

Date: 6th March 2018
Enquiries to: Schools' Accountancy Team
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To: Headteachers of all Maintained Suffolk Schools, Special Schools, PRUs and Highfield Nursery

LMS Document No. 2018/01

Dear Colleagues

SCHOOLS FINANCIAL YEAR-END – MARCH 2018

As with previous years this letter will act as a refresher to confirm key dates for the 2017-18 financial year-end.

The closure processes remain unchanged for the 2017-18 financial year-end, however please consider the Easter Holidays again this year which will impact on some of the key dates and deadlines.

Included below are reminders for schools on the statutory requirements of these key activities and timelines. Further guidance will be made available during the first few weeks of March on the [Suffolk Learning website](#), including a comprehensive timetable of deadlines that must be complied with. Also provided in this letter is an annual update on Payments to Individuals Outside Payroll and their Employment Status.

Key activities and timelines

- It is essential that headteachers make adequate arrangements to ensure that the following tasks can be successfully completed on or by the required dates in order that carry forwards are correctly stated and statutory deadlines met.
- Headteachers will need to make arrangements for finance staff to be available on Tuesday 3rd April in order that the school's March 2018 VAT file is submitted electronically via AVCO/Anycomm's to the Local Authority. **It's not possible to submit the vat files before 1st April.** The deadline is early again this year to fit in with corporate deadlines relating to the earlier completion of Suffolk County Councils statutory accounts. If for any reason schools cannot meet this deadline and fail to submit their VAT file, this will result in a 'reconciling item' timing difference for year end and carry forward figures.
- Schools will also be required to submit **Petty Cash and Aged Debtors reports** which relates to their completed 'Bank Reconciliation Data Sheet' on Thursday 29th March and **Step 1 & Step 2** must be submitted by Friday 20th April. **Step 3** to be completed and submitted on Wednesday 25th April.

- All schools must submit a year-end adjustment (Listed Creditors, Listed Debtors, Receipts and Payments in Advance) or where these are not required or permitted, schools must ensure that a nil return form is submitted.
- The deadline for submission of schools year-end adjustments including nil returns is Friday 23rd March. Schools will be notified via Schools' Choice FAQs as soon as the year-end adjustment forms and year-end guidance are available on Suffolk Learning (uploaded during March).
- Full guidance on listed entries will be included in the Year-End Guidance, with further updates in FAQs as and when required.
- Schools will be required to retain evidence of listed entry requests which may be inspected by External Auditors, Internal Audit or the Schools Accountancy Team at a future date and must be made available if requested.
- The de minimus for schools year-end adjustments (listed entries for both Capital and Revenue) will remain at £1,000 for the closure of the 2017-18 financial year. This was increased for the 2016-17 financial year to bring in to line with corporate guidelines. The de minimus of £1,000 is per single transaction and entries cannot be added together to achieve this value.
- Schools are permitted to request Listed Creditors/Debtors for Capital in addition to Revenue. Separate forms will be available for this and full details will be provided in the Year-End Guidance. Further guidance can be found on Suffolk Learning. If you are still unsure of the classification please email the details through to the Strategy and Accounts Team:
financestrategyandaccounts@suffolk.gov.uk
- **Schools will be required to submit listed entries for services delivered by Vertas e.g. grounds services, catering service, cleaning/caretaking, procurement where they meet the criteria e.g. are in excess of £1,000.**
- Schools will be required to provide evidence to the Schools Accountancy Team to support any year-end adjustment request in excess of £50,000; submissions will not be processed until appropriate evidence has been received. Schools must update the front sheet of the listed entry for any evidence submitted; these will be available from Suffolk Learning. Examples of appropriate evidence will be included in the year-end guidance.

****UPDATE** Payments to Individuals Outside Payroll and their Employment Status**

This is a reminder to schools on action required before paying individuals outside payroll, to undertake tasks or provide services. Before engaging them it is vital to follow HMRC's guidance to determine their employment status, (i.e. Employed or self-employed). HMRC provide a checking tool to determine employment status, based on the circumstances that an individual is being engaged by a school. This tool can be found with associated guidance at: <https://www.gov.uk/guidance/check-employment-status-for-tax>

HMRC require employers, including schools, to be able to evidence that they have correctly determined the employment status of individuals paid outside payroll. Schools could face significant penalties from HMRC if not compliant which could result in a School's budget becoming liable for tax and National Insurance contributions which HMRC deem should have been paid. Therefore, evidence of the check's outcome should be retained (the outcome page may be saved or printed).

Please also note that new HMRC "IR35" intermediaries legislation came into effect from April 2017; combating tax avoidance by workers supplying services to clients via an intermediary, (e.g. through their own limited company), who would otherwise be an employee if an intermediary was not used. The online HMRC tool and guidance above should also be used to determine if the IR35 legislation applies when engaging an intermediary. If it is deemed that the intermediaries' legislation does apply to the engagement, Income Tax (PAYE) and Employee's National Insurance needs to be deducted from payments made to the company, and Employer's National Insurance paid by the school as employer. Further guidance will shortly be issued to schools by Suffolk County Council to clarify their obligations under this recent change.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sonya Harban', with a small flourish at the end.

Sonya Harban

Finance Business Partner - CYP