

Diocese of Hallam

Ledger for accounting for DFC and LCVAP grant income and expenditure - Instructions v3

The main purpose of this ledger is to assist in the accounting for DFC expenditure so that the annual 'assurance' return to the DCSF is based on verifiable figures. Keeping track of DFC expenditure can be complicated, particularly when LCVAP grant is also being received for some capital projects.

The ledger allows you to enter all DCSF grants received (whether DFC or LCVAP) as credits and enter all expenditure as debits. It gives the running balance of the AIB account.

(Please see the **worked example**).

Apportionment between DFC and LCVAP

To keep track of the separate values for DFC and LCVAP grant, you must apportion each credit and debit entry correctly.

For each debit and credit entry, you **must apportion the entry** between DFC and LCVAP. This is done by entering the actual value that should be apportioned to DFC in Column J. The spreadsheet then automatically calculates the apportionment value for LCVAP. If you do not enter a value in the DFC column, the full value of the credit or debit is apportioned to LCVAP.

Allied Irish Bank (AIB) balance

Column L shows the running balance of the AIB account. This can be verified when you receive your monthly bank statement from AIB and you can record the reconciliation in Column E.

Instructions for use

1. DFC carry forward:

- a. First entry of the year into Column I should be the AIB balance at the start of the new financial year.

Please be careful. If the balance in the AIB account includes both DFC grant and some LCVAP grant, you must apportion these correctly in Columns J and K. The value of the DFC apportionment should be the same figure as you have entered onto the annual Assurance Return to the DCSF).

If you have not received any LCVAP grant, the full value of the AIB balance should be apportioned to DFC in column J.

2. Income (credit) from DCSF grant:

- a. DFC grant: Normally there are two credits per year – May and July. Enter the amount in the Credit column I and then apportion the credit 100% to DFC by entering the value in column J. Also enter the value in the yellow highlighted cells in the Summary box below the main table (scroll down the page to cells 39 - 44).
- b. LCVAP grant: If a capital project has been allocated LCVAP grant, then when it is received into the AIB account enter the amount in the Credit column I and then apportion the credit 100% to LCVAP by entering "0" in column J. Record the DCSF reference in Column C.

3. Expenditure:

- a. Enter the date and name of the payee in Columns A and B (together with the invoice number for easy reference).
- b. Enter the cheque number drawn on the AIB account in Column D.
- c. Enter the full value of the invoice including VAT in Column F.
- d. The spreadsheet automatically calculates the 90/10% split. Only 90% of the value of the invoice should be paid from the AIB account. The remaining 10% must be funded from an account nominated by the Governing Body. Hence each payment should be made by issuing two cheques; one for 90% and one for 10%.
- e. Apportion the payment between DFC and LCVAP.
 - i. If the cost is being met entirely from DFC, the value is automatically entered in Column J.
 - ii. If the entire cost is being met from LCVAP, enter the value in Column K as a negative value. This automatically adjusts the value in Column J to zero.
 - iii. If the cost of any payment is divided between DFC and LCVAP, enter the actual value being met from LCVAP in Column K as a negative value. The spreadsheet then automatically re-calculates the value of the DFC funding shown in Column J.

Your architect/surveyor will be able to clarify how any invoice that should be apportioned between DFC and LCVAP.

4. Comment column:

- a. Use the Comment Column M to record any details about the entry to assist with your records.

“During year” checking

1. **LCVAP:** Where LCVAP is allocated to a project, the income and expenditure for the project should balance out both for each stage (or interim) contract payment and once the project is financially complete. Look at the value at the foot of Column K.
 - a. If this is zero, then there is no LCVAP grant receipt or a payment apportioned to LCVAP outstanding.
 - b. If this has a positive value, then you will have received an LCVAP grant but not made the corresponding payment(s) out to contractors or consultants.
 - c. If this has a negative value, you will have made a payment to a contractor or consultant but not yet received the corresponding LCVAP grant. This is most likely to occur towards the end of a project with LCVAP funding because the DCSF will only release the final 2.5% of the LCVAP grant allocated once all invoices are paid (including retentions), all payments received and the final cost report and final claim is submitted and approved by the DCSF.

2. **DFC:** The running balance of DFC available to meet project costs is shown at the foot of Column J.
 - a. NB: This is the current balance, but any commitments entered into for existing projects should be taken into account to determine the value of DFC available to meet the costs of any new projects.
 - b. The total of Column J should not be negative.
3. **“Check sum” box** (scroll down to rows 33 - 35). This shows the running balance of total income and expenditure from all grants and should always equal the AIB running total in Column L.

End of Year checking and completion of the DCSF Assurance return

One of the main purposes of this ledger is to assist schools in identifying how much DFC is spent during a financial year. This should enable schools to complete the annual DCSF Assurance return quickly and with confidence.

Provided all income and expenditure is apportioned correctly between DFC and LCVAP, the income and expenditure from DFC can be identified easily. If no projects have been allocated LCVAP grant, then all income and expenditure is from DFC grant.

The Summary box (scroll down the spreadsheet to rows 37 – 42) shows the summary of the DFC income and expenditure. At the end of the year, these figures can be used to complete the annual DCSF Assurance return. **NB: The two DFC grant payments received in the year need to be manually entered in the highlighted cells.**

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