

A6. Accounting Procedures

Preamble

The school accounts maintained by the FBP CEF on the central accounting system form part of the statutory accounts of the local authority and as such they must be prepared in accordance with statutory requirements. In addition to these central accounting records all schools operating under the Scheme for Financing Schools may use only local accounting systems, approved by the FBP CEF. These will also form a subsidiary part of the local authority's statutory accounts. These Financial Regulations seek to ensure that the central and local accounting records, where appropriate, are prepared on a consistent basis in line with statutory requirements, including those, again where appropriate, relate to accounting for VAT.

Regulations

- 6.1. The local authority is required, under the Section 21(2) of Local Government Act 2003, to follow "proper accounting practices". In order to help ensure this, all financial accounting systems operated by the local authority shall be subject to the approval by the CFO, who with the FBP CEF are responsible for the continuous production of financial management information. This responsibility will also include the production of financial guidance and instructions relating to accounting practices.
- 6.2. Schools shall use only those local accounting systems that have been approved¹ by the FBP CEF and they shall be operated in accordance with guidelines and instructions issued from time to time by the CFO and the FBP CEF².
- 6.3. Schools are required to assist the CFO and the FBP CEF in maintaining the local authority's statutory accounts and monitoring systems by supplying such information as they require and ensuring that the information input to the central accounting system is accurate.
- 6.4. Where there is a need to reconcile one accounting system with another, such tasks shall be completed in a timely manner³. All discrepancies should be corrected or adjusted within a short period of time.
- 6.5. The accounts maintained by the FBP CEF, under Section 151 responsibilities are the local authority's statutory accounts⁴ and the amount

¹ Current approved main accounting system is SAP.

² Financial records will be kept in accordance with published time scales.

³ Minimum reconciliation is at least monthly.

of a school's income and expenditure for a financial year shall be determined solely by reference to these statutory accounts. Details of income and expenditure processed through any approved local system shall be forwarded to the Education Finance Service as requested and in the manner approved by the FBP CEF. Financial instructions will set out the required form and content of accounts and a suitable timetable established to enable the local authority's Statement of Accounts to be produced.

- 6.6. All data to be processed by 'central services' on behalf of schools, or by staff in schools, shall conform to any timetable defined by both the CFO and the FBP CEF. Activities subject to such deadlines will include:
- budget preparation
 - final budget plan
 - budget monitoring reports
 - preparation of interim / final accounts
 - income sources
 - write-offs
 - grant claim submissions
 - resource allocation formula data
 - statistical data (including Consistent Financial Reporting, CIPFA statistics, DfE and other Government Departments)
- 6.7. Schools must comply with the VAT regulations detailed in the VAT Act 1994 and subsequent amendments. Detailed guidance on the application of the VAT regulations in schools is set out in the Tax and VAT Manual issued by Hampshire County Council on behalf of the CFO and is available to all schools. General responsibilities concerning accounting for VAT are set out in A23 Value Added Tax of these Financial Regulations.

⁴ Statutory accounts as held on SAP and used to produce Section 52 Outturn Statement.