

2.8 Financial Returns to the Local Authority

Introduction

Schools are required (under Section 2.2 of the Scheme for Financing Schools) to provide the LA with details of:

1. A summary of payments & receipts occurring against each CFR heading in month
2. VAT paid on expenditure in month
3. VAT received on receipts in month
4. The net movement of cash to / from the local bank account in month
5. A statement agreeing the differences between the bank statement and cumulative payments & receipts totals from the school's accounting system (a bank reconciliation) at dates and in a format determined by the Chief Finance Officer.

The dates at which this information is required are published in a `Timetable for School Financial Returns, which is sent out to schools at the start of the financial year and is also available on the Finance & Funding Website [Barnet Online – School Funding](#).

Format

Points 1-4 are done by completing a Posting Summary – This is an electronic form which is updated and made available on the Finance and Funding website each financial year [Barnet Online – School Funding](#) Instructions on completion together with an illustrated example of a completed Posting Summary are shown at [Appendix 1 & 2](#)

Point 5 – a generic Bank Reconciliation E-form is available to schools for manual completion at [Appendix 3](#). Bank reconciliations produced direct from computerised accounting systems are acceptable provided they contain the same level of information. Schools should prepare their bank reconciliation at the end of every month, reconciling actual bank statement balances with cumulative income and expenditure totals from their accounting system. Differences between these amounts, which should be disclosed on the face of the reconciliation, are likely to be:

- Payments recorded in the accounting system but not yet cleared on the bank statement (unpresented cheques – list of cheque numbers and amounts should be shown on the reconciliation)
- Receipts recorded in the accounting system but not yet cleared on the bank statement (unpresented income – list of deposit numbers and amounts should be shown on the reconciliation)
- Level of Petty Cash held
- Bank Errors , e.g. where a payment has been drawn for one amount and recorded in the accounts correctly but processed through the banking system for a different amount (such errors must be pursued with the bank)

The bank reconciliation, whether completed manually using the e-form or produced direct from a computerised accounting system, should be emailed in electronic

format to schools.accountancy@barnet.gov.uk Guidance notes on how to do this are provided at **Appendix 4**.

VAT

The amount of VAT paid on payments in month together with any VAT received on receipts in month should be recorded on the Posting Summary E-Form. This will enable the LA to reimburse the school for VAT expenditure that it has paid out but for which it is not funded. The value of the Net VAT paid each month should be recorded as income in the schools local accounting system in the same period to which it relates but must not be recorded to any / CFR code (merely added to the cumulative income total).

Reimbursement of VAT is normally made within two weeks of receiving the Posting Summary and is credited to the schools Budget Share Account via BACS transfer.

Until reimbursement is made into the schools Budget Share Account, the net VAT paid in the period should be recorded as unrepresented income on the bank reconciliation.

In cases where the school has received more VAT than it has paid out in a period, then a cheque for the appropriate amount (made payable to the London Borough of Barnet) should be forwarded to the Schools Accountancy Section together with the Posting Summary and Bank Reconciliation.

Schools submitting their Bank Reconciliation and Posting Summary Data electronically do not need to send in paper copies to the LA, although for audit and control purposes 1 copy of each should be printed, signed by HT and retained at the school.

Cash Book Reconciliation

Schools are strongly encouraged to record their monthly posting summary and bank reconciliation totals on a [Cash Book Reconciliation spreadsheet](#) – shown at **Appendix 5**. Its purpose is to provide assurances that all payments and receipts to / from your bank account have been included on the Posting Summary E-form. Any differences highlighted on the bottom of this spreadsheet must be investigated and redressed by completing an adjusting Posting Summary or by completing a correcting bank reconciliation.

Summary of Year-end Debtors & Creditors

The Scheme for Financing Schools (Section 2.7) states that the final accounts of the LA are prepared on an accruals basis. This means that schools have to provide the LA with an additional financial return at the end of the financial which:

- Identifies the value of goods & service received in the financial year that will not be paid for by 31 March (Creditors)
- Identifies the value of any income due to the school in the financial year but that will not be received by the 31 March (Debtors)
- the value of any income received by the school before 31 March that relates to events on or after 31 March (Receipt in Advance, e.g. lettings)

- the value of any payments made by the school before 31 March that relate to goods or services that will be received after 31 March (Payments in Advance e.g. exam fees, equipment rentals)

Schools are provided with specific E-forms on which to complete this information which are then returned to the LA electronically. Full details are contained in the Year-End Procedures Booklet which is sent out to all schools in February.