



National College for  
Teaching & Leadership

# **Accounts Guidance Notes 2012/13**

**September 2013**

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# Guidance notes for the 2012/13 Annual Accounts return

This guidance is intended as a reference for providers when completing the annual accounts return. A copy of this document can be found on the [DfE website](#)

## Why we ask providers to complete accounts

The National College for Teaching & Leadership (NCTL) requires the audited annual accounts to monitor the financial status of all Initial Teacher Training Providers (ITT), and to know how NCTL funds have been spent. Completion and audit of annual accounts is a requirement of the Financial Memorandum. Therefore, each year Providers should submit independently audited accounts to the NCTL by 31 December.

## What to complete and when

All ITT Providers (except for those who receive funding for Postgraduate Professional Development (PPD) only) must complete annual accounts. A Responsible Officer, now known as the Accounting Officer (AO), contact must have been set up (see Financial Memorandum), and the AO should submit the completed document to their auditors. For tracking purposes, all Providers must record the date that the accounts are sent to auditors. A summary is listed beneath under the heading 'Submission Checklist'. The accounts are required to be prepared on an accrual basis. The statements should be independently audited and signed by the Chair of the governing body (or equivalent) and the Accounting Officer.

**The AO must work with the auditors to ensure that the signed and certified accounts are submitted to the NCTL by 31 December 2013 at the latest.** It is the responsibility of the provider to ensure that this deadline is met. Please note that except in exceptional circumstances, amendments cannot be made once the report is signed off by the auditors.

Please refer to the checklist below, which explains the documents you need to complete and the respective deadlines.

## Who to contact for additional information and help

For general information regarding the Accounts Template please refer to the list of frequently asked questions at the end of this document. If you have any specific queries please contact [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk)

## Submission checklist

Please note that the completed audited Accounts Template and the AGR must be returned to the NCTL in the **excel format** provided, to allow for automatic upload of key data by the NCTL on receipt.

To authenticate the signatures please also provide a copy of the audited and signed Accounts Template and AGR in **PDF format**.

Submissions via email to be sent to [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk)

## Section 1 – HEIs or HEI-led Providers

### Mainstream ITT providers (funding issued under a 1000 series provider number only)

Complete the audit grant report and send to Auditors in good time for the final signed audited return to be sent to the NCTL by 31 December 2013. Please ensure that the audited AGR is submitted electronically, using the NCTL excel template, to the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

To authenticate the signatures please also email a copy of the audited and signed audit grant report in PDF format.

Please email annual accounts in the usual format, or by providing a link to the relevant website if applicable, to reach the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

The annual accounts must account for the funding received from the NCTL. Our expectation is that if HEIs wish to submit their published accounts then the NCTL funding should be shown separately in the Notes to the accounts and explanation should be provided.

### Employment-based ITT (EBITT) providers (funding including GTP issued under a 3000 series provider number)

Complete the audit grant report and send to Auditors in good time for the final signed audited return to be sent to the NCTL by 31 December 2013. Please ensure that the audited AGR is submitted electronically, using the NCTL excel template, to the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

To authenticate the signatures please also email a copy of the audited and signed audit grant report in PDF format.

Please email annual accounts in the usual format, or by providing a link to the relevant website if applicable, to reach the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

The annual accounts must account for the funding received from the NCTL. Our expectation is that if HEIs wish to submit their published accounts then the NCTL funding should be shown separately in the Notes to the accounts and explanation should be provided.

## **Audit Report (Management Letter)**

A copy of any external auditors' report (management letter), which has not been attached to the accounts but contains recommendations and/or management response, should be sent to the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox along with a copy of the audited financial statements.

## **Section 2 – Non HEI-led Providers**

### **Mainstream ITT (SCITT) providers**

Complete the accounts template and audit grant report using the NCTL excel templates provided and send to Auditors in good time for the final signed audited returns to be sent to the NCTL by 31 December 2013.

Please ensure that the audited accounts template and the AGR are submitted electronically using the NCTL excel template to reach the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

To authenticate the signatures please also email a copy of the audited and signed accounts template and audit grant report in PDF format by 31 December 2013

### **Employment-based ITT (EBITT) providers**

Complete the accounts template and audit grant report using the NCTL excel templates provided and send to Auditors in good time for the final signed audited returns to be sent to the NCTL by 31 December 2013.

Please ensure that the audited accounts template and the AGR are submitted electronically using the NCTL excel template to reach the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

To authenticate the signatures please also email a copy of the audited and signed accounts template and audit grant report in PDF format by 31 December 2013

## Postgraduate Professional Development (PPD) only providers

Complete the audit grant report (AGR) using the NCTL excel template; it should be signed by the Accounting Officer and sent to the NCTL by 31 December 2013.

Please ensure that the AGR is submitted electronically using the NCTL excel template to the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox by 31 December 2013.

To authenticate the signatures please also email a PDF copy of the signed audit grant report by 31 December 2013.

### Audit Report (Management Letter)

A copy of any external auditors' report (management letter), which has not been attached to the accounts but contains recommendations and/or management response, should be sent to the [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk) mailbox along with a copy of the audited financial statements.

## Section 3 - Academic Year 2012/13

The annual accounts template has been left blank for SCITTs and non-HEI led EBITTs. There is no pre-population of data from the AGR across to the annual accounts as providers are ultimately responsible to the NCTL for the proper stewardship of the funds paid to them. The requirements include keeping proper accounting records and preparation of accounts, consistent with NCTL requirements, as set out in the financial memorandum and in accordance with generally accepted accounting principles (UK and IFRS). The requirement to submit audited annual accounts is in accordance with the requirements of Part 1 of the financial memorandum.

## Section 4 - Completion of the Annual Accounts template

Within the first tab 'cover' there is a drop down menu so the provider name can be selected, this will automatically show the corresponding provider ID number(s) and will filter the information through to all the other pages within the workbook.

SCITT providers are required to complete the contact information; statement of governing body responsibility, report of the auditors, and statements of Income and Expenditure (I&E) and Financial Position plus all notes headed 'Mainstream'.

Non-HEI EBITT providers are required to complete the contact information; statement of governing body responsibility, report of the auditors, and statements of Income and Expenditure (I&E) and Financial Position plus all notes headed 'EBITT'.

Jointly accredited SCITT and Non-HEI EBITT providers are required to complete the contact information, statement of governing body responsibility, report of the auditors, and statements of Income and Expenditure (I&E) and Financial Position plus all notes headed 'Mainstream', and statements of Income and Expenditure (I&E) and Financial Position plus all notes headed 'EBITT'.

Work on the accounts format should commence after the AGR has been completed, this is to facilitate the fact that Providers will be able to use the AGR figures to help compile their annual accounts.

All figures included in the Accounts should be completed on an accruals basis. For a definition of accruals please see the frequently asked questions.

Please ensure that all details have been entered on the contact information sheet, that the statement of governing body responsibility has been dated and that the statements of Income and Expenditure (I&E) and Financial Position have been signed by both the Chair of the Governing Body and the Accounting Officer, and that the report of the auditors has been signed and dated by the auditors.

Accounting Officer is required to ensure that financial transactions are accurately recorded and that full supporting documentation is retained. A full audit trail must be prepared including lead schedules and a full reconciliation, in compiling the accounts. Accounting Officer is also required to ensure regularity, propriety and value for money, and that the funds have been spent for the purposes intended.

## **Note 2 in NCTL income analysis (Mainstream and EBITT)**

This first section is only for NCTL income received via the payment profile, all other NCTL funding should be shown as a separate entry on the I&E under 'other NCTL funding'

The starting point for entering figures to complete the accounts template, after completion of the Audit Grant Report, will be the income analysis page at Note 2. Please note that this is accrued income and as such should only comprise income and adjustments that relate to the year of account (2012/13).

The trainee bursary funding should be separately identified, the same principles apply. The salary grant for EBITT trainees should not be separated out as it is more likely that some provision might be deferred. Providers will be aware that the salary grant funding must be separately identifiable within the accounting records and audit trail, and any balance clearly documented.

Any holdback that has been adjusted in-year through the payment profile should be included in this section. The EBITT holdback exercise for 2012/13 was brought forward to July 2013 and any resulting payments or recoveries via the payment profile should be recorded in this section.

The next two holdback sections are included to record any holdback adjustments that relate to the year of account that will be adjusted after the year-end (including any additional EBITT holdback adjustments not made in July 2013) and therefore have not been shown on the payment profile for the year. All adjustments notified by the NCTL concerning the year of account that are received during the period of accounts preparation, or are otherwise anticipated, should be added here. Please note that monies to be recovered from you should be recorded as a negative entry (to reduce overall NCTL income) and any additional monies to be paid by the NCTL, e.g. in respect of shortfall in bursary payment by the NCTL, should be recorded as positive values, to add to the total income.

You may have lines on the payment profile with the same title as some of the holdback lines, please note that these may relate to the prior year's allocation (GTP, RTP and OTTP holdback entries on the payment profile with an entry in December 2012 are prior year holdback adjustments, and therefore should have been taken into account in the 2011/12 accounts. (EBITT holdback entries on the payment profile for July 2013 relate to 2012/13 and need to be recorded in the first section of Note 2.).

There is a further line to allow entry of any other holdback adjustment that has not been included in the template. Several ITT Providers were invoiced for 2012/13 EBITT holdback recovery rather than receiving a recovery via the payment profile. Invoiced EBITT holdback recoveries need to be recorded in this section.

The final two sections relate to adjustments that will be made on the basis of any balances of ring-fenced funds identified in the AGR.

Identifying all of the funding streams in this way may make the format look more complex but it has been designed to improve the clarity of the audit trail, and to aid providers and the NCTL in reducing the scope for error.

## **Statement of Income and Expenditure (Mainstream and EBITT)**

Payment profile funding, holdbacks, and AGR adjustments identified in Note 2 by funding line should be aggregated into the appropriate headings, and there is provision to add any other NCTL funding or recovery (to be identified in a numbered note to the accounts).

Other NCTL funding relates to any monies received from the NCTL that are not included on Note 2. These should be detailed in a note to the accounts.

Other income – public funds should include funding from any other public sector body and also include any interest, profit or other return to the provider arising from its use of NCTL grant, which should be applied for the same purposes for which NCTL recurrent grant may be used.

Any income from self-funded trainees on EBITT schemes should be recorded in the line “Other income: non-public funds - identify separately in notes”, and detailed in the notes.

The deferred income lines on the I&E and Statement of Financial Position have been included to allow for cases where providers will not have completed the training for which funding has been provided within the year of account.

When analysing expenditure, where providers are jointly accredited for both mainstream and EBITT, and there are common costs incurred, e.g. building-related costs, employment costs, advertising where an advert would cover both mainstream and EBITT, guest speakers, etc., they may be apportioned between the two schemes by any reasonable method, to be outlined in the accounting policies note. This principle would also apply to staff costs where only part of the employee’s time was spent on ITT business. Examples of criteria which may be suitable to base apportionments of cost include number of staff, staff time, floor area, and number of trainees.

Please note that the staff costs figures should be consistent with the entries at note 3.

Whereas in the past providers have in the main written off capital spend to the I&E in the year of acquisition, some providers who had capitalised their assets had difficulty in completing the Statement of Financial Position, as the old format did not record fixed assets. A line has now been added to the Statement of Financial Position for Fixed Assets. It is expected that the majority of provider purchases from capital funds will continue to be recorded as inventory items, but the line for depreciation has been added for any that are capitalised.

As income recorded for bursary payment will have been adjusted for any holdback, recovery or additional payment due, it is expected that the adjusted income figure will equal the sum due to trainees for the year of account. Therefore the default position will be that bursary payment to trainees will equal the total training bursary income due for the year outlined in the income section.

## Statement of Financial Position (Mainstream and EBITT)

Within the Statement of Financial Position for Fixed Assets (any proportion funded by NCTL capital grant, if any), there is a corresponding line on the Statement of Income and Expenditure (I&E) for depreciation. It is appreciated that the majority of providers will not need to use these lines, as capital funding has been used in the main on smaller items below the capitalisation threshold (to be recorded on the inventory). These lines have been added to aid those providers who have capitalised assets and as a consequence have not been able to properly complete the old format Statement of Financial Position. Where there are any capitalised fixed assets, the accounting policies note should be expanded accordingly to note the terms of depreciation.

Capital expenditure detail must be retained by providers in the asset register and/or inventory list, and relevant disposals information should be recorded at note 4 to the accounts.

Bursary funding has been identified separately on the income analysis note and the I&E. Any residue to be recovered outstanding at 31 July (as shown on the AGR) will be included in the cash balance on the Statement of Financial Position and should be recorded in the designated NCTL bursary Creditor line. Any additional monies owed should be recorded in the designated NCTL bursary Debtor line.

The deferred income lines on the I&E and Statement of Financial Position have been included to allow for cases where providers will not have completed the training for which funding has been provided within the year of account. This should ensure that the reserves figures are not inflated artificially by committed spend.

It is expected that the surplus/deficit carried forward to the next year identified on the I&E should match exactly both the net assets total and the reserve total funds figure shown on the Statement of Financial Position. Any accounts submitted with a discrepancy showing will need to include a numbered note to the accounts to explain the difference in full.

## Notes to the accounts (Mainstream and EBITT)

Note 2 has been addressed under the separate heading above.

Note 3 is attached as a separate schedule to accommodate the tabular format. The 2 totals should agree and in turn should equal the figure entered on the I&E.

Additional notes should be added as required.

## Frequently asked Q & A

### **Q1. Why does the National College for Teaching & Leadership (NCTL) require the annual accounts of ITT providers?**

The NCTL requires the audited annual accounts to monitor the financial status of providers, and to know how NCTL funds have been spent. Completion and audit of annual accounts is a requirement of the Financial Memorandum.

### **Q2. Who should complete and sign the report?**

The Accounting Officer (AO) (formerly known as the Responsible Officer) may designate another officer to complete the accounts but must manage the process and must approve and sign the completed accounts, along with the chair of the governing body (or equivalent).

### **Q3. In what order should the form be completed?**

The accounts should be completed after the AGR has been completed, as these figures should be used to compile the annual accounts.

### **Q4. When should it be completed and sent?**

The final signed and **audited** version must be submitted by 31 December 2013. Providers must submit the accounts to their auditors promptly to allow sufficient time for audit and resolution of any queries. The completed accounts must be authorised by the designated Accounting Officer (AO).

The AO should work with the auditors to ensure that a signed and certified final audited copy of the report is submitted to the NCTL by 31 December 2013 at the latest.

Amendments cannot be made once the report is signed off by the auditors. The final version must be signed by the Provider's Chair (or equivalent) and Accounting Officer, and the Auditor, and must be forwarded in Excel format electronically to the NCTL [Financial.MONITORING@education.qsi.gov.uk](mailto:Financial.MONITORING@education.qsi.gov.uk) mailbox to arrive by the deadline of 31 December 2013.

Please note the additional requirement is to add a PDF copy of the audited EXCEL template to the email, this is to authenticate the signatures.

### **Q5. What would happen if the accounts are not audited and returned by the due date?**

Any failure to meet submission deadlines would be considered in the overall context of provider activity and may result in review of the provider's accreditation status. If a

provider feels that it may not meet the deadlines set it should contact the NCTL at the earliest opportunity.

## **Q6. Who should providers contact for queries?**

For any queries on completion of the accounts please contact [Financial.MONITORING@education.gsi.gov.uk](mailto:Financial.MONITORING@education.gsi.gov.uk).

## **Q7. What happens once the NCTL receives the returns?**

NCTL will record the details, and use the returns to aid in monitoring as part of its provider assurance arrangements.

## **Q8. What are the General Principles?**

The governing body (or equivalent) of the provider is responsible for the preparation of Audited Annual Financial Statements. In doing so it must adhere to best accounting practice, unless there are specific requirements imposed by the NCTL.

The Audited Annual Financial Statements should be prepared on the basis that the provider will continue in operational existence for the foreseeable future. In particular, the Statement of Financial Position is prepared on the assumption that there is no intention or necessity to liquidate or to curtail significantly the scale of operation of the provider. If there is any question with regards to future viability, the provider must inform the NCTL as a matter of urgency and the accounts must indicate the going concern status in the Accounting Policies Note.

The Statement of Income and Expenditure and Statement of Financial Position are prepared on the basis that revenue and costs are recognised when earned or incurred, not when money is received or paid. Revenue and costs are matched so far as a relationship can be established or justifiably assumed, and dealt with in the Income and Expenditure Statement of the period to which revenue and costs are recognised.

The annual accounts should provide accurate information to the NCTL on the provider and its funds, and enable the reader to gain a full and proper appreciation of the provider's financial transactions during the period and of the position of the funds at the period end.

## **Q9. What are accruals?**

The difference between cash and accruals accounting arrangements can be summarised as: Under cash accounting arrangements, expenditure is accounted for when payments are made. Similarly, receipts are credited to the account when they are received, regardless of when sums are due. The difference under accruals accounting arrangements is that transactions are recorded in the accounts of the period to which

they relate; which may or may not be the same period as that in which payments are made (or sums received). Accruals accounting ensures that expenditure and income is matched to the correct accounting period on the basis of when the expenditure was incurred (or income due) and not when it was paid (or received).

In practice, some organisations operate cash accounting system in-year for making payments and collecting receipts, only making the necessary accounting adjustments for accruals and prepayments at the year end and at other fixed points when they are required to give details of their financial position.

## **Q10. This organisation is an HEI or is HEI led – what should we submit?**

If you have just 1000 series provider number mainstream funding you may continue to send accounts for that funding stream in same format used in previous years but you must submit the NCTL format audited AGR.

If you have just 1000 & 7000 series provider number funding you may continue to send accounts for those funding streams in same format used in previous years but you must submit the NCTL format audited AGR.

If you have 3000 series EBITT provider number funding, and are not part of a HEI, you must submit the NCTL audited accounts format for the EBITT funding streams only (i.e. you do not have to complete the mainstream section unless you have funding issued under a 5000 series provider number funding stream). You must also submit the audited AGR for all funding streams.

If you have 1000 series mainstream and 3000 series EBITT provider number funding you may continue to send accounts for the 1000 funding stream in same format used in previous years but must submit the NCTL audited accounts format for the EBITT funding streams only (i.e. you do not have to complete the mainstream section unless your funding is issued under a 5000 series funding stream). We also need the audited AGR for all funding streams.

## **Q11. What shall I do about appointing an auditor following the closure of the Audit Commission?**

It is the Accounting Officer of the provider who must select and appoint an independent auditor and work with them to ensure that a signed and certified audited report is submitted electronically to the NCTL by 31 December 2013 at the latest. It is the responsibility of the provider to ensure that the deadline is met. We do not set any other deadlines i.e.) September



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