

Schools' Closure of Accounts Guidance 2021/22



Budget Challenge Team – Schools & Education Team - March 2022

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School Closedown 2021/22 – Summary of Information Required

The following information should be submitted to the LA Finance Team by **4pm on Tuesday 26th April 2022**:

- **CFR Return 2021/22** – excel version in LA format, as included in Revenue Workbook
- **Bank Statement** – signed copy of bank account(s) statement, clearly showing balance(s) as at 31/03/2022, as included in CFR reconciliation
- **Revenue Workbook** – excel version - schools should complete the relevant worksheets
- **Capital Workbook** – excel version – schools should complete the relevant worksheets and submit with supporting invoices
- **Final VAT return** - Period 12 March VAT Return and Cumulative VAT Report (months 1-12)

The above should all be emailed to the following mailbox schoolfinreturns@enfield.gov.uk except for the VAT reports which should be emailed to schoolvatreturns@enfield.gov.uk

The Revenue and Capital Workbooks should also be signed on the front sheet by the person completing the workbooks and the Headteacher to confirm and authorise the information being submitted. A PDF copy of these should be emailed to schoolfinreturns@enfield.gov.uk

Copies of documents from the school's finance system, that support the closedown information, do not need to be submitted to the authority but should be retained by schools with their closedown paperwork for audit purposes.

We do not require any paper copies of documents.

REMINDERS:

- 1) Schools who are in deficit and have additional funding in their bank accounts via the authority's 'rolling credit agreement' should treat this funding as a receipt in advance in their final accounts so that it is excluded from their income received for 2021/22.
- 2) Please ensure that your opening balances are reported in the same format as your closing balances for 2020/21, i.e. the split between committed and uncommitted is the same.
- 3) Please check your CFR return before submission to ensure there are no negative values as these are always queried by the DfE as they are not expected.
- 4) Please ensure that you complete all tabs in the Revenue workbook that are relevant to you, in particular the LBE Accruals and LBE RIA tabs as we are required to reconcile this information with corresponding information in the Council's accounts.
- 5) Please complete the bank mandate tab in the revenue workbook if there have been any changes in the last year regarding signatories. The external auditors will require this information in order to have the authority to access your bank records and confirm closing bank balances.

Introduction

This guidance provides information to direct and assist schools in the preparations for the 2021/22 closedown process. All essential information relating to the end of year procedures for all the schools in Enfield Council is contained within this guidance as a single source of reference. The income and expenditure of all community, voluntary aided and foundation schools form a part of the Council's overall accounts which are legally required to comply with accounting and reporting standards as set out in this guidance.

Schools must ensure that all supporting information is readily available should the Authority, or its auditors require further clarification. The school must retain signed and dated copies of all the reports that are submitted to the Authority for closedown.

To ensure comparability between periods and with other schools, the records should be consistent with the requirements of the DfE Consistent Financial Reporting (CFR) Framework and accounting policies should be consistently applied year on year.

Schools must contact their financial service provider in the first instance, if they have any queries regarding the year-end procedures on their finance systems. The LA contacts for the year-end submission of reports and general enquiries are set out below.

Contacts

Louise McNamara	020 8132 1272	Louise.mcnamara@enfield.gov.uk
Mahfuza Khanum	020 8132 1275	Mahfuza.khanum@enfield.gov.uk
Stefanie Smith	020 8132 1385	Stefanie.smith@enfield.gov.uk

Preparation of Year-End Accounts

Schools should ensure all the financial returns are prepared in accordance with the following publications:

1. Schools' Closure of Accounts Guidance 2021/22
2. The Finance Manual for Schools November 2013
3. DfE Consistent Financial Reporting Framework

Schools can undertake several tasks and processes prior to commencing the end of year procedures. These tasks and processes are outlined in this guidance and summarised in two checklists which are split into the following categories:

1. Schools using RM Finance
2. Schools using SIMS FMS and other Finance Systems

As part of the year-end process, schools are required to submit **2 returns** to the Local Authority as detailed below.

- ❖ **Capital Workbook** – provides supporting information for capital expenditure
- ❖ **Revenue Workbook** - provides supporting information for revenue expenditure

All schools must complete and submit these workbooks, both in excel format and signed PDF format to Schoolfinreturns@enfield.gov.uk. Schools should retain copies of both documents for their own records.

Year-End Returns

Return	Worksheet	Name	To be completed by:
CAPITAL	1-4	Capital Expenditure analysed by capital project	All schools
CAPITAL	5	Acquisition and Disposal of Assets	Community and Foundation Schools
REVENUE	1	CFR Return	All schools
REVENUE	2	I18 Breakdown	All schools
REVENUE	3	Balance Calculation	All schools
REVENUE	4	VA Schools VAT Declaration	VA schools
REVENUE	5	Bank Mandate	All schools (where changes since 1/4/2021)
REVENUE	6	LBE Accruals	All schools
REVENUE	7	LBE RIA	All schools
REVENUE	8	Leasing	All schools

General Information

Timetable

The Corporate Finance Team would have preferred an earlier deadline but have been willing for this year to accommodate a date after the school Easter holidays to allow school staff to have a break in light of the ongoing Covid-19 situation. It is likely in future years that the deadline may be brought forward and we will aim to notify schools of this early in the Autumn Term.

This date is fixed and cannot be changed. It is imperative that there are no late returns. If any information can be sent in before this deadline, this would be welcomed.

Deadline **Submission to LA: by 4pm, 26th April 2022**

Preparations of Accounts Accounts must be reconciled to the bank balance as at 31st March 2022, the final day of the financial year. Any income and expenditure for March, or earlier, that has not yet been processed when the year-end procedure is completed should be estimated and if material, treated as an accrual (See Accounting Principles of Accruals).

Requirements for 2021/22

Please note the following:

- ❖ The Councils External Auditors for 2021/22 are BDO UK LLP who were also the auditors since 2017/18. The Auditors plan to carry out similar testing to last year. They have requested permission from schools to access payroll data and they may contact schools about individual contracts they wish to view to identify annual increments or other payment details.
- ❖ A copy of the Authority for Auditors bank mandate letter template has been included in the Revenue Workbook. BDO UK LLP, the Councils external auditors have confirmed that authorisation letters are not required for those schools who have not changed their bank account details since last year, as the existing Authorisation letter is valid. For those schools who **have** changed their bank account details or signatories since last year, a newly completed letter granting permission to view your schools bank records for the current year is required. This is required for all bank accounts that support the schools final closing balance for 2021/22. These schools should complete and return new bank Authorisation letters to the Bank with copies to schoolfinreturns@enfield.gov.uk and the Auditors Sebastian.Evans@bdo.co.uk.
- ❖ Schools that buy back into the Council's payroll service **are not required to submit the staffing confirmation return for 2021/22**, as this information will be obtained direct from the Payroll Team. However, schools must be aware that Auditors may choose their school as part of their sample testing and you will be required to provide information on individual employees as you are the "prime holder" of that information. The Auditors have advised us that they have received permission from all schools granting access to their payroll records.

The staffing confirmation pro forma will be required from schools that do not use the Council's payroll service. A form will be sent directly to those schools for this purpose.

- ❖ The Budget v Actual v Committed report should be produced as part of the closedown exercise and retained by the school for audit purposes.
- ❖ The leasing return, included in the Revenue Workbook, remains unchanged from 2018/19 requirements.
 - **Part 1:** – details of the ongoing leases held as at 1st April 2021.
 - **Part 2:** details of all **new leases signed during 2021/22** should be detailed in full in this section. The paperwork for all new lease agreements must be submitted as a scanned copy.
 - **There were changes to the way leases were reported wef 1/4/2020 so it is essential that we receive the above information in full.**
- ❖ **All schools must complete and submit a completed Capital Workbook**

Auditors are particularly interested in Capital expenditure and we ask schools to scan and email to schoolfinreturns@enfield.gov.uk copies of invoices where expenditure above the de minimis limit is coded against Capital codes CE01, CE02, CE03 and CE04.

Capital Invoices processed for the period **1st April 2021 to 31st March 2022**, should be scanned and emailed with an excel version of the Capital Workbook, with the school's final closure of accounts submissions. Returns will be checked to ensure that all expenditure and invoices for works over the de minimis level are appropriate. We will only contact schools where we have queries on their returns.
- ❖ Community and Foundation schools must also complete the **workbook detailing asset Acquisitions and Disposals during 2021/22.**
- ❖ The submission of all returns, including electronic returns, **is the responsibility of the school and not the financial support service provider.** The Authority must receive these returns in the format specified by the deadline of **26th April 2022.**
- ❖ Information submitted on year-end returns **must agree with the information on your school's datafile and the CFR return.**
- ❖ The value of capital invoices scanned and submitted must agree to the value of invoices detailed on the report extracted from the finance system. This report should be ticked and Signed and dated by the individual performing the check before submission to the Budget Challenge Team.
- ❖ In the unlikely event that a school has processed any invoices or credit notes with the VAT rate of either 15% or 17.5%, a copy of those invoices must be submitted with the year-end paperwork, in the event that HMRC request a copy of them.
- ❖ Direct revenue financing should only be used to move revenue funds to capital. Please contact your service provider if you require assistance with this procedure.

- ❖ The schools should be clear about the difference between repairs & maintenance and the capital improvements. Please contact your service provider if you require any clarification regarding this.
- ❖ If a school has opened a new bank account or changed their bank, then they must notify Louise McNamara Louise.McNamara@enfield.gov.uk as soon as possible. You must also contact vendors@enfield.gov.uk so that your new bank details can be changed on the Councils payments system – otherwise, we will not be able to pay your school the funding owed via the advances.

Audit Evidence

As part of the Council's Closure of Accounts Audit, **our external Auditors, BDO UK LLP** will select several schools and ask for detailed income and expenditure transaction reports, which we run from your year-end datafile. They then select a sample from these reports. They will require copies of the Prime Documentary evidence, (such as a copy of an original invoice) to fully support the transactions.

It is not acceptable just to send copies of the transactions reports from your school system.

Examples of relevant evidence could include:

- Relevant invoices and or credit notes
- Official receipts
- Work (purchase) orders to support year-end debtors
- Supporting letters or documentation from the appropriate body in respect of grant or other income received

The deadline for providing this information is before the end of Summer Term. Where a school cannot provide this information to the Finance Team, the Auditor may contact you directly to obtain an explanation or the prime documents.

Accounting Principle of Accruals

The accounts must be prepared on an accruals basis i.e. income and expenditure, rather than on a receipts and payments basis.

The accruals concept recognises income as it is earned and expenditure as it is incurred. This concept ensures the annual accounts reflect the true cost of running the school for the year, as opposed to the actual amount of money paid out or received by the school during the year. Therefore, it is necessary to make accruals i.e. adjustments for income and expenditure, for activities within the financial year not already included in the receipts and payments.

These are entered as

- creditors,
- debtors,
- prepayments and
- receipts in advance

The date that work is carried out or goods are received determines the financial year in which they are accounted for, not the date the order is placed, or the invoice is raised.

The end of the current financial year is **31st March 2022**.

Raising accruals is an important part of the closure of accounts process as they directly affect the schools reported balances. If a school does not raise creditors or receipts in advance for expenditure that relates to 2021/22, the balance reported to the Authority and the DfE will be higher than it should be (which may result in a large carry forward balance being challenged). If a school does not raise debtors or prepayments for income that relates to 2021/22, the balance reported to the Authority and the DfE will be lower than it should be.

Materiality

Creditors, debtors, prepayments and receipts in advance should only be accounted for if the item is considered material. **It is therefore suggested that the schools should only raise accruals for revenue expenditure and income over £1,000 and capital expenditure and income over £6,000.**

Creditors

Goods and services received on or before 31st March 2022 should be charged to the *current* financial year. Goods and services received after 1st April 2022 should be charged to the *following* financial year.

Creditors to be accrued may include:

- ❖ Outstanding utility invoices
- ❖ Catering invoices
- ❖ Cleaning invoices
- ❖ Cost of supply teachers not included in the March payroll.

Pre-payments

Goods and services that have already been paid for on or before 31st March 2022 but will not be received until after that date will need to be shown as a payment in advance.

Pre-payments may include:

- ❖ Leasing of photocopiers IT equipment etc.
- ❖ School Journey expenditure paid up front
- ❖ Training Fees

Income Accruals

A list should be prepared of all income items relating to money that should have been paid to the school on or before 31st March 2022 which is yet to be received.

Debtors

Income due, but not received, before the 31st March 2022 should be credited to the current financial year by way of raising a debtor.

Debtors to be accrued may include:

- ❖ Bank interest
- ❖ Insurance claims – if there is reasonable assurance of the amount

Receipts in Advance

Some schools may receive income in the current year but the expenditure to which the income relates will not occur until the following financial year. An example of this would be a government grant which is receivable, but the conditions will be met in the following year(s). In this instance, a receipt in advance should be raised

Receipts in Advance may include:

- ❖ Rolling Credit Agreement with LA
- ❖ Balances on behalf of other schools i.e. School Sports Partnership monies
- ❖ Income collected for a trip/school journey taking place in the following financial year
- ❖ Children's Centre fees collected in advance

Grants

Generally, debtors are not raised for expected grant receipts where no expenditure has yet been incurred by 31st March 2022. However, if expenditure has been incurred but no grant has been received a debtor should be raised equal to the amount of the expenditure.

Summary of Definitions

Creditors	Creditors relate to goods or services for which money is owed to a supplier in 2021/22. This will relate to goods or services received before the 31 st March 2022 but not yet paid for, whether an invoice has been received or not.
Debtors	Debtors relate to income that was due to the school by 31 st March 2022 for goods and services supplied but remain outstanding at year-end.
Prepayments	Prepayments relate to payments made in the financial year 2021/22 for goods or services that will be received during the financial year 2022/23.
Receipts in Advance	Receipts in advance relate to income received during the financial year 2021/22 for the provision of goods and services during the financial year 2022/23.

Consistent Financial Reporting (CFR)

Schools must ensure their financial system is fully compliant with Consistent Financial Reporting (CFR) and all accounting codes correspond exactly with this format. The DfE Finance Pack for Schools provides full details of correct CFR codes to be used. The introduction of the CFR guidelines has provided a national and standardised framework of how schools spend their monies.

A **CFR return, included in the Revenue Workbook**, is required for all schools maintained by Local Authorities at the end of each financial year. The return records the level of income, expenditure and balances (surpluses/deficits) that have occurred during that financial year.

Please note that there was a minor change to the CFR breakdown as from 2018-19, E28 was split into 2 headings, as follows:

E28a	Bought in professional services - other
E28b	Bought in professional services - PFI costs

E28b will only apply to the 4 PFI schools in Enfield so most schools should record their expenditure against E28a. **Please ensure that you record expenditure correctly.**

During 2020/21, the DfE introduced subcategories of I18 to allow for the additional funding streams provided to support the impact of Covid. Please record the breakdown on the relevant tab of the Revenue Workbook.

The CFR report is normally generated by your service provider at the year-end workshops or should be completed by individual schools as part of their closedown process. A copy of the CFR return should also be included in the Revenue workbook. Please do not amend the format of the return as this information will be copied and pasted into a master spreadsheet which summarises the information for all schools.

All budget headings should be assigned to a valid CFR budget heading before the year-end procedure can be initiated. The only valid non-CFR headings that may remain unassigned on the RM finance system are as follows:

- ❖ E98 – Future Planned Developments
- ❖ E99 – Revenue Contingencies
- ❖ Z99 – Deleted Budget Accounts
- ❖ VAT - Advances From LA

All account codes on other finance systems must be mapped to the CFR codes within the system.

Capital

Capital as defined by the DfE is as follows:

- ❖ The acquisition, construction, preparation, enhancement or laying out of land.
- ❖ The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- ❖ The acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

Capital works should also:

- ❖ Lengthen substantially the useful life of the building/asset.
- ❖ Increase substantially the open market value of the building/asset.
- ❖ Increase substantially the extent to which the building/asset can be used for the provision of services.

The Chartered Institute of Public Finance & Accountancy (CIPFA) advocates the use of de minimis levels to apply to a scheme when defining capital expenditure. In Enfield, only building projects costing in excess of £50,000 (CE01 or CE02), and furniture, equipment and vehicles costing in excess of £10,000 (CE03 or CE04) for a single item should be treated as capital. For VA schools the de minimis level is £10,000 (from April 2013) where the devolved formula grant received directly from the DfE is being used.

The annual capital expenditure return requires you to analyse your capital expenditure over:

- ❖ CE01 for acquisition of land and existing buildings
- ❖ CE02 for new constructions, conversions, renovations;
- ❖ CE03 for vehicles, plants, equipment and machinery and
- ❖ CE04 for ICT

To ensure the capital expenditure included in the Council's capital accounts complies with the above criteria, all schools must complete the Capital Workbook.

The Capital Workbook contains six worksheets:

Worksheet	De minimis Limit	To be completed by:
CE01 Land & Buildings	£50,000	All Schools
CE02 New Construction	£50,000	All Schools
CE03 VPE & M	£10,000	All Schools
CE04 ICT	£10,000	All Schools
Asset Register	None	Community & Foundation Schools

The Capital Workbook must be submitted covering the period **1st April 2021 to 31st March 2022** with: -

- scanned copies of all invoices for expenditure incurred above the de minimis limits.
- a copy of the transaction listing from their finance system for each of the above capital expenditure codes ticked and signed and dated by authorised personnel to evidence that all invoices have been submitted.

This information is required so that the effect of the new capital expenditure can be recorded in the Council's Asset Register. The register must contain details of any work undertaken or of the new acquired assets.

The expenditure for which you are asked to provide information on is where it refers to:

- ❖ The acquisition of a **single piece of equipment** costing above £10,000, net – this would include vehicles, possibly some significant items of furniture or plant but would usually exclude general furniture and most items of IT even though you may have spent a significant sum in total on these purchases.
- ❖ The carrying out of construction or refurbishment work where the total cost of the work including any fees exceeds £50,000. Separate works costing below this amount need to be declared as a total figure. Please note that you will need to declare expenditure that is less than £50,000 at the year-end but is expected to cost more than £50,000 in total once completed i.e. work in progress at 31st March 2022.
- ❖ Community and Foundations schools - A template for the declaration is provided in the Capital Workbook. Please provide a description of the expenditure and/or sufficient information to identify the asset acquired;
- ❖ Copy invoices and any other workings in support of the amount you have shown as above the de minimis capital expenditure under CFR codes CE01, CE02, CE03 and CE04.

The income to fund your total capital expenditure should be shown on the capital income codes:

- ❖ CI01 Capital income – Devolved formula capital and funding received directly from the Authority.
- ❖ CI03 Private income
- ❖ CI04 Direct revenue financing (revenue contributions to capital)

The coding of capital income will be checked from the year-end Budget V Actual V Accruals reports. If the funding is from revenue, then the transfers between E30 & CI04 Direct Revenue Financing (i.e. revenue contributions to capital) need to be made.

Under the CFR framework, it is not possible to move capital balances back from capital to revenue. Schools should only move revenue funds into capital if they are definitely to be spent on capital projects.

Operational Assets and Disposals – Community and Foundation schools only

The Council's Asset Register should contain details of all individual assets having a value at the time of acquisition greater than £10,000.

The acquisition of assets by schools in 2021/22 will be reported either through the School Lease Update Report (and disclosed following lease evaluation) or through the Schools Capital Expenditure Return. This should also include assets, such as minibuses, acquired under the Council's VAT registration that have been funded by a contribution from schools' private funds. Assets that have been acquired directly by schools using private funds should also be included as these are associated with the delivery of Council services.

In order to ensure the Council's asset information is up to date, schools are also requested to provide details of any assets acquired **before** 2021/22 which would not have been included on previous capital returns. In particular, this may include school minibuses financed by the PTA or by private fund contributions. The worksheet within the Capital Workbook should be completed to report this information. In addition to acquisitions, schools should also report the disposal of assets during the year.

If you are in any doubt regarding a specific item, please include the item on the return and we will liaise with colleagues in the capital team regarding its inclusion.

Summary

To summarise (for Capital Workbook completion):

The Capital Return should include: -

- All individual items over £10k purchased in 2021/22 plus all assets over £10k acquired in 2021/22 (including minibuses and other assets used by the school but funded by the PTA or other private funds).
- all construction and refurbishment projects where the total cost including fees exceeds £50,000

All these will then be included on the Asset Register in 2021/22.

The Asset Register should include all assets acquired and used by the school prior to 2021/22 but funded from PTA/private funds and therefore not currently included in the Asset Register.

Preparation for Year-End 2021/22: for all schools

In order to ensure the year-end procedure is carried out as efficiently and effectively as possible, there are several tasks and processes outlined below which should be completed by all schools on their finance systems before the year-end:

(1) The Finance System must be up-to-date in the current accounting period – period 12.

- ❖ Invoices, payroll, bank advances and income must be as up to date as possible
- ❖ The bank and petty cash reconciliation must be up to date and in period 12
- ❖ Schools must chase suppliers for any outstanding invoices. (London Borough of Enfield service providers have been reminded to issue outstanding invoices to schools as soon as possible and by end of February, at the latest).

Note: Invoices for goods and services over £1,000, unless it does not have a significant impact, **received by 31st March 2022** may need to be accrued (reserved).

(2) Check the bank reconciliation screen

- ❖ The screen must contain only valid un-reconciled transactions such as un-presented cheques & income and outstanding direct debits.
- ❖ All out of date cheques must be written back
- ❖ Corrected/reversed transactions, together with the original erroneous transactions they relate to, must be netted off and reconciled.

Note: Budgets and year-end balances will be incorrectly reported if erroneous transactions and out of date cheques are not removed from the reconciliation screen.

(3) Ensure that there are no transactions on the payments screen

- ❖ All cheques from the payments screen should have been printed.
- ❖ No erroneous transactions should remain on the payments screen.

(4) Remove all erroneous and unwanted commitments from the finance systems

- ❖ Print a report detailing all outstanding purchase orders.
- ❖ Using this report, note any erroneous or unwanted commitments. Cancel all outstanding commitments that have identified as unwanted.
- ❖ Print the updated outstanding orders report. This report should now only include valid outstanding commitments that will be carried forward into the new financial year.

Note: This updated report may also be used to identify items that need to be accrued.

(5) Check all VAT advances have been entered correctly

- ❖ If any VAT advances have been entered incorrectly, they must be rectified before the year-end reports are run.

(6) Print the relevant Year-End reports

Once tasks 1-5 above have been completed and no more transactions remain to be processed, reconcile period 12 as normal before producing the relevant reports. Checklists for your use are available later in this guidance of documents to print and retain at school for future reference and to support any audit queries.

(7) Take a backup of the schools Finance System

This must be retained in a safe place by the school.

No further transactions should be entered on to the Finance System once the above reports have been finalised.

When the Schools Year-end Procedure has been completed the above reports should be sent electronically via email to schoolfinreturns@enfield.gov.uk.

Leasing Agreements

For disclosure within the Council's Statement of Accounts

Please note the information below is still current for the 2021/22 statement of accounts, however from 1st of April 2020 there was a single definition of leases and there is an ongoing exercise to review and assess the impact on the council's accounts.

As part of this transition we will need copies of all leases you have for equipment or buildings (including any land), so that we can assess and quantify the impact.

CIPFA (Chartered Institute of Public Finance Accountants) are currently consulting and will be issuing further guidance on accounting and calculating the impact, and as soon as we have this we will be able to share workings with you so that you may enter correct accounting entries through your own ledger systems in 2022/23 and beyond.

An operating lease is the only type of lease schools should enter.

The Council's Accounting Policies (and the principles on which the Accounts are prepared and reported) are based on International Financial Reporting Standards (IFRS). The definition of a lease is based on International Accounting Standard 17 (IAS 17).

Finance Lease

A finance lease transfers substantially all the risks and rewards of ownership to the school. It is a form of borrowing and must not be entered by schools.

Although strictly the leased asset remains the property of the leasing company, in substance the school may be considered to have acquired the asset and financed the acquisition by obtaining a loan from the company. A finance lease usually involves payment by the school of the full cost of the asset together with a return on the finance provided by the company. It should be presumed that the risks and rewards of ownership transfer if, at the start of the lease, the present value of the minimum lease payments (including any initial payments) amounts to substantially all (normally 90% or more) of the fair value of the asset. The fair value is the price at which the asset could be exchanged with an independent third party less any grant receivable towards the purchase or use of the asset.

Operating Lease

An operating lease is any lease, which is not a finance lease. This will have the character of a rental agreement, with the leasing company usually being responsible for the repairs and maintenance of the asset. Normally the period of the lease will be for substantially less than the useful economic life of the asset.

Hire Purchase

A hire purchase agreement is similar in substance to a finance lease and must not be entered by schools. The difference in law is that under a hire purchase agreement the school eventually become entitled to exercise an option to purchase the asset (under a leasing agreement the asset remains the property of the lease company).

Schools are therefore required to complete the Leasing **Worksheet in the Revenue Workbook**, **setting** out details of all leases of equipment and vehicles **having a purchase price greater than £10,000 and for a period greater than three years which will be in existence at 31st March 2022 (leases below these criteria are all deemed to be operating leases)**. A legible copy of each lease agreement should also be provided signed by an authorised member of staff (hard copy or email).

Although it is not the Council's policy to include VA Schools' assets on its balance sheet, VA Schools should provide details of the leases they have entered so that, where appropriate, the long-term liability to make future lease payments from council managed funds can be recognised and those that have been terminated can be deleted.

The Leasing Worksheet is split into two parts: -

- ❖ **Part 1 Confirmed leases** – ongoing leases that were in operation during last year and for which we have already received information.
- ❖ **Part 2 New leases** – this worksheet must be completed with details of any new leases that you have taken out since 1 April 2021. **All** questions must be completed. Please advise if a new lease incorporates obligations arising from an earlier lease.

VAT Declaration by VA schools

All VA schools are required to sign a declaration to support the VAT claimed during the year. Schools must not recover any VAT which the local authority is not entitled to.

It is important to note that the £10,000 (de minimis limit) should not be used to attempt to artificially disaggregate capital expenditure in order to recover VAT. For example, a single supply of ICT equipment should not be split into smaller contracts for individual IT items of £10,000 or less, or construction works similarly split, in order that, invoiced separately, this could be treated as revenue expenditure. The school must rectify any errors prior to completing the year-end procedures.

Authorisation to banks to provide information to BDO UK LLP

Schools must inform their bank of the decision to authorise BDO UK LLP (the Council's external auditors) to view their bank records as part of the year-end process. A copy of the bank mandate letter has been included in the Revenue Workbook. If there have been no changes to your bank account or signatories during 2021/22 the information that you have previously submitted with stand but if there have been changes the mandate must be completed with your school's bank details copied to school headed paper, printed and dated and signed by the authorised bank signatory, before being sent to the branch of your bank for the attention of the Manager. A copy of the original signed document must be submitted as part of the year-end returns. The school accounts should be reconciled to the bank statement up to the 31st March 2022.

Income Reconciliation of I01-I07, I16 & CI01 with advances from the Authority

In most cases the schools' CFR codes above match exactly with the advances received from the Authority. However, if the school has included any other income under these headings, a detailed breakdown of the transactions should be produced and retained by the school. Any variance on I01 to I05 codes should only arise as a result of funding received from elsewhere in the London Borough of Enfield or from other local authorities.

LBE Accruals

If a school has raised an accrual which is with the London Borough of Enfield, then details of those accruals must be entered on the relevant tab in the Revenue Workbook.

Employee Remuneration over £50,000

The Council's Statement of Accounts includes a disclosure note on the remuneration of employees where the remuneration exceeds £50,000. Where a school buys into the Council's payroll service, this information can be obtained by the Auditors directly from records held by the Council and no return is required from the school.

Schools that do not use the Council's Payroll service, will need to complete Part A of the return where the school employed staff whose remuneration exceeded £50,000 in 2021/22.

Calculation of Revenue Balance as a Percentage of School Budgets

Analysis of Year-end Balances

Schools must complete the Balance Calculation worksheet within the Revenue Workbook. This form details the analysis of the school's balances to be carried forward. Careful consideration must be applied when providing the breakdown of the committed and uncommitted revenue balances, as these figures will be submitted to the DfE. The school may be asked to justify the estimate for the committed revenue balance at a later date therefore it is advisable to retain documentation which will substantiate this calculation.

In accordance with Government requirements a surplus balance control mechanism is in operation. The following table details the income codes to be used in the calculation of thresholds above which schools will be asked to provide information for the purposes of explaining why they are holding such balances. The table below details the income headings that are used to calculate the Budget Share for the balance's calculation.

2021/22 INCOME	
Income Code	Description
I01	Funds Delegated by the LA
I02	Funding for Sixth form students
I03	High Needs Top Up Funding
I05	Pupil Premium
I06	Other Government Grants
I07	Other Grants and Payments
I15	Pupil focused Ext School Funding/and or Grants
I18	Additional Grants for Schools

Governing Bodies are required to report on the intended use of balances where the total accumulated balances exceed a sector threshold (5% in prim/sec/spec) of that financial year's budget share. Schools that have balances above the threshold, should have already submitted a Request to Retain Surplus Balances proforma with their Quarter 3 monitoring return or by February half term, at the latest.

Checklist and details of supporting information required from schools using RM Finance system

Schools using RM Finance		Completed
Checklist and details of supporting information required by LA		
1	Ensure you are up to date with processing invoices, payroll, bank advances and income. Where necessary, chase suppliers for outstanding invoices. Reconcile the Bank accounts and Petty Cash. Check the Petty Cash reconciliation screen is empty.	
2	Check that the Bank reconciliation screen contains only valid outstanding transactions.	
3	Remove any unwanted commitments from your system.	
4	Check codes have been mapped to a CFR code for full compliance,	
5	<ul style="list-style-type: none"> • Check that you have entered all accruals • Produced report of all accruals from RM Finance • Produced report of all LBE accruals from RM Finance 	
6	Ensure that there are no transactions on the payment screen	
7	Check that all your VAT advances have been entered correctly	
8	<p>Print and submit year-end reports</p> <ul style="list-style-type: none"> • Reconciliation to Bank statement • Monthly VAT report period 12 • Cumulative VAT report for period 1 to 12 <p>Budget v Actual v Accruals report x 2 copies: 1= Full details, x1 short version <i>both signed and dated by the HT</i>, please</p> <ul style="list-style-type: none"> • Un-presented Cheques/Income list -short version • A copy of the final bank statement(s), showing the balance on your school accounts <u>as at close of business 31st March 2022</u>. If there is more than one account, then please send copies of all the delegated bank account statements <u>as at close of business 31st March 2022</u>. 	
9	Print the 'Transactions not yet printed' report and retain at school.	
10	Take a backup of your data-file –to be stored by the school	
11	Completed CFR Return 2021/22 – Revenue Workbook	
12	Completed 'Balance Calculation' - Revenue Workbook VA schools – completed declaration of VAT – Revenue Workbook	
13	Completed signed and dated Bank Mandate letter providing authorisation to access your account data to the Authority's auditors (where the account or signatories have changed since 1/4/2021) – Revenue Workbook	
14	Completed LBE Accruals – Revenue Workbook	
15	Staff with annual salaries over £50,000 completed for schools NOT subscribing to LA payroll service – schools will be contacted separately by LA Finance Team	
16	Leasing workbook - include details of all "live leases" entered on or before 01/04/2021. Scanned copies of leases entered since 01/04/2021 must be submitted – Revenue Workbook	
17	Capitalisation of building projects over £50,000, furniture, equipment, ICT equipment and vehicles over £10,000 – Capital Workbook	
18	School Assets Acquisition and Disposal - Capital Workbook	

Checklist and details of supporting information required from schools using SIMS, FMS and other Finance Systems

	Schools using SIMS, FMS and other Finance Systems Checklist and details of supporting information required by LA	Completed
1	Ensure that you are up to date with processing invoices, payroll, bank advances and income. Chase suppliers for any outstanding invoices. Ensure that you have reconciled your Bank accounts and Petty Cash. Check that the Petty Cash reconciliation screen is empty	
2	Check that the Bank reconciliation screen contains only valid outstanding transactions.	
3	Remove any unwanted commitments from your system.	
4	Check that your information is fully compliant with Consistent Financial Reporting. Ensure all ledger codes are mapped to CFR headings	
5	<ul style="list-style-type: none"> • Check that you have entered all accruals • Produced report of all accruals – Journal review – nominal journal details • Produced report of all LBE accruals – Journal review of LBE accruals 	
6	Ensure that there are no transactions on the payment screen	
7	Check that all your VAT advances have been entered correctly	
8	<p>Print and submit the following reports from Sims Finance System</p> <ul style="list-style-type: none"> • Ledger codes not mapped to CFR Headings • Ledger codes mapped to CFR Headings • Balances and reserves report • Bank reconciliation • Bank reconciliation – un-reconciled items • Monthly VAT report period 12 • Cumulative VAT report for period 1 to 12 (i.e. x12 monthly reports) • Preliminary/Proposed CFR Report • Income and Expenditure Report • Charts of accounts review – ledger codes • Cumulative Expenses Analysis • Journal review – nominal journal details • Summary aged creditor report • A copy of the final bank statement(s), showing the balance on your school accounts as at 31st March 2022 signed and dated by the Headteacher. If there is more than one account, then please send copies of all the delegated bank account statements as at 31st March 2022 along with the relevant bank reconciliation reports. 	
9	Take a backup of your data-file – to be stored by the school	
10	Complete CFR Return – Revenue Workbook	
11	Complete Balance Calculation – Revenue Workbook VA Schools – complete declaration of VAT – Revenue Workbook	
12	Completed signed and dated Bank Mandate letter providing authorisation to access your account data to the Authority’s auditors (where the account or signatories have changed since 1/4/2021) – Revenue Workbook	
13	Complete LBE Accruals return – Revenue Workbook	
14	Staff with annual salaries over £50,000 completed for schools NOT subscribing to LA payroll service – schools will be contacted separately by LA Finance Team	
15	Leasing workbook - include details of all “live leases” entered on or before 01/04/2021. Scanned copies of leases entered since 01/04/2021 must be submitted – Revenue Workbook	
16	Capitalisation of building projects over £50,000, furniture, equipment, ICT equipment and vehicles over £10,000 – Capital Workbook	
17	School Assets Acquisition and Disposal - Capital Workbook	

