Closedown 2016/17 & New Year Guidance Pack
For schools using FMS6

Closedown deadline 20 April 2017

Please read this document as soon as possible to ensure that essential action can be completed in the required order and that this deadline can be met. Contact Schools Financial Services should you need clarity on any action that is required.

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1. Introduction

Financial Year Closedown and New Year procedures are necessary to:

- ensure schools' accounts reflect all the transactions for that year correctly and that they have been prepared in accordance with the Scheme for Financing Schools (SFFS), Local Authority Accounting Practices and Consistent Financial Reporting (CFR)
- calculate the Rollover figure(s) to be carried forward into the NEW year
- ensure that the financial information held on KCC's Oracle accounting system, reported to the DfE, agrees to that held within schools' systems
- set-up the NEW year
- update the accounting structure for the NEW year

Pack format – This is the full guidance pack with step-by-step instructions suitable for staff regardless of their level of experience.

NOTE: You are not required to keep a printed copy of this pack

The financial years in this pack will be referred to as either OLD or NEW year

OLD Year   2016/17   2016 in FMS6
NEW Year   2017/18   2017 in FMS6

It is written in chronological order to ensure that closedown runs as smoothly as possible. Dates have been suggested but can be changed to meet your working pattern; however, **the deadline dates CANNOT be changed**.

Abbreviations used in this pack

APSA	Accounts Payable Schools Advances
BCM	Balance Control Mechanism
CFR	Consistent Financial Reporting
DfE	Department for Education
FMS6	Financial Management System (version 6)
KCC	Kent County Council
KELSI	Kent Education & Learning Skills Information
LA	Local Authority
SFFS	Scheme for Financing Schools
SFS	Schools Financial Services
SFVS	Schools Financial Value Standard
SIMS	Schools Information Management System
UIFSM	Universal Infant Free School Meals
VA	Voluntary Aided

Reminders and Changes from last year

Returns information - From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Financial Returns.**

Zipping of Files - DO NOT zip any returns, these should all be sent as individual files.

Format of Returns – The Income and Expenditure should be sent (by email) as <u>Excel CSV</u>.
All other documents MUST BE scanned and attached to an e-mail or faxed.
DO NOT send hard copies of any returns, these will not be accepted.

Early Returns – Information relating to these returns has been removed from this Pack. Full instructions can be found on KELSI and should be submitted by 1 March 2017

Year-End Provision schedule - A blank year-end provisions schedule is available on KELSI. These can be used to record any required year-end adjustments (debtors, creditors etc). From the Home page, select School Finance from the menu on the left hand side. Select Returns and Monitoring, Financial Returns. These schedules are for your own records and are NOT a statutory return; however all paperwork and evidence must be completed and kept in school as they may need to be produced on request during the closedown as well as part of a compliance / audit visit.

Balance Control Mechanism (BCM) – Information relating to the allowable Rollover can be found on KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **End of Year Preparation.**

IMPORTANT – YEAR END NOTE Regarding BACS payments - Note that at year end it is strongly recommended that the first preliminary closure is undertaken **after** the 'BACS' payments have been reconciled onto a bank statement. Should a BACS payment need to be cancelled *after* the preliminary close contact Schools Financial Services for further advice:
Email **schoolsfinancialservices@kent.gov.uk**
Telephone: **03000 415415**

Training – Free Closedown Workshops are available.

FMS6 Closedown for Beginners
For finance officers who have little or no experience of year-end closedown
FMS6 Closedown
A hands on refresher course covering year-end system only closedown routines

Log onto CPD to book a place on any of our courses

Health Check – Before you commence the following procedures an FMS6 Health Check should be completed. A pack has been sent to all schools that purchase the core financial support package. Should you require this to be emailed to you please contact Schools Financial Services -
Email **schoolsfinancialservices@kent.gov.uk**
Telephone: **03000 415415**

Bank Statement Dates – Due to the timing restraints for the production of Bank Statements, it may **not** be possible to complete bank reconciliation up to and including 31 March 2017. For National Westminster Bank Corporate customers we have requested a bank statement for transactions up to and including 16 March 2017. If you bank online you can, of course, print your account transactions at any time. Schools not in the corporate scheme will need to make their own arrangements as required

Forms and any Updates/changes to this year's information –
Any necessary changes to these procedures or further information will be posted on KELSI.
From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Financial Returns**

Deadline Date for receipt of returns is 20 April 2017
The Accounts and Audit Regulations 2003 place a legal requirement on the LA and Schools to close the accounts. To ensure we meet the required deadline for this financial year, it has been necessary to set a deadline of **20 April 2017** for all schools to submit their year-end returns. It is essential Returns have been received by this date. **WE CANNOT ACCEPT LATE RETURNS.**

Returns address:

All SFS electronic forms must be sent by email to
schoolfinancereturns@kent.gov.uk
NOTE: The subject title of the email must read: DfE number, School name and Closedown.

Please ensure each form to the school finance returns e-mail address has been completed with the details of the School name and DfE number.

NOTE: keep signed copies of all documentation provided to Schools Financial Services for your records. This should include forms sent to us by email and the KCC Income & Expenditure report saved as an excel spreadsheet

Additional information/support – For ALL sections in this pack, unless otherwise stated, contact the **SFS Team:**
e-mail: **schoolsfinancialservices@kent.gov.uk or   03000 415415**

2 By the 31 March 2017

2.1 Open the NEW financial year

IMPORTANT NOTE: ensure the most recent system backup was successful BEFORE starting this procedure

A New Year must be added to FMS6 before the OLD year can be closed. This process allows you to:

- Define the start and end dates for the NEW year
- Define the number and duration of the periods
- Allow the availability to use orders and to record deliveries (if applicable)
- Copy the accounting structure (ledger codes and cost centres) from the OLD to the NEW year
- Copy the Service Term Mappings (for SIMS – Personnel Links) from the OLD to the NEW year

2.1.1   Open the NEW financial year in the OLD year

- ❑ Tools
- ❑ Define Financial Years
- ❑ Define/Edit Years
- ❑ **Add (+)** button on the right
- ❑ Check details as follows:

Year Description	2017
Start Date	**01/04/2017**
Number of Periods	12
Calendar Month	Selected
Next Year Begins	**01/04/2018**
Check Spending Against C.C	Not ticked (until you enter the Budget)
Order Book Open	Ticked
Record Deliveries	Ticked (if you are Recording Deliveries)
Copy Service Term Mappings	Ticked (if you are using Personnel Links)

- ❑ **Save**
- Message – Please wait – copying structures from previous year
- Year **2017** will be highlighted and the 'State' will be **Not started**

IMPORTANT – THE NEXT INSTRUCTION MUST BE COMPLETED IN ORDER FOR THE NEW YEAR TO BE OPERATIONAL

❑ CLICK THE 'OPEN YEAR' BUTTON

- The 'State' will now be **Started**
- ❑ **Save**

NOTE: you are still in the OLD year

NOTE: From now on, when you log onto the system, it will open up in the most recent financial year that is open for the current date. You must ensure you are in the correct year for the following procedures.

If you cannot open the New Year:
Check that the previous year 2015/16 (2015 in FMS6) has been FINALISED. If not, follow the instructions in the 'Final Closure' section of this pack and apply to financial year 2015/16.

Completed	

2.2   Define the NEW year VAT periods

This routine defines the VAT periods that will be used for reclaiming VAT for the NEW YEAR.

❑   Tools
❑   Define VAT Periods
❑   **Add (+)** on the right

• Check details as follows:

Description	2017 (VAT)
Start date	01/04/2017
End Date	31/03/2018

❑   Tag   Monthly or:
                    Copy From Previous Year
❑   **Save**
❑   **Save**

Completed	

2.3   Excepted items claims

Process excepted items claims as per deadlines given, which will provide information for year end adjustments.

For information or advice contact:

Jamie Stewart
Personnel Services
excepteditems@kent.gov.uk
03000 411108

Completed	

2.4 Schools Financial Value Standard (SFVS)

All Kent schools have to complete and submit their self assessment to the LA by 31 March 2017. The SFVS self evaluation and SVFS support notes are available on the KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Schools Financial Value Standard (SFVS)**

By the 31 March 2017, email the self-assessment to:

sfvs@kent.gov.uk

IMPORTANT NOTE: The SUBJECT TITLE of the email must read:

DfE number, school name, and 'SFVS'

Keep a copy of all returns for your records

3. FMS6 Personnel Links – prior to 1 April 2017

This section is for schools using the Personnel Links module of FMS6.

3.1 Define the salary periods

This links the salary payment months to the periods of the financial year and must be completed in FMS6 before you can transfer any salary commitment from the SIMS Personnel Module.

3.2 Edit the service term mappings

Check the service term mappings in FMS6 and financial sub-groups in SIMS Personnel to ensure that all salaries, or a commitment for a salary, are posted to the correct ledger code/cost centre combination for the NEW YEAR.

3.3 Clear salary commitments

Before you can complete the preliminary closure in the OLD year, ensure ALL unspent salary commitments have been cleared.

For more information or advice contact your Personnel Links support team or refer to your FMS6 Personnel Links training notes.

Completed	

4. Accounts Receivable – prior to 1 April 2017

This section is for schools using the Accounts Receivable (Invoiced Income) module of FMS6.

It is important that **BEFORE** the end of the financial year all un-posted or unprinted entries **MUST** be investigated and cancelled, printed or posted as appropriate. Failure to do this will cause the preliminary close to fail and you will be unable to post these transactions to the previous year. This is due to the strict rules governing period and tax point dates in Accounts Receivable (Invoiced Income).

4.1 Update the accounts receivable structure

Before you can complete the preliminary closure in the OLD year and/or start using the Accounts Receivable module in the NEW year, you will need to ensure that you have transferred all open books and all products

4.1.1 Update next year's structures in the OLD year
- ❑ Tools (from the main FMS6 screen)
- ❑ Define Financial Years
- ❑ Update Next Year's Structures
- ❑ **Worksheet 4: Invoiced Income**
- ❑ **Copy Books and Products**
- ❑ **Close**

4.2 Print systems check

To identify any entries that need to be investigated after the books and products have been updated for the next year's structure a system check can be printed as below.

4.2.1 Print systems check in the OLD year
- ❑ Reports (from the main FMS6 screen)
- ❑ Year End
- ❑ System Checks
- ❑ Ensure Financial Year **2016** is shown
- ❑ **OK**
- ❑ **Print Report** (at the top right of screen) if there are entries under any of the following headings
- • Invoiced Income – Inv/Cr Notes Outstanding
- • Invoiced Income – Receipts Outstanding
- • Invoiced Income – Pay Ins Outstanding
- ❑ **OK**

Investigate each transaction (the status will be created or authorised). Until these transactions are printed they will not be finalised and will not show an Invoice/Credit Note or Receipt number. You will need to cancel, print (after authorising if necessary) or post each of these as appropriate, to tidy and complete these entries before year-end. If this is not done the preliminary closure will fail.

4.2.2   Created invoice/credit notes outstanding
❑ Focus (in main FMS6 screen)
❑ Accounts Receivable (Invoiced Income)
❑ Focus
❑ Invoice / Credit Note
❑ **Created** using the **Spy Glass** to the right of **Status** box
• Any Invoices and Credit Notes with a status of created will be displayed
❑ **Highlight** each Invoice/Credit Note and do one of the following:

If the Invoice/Credit Note is to be cancelled:
❑ **Cancel Invoice/Credit Note** at the top right of the screen

If the Invoice/Credit Note is to be completed:
❑ **Authorise Invoice/Credit Note** at the top right of the screen
❑ **Yes** to the message "Are you sure….?"
• The Invoices/Credit Note will disappear from this screen and be added to authorised invoice/credit notes

4.2.3   Authorised invoice/credit notes outstanding
❑ Focus (in main FMS6 screen)
❑ Accounts Receivable (Invoiced Income)
❑ Focus
❑ Invoice / Credit Note
❑ **Authorised** using the **Spy Glass** to the right of **Status** box
• Any Invoices and Credit Notes with a status of authorised will be displayed
❑ **Highlight** each Invoice/Credit Note and do one of the following:

If the Invoice/Credit Note is to be cancelled:
❑ **Cancel Invoice/Credit Note** at the top right of the screen

If the Invoice/Credit Note is to be completed:
❑ **Print Invoice/Credit Note** at the top right of the screen
❑ **Yes** to the message "Are you sure….?"
❑ **Yes** when the invoice has printed successfully

4.2.4   Receipts outstanding
❑ Focus (in main FMS6 screen)
❑ Accounts Receivable (Invoiced Income)
❑ Focus
❑ Receipt
❑ **Created** using the **Spy Glass** to the right of **Status** box
• All Receipts with a status of created will be displayed
❑ Highlight each receipt line and either:
❑ **Cancel** receipt (you may need to unmatch the amount first) or:
❑ **Print** receipt

4.2.5 Pay Ins Outstanding
- ❑ Focus (in main FMS6 screen)
- ❑ Accounts Receivable (Invoiced Income)
- ❑ Focus
- ❑ Pay In
- ❑ **Created** using the **Spy Glass** to the right of **View** box
- • All created but unposted Pay In will be displayed
- ❑ Highlight each unposted Pay In line
- ❑ **Post Pay In Slip** at the top right of the screen
- ❑ **Yes** to the message "Are you sure….?"

4.3 Check matching of posted receipts
It is good practice to check that all receipts are correctly matched to the relevant invoice. This will ensure the accuracy of reports printed.

4.3.1 Check matching of posted receipts in the OLD year
- ❑ Focus (in main FMS6 screen)
- ❑ Accounts Receivable (Invoiced Income)
- ❑ Focus
- ❑ Receipt
- ❑ **Posted** using the **Spy Glass** to the right of **Status** box
- • All posted Receipts will be displayed
- • If any say **None** or **Part** in the **Match** column view to check
- ❑ **Highlight** the Receipt line and double click to view

If the amount paid was greater than the amount owed **NONE** or **PART** will be correct.

If the amount paid was equal to or less than the amount owed, the figure in the **Amount** box at the top should equal **Matched Amount**(s) (bottom right).
NOTE: Matching can be completed after the receipt is processed if necessary

- ❑ Correct the **Matched Amount**(s)
- ❑ **Tick** to save
- ❑ Select **Spyglass** on top **Focus Bar** to return to the list of posted receipts and investigate any other **None** or **Part** matched receipt(s)

4.4 Aged debtors report

It is advisable to run an aged debtor report to identify any old balances that need to be cleared before year-end, remembering that any write offs should be in line with the school's Finance Policy.

REMEMBER: Year-end Debtors must not be raised for invoices already processed through accounts receivable in the old year as this will overstate your rollover. This is because at the point of raising an AR invoice FMS6 posts an entry to the appropriate income code. If a year end debtor is also raised then the income will be accounted for twice.

4.4.1 Print the aged debtors report in the OLD year

❑ Focus (in main FMS6 screen)
❑ Accounts Receivable (Invoiced Income)
❑ Reports
❑ Aged Debtor Report
❑ **OK**
❑ **Printer** (top right of screen)
❑ **OK**

NOTE: it is best practice to perform the write off procedure in the Accounts Receivable module before running a preliminary closure.

Invoices from previous financial years can be written off but each invoice would need to be transferred individually to the new financial year.

Completed	

5.   From 1 March 2017

5.1   KCS invoices

To ensure that KCC accounts for its internal debtors/creditors correctly, you are asked to pay all due KCS invoices (including County Supplies and Laser).

5.1.1   Check the Kent Commercial Services (KCS) February statement

You should receive the KCS February statement in early March. Compare this statement to your system to check that ALL the invoices on the statement have been processed on FMS6 and paid (where due). If an invoice is in dispute you will need to raise this with KCS directly. If it is likely that you will have to pay the invoice and it is not entered on FMS6 by 31 March 2017, you MUST add it to an appropriate year-end provisions schedule.

5.1.2   Add any OLD year invoices, not processed on FMS6, to a Creditor year-end provisions schedule

Add any invoices for the OLD year received AFTER 1 April to an appropriate year-end provisions schedule. See instructions later in this pack for the completing and processing year-end creditors.

5.1.4   Process invoices in the NEW year

Process the invoices in the NEW YEAR as usual. (This is advisable to do after closedown paperwork has been returned.

Completed	

5.2 March advance

The March advance will be in your bank account on 21 March 2017 and can be processed as usual as a cash book journal.

5.2.1 Process the March advance cash book journal in the OLD year.

❑ Focus
❑ General Ledger
❑ Manual Journal Processing
❑ **Add (+)** at the top of the screen
❑ **Cash Book**
❑ **Next**

Completed	

5.3 March payroll

Your March payroll cash book journal should be processed as usual.

5.3.1 Process the March payroll cash book journal in the OLD year

❑ Focus
❑ General Ledger
❑ Manual Journal Processing
❑ **Add (+)** at the top of the screen
❑ **Cash Book**
❑ **Next**

5.3.2 Send payroll queries to your payroll provider

Send payroll queries to your payroll provider by their published timetable.

5.3.3 Add any anticipated corrections to a year-end provisions schedule

Any queries that will not be resolved in the OLD year need to be accounted for in the OLD year by adding them to an appropriate year-end provisions schedule with an estimate for the amount of the correction.

Completed	

6.   From 17 March 2017

6.1   Bank reconciliation

If you are a member of the National Westminster Corporate Scheme, we have arranged for you to receive an interim bank statement with all transactions to the close of business on 16 March 2017. This will be the bank statement for closedown and there is no need to wait for the statement with entries up to the end of March. If you bank online or your final March bank statements are available in time you should reconcile your account transactions up to the 31 March.

Schools not in the corporate scheme will need to make their own arrangements as required.

6.1.1 Reconcile March bank statements to 16 March 2017 (or later if available online)

Process the bank statements as usual ensuring that your bank balance agrees TO THE PENNY. If there are entries on your bank statements (e.g. bank interest) not yet on FMS6, process as usual or ring the helpdesk for further guidance.

6.1.2 E-mail a scanned copy of the last page of the bank statement/s to the SFS Returns Team to arrive by 20 April 2017

Completed	

6.2   Bank income

6.2.1   Bank OLD year income by 31 March & process on FMS6

Any income for the OLD year up to 31 March should be banked and processed on FMS6 on or before the 31 March.

6.2.2   OLD year income received after 31 March

If the income is received / banked after this date, add it to a debtor year-end provisions schedule with the amount of the income and process the income on FMS6 in the NEW year.

Completed	

6.3 Petty cash

All outstanding petty cash transactions must be posted or deleted before you can proceed

6.3.1 Check un-posted expenditure

- ❑ Focus
- ❑ General Ledger
- ❑ Petty Cash
- ❑ Select either:
- ❑ **Post Transaction** (top right of screen)
- ❑ **Cancel Transaction** (top right of screen)
- ❑ **Delete Record** (top of screen)

6.3.2 Check the Cash In Hand figure

- ❑ Focus
- ❑ General Ledger
- ❑ Petty Cash

Check the figure at the top of the petty cash transaction screen. This figure **MUST** match the actual cash figure.

Completed	

6.4 Outstanding journals

All outstanding journal transfers must be posted or deleted before you can proceed.

6.4.1 Check all outstanding journals in the OLD year.

- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing

Check the View Box at the top right of the Manual Journal Processing Screen says ALL Entries and that 'Templates' and 'Posted' are NOT ticked

- ❑ Select either:
- ❑ **Post Journal** (top right of screen)
- ❑ **Delete Record** (top of screen)

Completed	

6.5 Voluntary fund transfers

Under CFR requirements ALL expenditure for educational benefit MUST be included in LM Formula Fund 01. This includes voluntary fund expenditure.

NOTES:
- The profit or loss element for a voluntary fund should NOT be included in the amounts entered against the CFR codes
- If the voluntary fund financial year runs to 31 August you will need to apportion the transactions from the two financial years covering the accounting year April 2016 – March 2017
- For the longer term you may consider changing the year-end date of your voluntary fund to run simultaneously with the school financial year

6.5.1 Identify all voluntary fund expenditure for educational benefit

For voluntary funds NOT processed in FMS6 (e.g. School Fund Manager) Identify, within your voluntary fund system, any expenditure recorded for educational benefit.

6.5.2 Process a normal journal to account for it in the OLD year
- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing
- ❑ **Add (+)** at the top of the screen
- ❑ **Normal**
- ❑ **Next**
- Debit – the appropriate expenditure ledger codes (e.g. E19) for Fund 01
- Credit – the income ledger code **I13** for Fund 01

Completed	

Alternatively, for voluntary funds processed WITHIN FMS6 identify the NON-educational benefit expenditure and the CFR ledger codes already charged and process a normal journal to remove it from the OLD year.

Process a normal journal to remove balances in the OLD year
- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing
- ❑ **Add (+)** at the top of the screen
- ❑ **Normal**
- ❑ **Next**

- Credit – the appropriate expenditure ledger codes (e.g. E24) for Fund 01
- Debit – the income ledger code I13 for Fund 01

Completed	

6.6   March direct debits

All March direct debits should be entered on FMS6 as usual; including those processed in the last few days of the month e.g. Edukent and Purchase card transactions. If you are unsure of the amount of the direct debit, check the confirmation paperwork or with your supplier.

Be mindful that a second Edukent direct debit notification will be received on the 17 March which includes any residual adhoc charges for the year. This advice is the one that should be processed through FMS6.

Completed	

6.7   Meter readings

It is recommended that you arrange for meter readings to be taken at the end of the financial year as they can be used to calculate creditors or debtors.

Where you have contracts through KCC Laser, email gas & electricity meter readings to:

meter.reading@laserenergy.org.uk

They are used:
* to calculate annual consumption
* when supplier contracts are changed

Completed	

6.8 March staff expense claims
6.8.1   Send March staff expense claims to your Payroll provider

To ensure payment with the April salaries, send all expense claims to your payroll provider in the normal way, including travel up to the period ending 31 March, please be aware of their published deadline dates.

6.8.2   Add each item to a year-end provision schedule
All outstanding claims should be charged to the OLD year, therefore add each item to an appropriate creditor year-end provisions schedule

Completed	

6.9 March pay forms

6.9.1 Send OLD year pay forms (eg supply teacher claims etc) to your Payroll provider

To ensure payment with the April Salaries, prepare all OLD year pay forms and send to your Payroll provider to arrive as per their published timetable/deadlines. Any pay forms received AFTER the deadline will be paid with the May salary.

Send to your usual payroll contact address.

6.9.2 Add each item to a year-end provision schedule

All outstanding claims should be charged to the OLD year, therefore add each item to an appropriate creditor year-end provisions schedule.

Completed	

6.10 Interest/charges – bank transfer – VA schools

This process is for voluntary aided schools using separate, interest bearing bank account/s for their Capital funding.

6.10.1 Identify interest / charges between Capital and Formula Budget bank accounts

The interest received or the charges incurred are deemed by the DfE not to be Capital. Although not vital, it has been recommended that the net balance of any interest/charges be transferred between the relevant bank accounts. This is to ensure that the Capital bank account, at year-end, reflects the balance on the Capital Funds in FMS6. If the money has already been transferred between the bank accounts these procedures are not required.

6.10.2 Raise a cash book journal to transfer to the appropriate account

For net interest:
Pay from the VA Capital bank account (by cheque or bank transfer) the amount of the net interest received in the current year into the Formula bank account.

For net charges:
Pay from the Formula bank account (by cheque or bank transfer) the amount of the net charges paid in the current year into the VA Capital bank account.

Process a cash book journal in the OLD year
- Focus
- General Ledger
- Manual Journal Processing
- **Add (+)** at the top of the screen
- **Cash Book**

❑ **Next**

<u>Posting detail and narrative</u>
- ❑ Period **12**
- ❑ Enter **narrative**
- ❑ **Next**
- ❑ **Spy Glass** on the right of the Ledger Code box
- ❑ Highlight **Formula Bank Account**
- ❑ Enter **reference** (this will appear on the bank reconciliation)
- ❑ **Next**
- ❑ **Finish**

<u>Journal lines</u>
- ❑ **Add (+)** on the right
- ❑ Enter the **ledger code** for the **VA Capital Bank Account**
- ❑ Enter **amount** of the transfer
- ❑ **Credit** (net interest) or **debit** (net charges)
- ❑ Enter **narrative**
- ❑ **Update & Close**
- ❑ **Disk**
- ❑ **Post** at the top right of the screen

IMPORTANT NOTE: interest received or the charges incurred on the Capital account are deemed by the DfE not to be Capital income or expenditure. Any interest earned or charges incurred on these accounts should be processed in FMS6 against revenue codes I08-01 for interest and E22-01 for charges.

Completed	

7.   From 1 April 2017 – Financial Year 2017/18 starts

The following routines will specify whether you should be in the OLD or NEW YEAR. It is recommended that you complete the routines in the suggested sequence. This will ensure that all relevant information is correct in your accounts.

When using FMS6 you will need to select the year you wish to work on:

2016   OLD financial year   **2017/18**
2017   NEW financial year   **2017/18**
Check the year (in the bottom right hand corner of your screen) BEFORE you commence any routines.

To select/change year
❑ Focus
❑ Change Financial Year
❑ Highlight **Year** required
❑ **Select**

7.1   Unauthorised invoices & credit notes

Before you process the final March VAT return for the OLD year you must check your system for 'unauthorised' invoices. These will need to be authorised or deleted if no longer required along with any corresponding orders.
Please note that once the 1st preliminary closure has been undertaken then all VAT reports must be accessed via the New Year.
❑ Focus
❑ Accounts Payable
❑ Invoice / Credit Note
❑ **Spy Glass** to the right of Status
❑ **Unauthorised**
❑ **Select**
● All Unauthorised Invoices and Credit Notes will be displayed
❑ Select either **Authorise Invoice / Credit Note** or **Cancel Invoice / Credit Note** at the top right of the screen

NOTE: If any of the invoices are not needed and are cancelled, there may be corresponding purchase orders that will also need cancelling

❑ Focus
❑ Accounts Payable
❑ Purchase Order
❑ **Spy Glass** to the right of Status
❑ Highlight purchase order to be deleted
❑ **Cancel Order/Clear Remaining Order Commitment**

7.2 Unauthorised purchase orders

Investigate any unauthorised purchase orders remaining on your system. These can be deleted if no longer required, authorised for payment or transferred to the next financial year as required.

- ❑ Focus
- ❑ Accounts Payable
- ❑ Purchase Orders
- ❑ **Spy Glass** to the right of View
- ❑ **Unauthorised**
- ❑ **Select**
- • All unauthorised purchase orders will be listed

Select either

- ❑ **Authorise Current Order**
- ❑ **Delete Record** (minus sign at the top of the screen)
- ❑ **Move Current Order to Next/Previous Year** at the top right of the screen

Completed	

7.3 OLD year VAT returns

Prepare and upload, via the VAT 4 Schools system, all outstanding OLD year VAT returns in the usual way. If these have been uploaded by 10 April 2017 this will be reimbursed with your April advance. Any claims received after this date will be reimbursed with your May advance.

Full guidance is available on KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, VAT and Income Tax.**
Select **VAT Automation,** procedure notes 42 & 43.

NOTE for procedure note 42: For Period 12, Step 4, the **'Close the Current Period'** process will be replaced by the **'Preliminary Closure'**. See next section.

NOTE: All invoices dated April **MUST** be processed in the NEW financial year

Completed	

7.4 First preliminary closure

NOTE: ensure the most recent system backup was successful BEFORE starting this procedure

7.4.1 Remove CFR functionality in the OLD year

As the ledger codes used by Kent schools are in CFR format you do not need to use the year-end CFR mapping report in FMS6. You will not be able to complete your preliminary closure unless you remove the tick for CFR Functionality.

- ❑ Tools
- ❑ Establishment Details
- ❑ **Worksheet 3: System Parameters**
- ❑ Remove the tick for CFR Functionality (if necessary)
- ❑ **Save**

7.4.2 Run a preliminary closure in the OLD year

A preliminary closure calculates the closing figures for each fund and transfers them as opening balances into the NEW YEAR. It transfers outstanding orders, invoices and unreconciled cheques into the NEW YEAR and has the following effect in the OLD year:

Period 12 is CLOSED and period 13 is OPENED

NOW UNAVAILABLE
Order, invoice, credit note and cheque processing
Income and accounts receivable routines
Normal and cash book journals
VAT reimbursement and VAT transfer journals
Budget changes
Bank reconciliation

AVAILABLE
Year-end adjustment journals
Year-end adjustment REVERSING journals

The first preliminary closure can only be completed if all the processes on FMS6 are up-to-date. It will FAIL if any of the following are detected:
- CFR functionality is ticked
- Unposted journals, petty cash or income

Run a preliminary closure (close period 12) in the OLD year
- ❑ Tools
- ❑ Define Financial Years
- ❑ Define/Edit Years
- ❑ Highlight the Year to be closed – **2016**
- ❑ **Preliminary Close**

- The system will perform checks on transaction types and databases
- TICKS indicate items that have PASSED, CROSSES indicate FAILS

If items have FAILED the checks:
- ❑ **Report** (to produce a report detailing the failed transactions)
- ❑ **Cancel** (after the report has printed)
- ❑ **Cancel** (to exit) from the Define Years screen

- ❑ Make the corrections for the items identified on the report and re-run the preliminary closure routine

- ❑ Tools
- ❑ Define Financial Years
- ❑ Define/Edit Years
- ❑ Highlight the Year to be closed – **2016**
- ❑ **Preliminary Close**

- The system will re-check transaction types and databases

When ALL items have PASSED the checks:
- ❑ **Continue**
- ❑ **Transfer All Central Invoices**
- ❑ **Continue**

- The system will re-check data

NOTE: The final check on this list can sometimes take a few minutes

- ❑ **Perform Close**

- Message – "If you choose to continue the year will be preliminarily closed, this operation is not reversible. Are you sure you wish to continue?"

- ❑ **Yes**

- Year 2016 'State' is now **Closed – Not Finalized** and the system is now in PERIOD 13 year 2016 (bottom right hand of screen)

- ❑ **Save**

Completed	

7.5 Creditors / debtors / expenditure prepayments & income prepayments

These are transactions required/raised in FMS6 to ensure that expenditure and income are accounted for in the right financial year. See examples below:

Creditors: transactions processed for goods and/or services received up to the 31 March but the invoice not received in time to process in the OLD year. Example: on 28 March you received goods for approximately £120 but the invoice has not arrived. NOTE: for credit notes you will need to CREDIT the expenditure ledger code and DEBIT YECREDIT (revenue) or YECAPCRE (capital). The coding entries would be:

CFR Code	Description	Cost Centre	Debit	Credit
E19-01	Books	H01	120.00	
YECREDIT (Revenue) or YECAPCRE (Capital)				120.00

Debtors: transactions processed for goods and/or services provided up to the 31 March but the income has not been received in time to process in the OLD year. A Debtor must only be raised if you are sure you will receive the money. Example: a letting took place in school on 25 March but the income of £155 has not yet been received. The coding entries would be:

CFR Code	Description	Cost Centre	Debit	Credit
I08-01	Lettings	K08		155.00
YEDEBTOR (Revenue) or YECAPDEB (Capital)			155.00	

NOTE: DEBTORS <u>MUST NOT</u> BE RAISED FOR INVOICES ALREADY PROCESSED THROUGH ACCOUNTS RECEIVABLE IN THE OLD YEAR AS THIS WILL OVERSTATE YOUR ROLLOVER

Expenditure prepayments: transactions raised for invoices processed in the OLD year but the goods and/or services will not be received until AFTER 31 March. Example: an invoice for £250 was processed on FMS6 in February for examinations to be taken in July. The coding entries would be:

CFR Code	Description	Cost Centre	Debit	Credit
E21-01	Exam Fees	J01		250.00
YEEXPRE			250.00	

Income prepayments: transactions raised for income received in the OLD year but the goods and/or services will be performed AFTER 31 March. Example: a deposit of £150 was received on the 17 March for a letting booked for June. The coding entries would be:

CFR Code	Description	Cost Centre	Debit	Credit
I08-01	Lettings	K08	150.00	

YEINCPRE	150.00

7.5.1 Identify creditors / debtors / expenditure prepayments / income prepayment

They should be raised for all funds and categories of expenditure or income, for example:

- LM Formula Budget
- Devolved Capital – Capital creditors MUST be processed against the Capital year-end creditor control code YECAPCRE
- Outstanding supply claims
- Excepted items
- Unresolved queries
- Exam/course fees (if paid in advance these will be expenditure prepayments)
- Deposit for lettings (if paid in advance for the next financial year will be income prepayments
- Purchase card transactions

7.5.2 Check last year's year-end provision schedule/s for outstanding items

Check outstanding items that may need to be re-raised, for example, if the invoice has still not been received. This must be repeated each year until the invoice is processed or the liability for the payment elapses (after 6 years).

7.5.3 Complete year-end provision schedule/s

Complete separate schedules where necessary for your creditors/debtors etc. with copies of supporting documentation, for example: delivery note, sales invoice or signed statement on headed paper. You may choose to list any Capital creditors on a separate schedule. A blank Year-end provisions schedule is available on KELSI under **Closedown**

NOTE: these schedules are for your own records and are NOT a statutory return; however all paperwork and evidence must be completed and kept in school as they may need to be produced on request as part of the closedown process as well as part of a compliance / audit visit.

It is good accounting practice to include on each schedule:
- Name of supplier/debtor
- Date of goods received/service performed/received
- Reference numbers
- Net amount (excluding VAT)
- Ledger code
- Cost centre
- Fund code

If the exact amounts are not known, process each transaction using an estimate. Any difference will be charged/credited to the NEW YEAR. **These transactions must be for the NET amount ONLY (excluding VAT).**

7.5.4 Process year-end creditors / debtors in the OLD year

These must be processed as **Year-end adjustment reversing journals**. Each transaction can be processed as individual lines on one journal or as separate journals for each. The following instructions are for revenue transactions but the same procedures can be followed for Capital creditors using appropriate Capital ledger codes and the Capital year-end creditor control code YECAPCRE

Process year-end adjustment reversing journals in the OLD year
- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing
- ❑ **Add (+)** at the top on the screen
- ❑ **Year-end Adjustment Reversing**
- ❑ **Next**

Posting details and narrative
- ❑ Check the Period is 13 Y/E
- ❑ Enter **narrative**
- ❑ Tag **Next Year – 2017**
- ❑ **Spy Glass** on right of the Reversal Period box
- ❑ Highlight the Reversal Period **1 Apr**
- ❑ **Select**
- ❑ **Next**
- ❑ **Finish**

Enter the journal lines
- ❑ **Add (+)** on the right

- ❑ ******   Enter **ledger code**
- ❑ Enter **fund**
- ❑ Enter **cost centre**
- ❑ Enter **amount**
- ❑ **Debit** or **credit** (see examples)
- ❑ Enter **narrative**
- ❑ **Update & Next Line**
- ❑ Repeat from ****** as necessary for each transaction or:
- ❑ Enter **appropriate year-end control code** (see examples)
- ❑ Enter **amount**
- ❑ **Debit** or **credit** (see examples)
- ❑ Enter **narrative**
- ❑ **Update & Close**
- ❑ **Disk** at the top of the screen
- ❑ **Post** at the top right of the screen

7.5.5 Process the invoices / income in the NEW year where necessary
NOTE: for creditors and debtors ONLY in the NEW YEAR

Once received, the invoices or income should be processed in the NEW YEAR in the usual way using the same codes used for the creditor / debtor journal.

When the creditor/debtor journal was processed in the old year entries would have been posted to a control code (eg y/e credit). Providing *reversing* journals were processed, FMS6 would automatically clear these control codes and post an entry to the relevant CFR code in the NEW Year. This entry will then be negated when the actual invoice or income is processed through the accounts in the New Year.

Completed	

7.6 Devolved Capital Fund 62 (63&64 for VA Schools)
NOTE: for ALL Schools who receive Devolved Capital – including Voluntary Aided

It is important that Devolved Capital is correctly recorded on Capital ledger codes. Creditors and debtors must be set up where appropriate.

7.6.1 Browse or print cost centre summary report/s for Fund 62 (63 & 64 for VA) in the OLD year
- ❑ Reports
- ❑ General Ledger
- ❑ Transactions
- ❑ Cost Centre Summary Transactions
- ❑ Cost Centre Summary by Cost Centre
- ❑ Check the Year is 2016
- ❑ **Spy Glass** on the right of the Fund box
- ❑ Highlight **Fund 62 (or 63)**
- ❑ **Select**
- ❑ **OK** (to browse the report)
- ❑ **Print Report** (to select the page range)
- ❑ **Print** (to produce the report) **or**:
- ❑ **Down Arrow** at the top of the screen to scroll to the last page with the Grand Totals

7.6.2 Check and note the grand total of the actual column
This is the remaining balance for 2016/17

NOTE: the balance for Fund 64 must be ZERO

7.6.3 Eliminate overspends in the OLD year:
If the fund is in deficit (i.e. Total is debit – no leading minus) you may need to make a Revenue Contribution to cover it. Debit E30, Fund 01 and Credit CI04, Fund 62 or 63.

Note: There may be a valid deficit for those schools who currently have a Capital or Salix Loan.

7.6.4 Reverse unspent Fund 01 Revenue contributions to Capital Fund 62 or 63 in the OLD year
Any Revenue Contributions to Capital that have been made (which should only be made with Governor Approval) MUST be spent in the year of transfer. Any unspent contributions MUST be transferred back into Fund 01 unless specifically instructed otherwise.

Example: a Revenue Contribution to Capital of £10,000 was made in the OLD year to help fund a project but only £7.500 of it was spent. Raise a Year-end Adjustment journal to transfer £2,500 back to Revenue (Fund 01). The journal entries would be:

CFR Code	Description	Cost Centre	Debit	Credit
CI04-62	Direct Revenue Fin	CAPINC	2500.00	
E30-01	Direct Revenue Fin	J06		2500.00

If you have made any changes:
Re browse/print a cost centre summary report to check and note the grand total of the actual column. This figure is required for this year's Capital Matrix. Document the reason for the changes.

7.6.5 Make a note of any unspent donations
Identify and note the amount of any donations which haven't been fully spent in this year. This figure is required for this year's Capital Matrix.

Completed	

7.7 Second preliminary closure

When you are satisfied that your system is totally up to date you should carry out a second preliminary closure of the OLD year. It calculates the closing balances (rollovers) for each fund and transfers them into the NEW YEAR as opening balances.

IMPORTANT NOTE: ensure the most recent system backup was successful BEFORE starting this procedure

7.7.1 Run a second preliminary closure in the OLD year

❑ Tools
❑ Define Financial Years
❑ Define/Edit Years
❑ Highlight the Year to be closed – **2016**
❑ **Preliminary Close**
• The system will perform checks on a number of transaction types
• TICKS indicate transactions that have PASSED, CROSSES indicate FAILS

If items have FAILED the checks:
❑ **Report** (to produce a report detailing the failed transactions)
❑ **Cancel** (after the report has printed)
❑ **Cancel** (to exit) from the Define Years screen
❑ Make the corrections for the items identified on the report and re-run the preliminary close routine
❑ Tools
❑ Define Financial Years
❑ Define/Edit Years
❑ Highlight the Year to be closed – **2016**
❑ **Preliminary Close**
• The system will re-check all transaction types

When ALL items have PASSED the checks:
❑ **Continue**
❑ **Transfer All Central Invoices**
❑ **Continue**
• The system will perform several routines

❑ **Report** (to produce a report of the transactions to be transferred)
❑ **Perform Close**
❑ **Save**

If more adjustments are made, a further preliminary close will need to be carried out (if you have added another Cost Centre after performing a preliminary closedown – see Appendix 1). Schools can do as many preliminary closes as they need.

Completed	

7.8 Final OLD year KCC Income & Expenditure report

7.8.1 Print the KCC Income & Expenditure report in the OLD year
- ❑ Reports
- ❑ General Ledger
- ❑ User Defined Reports
- ❑ Highlight **KCC Income & Expenditure Report**
- ❑ **Produce Report** top right of screen (to browse the report)
- ❑ **Print Report** (to select page range)
- ❑ **Print**

7.8.2 Check the figures and correct where necessary in the OLD year
Grand Totals – MUST be ZERO in the actual column. Please see the FMS6 Health Check pack or contact the SFS Team for further advice.

Income codes – Each income ledger code must have a CREDIT balance, which are displayed on FMS6 as a minus.

Expenditure codes – Each expenditure ledger code must have a DEBIT balance

Zero balances – Review codes with ZERO balances to ensure that transactions have not been miscoded

Codes used for making a revenue contribution to Capital – The amount for ledger code E30 (Fund 01) must be equal and opposite the amount on ledger code CI04 (for all Capital Funds)

Community focussed extended schools codes – The expenditure against codes E31 and E32 must not exceed the income recorded against I16 and I17 plus any rollover b/f from last year's community focussed balance code B06. The b/f B06 figure is on page 4 of last year's oracle outturn report and should have been recorded on last year's Analysis of Year-end Revenue Balances

Any codes with incorrect balances should be investigated and amended BEFORE you submit your final accounts.

Raise Year-end adjustment journals to correct where necessary.

If you have made changes to any codes you will need to re-print and check the report. You may also need to re-check and note Capital balances.

It is very important that the KCC Reconciliation report, the KCC Income & Expenditure report and the Unreconciled Transaction listing are printed / produced at the same time

7.8.3   Export & save the KCC Income & Expenditure report for the OLD year as an Excel file

- ❑ Reports
- ❑ General Ledger
- ❑ User Defined Reports
- ❑ Highlight **KCC Income & Expenditure Report**
- ❑ **Produce Report** top of screen (to browse the report)
- ❑ Select **Export to Disk** top right
- ❑ **Spy Glass** on the right of the Format box
- ❑ **Comma Separated Values Format (CSV)**
- ❑ **Select**
- ❑ **OK**
- ❑ **Down Arrow** on the right of the Save In box
- ❑ Save the report in an appropriate directory in Excel
- ❑ **Save**

7.8.4 Print the KCC Income & Expenditure report for the OLD year

Following on from the steps listed above:

- ❑ **Print Report** top right of screen (select the page range)
- ❑ **Print**

The printed report is required to complete the Analysis of Year-end Revenue Balances form and is also a compliance requirement.

7.8.5   Email the report to the SFS Returns Team to arrive no later than 20 April 2017

The report saved in Excel can now be sent as an attachment by email, with all other year-end electronic returns, to the SFS Team.

schoolfinancereturns@kent.gov.uk

NOTE: The SUBJECT TITLE of the email must read:

DfE Number, School name and Closedown

Completed	

7.9 Final OLD year KCC Reconciliation report

Ensure you have printed and checked the final OLD year KCC Income & Expenditure Report before you continue (see previous section).

It is very important that the KCC Reconciliation report, the KCC Income & Expenditure report and the Unreconciled Transaction Listing are printed / produced at the same time.

7.9.1   Print KCC Reconciliation report in the OLD year

- ❑ Reports
- ❑ General Ledger
- ❑ User Defined Reports
- ❑ Highlight **KCC Reconciliation Report**
- ❑ **Produce Report** top right of screen (to browse the report)
- ❑ **Print Report** (to select page range)
- ❑ **Print**

7.9.2   Check the OLD year KCC Reconciliation report

The CHECK TOTAL must be zero in the actual column. Contact the Schools Financial Services Team for further advice or see the FMS6 Health Check pack.

7.9.3   Print the Unreconciled Transactions Listing/s in the OLD year

- ❑ Reports
- ❑ General Ledger
- ❑ Bank
- ❑ Unreconciled Transaction Listing
- ❑ **Spy Glass** on the right of the Bank Account box
- ❑ Highlight the **Bank Account**
- ❑ **Select**
- ❑ Transaction Date range leave **BLANK**
- ❑ **OK** (to browse the report)
- ❑ **Print Report** (to select page range)
- ❑ **Print**

7.9.4   Complete the manual reconciliation, balancing to the PENNY

This report must be signed by the Head Teacher and a copy kept for school files.

7.9.5   E-mail a scanned version to the SFS Returns Team to arrive no later than 20 April 2017

E-mail a scanned version of the completed, signed report with signed copies of the relevant Bank statements, showing the final balances to 16 March 2017 (or 31 March if available), to the SFS Team. Keep signed copies for your records.

Separate instructions will accompany the forms that have been uploaded to KELSI

Completed	

7.10 Community focussed school balances
For those schools running community focused school activities only

7.10.1 Download and complete the community focussed school balances form
Log onto KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Financial Returns.**

Select the Community focussed school balance form and save in an appropriate directory as an Excel file.
Some fields will show as #N/A until you enter the DfE number

Enter the four digit DfE Number. The following information will default onto the form:-
School name
The Balance brought forward from last year as per the Oracle outturn report 2015/16 (B06)

Using the Final KCC Income & Expenditure report complete the information for CFR income codes I16 & I17 and CFR expenditure codes E31 & E32. For all sections of the form, enter Expenditure as positive and Income as negative (leading minus). Pennies MUST be included.

NOTE: The balance to be carried forward MUST be a credit (leading minus) or zero

7.10.2 Save the completed form
Save the completed form as an Excel document and print a copy to be kept for your records.

7.10.3 Email the completed form to the SFS Returns Team to arrive no later than 20 April 2017.

Completed	

7.11 Analysis of year-end revenue balances

This form is used to calculate the year-end revenue balances to be reported to the DfE.

You will need a copy of the Final OLD year KCC Reconciliation report to complete this form.

NOTE: This form is NOT for Capital Funds

For definitions of balance codes B01, B02 and B06 refer to the Consistent financial reporting (CFR) online guide: 2016-17 section of the DfE website. The link to this is here.

https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr

Balance Control Mechanism

Schools are allowed to carry forward a reserve of no more than 5% for secondary schools and 8% for Pupil Referral Units and primary schools, of the Formula Budget for CFR codes I01, I02, I03, I05 & I18 as at the end of the financial year 2016/17. They may also retain amounts for any items deemed to be exceptions as agreed by SFS. (Unspent Collaborative Funding has been included as an exception). Special Schools are exempt from the BCM. **Please see full details on KELSI**.

7.11.1   Download & complete Analysis of year-end revenue balances

Log onto KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Financial Returns.**

Select the Analysis of year-end revenue balances form and save in an appropriate directory as an Excel file. Some fields will show as #N/A until you enter the DfE number

You will need a copy of the Final OLD year KCC Reconciliation Report to complete this form.

Enter the four digit DfE Number. The following information will default onto the form:
School name
Data for Row B – Allowable Balance Control Mechanism (BCM) Surplus

Formulas have been added wherever possible.

For all sections of the form, enter Expenditure as positive and Income as negative (leading minus). Pennies MUST be included.

<u>Section 1:</u>

Salix Loans – enter the total outstanding balance of any Salix Loan as at the end of the Financial Year.

The outstanding balance for the Salix Loan can be obtained from the Control code on either the Income or Expenditure report or within the Control Code section of the KCC Reconciliation Report. This should be entered as a negative figure.

Universal Infant Free School Meals (UIFSM) – enter the amount of any year-end adjustment that was included on your year-end adjustment schedules. If a credit amount has been posted to I18 then enter as a negative figure. Conversely if a debit amount has been posted to I18 then enter as a positive figure.

<u>Section 2</u>:

This section records the closing balances for 2016/17 for Revenue Funds to be carried forward as rollovers to 2017/18.

Use a leading minus for surplus balances.

Row	Description	Final OLD year Reconciliation report
A	Total Revenue funds rollover carried forward (c/f)	The total of the Current Position, Actual Column for **all** revenue funds (i.e. non Capital).
B	Allowable surplus (plus figure in F if applicable)	This figure will default onto the form
C	Amount over the BCM	This will calculate the difference between rows A and B

Section 3:

Detailed analysis of Total Revenue Funds rollover
This section is for detailing your committed and uncommitted balances using the available figure above in row A.
Enter all figures as debits (no leading minus) in this section.

Row	Description	Notes
D	Community Focused School Balance 2016/17	Enter the balance to be carried forward as per the Community focused school balances form 2016/17 (see previous section)
E	Unspent Collaborative Funding –per financial year it was received	Enter the total of any unspent collaborative funding – as per your return to the School Improvement Advisor
F	Revenue Contribution to Capital project in 2017/18	Enter any contribution the school is going to make to a capital project in 2017/18. The details, including the date funds will be spent, need to be given in the space at the bottom of the form.
G	Other commitments that are exempt from BCM e.g. late allocations, other grants i.e. teaching schools	Enter any other commitments that are exempt from BCM. The details, including the date funds will be spent, need to be given in the space at the bottom of the form.
H	Commitments that are over the BCM and not included in E,F and G	If the total of E, F and G do not cover the amount over the BCM in C then enter any other commitments here.
I	Remaining Committed	Enter the total of any remaining commitments for the balance detailed above (row A).
J	Total Uncommitted	Enter here the total uncommitted figures (A less G and H)
K	**Total of Section 3**	**This section will calculate automatically. This amount must be the same as Row A**

Section 4:

Analysis of rows E, F, G and H (if over BCM)-

This section only needs to be completed if the schools have amounts in rows E, F G and/or H.

L	Total of section 3 categories allowable over BCM (if necessary).	**This section will calculate automatically and should be equal to or higher than row A above.** This will collate rows E, F,G and H (as these will be allowable as BCM exemptions this year). This amount will be monitored by Schools Financial Services throughout 2017/18 and may still be clawed back at the end of the financial year if it is not spent.

Brief description of rows E, F, G and H (if applicable)
If any amounts have been included in rows E, F, G and/or H then a brief description must be entered here together with a date for when the funds are expected to be spent.

Throughout the 2017/18 financial year this will be analysed by Schools Financial Services via the statutory returns and schools will be expected to spend any 2016/17 BCM excess prior to the end of March 2018. Any school that does not spend their excess on the stated purpose will need to produce documentation for a panel decision to determine whether the money can be kept by the school or clawed back by the Local Authority. The panel will consist of members of Delegated Formula Funding Group.

7.11.2 Save the completed form
Save the completed form as an excel document and print a copy to be kept in the school for your records.

7.11.3 Email to the SFS Returns Team to arrive no later than 20 April 2017
Email the completed, saved form to the SFS Team to the email address detailed at the end of this section.

Completed	

7.12 Capital matrix
For ALL schools including Voluntary Aided
NIL Returns are required.

The purpose of the Capital matrix is to calculate the Capital balances to be reported to the DfE. For details of Capital balances refer to the Consistent financial reporting (CFR) online guide: 2016-17 section of the DfE website. A link is [here](#).

https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr

You will need the following reports/details in order to complete the Capital matrix:
- The Final OLD year KCC Income & Expenditure report
- The Final OLD year KCC Reconciliation Report
- Noted amount/s of unspent Capital donations

Definitions of control codes B03 – B05:

Balance B03 – Devolved Formula Capital balance
This is the surplus/deficit balance of Devolved Capital (income coded to CI01 fund 62 or 63)

Balance B05 – Other Capital balance
This is the surplus of any voluntary or private income coded to CI03 for funds 62, 63.
Note – you cannot record a deficit carried forward balance against B05

7.12.1   Download and complete the Capital matrix

Go to KELSI. From the Home page, select **School Finance** from the menu on the left hand side. Select **Returns and Monitoring, Financial Returns.**

Select the Capital matrix and save in your own directory as an Excel file. Some fields will show as #N/A until you enter the DfE number

Enter the four digit, DfE Number. The School name will default into the form. Using the pale blue sections of the form enter expenditure as positive and income as negative (leading minus). Pennies **MUST** be included.

Section 1 – Capital balances brought forward(B03 and B05)
These figures will default onto the form and be totalled in Section 1 once the DFE number has been entered. The section 1 totals will match those on last years Capital Matrix and the Oracle Outturn report.

Section 2 – Capital Income
Complete this section using the OLD year final KCC Income and Expenditure Report

Line	Description	Final OLD year KCC Income & Expenditure report, Actual column
CI01	Capital Income	Enter the amounts for each Capital income code, splitting across the Columns and by fund where necessary. NOTE: Income coded to CI04 must be FULLY spent
CI03	Voluntary or Private Income	
CI04	Direct Revenue Financing	
Total 2 Capital Income		This will calculate the total income for each column.

Section 3 – Capital Expenditure

Complete this section using the OLD year final KCC Income and Expenditure report.

Line	Description	Final OLD year KCC Income & Expenditure report, Actual column
CE01	Acquisition of land & existing buildings	Enter the amounts for each expenditure code, splitting across the Columns and by fund where necessary.
CE02	New construction & renovation	
CE03	Vehicles, plant, equipment & machinery	
CE04	ICT	
Total 3 Capital Expenditure		This will calculate the total expenditure for each column

Section 4 – Capital Balances c/f

This section will calculate the balances to be carried forward for each column

Total 4 Surplus/Deficit	**Notes**
B03 Devolved Formula Capital Balances c/f	Total of unspent Devolved Capital
B05 Other Capital Balances c/f	Total of any unspent voluntary or private capital income
Fund 64 c/f	The carried forward balance for Fund 64 MUST be zero

NOTES:
- Any error messages in red should be addressed prior to emailing the completed document to SFS Returns team.
- Potential unspent devolved Capital will show in lilac boxes. This is for information only and will alert you to any potential clawback due to funding not being spent within the stipulated timeframe.
- E30 (fund 01) to CI04 (fund 62/64). All contributions from Revenue to Capital must have been spent in the financial year on a Capital project or used to finance KCC Loan repayments.

7.12.2 Save the completed form
Save the completed form as an excel document and print a copy to be kept for your records.

7.12.3 Email to the SFS Returns Team to arrive no later than 20 April 2017
Email the completed saved form to the SFS Team to schoolfinancereturns@kent.gov.uk

Completed	

Deadline Thursday 20 April 2017

Email the following returns to the SFS Returns Team to arrive no later than 20 April 2017, although earlier returns would be appreciated. Keep a copy of all returns for your records

Important: Hard copies of documents will not be accepted.

KCC Reconciliation Report – Final OLD Year	These 3 returns must be **Signed, Scanned and Emailed**
March bank statement/s	
Unreconciled transaction listing/s at 31/03/17	Note: signed copies must be kept in the schools
Capital matrix	
Community focussed school balances	The **excel spreadsheet** of these 4 returns must be **Emailed.**
Analysis of year-end revenue balances	
KCC Income & Expenditure Report – Final OLD year (must be Excel CSV)	

Email to: **schoolfinancereturns@kent.gov.uk**

The SUBJECT TITLE of the email must read:
4 digit DfE number, School name, Closedown

8. From 1 April 2017 onwards

8.1   Oracle outturn report

You will be sent an Oracle outturn report detailing the balances now held on Oracle, relating to your school, once the SFS Returns team have processed and uploaded your final accounts. This report **MUST** be checked against your records immediately. It is recommended that this report be presented, scrutinised and minuted by the Full Governing Body once checked against your records.

NOTE: Oracle is the Statutory Book of Accounts and will be considered to be correct. The information held on Oracle will be used to determine the school's financial position, which will be reported to the DfE. Any differences to FMS6 must be investigated and reported to the SFS Team to be amended in Oracle IMMEDIATELY.

8.1.1   Check the Oracle outturn report against the Final OLD year KCC Income & Expenditure report, CFR codes

Using the Oracle outturn report, check the figures for the CFR codes in the 'Actuals for Year to Date' column, agree to the ACTUAL FIGURES on your Final OLD year KCC Income & Expenditure Report (or the total of the ledger codes if linked to more than one Fund).

8.1.2   Check the Oracle report, balance codes – B01 to B06

Check the Oracle outturn report balance codes (last page of the report) agree to the figures calculated on the Capital matrix, the Analysis of year-end revenue balances and the Community focussed extended school balances form.

<u>Code</u>	<u>Schedule</u>	<u>Amount</u>	<u>Agrees to Oracle</u>
B01	Committed Revenue – Analysis Y/E Rev	£_____	_____
B02	Uncommitted Revenue – Analysis Y/E Rev	£_____	_____
B03	Devolved Formula Capital – Capital Matrix	£_____	_____
B05	Other Capital – Capital Matrix	£_____	_____
B06	Community Focused School Balances	£_____	_____

IMPORTANT NOTE: If your records and the Oracle outturn report do NOT agree contact the SFS Returns Team immediately on 03000 415415

8.2 Final closure

Completion of the final closure for the OLD year will transfer all closing balances (rollovers) into the NEW year as opening balances. The final closure process will take some time and your system should not be interrupted when it is performing the routines.

IMPORTANT NOTE: ensure the most recent system backup was successful BEFORE starting this procedure. You should ONLY undertake a final closure of the year if your FMS6 Rollover figures AGREE to the ORACLE figures – see previous section

8.2.1 Run a final closure for 2016/17 in the OLD year
- ❑ Tools
- ❑ Define Financial Years
- ❑ Define/Edit Years
- ❑ Highlight the Year to be Closed: – **2016 Closed – Not Finalized**
- ❑ **Final Close**
- • The system will perform checks on a number of transaction types:

TICKS indicate transactions that have PASSED, CROSSES indicate FAILS.

If any items have FAILED the checks:
- ❑ **Report** (produce a report detailing the failed transactions)
- ❑ **Cancel** (after the report has printed)
- ❑ **Cancel** (to exit)
- ❑ Make the corrections for the items identified on the report and re-run the **Final Close** routine

- ❑ Tools
- ❑ Define Financial Years
- ❑ Define/Edit Years
- ❑ Highlight the Year to be Closed: – **2016 Closed – Not Finalized**
- ❑ **Final Close**
- • The system will re-check a number of transaction types:

If / when ALL items have PASSED the checks:
- ❑ **Continue**
- • The system will perform further checking routines
- ❑ **Report** (to produce a report of the transactions to be transferred)
- ❑ **Perform Close**
- ❑ Message – If you choose to continue the year will be finally closed, this operation is not reversible. Are you sure you wish to continue?
- ❑ **Yes**
- ❑ Year **2016** will now show as **Finalized**
- ❑ **Save**

NOTE: the system will now be in the OLD year but the period number is no longer displayed (bottom right of screen)

Completed	

8.3 Brought forward balances (rollovers) in the NEW year

When FMS6 is closed at the end of the year the closing balance (rollover) for a fund is automatically coded to a corresponding FD Fund Code in the NEW year. For example: FD01, FD62 etc. It is important to check that the figures brought forward into the NEW year are correct and agree to those reported in the final accounts

For this section you will need to have the following:
- KCC Income & Expenditure report printed in the NEW year
- Final OLD year KCC Reconciliation report
- Capital matrix 2016/17

8.3.1 Print KCC Income & Expenditure report in the NEW year
- ❑ Reports
- ❑ General Ledger
- ❑ User Defined Reports
- ❑ Highlight **KCC Income & Expenditure report**
- ❑ **Produce Report** top right of screen (to browse the report)
- ❑ **Print Report** (to select page range)
- ❑ **Print**

8.3.2 Check the rollovers in the NEW year
Using the Final KCC Reconciliation report (Current Position Figures) and the Capital matrix complete the table below and check the rollovers against the NEW year KCC Income & Expenditure Report; FD Codes, Actual Figures

NOTE: this check can only be carried out once the Final Closure of the OLD year has been completed

Fund Code	Schedule	Rollover as at 31 March 2017		Checked to I&E report FD codes
		Surplus	Deficit	
FD01	KCC rec report	£_____	£_____	_____
FD62/63	Capital Matrix	£_____	£_____	_____
FD64	Capital Matrix	Not Allowed	Not Allowed	s/b zero

Completed	

8.4 Transfer surplus rollovers in the NEW year

For deficit rollovers see the next section.

Transferring rollovers from fund code FD to ledger code ROVER in the NEW year will enable you to select the rollover figure whenever you run a Cost Centre Summary Report by fund. This process is also necessary if you intend to use the Budget Planning Software (BPS).

NOTE: the amounts transferred must be the whole figure **including pennies**

Using the tick box below and the Actual Figures on the NEW year KCC Income & Expenditure report printed in the previous section; follow the 5 stages for each fund where applicable: Full instructions are detailed on the following pages.

Stages

	Funds	
	01	**62/63**
1. Decrease Fund Allocation		
2. Process a Fund to Bank Journal		
3. Process a Cash Book Journal		
4. Check FD, FC & ROVER, Actual figures		
5. Reconcile the Bank Transactions		

The following codes will be used:

Fund	**Fund code**	**Control code**	**Ledger code**
LM Formula (inc. Standards Fund)	FD01	FC01	ROVER-01
Devolved Capital 62 or 63	FD62/63	FC62/63	ROVER-62/63

8.4.1   Decrease fund allocation in the NEW year

This process will DEBIT the FD code (FD now ZERO) and CREDIT the corresponding FC code which will clear to ZERO in the next stage.

- ❑ Focus
- ❑ Budget Management
- ❑ Fund Allocation
- ❑ Double click appropriate **Fund**
- ❑ **Worksheet 1: Basic**
- ❑ **Decrease Allocation**
- ❑ Enter the full amount of the rollover including pennies
- ❑ The Period will default to current month
- ❑ Enter **narrative**
- ❑ **Save**
- ❑ Message – Are you sure you wish to decrease the Fund by "*xx*"
- ❑ **Yes**

8.4.2   Process a fund to bank journal in the NEW year

This process will DEBIT the FC code (FC now ZERO) and CREDIT the BANK control code.

- ❑ Focus
- ❑ Budget Management
- ❑ Fund to Bank Journal
- ❑ **Add (+)** at the top of the screen
- ❑ **Decrease Bank**
- ❑ **Select**
- ❑ **Spy Glass** on the right of the Period box
- ❑ Highlight the **Current Period**
- ❑ **Select**
- ❑ Select correct **bank account** (change if necessary using the spy glass)
- ❑ **Spy Glass** on the right of the Fund box
- ❑ Highlight appropriate **Fund**
- ❑ **Select**
- ❑ Enter **Full Amount** of the rollover including pennies
- ❑ Enter **narrative**
- ❑ **Disk** at the top of the screen
- ❑ Message – Are you sure you wish to post this journal?
- ❑ **Yes**
- ❑ Message – This journal has been successfully posted
- ❑ **OK**

8.4.3   Process a cash book journal in the NEW year

This process will DEBIT the BANK control code and create a CREDIT against the ROVER ledger code.

- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing
- ❑ **Add (+)** at the top of the screen
- ❑ **Cash Book**
- ❑ **Next**

<u>Posting details and narrative</u>
- ❑ The Period will default to the current month
- ❑ Enter **narrative**
- ❑ **Next**
- ❑ **Spy Glass** on the right of the Ledger Code box
- ❑ Highlight the correct **Bank Account**
- ❑ **Select**
- ❑ Enter **reference** (this will appear on the bank reconciliation)
- ❑ **Next**
- ❑ **Finish**

<u>Journal Lines</u>
- ❑ **Add (+)** on the right
- ❑ Enter the Ledger Code: ROVER
- ❑ VAT code should be **Non-business rated** change if necessary at this point or see procedure note to change the default at ledger code level
- ❑ Enter the appropriate Fund
- ❑ Enter the Cost Centre
- ❑ Enter the full amount of the rollover including pennies
- ❑ **Credit**
- ❑ Enter **narrative**
- ❑ **Update & Close**
- ❑ **Disk** at the top of the screen
- ❑ **Post** at the top right of the screen

8.4.4 Check the control codes, actual figures in the NEW year

Re-browse the KCC Income & Expenditure Report in the NEW year to check the ACTUAL Totals for ALL FD fund codes and ALL FC control codes are now ZERO. Check the ACTUAL totals for the rollover codes (ROVER) for each fund show the correct figures b/f from the OLD year. A surplus rollover is a negative (leading minus).

8.4.5 Reconcile the bank transactions in the NEW year

Stages 9.4.2 & 9.4.3 above create two equal and opposite bank transactions against ledger code BANK and will show as unreconciled transactions in FMS6. Reconcile these entries on your first bank statement for the NEW year.

IMPORTANT NOTE: If any FD or FC control codes are still showing a balance, contact the Schools Financial Services Team

Completed	

8.5 Transfer deficit rollovers in the NEW year

For surplus rollovers see previous section.

Transferring rollovers from fund code FD to ledger code ROVER in the NEW year will enable you to select the rollover figure whenever you run a Cost Centre Summary Report by fund. This process is also necessary if you intend to use the Budget Planning Software (BPS).

NOTE: the amounts transferred must be the whole figure **including pennies**

Using the tick box below and the Actual Figures on the NEW year KCC Income & Expenditure report printed in the previous section; follow the 5 stages for each fund where applicable: Full instructions are detailed on the following pages.

Stages

	Funds	
	01	**62/63**
1. Increase Fund Allocation		
2. Process a Fund to Bank Journal		
3. Process a Cash Book Journal		
4. Check FD, FC & ROVERDEF, Actual figures		
5. Reconcile the Bank Transactions		

The following codes will be used:

Fund	**Fund Code**	**Control Code**	**Ledger Code**
LM Formula (inc.Standards Fund)	FD01	FC01	ROVERDEF-01
Devolved Capital	FD62/63	FC62/63	ROVERDEF-62/63

NOTE: if you need to set-up a ROVERDEF Ledger Code, contact the SFS team for the following procedure notes:

Procedure Note 16 – To Add Ledger Code ROVERDEF-62/63
Procedure Note 17 – To Add Ledger Code ROVERDEF-01

8.5.1 Increase fund allocation in the NEW year

This process will CREDIT the FD code (FD now ZERO) and DEBIT the corresponding FC code which will clear to ZERO in the next stage.

- ❑ Focus
- ❑ Budget Management
- ❑ Fund Allocation
- ❑ Double click the **Fund**
- ❑ **Worksheet 1: Basic**
- ❑ **Increase Allocation**
- ❑ Enter the **Full Amount** of the deficit rollover including pennies
- ❑ The Period will default to current month
- ❑ Enter **narrative**
- ❑ **Save**
- ❑ Message – Are you sure you wish to increase the Fund by *"xx"*
- ❑ **Yes**

8.5.2 Process a fund to bank journal in the NEW year

This process will CREDIT the FC code (FC now ZERO) and DEBIT the BANK control code.

- ❑ Focus
- ❑ Budget Management
- ❑ Fund to Bank Journal
- ❑ **Add (+)** at the top of the screen
- ❑ **Increase Bank**
- ❑ **Select**
- ❑ **Spy Glass** on the right of the Period box
- ❑ Highlight the **Current Period**
- ❑ **Select**
- ❑ Select correct **bank account** (change if necessary using the spy glass)
- ❑ **Spy Glass** on the right of the Fund box
- ❑ Highlight **Fund Control Code**
- ❑ **Select**
- ❑ Enter the **Full Amount** of the Deficit Rollover including pennies
- ❑ Enter a narrative
- ❑ **Disk** at the top of the screen
- ❑ Message – Are you sure you wish to post this journal?
- ❑ **Yes**
- ❑ Message – This journal has been successfully posted
- ❑ **OK**

8.5.3 Process a cash book journal in the NEW year

This process will CREDIT the BANK control code and create a DEBIT against the ROVERDEF ledger code.

- ❑ Focus
- ❑ General Ledger
- ❑ Manual Journal Processing
- ❑ **Add (+)** at the top of the screen
- ❑ **Cash Book**
- ❑ **Next**

<u>Posting details and narrative</u>
- ❑ The Period will default to current month
- ❑ Enter **narrative**
- ❑ **Next**
- ❑ **Spy Glass** on the right of the Ledger Code box
- ❑ Highlight the correct **Bank Account**
- ❑ **Select**
- ❑ Enter **reference** (this will appear on the bank reconciliation)
- ❑ **Next**
- ❑ **Finish**

<u>Enter the journal lines</u>
- ❑ **Add (+)** on the right
- ❑ Enter the Ledger Code: ROVERDEF
- ❑ VAT code should be **Non-business rated** change if necessary at this point or see recent procedure note to change the default at ledger code level
- ❑ Enter the appropriate Fund
- ❑ Enter the Cost Centre
- ❑ Enter the **full amount** of the deficit rollover including pennies
- ❑ **Debit**
- ❑ Enter **narrative**
- ❑ **Update & Close**
- ❑ **Disk** at the top of the screen
- ❑ **Post** at the top right of the screen

8.5.4 Check the control codes, actual figures in the NEW year

Re-browse the KCC Income & Expenditure Report in the NEW year. Check the ACTUAL Totals for ALL FD fund codes and ALL FC control codes are now ZERO. Check the ACTUAL Totals for the deficit rollover codes (ROVERDEF) show the correct figure b/f from the OLD year. A deficit rollover is a positive (no leading minus).

8.5.5 Reconcile the bank transactions in the NEW year

Stages 9.5.2 & 9.5.3 above create two equal and opposite bank transactions against ledger code BANK and will show as unreconciled transactions in FMS. Reconcile these entries on your first bank statement for the NEW year.

IMPORTANT NOTE: If any FD or FC control codes are still showing a balance, contact the SFS Team

Completed	

8.6 Year-end control codes

All journals processed in the OLD year for year-end creditors, debtors etc. should have now been reversed in the NEW year automatically. The balances on the year-end control codes in the NEW year should now be ZERO.

Using the New Year KCC Income & Expenditure report printed for the 'Check b/f balances (rollovers) in the NEW year' section, check the ACTUAL figures for the following codes.

Code	**Description**	**Now ZERO NEW year I&E?**
YECAPCRE	Year-End Capital Creditors	
YECAPDEB	Year End Capital Debtors	
YECREDIT	Year-End Revenue Creditors	
YEDEBTOR	Year-End Debtors	
YEEXPPRE	Year-End Expenditure Prepayments	
YEINCPRE	Year-End Income Prepayments	

<u>If the totals are not ZERO</u>
This may indicate debtors and/or creditors, for the previous year, which may not have been reversed. You may need to check transactions in the OLD year.

Completed	

Appendix 1 - Year End Processing and Transfer of New Cost Centres

Schools and academies using FMS6 need to be aware that any new cost centre/ledger codes set up after the preliminary closure in the 'OLD' year will need to be transferred to the 'NEW' Year manually. These new cost centre/ledger codes are not transferred when a Preliminary Close is completed.

The 'NEW' Year would already have been opened. The route to view this is:

❑   Tools
❑   Define Financial Years
❑   Define/Edit Years

The process to move new codes manually is detailed below. The route to do this is:

❑   Tools
❑   Define Financial Years
❑   Update Next Year's Structures

Schools Financial Services
                      Closedown 2016/17 & New Year Guidance Pack
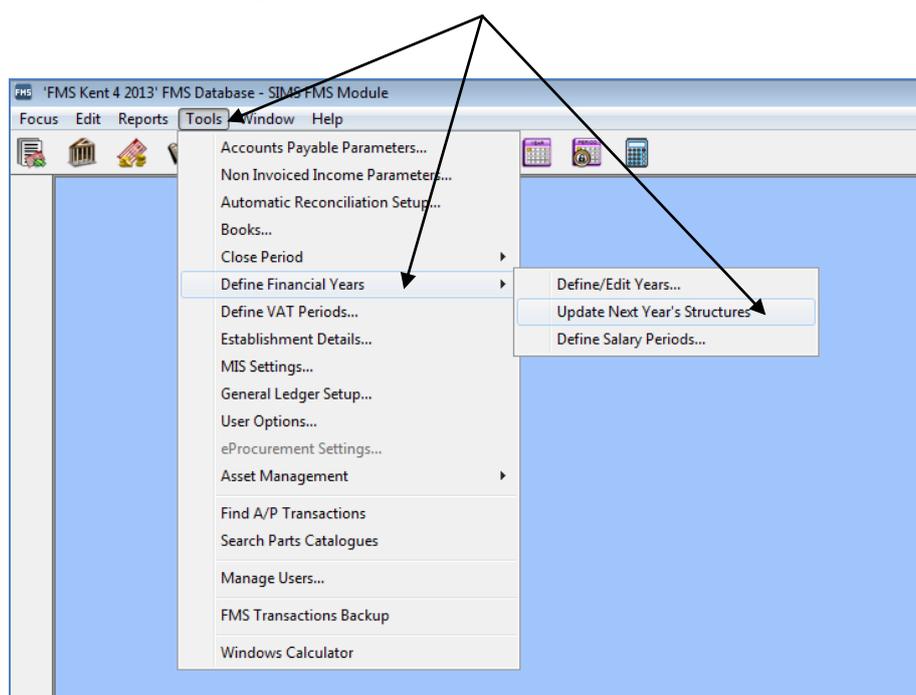
You will then be presented with the following screen:
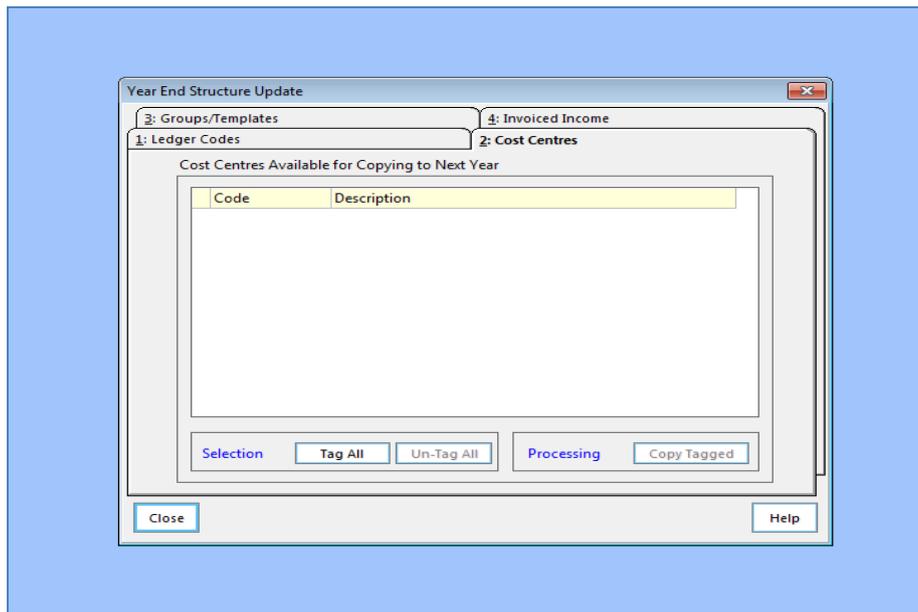
This screen will detail any new cost centre/ledger codes which have been set up during the year.

In the screen print below, you will see that the Cost Centres tab has been selected.

E14 has been set up as a new cost centre during the 'OLD' year.
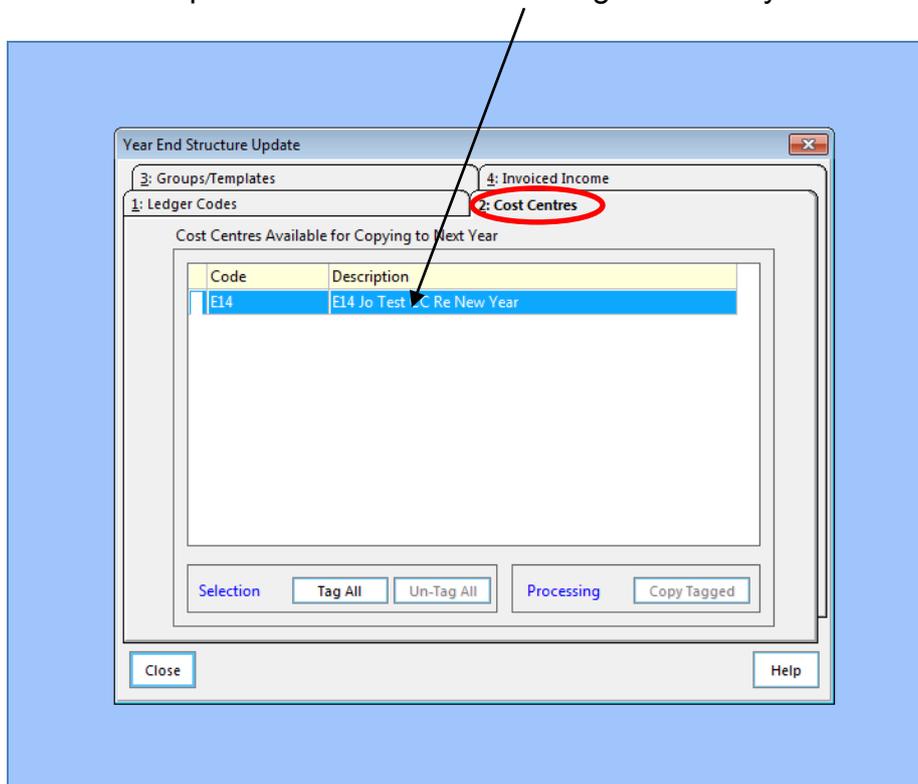
Click to the left of the new cost centre or use the 'Tag All' button to tag any cost centre/s to be transferred. Click on the 'Copy Tagged' button. Once this has been completed, click on the 'Close' button. All new Cost Centres will have been transferred to the 'NEW' Year.
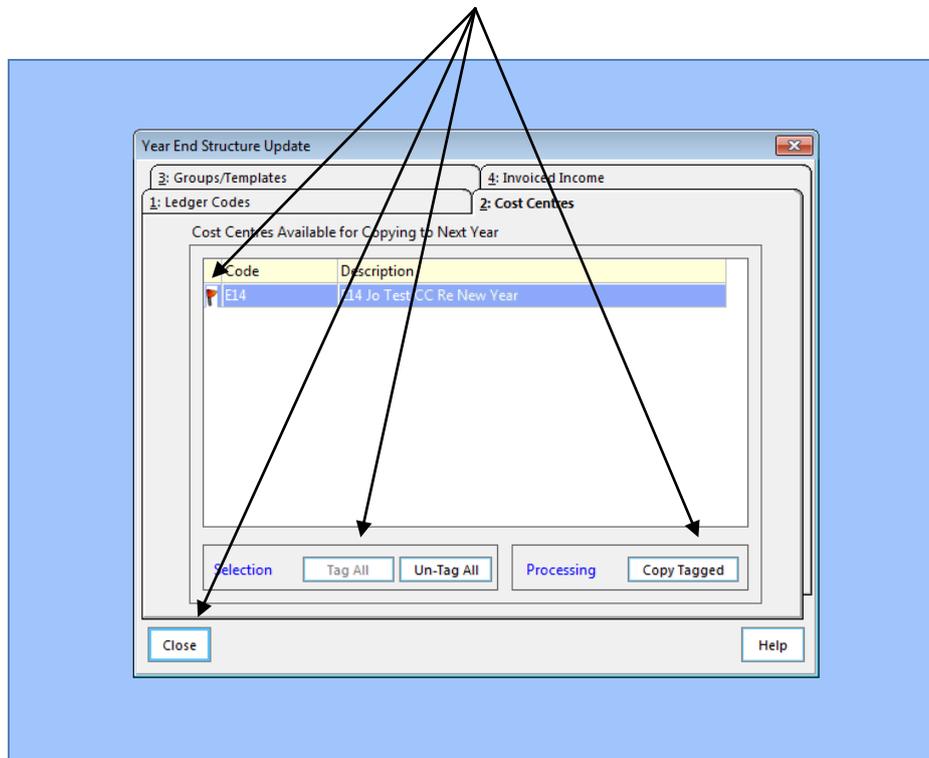
You may also wish to check the other three tabs to ensure that there are no Ledger Codes, Groups/Templates or Invoiced Income which need to be transferred to the 'New' Year.