**Guidance on the Correct Treatment of Revenue Contribution to Capital Outlay (RCCO) Expenditure**

The RCCO process enables schools to transfer a sum of their revenue funding to be used towards the cost of Capital projects.

The monies are moved between revenue and capital as a ‘Normal’ journal on the FMS6 finance system. **Focus/General Ledger/Manual Journal Processing**.

The journal consists of two sides:

Debit 8410 E30

Credit 8704 CI04

***Only these two codes can be used for journaling the revenue contribution to capital outlay transaction.* *These codes should not be used for any purpose other than the RCCO journal.***

The credit and debit amount should be the same on both codes. If the amounts differ it will create an error within the CFR Report that will halt the Final CFR process at year end if not rectified. An error is identified by a white cross within a red circle against E30 and CI04 on the CFR Report screen.

**Informing School Funding Team of your RCCO Journal**

In order to replicate the journals on your finance system to SAP, you must inform us when a journal has been completed.

* **Full Reconciliation System return:** You can inform us that an RCCO has been actioned via your bank reconciliation account return. Once the journal has been completed on FMS6 it will show in your CFR Report. The figures on CFR are then posted on SAP as part of your next bank reconciliation return.
* **In writing after 31 March but before final closedown:** If all the bank reconciliation returns for the financial year have been submitted and you wish to add an RCCO journal you must inform us in writing as soon as possible. If the Council SAP Ledger is still open then the journal can be processed.

Please note that the RCCO amount cannot be greater than the total Capital expenditure detailed on SAP at year end.