

Corporate Resources

For the attention of:  
Headteacher/ Principals of Primary,  
Secondary and Special Schools using  
central payments  
Local Payments Schools

**Education and Learning Finance Team**  
County Hall  
Topsham Road  
Exeter  
EX2 4QU

Copied for information to:  
Finance Consultants and SCOMIS

Tel: 01392 383269  
Email: [fineduc@devon.gov.uk](mailto:fineduc@devon.gov.uk)  
Fax: 01392 383435

29 February 2016

Dear Colleague

## **CLOSURE OF ACCOUNTS 2015/16 FINANCIAL YEAR**

This letter is to set arrangements for the year-end process for schools; [deadlines are set out on the accompanying sheet](#). The underlying principles remain the same as in previous years. Please remember:

- Debtors and creditors accruals are only to be made for external (that is non DCC) bodies. Do **not** accrue for internal transactions as these will either be dealt with by internal invoice in the old year or the transaction will be processed in the new year. Academies and free schools must be treated as external to DCC.
- Do **not** accrue for
  - Other budget adjustments such as High Needs funding exclusions or pupil premium.
  - Mutual Fund re-imbursements (claims for certificated absence need not be held back until month end). All February claims are to be submitted by the 10 March and all March claims are required to be submitted by the 21 March. We expect to reimburse claims and the outstanding percentage balance by 24 March.
  - Transactions with a Local Learning Community (LLC). LLCs have been asked to process all outstanding items before the end of term.
  - Transactions with DCC departments.
  - If money is due from another DCC maintained school, you should raise an internal invoice before 24 March. If raising an invoice to a Devon Local Payment School, you will need to raise the debtor invoice on or before 10 March.

Textphone 0845 1551020 SMS Text 0777 3333 231  
[www.devon.gov.uk](http://www.devon.gov.uk)

Corporate Resources Executive Director: Heather Barnes

an *Excellent Authority*  
audit commission

## Revenue Accounts

Schools are legally required to include in their accounts charges and credits for all goods and services which have been **delivered or provided** by 31st March. All transactions **must** be recognised and placed in the correct financial period. It is not the invoice date but the date when a transaction or an activity **actually** occurs that determines whether or not a debtor or creditor is required. To reduce the need to handle large numbers of transactions late in the year some schools have a policy of not ordering goods and services in March.

## Processing Income

Please note that the latest date for submitting income to be banked against the OLD YEAR is  
**Cash - 18 March**  
**Cheques - 24 March**

## Processing Payments

The closing deadline for the processing of OLD YEAR documents will be 3pm (including SCRAPS) on the **6 April**. However, please note that there can be no guarantee that errors arising from this date will be corrected in time for the OLD YEAR unless immediate contact with the schools is available to resolve these issues. Schools should treat the **23 March 3pm deadline as final** if they are to ensure that errors arising from this posting run are resolved with the school. Printouts will be run on a daily basis from 21 – 24 March and then run again on 4, 8, 11 and 13 April for you to check that the transactions you are expecting are appearing in your accounts. Please raise transaction queries from your suspense listings.

## Stock Balances

It should be expected that those schools operating a catering production unit will meet the criteria requiring the provision of [stock certificates](#) as at **24 March**. The stock take should be undertaken on **24 March** after the meals have been produced.

## Income Received

As part of the closedown process schools must inform the authority (by exception) of any income in excess of £10,000 (such as donations) which has been received outside the normal Authority funding mechanism.

## End of Year Accruals

***For closedown 2015/16 this deadline has been brought forward please note the earlier dates.***

These accruals cover the elements of outstanding Creditor and Debtor transactions as well as Payments in Advance and Income Received in Advance.

Due to the Easter holidays and the immovable deadline for closing the Schools' ledgers and in order to allow time to review and process your submission you need to submit ***your initial [End of Year Accruals workbook](#) by 5pm, 21 March, before you close for Easter.***

You will be able to submit as many ***further adjustment [End of Year Accruals workbooks](#)*** as you require through the period up to the deadline of **1 April**. The key is to allow my team to handle the volume of the processing during the Easter holiday period whilst the schools are closed. If you are able to submit prior to this date it would assist us greatly due to the potential volume of large data in a short space of time. This will enable a quality review of the submissions.

To reduce the likelihood of errors, omissions and possible rejection of End of Year Accruals you are advised to seek the advice of your Finance Consultant support early in the process. It is the school's responsibility to submit quality checked and compliant accruals that meet the [financial standards](#).

This year we are again requesting supporting schedules in respect of debtor and creditor entries and these will be included in the [electronic year end work book](#). As minimal information will be sent to the centre, adequate working papers to support year end transactions will need to be retained in school. We may request information where entries need to be substantiated for audit purposes. By processing creditor invoices after 31 March the need to accrue will be reduced but VAT will need to be reconciled. The generic notes provide details of what to include. Schools converting to Academy status will need to continue to process all old year transactions.

Our external auditors pay particular attention to scrutinising and verifying creditor and debtor details so local information must be available to support the figures you have included in the accounts. It is not necessary to provide evidence for transactions with an aggregate value of less than £250. In the case of high value entries we may ask for evidence to support the entry. Be prepared to submit evidence for any entry over £20,000 in value if requested.

### **Supply, Overtime and Travel Claims**

Due to the changes to the corporate timescales late pay runs and supply claims relating to March that would usually be moved back into the current financial year (2015/16) will require accruals to be set up.

Schools will receive a schedule of the value of claims 'x-backed' to 2014/15 for them to make an informed judgement whether this can be used as the accrual for 2015/16 or whether they want to calculate their accrual based on actual information they have for March 2016. If you wish to accrue for March 2016 you will need to complete the [Pay – End of Year Accruals workbook](#)

The same will apply to travel and overtime claims, provided these are submitted through the appropriate process.

If you have any concern as to whether an associated cost will be handled correctly please [contact](#) us.

## Grants

Schools are not to record Income Received In Advance (IRIA) for grant balances where the grant has been pushed out centrally from Devon County Council. For example, no accrual will be required for '9054 - Pupil Premium' or '9055 - Pupil Premium Year 7 Catch Up'.

Similarly 9069 - UIFSM should not see an accrual for the remainder of this year as the funding will be calculated and paid in June 2016.

However, if a school has applied for a grant themselves such as the 'School Business Manager Grant', then the school must refer to the terms and conditions to see if an accrual will be required and the school will need to submit this on your [End of Year Accruals workbook](#)

## PFI Schools

PFI contract costs relating to energy and facilities should be posted monthly to the schools account. It is the intention of the support team to raise invoices to the PFI schools with their March charges by **21 March**. The school will **not** need to submit any accruals for their month 12 cost. Should you have any queries relating to this matter please contact [Leroy Venn](#) on 01392 381200.

## On-line Journal Corrections

This facility will remain available until **4pm 8 April** to allow you to make your own corrections where possible.

## Carry Forward Capping

You will be aware that the statutory requirement to formally monitor carry forward balances has been removed. However, DEF endorsed an approach whereby judgement by the LA on what constitutes an excessive balance for individual schools will be used and enquiries made of the school accordingly. If you are intending to carry forward a large balance at year end [please notify us \(fineduc@devon.gov.uk\)](#).

## Deficit Budgets

If for whatever reason a school has a deficit balance at the end of a financial year, the deficit should be treated as a charge against the school's budget share for the following year.

## Capital Accounts

The same principles apply to the Capital accounts as previously stated under Revenue section along with the same rules for accruals.

### Processing payments

Please ensure that you process all capital related expenditure as soon as possible at year end and in accordance with the [deadlines](#).

### Processing Income

If you have any questions regarding the correct treatment of capital related income please contact the [capital team](#) directly [01392 383669]

### Capital Year End Accruals

Payments made in advance (PMIA) and debtors are unlikely to be appropriate on capital codes. If you think there is a particular need for an entry then contact the [capital team](#) directly [01392 383669] with brief details. We will deal centrally with all income in advance and other closing entries relating to capital accounts.

## New Year 2016/17 Processing

Please take particular care when processing any 2016/17 related transactions during the Closedown process. If you believe that an error has occurred and that as a result, transactions may be appearing in the wrong financial year please [contact us](#) as soon as possible.

Please do not pay 2016/17 rates bills before the **4 April**.

## Further information

### DFS website

We have updated our web guide to the year end which provides answers to many year end questions. [Support for Schools « Year End FAQ](#)

This has additional links to the printable ScoMIS notes on FMS processes. The “how to” notes are at: [Finance « ScoMIS FAQ](#)

### Financial principles

The end of year process is driven by statutory requirements and a closely defined set of accounting rules and principles. These are explained in the [Finance Manual](#)

### Financial returns

Details of what to include and not to include in schedules are shown at Debtors - [What to include on my Debtors Return](#)

Creditors - [What to include on my Creditors Return](#)

## Updates

We will use the "Education Finance Team Blog" newsletter and e-mail to advise of any additional details relating to emerging situations.

## Local payments schools

Those schools operating local payments systems (LPS) will be provided with additional notes relating to budget share. LPS schools must however submit entries relating to the capital codes by **8 April**.

## Dates

The [timetable](#) provides a number of "work windows". There is no specific sequence of actions, these will be dictated by activities in school. Please endeavour to use the **first** dates rather than the deadline dates which are **absolute**.

I am sure that, once again, with the co-operation and goodwill of all concerned we will be able to meet the tight deadlines involved. If you have any queries on the processes please route these through your Finance Consultant in the first instance. They will advise if further guidance is required.

Yours faithfully



Adrian Fox  
Senior Accountant, Education and Learning