



CHIVIRIKANI PRIMARY SCHOOL

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SCHOOL POLICY

Finances

EFFECTIVE DATE: _____

REVISION HISTORY:

As amended on:

11 October 2016 (South African Schools Act, 1996 (Act No. 84 of 1996))
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11 October 2016 - Auditing Profession Act, 2005 (Act No. 26 of 2005)
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11 October 2016 - [Sub-s. (1) substituted by s. 10 of (Act No. 31 of 2007)
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11 October 2016 - Section 60 of the Close Corporations Act, 1984 (Act No. 69 of 1984)

11 October 2016 - S 43(1) of Act 84 of 1996 prior to amendment by Act 31 of 2007
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PURPOSE

To Administer the School and Other School Assets (Residence) on a Sound Financial and Accountable Basis.

This policy determines all actions regarding the generation, receipt, clearance, banking, spending, investment and safekeeping of all funds by all role players involved in any school activity.

AUDIT OR EXAMINATION OF FINANCIAL RECORDS AND STATEMENTS

The Governing Body of a public school must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005), to audit the records and financial statements referred to in section 42. [Sub-s. (1) substituted by s. 10 of Act No. 31 of 2007.] Wording of Sections (2) If the audit referred to in subsection (1) is not reasonably practicable, the governing body of a public school must appoint a person to examine and report on the records and financial statements referred to in section 42, who—

- (a) is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporations Act, 1984 (Act No. 69 of 1984); or
- (b) is approved by the Member of the Executive Council for this purpose.

No person who has a financial interest in the affairs of the public school may be appointed under this section.

If the Member of the Executive Council deems it necessary, he or she may request the Auditor-General to undertake an audit of the records and financial statements of a public school.

A Governing Body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section.

At the request of an interested person, the governing body must make the records referred to in Section 42, and the audited or examined financial statements referred to in this section, available for inspection.

FINANCIAL YEAR OF PUBLIC SCHOOL

The financial year of a public school commences on the first day of January and ends on the last day of December of each year.

LEGAL IMPLICATIONS

The terms of this policy is subject to the provisions and stipulations as contained in the S.A. Schools Act (Act number 84 of 1996), as well as the Guidelines for the School Management of the Education Department.

APPOINTMENT AS ACCOUNTABILITY MANAGER

The principal is appointed as the accountable manager. The principal is at all times entirely responsible for the finances of the school.

FUNDS

Handling of Funds

- The School Governing Body should commission the person responsible for the collection and receipt of school funds.
- The final responsibility for the collection of these funds lies with the principal.

Collection of Funds

- Receipts for the receipt of funds should be issued immediately.
- Receipt books should be purchased by the School Governing Body.
- Receipt books and cheque books should be numbered, recorded in a register and stored in a safe.
- A separate receipt for each amount of money received should be issued.
- The receipt books must be carbonised and double sided carbon paper should be placed between the original and the copy. Both should be completed at the same time.
- The type of the funds received, e.g. cash, cheque or postal order, should be indicated.
- The purpose the funds have been collected for should be stated clearly on the receipt form.
- Nothing may be altered on a receipt form. If any error is made on the receipt, the word "cancelled" should appear on all the copies. The original as well as the carbon copy should remain in the receipt book. It may not be torn out. A new receipt should be issued in place of the cancelled receipt.
- When a receipt book is full, the principal should store it for audit purposes.
- More than one receipt for the same item may not be issued.

Safekeeping of Money

- Any person, whose duties include the receipt or payment of school funds, is responsible for the safekeeping of such school funds under his or her control.
- If a person is tasked with the receipt, payment or collection of school funds, is relieved of his or her duties temporarily or permanently, his or her computerised systems and the corresponding cheque accounts should be checked and balanced and the correctness of the balances and cash on hand should be certified by the signature of the person who is relieved, the person who takes over and the supervisor. If the person who is being relieved cannot certify for some or other reason, a third person should, where possible, be instructed to certify the correctness of the balance by adding his or her signature.
- When a person is relieved, a list should be compiled of the contents of any safe or cash register that is being handed over, and the list should be certified by the persons named in that instruction.

SCHOOL FEES

Not compulsory:

- If the school is a no school fees school, the parents can undertake to make contributions regarding functions presented by the school.

Compulsory:

- Parents should sign an undertaking that forces them to pay the learner's school fees.
- Subsidy forms can also be completed, if parents qualify for subsidy.

CASH DONATIONS

- Cash donations to the school are treated as school funds.
- A receipt is issued and the money is deposited.
- If the donor requests that the donation be utilised for a specific project, it must be treated as such.

RENTAL

Buildings

- The School Governing Body can rent out school buildings to raise funds for the school funds account. These funds should be deposited into the school's account.
- Refer to the S.A. Schools Act no. 84 of 1996 20(2).

Grounds

- The Governing Body can rent out school grounds or erect advertising boards to raise funds for the school funds account. These funds should be deposited into the school's account.
- The Governing Body takes full responsibility for damage that may occur as a result of the rental of school facilities.

Parking policy

- A proper contract between the school and hirer or user is entered into, specifying that any damage or losses (including injuries) will be the responsibility of the hirer or user.
- If the hirer or user is not able to cover all the damages or losses (after the school has exercised its right to recovery), the Governing Body should cover the remaining part of the damage or losses.
- The Governing Body should take out insurance on facilities and take care of personal liability in the case of injuries during the use of school facilities.

BUDGET

- The Governing Body should draw up an annual budget which indicates the estimated income and expenditure of the school.
- Before the budget is approved by the Governing Body, it should be tabled at a parent meeting for approval. The parents should be given at least 30 days' notice of such a meeting.
- The Department should inform schools of the amount of money that will be available to them to help cover their running costs.
- A specialised draft budget of expected income and expenditures of the trading account should be drawn up annually during October by the chairperson in consultation with the School Governing Body for the forthcoming year that runs from 1 January until 31 December.
- After the draft budget has been approved by the Governing Body, it should be submitted to the Education Department by 15 November each year for attention of the Director: Special Educational Needs.
- This draft budget to be drawn up according to the prescribed format.
- Expenses that have not been budgeted for may not be incurred without the prior approval of the Governing Body.

- At the end of each term a report of the state of the school fund account should be drawn up according to the Departmental examples. One copy of this report should be submitted to the Education Department for the attention of the Director: Special Educational Needs before the 10th day of the following term. A copy of which should also be submitted at the next meeting of the Governing Body for inspection.
- A statement of income and expenses as well as of investments and savings accounts, according to the given examples, should be prepared and given to the Governing Body together with the report of the fourth term and sent to the Education Department for attention of the Director: Special Educational Needs.
- Priorities should be given to the expense items SHORTFALLS IN DRAFT BUDGET OF INCOME AND EXPENSES, 20.... BOOK YEAR. The same applies to the expense items REPORTS ON THE STATE OF THE BUDGET OF EXPENSES where the deviation represents an excess on the budget.

BANK ACCOUNT

- The Governing Body should open a bank account at any bank of its choice and maintain it. (No credit card or garage card accounts are allowed).
- Refer to the S.A. Schools Act no. 84 of 1996, Section 37(3).

ACCOUNTS

Invoices

- Where VAT applies, it should be added to the total amount of the account and indicated as such.
- Where items are purchased with school funds, invoices should be verified as correct. No payments are made without an original invoice.

Expenses with invoices

- Where items are bought from a person who does not provide an invoice, the school should develop its own form on which the necessary permission is granted to buy the item, to serve as proof of payment.

Authorisation to make purchases

- The school should make a form available to apply for authority to make purchases. The application should be signed by the applicant, the budget keeper and the principal. On the form there should be provision for the purchaser to certify that the purchased item(s) have been added to the inventory, should it be applicable.

AUDITOR

- The books, notes and financial statements should be audited annually by a person who is registered as accountant and auditor according to the Public Accountants and Auditors Act and who has been appointed in writing by the Governing Body.
- Duties, other than the performing of an audit, can only be executed by the auditor with the prior permission of the Governing Body. Details of such duties should be included in the report of the auditor.
Refer to: S.A. Schools Act no. 84 of 1996, Section 43(1) Public Accountants and Auditors Act no. 8 of 1991
- The School Governing Body should discuss the auditor's report no later than the second meeting after receiving it and decide on further steps to be taken if any irregularities are noticed. The head of education should take further steps if necessary.
- Within two months after the date of the meeting mentioned in the previous paragraph, but before 30 April of each year, the chairperson of the Governing Body submits a copy of the minutes of the meeting which includes the comments of the Governing Body regarding the report to the Education Department: Special Educational Needs. In cases where irregularities seem to have occurred according to the auditor's report, the steps that are taken, if any, should be indicated. Copies of these statements and of this report should also be sent to the Education Department, that can request any further information and initiate any further investigation.

FUND RAISING

Learners

- The raising of funds by learners is controlled by the stipulations of Section 21 of the Children's Act no. 33 of 1960.
- It is important to note that a child who begs or asks for gifts or contributions does not commit any offence by doing so; it is the person who makes or causes him or her to do it, who commits the crime.

BANK STATEMENTS

- The bank regularly provides the school with the necessary bank statements.
- These statements can be used to obtain information, such as interest earned, etc.
- The bank statements should be kept for record purposes.

PURCHASES

Purchases or services without quotations

- All purchases or services up to the value of R10 000-00 are done by requesting written quotations.
- Specific purchases or services are obtained should be in the best interest of the school fund account.
- Orders should be signed on the school's requisition slip by the applicant, the budget keeper and the principal or the person second in charge.

Purchases or services by means of quotations

- For purchases or services to the value of between R1 501-00 and R7 500-00 as many as possible quotations should be obtained.
- Order may only be placed after the lowest quotation has been confirmed in writing per letter or fax.
- The quotations that have been obtained telephonically from the other providers should be recorded and kept for record and investigation purposes.
- For the delivery of these items or services the invoices should be signed by the principal.

Purchases and services per tender

- In cases where purchases or services amount to R7 501-00 and higher, written tenders should be obtained and submitted to the Governing Body for approval.

LICENCE FEES

- Other – TV Licence
The school itself is responsible for payment of its TV licence.

DEPOSITING OF FUNDS

- Money is banked at least every second day and every Friday. If large amounts have to be banked, provision should be made for the safe transport of the money to the bank.
- Attention should be paid to the following items:
 - Insurance of money and staff who handle money
 - Container money is transported in
 - Number of people involved in the transport of money
 - Route (should change)
 - Time of day (should change)

OVERDRAWN BANK ACCOUNT

- The bank account of the school may never be overdrawn.

RAIL FREIGHT

- The school is responsible for payment of all rail freight and courier services, unless otherwise negotiated with the supplier.
- Transport costs of purchased items are recovered from the purchaser's sub-budget.
- Courier services should be used in urgent cases only.

INVESTMENTS

- Investments can be made as approved by the Governing Body.

WITHDRAWAL OF FUNDS

- When cash is needed, e.g. small change, a cheque is made out in the name of the principal.
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CHEQUES

- All payments, except petty cash payments, are done by cheque.
- The Governing Body indicates in writing which two persons are responsible for the signing of cheques.
- At the receipt of a cheque book all cheque forms in it should be crossed by writing the words NOT TRANSFERABLE between two parallel lines on the cheque.
- 'Cash' cheques may under no circumstances be issued.

IRP-5 CERTIFICATES

- IRP-5 certificates are only issued in cases where employees are paid by the Governing Body.
- Information can be obtained from the nearest office of the Receiver of Revenue.

PETTY CASH

- Petty cash may be used for the payment of incidental expenses. The amount of the petty cash advance should be determined by the Governing Body and should be settled periodically. The Governing Body decides on the maximum amount. Petty cash forms should be used. All petty cash payments should be authorised by a responsible person.
- The principal should designate a person in writing as the cashier, i.e. the person who has to keep the petty cash register up to date and keep the petty cash evidence safe.
- A cheque payable to the principal should be made out for a specific petty cash advance.
- Invoices or cash slips should be obtained regarding all payments and should be made out payable to the principal for the amount equal to the total amount of expenses up to that time.
- Private cheques may not be cashed out of the petty cash.
- The petty cash should be replenished at the end of each financial year to the original amount advanced.
- The petty cash register should be checked monthly and at replenishment of the advance by a person other than the cashier.
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SUB-ACCOUNTS AND FUNDS

- All funds for any purpose regarding the school or hostel should be managed as sub-accounts of the school's central bookkeeping system.
- No funds may be stored or managed independently.

PRIVATE

- No loans of any nature from school funds may be approved.
- No personal (private) purchases may be done on the school's account.
- Disciplinary action should be taken against anyone who authorises any of the above.
- School funds may not be used as any form of security or guarantee or be made over to:
 - secure a loan, or be exposed to a responsibility of a third party or banking institution.
- Anyone who is found guilty of an offence in terms of the above stipulation, including the whole Governing Body, will be held personally responsible for the amount of the security, guarantee or cession to secure such loan and/or undertaking by a third party or banking institution

