail to schoolsfinanceteam@northyorks.gov.uk. This will ensure that Integrated Finance do not inadvertently miss any returns for processing, nor contact schools unnecessarily for returns already submitted. Please use the following format in the “Subject” line:

DfE number: 2016-17 Accruals Forms NIL RETURN

3. TIMETABLE FOR 2016/17

The timetable lists the information required from schools and the latest dates and methods by which that information should be submitted to the Integrated Finance Team. Included in the “Information required” column are contact details for the lead officer as well as reference to where further information can be found within this guidance. A check list is provided at the end of this section.

| Information Required | Deadline Date |
|--|---|
| <p>Final date for VAT returns for periods 1 – 11 (sent electronically)</p> <p><u>Reference:</u> Section 4 – VAT Returns <u>Contact:</u> Nick Reast (01609 532462)</p> | <p>Wednesday 8 March 2017</p> <p>VAT returns must not be sent via Anycomms after this date as they cannot be processed</p> |
| <p>Staff Absence claims to be submitted to FMS to ensure payment in 2016-17</p> <p><u>Reference:</u> Section 2 – Accruals Journals <u>Contact:</u> staff.absence@northyorks.gov.uk and 01609 532939</p> | <p>To be received by FMS by:</p> <p>Friday 31st March 2017</p> |
| <p>Schools close for Easter holidays</p> | <p>Friday 7 April 2017</p> |
| <p>End of 2016-17 Financial Year</p> | <p>Friday 31 March 2017</p> |
| <p>Bank Reconciliation Statement to Friday 31 March 2017 and including 1 April 2017 to be sent together with a copy of all relevant bank statements (including deposit accounts) and a list of un-presented cheques as at 31 March.</p> <p>Please note each school is required to reconcile to the closing bank account balance at the end of Friday 31 March 2017, with an accompanying figure provided by each school for the opening bank balance on 1 April.</p> <p><u>Reference:</u> Section 4 - Bank Statements & VAT Returns <u>Contact:</u> (01609 532680) Anne E Simpson <u>Email:</u> schoolsfinanceteam@northyorks.gov.uk <u>Postal Address:</u> FAO: School Finance Team Integrated Finance County Hall Northallerton DL7 8AL</p> | <p>To be received by Integrated Finance by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |

| Information Required | Deadline Date |
|---|---|
| <p>VAT return for March (01.03.17 – 31.03.17)</p> <p><u>Reference:</u> Section 4 - VAT Returns <u>Contact:</u> Nick Reast (01609 532462) <u>Email:</u> schoolsfinanceteam@northyorks.gov.uk <u>Postal Address:</u> FAO: School Finance Team Integrated Finance County Hall Northallerton DL7 8AL</p> | <p>To be received by Integrated Finance by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |
| <p>VAT return for the whole year – please leave dates blank in RM Finance</p> <p><u>Reference:</u> Section 4 - Bank Statements and VAT Returns <u>Contact:</u> Nick Reast (01609 532462) <u>Postal Address:</u> FAO: School Finance Team Integrated Finance County Hall Northallerton DL7 8AL</p> | <p>To be received by Integrated Finance by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |
| <p>Accruals journals from schools:</p> <ul style="list-style-type: none"> - Creditor - Debtor - Income in Advance - Payments in Advance <p><u>Reference:</u> Section 2 – Accruals Journals <u>Contact:</u> schoolsfinanceteam@northyorks.gov.uk (01609 53 5752) Key officer involved in the coordination of these accrual journal adjustments is Heather Sanderson.</p> | <p>To be returned by Anycomms by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |
| <p>Full Year-end transaction report from RM to be sent via Anycomms</p> <p><u>Contact:</u> schoolsfinanceteam@northyorks.gov.uk (01609 532462)</p> <p>Key officers involved in the collation of these year-end transaction reports from RM are Anne Simpson and Heather Sanderson.</p> | <p>To be returned by Anycomms by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |

| Information Required | Deadline |
|---|---|
| <p>All Schools Estimated Capital balance as at 31.3.17 pro-forma via Anycomms</p> <p>Reference – Section 5</p> <p>Contact: schoolsfinanceteam@northyorks.gov.uk (01609 532462)</p> <p>Key officer involved in the collation of these year-end estimated Capital Balances is Nick Reast.</p> | <p>To be received by Anycomms by:</p> <p>Primary Tuesday 25 April 2017</p> <p>Secondary School 12 April 2017</p> |
| <p>School Accounts will close on</p> | <p>Tuesday 25 April 2017</p> |
| <p>May Day Holiday</p> | <p>Monday 1 May 2017</p> |
| <p>Final School prints for the financial year to be electronically transferred to schools by</p> <p>Contact: Nick Reast (01609 532462)</p> | <p>Tuesday 2nd May 2017</p> |
| <p>The final BAFS Remittance for the financial year to be electronically transferred to schools by</p> | <p>Tuesday 2nd May 2017</p> |
| <p>Statement of Reconciliation sent to schools for completion</p> <p>Contact: Integrated Finance (01609 532743)</p> | <p>Integrated Finance Send: Tuesday 2nd May 2017</p> <p>Return by: Friday 26 May 2017</p> |
| <p>High Balance schools return electronic transfer of CFR data to Integrated Finance</p> <p>Please note: A “High Balance school” is defined as both: all Secondary schools; plus primary, special and nursery schools with a revenue balance in excess of £40k.</p> <p>Contact: Integrated Finance (01609 532462)</p> | <p>Friday 5 May 2017</p> |

| Information Required | Deadline |
|--|----------------------------------|
| <p>Electronic transfer of CFR data to Integrated Finance for all remaining schools (non-High-Balance schools)</p> <p><u>Contact:</u> Nick Reast (01609 532462)</p> | <p>Friday 26 May 2017</p> |
| <p>School CFR returns verified by Integrated Finance with any queries referred back to schools for clarification and amendment where necessary prior to transferring schools data to the DfE</p> <p><u>Contact</u> : Nick Reast (01609 532462)</p> | <p>June 2017</p> |
| <p>School CFR data is transferred to the DfE and queries raised by the DfE resolved</p> <p><u>Contact:</u> Nick Reast (01609 532462)</p> | <p>July 2017</p> |
| <p>Balances Report prepared for presentation to the Education Partnership in September. <u>Contact:</u> Sally Dunn and Stuart Masterman.</p> | <p>August 2017</p> |

Closedown of Accounts Checklist 2016-17

| Activity | Submit by | Email Address (if applicable) | Deadline | Actioned / Sent |
|---|-------------------------------|---|---------------|-----------------|
| Staff Absence Claims | Staff Absence Scheme Software | staff.absence@northyorks.gov.uk | 31 March 2017 | |
| Bank Reconciliation Statement (& bank statements/Unpresented cheque list) | Post / E-mail* | schoolsfinanceteam@northyorks.gov.uk FAO: School Finance Team Integrated Finance County Hall Northallerton DL7 8AL | 25 April 2017 | |
| Year End Transaction Report from RM | Anycomms | | 25 April 2017 | |
| March VAT Return | Post / E-mail* | schoolsfinanceteam@northyorks.gov.uk | 25 April 2017 | |
| Full Year VAT Return | Post / E-mail* | schoolsfinanceteam@northyorks.gov.uk | 25 April 2017 | |
| Accruals Journals: Creditor Debtor Income in Advance Payment in Advance | Anycomms | | 25 April 2017 | |
| Estimated Capital Balance as at 31/3/17 | Anycomms | | 25 April 2017 | |
| CFR Data Transfer to County Hall – all secondary schools and with high balances | Anycomms | | 5 May 2017 | |
| CFR Data Transfer to County Hall – all other schools | Anycomms | | 26 May 2017 | |
| Statement of Reconciliation | Anycomms | | 26 May 2017 | |

* Documents can be scanned and e-mailed if school has the facility to do so

4. Bank Statements and VAT Returns

Bank Reconciliation Statement

Limited information is held on central County Council financial systems on the current bank balances held by individual schools, due to the fact that all North Yorkshire schools operate their own bank accounts. To ensure that all the financial accounts of the County Council can be closed down at the end of the financial year in accordance with Government regulations it is imperative that the correct bank reconciliation statement as at the 31 March 2017 is sent into Integrated Finance for your school.

Last year there was an aggregated value of approximately £40m in school bank accounts, therefore it is vital we can demonstrate the information we record in the LA accounts is accurate as at the end of 31 March 2017.

Throughout the year schools have submitted electronic bank reconciliations on a monthly basis, however, the **final return of the year as at 31 March 2017 must be a hard copy and you should ensure that a bank reconciliation, bank statement and a list of unpresented cheques is sent to Integrated Finance by Tuesday 25th April 2017 for each of the accounts you use for Local Authority funding. Each school is required to reconcile to the closing bank account balance at the end of Friday 31 March 2017, with an accompanying figure provided by each school for the opening bank balance on 1 April.**

To ensure that our records are correct and that we do not overlook any monies you might hold in deposit accounts **we request all schools that have opened a second bank account this year for LA funding provide us with its details by Friday 24 February 2017.** This does not include dinner money accounts where the balance gets transferred to your BAFS account or School Fund account.

Bank Statements need to show both 31 March 2017 and 1 April 2017 to meet audit requirements. However, it is recognised that due to the extremely tight deadlines we are working to this year that this might not be achievable within the given timescale. **Therefore it is acceptable to send a bank statement that shows 31 March but not 1st April as long as this is followed up by the 5 May 2017 with a statement that does show 1 April balance.**

Please ensure that there are no transactions dated April 2017 on your unpresented cheques list. Accounting and audit regulations do not permit transactions after 31.3.17 to be included in your reconciled bank balance.

VAT Returns

Throughout the year you will have submitted electronic VAT returns, however, **period 12 VAT return and the full year VAT return that are required to close school accounts must be hard copies.**

The deadline for sending VAT returns via Anycomms, covering periods 1 to 11 is Wednesday 8 March 2017 c. Returns should not be sent via Anycomms after this date; any school needing to submit a VAT return for periods 1 -11 after this date must send in a hard copy.

Period 12 and the Full Year VAT returns must not be sent via Anycomms as a hard copy is required. A Full year VAT return is required to ensure that there is no funding due to the school from previous VAT returns.

The Full Year VAT return should be completed leaving the dates blank. This will help to eliminate a lot of the variances that have previously arisen at year end due to the input of incorrect dates during the year.

Those schools with scanning equipment can e-mail returns as follows:

- VAT returns for period 12 and year end to schoolsfinanceteam@northyorks.gov.uk
- Bank reconciliation, bank statement and list of unrepresented cheques for the final return of the year to schoolsfinanceteam@northyorks.gov.uk

5. Projected year end balances for March 2017

Projected Capital Balance

There is a very short period of time between school accounts closing and the need to split school balances in the Local Authority accounts between revenue and capital. The actual split of school balances is known only when every school has completed a CFR return. We therefore have to agree a method of estimating the split of school balances.

Last year we asked each school to complete a return projecting their capital balance at year end; these returns were very accurate and enabled us to efficiently split school balances in the accounts. Therefore for this year-end we are asking each school to provide their estimated capital balance as at 31 March 2017, by April 2017.

The form will be available to download from CYPInfo. Returns should be sent via Anycomms. Please put "DfE number – Capital Balance" in the subjective line.

Revenue Deficits

If you have a revenue deficit at the end of the 2016-17 Financial Year then this will be compared to your schools agreed recovery plan if such a plan is in place or if no plan is in place you will be asked to provide details of why your school has an unapproved revenue deficit to Stuart Masterman; e-mail stuart.masterman@northyorks.gov.uk telephone number (01609 535726)

6. Capital Accounting and Funding Contributions

1. Definition of Capital Expenditure

Capital expenditure is defined as any expenditure on the acquisition, creation or enhancement of fixed assets. This includes expenditure on:

- Acquisition of land and buildings
- New construction, conversion and renovation
- Vehicles, plant, furniture, equipment and machinery
- ICT hardware

Enhancement means the carrying out of works which are intended to:

- Lengthen substantially the life of the asset
- Increase substantially the open market value of the asset
- Increase substantially the extent to which the asset can be used

De Minimis Level or Threshold

Capital assets with a value of £5k or over must be charged to capital, even if they are to be fully funded from revenue. This £5k is known as the **de minimis** level or threshold.

For example, a purchase of one computer costing £500 should be treated as revenue. However, a purchase of eleven computers costing £500 each or £5,500 in total should be treated as capital expenditure. If the expenditure has been charged to revenue during the financial year, it should be transferred to the relevant capital subjective at or before year end. The only exception to this rule is where the purchase is part of a larger scheme such as a room conversion or renovation.

Devolved Formula Capital

Any item irrespective of value can be charged to Devolved Formula Capital as long as it is part of a devolved capital project that has been approved by Strategic Planning, Prevention and Commissioning.

Leases

Schools are not permitted to enter into finance leases. Operating lease costs are revenue and should not be charged to capital.

2. Financing of Fixed Assets from Revenue

It is possible for schools to use part of their revenue funding to help finance a capital project if, as part of the school's improvement planning, it is deemed to be a priority. If a school decides to do this, it must follow strict accounting procedures in order to comply with Consistent Financial Reporting (CFR) requirements. It is strongly recommended that the transfer of resources between revenue and capital should only take place when the amount required has been finalised as the process **cannot** be reversed under the CFR regulations.

Direct Revenue Financing

The funding of capital expenditure from revenue resources is done by transferring a contribution from the revenue budget to the capital budget, a process which is known as “Direct Revenue Financing.” The transactions required are:

DR E30 Directorate Revenue Funding of Capital Expenditure subjective 4905
CR C104 Direct Revenue Financing towards other Capital Schemes subjective
9613

3. School Contributions to NYCC Led Schemes

Prior to any work commencing, NYCC will agree the level of financial contribution to be made by the school. In the majority of cases, the amount of the contribution will be fixed at this point irrespective of the final cost of the work. However, if the school requests any “additions” to the scheme, the school will be responsible for the related costs.

The contribution will usually be collected at the start of the scheme. Larger contributions may be split over more than one year and schools should budget accordingly for this. It is extremely unlikely that a school will be required to accrue for any outstanding contributions at year end.

4. Capital Subjectives

The table below lists the subjectives available along with a brief description as to their use:

| CFR Ref | Subj | Description | Details |
|----------------|---|---|--|
| CI01 | Capital Income | | |
| | 9601 | Devolved Capital Allocation | The annual grant is credited to this subjective. |
| | 9605 | Other Capital Allocations | The only income that should be included as “other capital allocations” should be NYCC capital contributions towards a school capital scheme. |
| | 9607 | Approved Licensed Capital Deficit/Loan | Loans from NYCC to fund a licensed deficit or specific capital schemes. |
| CI03 | Voluntary and Private Income | | |
| | 9610 | Private Income Contribution towards other Capital Schemes | The only income that should be coded here is that private funding which schools have raised to support a capital scheme, i.e. from the school’s governing body/PTA or the Diocese. |
| CI04 | Direct Revenue Financing – see paragraph 2 above | | |
| | 9613 | Direct Revenue Financing towards other Capital Schemes | The amount of revenue resource applied to capital financing. It does NOT include school revenue balances not set aside for a capital project. |

| | | | |
|-------------|--|--|--|
| CE01 | Acquisition of Land and Existing Buildings | | |
| | 9634 | Acquisition of land and existing buildings project 1 | Includes fees and charges relating to the acquisition of land or existing buildings but NOT the construction of new buildings. |
| CE02 | New Construction, Conversion and Renovation | | |
| | 9619 | New construction, conversion and renovation | Any costs relating to a new construction, extension, conversion or renovation, including fees but NOT costs relating to the acquisition of land and existing buildings (CE01) OR maintenance of existing facilities (revenue) OR any costs below the de minimis threshold (revenue). |
| | 9654 | Capital Maintenance | This is used for the transfer of school contributions to Capital Maintenance schemes commissioned by NYCC. All contributions will have been journalled before year end and so NO accruals will be required. |
| | 9655 | NYCC Capital Project | This is used for the transfer of school contributions to capital schemes other than Capital Maintenance commissioned by NYCC. All contributions will have been journalled before year end and so NO accruals will be required. |
| CE03 | Vehicles, Plant, Equipment and Machinery | | |
| | 9624 | Vehicles, Plant, Equipment and Machinery Project 1 | Does NOT include: <ul style="list-style-type: none"> • capital expenditure on ICT equipment • Leases |
| CE04 | ICT | | |
| | 9629 | ICT Project 1 | Includes the purchase of computer hardware and software where the total cost is above the de minimis level and are to be capitalised. Where ICT consultancy costs can be separately identified, they should be treated as revenue. Does not include: <ul style="list-style-type: none"> • Costs of training staff in the use of new ICT systems • Leases |

To ensure the smooth processing of accruals, it would helpful if you could indicate in the text where expenditure relates to a larger or wider scheme.

7. Other Information

Income received direct by Schools

In the Local Authority accounts we need to show all income and expenditure relating to schools and this includes income that schools have collected direct into their BAFS account. To enable a figure to be calculated for income that schools have received direct, we use a report generated from RM which shows a summary of BAFS transactions for the year analysed by subjective code. **This transaction report needs to be run once you have completed your year-end bank reconciliation and sent to Integrated Finance via Anycomms.** Please refer to the RM closedown guidance provided by the FMS team for further assistance.

Rent Funding

Rent Funding Adjustment and copy rent invoices are no longer required as a closedown task. Rent Funding is dealt with as an exceptional factor within our funding formula and those schools entitled to receive funding have already been contacted and will have their funding adjusted to actual costs before the end of the financial year.

Rates Funding

Adjustments to actuals for 2016-17 will be processed in period 12. There will be an adjustment to both the charge (2300) and individual school funding (9225).

School Meal Accounting Arrangements

School Meal Charges

For schools that are part of the County Contract for Catering the following charges are anticipated to take place as follows: -

Spring Term 2017 – 1st half term charges to be processed in Period 12
2nd half term charges to be processed in Period 13

Universal Infant Free School Meals Funding

Funding processed to date covers Autumn 16 and Spring 17 terms, but is based on 2015/16 UIFSM funding. Funding will be adjusted in June 2017 to reflect your actual take up in October 2016 and January 2017 and you may wish to put in an accrual (either a list debtor or a list creditor) for this adjustment if you think it will be material.

The adjustment will be calculated as follows:

Year 1 and Year 2

Year 1 and Year 2 children who had a meal on October 2016 census day + Year 1 and Year 2 children who had a meal on January 2017 census day

Minus

Year 1 and Year 2 children who were recorded as eligible for the pupil premium on October 2016 census day + Year 1 and Year 2 children who were recorded as eligible for the pupil premium on January 2017 census day

The resulting number of pupils will be divided by 2

Reception

As above but the number of children funded will be the greater of the average of the 2 terms or the take up figures for January 2017 census only

The 2 figures for Reception and Years 1 & 2 will be added together and multiplied by £2.30 x 121 feeding days for Autumn 16 and Spring 17.

This figure should be deducted from the funding amount that was journaled in Period 3 (code 9013), to calculate the value of the adjustment.