

NOTES RE LOCAL PAYMENTS SCHOOLS CLOSEDOWN

**SECTION : 20 REQUIREMENTS RE LOCAL PAYMENTS
SCHOOLS CLOSEDOWN****20.1 BACKGROUND**

This section sets out the key elements needed to ensure that the statutory DCC Financial Statements are correctly informed. This is necessary because

- ♣ DCC must comply with mandatory financial reporting standards
- ♣ DCC accounts need to give a true and fair view.
- ♣ Other Statutory statements eg S52 depend on accuracy of information from all schools.
- ♣ Comparison of individual schools or external judgement of schools may be undermined by inaccurate figures.

20.2 ACTIONS NEEDED BY SCHOOLS TO SECURE THE YEAR END POSITION

- 1 Entries will be needed to ensure that the statutory accounts are correctly informed. These will comprise journals to introduce those entries not already notified to DCC. All such journals will be required at DCC ledger code detail level.
- 2 The journal will include those items set out in the year end instruction typically these will include
 - a Cash balances
 - b Balances of debtor accruals and Sundry debtors control account
 - c Balances for prepayments (both income received in advance or payments in advance)
 - d Balances of creditors accruals and creditors control accounts
 - e Stock balances
 - f Provision for bad debt

Internal recharges should not be treated as real income and any such entries that would result in double counting should be eliminated. Appropriate journals to achieve this are required prior to making the return.

Personal account balances should be cleared to debtors or creditors prior to making the return.

Provision of all entries in the required format is a school responsibility.

- 3 Certified bank statements & control account listings should be submitted in accordance with the general close down programme.
- 4 DfES loans
 - a A separate memorandum note of the principal repaid should be provided. The repayment represents a reduction in specific creditors and does not impinge on the revenue account.
 - b Interest charged on the loan should be charged to revenue account.

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- 5 Financial statements where these are provided should be compiled on the following basis
- A. Should deal with school budget share items separately from other public funds
 - B. Where governors require reports on non public funds these must be analysed separately.
 - C. Depreciation entries in respect of fixed asset accounting should be excluded.

6 Reconciliation of local to central records

The statements provided must reconcile to the DCC record. For this purpose schools will be provided with a statement setting out the control totals recognised at the centre. These generally will include

- VAT control
- SBS and SSG actually advanced
- Expenditure recorded by DCC (including sundry debtors & sundry creditors returned via the VAT return).
- Amounts due to the school in respect of Standards Funds

7 Other matters

- A The Standard Reporting requirements are those laid down for local authorities generally and supplemented by the statutory Financing of Schools scheme together with such other directions as DCC may give in order to ensure consistency within its financial statements.

[For the avoidance of doubt any school rules are subordinate to the foregoing and in case of conflict the DCC requirements take precedence.]

- B Where school governors choose to have their financial statements audited Auditors Reports should make clear the level of assurance being given ie verification of balances, audit of balances and the extent of other matters examined. Where audit assurance is given then the auditors should state whether or not their opinion extends to each of the following
- ◆ That income & expenditure has been properly incurred and correctly analysed
 - ◆ Creditors have been properly brought to account, that there are no material omissions and that contingent liabilities have not been included,
 - ◆ timeliness of settlement of creditor payments,
 - ◆ Debtors have been properly brought to account, that there are no material omissions and that the amounts are properly due
 - ◆ bad debt provisions

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- ◆ that no finance leases have been entered into (under DETR rules finance leases constitute borrowing which is outwith governors powers). Finance leases extant at 31st March 1999 are unaffected.

20.3 TIMELINESS

The year end programme is driven by the need to report the DCC outturn at as early a date as possible. There are compelling reasons for all management why the final figures should be known as soon as possible. Therefore the submission of data no later than published deadlines, preferably sooner, is imperative.