PROCESSING OF NQT LOANS ON FMS

Loans are made available directly by schools to their Newly Qualified Teachers, where required.

Although it is possible to keep the balances of these loans on Payroll Control, for easier monitoring and more transparency for management and Governors, it is recommended that the loan balances are tracked within a cost centre.

Initially a payment of £1,500 is made to the Newly Qualified teacher and is then repaid in monthly instalments over the following year. The loan and repayments should not be posted as an individual's pay on FMS but journalled in and out of an NQT loan cost centre.

FMS set up

<u>Create a Cost Centre</u> "NQT Loan Balance " – it is recommended that as most schools have other employee costs cost centres in the 200s that this be given the cost centre number 203.

- o Tools
- General Ledger Set Up
- Tab 2 cost centres
- Click on paper icon



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• Complete next screen

o Save

Create a ledger code "A055 Other Employee Costs" if not already set up.

- \circ Tools
- o General Ledger Set Up
- Tab 5 Ledger codes
- Click on



- Choose ledger type Expenditure
- Choose ledger group Expenditure
- Choose Fund 01
- Enter A055 and Other Employee Costs
- Choose VAT Out of Scope
- o Save

Map ledger code

- \circ Tools
- General Ledger Set Up
- Tab 8 CFR mappings
- Scroll down and highlight E08
- Click on magnifying glass icon on the right hand side
- Highlight A055 on left and arrow over to the right
- \circ Update
- \circ Save

Link Cost centre and Ledger code

- \circ Tools
- o General Ledger Set Up
- Tab 6 C/Centre Ledger links

0	Click on	

- Choose cost centre at top and ledger code below
- Click on Create Links button

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E05	Administrative & clerical staff	A05	5-01 Other Employe	e Costs
E06	Catering staff	A0	1-01 Lump sum redu	undancy
E07	Cost of other staff	A0	2-01 Other severand	e payments
E08	Indirect employee expenses	A15	4-01 Staff council ta	x
E09	Development & training	▼ A2	8-01 Staff public tra	nsport 🗨
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Processing of loans

When a loan payment is made to an NQT this is not part of their pay and should <u>not</u> be processed as part of the payment to individual process.

There should be an entry on the left hand side for the total and a matching figure on the right hand side under the Normal Journals heading. If these do not appear then you will need to contact Dataplan for a revised reconciliation sheet. Values can be reconciled using the Departmental split report checking against the named individual.

SCHOOL NQT LOAN TO NQT	1500.00

The reconciliation sheet will then show the normal journal to be passed on the right hand side column.

SCHOOL NQT LOAN TO NQT1500.00CREDIT Payroll ControlDEBIT NQT Loan cost centre

Monthly processing of repayments

There should be an entry on the left hand side for the total and a matching figure on the right hand side under the Normal Journals heading. If these do not appear then you will need to contact Dataplan for a revised reconciliation sheet. Values can be reconciled using the Departmental split report checking against the named individual.

LBH NQT LOAN	0.00
SCHOOL NQT LOAN	125.00

Ensure that the amount appears next to School NQT Loan

This sheet will then show the normal journal to be done on the right hand side column.

SCHOOL NQT LOAN	125.00
DEBIT Payroll Control	
CREDIT NQT Loan cost centre	

By processing both the initial loan and monthly loan repayments in this way the balance of outstanding loans will show on the cost centre. Please note only NQT loans can be made to staff and any other loans to staff members are not permitted.

Year End Process

Schools that have issued NQT loans may have balances at year end on ledger code A055 -Other Employee Costs. To enable payments against this, the balance has to be transferred to the new year by processing an income accrual against this code. The accrual will transfer the loan balance from the old year to the new year to enable repayments to be recorded against it in the new financial year.

Schools Finance January 2017