

SCHOOLS ACCOUNTS CLOSEDOWN REVIEW 2006/07

Report of the Director of Children Schools and Families

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1. Purpose of the Report

- 1.1 To review the closedown of the 2006/07 accounts.
- 1.2 To consider arrangements for 2007/08 and future developments.

2. Background

- 2.1 2006/07 was the second year in which the Government's new earlier deadline, (by which local authorities (LAs) have to agree their accounts by 30 June) was fully in place.
- 2.2 Moving to an earlier closedown deadline for schools has presented a particular challenge for Hertfordshire. Hertfordshire is unusual among large LAs because all its schools:-
 - have their own bank accounts into which is paid the whole budget share
 - keep the prime accounting record entirely on each school's local financial system, rather than on the LAs central ledger.
- 2.3 Many LAs close their schools' accounts using their own central system and only subsequently attempt to reconcile with schools' local records. In Hertfordshire, the LAs accounts cannot be finalised without a full return from every school.
- 2.4 The same year end procedures as last year were used to meet the timetable:
 - i) Primary, nursery, middle and special schools prepared their accounts during March, reconciling to the bank at 28 February, rather than 31 March and treating transactions not yet posted as "accruals" (i.e. debtors or creditors in their accounts). This enables each Financial Services for Schools advisor to finalise the year end returns throughout March in all of their supported schools. In order to move the accounts to 31 March position, the School

Funding Team used information on March receipts and payments from the County Council's bank to adjust the total cash, debtors and creditors figures from school returns from 28 February to 31 March.

- ii) Extensive use was made of electronic returns and electronic processing. All RM returns are sent electronically as is the Income and Expenditure Statement for the SIMS returns.
- iii) Staggered dates of submissions of returns for different sectors allows the School Funding Team to work on the accounts for one sector of schools while others are still coming in.

30 March	Nursery and Special schools
5 April	Primary and Middle schools
13 April	Secondary schools

The School Funding Team had to finalise the accounts by 27 April.

3. Review of 2006/07

3.1 Schools continued to do extremely well in meeting the deadlines for returns.

Sector	No by deadline	No late	Date of last receipt
Primary	402	5	16 Apr
Middle	5	1	16 Apr
Nursery	12	3	3 Apr
Secondary	53	23	25 Apr
Special	19	6	5 Apr

3.2 The School Funding Team met the 27 April deadline. A great deal of hard work was involved, both at schools and centrally to achieve this.

4. Development for 2007/08 and Future Years

4.1 Timetable for 2007/08 Closedown

The earlier date of Easter in 2008 creates difficulties in continuing with all of the process and timetable used in 2006/07 closedown.

The position for secondary schools is relatively unaffected (and even improved slightly) in that the current deadline will be during term time rather than at the end of the Easter holidays. All secondary schools would therefore be expected to close their accounts in April, reconciling to the bank at 31st March.

However, due to the limited time in March before the Easter holiday it will not be possible for Financial Services for Schools advisers to cover all the schools they are responsible for before the Easter holiday. The School Funding Team is therefore considering a two tier approach. All nursery and special schools and half the primary schools would close their accounts in March, reconciling to the bank at 28th February – the approach used in 2006/07.

The remaining primary schools would close their accounts in April, reconciling to the bank at 31st March, like secondary schools. This would present considerable difficulties for the School Funding Team in processing all of the primary returns in time. It would also increase the complexity of the accounting done centrally as there would be different year end approaches within the primary sector. However, this approach would seem to offer the most practical way forward.

5. Conclusion

The Forum is asked to consider the proposed approach for 2007/08 closedown and suggest alternatives.