KWAZULU NATAL DEPARTMENT OF EDUCATION

SCHOOL FUNDING NORMS POLICY IMPLEMENTATION MANUAL FOR PUBLIC SCHOOLS
ACKNOWLEDGEMENTS

This School Funding Norms Policy Implementation Manual was written under the auspices of the Resource Planning Directorate, on behalf of the KZN Department of Education.

The officials involved in the writing of the manual are the following:
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The initial compilation of the manual and its framework is the subject of contribution from Mr BP Majozi, under the ‘watchful eye’ of Ms JMS Mbuli (deceased), for which we are hugely indebted to her continuous encouragement and support. The editing work and resourcefulness of Mr SR Alwar is highly acknowledged.

In addition the following primary Acts and Regulations on governance and financial management in public institutions were reviewed:

I. The South African Schools Act, 84 of 1996, as amended
II. Treasury Regulations for departments, trading entities, constitutional institutions and public entities Issued in terms of the Public Finance Management Act, 1999
III. The National Norms and Standards for School Funding 2006, as amended;

The following secondary Acts had relevant prescriptions on specific aspects of financial management in public schools and are referred to in the specific sections in the Framework. These are:

I. National Auditing Guidelines
II. The Preferential Procurement Regulation Framework Act, No 5 of 2000;
III. The Public Service Act 103 of 1994, as amended;
IV. The School Fee Exemption Regulations, as amended
V. Broad-Based Black Economic Empowerment Act No 53 of 2003 as amended.
VI. Income Tax Act No.58 of 1962, amended in 2002
VII. Framework for Supply Chain Management
VIII. The Employment of Educators Act, 1998 (Act No. 76 of 1998)

Furthermore the manual was consulted widely within the KZN Department of Education, with notable inputs from the Budget & Expenditure Monitoring, Governance & Management directorates, as well as Ugu and UMzinyathi districts.

Ownership of this School Funding Norms Policy Implementation Manual is vested in the KwaZulu Natal Department of Education. This document in part or whole, may not be used for financial gain.

Foreword

School finances are managed by a network of appointed and elected officials who need to be coordinated and regulated under a common framework to reassert a sense of coherence and equity orientation in KwaZulu Natal education system.

The Head of Department has issued this Financial Framework for public schools, to standardise best practice in financial management environment for all schools in the province in a structured and integrated fashion. The financial framework helps everyone in a school to get financial management right, first time, and every time. It removes doubt, confusion and ignorance on financial matters of the school and stipulates minimum requirements to be met to comply with preferred best practice.

For schools to provide high quality services to learners the financial health of a public school must be in a sound state. Working capital management must be sound. The various financial Acts, Regulations, financial policies that have been promulgated and procedures that are implemented by government departments and large corporate organizations have been summarised in this document.

Embraced and prudently implemented this Financial Framework and practical management templates and checklists will further strengthen the school governing body (“SGB”) (the accounting authority), and the school management team. The Annual Report of the SGB Chairperson and Principal, including audited financial statements providing details of the manner in which revenue received by the school has been expended will henceforth become mandatory for all public schools in the province. Only managing funds and reporting its management in the manner and format outlined by this Financial Framework will satisfy all parties that the SGB, Principal and finance committee acted with the necessary degree of restraint, prudence and transparency.

The South African Schools’ Act no. 84 of 1996 (SASA) directs that SGBs must submit to the HoD by 30 June each year, a copy of the annual financial statements, audited by an auditor registered in terms of the Auditors Act, 1991 (Act No. 80 of 1991). The auditor will issue an audit report with his/her opinion on the state of financial affairs of the institution and is held accountable for his/her opinion by the stakeholders of the public institution.

This financial framework, with its segregation of roles, procedures, process flows, templates and checklists for various functional committees and Management, will enable a school to fulfil its mandate in terms of the South African Schools Act, as amended.

The SGB, as an oversight and assurance authority, is provided with an instrument for quarterly meetings to evaluate the school management’s performance, assess risks, review strategic direction of the school and where critical, escalate these risks to the district office as provided for in the framework.

The SASA provides for schools to become progressively responsible for managing school resources. The aim of self-management is to shift important powers and functions from central departments to local school levels. Under self-management, schools are the primary unit of improvement and development. To a large extent, school managers, educators, parents and learners are empowered to take control of their own lives. They are responsible for educational and organisational matters in their own school and can thus enjoy success and achievements of their hard work.
“Self-management” in schools is based mainly on two sections of the SASA:

- **Section 20**, which gives schools responsibility for their own governing body constitution, mission statement, codes of conduct, curriculum, and many other important functions. Their finances are controlled and managed by the KZN DoE.

- **Section 21**, which gives schools, allocated functions to control their own finances and extra curriculum functions. The KZN DOE disburses their funds directly to them to use in the way they have preferred.

Self-management refers to the following aspects of schools:

- Each school does its own **development planning**. Each school community develops its own vision and Mission Statement, decides on its own priorities, and draws up its own action plan.

- Each school arranges its **finances** in ways to meet its own needs and plans. The school draws up its own budget – based on funds received from the government, and supplemented by school fees and other fund-raising.

- Each school **manages its staff** in ways which motivates them to provide the best possible teaching and learning for all members of the school community, that is, develops the school as a "learning organisation".

- Each school negotiates its own **codes of conduct and policies**, and implements them in ways which the community members (parents, learners, educators) understand and support.

- Each school **manages its own physical resources**, and is responsible for maintaining and developing school property and equipment.

The role of the provincial education departments is to support self-managing schools on many levels:

- to provide a broad **policy context** for schools;

- to **build capacity** (provide training and guidance) in schools so that they can develop all the skills required to do their work effectively and efficiently; and

- to **monitor** schools and ensure that they are working within the guidelines provided by the policies.

The SASA gives every school in the country the status of a **juristic person**. This means that the school is responsible for its own actions; it is an independent body in the eyes of the law. Put simply, each school can sue a person or organisation (that has wronged the interests of the school). On the other hand, the school itself can be sued (if it has done something wrong or negligent).
Objectives

A uniform, detailed financial framework for public schools is required to support the implementation of the SASA and the Norms and Standards for School funding regulations. In order to facilitate proper planning, the framework intends to assist schools in budgeting, classifying and recording transactions and reporting on their finances.

The first objective of the Financial Framework is to set out the parameters within which decisions and actions can be taken. It is also a guide in satisfying the responsibilities arising from being entrusted with public money and lays down rules that must be complied with. By following proven financially sound, efficient and effective financial management system schools can ensure that the highest standards of consistent financial conduct are maintained.

Lastly, the Financial Framework aims to promote an informed, healthy co-operative partnership between the Principal, SGB and the School Management Team (SMT) as well as the Provincial Department.

Principles for the Framework

The guiding principles for the Financial Framework are based on the need for schools to respond to the expectations of the public within the powers that they have available as devolved to the SGB by the Act. The framework has been based on the following principles:

- Consistency
- Transparency
- Accountability
Applicability of this Framework

The finance function in this context is a responsibility of all members of the SGB, SMT and staff who have a role in any functions that have a financial impact on the school. This will include all members of staff who have a finance function at the school, including, but not limited to, Principal, Treasurer, Bursar, Accounts Clerk, Assets Officers, Project Managers, and any line members of staff who are involved in managing income or expenditure. This Framework must be applied strictly by all such members of school management organs and shall come into effect on **01 January 2014**.

Arrangement of this Framework

This document is structured into two main sections;

**Section 1** - includes a review of the applicable legislation and what these prescribe in terms of financial management at Public Schools. This section also includes the Directives which the Head of Department of Education issued to schools to manage the school fund.

**Section 2** – is the detailed financial framework that is issued to management at public schools to guide it so that consistent, transparent financial management methodology is used at all public schools, in order to ensure uniformity of management practice and fair accountability at schools.

Failure to Comply

- Failure to comply with these Directives and Financial Framework constitutes an offence.
- The principal will be subjected to the applicable disciplinary procedures as set out in the EEA.

The Head of Department of Education may:

- Institute an inquiry into the conduct of the SGB or relevant individual;
- Limit the powers and functions of the SGB or relevant individual/s in the SGB
- Withdraw the powers and functions of the relevant SGB as stipulated in section 22 of the Act; and
- Recommend the disbanding of the SGB.
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SECTION 1

A REVIEW OF THE LEGISLATIVE ENVIRONMENT
1. A review of the legislative environment

1.1 Introduction
An important enabler of education programmes in our public schools is finance. Without good financial management structures and systems in place finance in itself does not enable but destabilises schools. Efficient and effective financial management is central to delivery of education of high quality and guarantees achievement of the government’s strategic objective, administrative purpose and developmental purpose of a public education system.

As one of the key mechanisms to entrench compliance to the applicable legislation and regulation and to monitor and evaluate the activities of Governing bodies and school management in public schools the Financial Framework plays a crucial role in maintaining the objectives of the Acts, and safeguarding the constitutional requirements of the Educational system.

1.2 Approach
In producing effective, relevant and applicable Financial Framework it was important to analyse all available relevant legislation and base the Framework on that review.

1.3 Applicable legislation reviewed
The following primary Acts and Regulations on governance and financial management in public institutions were reviewed

- The South African Schools Act, 84 of 1996, as amended
- Treasury Regulations for departments, trading entities, constitutional institutions and public entities issued in terms of the Public Finance Management Act, 1999
- The National Norms and Standards for School Funding 2006, as amended;

The following secondary Acts had relevant prescriptions on specific aspects of financial management in public schools and are referred to in the specific sections in the Framework. These are:

- National Auditing Guidelines
- The Preferential Procurement Regulation Framework Act, No 5 of 2000;
- The Public Service Act 103 of 1994, as amended;
- The School Fee Exemption Regulations, as amended
- Broad-Based Black Economic Empowerment Act No 53 of 2003 as amended.
- Framework for Supply Chain Management
- The Employment of Educators Act, 1998 (Act No. 76 of 1998)
1.4 The South African Schools Act, 84 of 1996, as amended

On the SGB,

Section 21
The Act makes provision for all public school governing bodies to become progressively more responsible for managing aspects of recurrent expenditure. It mandates the Head of Department to build the capacity of Section 20 Schools in order to assume Section 21 status and receive funds transfer from the KwaZulu Natal Department of Education to:

(a) maintain and improve the school's property, buildings, grounds, and hostel;
(b) determine the extra-mural curriculum of the school and the choice of subject options in terms of the provincial curriculum policy;
(c) purchase textbooks, educational materials or equipment for the school;
(d) to pay for services to the school;
(e) other functions consistent with the Act and any applicable provincial law.

Section 30
A governing body may –
- establish committees, including an executive committee and finance committee; and
- appoint persons who are not members of the governing body to such committees on grounds of expertise, but a member of the governing body must chair each committee.

Section 36
A governing body of a public school may take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school.

Section 37
The governing body of a public school must establish a school fund and administer it in accordance with directives issued by the Head of Department.

On the SGB and budgeting:
Section 38(1) states:
A governing body of a public school shall prepare a budget each year, according to prescriptions determined by the Member of the Executive Council in a Provincial Gazette, which shows the estimated revenue and expenditure of the school for the following financial year.

On approval of the budget
Section 38(2):
Before a budget is approved by the governing body, it must be presented to a general meeting of parents on at least 30 days' notice, for consideration and approval by a majority of parents present and voting.

On SGB and school fees
Section 39
- School fees may be determined and charged at a public school only if a resolution to do so has been adopted by a majority of parents attending the meeting.

The resolution referred to above must provide for -
- the amount of fees to be charged; and
- Equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees.

On SGB and financial management records
Section 42
The governing body of a public school must -
- Keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions; and

- as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council.

SGB and appointment of registered Accountants and Auditors
Section 43
- The governing body of a public school must appoint a person or firm who is registered as a public accountant and auditor in terms of the Public Accountants and Auditors Act, 1991, to audit the records and financial statements referred to in section 42.

- 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.

1.5 The National Norms and Standards for School Funding 2006, as amended
The basic principles that underlie the national norms and standards for public school funding derive from the constitutional guarantee of equality and recognition of the right of redress. The State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of learners to education and the redress of past inequalities in educational provision.

1.6 National Auditing Guidelines
Every school must appoint an auditor to examine and report on the following:
- Financial statements;
- Budget Variance Report;
- Compliance with allocated Section 21 functions (for S21 schools only);
- Compliance with the relevant acts of SA Schools Act;
- Compliance in respect of submission of statutory returns, e.g. UIF, PAYE, etc.
1.7 **Preferential Procurement Policy Framework Act no. 5 of 2000**

The framework provides for implementation of preferential procurement policies in all public institutions in favour of redress and empowerment of previously disadvantaged individuals, groups, races, and enterprises.

1.8 **The School Fee Exemption Regulations, as amended**

Regulations relating to the exemption of parents from payment of school fees in public schools published in GG 29311 dated 2006-10-18 – ( “the exemption regulations”) constitute the legal framework for school fee exemption.

The exemption regulations apply to all public schools except schools declared as “no fee schools” in terms of section 39(7) of the Act (reg 2(2)).

1.9 **Income Tax Act No.58 of 1962, amended in 2002:**

**Gifts, donations and sponsorships (S.18 A)**

**Deduction of donations to certain public benefit organisations**-

There shall be allowed to be deducted from the taxable revenue of any taxpayer so much of the sum of any bona fide donations in cash or in kind made by such taxpayer and actually paid or transferred during the year of assessment to any -

- public benefit organisation approved by the Commissioner under section 30; or
- Institution, board or body contemplated in section 10(1) (cA) (i) which-
  - carries on in the Republic any public benefit activity contemplated in Part 11 of the Ninth Schedule, or any other activity determined from time to time by the Minister by notice in the Gazette for the purposes of this section; and
  - complies with any additional requirements prescribed by the Minister in terms of subsection (1A)

**Obligation to issue donation tax certificates**

All public educational institutions that receive a donation in cash or otherwise, shall issue to the donor, a donations tax receipt on receipt of the donation and a donation tax certificate on an annual basis.

1.10 **Regulations in terms of the Preferential Procurement Policy Framework Act No. 5 of 2000 - Framework for Supply Chain Management**

**Objectives of Act**

The objectives of this Act are to facilitate broad-based black economic empowerment by:

(a) promoting economic transformation in order to enable meaningful participation of black people in the economy;
(b) achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises:

(c) increasing the extent to which communities, workers, co-operatives and other collective enterprises, own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training:

(d) increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;

(e) promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;

(f) empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and

(g) promoting access to finance for black economic empowerment.
2. Provincial Gazette of KwaZulu-Natal – Published 19 February 1998

KWAZULU NATAL DEPARTMENT OF EDUCATION AND CULTURE

No. 47, 1998 19 February 1998

KWAZULU NATAL SCHOOLS EDUCATION ACT NO 3 OF 1996

REGULATIONS RELATING TO THE ESTABLISHMENT AND CONTROL OF SCHOOL FUNDS AT PUBLIC SCHOOLS

The Minister of Education and Culture of KwaZulu-Natal has under section 72(1)(b) of the KwaZulu-Natal Schools Education Act NO 3 of 1996 for the KwaZulu-Natal province, made the regulations in the schedule.

SCHEDULE

1. Definitions

In these regulations any word or expression to which a meaning has been assigned in the Act, has the meaning so assigned to it unless the context otherwise indicates-

“act” means the KwaZulu-Natal School Education Act No 3 of 1996;

“governing body” means a management council referred to in section 25, 49(1)(a) or (27)(3), a managing body referred to in section 28(7) and governing body referred to in section (18)(1) of the Act;

“secretary” means Head of Department (HoD)

2. Establishment of school funds

(1) A governing body of a school must establish and administer a school fund in accordance with directions issued by the secretary.

(2) Any school fund established and maintained by a school committee, school fund committee, trust committee, governing body or management council before the date of coming into operation of these regulation is deemed to be a school fund established in terms of these regulation.

(3) A finance committee must be established and at least the principal, chairperson and the treasurer of the governing body must be members.

(4) The principal, in consultation with the governing body, must appoint a member of the administrative staff to keep the school fund books. If there is no administrative staff
employed at a school, the principal, in consultation with the governing body, may request a member of the teaching staff keep the school books.

(5) The governing body, assisted by the principal and staff members designated by him or her must-
   (a) Keep records of funds received and spent and its assets, liabilities and financial transactions; and
   (b) ensure that the school fund is administered in accordance with these regulations and directions issued by the Secretary.

3. Contributions to the school fund

(1) A school fund consist of monies collected or received by the governing body by means of-
   a) school fees
   b) voluntary contributions;
   c) all funds raising activities of the school and governing body
   d) income derived from all assets of the school;
   e) contributions by learners for special purposes, but always in compliance with the provisions of the fund-raising Act, No 107 of 1978, and
   f) donations and bequest, provided that these are applied in accordance with the conditions of such donations or bequests.

4. School fees

(1) The chairperson of the governing body shall a meeting of parents during the fourth quarter of each school year.

(2) At least thirty days written notice of the meeting must be given in a manner deemed appropriate by the governing body.

(3) The following items were placed before the meeting for approval-
   (a) the proposed budget of the school for the ensuing year;
   (b) the amount of school fees to be paid by the parents of learners, and
   (c) equitable criteria and procedures in compliance with regulations made in terms of Section 39(4) of the South African Schools Act, No 84 of 1996 for the total, partial or Conditional exemption of parents who are unable to pay school fees.

(4) Decisions by the governing body, for the approval of the budget, school fees to be charged and exemption from payment must be made in accordance with decisions taken by the majority of parents present and voting at the meeting.

(5) The proceedings at the meeting must be recorded in minutes and the number of votes of those in favour, those against and those abstaining on each motion must be recorded.
(6) A parent is liable to pay the school fees determined by the governing body in accordance with sub-regulation (4) unless he or she has been exempted from payment in full or in part.

(7) A parent may appeal to the secretary against a decision of the governing body regarding the non-exemption of such parent from paying of school fees.

(8) An appeal in terms of sub-regulation (7) must be in writing and must be made within 30 days of the parent concerned being informed of the amount of school fees payable by him or her.

(9) The governing body may by process of law enforce the payment of fees by parents who are liable to pay.

5. Responsibility of the governing body

The governing body must take all reasonable measures within its means to supplement the resources supplied by the State to improve the quality of education.

6. Financial Administration

(1) The financial year of the school shall be from 1 January to 31 December.

(2) The governing body of a public school must prepare a budget each year according to guidelines determined by the Minister, which shows the estimated income and expenditure of the school for the following year.

(3) Before a budget referred to in sub-regulation (2) is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days’ notice, for consideration and approval by a majority of parents present and voting.

(4) The governing body must submit the following to the Secretary-

(a) By 31 January of each year, a copy of the approved estimate of expenditure of the school;

(b) the name of the auditor, accounting officer or person approved by the Minister in terms of section 43(2)(b) of the South African school Act, 1996, appointed to examine and report on the records and financial statements of the school.

(5) The governing body must open and maintain a current banking account in the name of the school at a registered commercial bank into which all school fund monies must be deposited. Provision must be made for cheques to be signed by two people.
(6) All banking accounts opened by the governing body are subject to audit.
(7) The governing body may deposit surplus funds in the name of the school in a savings or fixed deposit account with a registered financial institution or post office savings bank.
(8) The principal shall ensure the deposit of all funds received for the school fund account on the same day, provided the Secretary may authorise the late deposit of school funds in accordance with the departmental instructions.
(9) A school banking account may not be overdrawn.
(10) The signatories of any banking account opened in terms of these regulations are determined by the governing body in accordance with departmental instructions.
(11) No signatory to the school fund banking account may sign blank cheque forms for the purpose of drawing funds from a school fund banking account.
(12) The governing body may authorise the principal to keep petty cash in an amount determined by the governing body and in accordance with the regulations and departmental instructions.
(13) The expenditure may only in exceptional circumstances be made from the school fund without prior estimates approved in terms of sub-regulations (2) and (3). Expenditure which is not in accordance with the said prior estimates must be approved by the governing body and brought to the attention of parents for their approval at a general meeting.
(14) The governing body is obliged to-
   a) Check at each meeting all expenditure incurred since its previous meeting;
   b) inspect supporting vouchers to ensure that these are in order, comply with these regulations and departmental instructions, and
   c) satisfy itself that expenditure is in accordance with the approved budget.
(15) No cheques payable to cash may be issued.
(16) The governing body and the principal shall ensure that proper financial records are kept safe in accordance with these regulations and departmental instructions.
(17) Where educators are required to collect school fees from learners, the educator concerned shall for this purpose keep a school fund register as part of the class register and the principal shall ensure that each class educator is issued with a receipt book for collection of money, if necessary. The principal must provide educators with written delegation to handle monies in accordance with this regulation.
(18) The class educator must issue receipts for all monies received and when such receipts are paid over to the staff member of the school who is responsible for collecting monies and issuing receipts, such staff member must in turn issue a receipt for such payments. The principal must take appropriate measures to
ensure that this is done in accordance with these regulations and departmental instructions.

(19) The officer responsible for financial records of the school must-
   a) Immediately issue a receipt for all monies received
   b) Uses only one receipt book at a time
   c) Make our receipt in their serial number order, without alterations to the name or amount in words or figures;
   d) Use carbon paper to impress a copy of all receipts issued;
   e) Return carbon copies in the receipt book of issued receipts;
   f) Cancel any receipt form on which a mistake is made, keep same in the receipt book and issue a new receipt;
   g) Enter particulars of receipt issued in cash book daily;
   h) Record the serial number of all receipt books in a distribution register;
   i) Obtain a signature in a distribution register from every person to whom a receipt book is issued;
   j) Make payments only a submission of proper documentation as set out in these regulations and departmental instructions reflecting -
      (i) The name of the person to whom payment is to be made;
      (ii) The amount to be paid
      (iii) The nature of the goods supplied or the services rendered;
   k) Ensure the safe keeping of vouchers for audit purposes;
   l) Ensure that all payments and supporting vouchers are presented and ratified at the next governing body meeting.

(20) The governing body and the principal must ensure that:-
   a) Receipts are issued for all monies received by the school;
   b) All income and expenditure is recorded and accounted for;
   c) All records pertaining to the financial matters of the school and the decisions of the governing body pertaining thereto are kept in safe custody;
   d) These regulations and departmental instructions pertaining to the finances of the school are being adhered to;
   e) A copy of the audited statement of income and expenditure is handed to the Secretary, on or before the 30th June of each year;
   f) Departmental employees appointed to assist the governing body in the fulfilment of its duties observe these regulations and departmental instructions;

(21) The financial records and other related documents may at any time be inspected by an officer, a governing body member or any other officer authorised thereto by the Minister.

(23) The Secretary may authorise deviations from these regulations so as to accommodate schools implementing a computerised accounting systems
7. Auditing of school financial records

(1) the books of account are closed at the end of each year
(2) the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991,(Act No 80 of 1991), to audit the records and financial statements.

(3) If the audit referred to in subsection (2) is not reason practicable, the government body of a public school must appoint a person to examine and report on the records and the financial statements.
(i) 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);
(ii) Is approved by the Minister for this purpose
(4) the person appointed in terms of sub-regulation (2)or (3) above certificates-
(i) the accuracy or otherwise of school financial records;
(ii) whether or not records were kept in accordance with applicable government regulation and departmental instructions;
(iii) Whether or not expenditure was made in accordance with the approved budget, applicable provincial regulations and departmental instructions;

(4) On or before the 30th day of June of each year the principal must forward the following to the Secretary-
(i) An audited and certified income and expenditure statement;
(ii) A certificate referred to in sub-regulation (4) above
(iii) A stock inventory referred to in regulation 9.

8. Purposes for which school funds may be used

With due regard to the conditions of any donation, bequest or trust, school funds may be used for-

a) Educational purposes, at or in connection with such school;
b) Educational purposes, at or in connection with another public school in agreement with such other public school and with the consent of the Secretary;
c) The performance of the functions of the governing body
d) another educational purpose agreed between the governing body and the Secretary;

c) improving the school and sports grounds, subject to obtaining prior approval from the Secretary unless the governing body is empowered to maintain the school’s property in terms of section 21(l)(a) of the South African Schools Act, No 84 of 1996.
f) expenditure which precedes fund-raising functions;

g) insurance premiums in respect of school assets;

h) expenses towards repairs to and maintenance of school property;

9. **Stock item register?**

(1) The governing body, with the assistance of the principal and staff members identified by him or her for this purpose, must cause a separate register to be kept of all inventory items -

a) purchased from school funds, and

b) donated to the school or purchased from funds donated to the school.

(2) The governing body, with the assistance of the principal and staff members identified by him or her must ensure that all stock items purchased from school funds, provided by the department or donated to the school are properly maintained and looked after.

(3) The governing body, with the assistance of the principal and staff members appointed by him/her must ensure that -

a) the stock registers clearly indicate the source from which items are acquired, and

b) stock is taken annually.

10. **Investigations by the Secretary**

(1) The Secretary may at any time call for a special report or such other particulars as he/she may consider necessary in connection with the administration of school funds.

(2) The Secretary may also appoint an officer to investigate and to report to him/her on the administration of a school fund.

11. **Disposal of school funds and equipment on the closure of a school**

(1) When a school is closed, the governing body or failing that, the principal of such school must -

a) ensure the preparation of a final audited income and expenditure statement;

b) cause, together with the principal, the preparation of a final stock register in terms of regulation 9 sub-regulation (1);
Upon the closure of the school, the principal shall-

a) submit the final audited income and expenditure statement referred to in sub-regulation (1)(a) above together with the final asset register referred to in sub-regulation (1)(b) above to the Secretary;

b) hand over all assets issued to the school by the department, stock items purchased from school funds or donated to the school, subject to the condition of any donation, bequest or trust to the Secretary.

A governing body of a school which is to be closed may recommend to the Secretary the transfer of stock items purchased from school funds or acquired by donation to a particular school or schools, subject to the conditions of any donation, bequest or trust.

The Secretary may make school funds and stock items referred to in the preceding sub-regulation after considering recommendations as aforesaid, available to another school or schools or make them available for any other purpose he or she may consider desirable.

12. Obligations of the principal

(1) The principal must maintain a complete record of statutory provisions, regulations and departmental instructions relating to the financial management of the school, and the finances of the governing body.

(2) The principal must ensure that he/she and staff under his/her control, appointed to assist the governing body in the execution of its duties, are acquainted with all statutory provisions, regulations and departmental instructions of which he or she must bear knowledge to enable him/her to assist the governing body in the execution of its functions.

(3) The principal must ensure that all statutory provisions, regulations and departmental instructions are observed by him/her and by employees under his/her control.

13. Irregularities

All suspected irregularities with regard to the management of school funds must be reported without delay to the Secretary and the South African Police Service, when appropriate.

14. Delegation of power

The Secretary has authority to delegate powers bestowed on him/her in terms of these regulations to an officer in the employ of the department.
15. **Repeal of regulations**

   The regulations governing school funds set out in the Schedule hereto are hereby repealed.
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PUBLIC SCHOOLS FINANCIAL MANAGEMENT
3. Public Schools Financial Management

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3.1 Objective of this manual

The object of this manual is to secure transparency, accountability and sound management of budgeting process, revenue, expenditure, assets and liabilities of the institutions to which the manual applies.

3.2 Institutions to which the manual applies

This manual, to the extent indicated in the SASA, and the School Funding Norms and Standards Regulations, apply to –

(i) KwaZulu Natal, Department of Education ordinary public schools and special public schools

3.3 Functions and Powers –

The KwaZulu Natal Department of Education shall -

(i) prepare the provincial education budget;
(ii) Promote the national and provincial education policy framework and implement education policy in the province;
(iii) exercise control over the implementation of the annual provincial education budget, including any adjustments;
(iv) monitor the implementation of public schools budgets;
(v) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of the public schools; and
(vi) implement the Norms and Standards for School Funding regulations including any prescribed standards of Generally Recognized Accounting Practice in public institutions;

To the extent necessary to perform the functions mentioned in sub section (1) the KwaZulu Natal Department of Education:

(vi) shall assist public schools in building up their capacity to efficiently, effectively and transparently manage their financial responsibility;
(vii) shall monitor and assess the management of section 21 functions in Public schools in the province;
(viii) Shall intervene by taking appropriate steps, to address a serious persistent material breach of the funding regulations by a public school.

3.4 Financial management in a public school

The Head of Department shall –

(i) Issue directives to School Governing Bodies (“SGB’s”) on the establishment and administration of the school fund in public schools;
(ii) prescribe financial management roles and responsibilities and describe operational tasks in financial management and allocate these tasks to
specific SGB office bearers, SGB committees and appointed officials of a public school;

(iii) shall develop and implement targeted introductory and continuing training programmes for SGB in public schools in building their capacity in efficient, effective, transparent and compliant financial management;

(iv) Shall be accountable for the removal of all forms of economic and financial injustices to any individual on grounds of race, creed, language, colour, talent, aptitude, background, in all public schools in the province.

The principal shall

(v) render all necessary assistance to SGB’s in the performance of their functions.

3.5 The SGB of a public school

(i) The professional management of a public school must be undertaken by the principal under the authority of the Head of Department.

(ii) The governance of every public school is vested in its governing body.

(iii) A governing body stands in a position of trust towards the school.

The SGB shall be the accounting authority in a public school and shall comprise

(iv) elected and co-opted members from parents of learners of the school;

(v) the Principal in his/her official capacity; and

(vi) appointed officials of the school elected to committees; and

(vii) elected learners’ representatives (if a school has Grade 8 or higher)

Elected members of the SGB shall comprise of the following categories in a school –

(viii) parents of learners at the school;

(ix) educators at the school;

(x) support staff at the school; and

(xi) learners in the eighth grade or higher at the school.

The SGB shall address their responsibilities by at least forming the following sub-committees and appointing office bearers -

(xii) The School Development Team (sub committee of the SGB) shall lead a review of school development activities and outcomes;

(xiii) The Finance Committee (sub committee of the SGB) shall lead the school through the process of planning revenue and expenditure;

(xiv) The treasurer shall keep accurate records by implementing sound financial policies and review reports during the year, including the annual financial statements;
3.6 Office bearers –

At its first meeting, the SGB shall, from amongst its members, elect office bearers, who shall include at least the following:

(i) Chairperson;
(ii) Treasurer; and
(iii) Secretary.

3.6.1 Responsibilities of office bearers in financial management –

SGB Chairperson shall be the Accounting Officer of the finance accounting authority (SGB) of a public school;

The Treasurer shall –

(i) oversee all financial matters of the school as directed by the SGB;
(ii) serve as a chairperson of the finance committee;
(iii) advise the SGB on financial matters;
(iv) monitor the following on a monthly basis:
   (a) that all funds received are deposited in the school account;
   (b) that all payments were duly authorised;
   (c) that all donations received in cash and kind were documented and accounted for;
   (d) that all petty cash transactions, including the reconciliation of petty cash, are captured;
   (e) provide financial reports to the SGB on a quarterly basis;
   (f) monitor actual revenue and expenditure against the approved budget; and
   (v) The principal who is an ex-officio shall be the “Financial Controller” of the school; and

3.6.2 Constituting the Finance Committee –

(i) There shall be at least six and at most eight members in the Finance Committee – of which three of them shall be parents.

(ii) The principal, chairperson of the Governing Body and Treasurer must form part of the Finance Committee.

(iii) Treasurer is the chairperson of the Finance Committee.

(iv) Additional members may include:

- Any member of the Governing Body or teaching staff;
- Any other person nominated by the Governing Body may be co-opted to the Finance Committee for his/her expertise;
- The member of the administrative staff must be appointed by the principal in consultation with the Governing Body as a finance officer to keep the school fund books. The finance officer is also appointed as a member of the Finance Committee.
3.6.2.1 Mandate of the Finance Committee –

(i) The Finance Committee shall assist the treasurer in his/her duties.

(ii) The Finance committee shall act for one year only.

Role of the Finance Committee

The Finance Committee shall:

(i) Allocate the treasurer his/her duties;

(ii) Delegate its authority to appropriate persons within the finance committee;

(iii) Provide the SGB with sound financial advice regarding the funding of schools;

(iv) Make recommendations to the SGB on the level of school fees to be charged per learner;

(v) Make recommendations to the SGB on the extent of exemptions from paying school fees based on the norms and standards for school funding;

(vi) Determine the school’s finance policy;

(vii) Be responsible for the drafting of the school’s proposed estimates of income and expenditure for the ensuing year;

(viii) Propose all expenditure incurred in accordance with the approved budget. Such expenditure should be ratified by the Governing Body;

(ix) Advise the Governing Body on the need for fundraising activities and ways and means of supplementing the school funds;

(x) Advise the Governing Body regarding the investment of the surplus funds;

(xi) Ensure that the monthly statement detailing the income and expenditure of the school fund is presented to the Governing Body;

(xii) Exercise overall control of the school’s financial records, and furnish the Governing Body with a detailed report of non-compliance with the school finance policy;

(xiii) Perform internal checking functions;

(xiv) Submit recommendations to the Governing Body for proposed expenditure not originally budgeted for;

(xv) Submit recommendations to the Governing Body on the amount of school fees to be paid by parents;

(xvi) Furnish the Governing Body with a monthly statement of all outstanding school fees;

(xvii) Submit a quarterly report on the financial affairs of the school to the Governing Body;

(xviii) Assist with the preparation of the annual financial statements;

(xix) Hold regular meetings which include scheduled as well as impromptu meetings;
(xx) Keep records of minutes of these meetings.
(xxi) Make recommendations to the Governing Body on the appointment of an auditor;
(xxii) Advise the Governing Body on school fee exemptions in terms of the regulation; and
(xxiii) Ensure that all minutes are properly and securely safeguarded.

3.6.2.2 Responsibility of the Finance Committee –
Finance Committee shall –
(i) prepare and present financial reports to the SGB;
(ii) be responsible for controlling and monitoring all financial matters at the school;
(iii) co-ordinate and prepare the school’s annual budget;

3.6.2.3 Meetings of the Finance Committee –
(i) The Finance Committee shall meet at least once a month;
(ii) Finance Committee meeting shall be constituted only if the following members are present:
(iii) school principal;
(iv) the treasurer; and
(v) one other member of the committee;
(vi) Minutes of the previous meeting shall be read and approved as a true record of proceedings and adopted.

3.7 Role of the Treasurer -
The SGB shall elect and appoint a Treasurer. The role of the Treasurer shall be -
(i) Drawing up a budget for a year;
(ii) Reporting the budget against actual revenue and expenses;
(iii) Providing reports to the SGB and SMT on a monthly basis;
(iv) Any other relevant roles delegated and required by the Finance Committee.
(v) Drawing up an income and expenditure statement each year;
(vi) Monitoring the income and expenditure of the school throughout the year;
(vii) Developing and monitoring the implementation of financial systems; and
(viii) Reporting to the other members of the Governing Body and to the community served by the school on the financial status of the school.

3.7.1 Responsibility of the Treasurer –
The Treasurer will ensure that there is:
(i) Receipting of revenue;
(ii) daily banking of revenue;
(iii) maintaining the cash book of the school;
(iv) recording all daily financial transactions;
(v) maintaining the various registers;
(vi) monthly bank reconciliations;
(vii) compiling the annual financial statements;
(viii) must maintain appropriate measures to ensure that grants and other transfer payments are applied for their intended purposes. Such measures may include-
   (a) regular reporting procedures;
   (b) audit requirements;
   (c) regular financial monitoring procedures; and
   (d) any other financial management control measures deemed necessary.

3.8 Roles and obligations of the principal

(i) The Principal must maintain and complete record of statutory provision, regulations and departmental instructions relating to financial management of the school;
(ii) The Principal must ensure that he/she and staff under his or her control, appointed to assist the Governing Body in the execution of its duties, are acquainted with all statutory provisions, regulations and departmental instructions;
(iii) The Principal must ensure that all statutory provisions, regulations and departmental instructions are observed by him/her, by employees under his/her control and all members of the SGB;
(iv) Clearly identifies and determines those essential services which he/she has to provide to meet the requirements of the school;
(v) Determine priorities within the limits of available funds;
(vi) Determine and plan the most economical means by which a service can be effectively provided;
(vii) Utilize the monies allocated in terms of the budget most advantageously;
(viii) Submit and motivate to the School Governing Body working documents and draft estimates in respect of those services which he/she intends to provide;
(ix) Regularly evaluate and, where possible improve the effectiveness and efficiency achieved in meeting the requirements and providing the services for which school fund moneys have been made available;
(x) Accept responsibility for all expenditure from school fund moneys under his/her control and for ensuring that appropriate authority exists for all payments made by him/her;
(xii) Produce a voucher in terms of the relevant School Fund Departmental Instructions for every payment made by him/her from school fund moneys;

(xii) Accept responsibility for the accuracy of the accounting records, accounts and the financial documents under his/her control and for instituting and maintaining adequate systems of the internal checks and control over school fund moneys, school fund property and securities;

(xiii) Promptly notify his/her Governing Body when changes in departmental policy, new project, scheme or service which will have an effect on expenditure;

(xiv) The Principal shall not be relieved of his/her responsibility for an irregular payment made under the direction of the School Governing Body unless the irregularity was brought to the attention of the SGB in writing by him/her before he/she made the payment and his/her objection was overruled;

(xv) The Principal shall obtain written approval from the SGB for all expenditure which is not normal expenditure in terms of the Budget;

(xvi) All school fund moneys shall be accounted for as directed by the School Fund Departmental Instructions;

(xvii) The principal shall not be relieved of any duty or responsibility assigned to him/her or under the relevant school fund departmental instruction by entrusting such duty or responsibility to a subordinate person; and

(xviii) The Principal shall ensure that the administration of the stock in the school he/she manages takes place on a sound basis. Considering the substantial amounts spent on stock, it is essential that this matter should continuously receive serious attention with a view to economy and the purposeful utilization of funds.

3.9 Duties of a Finance Officer

The Principal in consultation with the Governing Body must appoint a member of the administrative staff to keep the school fund books. If there is no administrative staff employed at the school, the principal in consultation with the Governing Body may request a member of the teaching staff to keep the school fund books.

The duties of the Finance Officer are as follows:

(i) Undertaking of receipting duties;

(ii) Preparation of, bank, make up, and depositing school fund monies into school fund current account;

(iii) Preparation of payment advice forms;

(iv) Issuing of school fund cheques;

(v) Writing up cash books daily;

(vi) Bank and Cash books reconciliation;
Checking of bank statements and establishing prescribed and dishonoured cheques;

(viii) Control of collection sheets;

(ix) Assist in fundraising accounting duties;

(x) Stock items control;

(xi) Control of consumable items;

(xii) Completion of handover certificates;

(xiii) Maintenance of school fund records;

(xiv) Disposal of school fund records;

(xv) Preparation of Annual Financial Statements;

(xvi) Undertaking of petty cash duties;

(xvii) Maintaining and controlling distribution register;

(xviii) Keeping and entering the school fund remittance register

(xix) Tuck shop records; and

(xx) Assisting in the preparation of the school budget.

3.10 Delegation of financial management tasks

Financial tasks shall be delegated to various members of the school community or staff members in writing by the chairperson of the SGB. Duties shall be clearly spelt out and reviewed on a regular basis.

3.10.1 Segregation of financial management functions and tasks in a public school

The Head of Department shall ensure that financial roles and tasks in a public school are properly defined and segregated in the financial framework for members of the SGB and SMT who carry them out.

Finance functions to be separated between members of staff will include but not limited to:

(i) Executing—the placing of an order, receipt of goods and services or charging and receipt of a fee;

(ii) Authorising—permission by the responsible officer to proceed with a transaction such as a purchase order or payment;

(iii) Paying—the completion of cheques or batching procedures;

(iv) Custody—keeping a watch over goods and instruments in the designated safe place;

(v) Recording—the completion of the accounting records;

(vi) Post transaction management checking—review previous transactions to identify errors or intentional manipulation; and

(vii) Complying with applicable legislation.

3.11 Financial management functions and tasks in a public school

3.11.1 Custody of the financial framework
The Financial Framework shall be kept securely at the school by the principal.

3.12 School Budgets

The governing body shall

(i) Prepare a budget each year which shows the following:

   (a) Estimated income and expenditure of the school for the following financial year.

   (b) the measurable objectives and outcomes for the institution’s programmes;

   (c) details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;

   (d) details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities;

   (e) multi-year projections of income and projected receipts from the sale of assets;

   (f) details of the Service Delivery Improvement Programme;

(ii) Before a budget is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present and voting.

3.12.1 Monitoring budgets

The SGB shall

(i) Monitor the budget quarterly to ensure that resources are used for their intended purposes and any variances properly accounted for.

3.12.2 Controlling budgets

The SGB shall

(i) Control a public school budget by periodically reviewing and adjusting its budget targets with realities obtaining in the school during the financial year.

3.12.3 Zero-based budgeting

The SGB of a public school shall use zero-base budgeting. In line with the vision and mission of the school such budget shall include the following minimum information-

(i) actual revenue and expenditure of the previous financial year;

(ii) projected revenue and expenditure for the full current financial year;

(iii) estimated revenue and expenditure for the following year (the budget year).
3.12.4 Budget surplus or deficit –

(i) The budget of a public school shall not estimate for a surplus or deficit. A public school in KwaZulu Natal Province shall **not** get into a deficit position.

3.12.5 Budget process notices

Notice in terms of which parents are informed of the budget meeting shall be given 30 days prior to the meeting with the following information –

(i) Notice to parents that the budget is available for inspection at the school fourteen (14) days prior to the meeting;

(ii) Schedule for current and proposed school fees;

(iii) Notification that the criteria and procedures for fee exemption may be obtained from the school.

(iv) An invitation, which contains the agenda of the meeting and invites parents to attend the meeting; and

An explanation that a resolution will be proposed at the meeting, to be approved by the majority of parents present and voting, to approve the budget and the proposed school fees, and that this decision will be binding on all parents.

3.12.6 Amending budget

The budget approved by parents may be amended before 31 March of the following school year to take into account certain actual amounts that were not available during the budget process and will only be for the following items:

(i) The government allocation made to the school;

(ii) The number of learners enrolled at the school; and

(iii) The level of exemptions that will be applicable within each exemption category.

3.12.7 Budget reports

The Financial Officer shall

(i) Establish procedures for quarterly reporting to the accounting authority to facilitate effective performance monitoring, evaluation and corrective action.

Regular variance reports

The Treasurer shall:

(i) Prepare a **Budget Variance Report** for the Finance Committee on a monthly basis.

Budget process tasks and Responsibility -

*The SGB shall-

(i) Adopt the draft budget presented and resolve all differences and disputes before presenting it to parents for approval;*
(ii) Notify parents of the meeting where the budget will be approved;

(iii) Provide a report to the Provincial Department on the budget meeting, including a copy of the budget together with a statement that the budget has been approved and the approved cost per learner charge;

(iv) Review monthly monitoring reports and approve options for dealing with over- and-under spending, both actual and estimated.

*The Finance Committee shall-*

(i) Draft the draft budget in the prescribed format for adoption by the SGB;

(ii) Present the budget;

(iii) Exercise control of the budget so the school spends within budget;

(iv) Draw up monthly monitoring reports and hold officers to account for the results.

*The Principal shall-*

(i) Facilitate the process for early drafting, approval and submission of the budget to all stakeholders

(ii) Maintain control systems and school data that will provide financial information to enable budgets to be drafted, approved and monitored effectively.

*The Treasurer shall-*

(i) Capture all financial data relevant for budget planning;

(ii) Produce monthly budget information and related advice to the Finance Committee;

(iii) Advise SGB on areas of potential overspending or under-spending.

*The Members of Staff shall-*

(i) Report any variations, actual or estimated, and the action proposed to correct overspends.

### 3.13 School Accounting Policy

The SGB of a public school may

(i) Declare, in the form of its internal accounting policy, how it treats specific items within the annual accounts, prescribed by the financial framework, to be implemented by professional management of the school.

### 3.14 Public school accounting records

The SGB of a public school shall –

(i) keep accurate accounting records of funds received and spent by the school and of its assets, liabilities and financial transactions;

(ii) maintain statutory accounts and returns to a defined set of standards in the financial framework;
(iii) furnish to the auditors or Head of Department support documents such as cheque requisition forms, delivery notes, invoices, tender documents, acknowledgement of payment receipts.

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. School accounting records shall be kept for a minimum period of 7-years and shall be filed in chronological order.

School accounting records shall include, but not limited to,-

(i) Financial Framework and standard Chart of Accounts;
(ii) School accounting policy;
(iii) Minutes and documents of the Finance Committee;
(iv) Correspondence;
(v) Insurance;
(vi) Bank statements;
(vii) All receipts;
(viii) Payments;
(ix) School fees and exemption records;
(x) Monthly and quarterly reports;
(xi) Audit reports; and
(xii) Annual Financial Statements.

3.14.1 School monthly accounting

The SGB shall see to it that the treasurer prepares and maintains consistently on a monthly basis:

(i) cash book – which shall document all record of payments using the cheque requisition and returned paid cheques, as well as all receipts using the receipt books;
(ii) bank reconciliation – which reconciles the cash book balance to the bank statement balance; and
(iii) general ledger and trial balance – which shall be maintained on an accrual basis of accounting. The general ledger shall be prepared in accordance with the standardised and approved chart of accounts.

Tasks and responsibility

(i) The SGB shall approve the trial balance on a monthly basis.
(ii) The Finance Committee shall review the cash book, general ledger and bank reconciliation for accuracy; and
(iii) The Principal shall supervise compilation of financial records in line with the standardised and approved chart of accounts and any specific advice /requirements of the Finance Committee.

The Treasurer shall
(i) capture all transactions and provide an audit trail from source documents to the General Ledger; and
(ii) be responsible for orderly storage, filing and safe-guarding of all source documents, registers and other financial information and financial reports.

3.15 Annual Financial Statements (AFS)

Financial year-end process
The Annual Financial Statements shall be drawn, as soon as practicable, but not later than three months after the end of the financial year, in accordance with the guidelines determined by the Member of Executive Council.

Fairness and accuracy of accounts
The SGB of a public school shall prepare accounts that present accurately and fairly its operations during the year.

Reports
(i) The SGB of a public school shall in addition to the annual financial statements produce the Budget Variance Report (Revenue and Expenditure Variance Report) every year.

Tasks and responsibility
The SGB shall:

(i) draw up the Annual Financial Statements, as soon as practicable, but not later than 3 months after the end of each school financial year;
(ii) Submit a copy of the audited financial statements of the school, audited or examined in terms of section 43 of the SASA, to the Head of Department within 6 months after the end of each school financial year.

The Treasurer shall directly, with the Finance committee, be responsible for the preparation of the following annual reports-

(viii) Balance Sheet
(ix) Revenue and Expenditure Statement
(x) Budget Report (Revenue and Expenditure Variance Report
(xi) Provide guidance for the maintenance of accounts and their closure.
(xii) Draw up a detailed annual timetable for final accounts preparation, approval and audit.

3.16 Procurement of goods and services

Role of the School Governing Body (SGB)
The SGB of a public school must implement in that institution an effective and efficient procurement management system for -

(i) the acquisition of goods and services; and
(ii) the disposal and letting of state assets, including the disposal of goods no longer required.

The procurement management system referred to above must –
(iii) be fair, equitable, transparent, competitive and cost effective;
(iv) be consistent with the PPPFA, 2000 (Act No. 5 of 2000); and
(v) provide for at least the following: -
   (a) demand management;
   (b) acquisition management;
   (c) logistics management;
   (d) disposal management;
   (e) risk management; and
   (f) regular assessment of procurement system performance

The SGB is responsible and accountable for all Procurement and related activities/functions. The SGB shall conduct procurement for a school in line with the Five Pillar Principles and all relevant national and provincial legislation.

Role of the Procurement Committee
The Procurement Committee shall comprise at least the following members:

- The SGB Chairperson;
- Principal;
- Financial Officer; and
- Any other members of staff or parents which the Procurement Committee deems necessary to co-opt.

The Procurement Committee shall meet at least twice a term to deal with procurement issues. The main responsibility of the Procurement Committee will be to ensure that all procurement activities comply with applicable prescribed legislation.

3.17 External financial audit

Appointment of an auditor to perform an audit –
The SGB shall:

(i) Appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991), to audit the records and financial statements referred to in section 42 of the SASA.

(ii) If it 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, who 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 is approved by the MEC for this purpose.

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

(iv) If the MEC 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.
(v) 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.

(vi) At the request of an interested person, the governing body must make the records referred to in section 42, of the Act and the audited Financial statements available for inspection.

**Submission of audited financial statements**
The SGB shall submit to the Head of Department, within six months after the end of the school financial year, a copy of the audited annual financial statements, audited or examined.

*The SGB shall:*
(i) Approve and appoint an auditor in writing;
(ii) Agree to fees with the auditor in writing;
(iii) Sign an engagement letter for the appointed auditor;
(iv) Present the audit report and audit findings at the school's annual budget approval meeting; and
(v) Instruct the Finance Committee to take action to address concerns raised by the auditor in the report as well as the Provincial Head of Department.

*The Principal shall:*
(i) Provide action plans to be implemented to address any concerns expressed by the auditors; and
(ii) Report to the SGB on the progress made in implementing such action plans above.
(iii) Work with external auditors to advise the SGB, the Treasurer and members of staff on their responsibilities in relation to external audit;
(iv) Supervise the implementation of external audit recommendations; and
(v) Assign appropriate members of staff the responsibility to implement administrative recommendations made by the External Auditor.

*Members of Staff shall:*
(i) Ensure all documentation and systems are up to date and available for inspection.
(ii) Allow access at all reasonable times to information requested by the external auditor.

**3.18 Risk management and control of resources**

**3.18.1 Stores Control**
Stores control refers to control over inventory such as merchandise and consumable items such as textbooks, stationery, items used in practical subjects, polish, etc. The SGB shall appoint a member of staff, in writing, to be responsible for stores control.
Responsibility/Accountability

The SGB shall

(i) Determine optimum inventory levels to ensure efficiency of use and timely inventory replenishment.

(ii) Be accountable for provision of storage facilities.

(iii) Approve insurance cover that is adequate for the store control and other assets.

The Principal shall

(iv) Ensure that adequate measures are in place to secure the stores and that access to the stores is restricted to authorised persons.

(v) Ensure that a stores record is maintained in accordance with good practice.

(vi) Ensure suitable insurance cover is arranged.

3.18.2 Management of School Assets

Asset Management involves the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential.

(i) The SGB shall appoint a member of staff (Asset Officer), in writing, to be responsible for the custodianship of the school's assets.

Under no circumstances may an employee, parent or community member utilise the school's assets for private use.

The school's assets may only be used for school purposes authorised by the principal. Assets of the school should only be used at authorised venues as determined by the principal.

Responsibility/Accountability

The SGB shall

(i) Ensure that adequate measures are in place to secure assets.

(ii) Review the asset register regularly.

(iii) Approve the purchase and sale of assets.

The Asset Officer shall

(i) Maintain asset register, in a format approved by the Finance Committee.

(ii) Reconcile an asset register, in a format approved by the Finance Committee for all property, plant and machinery and moveable assets currently owned or used by the school.

(iii) Conducting a physical verification of all assets every quarter.

(iv) Ensure that suitable insurance cover is maintained in consultation with the Treasurer/Committee.
(v) Permanently tagging all assets for reference to the asset register.

(vi) Allocate the school's assets to their correct locations and ensure that the assets are accurately marked and used for their intended purpose only.

(vii) Maintain a schedule of regular maintenance required for all relevant assets.

**Asset Disposal**

(i) Assets shall only be disposed of if they cannot be repaired or used for their intended purpose.

(ii) The request for a disposal shall only be done once the quarterly physical verification exercise has been undertaken and obsolete, non-repairable and unnecessary assets have been identified by the Asset Officer.

**Responsibility/Accountability**

*The SGB*

(i) Approve of the intended disposal/acquisition.

(ii) Submitting the request for disposal to the Provincial Department of Education.

*Principal*

(i) Advising on best practice for the disposal/acquisition of assets and on the appropriate accounting entries.

(ii) Ratify the request from the Asset custodian to dispose of the assets.

(iii) Ensure that Asset Disposal/acquisition procedures are followed, revenue is received, and appropriate accounting entries are made.

*Asset Officer*

(i) Motivate the need to dispose/acquire of an asset.

(ii) Updating the asset register with the disposal/acquisition.

### 3.18.3 Internal financial systems and procedures

**Banking Arrangements & Cheques**

In terms of Section 37(1) of the Act, the SGB of a public school shall establish a school fund and administer it in accordance with directions issued by the Head of Department. The school shall operate a single bank account for the collection and payment of money. All receipts and payments of the school shall be made through this account.

**Responsibility/Accountability**

*The SGB shall:*
(i) Appoint and make the necessary arrangements with the school's bankers.

(ii) Approve purchase of essential stores and services.

The Finance Committee shall:
(i) Implement SGB arrangements for the opening, closing and maintenance of any bank account relating to the school’s business.

The Principal shall:
(i) Provide for safe custody of cheque books;

(ii) Supervise the treasurer and reconciliation of the school’s bank accounts; and

(iii) Give instructions to the Financial officer to issue a cheque or not to

The Treasurer shall:
(i) Be responsible for operating the school’s bank account and following procedures;

(ii) Issue cheques approved to beneficiaries; and

(iii) Receive and issue acknowledge receipt for any revenue and bank it.

Investment Accounts

Overview
Schools are afforded the opportunity to invest surplus funds in another account other than its dedicated bank account.

(i) Written approval to hold an investment account shall be obtained from the Member of the Executive Council before surplus funds can be invested. The investment account shall be held in the name of the school. All transfers in and out of the investment account shall be channelled via the school’s main account.

(ii) The investment period shall not exceed 12 months, but may be renewed annually.

(iii) No payments shall be effected from the investment account

(iv) An investments account may not be held off shore.

Responsibility/Accountability

The SGB shall

(i) Submit a request to the Head of department to open investment account;

(ii) Be accountable for any investment account; and
Trust Accounts

In terms of the Education Law Amendment Act of 2001, Section 7, money from the school fund may not be paid into a trust, or used to establish a trust fund. If a trust fund was established from a school fund, or if such money was paid into a trust prior to 01 January 2002, such trust or payment is invalid and shall be paid back into the school fund.

3.18.4 Revenue

The SASA imposes a responsibility on the SGB to do its utmost to improve the quality of education in their schools by raising additional resources to supplement those which the State provides from public funds. Effective systems are essential to ensure that all revenue due to the school is identified, collected, receipted and banked properly.

School revenue shall be generated only from the following sources:

(i) School fees;
(ii) Proceeds of tuck shop sales;
(iii) Cash donations received;
(iv) Asset Disposals;
(v) Specified fundraising activities;
(vi) Interest revenue from investments made;
(vii) Rentals; and
(viii) Hiring out of school facilities and furniture.

The policies and responsibilities for the different types of revenue are indicated below:

School Fee Revenue

School fees shall be determined and charged at a school only if a resolution to do so has been adopted by a majority of parents attending and voting in the meeting referred to in section 38 (2) of the Act.

A resolution by the parents to charge a determined fee per learner shall provide for:

(i) The amount of fees to be charged; and
(ii) Equitable criteria and procedure for the total, partial or conditional exemption of parents/guardians who may not be able to pay the approved school fees.
(iii) The governing body must implement a resolution adopted at the meeting...
Exemption from the payment of school fees is a constitutional right of parents. The SGB shall inform parents of that constitutional right.

A public school **shall not** issue bursaries to students.

School fees exemptions shall not be designated as bursaries by the school. All school fee revenue due to the school shall be processed accurately and securely. Official receipts with the school logo and signed by an authorised member of staff, shall be given on receipt of revenue. Every receipt issued by the school shall be standardised, pre-printed in duplicate and pre-numbered.

**Responsibility/Accountability**

*The SGB shall:*
(i) Set policies regarding the basis of fees and charges.
(ii) Hold special meetings to consider applications for exemptions, and inform parents of the outcome;

*The Finance Committee shall:*
(i) Make arrangements for the collection of all school fee revenue due to the school;
(ii) Approve procedures, systems and documentation for revenue collection.
(iii) Order all receipt forms or books and approve the arrangements for their control;
(iv) Check, verify and reconcile receipt book numbers and amounts collected with individual receipts; and
(v) Review the school fees receivable register.

*The Treasurer shall:*
(i) Maintain a school fees receivable register in the prescribed format;
(ii) Establish that appropriate recovery procedures are undertaken for debts which are not paid promptly;
(iii) Facilitate applications for exemptions by parents who cannot pay in full;
(iv) Issue official receipts for all revenue received; and
(v) Safeguarding of school receipt books.

**Ticket Sales**

(i) All tickets intended for sale shall be:
   (a) Standardised;
   (b) Pre-printed; and
   (c) Pre-numbered.
(ii) A register in the format prescribed in the financial framework shall be maintained for all ticket sales;

(iii) Cash received from ticket sales shall be handed to the relevant finance committee member; and

(iv) The Treasurer shall issue a receipt for the total amount handed in for banking.

Responsibility/Accountability

The SGB shall

(i) Determine the need for fund raising;

(ii) Determine cash threshold to be reached;

(iii) Appoint a fund raising committee; and

(iv) Put in place financial controls to receive and record all revenue due to the school from ticket sales.

The Finance Committee shall

(i) Receive the printed tickets and ensure that they are in agreement with the schools order specifications;

(ii) Acknowledge cash received from ticket sales;

(iii) Keep tickets in a secure place;

(iv) Account for unsold tickets to the SGB;

(v) Verify that cash received was banked immediately into the school’s bank account; and

(vi) Reconciling the total cash collected per the register to the amount deposited into the bank account; and

(vii) Deliver all ticket sales to the Treasurer for record and banking;

The Fund Raising Committee shall

(i) Issue tickets for cash received;

(ii) Reconcile the total tickets printed to the total issued, sold and unsold;

(iii) Deliver all a day’s ticket sales to the Treasurer for record and banking; and

(iv) Account for unsold tickets to the Finance Committee.

Other minor fundraising activities and their revenue

(i) Fundraising activities shall not interfere with normal school activities;

(ii) All revenue from minor fundraising events such as Civvies Day;

(iii) Valentines Day, computer Classes for the community, Talent shows, Beauty contests, etc shall be recorded on class lists by the class teachers;

(iv) Learners who may not wish to support the fund raising or who may not have financial means to join in it shall not be victimised in any way; and
(v) The treasurer shall issue a covering receipt for the money reflected on the class list.

Responsibility/Accountability

The SGB shall

(i) Ensure proper financial controls are in place to receive and record all revenue due to the school.

Finance Committee shall

(i) Order and supplying services with all receipt forms, books or tickets and similar items and approve the arrangements for their control;

(ii) Regular sequence check on receipt book numbers and individual receipts; and

(iii) Recommend a framework for charging policies of the school.

Treasurer shall

(i) Ensure there is a separation of duties within service areas concerning revenue collection and processing;

(ii) Issue official reports or maintain other documentation for revenue collection;

(iii) In consultation with the Finance Committee, ensure adequate recording, collection and security measures are in place for the collection of revenue;

(iv) Reconciling the actual cash collected and handed over; and

(v) Safeguarding of school receipt books.

Fundraising Committee shall

(i) Prepare a plan of fundraising activities for the year and submitting it for approval; and

(ii) Maintain a separate register for each fund raising activity.

Requisitioning and Paying for Goods

Responsibility/Accountability

The SGB shall

(i) Approve all payments to be made after verifying all relevant support documentation is attached.

The Finance Committee shall

(i) Recommend the format of official orders, and associated terms and conditions.

(ii) Make payments on the SGB’s certification that the expenditure has been properly incurred.
(iii) Provide advice on and making payments by the most economical means.

The Financial Officer

(i) The Financial Officer of a school must ensure that internal procedures and internal control measures are in place for payment approval and processing.

The Treasurer shall

(i) Sign the requisition form once completed by each authorised signatory for his/her section and ensure that only members of staff of an appropriate level are authorised to certify invoices for payment;
(ii) Ensure orders for all goods and services are in a format agreed with the Finance Committee;
(iii) Ensure individuals do not use official orders to obtain goods or services for their private use;
(iv) Ensure that there is sufficient budgetary provision for the raising of any order;
(v) Ensure separation of duties at different stages of order and paying for goods;
(vi) Ensure that value for money is obtained from purchases by obtaining competitive prices for goods and services of the appropriate quality, with regard to any best practice guidelines;
(vii) Notifying the Finance Committee immediately of any expenditure to be incurred as a result of statute, a court order, or other legal requirement but where there is no budgetary provision; and
(viii) Ensure that all invoices are submitted for payment in time to meet the performance indicator for prompt payment.

Travel, Accommodation and Subsistence Costs

Members of staff may occasionally be required to travel and stay out of station for business purposes. The SGB shall ensure that strict controls are in place to ensure that only official rates are paid for travel and subsistence expenses incurred on behalf of the school.

(i) The school shall reimburse mileage expenses to individuals for business journeys at a rate decided upon by the Treasury and adopted by the SGB on an annual basis.
(ii) All claims for travel, accommodation and subsistence shall be based on documentary proof and made on the prescribed forms and approved before they are incurred. Receipts or other appropriate evidence of expenditure shall be attached to the claim.
(iii) Retrospective approval shall not be allowed unless noted under exceptional circumstances and the approval of the principal is obtained.
(iv) The principal and the treasurer shall approve all reimbursement expenses below R 500.00.
(v) The principal, chairperson and the treasurer shall approve all reimbursement expenses above R 500.00.

Responsibility/Accountability

**THE SGB shall**
(i) Determine the rates for mileage, accommodation and daily subsistence for reimbursements.

**The Finance Committee**
(i) Develop internal controls to ensure that only the official rates are paid for travel and subsistence expenses incurred on behalf of the school.

**The Principal and the treasurer shall:**
(i) Approve or reject the request or claim.
(ii) File the claim; and
(iii) Effect payment of the claim

**Member of staff shall**
(i) Submit a request, in writing, the approval for travel, accommodation and subsistence cost. The request is accompanied with an explanation for the need to incur this cost as well as all the necessary support documentation.

**Use of private Motor Vehicle**
(i) Prior approval of the principal shall be obtained before any cost for the use of own vehicle for school business is incurred. The school shall not be held responsible for any theft or accidents while travelling in own vehicle for school purposes; and
(ii) A staff member shall not use own vehicle for school purposes unless the staff member and the vehicle are adequately covered by insurance.

**Petty Cash Accounts**
The SGB shall approve the establishment of petty cash, as well as a reasonable funding level and maximum amount allowed per payment. Once approval has been obtained, a petty cash officer shall be appointed in writing.

Petty cash shall be used only for the payment of minor expenses incurred on a day-to-day basis. The petty cash is limited to a single payment not exceeding R 200.00.

All petty cash payments to staff shall be supported by an appropriate voucher signed by the member of staff receiving the cash.

Petty cash shall be kept in a locked box in the safe and the Treasurer will be responsible for its security and may be delegated to a Petty Cash Officer. The Principal will be in-charge of petty-cash and its security.

Responsibility/Accountability
The Finance Committee shall
(i) Monitor that petty cash accounts are conducted in line with the instructions issued by the SGB.

The Principal shall
(i) Authorise payment from petty cash; and
(ii) Review the petty cash reconciliations on a monthly basis.

The Treasurer shall
(i) Operate petty cash account in line with the relevant instructions;
(ii) Maintain petty cash records, including vouchers indicating the full details of expenses and authorisations and invoices or cash slips in respect of payments made;
(iii) Reconcile petty cash records on a monthly basis; and
(iv) Request replenishment cheques for the replacement of petty cash, up to the approved monthly funding level.
SECTION 2

FINANCIAL FRAMEWORK
Financial Framework

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BUDGETING GUIDELINES
## 4. Budgeting guidelines

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4.1 Objective

This guideline is prepared to give guidance to the legislative requirements of the Acts and in terms of the National Norms and Standards for Public-Funding to ensure that the schools comply with the processes which need to be followed when drawing up a budget.

4.2 Legislation

(i) Sections 5(3), 15, 38(1) of The South African Schools Act, 84 of 1996;
(iii) Sections 40 and 43 of the Public Financial Management Act (No.1 of 1999)
(iv) Chapter 6 of the Treasury Financial Directives

4.3 Importance of budgeting

(i) The budget serves as a control measure to monitor current expenditure against projections.
(ii) A budget helps the school to meet its objectives efficiently.
(iii) The school needs to draw realistic budgets to improve their cash flows.
(iv) A realistic budget can assist the school community to focus on common goals.
(v) Regular budget monitoring reveals areas where there are variances.

4.3.1 Budgeting procedures

4.3.1.1 Drafting the budget

Responsibility for running a public school budget rests primarily with the SGB. However, in doing its work, the SGB needs to work closely with the SMT. The principal is a key person in the budgeting process of a school because s/he is a member of both the SGB and the SMT. The finance committee with guidance of the treasurer must prepare the budget.

The finance committee must distribute budget preparation forms to all the Heads of Departments (HOD's). Instructions and procedures for the preparation of these forms must be given to the HODs.

4.3.1.2 School Development Plan (SDP)

The School’s Development Plan (SDP) must be used as the basis for the budget. The school development planning process follows a particular sequence from step 1 to 7 and these sequences are intertwined. Some of the main activities in the school development planning cycle:

Step 1 - Needs Analysis (School Term 3)

When the school prepares for its SDP, they need to have a clear idea of the needs for the school. The SGB with the help of the SMT plays a leading role in this phase. The needs of the school are generated through the following:
(i) Information sharing
(ii) Previous SDP performance report
(iii) School Self Evaluation
(iv) SWOT analysis (analysis of the school strengths/weaknesses)
(v) Departmental initiatives or programmes
(vi) Other school performance records
(vii) Review and report on the SDP performance report to relevant stakeholders on the SDP

Step 2 - Prioritisation of needs (School Term 3)

When prioritising the needs of the school, consider the following, as they are the main areas in which school spend their school funds. The Finance Committee, with the support of the SMT, plays a leading role in this phase by:

(i) Focusing on payment of recurrent costs such as water, electricity etc;
(ii) Focusing on the S21 allocated functions such as maintenance, LTSM;
(iii) Focusing the key development areas identified by the school;
(iv) Looking at Departmental priorities for the current school year;
(v) Handing the SDP to District Office.

Step 3 - Working out the costs (School Term 3)

Working out the budget for the activities in the SDP will help your school to determine if its financial resources match the activities that you plan to do in the year plan. The Finance Committee, assisted by the SMT, plays a leading role in this phase:

(i) Check previous financial records and identify recurring costs;
(ii) Compile a draft income and expenditure budget;
(iii) Check if in line with the vision mission of the school; and
(iv) Write and submit funding proposals and align to budget process.

Step 4 - Reporting to parents and HOD's (School Term 3)

This is done in the name of transparency and to keep all key stakeholders on board about the process. The Finance Committee plays a leading role in this phase:

(i) Present proposed income and expenditure budget to stakeholders
(ii) Prepare and present final draft to SGB for consideration

Step 5 - Approval of the SDP and Budget (School Term 4)

The SDP is not separate from the broad process of the budget approval. The approval of the budget gives effect of the SDP priorities. The SGB plays a leading role in this phase. It is good practice of the SGB to promote ownership of the SDP of the whole school community at a parents meeting by:

(i) Presenting the proposed budget to AGM and effect amendments of approved budget.
Step 6 - Implementation of the SDP (School Term 1)
This takes place at the beginning of the new school year in January. The SMT leads in this phase by:
(i) Developing a year plan that is consistent with SDP
(ii) Keeping records of SDP delivery.
(iii) Providing quarterly reports that are in line with year plan.

Step 7 - Monitoring and evaluation of SDP (School Term 3)
This helps a school to determine whether it’s doing what it planned to do and this includes planned activities and the financial implications. The SMT and the Finance Committee are critical players in this phase by:
(i) Reporting on SDP deliverables
(ii) Review SDP deliverables

4.4 Non-section 21 schools
Schools that are not on the section 21 list, and have therefore not been granted approval to procure their own goods and services, must procure their goods and services according to existing departmental arrangements. However, the Department will exercise administrative controls to ensure that the allocation per-learner is maintained at a level consistent with the Norms.

Such schools are informed of their school’s budget. This prepares them to understand actual costs of running their school, and improve their capacity to join the section 21 list in due course.

4.5 Section 21 schools
Schools with Section 21 status include their provincial allocation (also called government subsidy) as part of their income. Each school is given guidance on how the funds are to be spent between the following categories:
(i) Textbooks
(ii) Stationery
(iii) Administration
(iv) Equipment
(v) Maintenance
(vi) Improvements

A Section 21 school’s budget and all its budget reports need to reflect how the funds are being spent according to these categories.

4.6 Information required in the budget

4.6.1 Minimum information required
(i) The actual income and expenditure of the previous financial year;
(ii) Projected income and expenditure for the full current financial year;
(iii) Estimated income and expenditure for the following year (the budget year);
(iv) Percentage variance between the actual expenses of the previous year and the projected expenses for the current year for each line item; and
(v) Ensure it is in line with the vision and mission of the school

4.6.1.1 Income items

(i) School fees indicating number the of learners and the rand amount per learner
(ii) School fees exemptions indicating the number of exempt learners and the rand amount per learner
(iii) School Allocation per learner
(iv) Investment income (if permitted)
(v) Fund-raising income (e.g. concerts, sport events, uniform sales)
(vi) Tuck shop sales
(vii) Donations (e.g. bequests by individuals and institutions,)
(viii) Sponsorships (sports, library, science laboratory etc)

4.6.1.2 Expenditure items

(i) Administration expenses (office stationery, affiliation fees, rental of equipment, security, telephone accounts)
(ii) Teaching and learning expenses (textbooks, library books, exams and assessment)
(iii) Education support services
(iv) Auxiliary services (tuck shop purchases, uniform purchases, first aid)
(v) Sports and culture
(vi) Staff costs (SGB appointees, subsistence and travelling)
(vii) Municipal services (Water and Electricity)

Schools must budget for the monthly municipal services except for rates and taxes which are paid by Department of Public Works.

4.6.1.3 Surplus and Deficits

The budget should not estimate for a surplus or deficit. Public schools in South Africa are not allowed to get into debt (no deficit). This raises the risk that the Department could close the school. Budget surplus balances from the previous year (if applicable) should be included in budget as a surplus balance, only to be utilised in terms of the current budget.

4.6.1.4 Contingencies

A budget is a financial plan, and planning should be as thorough as possible. However, the budget cannot plan for every expense. So there is usually an amount allowed for contingencies. Other names for this are "miscellaneous", 
“incidental”, or “unexpected” expenses. The amount for contingencies should be small; if the budget is done carefully, there will be no need for a big amount.

4.6.1.5 Hostel Budget

A separate budget for hostel income and expenses must be drafted in the same manner as the school budget. The SGB is responsible for the running of the hostel. SGB can appoint a hostel Superintendent, house mother/father and household supervisor. The Superintendent can be tasked to draw up the hostel annual budget. The budget must include the following expenditure:

(i) Food supply estimated per boarder
(ii) Water, electricity and sanitary services
(iii) Fuel and coal
(iv) Cleaning apparatus and materials
(v) Cleaning services
(vi) Transport and delivery costs
(vii) Garden equipments
(viii) Medical supplies
(ix) Medical and dental emergencies
(x) Laundry
(xi) Bedding and linen
(xii) Supervision services
(xiii) Food preparation and cleaning
(xiv) Maintenance of building and equipment
(xv) Any other expense that will make the running of the hostel more effective.

4.6.1.6 Additional building structures

The SGB must perform fundraising activities in instances where they need to build additional building structures. Building projects must not be included in the school annual budget because they will give increase to the annual school fee charged per learner. These activities must be included in the fundraising plan as long term projects. The fundraising committee should develop a separate project budget for building and other projects.

4.7 Approval of the budget

4.7.1 Approval by the SGB

The treasurer of the SGB must review and evaluate the budget for completeness and accuracy and sign it as indication of confirmation. The budget, together with the supporting documents and schedules must be presented and explained to the SGB by the treasurer. Before the budget is approved by the governing body, it must be presented to the general meeting of parents, convened on at least 30 days notice for consideration and approval by the majority of parents present and voting.
4.7.2 Approval by the parents

A notice and agenda must be sent to the parents at least 30 days before the meeting.

Information to be communicated on the notice:

(i) Notification that the budget will be available for inspection at the school at least 14 days prior to the meeting;

(ii) Schedule for current and proposed school fees;

(iii) Notification that the criteria and procedures for fee exemption may be obtained from the school;

(iv) An invitation, which contains the agenda of the meeting and invites parents to attend the meeting; and

(v) An explanation that a resolution will be proposed at the meeting, to be approved by the majority of parents present and voting, to approve the budget and the proposed school fees in the case of fee paying schools, and that this decision will be binding on all parents.

4.7.3 The Budget Meeting

(i) An attendance register must be kept.

(ii) The minutes of the previous parents meeting must be read.

(iii) The proceedings and the decisions taken at the meeting must be minuted. The detailed budget must be presented to the parents.

(iv) Approval of the budget requires that the majority of parents vote in favour of the budget.

(v) The individual parents attending the meeting must vote for the amount of fees to be charged and the equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees.

(vi) The exemption table should be reviewed annually, based on the new proposed school fees structure.

4.7.4 Adjustment to the budget

Should the majority of parents not adopt the budget, the adjustments as proposed by the majority of parents present and voting, must be implemented by the SGB. The SGB must ratify the budget as approved by the parents. The principal, treasurer and chairperson of the SGB must sign the budget. Before 31 January of the following year, the budget may be amended in the light of three amounts which will become known by that date:

(i) The school allocation (which might be adjusted from the “indicative amount” already provided);

(ii) The number of learners enrolled at the school; and

(iii) The level of exemptions to payment of school fees that is likely.
The amended budget will be reviewed by the SGB and confirmed. One amount that may not change is the amount for school fees; this amount was approved by parents, and may not be changed.

4.7.5 Communicating the approved budget to parents

The SGB must ensure that full details regarding the school fees for the new financial year, with notification that the criteria and procedures for exemption are available at the school, are published in the next school newsletter. A copy of the signed budget and minutes of the parents’ budget meeting must be submitted to the Department by no later than 31 January of each school year.

4.8 Monitoring the budget

During the year, the SGB needs to monitor (watch) the budget, i.e. ensure that the income and expenditure stay in line with the budget. It is also important to ensure that the “cash flow” is good, i.e. that there are sufficient funds at the times when they are needed.

Regular and accurate reporting on the financial situation at the school is essential. The SGB must monitor expenditure by obtaining monthly budget reports from the Treasurer.

4.8.1 Budget variance

*Variances* are differences between anticipated expenditure and actual expenditure. Some variances, also called “deviations”, show that you have spent too much and others that you have spent too little – in terms of the budget.

The SGB will ask the Finance Committee and SMT to explain over-expenditures and under-expenditures. School fees calculations were based on the budget; if there is serious under-expenditure, then the parents were “over-charged” school fees.

Each month, the Treasurer may prepare a *Budget Variance Report* for the Finance Committee. If the school has under-budgeted (that is, over-spent) on any cost centre, there are three main options:

4.8.2 Working adjustments

If the variances are minor, each month you may make adjustments in monthly allocations. So, if you spend more than allocated one month, you will have to spend less in the next months.

4.8.3 Formal adjustment

If the variances are serious, you may need to draft an Interim Budget. This needs to be formally presented to parents at a general meeting. The process should be the same as it was for the original budget.

4.8.4 Special fund-raising

You may decide to have a special fund-raising activity for the cost centre that has seriously over-spent.
4.8.5 Limits for variances

The school's Financial Policy may set limits for variances. For information on variance limitation options refer to the Annual Financial Statements Guidelines.

4.8.6 Budget Virement

The finance committee must manage the budget in consultation with the SGB. Deviations from the approved budget are subject to SGB approval. Excess funds cannot be used for other expenditure without proper approval by the SGB. To shift allocated funds and use them for budget categories not indicated in the paper budget the school must obtain permission from the SGB.

4.8.7 Important time frames and information

<table>
<thead>
<tr>
<th>Period / Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term 3 - September of school year</td>
<td>Start budget process</td>
</tr>
<tr>
<td>Term 4 - October of school year</td>
<td>Approve the budget in AGM</td>
</tr>
<tr>
<td>31 January of school year</td>
<td>Submission of final budget approved by parents</td>
</tr>
<tr>
<td>30 June of following school year</td>
<td>Submission of audited financial statements</td>
</tr>
</tbody>
</table>

4.8.8 Grant allocation per quintiles

The provincial education department calculates the amount to be allocated to each school, using two bases:

(i) *Medium Term Expenditure Framework* (MTEF), whereby each province plans its own spending on a three-year rolling basis.

(ii) National *Norms and Standards for School Funding* (NNSSF) legislation, which was published in Government Gazette, Notice 869, 2006, as amended.

The National Norms and Standards for School Funding “NNSSF” regulations established principles and procedures for Provincial Education Departments “PED” to redistribute funds in favour of poorer schools. Each PED has a “Resource Targeting List” which is a rank order of every school in the Province, arranged from poorest to least poor. The list is divided into quintiles (five groups), and each quintile is allocated a different percentage of funds. The following table is taken from the NNSSF regulations, 2006:
### Resource targeting table based on poverty of communities

<table>
<thead>
<tr>
<th>School quintiles, from poorest to least poor</th>
<th>Expenditure allocation</th>
<th>Cumulative percentage of schools</th>
<th>Cumulative percentage of recurrent expenditure</th>
<th>Per learner expenditure indexed to average of 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorest 21,1%</td>
<td>28,5% of resources</td>
<td>21,1%</td>
<td>35%</td>
<td>109</td>
</tr>
<tr>
<td>Next 22,2%</td>
<td>26,1% of resources</td>
<td>43,3%</td>
<td>54.6%</td>
<td>100</td>
</tr>
<tr>
<td>Next 21,1%</td>
<td>26,1% of resources</td>
<td>64,4%</td>
<td>80.7%</td>
<td>100</td>
</tr>
<tr>
<td>Next 20,2%</td>
<td>14,3% of resources</td>
<td>84,6%</td>
<td>95%</td>
<td>55</td>
</tr>
<tr>
<td>Least poor 15,4%</td>
<td>4,9% of resources</td>
<td>100%</td>
<td>100%</td>
<td>19</td>
</tr>
</tbody>
</table>

The last column in the table gives an example of the different amounts of funds which may be allocated to schools in the different quintiles. Multiply this amount by the number of learners in the school.
BUDGETING TEMPLATES
Example of memorandum for the Budget Meeting:

**MEMORANDUM**

_________________________(name of school)

Address of School

Date

Dear Parents

**NOTICE OF THE BUDGET MEETING**

You are hereby invited to attend a budget meeting to be held on __________________________(dd/mm/yyyy).

The following documents are available at the school for your inspection before the date of the meeting:

(i) the detail budget will be available for inspection at the school at least 14 days prior to the meeting (specify the date dd/mm/yyyy).
(ii) Schedule for current and proposed school fees.
(iii) The criteria and procedures for fee exemption may be obtained from the school.

Parents as urged to attend this meeting because a resolution of the budget and school fees charged for the year will be proposed at the meeting, to be approved by the majority of parents present and voting and that this decision will be binding on all parents.

The following documents are attached for your attention and you are further requested go through them before the date of the meeting.

(i) The proposed agenda of the meeting
(ii) A summary of the budget

Your presence at this meeting will be appreciated.

Yours sincerely

.............................................                                       ...........................................

Chairperson of the SGB                                          Principal
### Budget Template

_BUDGET FOR THE YEAR___________

<table>
<thead>
<tr>
<th>COST CENTRE</th>
<th>DESCRIPTION</th>
<th>Next Year</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td><em>Net Income from school fees</em></td>
<td></td>
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<tr>
<td><em>Gross school fees receivable</em></td>
<td></td>
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<tr>
<td><em>Less: exempted portion</em></td>
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<tr>
<td><em>Less: bad debts</em></td>
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<tr>
<td><em>Government Transfer</em></td>
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<tr>
<td><em>Textbooks</em></td>
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<tr>
<td><em>Stationery</em></td>
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<tr>
<td><em>Administration</em></td>
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<td><em>Maintenance</em></td>
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<td><em>Improvements</em></td>
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<tr>
<td><em>Donations &amp; Grants</em></td>
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<tr>
<td><em>General</em></td>
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<td><em>Conditional</em></td>
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<tr>
<td><em>Rental Income:</em></td>
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<tr>
<td><em>Tuck shop</em></td>
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<td><em>Vendor rental</em></td>
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<td><em>School hall rental</em></td>
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<td><em>Swimming pool</em></td>
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<td><em>Tennis courts</em></td>
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<td><em>Fields</em></td>
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<tr>
<td><em>Sales:</em></td>
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<tr>
<td><em>Tuck shop</em></td>
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<tr>
<td><em>Uniforms</em></td>
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<td><em>Text books</em></td>
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<td><em>School magazine</em></td>
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<td><em>School photographs</em></td>
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<td><em>Investment Income:</em></td>
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<td><em>Interest Received</em></td>
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<td><em>Profit on sale of investments</em></td>
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<td><em>Other investment income</em></td>
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<td><em>Income from hostels</em></td>
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<td><em>Other Income</em></td>
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<td><em>Profit on sale of assets</em></td>
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<td><em>Other</em></td>
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<td>Repairs and maintenance - building</td>
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<td>Salaries</td>
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<td>SGB Cleaning Personnel: Other remuneration</td>
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<td>Teachers enrichment</td>
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<td>Expenses</td>
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<td>Text books</td>
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<td>Tuck shop expenditure</td>
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<td>Consultants</td>
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<td>Development and training</td>
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<td>Exams and assessment material</td>
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<td>Other (Specify)</td>
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<tr>
<td>Transport – Excursions</td>
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<td>Transport – other private</td>
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<td>Transport – other public</td>
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<td>Workshops and seminars</td>
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<td>Education supplies – consumable</td>
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<td>Education supplies – non-consumable</td>
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<td>SGB appointed Professional Personnel: Salaries</td>
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<td>SGB appointed Professional Personnel: Other remuneration</td>
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<td>SGB appointed Administrative Personnel: Salaries</td>
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<td>SGB Administrative Personnel: Other remuneration</td>
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<td>Supplies</td>
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<td>Transport (LSEN)</td>
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<td>Exam and assessment materials</td>
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<td><strong>Sports &amp; Culture expenses</strong></td>
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Approved at a meeting of parents held on __________________(day:month:year)  

SCHOOL STAMP

Signature: Chairperson, SGB  
Signature: Treasurer SGB

Date (day:month:year)  
Date (day:month:year)
**SCHOOL DEVELOPMENT PLAN (SDP)**

A. Vision
   - Mission
   - Stakeholders

B. PERFORMANCE AREAS

<table>
<thead>
<tr>
<th>PERFORMANCE AREA</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<tr>
<td>1 Basic Functionality</td>
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<td>2 Leadership Management and Communication</td>
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<td>3 Governance and Management</td>
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<td>4 Quality of Teaching and teacher Development</td>
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<td>5 Curriculum Provision and Resources</td>
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<td>6 Learner Achievement</td>
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<td>STRENGTHS</td>
<td>WEAKNESSES</td>
<td>OPPORTUNITIES</td>
<td>THREATS</td>
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<td>7</td>
<td>School Safety, Security and Discipline</td>
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<td>8</td>
<td>School Infrastructure</td>
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<td>Parents and Community</td>
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<td>Financial Management</td>
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C. PRIORITIES

D. ACTION PLAN

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<th>OBJECTIVE</th>
<th>ACTIVITY</th>
<th>RESPONSIBLE PERSON/TEAM</th>
<th>INDICATOR</th>
<th>BUDGET</th>
<th>TARGET GROUP</th>
<th>TIME FRAME</th>
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## BUDGET BREAKDOWN

**NAME OF SCHOOL: ________________________________**

<table>
<thead>
<tr>
<th>EXPENDITURE ITEMS</th>
<th>Total for year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
</table>
DIRECTIVES ON THE MANAGEMENT AND ADMINISTRATION OF SCHOOL FUNDS
5. Directives on the management and administration of school funds

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Objective

This guideline is prepared to give guidance to the legislative requirements of the Act and in terms of the National Norms and Standards for Public-Funding to ensure that the schools are aware of the processes which need to be followed when managing and administering funds which are allocated and available at their institutions.

5.1 Different types of public schools

5.1.1 Non Section 21 schools

Non-section 21 schools must account for the funds sourced from the charging of school fees, fundraising, donations and any other income.

5.1.2 Section 21 Schools

The section 21 schools must account for all the funds charged and received during the year. The income must include the school allocation, school fees charged, donations, fundraising etc. All the funds must be deposited into the schools bank account.

5.1.3 No-fee schools

The Member of the Executive Council (MEC) publishes information about the quintile category of each school, and the government contribution per school, in the third term of each year.

If a school is a ‘no fee’ school whether they are section 21 or non-21, parents do not have to pay any fees. The school fees are defined by the Act to include all forms of compulsory contributions and no registration or activity fees may be levied as it is part of the school fees.

5.2 Different types of school funds

(i) School fees indicating the number of learners and the rand amount;
(ii) School fees exemptions compensation indicating the number of exempt learners and the rand amount;
(iii) School Allocation amount;
(iv) Investment income;
(v) Fund-raising income (e.g. concerts, sport events, uniform sales, new building structure);
(vi) Tuck shop sales;
(vii) Donations (e.g. bequests by individuals and institutions);
(viii) Sponsorships (sports, library, science laboratory etc);
(ix) Rental income (hiring out of school property);
5.3 Determining of school funds

The Act (s.34) states that the State must fund public ordinary schools from revenue on an equitable basis in order to ensure proper exercise of the rights of learners to education and the redress of past inequalities in education provision.

The SGB of a school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school. (s.36 (1) of the Act)

5.4 Determining the school fees charged

School fees may be determined and charged at a public school only if a resolution to do so has been adopted by the majority of parents attending the general meeting. (s.39 (1)). The resolution must provide for:

(i) the amount of fees to be charged; and
(ii) Equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay fees. (s.39 (2))

The SGB uses the annual budget of the school to determine the amount of school fees to be charged and amounts that should be raised through fundraising activities.

5.4.1 Fundraising activities allowed

5.4.1.1 Hiring out of school facilities

The SGB and the person hiring the facilities at the school enter into a valid contract. The school must be compensated for all damages caused by the persons who are using the facilities. The SGB must ensure that the school is not responsible, through negligence, for any loss, damage or injury to the persons using the school facilities. It is advisable for the school to have a risk management plan. Any negligent damage to school property will be the responsibility of the person hiring the school property.

The SGB must charge a refundable deposit when hiring out school facilities. This is a good way to ensure that if there is any loss or damage to school property costs are covered from the deposit.

5.4.1.2 Specific fundraising

The school may need to do fundraising for a special project e.g. building a new school hall, a sporting trip, an educational tour etc. The school management and the SGB must appoint a committee which will deal with the fundraising process of the whole year. This committee is drawn from the SGB, educator staff and the parent community of the school. Learners and members of the community, who have useful skills to contribute, may be included on the committee.

The committee must prepare a year plan of fundraising activities and submit it for approval. The fundraising must not interfere with the normal school activities. The income received from fundraising should be receipted and banked into the school bank account.
5.4.1.3  **Tuck-shop**

The SGB may choose to outsource or run the tuck shop. If they decide to run the tuck shop, a Tuck shop Committee needs to be appointed. The composition of the committee is the chairperson who is a member of the SGB, staff member and learner representative in the case of secondary schools. The committee should meet at least once a term, preferably monthly, and keep minutes of each meeting.

The committee should appoint a tuck shop manager who will take overall responsibility for the tuck shop. The committee must set up clear and strict procedures for dealing with cash, stock and sales. Monies received from the tuck shop should be receipted and paid in at the finance office on a daily basis. Proper accounting records for sales, stock and cash received should be maintained. Tuck shop accounts must be monitored by the finance committee on a monthly basis.

The school may decide to rent out or ‘outsource’ the tuck shop and in return they will receive rental income for the facility. The business person pays monthly rental to the school. When deciding on rental the SGB should include the overhead costs involved, e.g. electricity, water etc. The rental income should be deposited into the school’s bank account.

5.4.1.4  **Sponsorships**

The SGB must disclose all the monies received from external sponsorships as income for the school. In the event where the sponsor pays directly for the services or assets, the income amount must still be disclosed and the expenditure item relating to that sponsor must also be disclosed. The sponsorship monies (cheques received) must be deposited in the school’s bank account.

5.5  **Management of school funds**

All the **money received** by a public school including fees and voluntary contributions must be **paid into the school fund bank account**. The money or other goods donated or bequeathed to or received in trust by a public school must be applied in accordance with the conditions of such donation, bequest or trust.

The SGB must open and maintain one banking account, but the SGB may, with the approval of the MEC, invest surplus money in another account e.g. investment account, money market or call accounts. The investment should not have a risk factor attached to it.

Section 37 (6) of the SASA states that the school fund, all proceeds thereof of the public school must be used only for:

(i) Educational purposes, at or in connection with such school;

(ii) Educational purposes, at or in connection with another public school, by agreement with such other public school and with the consent of HOD;

(iii) Performance of the functions of the SGB; or

(iv) Another educational purpose agreed between the SGB and the HOD.
Money from the school fund of a public school may not be paid into a trust or be used to establish a trust. If a trust was established from a school fund of a public school or if such money was paid into a trust prior to 1 January 2002, such trust or payment is invalid and the money must be paid back into the school fund. The SGB of a public school may not collect any money or contributions from parents to circumvent or manipulate the payment of compulsory school fees and to use such money or contributions to establish or fund a trust.

5.6 Hostel Fees

The school must charge each learner staying in the hostel a fee equal to the average running cost per learner in the hostel. No blanket cross-subsidisation of hostel costs from fee income is permitted. However if the SGB wishes to exempt particular learners from hostel fees, it may do so by recording the necessary book-keeping transfer.

5.7 Hostel subsidy

The PED must, in turn, set aside a budget item for hostel subsidies. The schools with hostels will be paid pro rata out of this budget for each of their learners –

(i) Whose transport time to the school is greater than 1.5 hours;
(ii) If there are no available school places near the learner’s parents’ place of residence; and
(iii) Whose parents cannot afford the per-child hostel cost.

5.8 Opening a bank account

5.8.1 Factors to be considered before opening or changing a bank account

(i) The banking institution must be a registered bank within the Republic of South Africa;
(ii) The school can only open one bank account. Any additional accounts may only be opened subject to formal approval from the Member of the Executive Council “MEC” for Education. The application form, together with the applicable information must be filled in and sent directly to the relevant MEC;
(iii) The bank account (cheque / current account) must be opened in the name of the school;
(iv) The banking institution chosen must be decided on in a formal SGB meeting;
(v) The proximity of the banking institution to the school must be taken into account;
(vi) The bank charges charged by the prospective institution to operate the account must also be taken into consideration;
(vii) All schools can receive better rates as they have Public Benefit Organization “PBO” status; and
(viii) Where accounts are shifted from one bank to another, the SGB must formally approve the shift, bearing in mind the costs and related bank charges.

5.8.2 School Fund Account

The SGB must open and maintain ONE (1) School Fund account in the name of the school. Once the SGB has made the decision to open the bank account, the minutes of the SGB meeting approving the authorised signatories must be attached to the application to the financial institution. A minimum of three signatories must be put in place, with the instruction that any two of the approved signatories may sign cheques. It is recommended that one of the signatories must be a management member (SMT) of the school, preferably the principal.

The following supporting documents may be requested by the bank when opening a bank account:

(i) A copy of School Governing Body’s constitution;
(ii) A copy of South African Schools Act, 1996
(iii) A copy of Provincial Regulations for School Governance
(iv) A copy of School Financial Directives; and
(v) A copy of the identity documents for the signatories.

5.8.3 Trust Funds Account

The SASA prohibits public schools from establishing trust funds:

(i) Public schools may not keep any funds in a “trust” account;
(ii) Those schools which had trust accounts in the past are now required to transfer those funds back into the School Fund account; and
(iii) Schools may not collect contributions from parents e.g. pre-payments of school fees, and set these funds aside in a trust fund.

5.8.4 Credit Facilities

Credit facilities refer to overdraft arrangements, asset finance, loans, credit cards and garage cards.

Public schools may not enter into a loan or overdraft agreement with the bank or any other creditor. The Education Laws Amendment Act, 2001, Section 5 states that:

(i) The SGB may not enter into any loan or overdraft agreement so as to supplement the school fund, without the written approval of the MEC; and
(ii) If the person lends money or grants an overdraft to a public school without the written approval of the MEC, the State and the public school will not be bound by the contract of lending money or an overdraft agreement.
The SGB must formally decide, in a constituted meeting, to make such an application, taking into consideration the effect that such an application can have on the cash flow position of the school, and the term of office of the SGB. The Education Department must receive the following documents for consideration:

(iii) Application form for Overdrafts and Loans;
(iv) The SGB minute approving the application;
(v) A copy of the letter sent to the general parent body outlining the intended application, as well as its purpose and the implications for the institution;
(vi) A motivation outlining the reason(s) for the application;
(vii) The audited financial statements of the school of the most recent year preceding the application;
(viii) The current year’s school budget, as approved by parents, as well as an indication of the implication to the school fees per learner;
(ix) A detailed, projected cash flow statement for the duration of the credit agreement’s repayment schedule; and
(x) An indication from the financial institution with which the application will be placed, of the interest rate attached to servicing the loan / credit instrument, the term of the loan and the monthly repayments.

The department must make a recommendation whether or not to grant permission to make application for credit facilities to the banking institution or third parties. The school will be provided with a letter indicating whether approval has been granted to access the facility. This letter must be supplied to the financial institution.

### 5.8.5 Investment accounts

Schools are afforded the opportunity to invest surplus funds in various investment vehicles operated by financial institutions. As with opening of additional bank accounts, approval needs to be obtained from the MEC before surplus funds can be invested. The application process involves the submission of the following documents:

(i) A certificate of Sound Financial Management for the current year.
(ii) A copy of the latest bank statement of the school’s current account.
(iii) Details of all existing investments (if applicable).
(iv) The nature of the investment, e.g., 32-day notice deposit.
(v) The reasons for the need for an investment account to be opened.
(vi) A copy of the minutes of the SGB meeting where the application was sanctioned.

Factors to be considered when investing surplus funds:

(vii) The investment may not exceed twelve (12) months but may be renewable annually.
(viii) It is imperative that the investment account is held in the name of the school and is linked to the main school account if held at the same institution. All transfers into or out of the investment fund must be channelled via the main account of the school. Where the investment is held at another bank, transfers into or out of the investment account must be done via cheque or e-transfer, using the school’s main account.

(ix) No payments may be effected from the investment account.

(x) Once an application for the investment of school funds has been approved, the approval is valid for as long as the conditions under which the original approval was granted are not compromised.

(xi) Investment accounts may not be held offshore.
Management and administration of school funds templates
### School fee exemption register template

**NAME OF THE SCHOOL**

**SCHOOL FEE EXEMPTION REGISTER FOR THE YEAR XXXX**

<table>
<thead>
<tr>
<th>Surname</th>
<th>First Name</th>
<th>Grade</th>
<th>Current School Fees</th>
<th>Exemption Category</th>
<th>Amount Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Partial</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Automatic</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Conditional</td>
<td></td>
</tr>
</tbody>
</table>

PREPARED BY  
(Finance Officer)  

APPROVED BY  

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82
ASSET MANAGEMENT GUIDELINES
6. Asset management guidelines

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Objective

This guideline is prepared to give guidance to the school management on the legislative requirement of the Act and to assist schools to implement and maintain consistent, effective and efficient asset management.

(i) To safeguard the fixed assets of the school;
(ii) To ensure the effective use of existing resources;
(iii) To emphasise a culture of accountability over fixed assets;
(iv) To ensure that effective controls are communicated to management and staff through clear and comprehensive written documentation;
(v) To provide a formal set of financial procedures that can be implemented to ensure that the school's financial asset policies are achieved and are in compliance with the relevant legislation.

Legislation

(i) The Education Laws Amendment Act 57 of 2001;
(ii) The Supply Chain Management Act;

6.1 PFMA Requirements

The PFMA stresses the need for good asset management. Schools should hold only those assets that are necessary for the efficient, effective and economical delivery of its programs.

The following should be enforced to ensure proper asset control:

(i) All assets must be properly identified and controlled until they are ultimately disposed of.
(ii) The school's accounting policies must be reasonable and consistently applied, with specific reference to the provision for depreciation, amortisation, ageing and the reduction of the value of the assets.
(iii) Assets must be included in the Fixed Assets Register (FAR).
(iv) Ownership of the asset must lie with the school and must be reflected in the FAR.
(v) The value at which the asset is reflected on the balance sheet must be correct and be the book value of the asset;
(vi) Assets must be in good working order and when not in use, duly maintained.
(vii) All asset transactions must be duly authorised and noted by the relevant authorised personnel.
(viii) All assets must be kept safe and maintained in good working order.
6.2 Asset management principles

Asset Management involves the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential. Good asset management is critical, given the fact that assets exist to support delivery of services.

The diagram below summarises best practice asset management

6.3 Appointment of an asset officer

The school must appoint an Asset Officer to be responsible for the custodianship of the schools assets and to ensure that all assets:

(i) Purchases, transfers, movements, damages, losses and any theft are documented and regularly communicated to SGB and SMT;

(ii) Are clearly marked or numbered;

(iii) Are insured and; and

(iv) Are used for their intended purpose.

6.4 Asset planning

Planning is a stage of identifying the need for an asset. In establishing the need, the following questions must be answered in the affirmative:

(i) Is the asset required budgeted for?

(ii) Will the usage of the asset benefit the school?

(iii) Is the asset being acquired for a specific project? and

(iv) Can the asset be re-used within the school community?

A capital budget must be complied and approved for all capital acquisitions by the SGB. The approval of the capital budget must follow the same procedure as that of the budget approval process.
6.5 **Asset valuation**

*Assets will be valued on the following bases:*

(i) Assets purchased before 1 January 2002 - these assets will be valued at R1.00 per item, if not previously recorded on an accrual based accounting; and

(ii) Assets purchased after 1 January 2002 - these assets should be valued at cost, provided that the initial cost of the asset as determined above, shall be R5000.00 or more.

Fixed assets with a cost of less than R5000.00 can be recorded in the fixed asset register for control purposes at the discretion of the School Principal, but should be recorded as expenditure for financial accounting purposes. All fixed asset items above R5000.00 should be capitalised.

6.6 **Asset acquisition**

The need to procure assets originates with the School HOD and the user. Procurement must be guided by the asset plan, budget, school development and strategic plan. Asset purchases must follow the normal procurement policy: i.e.

(i) The user prepares the requisition;

(ii) Quotations must accompany the requisition;

(iii) HOD approves the request based on the needs analysis;

(iv) The order is prepared based on the requisition; and

(v) The Principal /Treasurer approve the order and payment.

The Asset Officer must ensure that the asset is recorded in the asset register. It is the responsibility of the Treasurer to report all asset purchases on arrival to the Asset Controller.

*The following information must be updated in the asset register upon acquisition of an asset:*

(i) Asset type and description.

(ii) Asset number /barcode number.

(iii) Cost of the asset.

(iv) Room allocation.

(v) Serial number.

(vi) Date of acquisition.

(vii) Asset category.

(viii) Depreciation method and rate.

(ix) Expected useful life

Upon receipt of the asset, the asset officer must inspect the goods received against the original order, GRN and invoice to ensure that the correct quantity, price and quality were received.
On delivery of the asset, the Asset Controller prepares an addition note and updates the asset register. The Asset Controller must permanently tag the asset for reference to the asset register.

6.7 Asset maintenance

A maintenance plan must be developed to ensure that the schools assets remain in good condition and ensures that assets are serviced as set out in the manufacturer’s service manual, e.g. electronic equipment. The maintenance plan should:

(i) Describe how the maintenance work is to be carried out;
(ii) Forecasts the necessary maintenance, major repairs and preventative maintenance expenditure for the planning period;
(iii) All maintenance and repairs must be done according to the stipulated conditions of the relevant contract or warranties until those warranties and contracts have elapsed/expire; and
(iv) Staff members are also required to ensure that they comply with rental agreements, warranties, lease agreements as well as maintenance conditions stipulated in the relevant contracts when discharging their duties.

6.8 Asset disposal

Assets must only be disposed of if they cannot be repaired or used for their intended purpose. The request for a disposal must only be done once the quarterly physical verification exercise has been undertaken and obsolete, non-repairable and unnecessary assets have been identified by the Asset Officer.

The Asset Officer must then submit a request to the Principal for the disposal of the assets, indicating the reason for the need to dispose of each asset. The principal then approves the disposal and submits the request to the SGB for approval.

Once approved by the SGB, the request must be forwarded to the Provincial Department for approval to dispose. Schools must not dispose of assets without approval from the Provincial Department of Education.

On receipt of the approval from the Department, the asset officer must update the asset register with the following info:

(i) Date of the minutes of the Finance Committee approval the scrapping/disposal.
(ii) Reason for the disposal.
(iii) Cost, book value and proposed selling price of asset.
(iv) Date of sale.
(v) All the relevant asset information e.g. number, type etc.

The Principal must ensure that the asset disposal procedures are followed, income is received and the appropriate account entries made.
6.9 Asset register

The Asset Register contains valuable information about the assets of the school. The Asset Register should be kept in a safe place and should be updated on a regular basis. The Asset Officer is responsible for maintaining the asset register.

6.9.1 Asset information kept in the register

(i) Asset number;
(ii) Asset type and description;
(iii) Serial number (Manufacturers identifying number);
(iv) Old asset number (where applicable);
(v) Location (Room number/place of safeguarding);
(vi) Person responsible (Register linking location to responsible person via applicable sign off documentation);
(vii) Cost centre;
(viii) Purchase price (or take on value at 01/01/2002 and book value of transfer from department)
(ix) Depreciation current period;
(x) Accumulated depreciation;
(xi) Book value;
(xii) Supplier information;
(xiii) Disposal value/Date;
(xiv) Stock taking / verification of fixed assets (Dates and person responsible for stocktaking);
(xv) Guarantee period; and
(xvi) Insurance coverage.

Fixed assets used by schools, but not owned by schools should also be recorded as such, in a separate fixed asset register with nil values, to ensure proper control over these assets. Examples of such assets are:

(xvii) Fixed assets owned by KwaZulu Natal Department of Education, e.g. buildings, (desks, and furniture of non-section 21 schools, etc.)
(xviii) Leased items e.g. photocopiers, fax machines, telephones in certain instances

The Asset Officer must update the asset register with approved acquisitions and disposals and submit it to the Finance Committee for approval on a regular basis.

An asset listing must be placed behind each classroom door identifying the assets in that classroom. This list must be signed by the relevant educator and the asset officer and must be updated regularly, with movements of assets from one classroom to another.
6.10 **Physical asset verification**

The Asset Officer must conduct a physical verification of assets every quarter. A certificate, certifying that the asset count was conducted must be signed after, each verification by the Asset Officer, Treasurer and Principal.

All fixed assets used by employees leaving the employ of the school must be verified immediately before the employee departure.

In addition to the above, the Asset Officer must numerically account for the tag numbers and the Principal must review the sequence monthly, for missing numbers.

6.11 **Loaning out of assets**

If community members loan assets belonging to the school the asset controller must keep a record of the borrowed items. The record must show the following:

(i) Description of the item loaned;
(ii) Serial number;
(iii) School tag number;
(iv) Date loaned;
(v) Period for which the asset will be loaned;
(vi) Name of the staff member who loaned the item;
(vii) Condition of the asset on the date when loaned;
(viii) Signature of the borrower on the date the asset was loaned;
(ix) Signature of the Principal on the date the asset was loaned;
(x) Condition of the asset on the date when returned;
(xi) Signature of the Principal on the date the asset was returned;
(xii) Signature of the borrower on the date the asset was returned.

6.12 **Donations**

Any donations to the school are in money or in kind, are to be reported to the SGB. The following particulars are to be recorded or documented in the asset register:

(i) Full description regarding the nature of the donation.
(ii) The value or estimated value of the donation.
(iii) How and for what purposes the donation will be utilized.
(iv) Full name and address of donor.
(v) Any conditions that may be attached to the donation are clearly indicated.

Note: State property may not be donated to any person or institution without a written approval by the Department.
6.13 Depreciation

Assets are classified in terms of the PFMA and National Treasury Guidelines. Depreciation is based on the estimation of the useful life per asset class. Changes in useful life and depreciation rates must be approved by the school's financial committee.

The following classes of assets are applicable to schools. Please note that public schools are state property and will not have land and buildings on their balance sheet. Section 21 schools’ desks & equipment were transferred to the school by the KwaZulu Natal Department of Education (KZN DoE) - therefore such assets must be recorded in the balance sheet of the school. The estimated cost value of such transferred assets should be allocated within the balance sheet as reserve funds (Transfer of assets from Department.)

<table>
<thead>
<tr>
<th>Fixed asset classes</th>
<th>Depreciation rate – Straight line method</th>
<th>Useful life in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land (Not owned by KZN DoE)</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Dwellings (Not owned by KZN DoE or not attached to Government land)</td>
<td>4%</td>
<td>25</td>
</tr>
<tr>
<td>Non Residential buildings (Not owned by KZN DoE or not attached to Government land)</td>
<td>4%</td>
<td>25</td>
</tr>
<tr>
<td>Other structures (Not owned by KZN DoE and that can be detached and sold separately from government property)</td>
<td>5%</td>
<td>20</td>
</tr>
<tr>
<td>Roads (Not owned by KZN DoE or not attached to Government land)</td>
<td>5%</td>
<td>20</td>
</tr>
<tr>
<td><strong>Cultivated assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small scale farming (e.g. vegetables, etc)</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Heritage Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paintings</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Works of art</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Other antiques and collections</td>
<td>N/A</td>
</tr>
<tr>
<td>Fixed asset classes</td>
<td>Depreciation rate – Straight line method</td>
<td>Useful life in years</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Machinery, Plant &amp; Equipment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air conditioners</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td>Cellular phones</td>
<td>50%</td>
<td>2</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>33,333%</td>
<td>3</td>
</tr>
<tr>
<td>Computer software</td>
<td>33,333%</td>
<td>3</td>
</tr>
<tr>
<td>Emergency / rescue equipment</td>
<td>15%</td>
<td>6.67</td>
</tr>
<tr>
<td>Furniture &amp; office equipment</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td>Irrigation equipment</td>
<td>10%</td>
<td>10</td>
</tr>
<tr>
<td>Laboratory equipment</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td>Lawnmowers</td>
<td>33,333%</td>
<td>3</td>
</tr>
<tr>
<td>Radio equipment</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td>Tractors</td>
<td>33,333%</td>
<td>3</td>
</tr>
<tr>
<td>Educational equipment and books</td>
<td>25%</td>
<td>4</td>
</tr>
<tr>
<td>Temporary classrooms (Not owned by KZN DoE and that can be detached and sold separately from government property)</td>
<td>15%</td>
<td>6.67</td>
</tr>
<tr>
<td>Other machinery &amp; equipment</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td><strong>Transport Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buses</td>
<td>10%</td>
<td>10</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20%</td>
<td>5</td>
</tr>
<tr>
<td>Other transport assets</td>
<td>20%</td>
<td>5</td>
</tr>
</tbody>
</table>

Depreciation rates used must be approved by the Finance Committee before they are applied. The Treasurer must allocate depreciation rates for each class of assets and also ensure that the depreciation calculations are correctly applied and posted in the General Ledger.
6.14 Asset security
All assets should be kept in a secure location, maintained regularly, evaluated for insurance against theft or destruction (fixed assets of significant value), utilised economically and efficiently.

The Principal should recommend to the SGB the need to acquire or dispose of a significant asset, and the relevant particulars of the transaction have to be submitted to the SGB for approval. The disposal of any of the school’s major assets has to be approved by SGB and the Department.

6.15 Asset identification
A fixed assets and inventory register should be maintained, and all fixed assets should be tagged for reference to the fixed assets register. The School should hold title to all assets.

6.16 Physical verification
The Asset Controller must perform a physical verification of all assets every quarter. A Statement of Existence (SOE) must be issued for assets declaring that all assets listed are on hand and are in a useful working condition. The SOE must be sent to the Principal and Finance Committee.

6.17 Insurance cover
The Financial controller / Principal will arrange the necessary insurance cover for approval by the SGB.

6.18 Allocation of assets
The Asset Controller should ensure that assets utilised are restricted to the activities of the School; by continually monitoring to whom, and for what purpose, the assets are allocated. Assets that are used by officials not in their work place (e.g. laptops taken home) must be approved by the Principal.

6.19 Items lost, stolen or damaged
(i) When a fixed asset, (e.g. a vehicle is involved in an accident, stolen or lost) a report should be submitted to the Principal;

(ii) Quotations should be obtained to establish the extent and value of the damage;

(iii) The Asset Controller will submit a claim to the insurance company;

(iv) The Financial committee will hold a hearing to determine if the driver/custodian was negligent. If found guilty of negligence, the employee is responsible for any costs incurred by the School and discipline action may be taken against such person on recommendation from the principal, approved by the SGB;

(v) When it is suspected that an employee abuses assets, this fact should be reported to the Principal (and the Financial Committee, where the value is significant). A hearing should be held to determine if this is the case. If found guilty the employee should be subject to the procedure as described in terms of the Standard Conditions of Service;
(vi) Assets/consumables lost or stolen should be reported to the Principal / Treasurer as soon as they are discovered. Items of significant value lost or stolen should be reported to the Financial Committee The following documents must be submitted;

(vii) A full report of the incident;

(viii) Police case number;

(ix) Quotations for the replacement of the item; and

(x) The Financial Controller / Administrator will submit a claim to the insurance company.

6.20 Enhancements of fixed assets

6.20.1 Recognition issues
An item of expenditure is recognized by the School as an asset when it has the characteristics defined in the policy. (Refer to definition of fixed asset.)

6.20.2 Subsequent expenditure test
The following test must be done where subsequent expenditure is incurred on an asset already capitalized:

Subsequent expenditure relating to an asset should be capitalized to the net book value when –

(i) It is probable that further economic benefits in excess of the original assessment will accrue to the School; and

(ii) The expenditure will improve the condition of the fixed asset beyond its original assessed standard of performance.

(iii) The test ensures that if the expenditure is on an enhancement, it is added to the net book value of the fixed asset whereas if the expenditure is on a repair, it is expensed.

As the classification of an expenditure item (for instance on repairs or an improvement) is often subjective, the following guidelines for enhancements should be used:

(iv) Modifying an item to extend its useful life;

(v) Upgrading machine parts to achieve a substantial improvement in the quality of output; or

(vi) Adopting new production processes enabling a substantial reduction in previously assessed operating costs.

6.21 Changes in accounting estimates
As a result of the uncertainties inherent in business activities, many financial items cannot be measured but can only be estimated. The estimation process is based on judgments based on the latest financial information available. Estimates may be required, for example bad debts, inventory obsolescence or the useful lives, (taking wear and tear into account) or expected pattern of consumption of economic benefits of depreciable assets.
An estimate may need to be revised if changes occur regarding the circumstances in which the estimate was based or as a result of new information, more experience or subsequent developments. In practice the Department may decide to revise the useful life of an asset or a group of assets due to certain circumstances.

(i) The effect of a change in accounting estimate should be included in the determination of net gain or loss in:

(ii) The period of the change if the change effects the period only, or

(iii) The period of change and future periods, if the change affects both.

6.22 Personal use of school assets

Under no circumstances may an employee utilise the schools assets for personal gain. The schools assets may only be used for school purposes authorised by the principal. Assets of the school should only be used at authorised venues as determined by the SGB and enforced by the principal.

6.23 Leased assets

A lease is an agreement whereby the lessor conveys to the lessee in return for payment or series of payments the right to use an asset for an agreed period of time.

To ensure the existence of a complete and accurate record of acquired leased fixed assets:

(i) A valid contract must be entered into with the suppliers for all office equipment such as facsimile machines and photocopier machines.

(ii) Lease contracts should not be entered into for a period longer than 24 months.

(iii) All maintenance, (i.e. replacement of cartridges, maintenance of the drum etc), must be reported to the suppliers from whom the equipment is leased.

6.24 Financial statement disclosures

(i) The measurement basis used for determining the gross carrying amount. When more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed.

(ii) The depreciation methods used.

(iii) The useful lives or the depreciation rates used.

(iv) Depreciation charged in arriving at net profit or loss for the period.

(v) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and the end of the period.

(vi) A reconciliation of the carrying amount at the beginning and end of the period showing:

   (a) Additions;

   (b) Disposals;

   (c) Acquisitions through business combinations;
(d) Increases or decreases during the period resulting from revaluations under paragraphs and from impairment losses recognized or reversed directly in equity under the statement on impairment of assets, if any;

(e) Impairment losses recognized in the income statement during the period under the statement on impairment of assets, if any;

(f) Impairment losses reversed in the income statement during the period under the statement on impairment of assets, if any;

(g) Depreciation;

(h) The net exchange differences arising on the translation of the financial statements of a foreign entity; and

(i) Other movements.

6.24.1 The financial statements should also disclose the following:

(i) The existence and amounts of restrictions on title, and property,

(ii) The accounting policy for the estimated costs of restoring the site of items of property, plant and equipment.

(iii) The amount of expenditures on account of property, plant and equipment in the course of construction.

(iv) The amount of commitments for the acquisition of property, plant and equipment.

An enterprise discloses the nature and effect of a change in an accounting estimate that has a material effect in the current and/or subsequent periods in accordance with the statement on net profit or loss for the period, fundamental errors and changes in accounting policies. Such disclosure may arise from changes in estimate with respect to:

(v) Residual values,

(vi) The estimated costs of dismantling and removing items of property, plant or equipment and restoring the site,

(vii) Useful lives, and

(viii) Depreciation method.

6.24.2 When items of property, plant and equipment are stated at re-valued amounts, the following should be disclosed:

(i) The basis used to revalue the assets.

(ii) The effective date of the revaluation.

(iii) Whether or not an independent evaluator was involved.

(iv) The nature of any indices used to determine replacement cost.

(v) The carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried under the benchmark treatment.

(vi) The revaluation surplus detailing:
(vii) The movement for the period,
(viii) Any restrictions on the distribution of the balance to the School/SGB
(ix) The realised and unrealised portions thereof, and

6.24.3 **Financial statement users also find the following information relevant to their needs:**

(i) The carrying amount of temporarily idle property, plant and equipment.
(ii) The gross amount of any fully depreciated property, plant and equipment that are still in use.
(iii) The carrying amount of property, plant and equipment retired from active use and held for disposal.
(iv) Where the benchmark treatment is used, the fair value of property, plant and equipment where this is materially different to the carrying amount
ASSET MANAGEMENT TEMPLATES
Inventory asset listing template

____________________________________ (name of school)

Name of Asset Holder: ___________________________

Location/Room Number: ___________________________

Cost Centre (Amdim, LTSM, etc): ___________________________

<table>
<thead>
<tr>
<th>Asset Number</th>
<th>Asset Description</th>
<th>Serial Number</th>
<th>Condition</th>
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<tbody>
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</tbody>
</table>

Signature: Asset Holder

Date(dd:mm:yyyy)
Asset Verification certificate template

NAME OF SCHOOL

ASSET VERIFICATION CERTIFICATE

<table>
<thead>
<tr>
<th>Asset Custodian/ Holder</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td></td>
</tr>
<tr>
<td>Date Asset Verification conducted</td>
<td></td>
</tr>
<tr>
<td>Date of Next Asset Verification</td>
<td></td>
</tr>
</tbody>
</table>

I hereby certify that:
A complete asset verification/count has been executed for all assets within my area of responsibility (refer to attached detailed report on the asset verification/count)

The asset verification/count information submitted in the consolidated asset verification report is a true reflection of the asset status within my area of responsibility.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Sign-Off</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Custodian/Holder</td>
<td>Name and Surname</td>
<td>Signature</td>
</tr>
<tr>
<td>Asset Officer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fixed asset acquisition form

<table>
<thead>
<tr>
<th>No</th>
<th>Asset Number</th>
<th>Room Number</th>
<th>Asset Serial #</th>
<th>Fixed Asset Category e.g. Furniture</th>
<th>Fixed Asset Description</th>
<th>Cost of Asset</th>
<th>Name of Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

Asset Acquisition Form Sign-Off

<table>
<thead>
<tr>
<th>Designation</th>
<th>Name and Surname</th>
<th>Signature</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Asset User</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Asset Officer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Request for fixed assets disposal template

NAME OF SCHOOL

REQUEST FOR FIXED ASSETS DISPOSAL

<table>
<thead>
<tr>
<th>Designation</th>
<th>Full name and surname</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset officer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reasons for Disposal of Assets:

<table>
<thead>
<tr>
<th>No</th>
<th>Assets #</th>
<th>Room</th>
<th>Asset Serial #</th>
<th>Assets category</th>
<th>Fixed Asset description</th>
<th>Condition of Asset</th>
<th>Cost</th>
<th>Carrying Amount</th>
<th>Sales Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>2.</td>
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<td>3.</td>
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<td>4.</td>
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<td>5.</td>
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</tbody>
</table>

Disposal Approved by:

<table>
<thead>
<tr>
<th>Designation</th>
<th>Full name and surname</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGB Chairman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial Dept. of Education</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Activities to be signed off by the Asset officer After approval

<table>
<thead>
<tr>
<th>Activity</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirm details of asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm approval of disposal of asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm disposal of asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update asset register</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Register of borrowed assets template

**NAME OF SCHOOL**

<table>
<thead>
<tr>
<th>ITEM BORROWED</th>
<th>DATE OF BORROWING</th>
<th>DATE TO BE RETURNED</th>
<th>NAME OF BORROWER</th>
<th>SGB APPROVAL SIGNATURE</th>
<th>SIGNATURE OF BORROWER</th>
<th>CONDITION ON DATE OF BORROWING</th>
<th>ADDRESS OF TEMPORARY USE</th>
<th>CONDITION ON RETURN</th>
<th>SIGNATURE OF SGB (or SMT)</th>
<th>SIGNATURE OF BORROWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Including serial number)</td>
<td></td>
<td></td>
<td></td>
<td>(on date of borrowing)</td>
<td>(on date of borrowing)</td>
<td>(Good/fair)</td>
<td></td>
<td>(Good/Fair)</td>
<td>(on date of return)</td>
<td>(on date of return)</td>
</tr>
</tbody>
</table>

REGISTER OF BORROWED ASSETS
(to be filed with Assets Register)
## Stores issue record template

**STORES ISSUES RECORD**

<table>
<thead>
<tr>
<th>NAME OF SCHOOL</th>
<th>No.: SI-13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATE</th>
<th>Description of item</th>
<th>Quantity issued</th>
<th>Person issued to</th>
<th>Signature of Stores Controller</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 April 2009</td>
<td>A4 photocopying paper</td>
<td>2 reams</td>
<td>Educator: J Twala (HOD)</td>
<td>P Zenzo</td>
</tr>
</tbody>
</table>

## Stores record template

**STORES RECORD**

<table>
<thead>
<tr>
<th>DATE</th>
<th>STOCK RECEIVED</th>
<th>GRV No.</th>
<th>STOCK ISSUED (Quantity)</th>
<th>TO WHOM ISSUED</th>
<th>STORES ISSUED REF:</th>
<th>STOCK BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 April 2009</td>
<td>Balance brought forward</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09 April 2009</td>
<td>20 reams</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td>25 reams</td>
</tr>
<tr>
<td>21 April 2009</td>
<td></td>
<td></td>
<td>3 reams</td>
<td>Educator: J Twala (HOD)</td>
<td>SI-13</td>
<td>22 reams</td>
</tr>
</tbody>
</table>
Stores requisition form

<table>
<thead>
<tr>
<th>Stores requisition form</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STORES REQUISITION FORM</strong></td>
</tr>
<tr>
<td><strong>NAME OF SCHOOL</strong></td>
</tr>
<tr>
<td>Department from:</td>
</tr>
<tr>
<td><strong>Quantity</strong></td>
</tr>
<tr>
<td>2 reams</td>
</tr>
<tr>
<td><strong>Requested by:</strong></td>
</tr>
<tr>
<td>J Twala</td>
</tr>
<tr>
<td><strong>Authorised by:</strong></td>
</tr>
<tr>
<td>S Siyabonga</td>
</tr>
</tbody>
</table>
Asset register
template
__________________________ (Date: month: year)

<table>
<thead>
<tr>
<th>Location /Room No</th>
<th>Asset Holder</th>
<th>Cost centre</th>
<th>Supplier</th>
<th>Insurance</th>
<th>Asset condition</th>
<th>Expected useful life</th>
<th>Purchase price</th>
<th>Disposal value</th>
<th>Depreciation</th>
<th>Accumulated depreciation</th>
<th>Book value</th>
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</thead>
<tbody>
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School stamp

________________________________________________________

SGB Treasurer

________________________________________________________

Date: Month: Year
# LOSS REGISTER

<table>
<thead>
<tr>
<th>Asset No.</th>
<th>Description of Asset</th>
<th>Location of Asset</th>
<th>Cost (If available)</th>
<th>Date asset was received</th>
<th>Details of Loss</th>
<th>Date of Loss</th>
<th>Case No. if Applicable</th>
<th>Statement attached Yes/No</th>
<th>Responsible Staff Member’s Name</th>
<th>Signature of responsible staff member</th>
</tr>
</thead>
<tbody>
<tr>
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**Asset Manager**
- Name: __________________________
- Signature: ______________________
- Date: __________________________

**Principal**
- Name: __________________________
- Signature: ______________________
- Date: __________________________

**SGB Representative**
- Name: __________________________
- Signature: ______________________
- Date: __________________________
PROCUREMENT POLICY GUIDELINES FOR PUBLIC SCHOOLS
7. Procurement policy guidelines for public schools

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Objective

The KwaZulu Natal Department of Education (KZN DoE) recognises the need to develop Procurement Policy Guidelines for public schools, in order to guide effective procurement processes and practices. The Procurement Policy Guidelines are also intended to direct and guide KwaZulu Natal public schools towards adherence and compliance to applicable National Treasury regulations. This approach is further supported by the realisation that KZN DoE governed schools are exposed to differing social, economic and organisational environments. It is imperative that public schools comply with applicable legislation and consider Procurement best practice. The ‘Five Pillars of Procurement’ clearly state the objective of achieving a Procurement process worthy of the following attributes:

(i) Value for Money;
(ii) Open and Effective Competition;
(iii) Ethics and Fair Dealing;
(iv) Accountability and Reporting; and
(v) Equity.

It is on this premise that the “Procurement Policy Guidelines for Public Schools” seeks to provide a platform for Procurement standardisation that would typically yield benefits of reduced Procurement costs, compliance to applicable legislation and improved Supply Chain efficiencies across public schools.

Purpose

The primary purpose of the Procurement Policy Guidelines for public schools is to direct and guide public schools towards effective Procurement best practices and compliance to applicable National Treasury legislation.

Scope

The scope of the ‘Procurement Policy Guidelines for Public Schools’ is limited to KZN DoE mandated public schools. This is irrespective of whether they qualify as Non-Section 21 or Section 21, fee paying or non-fee paying schools.

7.1 Strategic direction of KZN DoE procurement

It is the aim and objective of The KwaZulu Natal Department of Education to:

(i) Ensure that public schools support and implement best Procurement practice in order to embed corporate governance and compliance to applicable statutes and legislation;

(ii) Promote Broad-based Black Economic Empowerment (BBBEE) across all public schools, in accordance with prescribed legislation;

(iii) Ensure that public schools adhere to the Code of Conduct in the execution of any Procurement and related activity by the SGB and/or school management structure. This includes full disclosure in potential conflict of interest situations.
7.2 Legal Requirements

A primary objective set out in Section 38 of the Public Finance Management Act (PMFA) is to ensure that the Department has and maintains ‘an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective’. All Public schools are therefore required to comply with applicable legislation, including the Five Pillars of Procurement, as approved by National Cabinet. It is expected that Public schools will ensure that all reasonable Procurement measures and controls are enforced through the SGB and school management structures.

7.3 The Five Pillars of Procurement

Value for Money

Public schools will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements and should therefore apply the principles of “Total Cost of Ownership” (TCO) when making Procurement-related decisions. It is essential that goods and services procured must be cost effective and also comply with the required standards of quality. Public schools should strive to achieve the following outcomes:

(i) Avoidance of unnecessary costs and delays for themselves or vendors;
(ii) Effective monitoring and benefits realisation of supply arrangements; and
(iii) Continuous improvement in the efficiency of internal Procurement processes and systems

Open and Effective Competition

Public schools are subjected to a framework of Procurement laws, policies, practices and procedures that are transparent and readily accessible to all parties. It is expected that public schools will conduct all Procurement-related activities in line with the principles of open and effective competition.

Ethics and Fair Dealing

Public schools will need to achieve the highest possible standard of professional competence in Procurement-related activities and/or functions through subscribed compliance and governance to ethical standards. To this end, it is expected that Public schools will ensure Procurement ethics and fair dealing through the SGB and school management structures.

Accountability and Reporting

All SGB and school management persons and/or officials exercising Procurement functions across public schools must fully regard and comply with the requirements for accountability and reporting. Where required by KZN DoE mandated bodies, public schools must submit Procurement reports and/or audited reports that reflect the state of compliance and governance at respective schools. Furthermore, Public schools may be subjected to periodic Procurement monitoring and evaluation in line with prescribed National legislation.
Equity
Public schools are required to reinforce and implement KZN DOE’s commitment to economic growth by adopting Procurement measures to generally and specifically support the advancement and development of Small and Medium Enterprises (SMEs) and Historically Disadvantaged Individuals (HDIs). The Preferential Procurement Policy Framework Act (PPPFA) outlines the basis for all Procurement activities across Public schools in support of equitable and transformational Procurement objectives.

7.4 KZN DoE Procurement Decision-Making Structures
KZN DoE Public schools typically comprise the following Representing Bodies:
   (i) SGB - School Governing Body;
   (ii) SGB Treasurer - The elected SGB representative with responsibility for Finance and related activities;
   (iii) Bursar/Appointed by the SGB as a Financial Officer.

7.5 Broad-based black economic empowerment (BBBEE)
The Broad Based Black Economic Empowerment Act (BBBEE), Act No 53 of 2003, provides the framework for the promotion of black economic empowerment, the establishment of a balanced scorecard and the publication of transformation charters.

The Procurement Policy Guideline for public schools should be read in conjunction with current BBBEE and other relevant legislation. The KwaZulu Natal Department of Education supports BBBEE initiatives in line with the strategic objectives of involved stakeholders. To this end, BBBEE development programmes and Preferential Procurement (PP) are encouraged across public schools. Periodic Procurement reporting should ideally include all BBBEE spend together with targets and objectives.

7.6 Applicable legislation
The Procurement Policy Guidelines for public schools should be read in conjunction with, but not limited to, applicable legislation including relevant amendments over time. A list of applicable legislation is listed for further guidance:
   (i) South African Schools Act (SASA) Act 84 of 1996 as amended.
   (ii) The Public Procurement Act 2006, Act No. 33
   (iii) The Preferential Procurement Policy Framework Act, No. 5 of 2000 and Regulations.
   (iv) Broad-Based Black Economic Empowerment Act No 53 of 2003 as amended.
   (v) National Treasury Guidelines including all relevant Practice Notes
7.7 Roles & responsibilities

The roles and responsibilities of the various Representing Bodies within KZN DoE Public schools are summarised as follows:

7.7.1 Role of the School Governing Body (SGB)

The SGB will be responsible for exercising control over the financial management of the School. Their responsibilities will primarily cover the following areas:

(i) Establishment of the School Fund;
(ii) Preparation of the annual School Budget;
(iii) Appointment of the SGB Treasurer and Financial Officer;
(iv) Enforcement of the payment of School Fees;
(v) Maintenance of adequate financial records;
(vi) Having the annual Financial Statements properly audited;
(vii) Seeking additional sources of income for the School; and
(viii) Compliance with the relevant financial aspects of the Legislative framework.

It should be noted that the SGB bears responsibility and accountability for all Procurement and related activities/functions. It is further expected that the SGB and/or school management structure conducts its Procurement functions in line with the Five Pillar Principles and all relevant legislation.

7.7.2 Role of the Finance Committee

Where applicable, the Finance Committee shall be chaired by the SGB Treasurer and shall comprise at least the following members: The SGB Chairperson, Principal, Financial Officer and any other members of staff or parents which the Finance Committee deems necessary to co-opt. The Finance Committee will normally meet at least twice a term. The main responsibility of the Finance Committee will be to ensure that all Procurement and related activities comply with applicable legislation as prescribed by National Treasury.

7.7.3 Role of the Financial Officer

The Financial Officer must:

(i) Take all reasonable steps to ensure that proper mechanisms, delegation and segregation of duties in the Procurement system are in place to minimise the likelihood of fraud, corruption, unfair and irregular practices, and favouritism;
(ii) Exercise utmost care to ensure reasonable protection of the assets and records of the school;
(v) Act in a way that is consistent with the roles and responsibilities assigned to the role of the Financial Officer in terms of SGB requirements.
7.7.4 Role of the School Management structure

The school management structure of Public schools typically consists of the Principal, Deputy Principal, Head of Department, and any other official duly appointed for the purpose of executing Procurement related activities and/or functions whether on an ad hoc or full time basis. It is expected that school management structures will ensure that all Procurement and related activities comply with applicable legislation as prescribed by National Treasury and to report to the SGB, as may be necessary.

7.8 Procurement procedure and process for the procuring of goods and services

It is a primary responsibility of all Public Schools to adhere to Procurement procedures and processes for the procuring of goods and services, in order to ensure that compliance and governance is achieved in accordance with prescribed legislation.

It is accepted that the Procurement process for non-S21 public schools typically differs from the current Procurement process for S21 public schools. Procurement for non-S21 schools are predominantly channelled through the mandated Districts and all purchase requisitions submitted to the District level officials for Procurement. These purchase requisitions are required to conform to annual budget allocations.

Given that the district procures on behalf of non-S21 Public schools, it is expected that the district conducts all Procurement related activities within prescribed National Treasury legislation and Procurement Best Practice. The following Procurement sub-areas will typically apply to the Procurement processes and procedures at S21 Public schools.

7.8.1 Specifications

It is expected that all purchase requisitions across Public schools will be accompanied with relevant specifications for goods and services, where necessary and applicable. All specifications should be approved by the relevant delegated authority and the funds for such purchases should be confirmed by pre-approved budget allocations.

7.8.2 Purchase Requisitions

7.8.2.1 Non-S21 Public Schools

Where applicable, all purchase requisitions must be accompanied with relevant specifications and forwarded to the mandated District office for approval by a delegated authority. The district will then effect the necessary Procurement of goods and services according to an agreed contract between the service provider and the school.
7.8.2.2 S21 Public schools

In terms of existing regulations, S21 Public schools are allowed the discretion to procure goods and services within the prescribed legislative parameters. In all cases, it is required that purchase requisitions meet certain criteria. These criteria are, but not limited to:

(i) Requests for the acquisition of goods and services must only be accepted from the Principal, Heads of Departments and School Committees.

(ii) All requests must be done in writing.

(iii) Each Public School SGB and/or school management team must in turn co-ordinate and approve all requests from educators/members.

(iv) Estimated cost of goods and/or services;

(v) Availability of funds;

(vi) Necessity of the goods and/or services;

(vii) Will competitive proposals be called for?

(viii) Correctness of the specification (e.g. is the specification written around a specific product, brand name or trade mark?)

(ix) Are there any special conditions for inclusion in the purchase requisition? Are they justified and are they necessary?

All purchase requisitions and approvals must be documented on a standard form which must be pre-printed and pre-numbered. The purchase requisition form must contain at least the following details:

(x) Description of requested items;

(xi) Quantity;

(xii) Value;

(xiii) Purpose; and

(xiv) Name of the intended beneficiary.
7.8.3 Evaluation, Recommendation and Adjudication of Proposals

The Procurement Policy Guidelines for Public schools will inform the best approach towards evaluation of proposals, together with meaningful and accountable recommendations for the awarding of proposals in accordance with the prescribed Five Pillar directives and KZN DoE delegations. The evaluation, recommendation and adjudication of proposals must consider the evaluation criteria listed below:

(i) All proposals received in time must be dealt with in the same manner;
(ii) No conditions may be changed during the evaluation process to prejudice / favour the State or any bidder;
(iii) No Procurement Official or User who has an interest in a particular offer may be allowed to participate in the evaluation, recommendation and adjudication of such proposals;
(iv) No bidder may be allowed a second opportunity to change any condition or price to the detriment of other bidders;
(v) Reasons for decisions taken must be made available on request and must be able to stand up in a Court of Law; and
(vi) Documentation of all proposals received in time and Procurement decisions by the SGB and/or school management structure must be properly filed for record and audit purposes.

A proposal, which is the lowest on a comparative basis and which offers an improvement on the specification may be accepted, irrespective of whether higher proposals are strictly to specification. A proposal, which is not the lowest on a comparative basis and which represents an improvement on the requirements of the specification, may be recommended for acceptance by the Representing Body (SGB and/or school management team), and provided that all competitive bidders are approached beforehand, but are unable to offer an improved product/service at a more favourable price. It is expected that each case must be considered on its own merits. As a general guideline, such an improvement should exceed the specified minimum requirements.
7.8.4 Request for Quotations (RFQ’s)

The SGB needs to exercise their insight and discretion in balancing the criteria of best price versus superior quality. Occurrences where lowest priced suppliers are contracted and an unacceptably low service delivery is rendered should be avoided. The following RFQ evaluation criteria must be considered for reasonable and competitive pricing.

Market price comparisons: Reasonableness must be tested primarily on the grounds of comparisons with market related prices for similar products or tariffs for similar goods and services.

Price history: Prices paid in the past may be used as a guide for determining reasonableness of current prices.

Price evaluation: A purchase order/contract can only be concluded when the proposal price is assessed by a reasonable delegated person to be in line with market prices and/or previous proposal prices. Confirmation of whether the price is correct or not must therefore be obtained from the bidder in such cases. These procedures should not allow for the correction of prices, since this allows for a second opportunity for the bidder to recalculate his prices. Where three quotations are required, it is imperative for SGB to pay appropriate attention to the concept of balancing Price and Quality.

Price obviously plays a significant factor in selecting a supplier but an increasing number of situations where unsatisfactory services are rendered due to lack of competence of the supplier’s behalf need to be avoided. The Treasurer/Financial Officer may establish a data base of service providers whereby performance can be effectively monitored and based on key supply criteria, past performance and benchmarked to that of other comparable service providers. At least bi-annually the Financial Officer must evaluate all regular suppliers’ prices in comparison to their competitors and report accordingly.

Every order must be supported by at least three quotations. Where the order is made based on a quotation other than the lowest the Financial Officer must motivate the decision in writing giving reference to:

(i) Expected delivery dates;
(ii) Value for money comparison;
(iii) Quality of goods and services; and
(iv) Payment and discount terms, where applicable.

7.8.5 Preferential Procurement Policy Framework Regulations

As far as reasonably practical, all Procurement adjudication across Public Schools must consider the PPPFA Regulations and objectives.

A proposal that scored the highest number of points is, for purpose of making a recommendation, dealt with as a proposal being lowest in price. The formula as set out in Regulation 13(5) of the Preferential Procurement
Regulations must be used when calculating the number of points scored by each bidder for equity ownership. Section 2 of the PPPFA summarises the preference point system as follows:

(i) For contracts with a rand value above a prescribed amount a maximum of 10 point may be allocated for specific goals provided that the lowest acceptable tender scores 90 points for price;

(ii) For contracts with rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals provided that the lowest acceptable tender scores 80 points for price.

7.8.6 **Communication with bidders**

During the proposal evaluation process, communication with bidders by authorised and/or delegated Public Schools officials, may only take place with designated officials. It is incumbent upon Public Schools to ensure that all communication with bidders reflects the principles of the ‘Five Pillars of Procurement’.

7.8.7 **Ordering of Goods and Services**

The ordering of goods and services across Public Schools must only take place if an approved and documented purchase requisition has been received. The purchase requisition must meet the criteria as outlined in Section 6.8.2.2 of this document. The formal process prescribed by the Financial Directives and Procurement Policy must be followed at all times and this function must only be restricted to the Principal/Financial Officer and supported by the SGB and/or school management team at various Public Schools.

The Principal/Financial Officer must ensure that:

(i) The nature of items is correct;
(ii) Items were budgeted for;
(iii) The supplier is an approved one;
(iv) The quantities and value will not exceed budgeted amounts;
(v) The authorised requests are attached;
(vi) The person who authorised the request has the due authority to do so.
7.8.8 Order approval guideline – S21 Public Schools

All orders up to and including R1 000 must be approved by the principal and must be supported by a record of three quotations. Each record must reflect the following details:

(i) Quotation date;
(ii) Supplier;
(iii) Item description/specifications;
(iv) Payment terms including discounts, if applicable; and
(v) Quoted price.

The school orders above R1000 must be split into the following 3 authorisation levels:

Level 1 - All orders between R1 000 and R10 000 must be approved by the SGB and supported by three written quotations on official supplier letterheads.

Level 2 - All orders above R10 000 but less than R200 000 relating to the purchase of capital goods (equipment, computers, etc) including improvements must be approved by the SGB.

Level 3 - All purchases above R200 000 require tender processes and SGB approval.

Where schools have entered into contracts with suppliers, those contracts must be in writing and must include cancellation and renewal clauses.

7.8.9 Typical Procurement Timeframes

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<th>Timeframe</th>
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<td>Standard requirements</td>
<td>19 days</td>
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<tr>
<td>Public tenders</td>
<td>70 days</td>
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<tr>
<td>Urgent</td>
<td>2 days</td>
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After the order has been approved, the “three-part” “pre-printed, pre-numbered” purchase order copies must be distributed as follows:

(i) The original must be sent to the supplier;
(ii) The second copy must be kept by the Financial Officer attached to the original requisition and supplier invoice;
(iii) The third copy must never be pulled out from the order book and should serve as a permanent record of the transaction.

All completed order books must be neatly filed away in their sequential order in a secure location. Only one order book must be in use at any given time.

7.8.10 Receiving of Goods and Services

(i) Two members of the Finance Committee who are not involved in the ordering function must be assigned the responsibility for receiving goods.
(ii) On delivery of the procured goods/services the Inventory Controller must verify the order placed with the goods/service received as prescribed on the delivery note or invoice. This process might entail actual counting of the items of inventory or physical inspection to verify that the service was delivered.

(iii) Only after the inventory controller is satisfied that the order as placed was delivered must the goods delivery note be signed off and goods accepted. In the case of service delivered, the sign off should only occur if the school is satisfied that all agreed aspects of the service to be rendered, have been fulfilled or until all noted queries have been resolved.

(iv) The member receiving goods must complete a pre-printed, pre-numbered goods received voucher (GRV) with details of goods actually received i.e. description and physical quantity.

(v) The person receiving the goods must sign the GRV, as evidence that the correct goods were indeed received.

(vi) The Financial Officer must file the top copy of the GRV together with the relevant purchase order, requisition and supplier invoice.

(vii) The Financial Officer must carry out regular reviews of all unmatched purchase orders and take corrective action.

(viii) All completed GRV books must be neatly filed away and the Financial Officer must ensure that only one book is in use at a time.

7.8.11 Relevant Procurement Payment Documentation

Typical Procurement documentation that would be required by Public Schools to effect timely supplier payments in line with KZN DoE requirements would be, but not limited to the following:

(i) Quotation from potential supplier and/or service provider

(ii) Purchase requisition, including an order number, signed by either the Headmistress, the Bursar, the SGB Treasurer or the SGB Chairperson

(iv) A delivery note signed by a duly appointed/delegated School representative

(v) An Invoice/Statement

(vi) A Cheque/Electronic Payment Requisition Form signed by at least one of the above signatories

(vii) Cheque/EFT payment to be signed by any two official signatories

Uniformity across Public Schools is important, in respect of required details where submissions deal with the recommendation of offers for acceptance. Typically, the following minimum information is required:

(viii) Recommended bidder’s name;

(ix) Price and price basis (i.e. firm or non-firm prices);

(x) Basis of delivery;
In case of material or equipment being awarded, the country of origin, trade mark and model;
Delivery period;
Preferences;
Comparative prices.

All goods and services purchased must have matching invoices. The invoices must match with the corresponding GRVs, signed delivery note, requisition and purchase order. The Treasurer must sign all supplier invoices as evidence that the document has been checked against order and requisition.

The Financial Officer must date stamp all invoices for tax purposes. It is the responsibility of the Treasurer to apply for tax re-imbursements from the South African Revenue Services before March of every year.

Public Finance Management Act principles require that creditors should be paid within 30 days.

Payments to public utilities must be done monthly before the last day acceptable to the utility provider i.e. Municipalities, Eskom and Telkom.

7.8.12 Delegations of Authority

Once purchase requisitions are submitted via the completion of the EF72, delegations of authority must be strictly adhered to across all mandated Public Schools. This is a key directive of applicable National Treasury regulations relating to Procurement and related functions.

Applicable delegations of authority are summarised below:

(i) PAO/AO R1000 - R9 999
(ii) SPAO/SAO R10 000 – R19 999
(iii) Assistant Manager R20 000 – R49 999
(iv) Deputy Manager R50 000 – R99 999
(v) Manager R100 000 – R250 000
(vi) General Manager R251 000 – R250 000
(vii) SGM/CFO R501 000 – R1000 000
(viii) HOD Above R1000 000

7.8.13 Risk management

The overall objective of the Procurement Policy Guidelines is to effectively guide Public Schools in their pursuit of compliance and governance to existing legislation. Due consideration must also be given to the existing KZN DoE risk management and legal policies at Public School level. Where applicable, risk and legal issues must be incorporated into Procurement procedures and processes as part of embedded best practice corporate governance and compliance.
It is expected that all Public School officials and Representing Bodies who are involved in the Procurement function, should possess high levels of professional ethics and maintain the highest standards of personal integrity in the execution of their duties. Where relevant and practical, identified risks should be allocated to a delegated Public School official best suited to manage such risks via typical methods such as risk avoidance or reduction, risk transfer and risk control.

It is also expected that the Financial Officer, together with the SGB and/or school management team, would ensure that the school establishes and maintains an effective system of risk management for the identification, consideration and avoidance of material risks in the overall Procurement and related functions across Public Schools.

7.8.14 Code of ethics and conflict of interest

All Public Schools must ensure that the Code of Ethics is consistently complied with and any conflict of interest is declared and addressed in line with relevant procedural requirements and conformance to the Code of Ethics.

The KZN DoE commits itself to a policy of fair dealing and integrity in the conduct of Procurement related activities. All Public school officials and Representing Bodies who are involved in the Procurement function should therefore ensure that duties are performed efficiently and effectively, in accordance with the relevant legislation and regulations and are further required to promote:

(i) Fairness, transparency and independence;
(ii) Mutual trust and respect;
(iii) An environment where business can be conducted in a fair and reasonable manner and with integrity; and
(iv) Value for money and cost effectiveness.

In the instance where a Public school official and/or Representing Body fails to observe the Code of Ethics, he or she may be subject to appropriate disciplinary action. It is expected that any Public school official and/or Representing Body, who becomes aware of a breach or failure to comply with any aspect of the Procurement procedure and process, must immediately report the breach or failure to the Financial Officer in writing. All allegations of corruption, improper conduct or failure to comply with the Procurement procedure and process shall be investigated by the Principal or a delegated authority, who will then instigate justified steps against such a Public School official and/or Representing Body.

7.8.15 Declaration of Interest

Attention is drawn to the prohibition of misuse of any Public school official and/or Representing Body position/s to his/her own unlawful or unauthorised advantage or disadvantage or which serves to unlawfully prejudice the State or any other person or legal person. Bearing this in mind, a declaration of interest form must be included with respective proposal documents.
Any Public School official and/or Representing Body who is involved in the evaluation and recommendation process, or who is in any way involved with the Procurement process, shall also certify, as part of the recommendation that he/she complies with The Prevention and Combating of Corrupt Activities Act. All Public school officials and/or Representing Body who can influence the award of a quotation/bid, are regarded as officials who are involved in the recommendation process.

An official who is involved in the recommendation process, or who is in any way involved with the Procurement process, shall also certify as part of the BEC proceedings and by completing the BEC Attendance Register and Declaration of Interest Form that he / she complies with the requirements of the Code of Conduct for SGB’s, Representing Bodies and/or school management team and any other directive that may be issued from time to time. It is further expected that all Public School officials and/or Representing Bodies who are involved in the Procurement decision making process must sign an affidavit stating that they comply with all relevant and applicable legislation as prescribed by National Treasury.

7.8.16 Procurement reporting requirements

Information and data may be used by Public schools to develop plans, evaluate alternative courses of action and, where necessary, institute corrective actions. Ideally, management information should be:

(i) Economically justified, without redundancy;
(ii) Flexible and capable of rapid adjustment should needs change;
(iii) Comparable, to ensure that decisions are benchmarked; and
(iv) Relevant to each educator’s particular area of responsibility.

Improving the quality of available Procurement information across Public schools is a crucial aspect of alignment to the PFMA itself. The Act stresses the need for regular monthly management reports for submission to the relevant delegated/mandated authorities. The primary purpose of Procurement and/or management reports will be to identify potential areas of improvement and to effectively discharge Procurement roles and responsibilities across Public schools, in line with applicable legislation.

Public schools Procurement reports should focus mainly on performance against budget and support of educational service delivery improvement programmes. This approach may typically alert the relevant delegated authorities to speedily effect remedial action, where necessary.
7.8.17 Monthly Reporting

The Financial Year of Public schools runs from 1 January to 31 December. Financial Statements should be prepared monthly for submission to the Finance Committee for reporting purposes. Monthly statements should typically provide information on the following:

(i) Income and Expenditure for the month and for the year to date;
(ii) Comparisons of Procurement amounts with budgeted amounts and an analysis of variance;
(iii) Projected cash flow statement linked to Procurement spend;
(iv) Analysis of debtors and debts owing to the School;
(v) Analysis of creditors and Procurement payments payable;
(vi) Status of all projects of a Procurement nature – both major and minor;
(vii) Status of Supplier Performance, if applicable; and
(viii) Commodity breakdowns (if applicable) and a value for money analysis

7.8.18 Annual Reporting

Unaudited public school Annual Financial Statements will be presented to the SGB and/or Representing Body for due consideration after the end of each financial year. These financial statements must be subjected to an independent audit and the findings/results forwarded to the relevant delegated KZN DOE authority together with identified remedial actions.

7.8.19 Procurement Performance Monitoring & Evaluation

Public schools will be subjected to periodic monitoring and evaluation of Procurement procedures and processes by a delegated KZN DOE authority, as may be deemed necessary. To this end, Public schools are expected to compile and record accurate Procurement records for this purpose. The primary purpose of Procurement monitoring and evaluation is to ensure that Public schools comply with relevant National Treasury legislation and to further identify Procurement improvement opportunities, in support of efficient educational service delivery.

7.8.20 Non-compliance to procurement policy guidelines

The KZN DoE’s normal disciplinary process and procedures will apply, where relevant and applicable, in cases of Procurement non-compliance across Public schools. During this process, compliance/non-compliance to all applicable legislation, as referred to in these guidelines will be investigated, as may be necessary.
PROCUREMENT TEMPLATES
# SCHOOLS RFQ COMPARATIVE SCHEDULE

## SRFQ Reference No.

<table>
<thead>
<tr>
<th>Name of School</th>
<th>School Status</th>
<th>District</th>
<th>Delivery Address</th>
</tr>
</thead>
</table>

## User Information

<table>
<thead>
<tr>
<th>User Name:</th>
<th>Position:</th>
<th>Contact Tel. No:</th>
</tr>
</thead>
</table>

## Ranking

<table>
<thead>
<tr>
<th>Name of Bidder</th>
<th>Price</th>
<th>Price Points (max 80)</th>
<th>Preference Points (max 20)</th>
<th>Total Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td></td>
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<td>3</td>
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<tr>
<td>4</td>
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<td></td>
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<td></td>
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<tr>
<td>5</td>
<td></td>
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</tr>
</tbody>
</table>

Note: As per PPPFMA, the highest points (price and preference) being ranked top, should be recommended as the preferred supplier, subject to due process being followed.

## Recommendation

<table>
<thead>
<tr>
<th>Supplier:</th>
<th>Total Price:</th>
<th>Delivery Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature</th>
<th>Position</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Additional Comments</th>
</tr>
</thead>
</table>

## SGB Approval

<table>
<thead>
<tr>
<th>Approved □</th>
<th>Not Approved □</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Reason/s for approval/no approval</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>SGB Representative Signature/s</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
</table>
## SCHOOLS GOODS RECEIVED NOTE

<table>
<thead>
<tr>
<th>SGRN Reference No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Name of School

### School Status

- Section 21 □
- Section 20 □

### District

### Delivery Address

### School Purchase Order No.

### Current Date:

- Y
- Y
- M
- M
- D
- D

### GRV Date:

- Y
- Y
- M
- M
- D
- D

### Movement Type

- Goods Receipt for Purchase Order
- Goods Receipt Reversal for Purchase Order
- Return Delivery to Vendor/Supplier
- Reversal of Return Delivery

### Return Delivery

- Wrong Venue
- Incorrect Goods/Services
- Other (specify) ____________________________

### Delivery Note No.

### Goods/Services Details

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item No.</th>
<th>Description</th>
<th>PO Quantity</th>
<th>Quantity Received</th>
<th>PO Cost</th>
<th>Invoice/ Del Note cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Vendor/Supplier Details

- Vendor/Supplier Name: ____________________________
- Delivered by: ____________________________
<table>
<thead>
<tr>
<th>GRV Acceptance</th>
<th>Authorised Recipient: _______________________</th>
<th>Signature: ________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Date: _________________________________</td>
<td></td>
</tr>
</tbody>
</table>
**SCHOOLS PURCHASE CONTRACT AWARD FOR GOODS & SERVICES**

SPCA Reference No.  

*This form must be filled in duplicate by both the successful bidder (part 1) and the purchaser (part 2). Both parts must be signed in the original so that the successful bidder and the purchaser would be in possession of originally signed contracts for their respective schools purchasing records.*

**PART 1**

**(TO BE FILLED IN BY THE BIDDER)**

1. I hereby undertake to supply all or any of the goods, works and/or to render all or any of the services described in the attached bidding documents to the purchaser (The School) in accordance with the requirements and specifications stipulated in the bidding documents at the price/s quoted. My offer/s remain(s) binding upon me.

2. The following documents shall be deemed to form and be read and construed as part of this agreement:
   (i) Bidding documents, viz
       - Invitation to bid / Request for Proposal (RFP);
       - Tax clearance certificate;
       - Pricing schedule(s);
       - Technical Specification(s);
       - Preference Certificates in terms of the Preferential Procurement Regulations 2001, as applicable;
       - Declaration of interest;
       - Special Conditions of Contract; and
   (ii) General Conditions of Contract

3. The acceptance of my bid shall be communicated to me by returning one (1) Purchase Contract Award Form signed by me in the original, of which Part 2 is filled in and signed by the Purchaser (the School).

4. I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) and rate(s) quoted cover all the goods, works or services specified in the bidding documents; that the price(s) and rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) and calculations will be at my own risk.

5. I accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfilment of this contract.

6. I declare that I have no participation in any collusive practices with any bidder or any other person regarding this or any other bid.

7. I confirm that I am duly authorised to sign this contract.

NAME (PRINT) ………………………………………….
CAPACITY ………………………………………….
SIGNATURE ………………………………………
NAME OF FIRM ……………………………….
DATE ………………………………………
PART 2
(TO BE FILLED IN BY THE PURCHASER (the School))

1. I……………………………………………. in my capacity as……………………………….. accept your bid under reference number ………………dated……………………….for the supply of goods, works or services indicated hereunder and/or further specified in the annexure(s).

2. An official order indicating delivery instructions is forthcoming.

3. I undertake to make payment for the goods, works delivered and/or services rendered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice accompanied by the delivery note.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Price (vat incl)</th>
<th>Description/Brand</th>
<th>Unit of Measure</th>
<th>Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

4. I confirm that I am duly authorised to sign this contract.

SIGNED at…………………………………………….on………………………………….

PURCHASER NAME (PRINT) .................................................................

SIGNATURE .........................................................................................

OFFICIAL SCHOOL STAMP
SCHOOLS PURCHASE REQUISITION FOR GOODS & SERVICES

SPR Reference No. [ ] [ ] [ ] [ ]

This purchase requisition must be completed for all procurement in Section 20 and 21 schools whether fee paying or non-fee paying. All necessary approval signatures from SGB and/or school management must be furnished according to applicable delegations of authority.

<table>
<thead>
<tr>
<th>Name of School</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School Status</td>
<td>Section 21 [ ] Section 20 [ ]</td>
</tr>
<tr>
<td>District</td>
<td></td>
</tr>
<tr>
<td>Delivery Address</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are funds available for the required goods and services?</th>
<th>Yes [ ] No [ ] (if no, then indicate the source of funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State reason/s for the need of goods/services?</td>
<td></td>
</tr>
<tr>
<td>What type of purchase request is this?</td>
<td>Normal [ ] Emergency [ ]</td>
</tr>
<tr>
<td>What is the estimated cost of goods/services?</td>
<td></td>
</tr>
<tr>
<td>What is the expected date of delivery for goods/services?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>User Person Requesting:</th>
<th>Authorising Person:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position:</td>
<td>Position:</td>
</tr>
<tr>
<td>Signature:</td>
<td>Signature:</td>
</tr>
<tr>
<td>Tel. No.</td>
<td>Tel. No.</td>
</tr>
<tr>
<td>Date:</td>
<td>Date:</td>
</tr>
</tbody>
</table>

1. SGB validation and approval

<table>
<thead>
<tr>
<th>Name:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Position:</td>
<td></td>
</tr>
<tr>
<td>Signature:</td>
<td></td>
</tr>
<tr>
<td>Date:</td>
<td></td>
</tr>
</tbody>
</table>

2. SGB validation and approval

<table>
<thead>
<tr>
<th>Name:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Position:</td>
<td></td>
</tr>
<tr>
<td>Signature:</td>
<td></td>
</tr>
<tr>
<td>Date:</td>
<td></td>
</tr>
</tbody>
</table>

Departmental validation

<table>
<thead>
<tr>
<th>Name:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Position:</td>
<td></td>
</tr>
<tr>
<td>Signature:</td>
<td></td>
</tr>
</tbody>
</table>
PAYMENT ADVICE

NAME OF SCHOOL: _________________________________

CHEQUE DATE: __________________________
CHEQUE NO: ________________

The SGB Chairperson

PAYMENT FROM SCHOOL FUND

Kindly approve the payment of R___________ (_________ amount in
words: ____________________) to ___________

name of payee_____________________ for ___________________

nature of goods _______________________________________________________________________

PURPOSE:
_________________________________________________________________________
_________________________________________________________________________

_________________________________________________________________________________

I hereby certify that the payment is proper charge against school funds, is fair and
reasonable and is supported by the authorised vouchers. The amount is in accordance with
the estimates of expenditure and will be met from the amount budgeted for _______

which budget will be debited____

_________________________________________________________________________________

NAME OF OFFICIAL AND DESIGNATION DATE

APPROVED: _____________________________

PRINCIPAL _____________________________

DATE _____________________________

TREASURER _____________________________

DATE _____________________________

CHAIRPERSON _____________________________

DATE _____________________________

Affix the following: Return Cheque (in front)
Invoice (at the back)
Delivery Note (at the back, if applicable)

SCHOOL STAMP
**Purchase order template**

**PURCHASE ORDER**

<table>
<thead>
<tr>
<th>Description of Item</th>
<th>Quantity ordered</th>
<th>Cost per unit</th>
<th>Total Cost</th>
<th>Is there sufficient budget? Y/N</th>
<th>GL Account Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>XXX</td>
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<tr>
<td>XXX</td>
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<td></td>
</tr>
</tbody>
</table>

Total

Prepared by:  
Authorised by:  
Date:  

**Notes**  
(1) Order Book must be at least be in three parts  
(2) Distribution:  
- Original (top) copy is sent to the supplier  
- Second copy is an office copy to be attached with other procurement documents  
- Third copy is kept in the purchase order book.
Name of School
REQUEST FOR EFT PAYMENT

DATE

Please transfer Funds from Account Number: _______________
into the following recipient’s account:-

RECIPIENT NAME

RECIPIENT BANK NAME

RECIPIENT ACCOUNT NUMBER

RECIPIENT BRANCH CODE & TYPE

AMOUNT TO BE PAID

OWN REFERENCE

EFTxxxxx

RECIPIENT REFERENCE

Being: __________________________________________________________

Requested by: __________________________________ HOD: ______________

Account Signatories: _____________________________________________

ACCOUNTS DEPARTMENT

EFT REFERENCE NUMBER

GEN LEDGER ALLOCATION

<table>
<thead>
<tr>
<th>ALLOCATION DESCRIPTION</th>
<th>GL ACC</th>
<th>DEBIT</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
STANDARD CHART OF ACCOUNTS
8. Standard Chart of accounts

Objective .................................................................................................................. 138
Legislation ............................................................................................................... 138
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7.2 Recording transactions .................................................................................... 139
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7.4 Classification of accounts ............................................................................... 145
Objective

The main objective of the Guideline is to provide direction regarding the accountability for school funds and to ensure effective efficient and transparent recording of the day to day transactions in operation.

The Guideline establishes the parameters within which monies are spent and accounted for. It is also a guide in satisfying the responsibilities arising from being entrusted with public money and lays down rules that must be complied with. Furthermore this document will outline a standard chart of accounts by which management ought to adopt for the accounting of all transactions.

Legislation

(i) The South African Schools Act, 84 of 1996.

In terms of section 42 of the South African Schools Act “The governing body of a public school must –

(i) keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions; and

(ii) as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council (MEC).

8.1 Appointment of a Financial Officer

(i) A financial officer must be appointed in writing, to record the day-to-day transactions.

(ii) The appointment must be minuted at a governing body meeting.

(iii) This delegated person will be accountable for accurate financial record-keeping.

(iv) All the transactions must have supporting documents, i.e. cheque requisition form, delivery note, invoices, etc.

(v) The processed cheques, together with all supporting documents, must be filed in chronological order (according to date). All the accounting documentation must be kept secure for 5 years before any disposal can take place. A disposal certificate must be completed and handed to the school’s governing body.

(vi) The monthly bank statement must be safely stored with all the aforementioned documentation.
8.2 Recording transactions

The financial officer should record the transactions in the following manner:

(i) All receipts should be recorded in the receipts cashbook. Recommended example of the method of recording receipts in the Cashbook

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Receipt Number</th>
<th>Amount R</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/01/2009</td>
<td>School Allocation</td>
<td>R001</td>
<td>780,000.00</td>
</tr>
<tr>
<td>28/03/2009</td>
<td>School fees received</td>
<td>R002</td>
<td>110.00</td>
</tr>
<tr>
<td>12/04/2009</td>
<td>Tuck shop rental received</td>
<td>R003</td>
<td>1,100.00</td>
</tr>
</tbody>
</table>

(ii) All payments should be recorded in the payments cashbook. Recommended example of the method of recording payments in the Cashbook

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Payee</th>
<th>Cheque Number</th>
<th>Amount R</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/01/2009</td>
<td>Cleaning material</td>
<td>Makro</td>
<td>001</td>
<td>1,000.00</td>
</tr>
<tr>
<td>11/03/2009</td>
<td>Petty Cash</td>
<td>Petty Cash</td>
<td>002</td>
<td>1,500.00</td>
</tr>
<tr>
<td>17/04/2009</td>
<td>Water &amp; Electricity</td>
<td>Tshwane Municipality</td>
<td>003</td>
<td>1,100.00</td>
</tr>
</tbody>
</table>

(iii) Transactions should then be posted to the general ledger to the relevant accounts. (Refer to Standard Chart of Accounts) below. Example of the method of recording transactions in the general ledger

<table>
<thead>
<tr>
<th>Account Name: School Allocation</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>780,000.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Account Name: Tuck shop rental</th>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Dr</td>
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</table>

<table>
<thead>
<tr>
<th>Account Name: Water &amp; Electricity</th>
<th></th>
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<tbody>
<tr>
<td>Dr</td>
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<td>1,100.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Account Name: Cleaning Material</th>
<th></th>
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<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Dr</td>
<td></td>
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<td></td>
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<tr>
<td>1,000.00</td>
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<td></td>
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<tr>
<td>Cr</td>
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</tbody>
</table>

(iv) Once the transactions have been processed to the general ledger the trial balance must be produced monthly reflecting the transactions that occurred for the month.
8.3 Standard Chart of Accounts

The following template must be adopted as a standard chart of accounts when processing all transactions:

(Result of the trial balance based on the processing of accounts in the general ledger).

<table>
<thead>
<tr>
<th>CLASS</th>
<th>DESCRIPTION</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Net Income from school fees</td>
<td></td>
<td>X</td>
</tr>
<tr>
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### Trial Balance

(SCHOOL’S NAME)
TRIAL BALANCE AS AT 31 JANUARY XXX

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#### TRIAL BALANCE AS AT 31 DECEMBER XXX

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</table>
8.4 Classification of accounts

**School fees receivable** - Agreed amounts paid by parents to a school, which is intended to improve the quality of education of learners.

**Exempted portion** - This occurs when a learner is declared as not liable for payment. Parents may apply to be exempted from paying school fees in terms of section 39(2)(b) of the South African Schools Act. All values in relation to exemptions should be processed to the “exempted portion” account.

**Bad Debts** - All amounts as determined in terms of section 11.4 of the National Treasury Regulations e.g. school fees, failure of rental payment etc.

**School Allocation** - All monies forwarded to Public ordinary schools in relation to the above mentioned sub items e.g. Textbooks, Stationery, Services etc.

**Donations & Grants** - All monies or material goods received by the institution from other persons or organisations.

**Rental Income** - All monies received for the hiring of any structure, land, service or equipment owned by the school. E.g. Tuck shop, School Hall, School fields etc.

**Sales** - Any income generated from the sale of any commodities held by the school e.g. Tuck shop sales, uniforms, text books etc.

**Investment income** - Any income generated from the investment of any financial instruments e.g. Interest Received, Profit on sale etc.

**Fund raising income** - All income generated from activities (apart from the schools day to day activities) initiated by the school for the purposes of additional income e.g. Concert, Sport event etc.

**Other Income** - All other forms of income not defined above.

**Accommodation** - Expenditure for overnight accommodation for educators and learners that is incurred in relation to the schools activities.

**Accounting fees** - Fees paid to any personnel or professional body for the purpose of compiling or assisting the school to compile and maintain adequate accounting records.

**Advertising** - Expenditure incurred for the purpose of promoting the schools identity, image etc.
Audit fees - Fees paid to any professional entity for the purpose of providing the school with a set of audited financial records together with an audit opinion.

Awards - Expenditure incurred for the purpose of acknowledging individual learner achievements.

Bad Debts - Any debts written off in terms of section 11.4 of the National Treasury Regulations.

Bank Charges - All service fees charged on the school’s bank account by the relevant financial institution which the school has used.

Cleaning materials - All consumables purchased for the purpose of maintaining a level of cleanliness within the school’s premise.

Computer software - Any computer “programme” purchased for the purpose of improving the school’s operational and financial activities.

Consulting fees - Any expenditure incurred in the process of dialogue that leads to a decision. And as a result, services are rendered by an external party with the intention of meeting the intended objective.

Depreciation - This is regarded as a noncash expense that arises from the value of a calculation that reduces the value of an asset as a result of wear and tear, age or obsolescence.

Entertainment - Any expenditure incurred to accommodate entertainment needs of guests or school personnel.

First Aid - Any expenditure incurred for the purpose of facilitating the health and well being of school personnel e.g. medication, first aid plasters etc.

Governing Body expenses - Expenditure incurred in order to facilitate the needs of members of the governing body e.g. transport etc.

Insurance - All monies paid towards an authorised financial services provider for the purpose of insurance cover on all “school” owned assets.

Insurance claim costs - In the event of any insurance claim, all expenditure incurred in order to facilitate the claim.

Lab chemicals - Any items purchased for the purpose of increasing chemical contents in the school laboratory.

Legal Fees - All monies paid towards any professional personnel or body for the purpose of facilitating any legal action pursued on behalf or against the School e.g. litigation etc.

Meals and refreshments - Any expenditure incurred for the purchase of meals or refreshments for school personnel.

Office expenses - Any expenditure incurred for the purchase of items in relation to the operational functioning of the office.
Postage - Any expenditure incurred for school postage.

Rates and Taxes - Any monies paid towards monthly municipality charges in relation to rates and taxes.

Rental of equipment - All monies paid towards the rental of any equipment that is hired for the facilitation of school operations e.g. Photocopy machines etc.

Repairs and maintenance - Any expenditure incurred for the purpose of fixing any sort of mechanical, electrical device and building structures.

Salaries - Any monthly remuneration paid towards Personnel appointed by the SGB.

Security - Any expenditure incurred for the purpose of attaining protection against danger or loss as well as attaining a sense of safety for learners and educators.

Special events - Any expenditure incurred in the process of organising and coordinating special events hosted by the school e.g. community fun walks etc.

Sports consumables - Any expenditure incurred for the purchase of sports consumables for school sports activities.

Swimming pool services - Any expenditure incurred for the servicing of school swimming pools only.

Teachers' enrichment - Any monies paid for the purpose of development programmes for educators.

Water and electricity - Any monies paid towards monthly municipality charges in relation to water and electricity billed in the name of the School.

Year end expenses - Any expenditure incurred for the purpose of year end activities e.g. awards evening, year end school parties, matric dinners etc.

Development and training - Any expenditure incurred for the purposes of development programmes for educators and learners.

Exam and assessment material - Any monies paid towards enhancing exam and assessment material

Workshops and seminars - Any monies paid towards the attending of school activity related workshops and seminars

Feeding schemes - Any expenditure incurred for the purpose of facilitating school feeding schemes.

Motor vehicle expenses - Any expenditure incurred for the purpose of maintaining school owned vehicles.
Stationery

Classroom stationery - all items of the following nature:
(i) Chalk
(ii) Black board eraser
(iii) Black board ruler etc.

Office stationery - all items of the following nature;
(iv) Pens, pencils, rulers
(v) Pencil sharpener
(vi) Erasers
(vii) Receipt books
(viii) Paper clips etc.

Printing & stationery - all items of the following nature;
(ix) All paper procured for the photocopying, printing etc.
(x) Replacement cartridges for printing machines.
GUIDELINES FOR THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS
9. Guidelines for the preparation of annual financial statements

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Legislation
(i) The National Norms and Standards for School Funding 2006, as amended;
(ii) Public Financial Management Act (No.1 of 1999)
(iii) Treasury Financial Regulations
(iv) Section 42 and Section 43 of the SA Schools Act, 84 of 1996
(v) Section 20 and Section 21 of the SA Schools Act, 84 of 1996

Background
The Act requires the SGB of public schools:
(i) To keep records of funds received and spent by the school and of its assets, liabilities and financial transactions;
(ii) To draw up annual financial statements, as soon as practicable, but not later than 3 months after the end of each financial year;
(iii) To appoint –
   (a) A person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act 80 of 1991 to audit the financial records and financial statements of the school; or
   (b) to submit draft annual financial statements to the Head of Department by no later than 31 January of the following year; and
   (c) To submit a copy of the financial statements of the school, audited or examined as contemplated above, to the Head of Department within 6 months after the end of each financial year.

9.1 Section 21 and non section 21 schools

9.1.1 Section 21 schools
(i) Section 21 of the Act gives schools extra allocated functions to control their own finances and extra curriculum functions.
(ii) Section 21 schools manage their own bank accounts. The budget is transferred to the schools bank account to manage the day to day activities.
(iii) Schools under this section are allowed to manage personnel and non-personnel costs.
(iv) Personnel costs are salary related costs to educators and support staff, whereas non-personnel costs relates to maintenance of school buildings, payments of municipal services such as water and electricity, and purchasing of textbooks, educational materials and equipment of the school.
(v) SGB may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures. They must keep documents as evidence of correct dealing with such suppliers and contractors, and records of how the materials and services were used, and present such documents or records at the request of officials from the PED (provincial education department) and for audit purposes.
(vi) Section 21 schools maintain and improve the school property and buildings.
9.1.2 Non Section 21 schools

(i) Schools under this section are given a paper budget for their grants. This is managed by the department.

(ii) The schools must keep control of all their expenses and submit the invoices directly to the department for settlement. Unlike section 21, the SGB may not deal directly with suppliers and contractors. They must still keep records of the transactions for accounting and audit purposes.

(iii) Non Section 21 schools administer and control the school property and buildings.

9.1.3 Responsibility/Accountability

All accounting records must be kept accurately and adequately by the Financial Officer. If necessary, the Financial Officer may be assisted in keeping the school’s accounting records by the treasurer of the SGB.

Based on all the monthly information provided by the Financial Officer, the treasurer prepares the following annual reports:

(i) Balance Sheet;
(ii) Income and Expenditure Statement; and
(iii) Budget Report (Income and Expenditure Variance Report)

The treasurer is also responsible for ensuring that the financial records are ready for the auditor. The treasurer must also present the financial reports to:

(iv) to the finance committee (monthly);
(v) to the SGB(quarterly);
(vi) to the parent body(annually); and
(vii) To the Provincial Education Department.

9.1.4 Monthly Records

The following monthly records of financial transactions must be produced at the school:

(i) Cash Receipt Journals;
(ii) Cash Payments Journals;
(iii) Receipts & Payments;
(iv) Bank Reconciliation Statements;
(v) Petty Cash Journals; and
(vi) Tuck shop Trading Statements – if the tuck-shop is not sublet out.

It is also required to constantly update other financial records, e.g. Monthly payroll, school fees receivable register, ticket sales, stores records and asset register.

9.1.5 Variances

Variances are differences between anticipated expenditure and actual expenditure. Some variances show that you spend too much or too little during the quarter, in terms of the budget.
Each quarter the treasurer will calculate the variance on each item within the budget report. If the school has overspent (or under-spent) on any cost centre there are three main options:

(i) **Working Adjustments**: if you have spent too much on any item in any quarter, you will have to spend less in the remaining quarters.

(ii) **Formal Adjustments**: if the variance is serious, the Finance Committee may need to draft an interim budget. This needs to be formally presented to parents at a general meeting. The process for approval must be the same as for the original budget.

(iii) **Special fund-raising**: It is bad practice to move funds from one cost centre to another. Even if you have overspent on one cost centre, and under spent on another, you should not move funds from the one to the other. It is better to hold a special fund raising event to raise funds for the overspent cost centre.

**9.1.6 Limits for Variances**

The school must set limits for variances. These may be:

(i) Less than 10% - it should be easy enough to adjust future spending to return to budget limits;

(ii) Between 10% and 20% - The Treasurer will point out the difference to the Finance Committee and take advice on ways to overcome the problem;

(iii) Between 20% and 40% - The matter must be reported to the SGB, who will decide whether other budget cuts will be made; and

(iv) More than 40% - The budget must be redrafted and presented to the parent body for approval.

**9.1.7 Calculating Variances**

There are different ways of highlighting variances. You can put a minus sign before the percentage to show under expenditure and a plus sign to show over expenditure.

Example: The total school fees received for a quarter was R 16,500. According to the budget, the school was expecting to receive R 18,000 during the quarter. The variance is thus:

\[
\frac{\text{Actual amount received}}{\text{Budget amount}} = \frac{16500}{18000} = 91.6\% \times 100
\]

The school has therefore received 91.6% of its budgeted income i.e. 8.4% less than expected.

**9.1.8 Contents of the annual financial statements**

The annual financial statements are based on information provided by the Financial Officer’s regular monthly records. The SGB of a Petty public school must ensure that the annual financial statements of the school consist of the following:

(i) Balance Sheet
(ii) An income statement and expenditure statement;

(iii) An income and expenditure variance report;

(iv) Notes to the financial statements;

Fairly present the financial position of the school as at 31 December of the financial year concerned; and

Contain sufficient particulars to enable any interested person to reliably ascertain the financial position of the school.

9.1.9 Balance sheet

The balance sheet is a list of balances and the two parts of the balance sheet must ‘balance’. The one part of the balance sheet lists assets, both fixed assets and current assets. The other part of the Balance Sheet contains accumulated funds. The school may also have small liabilities, i.e. amounts owing.

Assets = Accumulated Funds + Liabilities.

The following information must be presented on the face of the balance sheet:

8.1.9.1 Non Current Assets (fixed assets)

(i) Furniture and Equipment

(ii) Vehicles

8.1.9.2 Current Assets

(i) Cash and cash equivalents

(ii) Investments

(iii) Inventory

(iv) Accounts receivable/debtors

8.1.9.3 Accumulated Funds

(i) Transfer of assets from the Department

(ii) Balance of accumulated funds from previous year

(iii) Surplus of income over expenditure

8.1.9.4 Non Current Liabilities

(i) Long term loans – with the approval of the MEC

8.1.9.5 Current Liabilities

(i) Accounts payable/creditors

(ii) Provisions
9.1.10 Non Current Assets/Fixed Assets

Non current assets/fixed assets refer to immovable assets and movable assets. Immovable assets are assets which cannot move e.g. land and buildings. Public schools do not have immovable assets (property) and Section 13 of the Act deals with public schools on state property – it implies that school buildings and land belong to the State and not to the school. Thus, the value of these items should not be included in the Balance Sheet.

Movable assets include furniture and equipment. Each year, as the value of these assets depreciates, the reducing amount is shown in the Balance Sheet. The value of all assets transferred from the Provincial Department of Education (Section 21 schools), as well as those fixed assets procured by the school must be included in the Balance Sheet.

9.1.11 Current Assets

Current assets refer to cash in bank, petty cash float or assets which could be easily converted into cash e.g. value of stock in the stores or stationery on hand.

9.1.12 Accumulated Funds

The Accumulated Funds part of the Balance Sheet may show two items:

(i) Accumulated Funds - If funds were left over from the previous year, these are referred to as “accumulated funds”. If a school has a surplus again on the current year, this is added to accumulated funds. If there is a deficit, this is subtracted from the accumulated funds.

(ii) Transfer of Assets from the Department - When assets are transferred to the school, the principal draws up an inventory which gives the value of the assets at the time. This amount will appear in the Balance Sheet under accumulated funds – and the amount will never change. Please note that the asset themselves will probably depreciate and the reduced value is shown under fixed assets in the Balance Sheet.

NB: In any one year, a school’s budget should balance between income and expenses.

9.1.13 Long Term Liabilities

Long term liabilities are amounts owed to creditors and are usually paid over a period longer than one year. However, public schools may not have long term liabilities without prior approval of the MEC.

9.1.14 Current Liabilities

Current liabilities are short term debts which will be paid during the next 12 months. Schools are strongly discouraged from creating any liabilities at all e.g. buying on credit. However, some current liabilities are unavoidable e.g. amounts owing to Telkom, or the City Council for water and electricity. If there are amounts unpaid on 31 December, they must be shown as current liabilities in the Balance Sheet.
9.1.15 Income and Expenditure statement

The income and expenditure statement must record all revenue received and all payments made by the school during the financial year and include any adjustments relating to owing or pre-paid revenue, owing or pre-paid expenditure and asset depreciation.

Adjustments are additional amounts which may be owed or prepaid; or need to be changed as at 31 December of the year in question. Examples of types of adjustments include:

(i) **Revenue owing** - At the end of financial year, amounts may be owing to the school (e.g. rental income for tuck shop). This is called “rental income owing”. If the school expects to receive these funds, they should be added to this year’s revenue.

(ii) **Revenue prepaid** - It is possible that the rental income on the tuck shop has been prepaid for the following month. This money has already been received, but it really belongs to the following year’s income. The amount should be deducted from this year’s income.

(iii) **Expenses owing** - Expenses may be owed as at end of the year, e.g. the school ordered a netball kit and has received a set of uniforms for the netball team. The amount of R3, 000 is still owed. The school has not yet paid the amount, but it should be added to this year’s expenses.

(iv) **Expenses paid** - The school sometimes needs to prepay expenses on an annual basis e.g. on 1 July the school paid R1,000 for insurance premiums (from 1 July this year to 30 June next year). At the end of the year, only half of this amount belongs to this year (R500) and half to next year (R500). Next year’s half should be deducted from this year’s expenses.

(v) **Depreciation** - Any asset which is purchased is recorded in the books at its “acquisition price”. Assets are expected to lose value each year and the depreciation must be calculated on the straight line method. If the asset is expected to last for two years, depreciation must be calculated over two years so that at the end of the two years the value is zero. The amount of depreciation each year is an expense and must be shown in the Income and Expenditure Statement.

Furthermore, the income and expenditure statement referred to in paragraph 5(a) (i) must reflect all items of income and expenditure contemplated in the school’s annual budget for the year concerned.

9.1.16 Income and Expenditure variance report

The income and expenditure must-

(i) record the income and expenditure of the school for the year concerned;

(ii) compare this income and expenditure on an item-by-item basis with the approved annual budget of the school; and
(iii) Reflect the percentage variance between actual and budgeted income and expenditure, together with an explanation in writing where any variance exceeds 10%.

9.1.17 Statement of accounting policies

Accounting policies are disclosed as a separate statement and as part of the annual financial statements.

A reader’s interpretation of a set of financial statements can be significantly influenced by the accounting policies adopted by the reporting entity and for this reason the statement of accounting policies is included at the beginning of the financial statements.

National Treasury is responsible for the development of accounting policies in line with Standards of GRAP as issued by the Accounting Standards Board (ASB). Any deviations from these policies should be brought to the attention of the Office of the Accountant-General at National Treasury.

The exception to the above rule is for policies relating to provisions, retirement benefits and medical benefits, which are not consistent. Each school would need to assess its own policies on provisions, retirement benefits and medical benefits and amend the suggested policy accordingly.

Should a school need to change the wording of any other accounting policy for good reason; the matter must be brought to the attention of the Department and the Department will then address this with the Office of the Accountant-General at National Treasury and the Auditor-General.

9.1.18 Post employment retirement benefits

Specific legislation that may have an impact on your department and the retirement benefits granted, for example, The Military Pensions Act, should be considered in finalising the wording of this particular policy.

9.1.19 Medical benefits

The benefits provided to all employees of the school may differ. In some schools employees do not contribute to a medical aid fund and the schools pays the full benefit. In other schools the payment is split between the employee and the employer. Accordingly, each school should amend the wording of the policy to reflect the specific circumstances applicable.

9.1.20 Other school specific policies

The headings used in the prescribed format should not be regarded as being exhaustive and any other matters that relate to the financial statements as a whole can be included, provided they enhance the reader’s interpretation of the financial statements.

9.1.21 Timeframes and action plans

Steps needed for the Finance Committee/SGB to complete the Annual Financial Statements for the year are as follows:
<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
<th>Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening trial balance prepared</td>
<td>Treasurer</td>
<td>31 January xxx</td>
</tr>
<tr>
<td>Complete posting of all transactions to cash book and other records of prime entry</td>
<td>Treasurer</td>
<td>15 Feb xxx</td>
</tr>
<tr>
<td>Make any year end adjustments as appropriate (e.g. accruals)</td>
<td>Treasurer</td>
<td>28 Feb xxx</td>
</tr>
<tr>
<td>Complete year end bank reconciliation</td>
<td>Treasurer</td>
<td>15 March xxx</td>
</tr>
<tr>
<td>Review balance sheet accounts for reasonableness. Reconcile those accounts on the accruals basis. Only timing differences should be carried forward.</td>
<td>Treasurer</td>
<td>15 March xxx</td>
</tr>
<tr>
<td>Prepare closing trial balance</td>
<td>Treasurer</td>
<td>31 March xxx</td>
</tr>
<tr>
<td>Prepare income and expenditure account</td>
<td>Treasurer</td>
<td>31 March xxx</td>
</tr>
<tr>
<td>Prepare balance sheet</td>
<td>Treasurer</td>
<td>31 March xxx</td>
</tr>
<tr>
<td>Submit to the Principal and SGB</td>
<td>Treasurer</td>
<td>15 April xxx</td>
</tr>
<tr>
<td>Submit to auditors</td>
<td>SGB</td>
<td>30 April xxx</td>
</tr>
<tr>
<td>Approve annual financial statements</td>
<td>SGB</td>
<td>31 May xxx</td>
</tr>
</tbody>
</table>
9.1.22 Illustrative Annual Financial Statements

8.1.22.1 Accounting Policies

The annual financial statements have to be prepared according to statements of Generally Accepted Accounting Practice. The annual financial statements have to be prepared on historical cost basis and incorporate the accounting policies set out below.

Basis of Presentation

The annual financial statements are prepared on the historical cost basis and in accordance with South African Statements of Generally Accepted Accounting Practice. The following are the principal accounting policies used by the school, which are consistent with those of the previous year.

Fixed Assets and Depreciation

Depreciation of fixed assets is shown at book value (cost less accumulated depreciation). Depreciation is written off by a charge to income computed on a straight line basis as to write off cost over their expected useful lives. The depreciation rates applicable to each category of fixed assets are as follows:

(i) Furniture and fittings 10% per annum
(ii) Office equipment 20% per annum
(iii) Computers 33.33% per annum
(iv) Computer software 50% per annum

Inventory

Saleable items are stated at the cost or net realizable value, whichever is lower. Administrative items are stated at cost. Where necessary, provision is made for obsolete, slow moving and defective inventory.

Revenue/Income

Revenue/income comprises school fees, fund raising, school allocation, donations and other income.

Interest Received

Interest received is recognised in the period in which it occurs.

Accounts Receivable

Accounts receivable are carried at expected realisable value. An estimate is made for doubtful accounts receivable based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

Cash and cash equivalents

Cash and cash equivalent is measured at fair value. Cash includes cash on hand and deposits in the current bank account.
Accounts Payable
Accounts payable is carried at expected payment values. An estimate is made for accruals based on a review of all outstanding amounts at year end.

Employee Benefits
Contributions to a defined contribution plan in respect of services in a particular period are recognised as an expense in that period.

Short Term Employee Benefits
The cost of short-term employee benefits is recognised during the period in which the employee renders the service. Employee entitlements to annual leave are recognised when they accrue to employees.

Taxation
No provision is made for taxation, as schools are exempt from income tax in terms of Section 10 (1)(d) (iv)(bb) of the Income Tax Act.
Balance Sheet

**XYZ SCHOOL BALANCE SHEET as at 31 December 20XX**

<table>
<thead>
<tr>
<th>Notes</th>
<th>200X</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>3</td>
<td>XX</td>
</tr>
<tr>
<td>Building Improvements</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Utilities &amp; Tools</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Fixtures &amp; Fitting</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Laboratory Apparatus</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Learning Support Material</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank and Cash equivalents</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Accounts Receivable (School Fees)</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Stores and stock on hand</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Petty Cash and Tuckshop floats</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>XXX</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ACCUMULATED FUNDS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of assets from the Department (on 30-06-0Z)</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Balance of accumulated funds from previous year</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Surplus of Income over Expenditure</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td>Deficit of Income over Expenditure</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4</td>
<td>XX</td>
</tr>
<tr>
<td>School fees prepaid for the next year</td>
<td></td>
<td>XX</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td></td>
<td>XXX</td>
</tr>
</tbody>
</table>
**Income and Expenditure Statement**

*XYZ SCHOOL INCOME & EXPENDITURE STATEMENT for the year ended 31 December 20XX*

<table>
<thead>
<tr>
<th>Notes</th>
<th>20XX</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income from school fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations &amp; Grants - General</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sponsorships</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Conditional</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Rental Income - Tuck Shop</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Vendor rental</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- School hall rental</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Swimming pool</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Tennis courts</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Fields</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sales – Tuck shop</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Uniforms</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Text books</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- School Magazine</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- School photographs</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Investment Income - Interest Received</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Profit on sale of investments</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Other Investment income</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fund raising income - Concert</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Sport event</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Other</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Income from hostels</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other Income - Profit on sale of assets</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Other</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
### XYZ SCHOOL INCOME & EXPENDITURE STATEMENT for the year ended 31 December 20XX

<table>
<thead>
<tr>
<th>Notes</th>
<th>20XX</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**Less: Expenses**

<table>
<thead>
<tr>
<th>Administration</th>
<th>20XX</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Accommodation</td>
<td>X</td>
<td>X</td>
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<td>SGB appointed CS Personnel: Salaries</td>
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<tr>
<td>SGB appointed CS Personnel: Other remuneration</td>
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### XYZ SCHOOL INCOME & EXPENDITURE STATEMENT

**for the year ended 31 December 200X**

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<td>Teachers enrichment</td>
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<td>Telephone and fax</td>
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<td>Text books</td>
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#### Teaching and learning

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<tr>
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<td>SGB appointed Professional Personnel: Other Remuneration</td>
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<td>SGB appointed Administrative Personnel: Other Remuneration</td>
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<td>Consultants</td>
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<td>Transport (LSEN)</td>
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#### Auxiliary Services

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<td>Motor vehicle expenses</td>
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**XYZ SCHOOL INCOME & EXPENDITURE STATEMENT** for the year ended 31 December 200X

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<td>SGB appointed Administrative Personnel: Salaries</td>
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<td>SGB appointed Administrative Personnel: Other Remuneration</td>
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**Profit or Loss for the Year**

XXX  XXX
## Income and Expenditure Variance Report

**XYZ SCHOOL INCOME & EXPENDITURE VARIANCE REPORT** for the year ended 31 December 200X

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<thead>
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</tr>
<tr>
<td>Rental Income - Tuck Shop</td>
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<td></td>
</tr>
<tr>
<td>- Vendor rental</td>
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<td>- School hall rental</td>
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<tr>
<td>- Swimming pool</td>
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<tr>
<td>- Tennis courts</td>
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<tr>
<td>- Fields</td>
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<td>- Uniforms</td>
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<td>- Text books</td>
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<td>- Profit on sale of investments</td>
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<td>Other Income - Profit on sale of assets</td>
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<td>- Other</td>
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**XYZ SCHOOL INCOME & EXPENDITURE VARIANCE REPORT** for the year ended 31 December 200X

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<tr>
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<td>Day Tours</td>
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<td>Repairs and maintenance - building</td>
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<tr>
<td>Salaries</td>
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### XYZ SCHOOL INCOME & EXPENDITURE VARIANCE REPORT for the year ended 31 December 200X

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<tr>
<td>Sports consumables</td>
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<tr>
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<td>Teachers enrichment</td>
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<td>Telephone and fax</td>
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<td>Tuck shop expenditure</td>
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<td>Water and electricity</td>
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<td></td>
</tr>
<tr>
<td>Development and training</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Exams and assessment material</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport - Excursions</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport – other private</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport – other public</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Workshops and seminars</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Education supplies - consumable</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Education supplies - non-consumable</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Education support services</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Professional Personnel: Salaries</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Professional Personnel: Other Remuneration</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Administrative Personnel: Salaries</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Administrative Personnel: Other Remuneration</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Consultants</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport (LSEN)</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Exams and assessment material</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Auxiliary Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies: Feeding schemes</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport: Scholars</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Motor vehicle expenses</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
**XYZ SCHOOL INCOME & EXPENDITURE VARIANCE REPORT** for the year ended 31 December 200X

<table>
<thead>
<tr>
<th>Sports &amp; Culture</th>
<th>Actual 200X</th>
<th>Budget 200X</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGB appointed Professional Personnel: Salaries</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Professional Personnel: Other Remuneration</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Administrative Personnel: Salaries</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SGB appointed Administrative Personnel: Other Remuneration</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Depreciation: Equipment</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**Profit or Loss for the Year**

| XXX | XXX |
Notes to the Annual Financial Statements

1. **Net Income from school fees**
   - Gross school fees receivable  \( X \)
   - Less exempted portion  \( X \)
   - Bad debts  \( X \)
   - **XX**

2. **School Allocation**
   - Textbooks  \( X \)
   - Stationery  \( X \)
   - Administration  \( X \)
   - Maintenance  \( X \)
   - Improvements  \( X \)
   - **XX**

3. **Owned Assets**

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>200X</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Depreciation</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Vehicles</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Utilities &amp; Tools</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fixtures &amp; Fitting</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lab Apparatus</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Learning Support Material</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td><strong>XX</strong></td>
<td><strong>XX</strong></td>
</tr>
</tbody>
</table>

4. **Trade & Other Payables**
   - Accounts Payables  \( X \)
   - Accruals  \( X \)
   - **XX**
5 Compensation of employees

<table>
<thead>
<tr>
<th></th>
<th>200X</th>
<th>200Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages - SGB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic salary</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bonus</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Service Based</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Medical Aid</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Periodic payments</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other non-pensionable allowances</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>XX</td>
<td>XX</td>
</tr>
</tbody>
</table>

The total no of staff employed by the Department:
No of Educators…………..XX
No of Non-Educators….. XX

The total number of staff employed by the SGB:
No of Educators…………..XX
No of Non-Educators….. XX

6 Bursaries are not granted by schools. Only exemptions.
AUDIT GUIDELINES
10. Audit Guidelines

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Objective

The objective of this guideline is to explain the legal requirements for auditing, as well as to illustrate ways in which an auditor will check the financial records of the school and whether the school is complying with the legislative requirements.

Legislation

- Public Accountants and Auditors Act, 1991;
- Public Finance Management Act, 2001;
- South African Schools’ Act, 1996; and
- Regional Service Levies Act

In terms of the above mentioned Acts, strong consideration will be given to the following:

- Codes of Good Practice
10.1 Summary of legislative prescriptions and requirements

Section 21 of the South African Schools Act, 84 of 1996 provides for schools to become progressively responsible for managing school resources. The aim of self-management is to shift important powers and functions from central departments to local school levels.

Section 38 (2) states that a school must submit the previous year's audited financial statement to the Head office by 30 June of the current year.

10.2 Banking Arrangements & Cheques

(a) In terms of Section 37(1) of the Act, the SGB of a public school must establish a school fund and administer it in accordance with directions issued by the Head of Department. All receipts and payments of the school must be made through this account.

(b) The SGB must open and maintain a school fund bank account in the name of the school and must ensure that all revenue received by the school is paid into the school fund bank account. This account shall be opened without an e-card facility that allows withdrawals from ATMs.

(c) The SGB must designate the treasurer, the Principal and one other member of the Governing Body as the only authorised signatories in respect of the school fund bank account. Furthermore, at least 2 signatories are required to sign any cheque, authorising payment from the bank account.

(d) No cheque may be prepared before a cheque requisition form has been authorised by the SGB. The cheque must be signed by at least 2 authorised signatories and no cash or blank cheques may be issued. All cheques must be crossed. Cheque books must be properly stored and safeguarded.

The SGB is therefore responsible for the following:

(i) All arrangements with the school's bankers.
(ii) Arranging safe custody of the cheque books.
(iii) Ensuring reconciliation of the school's Bank Accounts.

The Finance Committee is responsible for the following:

(viii) Consulting and agreeing with the SGB on all arrangements for the opening, closing and maintenance of any bank account relating to the school's business; and

(ix) Reconciliation of Bank Accounts.

(x) Accountable for operating bank accounts and procedures associated with the paying in and out of school monies.

10.3 Appointment of an auditor

The SGB appoints an auditor. When choosing one, the following factors ought to be taken into account:

(i) How much money the school set aside to pay for the audit? Poor schools can't afford expensive auditors.
(ii) How well the school’s books of account were maintained for an easy preparation of its annual financial statements. In the past, some auditors were expected to work with hundreds of slips of paper in a cardboard box, and sift through them for accounting records. If the preparation of AFS was difficult then an audit would also cost a lot of money for the school.

(iii) How much assurance does the school community want regarding proper financial management at the school? Are any special investigations needed? Is there suspected misappropriation of funds (fraud)?

According to paragraph 43 of the Act the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991, to audit the records and financial statements of the school.

The level of assurance that is required for section 21 schools is high due to the reliance that the Department places on the audit report in respect of the functions that have been allocated to section 21 schools.

Section 21 schools that collect school fees are required to appoint auditors that are registered with the Public Accountants and Auditors Board (PAAB) in terms of the Public Accountants and Auditors Act, 1991, to audit the books of the schools.

Section 21 schools that do not collect school fees are required to appoint a person qualified to perform the duties of an accounting officer (AO) in terms of section 60 of the Close Corporation Act, 1984, to audit the books of the schools.

Furthermore, Section 43(2) requires that the SGB 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.

The auditor’s basic duties are governed by statute and include:
(a) confirming the accounts are lawfully prepared,
(b) ensuring that proper practice has been observed, and
(a) that proper arrangements have been made for securing economy, efficiency and effectiveness in its use of resources (value for money audit).

10.4 Auditor’s report

The auditor will look into every detail, e.g. petty cash slips, receipts, cheque requisitions, cash books, Receipts & Payments Statements, Assets Register, etc.

(i) The Auditor’s Report, submitted in the company’s letterhead MUST be signed, stamped and dated by the auditor.

(ii) The auditor must express an opinion on the financial health and management of the school. The report may be:
(a) An unqualified report: This means that the auditor found no problems, and has no reason to make special comments.
(b) A qualified report: This means that the auditor wants to make special comments. A qualified report may indicate that the auditor has found problems in the school’s financial records and procedures. However, not all qualified reports mean that the auditor has found fraud.

The auditor will look into every detail, e.g. petty cash slips, receipts, cheque requisitions, cash books, Receipts & Payments Statements, Assets Register, etc.
The Auditor’s Report, submitted in the company’s letterhead MUST be signed, stamped and dated by the auditor.

The auditor must express an opinion on the financial health and management of the school. The report may be:

(c) An unqualified report: This means that the auditor found no problems, and has no reason to make special comments.

(d) A qualified report: This means that the auditor wants to make special comments. A qualified report may indicate that the auditor has found problems in the school’s financial records and procedures. However, not all qualified reports mean that the auditor has found fraud.

An engagement letter must be requested by the Auditor. This engagement letter MUST include the following additional duties over and above the normal duties. These are:

(i) To report on compliance in respect of submission of statutory returns e.g. UIF, PAYE etc.

(ii) To report on the school’s compliance with the relevant sections of the Act.

(iii) To report on the school’s compliance with Section 21 functions (for S21 schools only).

10.5 Guidelines for audit procedures for budget variance report

The guideline below provides an indication of the level of detail which the auditor will examine when auditing the budget:

(i) Obtain the minutes and attendance register of the meetings at which the budget of the year was tabled.

(ii) Review the minutes and attendance register and confirm the following:

(a) The quorum for the meeting was met in accordance with approved quorum requirements.

(b) The majority of parents present approved the budget as tabled.

(c) All amendments to the budget were recorded and subsequently approved by parents.

(iii) Select a sample of expense items on a random basis and carry out the following procedures:

(iv) Confirm that the expense was approved, by the correct person, in terms of the school’s approval policies and procedures.

(v) Inspect supporting documentation for the expense item and confirm the following:

(a) The amount on the Budget Variance Report agrees to the supporting document;

(b) The supporting document is issued in the name of the school and has been correctly dated.

(vii) Confirm that the approved policies and procedures in respect of procurement were correctly adhered to.
(viii) Confirm that the expense item is recorded in the correct budget line category by review of the supporting documentation and by discussion with the appropriate personnel.

(ix) Select a sample of invoices and supporting documentation on a random basis and carry out the following procedures:

(a) Confirm that the policies and procedures for the procurement of goods and services were complied with in terms of authorisation levels and procedural responsibilities.

(b) Report in terms of amount and category classification (budget line item).

10.6 Checklist for compliance with the Schools Act

These questions are included here so that your Finance Committee knows exactly what the auditor will look for when assessing compliance with the School’s Act:

(i) Has the school been allocated any Section 21 functions?

(ii) Did the SGB make an application to the granting of Section 21 functions to the school? If so, has the school complied with all these conditions?

(iii) Have any conditions been attached to the granting of Section 21 functions to the school? If so, has the school complied with all these conditions?

(iv) Have any Section 21 functions been allocated to the school without application being made by the SGB? If so, then who allocated the functions to the school, and does the school in your opinion have the required capacity to manage these functions?

(v) Did the school carry out any Section 21 functions that they were not authorised to carry out?

(vi) Were any previously allocated Section 21 functions withdrawn by the PED during the current year?

(vii) Based on the review of the minutes of SGB meetings, did any SGB member vote in a decision in which said member had a personal interest?

(viii) Was any SGB member remunerated for services rendered to the school?

(ix) Is the chairperson of the finance committee a member of the SGB?

(x) Has the SGB established and, maintained a school fund in accordance with directions from the PED?

(xi) Were all monies received paid into the school fund?

(xii) Was a bank account opened and maintained by the school?

(xiii) Did the school receive any donations, bequests or other charitable and voluntary contributions?

(xiv) Has the school complied with all terms and conditions imposed by contributors with regard to money contributed?

(xv) Did the school maintain a fixed asset register?

(xvi) Has the register been updated and correctly reconciled to the general ledger?

(xvii) Are assets utilised for educational purposes or for carrying out the functions of the SGB?
(xviii) Did the school prepare an annual budget showing income and expenses for the year?

(xix) Was the budget approved by a majority of parents present at the annual general meeting?

(xx) Has the school charged a school fee for the year?

(xxii) Has the school fee charged approved by a majority of parents present at the annual general meeting?

(xxii) Did the school comply with regulations on the exemption of parents who cannot pay school fees?

(xxiii) Has adequate documentation been maintained by the school with regard to the procedures followed in the granting of exemptions?

(xxiv) Did the school incur any non-payment of school fees by parents? If yes, did the school take adequate steps and procedures to recover such money?

10.7 Interim and year end timelines

As the audit report is a public document, and is a primary source of information for stakeholders who are interested in the fiscal control and accountability of the school, it is imperative that an unqualified audit opinion is obtained each year. To achieve this it is necessary that officials provide the auditor any and all information that is requested (to prevent qualifications around limitation of scope) and that this information is free from material error (to prevent material misstatement qualifications.)

10.8 Overview of the Year-End Audit

Legislation requires that the auditor be impartial and perform his/her duties without any fear or prejudice when conducting the audit.

During the audit the requests for information (RFIs) will be received from the auditor to assist them with completing their work. These need to be distributed to the relevant members of staff in order that the information can be provided. The information provided to the auditor must be complete and accurate.

More serious matters, or matters that have not been addressed at the RFI stage of the audit, result in audit queries (TAQs) The process for addressing these is similar to that of RFIs, but is more significant in terms of outcome for the school.

It is after the audit that the auditor can express an opinion; the audit opinion is that part of the auditor's report to the management of the school in which the auditor expresses an opinion about the financial affairs of the school as they have been presented in the annual financial statements. The fact that it is an opinion and not a certification is meant to indicate to financial statement users that the auditor is providing reasonable assurance, and not complete assurance.

An audit report is a statement of the auditor's assessment of the validity and accuracy of the school's financial information and conformity with the generally accepted accounting practices.
Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the annual financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

The audit opinion contained within the audit report may be qualified or unqualified. Where the auditor is satisfied that the financial statements of the school fairly present the financial position and the results of the Department, the auditor issues what is referred to as an unqualified audit opinion. This opinion indicates that no limiting circumstances were encountered during the audit process.

Where the auditor is not satisfied that the financial statements fairly present the financial position and the results of the school, or that they are not consistent with the auditor's knowledge of the business, in other words, where the auditor believes the financial statements contains material misstatement, the auditor issues what is referred to as a qualified audit opinion. A qualified audit opinion is an opinion that identifies a material misstatement or limitations to the auditor's scope during the audit process. Material misstatement refers to errors identified within the annual financial statements that are material. Limitation of scope means that information requested by the auditor was not received by him.

In addition the auditor may include emphasis of matter or other matter paragraphs in the audit report. These set out controls weaknesses or other matters that the auditor is of the opinion should be brought to the users’ attention.

10.9 Availability of financial information

Financial Officers of institutions must, subject to the provisions of the relevant national or provincial legislation, retain all financial information in its original form, as follows –

Information relating to one financial year – for one year after the audit report for the financial year in question has been tabled in Parliament or the provincial legislature; or
Information relating to more than one financial year – for one year after the date of the audit report for the last of the financial years to which the information relates.

After the expiry of the above retention periods, the information may, if required, be secured in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, if necessary, as permissible evidence in a court of law.

Irrespective of paragraph (1), the following standards apply to the retention of certain types of record -

(a) General ledger and cash books or similar records – Must be kept for 15 years.

(b) Main transaction summary records, including general journals and transaction summary records, including copies of forms issued for value, vouchers to support payments made, pay sheets, returned warrant
vouchers or cheques, invoices and similar records associated with the receipt or payment of money – **Must be kept for 5 years.**

(c) Subsidiary ledgers, including inventory cards and records relating to assets no longer held or liabilities that have been discharged – **Must be kept for 5 years.**

(d) Supplementary accounting records, including, for example, cash register strips, bank statements and time sheets – **Must be kept for 5 years.**

(e) General and incidental source documents not included above, including stock issue and receivable notes, copies of official orders (other than copies for substantiating payments or for unperformed contracts), bank deposit books and post registers – **Must be kept for 5 years.**

When financial information is required as evidence in proceedings before a court, Parliament, a provincial legislature, an official inquiry or otherwise, or for purposes of an audit, it must be secured in its then current form until no longer required, even if the National Archivist has authorized its disposal.
10.10 Audit procedures to be carried out by the auditor

Does each school have the following financial policies in place?

<table>
<thead>
<tr>
<th>Category</th>
<th>YES/NO</th>
<th>Up to</th>
<th>State or Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Book - plus full supporting vouchers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean, up to date bank reconciliations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petty Cash on Imprest system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel claims + authorisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handling of monies received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of sequentially numbered books, tickets etc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock register</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Policy re SGB employed persons and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAYE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UIF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation Commissioner</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Fixed Assets Policy</td>
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<td></td>
</tr>
<tr>
<td>Physical count</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Values thereof</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Policy</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Policy re School Fees and other Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partial exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fully exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy re financial reporting by Finance Committee for SGB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding fees</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Income &amp; Expenditure</td>
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</tr>
<tr>
<td>Balance Sheet</td>
<td></td>
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</tr>
</tbody>
</table>
### Income Audit Procedures

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipt Books</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect lock up cupboards to ensure safe guarding of receipt books.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine a sample of books to test sequence of pages.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine the bank balance to ensure completeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>School Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect the register for the parents meeting approving fees allocation.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>To ensure overall agreement on fees (Valuation).</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Ensure every learner has been billed before exemptions are given.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect the exemption register to confirm agreement process.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receiving money</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm money received in different forms have been properly accounted.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are collections and deposits reconciled? To ensure completeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money received is deposited on a timely basis to avoid temptation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are bank statements collected and reconciled on a monthly basis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have mistakes in the receipt books been properly authorized to ensure no misappropriations of funds.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>School Allocation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect the receipts and confirm with budgeted amounts to ensure completeness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect the <code>week register</code> to ensure the financial officer acknowledged receipt of funds.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund Raising</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect tickets are in sequence to ensure valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine the Fund raising register to confirm accuracy and rights.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect the fund raising committee register.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Income Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Fundraising (cont)</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Confirm that the Fund raising cashiers collect the cash only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reconcile the tickets to ticket sales to ensure that the correct amount of money has been received.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tuck Shop Sales</th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Confirm that the Tuck-shop committee must have a chairperson.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect the clearance certificate for criminal check for the manager.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Observe the selling of goods at the tuck shop to ensure that no illegal items are being sold e.g. cigarettes, alcohol etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Re-calculate the sales revenue and reconcile with the till receipts to ensure completeness and accuracy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm the mark-up with sales figure to ensure the correct prices are being charged.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Examine the register for people to help in tuck shop to confirm proper controls are in place.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm receipts are kept in their original form and signed by the manager. The reading must have a Z total to confirm the end of day trading.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Petty Cash</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Trace the transaction to supporting documents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Agree the amount per supporting documentation and if the supporting documentation is at the regional offices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review the journals prepared to record transaction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that the transaction has been allocated correctly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that the journal has been in terms with the nominated authority check that the transactions have been recorded in the correct financial year.</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personnel practices</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agree pay slips to the supporting documentation and examine authorization of term employment and employee authorizations for deductions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Agree hourly/monthly rate or benefit cost and deductions to employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Personnel practices (cont)

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agree the hourly/monthly rate or benefit costs and deductions to the employee’s personal records. Note that current pay rates have been approved / authorized and that deductions equate to UIF, PAYE, SITE and other deduction records.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Ensure that salaries, wages and allowances are paid in accordance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>With a salary structure that has been approved by the Bargaining council.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Test the mathematical accuracy of the pay slips selected. Also ensure that mathematical calculations for UIF and SITE are done according to the appropriate legislation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Agree net pay to and payee to cheque/pay envelope or bank transfer summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Trace the pay slips to the payrolls.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Test the correctness of the allocation of salaries and wages to the correct department.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Determine whether the selected individuals physically exist:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Trace to the employee’s personal file and containing a job offer, acceptance forms and contracts of employee.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Contact the actual employee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Discuss with independent client officials.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Appointments

- Review the authorisation of all new appointments and ensure that letters of appointment are attached to it.

### Termination

Select a sample of persons who resigned, retired or otherwise had their services terminated during the current financial year from an internal register [not from the payroll] and perform the following procedures:

- Obtain the employee’s personnel file
- Determine the reason for the employee’s termination of service.
- Inspect the personnel file of the employee to ensure that notice
- Period of termination of contract was given in writing (Ref to Basic Conditions of Employment Act, 1997 (Act No 75 of 1997, s37 (5) (a) & (b)).
### Income Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Leave Gratuities</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Obtain the calculation of leave gratuities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Re perform the calculation of leave gratuities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that the person approving (by signature) the leave gratuity had authority to approve the leave gratuity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect the debt form from the employee file and check that all outstanding debt has been calculated and recovered.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that all salaries paid in error are returned/cancelled and that that those employees are off the register.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Obtain records of staff members whose services were terminated and compare to PERSAL to confirm that the salary payments were stopped and amended accordingly.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Gross Income receivable, Bad Debts, Exempted portion of school fees**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Confirm all fees are deposited in the bank.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inform receipts for originality.</td>
<td></td>
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</tr>
<tr>
<td>• Examine journals to ensure receipts are captured timely e.g. daily, weekly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reconcile the bank account to ensure accuracy and valuation.</td>
<td></td>
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</tr>
</tbody>
</table>

**Government transfer - Adequate controls over transfers relating to textbooks, stationery, administration.**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Physically count the textbooks and stationery received as a government transfer?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect supporting documents, (procurement and capital expenditure) to ensure accuracy and valuation.</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
## Income Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Rental income</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Examine signed contracts.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>- Inspect monthly maintenance books for the school hall, swimming pool, tennis court?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm provision for maintenance.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Confirm criminal checks on staff managing shops and tennis courts?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Confirm rent received with the bank account?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Confirm proper accounting records for prepaid rent, rent overdue?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Confirm requests for deposits, for the use of commercial buildings?</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Confirm numerical list of delivery notes, invoices, credit notes and receipts used during the financial year and follow up on missing numbers?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm sales are recorded on daily basis, and they correspond with end of weeks inventory stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm receipts for expensive items and retained carbon copies as proof of purchase.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inspect the refund register for items.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inspect bank balance for sales deposits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm security of the cash tills.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Observe displayed prices to avoid overcharging and fraud.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Reconcile till receipts with sales book.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Income</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>- Confirm accurate recording of interest received.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm asset has been sold for its best value after calculating net investments. Using NRV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inspect accurate recording of profit figures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confirm that investment official’s signature corresponds with the person who sold the investment? List of signatories.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Income Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hostel Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Examine register of learners that are staying in the hostel.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect bank balance for rent deposits.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm “spot checks” register to ensure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• They are complying with hostel policies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reconcile payments to bank account.</td>
<td></td>
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</tr>
</tbody>
</table>

**Profit on Sale of assets**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inspect authorisation register when an asset is sold. Confirm list of signatories.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reconcile the bank account with the profit figure.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm asset was sold for the best consideration (price) when compared to net realizable value or accumulated depreciation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect documentation to ensure that the asset did in fact exist?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm sale was entered for the correct period of accounts (cut off)</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Expenditure Audit Procedures

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Requisitions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that all requests and approval must be documented on a standard form which must be pre-printed and pre-numbered. The requisition must contain at least the following details:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Description of requested items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Quantity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Purpose</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Name of the intended beneficiary.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ordering**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensure that the formal process prescribed by the Financial Directives and Procurement Policy is followed at all times.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect that every order is supported by at least 3 quotations. Where the order is made based on quotation other than the lowest, that there is a motivation in writing giving reference to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Delivery dates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Quality of goods and services and,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Payment terms.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Expenditure Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Ordering (cont)</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensure that after the order was approved, the “three-part” “preprinted pre-numbered” purchase order copies must have been distributed as follows:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o The original must be sent to the supplier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o The second copy must be kept by the treasurer attached to the original requisition and supplier invoice.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o The third copy must never be pulled out from the order book and should serve as permanent record of the transaction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that all completed order books must be neatly filed away in their sequential order in a secure location. Only one order book must be in use at a time.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Receiving of Goods

| • That two members of the finance committee who are not involved in the ordering function must be assigned the responsibility for receiving goods. |     |    |         |       |
| • That the person must at all times match the details of the delivery note to the actual goods and to the purchase order and requisition. |     |    |         |       |
| • That the goods delivery note must be signed off and goods accepted until all noted queries have been resolved. |     |    |         |       |
| • That the member receiving goods must complete a preprinted, pre-numbered goods received voucher (GRV) with details of goods actually received i.e. description and physical quantity. |     |    |         |       |
| • That the person receiving the goods must sign the GRV, as evidence that the correct goods were indeed received. |     |    |         |       |
| • That the treasurer must file the top copy of the GRV together with the relevant purchase order, requisition and supplier invoice. |     |    |         |       |
| • That the treasurer must carry out regular reviews of all unmatched purchase orders and take corrective action. |     |    |         |       |
| • All completed GRV books must be neatly filed away and the treasurer must ensure that only one book is in use at a time. |     |    |         |       |
### Expenditure Audit Procedures (cont)

<table>
<thead>
<tr>
<th>Supplier’s Invoice</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspect that all goods and services purchased must have matching invoices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the invoices must match with the corresponding GRVs, signed delivery, requisition and purchase order. That the treasurer must sign all supplier invoices as evidence that the document has been checked against the order and requisition.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the invoice is paid within 30 days of been received.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Cheque Payments**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspect that the cheque requisition form must accompany every payment. That the cheque requisition must contain at least the following details:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Date of the cheque</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Amount of the cheque</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Cheque number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Name of payee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Reason for payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Signature of the official</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Signature of the person approving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Relevant bank account in order to allocate payment correctly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Expense allocation code as per standard Chart of Accounts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o That a proper requisition must be accompanied by the following documentation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Purchase order</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Requisition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Supplier invoice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o GRV and,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o A signed delivery note.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Ensure that all cheques issued to suppliers must be stamped "not transferable or not negotiable or account payee only".

- Confirm that the principal checked whether there were sufficient funds in the bank before authorising payment.

- That the SGB approved all cheque signatories of which the principal, treasurer and the SGB chairman must be compulsory signatories.
### Cheque Payments (cont)
- Ensure that the principal signed all cheques together with any one of the other two signatories.
- Ensure that the treasurer stamped all cheque payment documents as "PAID".
- Ensure that a cancelled cheque must be filed for future reference purposes.
- Ensure that under special circumstances where an open cheque was raised that the treasurer made a copy of the cheque and neatly filed it away in a special file marked "Open Cheques". That these copies are easily accessible by the treasurer or principal to confirm payments with the bank and therefore guard against fraud or alterations that may be done between the school and the bank.

### Control Over Cheque Books
- That the cheque books are kept in a single and secure place in the Principal's office.
- Maintain that the principal should always ensure that only one cheque book is in circulation at a time.
- Ensure that under no circumstances should a blank cheque be signed.
## Assets

<table>
<thead>
<tr>
<th>Control over Stores</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inspect and determine whether a designated area is assigned for the storage of all items in store.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Confirm whether a senior member of the school has been allocated the responsibility for the control of all consumables.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inspect the stores record book and ensure that the following details are present:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stores requisitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stores Issued Records</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stock Records</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Signature of the person requesting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Select a representative sample of stores requisitions and perform the following tests:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Store requisition forms are adequately completed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the following details are present on the requisition form:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o description of item or items being requested</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the name of the person requesting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the date when the request is completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o purpose of the request</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Select a representative sample of Stores issued records and ensure that the following details are present on the issued record:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Date of Issue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Description of item</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Quantity of items issued</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Person issued to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Signature of the person issuing and recording</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure that valuations are attached to stock on hand at year end</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Perform a physical stock count in the stores and ensure that it reconciles to the stores record sheets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reconcile the amounts as per the store count sheets to the amounts on the financial records</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Control over Fixed Assets

- Ensure that an Asset Controller has been assigned and that all his/her responsibilities have been effectively communicated.

- Inspect the Fixed Asset Register and verify that the following details are present:
  - Class of asset e.g. Computer equipment, furniture & fittings etc.
  - Full description of each asset including model
    - Supplier name
    - Asset purchase value
    - Date of acquisition.
    - Manufacturer asset number or serial number.
    - Internally generated asset number for control
    - Purposes and physical location code.
  - Agree and reconcile the values on the asset register to the amounts reflected on the financial records

- Select a representative sample of assets from the asset register and perform the following tests:
  - Ensure that the item of the school property is clearly marked using indelible ink.
  - Confirm whether the asset was budgeted for.
  - Ensure that three quotations were obtained in writing.
  - Ensure that asset requisition was adequately completed.
  - Ensure that the request was authorised.
  - Obtain sufficient audit evidence that that upon receipt of an asset, the asset was checked by the Asset Controller to ensure it was received in good condition as well as that it matched against the delivery note.
  - Ensure that an asset addition form has been completed.
  - Ensure that the asset is covered by the school insurance policy.
  - Ensure that the asset has been recorded in the correct accounting period and that the transaction allocated to the correct general ledger account.
**Assets (cont)**

<table>
<thead>
<tr>
<th>Select a representative sample of donated assets and perform the following tests:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Ensure that upon receipt of the asset the Asset Controller together with any other member of the Finance Committee confirmed the following:</td>
<td></td>
</tr>
<tr>
<td>- Assessed the value and exact nature of the Donated items.</td>
<td></td>
</tr>
<tr>
<td>- Add these items to the Asset Register including the expected economic life of the assets.</td>
<td></td>
</tr>
<tr>
<td>- Considered whether the items should be included in the insurance policy of the school.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Select a representative sample of disposed assets and perform the following tests:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Ensure that the Asset Controller in consultation with the principal has completed an asset disposal form and that adequate motivation was provided.</td>
<td></td>
</tr>
<tr>
<td>- Ensure that the motivation was reviewed by the Finance Committee and considered and approved by the SGB prior to application to the Department for authorisation to scrap the listed item.</td>
<td></td>
</tr>
<tr>
<td>- Confirm that adequate authorisation was obtained from the department</td>
<td></td>
</tr>
<tr>
<td>- Ensure that the scrapped asset were disposed of, using the following criteria by order of priority:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Must first be offered to staff members</td>
</tr>
<tr>
<td></td>
<td>- If staff members do not take the offer</td>
</tr>
<tr>
<td></td>
<td>- The assets can be sold to learners and,</td>
</tr>
<tr>
<td></td>
<td>- Thereafter can be offered to the general public.</td>
</tr>
</tbody>
</table>
## School Financial Management Checklist

<table>
<thead>
<tr>
<th></th>
<th>FULLY IN PLACE</th>
<th>PARTLY IN PLACE</th>
<th>NOT IN PLACE (State reason)</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have an Administration clerk?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Can the administrative clerk work on Excel/Accounting Package?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a Financial Administrator?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a Finance Committee (Fincom)?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are the roles and responsibilities of the Fincom clearly defined?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a Treasurer?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is a Treasurer an Educator?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is the Treasurer in the SGB or Financial committee?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school receive school financial information?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the SGB understand the financial information?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are minutes taken in all school meetings and signed by the principal?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Planning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a school development plan (SDP)?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a financial policy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school prepare annual and monthly budgets?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is the school's budget aligned to the SDP?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Budget Monitoring</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is the budget compared to the income/expenditure on a monthly basis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is the variance report presented to the SGB on a monthly basis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school prepare cash flow forecasts?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Bank &amp; Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have a bank account?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• If yes, is it -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Cheque account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Savings account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Investment account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Trust account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school maintain an income analysis books?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is collected income not used for payments?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are collections and deposits reconciled?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## School Financial Management Checklist (cont)

<table>
<thead>
<tr>
<th>Bank &amp; Cash (cont)</th>
<th>FULLY IN PLACE</th>
<th>PARTLY IN PLACE</th>
<th>NOT IN PLACE (State reason)</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Are records kept for transfers of funds?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are bank statements collected and reconciled on a monthly basis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does the school have an overdraft facility?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are supporting vouchers available for cheque-book signatories?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are cheque books kept in a secure place?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 5. Purchasing

- Does the school seek three quotations before purchasing?
- Are reports given when the lowest quotation is not accepted?
- Are pre-numbered order forms utilized?
- Are orders approved by the SGB?
- Are goods and services checked upon delivery?
- Are payments made on proper invoices only?
- Are invoices approved by relevant members of the SGB?
- Are all paid invoices marked “PAID” and filed securely?

### 6. Payments

**School must ensure that**

- All payments made by means of a Cheque.
- Have cheque requisition forms to which all supporting documents for payments are attached and filled in for each cheque issued.
- Have all supporting documents for payments filed in sequence of the cheque issued with cheque numbers used as reference and must always signed by minimum of 2 official.

### 7. Petty Cash

- Does the school have Petty Cash?
- Does the Petty Cash run on an Imprest System?
- Are the petty cash levels kept at recommended levels (R1000.00)?
- Is petty cash expenditure supported by receipts and documents?
- Are there regular independent checks done on the Petty Cash?
### School Financial Management Checklist (cont)

<table>
<thead>
<tr>
<th>Petty Cash (cont)</th>
<th>FULLY IN PLACE</th>
<th>PARTLY IN PLACE</th>
<th>NOT IN PLACE (State reason)</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Are proper records kept for the Petty Cash?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is the imprest account reconciled on a monthly basis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Person in charge of petty cash must not be involved in day to day activities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. **Financial Reporting**

- Does the school prepare monthly income and expenditure report?
- If yes are they produced by the 7th of the presiding month?
- Does the school have accounting package for recording financial transactions? (e.g. Pastel or Brilliant etc)
- Do the SMT and SGB review the income and expenditure report against the budget on a monthly basis?

9. **Financial Control**

- Do clear documented financial operational procedures exist?
- Are accounting records properly maintained?
- Are all transactions transparent and traceable?
- Are accounting records kept securely?
- Are financial duties clearly defined and separated?
- Are controls in place in case of staff absence?

10. **Asset Control**

- Does the school maintain a fixed asset register?
- Does the school have provision for asset depreciation?
- Does the school keep record of movement of movable assets?
- Does the school keep a register of damages, losses and theft of school property?
INTERNAL FINANCIAL PROCESSES AND PROCEDURES
11. Internal financial processes and procedures

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Objective

The following set of internal financial procedures and processes are designed to secure sound management of revenue, expenses, assets and liabilities within South African Schools as required by the South African Schools Act, particularly in terms of section 37(1) and section 42. The financial processes and procedures are broken down and laid out in a manner that is easy to follow while at the same time ensuring sufficient levels of transparency and accountability by the Principal (in his/her capacity as the Financial Officer of the school), School Management Teams (in their capacity as the day-to-day school management officers) and the School Governing Body (in its capacity as the independent and overseeing policy making body of the school). These processes shall apply to both categories of public ordinary schools i.e. those falling under section 20 and 21. Although a manual school administration system has been emphasized, the processes apply equally to schools with computerised systems.

Pursuant to these objectives the procedures are therefore designed to equip the School Governing Body (SGB), School Management Team (SMT) and the Department of Education to fully understand the various financial interest areas of the school, to minimize financial and operational risk in the school and to enhance effective financial decisions.

The following critical aspects of the financial procedures/processes have been emphasized at the various stages of the school administration system:

(i) The process element.

(ii) The main source documents required for recording funds received and spent by the public school and of its assets, liabilities and financial transactions as required by section 42 (a) of the South African Schools Act, 1996.

(iii) The minimum details to be contained in the source document in order to comply with section 42 (a) referred in item 2 above.

(iv) The various stages of the process.

(v) The frequency of the process as required by section 42 (b) of SA Schools Act, 1996.

(vi) The persons responsible for the process in terms of section 43 (1) and (5) of the SA Schools Act, 1996.

The School finance officer, who should be appointed by the SGB in writing, should be the central person in the administration of day-to-day procedures and processes at the school. The appointment must be minuted at an SGB meeting. The Treasurer should be a member of the Finance Committee and accountable to the Principal.
His or her key functions should involve the following:

(a) Receiving and managing school fees (cash receipts journal);
(b) Daily monitoring of expenses (cash payments journal);
(c) Managing of financial records i.e. bank / petty cash reconciliation, trial balance and detailed ledger, subject to accounting software in use;
(d) Keeping of financial records;
(e) Assets management; and
(f) Assisting the treasurer in financial report writing.

Legislation

The internal financial procedures and processes for public ordinary schools are based on the following paragraphs in the Schools’ Act:

- Section 5 (3) - School fees
- Section 12(1) - State funding
- Section 13 (6) - Fixed property
- Section 15 - Status of public schools
- Section 16 (1) - Governance
- Section 19 (1) - Funding of training for Governing Bodies.
- Section 20 (1) - Property/Voluntary Service/Appointments
- Section 20 (2) - Reasonable use of school facilities
- Section 21 (1) - Allocated functions of Governing Bodies
- Section 27 (1) & (2) - Reimbursement of members of the SGB
- Section 30 (1) - Financial committee
- Section 34 (1) - Responsibility of the State
- Section 35 - Norms and Standards for funding public
- Section 37 (1) - School funds and assets of public schools
- Section (39 (1) - School fees at public schools
- Section 40 (1) - Parents’ liability for payments of school fees
- Section 41 - Enforcing payment of school fees
- Section 42 - Financial records of public schools
11.1 Receipts

11.1.1 Control of Receipt Books

The Treasurer must arrange, through the normal procurement procedures, quotations to have the official receipt books printed for the school. The Treasurer needs to estimate receipt books requirements for the following year in advance e.g. if a standard book has 50 receipts an estimate for 200 books allows for 10 000 receipts during the year for all purposes.

11.1.2 Receipt book details

(i) A receipt should have spaces for completing the following details:
   (a) Name, address, and school badge;
   (b) Name, grade and class of the learner;
   (c) Date of receipt;
   (d) Receipt number (unique to each receipt);
   (e) Name of person or institution paying;
   (f) Amount received both in words and figures;
   (g) Method of payment differentiating between cheques and cash received;
   (h) Purpose of payment; and
   (i) Signatures of persons receiving payment and issuing the receipt.

(ii) The duplicate receipt must reflect all the details as indicated on the original receipt.

(iii) Should a receipt be incorrectly completed, such receipt must be cancelled and a new receipt issued.

(iv) If a receipt is cancelled, the original must be attached to the duplicate, either by stapling or glue.

(v) Under no circumstance must information be altered i.e. using “tippex” or any correction fluid.

(vi) Receipt books must be pre-printed and pre-numbered in sequential order e.g. the first receipt book can be numbered 0001 – 0050, second, 0051-0100 and so on.

(vii) Receipt books must be brought into circulation in their order of sequence.

(viii) Once the school gets delivery of the receipt books, the principal must record all receipts books in the receipts books “distribution” register and store them in a safe place.

(ix) Each time a person is issued with a receipt book, the name of the recipient must be recorded in this register against the receipt book e.g.
(x) 0001 – 0050 and the date on which the issue took place. The latter must sign as acknowledgement that he/she received the receipt book.

(xi) When the receipt book for a particular purpose gets finished (e.g. fundraising) it has to be handed back to the principal and get recorded as closed and the person re-issued with a new one.

(xii) On a monthly basis the Treasurer must reconcile all receipt books in circulation against the procured stocks.

11.1.3 School Fees (Billing)

(ii) The school budget will determine the amount of school fees that should be levied per learner in the case of fee paying schools (refer to budget guidelines).

(iii) A parents meeting must be held to approve School Fees for the ensuing year. Following this meeting the School Governing Body must, at the beginning of each year prepare and circulate a notice to all parents in the prescribed form detailing the amount of school fees payable, due dates and the various payment options available.

(iv) On the basis of approved minutes of the School Governing Body duly signed by the Chairperson, the Treasurer must bill in full all the learners with school fees due, regardless of their status.

(v) All learners that will not be required to pay school fees as determined by the criteria for fees exemption process must be recorded in a School Fees Exemption Register.

(vi) Only after the billing process has been completed should all individual accounts of learners that are exempt from paying fees get credited of their accrued debts.

11.1.4 Procedure for Receiving Money

The school may receive money in a number of ways:

(i) Cash (handed over the desk);

(ii) Cheques;

(iii) Money deposited;

(iv) Postal orders;

(v) Bankers’ draft; and

(vi) Electronic transfers.

When receiving cheques, they should be checked very carefully to see they have been correctly completed otherwise the school will not be able to collect the money from the bank. The checklist should include the following:

(vii) That the name of the school is correct;

(viii) That the amount in words is the same as the amount in figures;

(ix) That the date is correct and; and

(x) That there are no alterations on the cheque.
The initial step on receiving money is to record it into a receipt book. This step will entail ensuring that each carbon is correctly positioned and recording all essential details such as:

(i) Date of receipt;
(ii) Name of person paying;
(iii) Amount in words and in figures;
(iv) Purpose of payment i.e. name of learner and account;
(v) Method of payment; and
(vi) Signature of person receiving money on behalf of the school.

(vii) If the person writing a receipt makes a mistake it must be clearly marked CANCELLED by drawing two lines across the receipt and writing the word “cancelled” between the two lines. The cancelled receipt must not be pulled out from the receipt book and if it had been pulled out it must be pinned back into the receipt book. This will serve as evidence that the receipt has not been stolen.

11.1.5 Procedure for Depositing Money

(i) All money received by the school must be deposited on a daily basis unless this is practically impossible as would be in the case of some remote rural schools.

(ii) The finance officer must ask the bank for a deposit book. Using a deposit book ensures all deposit slips remain bound together and therefore serve as a more secure permanent record of all money deposited.

(iii) The initial step in writing out a deposit slip is to ensure that the carbon is well positioned.

(iv) The finance officer must sign the bottom of each deposit slip as evidence of who made the deposit.

(v) The bank will stamp all return deposit slips as proof that the money was actually banked. All finished deposit books must be safely filed away.

(vi) The finance officer must reconcile the deposit slips against the receipt book on a weekly basis and get the treasurer to check and sign as evidence that the reconciliation was indeed checked.

(vii) The school must encourage parents to deposit fees directly into the school bank account in order to minimize collection time and enhance the security of school fees collected.

(viii) When a parent adopts the direct deposit method of payment he/she must complete a deposit slip, the bank will stamp and keep the top copy and hand over the second back to the parent. This copy must be given to the school as evidence that a deposit into the school bank account was done.

(ix) The parent must fill in the learner’s name and account number if possible in the reference box provided on the deposit slip. This will help the school to allocate the receipt to the correct learner.
The person receiving deposit slips must carefully check that the school’s bank account is correctly reflected, that the name of the learner is reflected and the amount paid.

11.1.6 Government Subsidies

(i) All funds received from the Department must be receipted and reconciled against budgeted amounts.

(ii) The Treasurer must, within a space of a week, acknowledge in writing the receipt of funds from the Department and, if applicable, query any differences between budgeted allocations and actual amounts received.

11.2 Fundraising

Fundraising can improve the physical and human resources of the school. The key to successful fundraising—events rests in proper project planning and the extent to which the school SGB can take advantage of and utilize skills within the school and its surrounding community.

11.2.1 Fundraising project planning:

(i) Set the goals (targets) by keeping the school development plan in mind;

(ii) Choose or prioritise only those needs that fund-raising can realistically address. The targets must be achievable.

(iii) Select suitable fund-raising activities by involving parents, learners, past pupils and educators.

(iv) Before starting a project, a financial projection must be prepared that shows the expected income and expenditure.

(v) Draw up an action plan for the project or event by considering the following questions about the project or event, (who, when, where, what and how)

(vi) People generally regard education as a worthwhile cause, but it takes good publicity to persuade the community that the cause is worth supporting. Use of pamphlets, radio, internet, face-to-face communication, etc must be considered appropriately.

(vii) Keep individuals involved with the event i.e. event focused

(viii) Ensure everyone is given a chance to be creative without losing sight of the budget.

(ix) Evaluate the planning, implementation and results of the project or event.

(x) Use experience from past events to better current and future projects.

(xi) Reconcile all income and expenditure and keep comprehensive financial records of the project.
11.2.2 Fundraising Using Printed Tickets

Preparing tickets

(i) If the school is selling tickets, the tickets must look “official.” The tickets must therefore not be little pieces of photocopied paper. This will undermine the image of the school in the community and expose controls over receivable funds.

(ii) The procurement process will determine the best supplier of pre-printed tickets.

(iii) The tickets must be pre-printed, pre-numbered and show the full name of the school, date of the function and the price e.g. R5.

(iv) A staff member of the Finance Committee must be present when the printed tickets are received.

(v) A record of the tickets must be made immediately into a register where all fundraising events are recorded and must be signed for by the finance officer and the witnessing Finance Committee member.

(vi) Each educator receiving tickets for distribution to learners must sign the distribution list contained in the fundraising events register.

(vii) Prior to the fundraising event the Fundraising Committee must draw up a list of rules for the fundraising drive. The rules must focus on the following:

  o Whether members of the committee may personally buy tickets or not;
  o Date the tickets must be distributed;
  o Date, place and time when the tickets must be returned;
  o Date the raffle will be held;
  o Place or venue where the raffle will be drawn e.g. at the school assembly point or in some public meeting;
  o The procedure for banking the money received;
  o Procedure on how to handle learners who lose their booklets or fail to hand in money collected.

11.2.3 Collecting Cash

(i) Members of the school community must be informed that they should hand in cash only to the finance officer. Regardless of the stipulated closing date, learners must be allowed to hand in money earlier to minimise the risk of losing it. The finance officer need to be available for early submissions of cash e.g. 15 minutes before school begins each day.

(ii) The school must make sure that every learner issued with tickets brings back cash collected by recording both cash received and the matching number of tickets sold in the Tickets Sales Register.
11.2.4 Banking of Cash Received

(i) All cash received must be properly receipted and then deposited in the School Bank Account.

(ii) A reconciliation must be prepared showing the following details:

(iii) The total number/value of ticket sales expected,

(iv) Total number/value of unsold tickets and,

(v) Total cash received and actual number of tickets sold.

11.2.5 Fundraising that does not involve tickets

(i) When fundraising activities are conducted by other means other than by issuing of tickets the Finance Committee must ensure such events are strictly controlled.

(ii) The finance officer must always be in charge of the collection of cash.

A sales list detailing quantity and value of sales must be prepared showing all items on sale e.g.

- 2 x Chocolate cakes (R5.00 each) R10.00
- 15 x Fudge (R2 per packet) R30.00
- 50 x Doughnuts (50c each) R25.00
- Total R65.00

(iv) The finance officer and other members present must sign the Sales List. This will serve to indicate their agreement about the total amount of cash received.

(v) All cash received must immediately be handed over to the finance officer for banking and a receipt issued and stapled to the Sales List. The record of the event must be entered in the Fundraising Register and an original of the Sales List together with the attached receipt handed over to the Fundraising Committee for filing.

11.2.6 Fundraising through appeals

(i) In situations where fundraising is done through direct appeals by learners from the public the event must be restricted to their family members, friends and neighbours and, not result in learners wandering through town asking for funds from strangers.

(ii) A Collection Sheet must be issued to each learner detailing the following information:

(a) Name of school and original school stamp;
(b) Reason for the fundraising;
(c) Name of learner;
(d) Name and signature of class educator;
(e) Name and signature of principal;
(f) Date, name, contact details, amount and signature of person donating;
(g) Latest date for submission of funds to the school.

(iii) On or before the due date, the learner must be allowed to hand in the Collection Sheet to the class educator who should check that every learner returns his/her Collection Sheet.

(iv) The educator must complete a Class Collection Register and attach the individual learners’ collection sheets and hand them to the Treasurer.

(v) The finance officer must issue a receipt against each class collection sheet and staple it to the Class Collection Register. Each educator must sign against the consolidated Class Collection Register as evidence of their approval of collections made.

(vi) Class Collection Sheets must also be used for collecting money for excursions on special days such as civvies days, American Days, Red Nose Days and other collections of cash by learners.

(vii) Soon after receiving of money, the Treasurer must complete a separate deposit slip for all cash received from the fundraising event to facilitate a clear audit trail.

11.2.7 Tuck-shop Sales

The SGB must evaluate and decide on the feasibility of running the tuck shop against outsourcing it. If the decision is in favour of running one then a tuck shop committee accountable to the Finance Committee must be set up to control all tuck shop activities.

11.2.8 Setting up a Tuck-shop Committee

(i) Like all other committees the Tuck-shop Committee must have a Chairperson who is a member of the SGB. The committee must meet at least once a month and keep minutes of each meeting.

(ii) The committee must appoint a Tuck-shop Manager who takes overall responsibility for the tuck-shop - its healthy menu, its good organization, its cleanliness and security.

(iii) The tuck-shop committee must decide on the following:

(a) Items to be sold in the tuck-shop e.g. no alcohol, cigarettes or other illegal goods. Some tuck-shops may choose to supply healthy food and drinks (e.g. they buy bread-rolls, sausages and tomato sauce to make hotdogs). Other tuck shops keep their stocks simple –only selling cold drinks, fruit-drinks and crisps – i.e. items that cannot go stale.

(b) The amount of float required as change money e.g. R100 at the beginning of each session this float is made available.

(c) The amount required for tuck-shop petty-cash float e.g. R1000. This float is separate from the office petty cash but works in a similar way. This amount is reimbursed at the end of each month and is used to buy small items needed in the tuck-shop e.g. bread rolls. Large items e.g. crates of cold drinks must be delivered and paid for by cheque following the school procurement procedures.
(d) The tuck-shop percentage “mark-up” must be agreed by the Tuck-shop Committee. The Tuck-shop Committee must approve all price lists which must always be dated and signed by the Chairperson and displayed at the point of sale (on the wall behind the counter).

(e) The opening and closing times of the tuck-shop

(f) Appoint in writing the Tuck-shop Manager and other assistants. The Tuck-shop Manager and the assigned assistants must complete and sign SGB delegation of authority forms accepting responsibilities commensurate with their positions in the school community.

(g) Supervise the Tuck-shop Manager ensuring he/she reconciles cash and stocks on a regular basis.

11.2.9 Controlling the tuck-shop

(i) Particularly for high-sales tuck shops there must be strict procedures for dealing with cash, stocks and sales.

(ii) The Treasurer must keep a separate general ledger account for the tuck-shop

(iii) The Tuck-shop Manager must draw up a roster of persons to help run the tuck-shop (these may be parents, educators, volunteers or learners).

(iv) Persons delegated to run the tuck-shop and the volunteers must generally be well organized and responsible people.

(v) The tuck-shop must be kept secure at all times and only authorized persons must be allowed behind the counter.

(vi) The tuck-shop must assign at least 2 members with a shared responsibility of overseeing the collection of cash from sales. One must handle the money while at least one person serves behind the counter.

(vii) At the beginning of every session a member on duty must count the amount of cash float on hand and reconcile it to the sales records of the previous session.

(viii) At the end of each session the member on duty must record the amount of sales into the sales record based on total cash on hand after deducting the cash float at the beginning of the session. Both members must sign the sales book as evidence of their approval of the cash collected for the session.

(ix) In between sessions the two members must be involved with counting sales cash, handing in sales cash at the office, replacing stock, cleaning and organizing the tuck-shop.

11.2.10 Buying stock

(i) All large items must be bought using the following school procurement procedures:
(ii) The Tuck-shop Manager completes and signs a purchase request form detailing all stocks that the tuck-shop requires e.g. cold drinks, crisps etc.

(iii) The purchase request form is handed to the finance officer.

(iv) The finance officer draws up a purchase order that is supported by quotations and gets it signed in accordance with the required authorization levels (refer to section on ordering procedures). An order is then placed with an approved supplier.

(v) When the stock is delivered, the Tuck-shop Manager is called to check that the items are correct, in good condition and match the order.

(vi) The finance officer should complete a Goods Received Voucher which must be signed by the Tuck-shop Manager.

(vii) Based on the source documents (i.e. a valid school order, goods received voucher, supplier invoice) the Treasurer must arrange for a cheque payment to the supplier.

(viii) Small items like bread-rolls, sausages, potatoes, tomato sauce, and cooking oil will be purchased from petty cash.

(ix) The Tuck-shop Manager should keep the petty cash in a lockable cash box which must be kept in a secure place.

(x) Every time when purchases are made from petty cash, the Tuck-shop manager fills in a petty cash voucher which must be stapled together with all supporting cash slips or supplier invoices.

(xi) At the end of the month the Tuck-shop Manager must prepare a proper petty cash reconciliation attaching all relevant vouchers. The finance officer must check the reconciliation and sign before re-imbursement. The re-imbursement amount must be equal to the amount spent during the previous month.

11.2.11 Tuck-shop stock control

The Tuck-shop Manager must maintain a complete, independent set of tuck-shop records in respect of purchases, sales and stocks. Record of purchases must contain at least the following details:

(i) Date;

(ii) Goods received number;

(iii) Invoice number;

(iv) Description;

(v) Quantity;

(vi) Unit cost price;

(vii) Unit selling price; and

(viii) Total expected sales value.
Record of sales must contain at least the following details:

(ix) Date,
(x) Receipt number and,
(xi) Amount.

This record must be recorded each time when cash is handed in at the office.

Record of stock in hand must contain at least the following details:

(xii) Date,
(xiii) Description,
(xiv) Quantity,
(xv) Unit cost price,
(xvi) Unit selling price and,
(xvii) Total sales value.

Physical stock takes in the tuck-shop must be carried out at the end of every month and reconciled. The reconciliation must show items that are missing or broken or if there is a surplus. Damaged stocks must be kept as proof that the items were not sold or stolen.

Tuck-shops that return good profits have strong management to ensure the following stock controls:

(xviii) Perishables such as milk are turned over regularly;
(xix) There is no over-supply of daily foodstuffs or loss of foods;
(xx) Consumption of goods by staff is strictly regulated;
(xxi) Pilfering is avoided.

11.2.12 Cash Control

(i) Apart from the Petty Cash discussed above the Tuck-shop Manager must keep a “change float.”

(ii) At the end of each trading session the Cash Controller counts the amount of sales, puts aside the float and hands in the Sales cash at the school office.

(iii) Each tuck-shop day when the cash is handed in, it must be accompanied by the Tuck-shop Cash Reconciliation detailing the following:

(a) Opening cash in hand (float);
(b) Cash received (sales according to sales records);
(c) Total cash in hand (float + sales);
(d) Cash handed in at office (receipts numbers given for each day) and,
(e) Closing cash on hand (float).

(iv) The reconciliation must be signed by the Tuck-shop Manager at the end of each day and certified by the finance officer weekly.

(v) If cash or stock reconciliations do not balance or if there are other problems, these must be reported immediately to the Tuck-shop Committee.

(vi) No stock replenishments must be done out of sales cash.

11.3 Other Fundraising Sales

(i) Any other fundraising event must be authorized by the School Finance Committee and one committee member assigned to run the event.

(ii) A separate record must be maintained for every event detailing the following:

(a) The date of the event,
(b) Description of each stock item to be sold,
(c) Quantity,
(d) Unit price,
(e) Total expected sales and,
(f) Total actual sales.

(iii) Receipts/cash slips must be issued for all cash received.

(iv) In situations where cash is collected at class level, each educator must record a list detailing cash collected from each learner. This record must be reconciled against expected sales and a receipt issued and attached to the matching Class Collection Register.

(v) All cash received must be deposited in the school bank account no later than the next business day after the event.

(vi) A proper reconciliation must be prepared of actual cash received against total expected sales from the event. The reconciliation must be forwarded to the finance officer and treasurer for review and approval. Both officers must sign as evidence that they have checked the correctness of the reconciliation.

11.3.1 Rental Income

(i) The SGB may decide to rent out the school hall, hostels, assets or classrooms to the community. If this is the agreed route, advertisements can be placed in the local newspapers announcing the facilities available and providing the contact details of the school. This approach ensures that the school gets the best deal in the market.

(ii) The SGB must decide on a rental fee and draw up a proper standard contract. The fee must be reviewed annually. The contract should charge a refundable deposit fee.

(iii) A separate receipt book must be set aside for purposes of receipting this type of income.
11.3.2 Recording Money Received

(i) The easiest way to manually record all money by the school is through the use of “Columnar” Cash Receipts Journals (CRJ). Ruled CRJs are available in stationery shops in different sizes i.e. from 6 Columnar CRJ to 42 Columnar CRJ

(ii) The recording should show who paid, the date of payment and how much they paid and for what the money paid.

(iii) The first value column is the total or control column and the second shows when money is deposited in the bank. The remaining columns are used as analysis columns and show why the money was received according to categories of the Standard Chart of accounts and Budget Guidelines e.g.

(a) Income for school fees;
(b) Government transfers;
(c) Donations and grants;
(d) Investments income;
(e) Fund-raising income;
(f) Tuck-shop sales;
(g) Income from hostels;
(h) Other income e.g. profit on sale of assets.

(iv) Once the income received is receipted, the nature of the income must be recorded in the receipts cash book with the receipt series.

(v) Once income is recorded in the receipts cash book, the various income received must be prepared for banking purposes.

11.4 Payments

11.4.1 Requisitioning

(i) Requests for the acquisition of goods and services must only be accepted from the Principal, Heads of Departments and School Committees.

(ii) All requests must be done in writing.

(iii) Each Department/Committee must in turn co-ordinate and approve all requests from educators/members.

(iv) Prior to the approval of a request the Head of Department/Member must consider the following:

(a) That the request was budgeted for (this practice ensures that budgets are monitored at the transaction stage);

(b) That there are adequate funds available from the authorised budgeted amount;

(c) That the acquisition is not wasteful but based on priorities and objectives of the department/committee.
(v) All requests and approvals must be documented on a standard form which must be pre-printed and pre-numbered. The requisition must contain at least the following details:
   (a) Description of requested items;
   (b) Quantity;
   (c) Value;
   (d) Purpose;
   (e) Name of the intended beneficiary.

11.4.2 Ordering
   (i) The ordering of goods and services must only take place if an approved and documented request has been received. The formal process prescribed by the Financial Directives and Procurement Policy must be followed at all times and this function must only be restricted to the Treasurer.
   (ii) The Treasurer must ensure that:
         (a) The nature of items is correct;
         (b) Items were budgeted for;
         (c) The supplier is an approved one;
         (d) The quantities and value will not exceed budgeted amounts;
         (e) The authorized requests are attached;
         (f) The person who authorized the request has the authority to do so.
   (iii) Every order of more than R1,000 must be supported by at least three quotations. Where the order is made based on a quotation other than the lowest the Treasurer must motivate the decision in writing giving reference to:
         (a) Delivery dates,
         (b) Quality of goods and services and,
         (c) Payment terms.
   (iv) At least bi-annually the Treasurer must evaluate all regular suppliers’ prices in comparison to their competitors.
   (v) After the order has been approved, the “three-part” “pre-printed, pre-numbered” purchase order copies must be distributed as follows:
         (a) The original must be sent to the supplier;
         (b) The second copy must be kept by the Treasurer attached to the original requisition and supplier invoice;
         (c) The third copy must never be pulled out from the order book and should serve as a permanent record of the transaction.
   (vi) All completed order books must be neatly filed away in their sequential order in a secure location. Only one order book must be in use at a time.
11.4.3 Authorisation Levels

All orders up to and including R1 000 must be approved by the principal and the other two signatories, and must be supported by a record of three quotations. Each record must reflect the following details:

(i) Date;
(ii) Supplier;
(iii) Item description and,
(iv) Quoted price.

The school orders above R1 000 must be split into the following 3 authorisation levels:

**Level 1:** All orders between R1 000 and R10 000 must be approved by the SGB and supported by three written quotations on official letterheads.

**Level 2:** All orders above R10 000 but less than R200 000 relating to the purchase of capital goods (equipment, computers, etc) including improvements must be approved by the SGB and supported by three written quotations on official letterheads.

**Level 3:** All purchases above R200 000 require tender processes and SGB approval.

Where schools have entered into contracts with suppliers, those contracts must be in writing and must include cancellation and renewal clauses.

11.4.4 Receiving of Goods

(i) Two members of the Finance Committee who are not involved in the ordering function must be assigned the responsibility for receiving goods.

(ii) On delivery of the procured goods / services the Inventory Controller must verify the order placed with the contents / service received as prescribed on the delivery note or invoice. This process might entail actual counting of the items of inventory or physical inspection to verify that the service was delivered.

(iii) Only after the inventory controller is satisfied that the order as placed was delivered must the goods delivery note be signed off and goods accepted. In the case of service delivered, the sign off should only occur if the school is satisfied that all agreed aspects of the service to be rendered, have been fulfilled or until all noted queries have been resolved.

(iv) The member receiving goods must complete a pre-printed, pre-numbered goods received voucher (GRV) with details of goods actually received i.e. description and physical quantity.

(v) The person receiving the goods must sign the GRV, as evidence that the correct goods were indeed received.
(vi) The Treasurer must file the top copy of the GRV together with the relevant purchase order, requisition and supplier invoice.

(vii) Treasurer must carry out regular reviews of all unmatched purchase orders and take corrective action.

(viii) All completed GRV books must be neatly filed away and the Treasurer must ensure that only one book is in use at a time.

11.4.5 Suppliers Invoice

(i) All goods and services purchased must have matching invoices. The invoices must match with the corresponding GRVs, signed delivery note, requisition and purchase order. The Treasurer must sign all supplier invoices as evidence that the document has been checked against order and requisition.

(ii) The Treasurer must date stamp all invoices for tax purposes. It is the responsibility of the Treasurer to apply for tax re-imbursements from the South African Revenue before March.

(iii) Public Finance Management Act principles require that creditors should be paid within 30 days.

(iv) Payments to public utilities must be done monthly before the last day acceptable to the utility provider i.e. municipalities, Eskom and Telkom to avoid the embarrassment of being disconnected.

11.4.6 Cheque Payments

(i) If the order delivered complies with the purchasing order, payment processes can be initiated. A Cheque Requisition Form or E-payment Requisition Form to initiate payment must only be prepared by the Treasurer for authorization by the principal and another SGB member. Every payment requisition form must be accompanied by all relevant original source documents.

(ii) The cheque requisition must contain at least the following details:

(a) Date of the cheque;
(b) Amount of the cheque;
(c) Cheque number;
(d) Name of payee;
(e) Reason for payment;
(f) Signature of the requesting official;
(g) Signature of the person approving;
(h) Relevant bank account in order to allocate payment correctly;
(i) Expense allocation code as per the Standard Chart of Accounts.

(iii) A proper requisition must be accompanied by the following documentation:

(a) Purchase order;
(b) Requisition form;
(c) Quotation;
(d) Supplier invoice;
(e) GRV and,
(f) A signed delivery note.

(iv) All cheques issued to suppliers must be stamped or written “Not transferable” across the left top of the cheque between double lines.

(v) Payments should only be made against original tax invoices. This practice will remove the possibility of “double payments.”

(vi) Invoices must only be paid if they are in the name of the school.

(vii) The principal must check the correctness and completeness of the requisition and whether there are sufficient funds in the bank before authorizing payment.

(viii) The SGB must approve all cheque signatories of which the principal, treasurer must be compulsory signatories.

(ix) The principal must sign all cheques together with any one of the other two signatories, based on fully completed and signed payment advice forms.

(x) Once the cheque requisition is approved and the cheque written out and signed the Treasurer must ensure that the transaction is captured in the payments cash book of the school.

(xi) The Treasurer must ensure that the words “PAID” from a stamp or in hand writing appear on all paid invoices. Under special circumstances when a copy of an invoice is used for making a payment, it must be marked “Not previously paid.”

(xii) A cancelled cheque must be filed for future reference purposes.

(xiii) Invoices must not be split in order to circumvent the procurement policy of the institution.

(xiv) Under special circumstances where an open cheque (not recommended) has to be raised the Treasurer must make a copy of the cheque and file it away in a special file marked “Open cheques.” These copy cheques must be easily accessible by the Treasurer or principal to confirm payments with the bank and therefore guard against fraud or alterations that may be done between the school and the bank.

(xv) In the case of e-banking, the e-receipt / transaction confirmation must be attached to the e-payment requisition form.

11.4.7 Debit Orders

(i) All recurring debit orders for payment of school expenses must be authorized annually by the SGB and minuted at a SGB meeting.

11.4.8 Cash on delivery

(i) If “cash on delivery” terms were agreed upon, the necessary cheque requisition form should be completed and a cheque issued by the
Treasurer attached together with all relevant source documents i.e. quotation, order, supplier’s invoice and GRV.

11.4.9 Control over Cheque Books

(i) All new cheque books must be kept in a single and secure place in the Principal’s office and so should all used cheque books.

(ii) The principal should always ensure that only one cheque book is in circulation at a time.

(iii) Under no circumstance should a blank cheque be signed.

(iv) All processed cheques received from the bank must be filed in their chronological order and kept for audit purposes.

(v) In circumstances where the bank does not return processed cheques, the cheque requisition forms and supporting documentations will suffice.

11.5 Petty Cash

(i) The Finance Committee must delegate in writing the person responsible for looking after petty cash. This person must formally accept responsibility for this function by completing an SGB delegation of authority form.

(ii) The SGB must formally approve the establishment of petty cash as well as a reasonable funding level (and maximum amount allowed per payment) given the operational requirements of the school.

(iii) The Petty Cash Officer must maintain a petty cash imprest system for all small items of expenses that are incurred on a day to day basis and are too small to be paid for by cheque.

(iv) The petty cash must be kept safely in a lockable box that is kept entirely separate from the cash received by the school during the normal course of business.

(v) At the end of each month a cheque is made to restore the float. The reimbursement cheque amount must exactly equal the amount spent on small items during the previous month.

11.5.1 Recording Petty Cash

(i) The imprest system requires that the school always starts the new month with the same amount e.g. R500. The Financial Directives suggest that float be limited to R1000. However the Finance Committee can decide the best amount for the float depending on the school’s volume of expenses. The amount should be enough to keep the school running for one month i.e. able to make daily small payments e.g. buying stamps, newspapers, etc.

(ii) At the beginning of the month the float amount must be recorded on the receipts side of the Petty Cash Journal. The Treasurer will reflect the contra entry in the payments cash.

(iii) Every time money is taken out of the petty cash-box; a petty cash voucher must be written and signed by both the Petty Cash Officer and
the cash recipient. A record of this payment is made on the Payments side of the Petty Cash Journal.

(iv) At the end of the month the Petty Cash Journal is balanced and the float restored.

(v) If a mistake is made in writing out the petty cash journal, the wrong entry must be neatly crossed and the correct one made in the following line. No “tippex” or other correcting fluid must be used.

(vi) Pages in the Petty Cash Journal must be pre-printed and pre-numbered. The Principal and Finance Committee Treasurer must check regularly that there are no missing pages.

11.5.2 Checking the Petty Cash Journal

(i) At the end of the month, the principal must check the Petty Cash Journal and its supporting vouchers.

(ii) The Principal must count the money in the petty cash box and ensure that it is the same as the balance in the Petty Cash Journal.

(iii) The Petty Cash Journal must be signed and dated to show that it has been checked.

(iv) No matter what the crisis is, petty cash must never be loaned out.

(v) If any money is missing it must be reported immediately to the Finance Committee. The shortage must be replaced personally by the person in charge of the petty cash where negligence in securing petty cash is proven.

(vi) Whenever the petty cashier is going away a proper hand over of the petty cash must be done. The person taking over must check both the Petty Cash Journal and its supporting vouchers. Both parties must sign a “hand over certificate”

11.6 Travel and Re-Imbursement Costs

(i) All travel and reimbursement costs must be approved in writing before they are incurred. Retrospect approvals must not be allowed, unless there are exceptional circumstances that must be explained and noted in detail.

(ii) Claimants must clearly understand / have access to the travel policy and the applicable rates. The travel policy must be circulated every time the document is updated.

(iii) Reimbursement for subsistence expenses must be clearly stipulated e.g. daily flat rate, or exact claims for expenses actually and necessarily incurred.

(iv) All travel and reimbursement claim forms must be forwarded to the Treasurer for review and approval who must pay due regard to the following:

(a) That only official rate is paid for travel and subsistence expenses incurred on behalf of the school.
(b) That the costs are in line with the School's objectives, priorities and outlined departmental activities.

(c) That the costs are authorized based on the approved annual operating budget.

(d) That the nature of the expense e.g. use of own vehicle, bus hire, refreshments etc is correct.

(e) That the level of authorization required based on the nature of expense complies with standard school guidelines.

11.6.1 Air Travel

(i) Air travel must be by “Economy Class” only. The Principal and Chairperson of the SGB must approve all Air Travel. The travel request form must always be accompanied by three quotations.

11.6.2 Accommodation

(i) Accommodation must be at a “3 Star Hotels” or any equivalent thereof. The Principal and Chairperson of the SGB must approve all accommodation costs. The accommodation request form must always be accompanied by three quotations.

11.6.3 Car hire

(i) At least three quotations must be obtained in writing detailing the following:

(a) The price per day;

(b) The charge out rate per kilometre;

(c) The type of the vehicle;

(d) The appropriateness of the vehicle for travelling within the required areas;

(e) Whether adequate insurance cover is available in the event of an accident or theft occurring.

(f) The Principal and Chairperson of the SGB must approve all car hire expenses.

11.6.4 Taxi/Bus hire

(i) At least three quotations must be obtained. The best quotation must be accepted based on the following factors:

(a) Reputation of the taxi/bus hire company;

(b) Price charged for the vehicles;

(c) Safety of persons to be transported and the distance to be travelled

(d) The Principal must authorize the hire of taxi or buses.
11.6.5 Use of private motor vehicle

(i) A standard rate per kilometre based on either Automobile Association’s rates or rates issued by the National Department of Transport must be used.

(ii) The rate must be reviewed by the Finance Committee from time to time. The school must display in an appropriate area all the information concerning use of own vehicle such as: the need to seek prior approval, that insurance is the responsibility of the staff member and not the school and specify the rate applicable at the time.

(iii) The Principal and the Chairperson of the SGB must approve all car hire expenses before they are incurred. It must be noted however that in certain cases, the school may have the option with regard to the use of an own vehicle instead of using air travel. In this case the cheaper option must be chosen.

11.6.6 Reimbursement of Expenses Authorisation Levels

(i) The School Principal must approve all reimbursement expenses below R500.

(ii) The School Principal and the Treasurer must approve all amounts above R500.

(iii) The school principal, treasurer and SGB chairperson must approve all amounts above R1 000.

11.7 Recording Payments

(i) Every payment must be recorded in the Cash Payments Journal (CPJ) using the allocation criteria and format in the Official Schools Chart of Accounts and Budget Guidelines.

(ii) The CPJ works in the same way as the CRJ except that it deals with payments.

(iii) The first value column is the total amount paid through the bank and subsequent columns are analysis columns showing the various expenses e.g. stationery, salaries, printing etc.

(iv) The recording of payments must be categorized into the following expense groups:

(a) Administration expenses: these will include all expenses considered to fall under this category e.g. accommodation, bank charges, insurance, security, telephone etc.

(b) Teaching and learning expenses: these will incorporate various items like professional consultants payments, stationery relating to this category, printing, exams and assessment material, education supplies, workshop and seminars etc.

(c) Education Support Services (& Auxiliary Services): these will incorporate expenses relating to salaries and consultants payments of this category, feeding schemes, transport of learners etc.
(d) Sports and culture: these will incorporate items like salaries paid in this category, supplies, utilities, transport etc.

(e) Adult Basic Education and Training: these will include items like salaries for this category educators, stationery, administration expenses etc

(v) Every payment transaction must be recorded clearly as and when payment is made.
11.8 Procedure for stores control

11.8.1 Management of Inventories

(i) A designated area must be assigned for the storage of all items in store.

(ii) A senior member of the school (preferably head of department) must be allocated the responsibility for the control of all consumables. This person, also called the Stores Controller must complete and sign an “SGB delegation of authority” form accepting the responsibilities commensurate with the position.

(iii) The Stores Controller should carefully monitor all inventory levels at the institution as maintained in the inventory, consumables and asset registers.

(iv) Inventory is defined as all merchandise and consumable items e.g. textbooks, stationery, items used in practical subjects, polish, etc.

(v) Optimum inventory levels should be determined by the SGB to ensure efficiency of use and timely inventory replenishments.

(vi) Once inventory levels reach the replenishments level, the Stores Controller must source quotations, in line with the approved budget and procurement procedures.

(vii) Once quotations have been sourced, approval of the quotations that represents “best value” should be decided upon in accordance with the school’s procurement policy and practice.

(viii) After the necessary approval has been obtained, the order for the acquisition of goods or services can be processed or issued.

(ix) The person responsible for the custody of stock items must maintain a “Stores Record”. The stores record book must contain at least details relating to:

(a) Stores requisitions;

(b) Stores Issued Records and,

(c) Stock Records.

11.8.2 Stores requisitions

(i) When staff members within different parts of the school need stock, they must complete a stores requisition form.

(ii) The requisition form shows what is needed, when and who is making the request.

(iii) The requisition form must have at least the following details:

(a) Description of item or items being requested;

(b) The name of the person requesting;

(c) The date when the request is being done;

(d) Purpose of the request and,

(e) Signature of the person requesting.
11.8.3 Stores Issued record
   (i) Each time items are being issued from the store-room, a Stores Issued record will be completed by the Stores Controller. To control stores, pre-printed and pre-numbered Stores Issue forms must be used. These must at least contain the following details:
   (a) Date of Issue,
   (b) Description of item,
   (c) Quantity of items issued,
   (d) Person issued to and,
   (e) Signature of the person issuing and recording.

11.8.4 Stores Records
   (i) Each type of consumable must have its own separate Stores Record or “Tally Card”.
   (ii) The Stores Records must show additions each time stock items are received and reductions each time items are issued from the stores and the balance left over.
   (iii) The Stores Record balance must be the same as the actual number of items on hand in the store room.
   (iv) These stock records must be kept in a “Stock File” A copy should be updated every time there is a change.

11.9 Control over school fixed assets

11.9.1 Recording Assets
   (i) A responsible senior person at the school must be assigned the responsibility for custodianship of the school’s assets. The person in charge of assets (Asset Controller) must sign an SGB delegation of authority form.
   (ii) The Asset Controller must ensure the following:
       (a) That all assets are allocated to the correct locations;
       (b) That assets are clearly marked or coded;
       (c) That assets are used for the purpose intended;
       (d) That assets are physically secured to prevent theft;
       (e) That assets are adequately insured in case of theft, fire or accident occurring;
       (f) That the assets are in good condition and working order.
   (iii) The Asset Controller must maintain an asset register that is pre-numbered and updated at least once a year. The pages of the asset register must never be removed and replaced; this measure prevents pages from being re-written to conceal missing items. The register must
be filed together with all relevant documentary evidence of items e.g. proof of purchase, disposal documents, documents relating to theft etc.

(iv) The register must maintain at least the following in respect of each asset:

(a) Class of asset e.g. computer equipment, furniture and fittings, educational aids, motor vehicles etc;
(b) Full description of each asset including model;
(c) Supplier name;
(d) Asset purchase value / accumulated depreciation / net book value;
(e) Date of acquisition or donation;
(f) Manufacturer asset number or serial number;
(g) Custodian of the asset; and
(h) Internally generated asset number for control purposes and physical location code (see marking of school property below).

11.9.2 Marking of School Property

(i) The asset controller must ensure that every item of the school property is clearly marked using indelible (unwashable) ink if possible. The marking should use descriptive words like:

(a) Langa Secondary Lab 1 (101) (for laboratory equipment number 101)
(b) Langa Secondary Grade 4W (for furniture belonging to Grade 4W class)
(c) Langa Secondary Admin Comp 03 (for an Administration computer number 3)

(ii) An inventory listing must be pinned at the back of each door showing all physical assets designated for use in that room e.g. computers, furniture, office equipment etc.

11.9.3 Acquisition of Assets

(i) The need to procure assets should always be guided by the asset plan, budget, school development and strategic plan.

(ii) The requesting HOD should do the following:

(a) Confirm whether the assets is budgeted for;
(b) Obtain three quotations in writing;
(c) Complete an asset requisition form detailing the full description of the item, purpose and value of the item;
(d) Ensure that the request is authorized.

(iii) All fixed asset items above R5000 must be capitalized. Fixed assets below R5000 must be expensed and recorded in the asset register for inventory control and administrative purposes only.
11.9.4 Receiving New Assets

(i) Each time there is a delivery of assets to the school; the Treasurer must call the Asset Controller to check that the assets are in good condition and match the physical items against the delivery note and purchase order.

(ii) The asset controller must sign both the delivery note and the GRV.

(iii) The controller must complete an asset addition form.

(iv) The controller must use the asset addition form to record all the necessary details into the school assets register.

(v) The assets must be moved to their appropriate location and marked accordingly.

(vi) The asset controller must ensure that all new assets of significant values are adequately covered by the school insurance policy.

11.9.5 Donated assets

(i) As in the case with all deliveries to the school, when the school receives donated items (e.g. computers or sports equipment) the Treasurer and the Asset Controller and any other member of the Finance Committee, together should do the following:

(a) Assess the value and exact nature of the donated items e.g. two second hand computers, market value (on date of donation) R2000 each.

(b) Add these items to the Asset Register including the expected economic life of the assets.

(c) Consider whether the items should be included in the insurance policy of the school.

11.9.6 Stock-taking

(i) At least once a year the SGB must delegate two or three persons to conduct stock-taking of all school property.

(ii) These persons must be different from the usual Stores Controller and/or the Asset Controller.

(iii) By getting different people to do the stock-take the SGB ensures that the school property is well looked after and that records are accurate. The stock takers must include the school Principal and two other senior members of staff.

(iv) The stock-take involves:

(a) Taking all Stores and Asset Registers and walking around the school, counting all stores and stock, checking whether every item of property is in good condition and noting problems.

(b) Preparation of the stock-taking report for the SGB.
(c) Drawing up of an asset verification certificate which must be signed by all participants confirming that an asset count was conducted.

(v) The stock-taking report should reflect the following:
   a. The general condition of stores and equipment—excellent, good or poor;
   b. Any shortages or surpluses;
   c. Whether assets are redundant, irreparable or useless;
   d. Whether items are being properly used;
   e. Whether there is any evidence of neglect.

11.9.7 Disposing Fixed Assets
   (i) If the stock-take identifies any problems the SGB must decide what should happen.
   (ii) Theft must be reported immediately to the police (if it is has not been reported).
   (iii) Disposals should only be restricted to redundant, irreparable or useless assets.
   (iv) The Asset Controller working in consultation with the Principal must complete an asset disposal form and include in it a detailed motivation for the recommended asset disposal.
   (v) The Finance Committee must review the recommendations and table them for consideration by the SGB. If the SGB approves, the Chairperson must apply to the Department for authority to scrap the listed items.
   (vi) No assets should be disposed of without authority given in writing by the Department.
   (vii) The Finance Committee must establish the price and negotiate the disposal value with other institutions where applicable.
   (viii) The scrapped assets must be disposed of using the following criteria by order of priority:
      (a) Must first be offered to staff members,
      (b) If staff member do not take the offer,
      (c) The assets can be sold secondly to learners and,
      (d) Thereafter can be offered to the general public.
   (ix) Once the asset has left the school, the Assets Register must be updated accordingly to show what items have been disposed of.
   (x) The individual’s name or the institution that received the sale / donation must be recorded as well as the selling price. Like any other source of income the proceeds from sale of assets must be receipted and banked.
   (xi) The Asset Controller must report regularly (at least once a quarter) to the SGB with regard to losses, theft and record of assets.
11.9.8 Procedure for Loaning out of Assets

(i) If the school policy allows, that staff members can borrow assets belonging to the school e.g. computers loaned to educators for use during school holidays.

(ii) It must be understood that the borrower is fully liable in the event of damage or loss of school property under his or her possession.

(iii) The asset controller must keep a record of any loaned items.

(iv) This record must show the following details:

(a) Description of item loaned;
(b) Serial number and school mark of item;
(c) Date of loaning;
(d) Name of borrower;
(e) Principal approval signature;
(f) Signature of person loaned;
(g) Condition of asset on date of loaning;
(h) Condition of asset on date of return;
(i) Signature of Principal on date of return;
(j) Signature of person loaned on date of return.

11.9.9 Depreciation of Fixed Assets

(i) The Assets Register must be updated each year showing the decreasing value of each class of assets. The Treasurer must calculate depreciation using the straight line method of depreciation.

(ii) The method reduces the original value of each asset equally over the asset’s expected useful life e.g. if the asset “computer” is expected to last 3 years, its original value will reduce by one third each year and it will have a zero book value at the end of year three illustrated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value at the end of year</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>R3000</td>
<td>R1000</td>
</tr>
<tr>
<td>2</td>
<td>R2000</td>
<td>R1000</td>
</tr>
<tr>
<td>3</td>
<td>R1000</td>
<td>Nil Value</td>
</tr>
</tbody>
</table>
11.10 Cash and Bank

11.10.1 Procedure for Control Over Money

(i) The school must always deposit all its money in the bank for safe keeping and convenience and then withdraw it when needed by writing out a cheque or by arranging a bank transfer.

(ii) Before opening a school bank account the SGB must agree on which bank to use. The banking institution chosen must be decided on in a formal SGB meeting.

(iii) The Act provides that the Treasurer, Secretary and the Principal must go together to make arrangements to open a bank account on behalf of the school.

(iv) Every public ordinary school must have a bank account, but only one School Fund Account.

(a) The banking institution must be a registered bank within the Republic of South Africa.

(b) The nature of the bank account must be a cheque / current account and must be opened in the name of the school.

(c) The proximity of the banking institution to the school must be taken into account.

(d) The bank charges charged by the prospective institution to operate the account must also be taken into consideration.

(e) All schools can receive better rates as they have Public Benefit Organisation “PBO” status.

(f) Where accounts are shifted from one bank to another, the SGB must formally approve the shift, bearing in mind the costs and related bank charges.

11.10.2 Opening a Bank Account

11.10.2.1 School Fund Account

(i) The SGB must open and maintain one School Fund account in the name of the school. Once the SGB has made the decision to open the bank account, the minutes of the SGB meeting approving the authorised signatories must be attached to the application to the financial institution. A minimum of three signatories must be put in place, with the instruction that any two of the approved signatories can sign cheques.

(ii) As in all such cases of delegation by the SGB those appointed to be signatories must complete and sign delegation of authority forms.

(iii) The following supporting documents may be requested by the bank when opening a bank account:

(a) A copy of School Governing Body’s constitution;

(b) A copy of South African Schools Act, 1996
A copy of School Financial Directives;
(d) A copy of the identity documents for each of the signatories.

11.10.2.2 Naming of Bank Account
(i) The school bank account should be named in terms of the following guidelines:
(a) The main account must have the name of the school and the words “School Fund Account” e.g. Langa Primary School Fund Account
(b) Any additional account must include the name and the purpose of the account e.g. “Langa Primary Building Fund Account.”

11.10.2.3 Signatories of the account
(i) The SGB must decide on which people will sign cheques or bank forms on behalf of the school.
(ii) There should be three signatories all of whom should be members of the SGB. By virtue of office the Principal and SGB Treasurer need be signatories to the account.
(iii) An arrangement must be made with the bank for the signatories to sign.
(iv) The SGB should use the following criteria to choose signatories:
(a) Only responsible persons with a reputation as honest people.
(b) Only persons who are easily available.
(v) The SA Schools Act requires that there be elections for office bearers of the governing body. After elections the Secretary of the SGB should write to the bank to effect change of signatories on the School Bank Account.

11.10.2.4 Trust Funds Account
(i) The Act prohibits public schools from establishing trust funds:
(a) Public schools may not keep any funds in a “trust” account.
(b) Those schools which had trust accounts in the past are now required to transfer those funds back into the School Fund account.
(c) Schools may not collect contributions from parents e.g. pre-payments of school fees, and set these funds aside in a trust fund.

11.10.2.5 Credit Facilities
(i) Credit facilities refer to overdraft arrangements, asset finance, loans, credit cards and garage cards.
(ii) Public schools may not enter into a loan or overdraft agreement with the bank or any other creditor. The Education Laws Amendment Act, 2001, Section 5 states that:
(a) The SGB may not enter into any loan or overdraft agreement so as to supplement the school fund, without the written approval of the MEC.

(b) If the person lends money or grants an overdraft to a public school without the written approval of the MEC, the State and the public school will not be bound by the contract of lending money or an overdraft agreement.

11.10.2.6 Investment accounts

(i) Schools are afforded the opportunity to invest surplus funds in various investment vehicles operated by financial institutions. As with opening of additional bank accounts, approval needs to be obtained from the MEC before surplus funds can be invested. The application process involves the submission of the following documents:

(a) A certificate of Sound Financial Management for the current year.

(b) A copy of the latest bank statement of the school’s current account.

(c) Details of all existing investments (if applicable).

(d) The nature of the investment, e.g., 32-day notice deposit.

(e) The reasons for the need for an investment account to be opened.

(f) A copy of the minutes of the SGB meeting where the application was sanctioned.

(ii) Factors to be considered when investing surplus funds:

(a) The investment may not exceed twelve (12) months but may be renewable annually.

(b) It is imperative that the investment account is held in the name of the school and is linked to the main school account if held at the same institution. All transfers into or out of the investment fund must be channelled via the main account of the school. Where the investment is held at another bank, transfers into or out of the investment account must be done by cheque or “e-transfer”, using the school’s main account.

(c) No direct payments may be effected from the investment account.

(d) Once an application for the investment of school funds has been approved, the approval is valid for as long as the conditions under which the original approval was granted are not compromised.

(e) Investment accounts may not be held off shore.
11.11 Financial Accounting

11.11.1 General Ledger Maintenance

(i) The Treasurer must maintain on a monthly basis a general ledger and trial balance for the school.

(ii) The financial records of the school must be maintained on an accrual basis of accounting. This basis will involve the maintenance of the debtors’ ledger system for controlling outstanding fees receivable and a creditors’ ledger system to maintain and monitor all amounts payable to suppliers of goods and services.

(iii) The general ledger must be prepared in accordance with a standard chart of accounts in prescribed form based on budget reporting.

(iv) The budget figures obtained from the budget report must be captured by the Treasurer into the budget column of the general ledger. This will facilitate the reporting of actual activities against budgeted activities.

(v) Each major activity and sub activity expense line included in the budget report must be captured as a separate general ledger and sub general ledger account respectively.

11.11.2 Cash Book Maintenance

(i) A “cash book” must be written up by the finance officer on a monthly basis. The cash book must separately record all payments using the cheque requisition and return paid cheques as well as all receipts using the receipt book.

(ii) In a manual system the cash received must be analysed and categorised according to the corresponding accounts to be credited.

(iii) This cash received summary or cash receipt journal (CRJ) is designed in columnar form. The CRJ must provide for the recording of:
- The reference number of the source document;
- Date of the receipt;
- The name of person from whom the cash is received;
- The amount received;
- The date and amount of all deposits into the bank account;
- The account to be credited.

(iv) All payments (excluding petty cash payments) must be made by cheque, stop order or direct debit by the bank.

(v) The items on the bank statement must initiate the recording of the transaction in the payments analysis summary or “cash payments journal” (CPJ).

(vi) A cash payments journal must provide for the recording of:

(a) The cheque number;
(b) Date of the payment;
(c) Name of beneficiary;
(d) The amount of the cheque;
(e) Accounts to be debited.

(xiv) Bank reconciliations must be prepared by the Treasurer on a monthly basis.

(xv) The Principal and treasurer must sign the bank reconciliation as evidence of review and approval.

(xvi) The treasurer must confirm that all reconciling items are valid and that long outstanding items are followed up and investigated on a regular basis.

11.11.3 Procedure for Preparing Bank Reconciliations

(i) At the end of each month, after receiving the Bank Statement a bank reconciliation must be prepared by the Treasurer. The process entails comparing and agreeing all bank entries against cash book bank entries.

(ii) Bank entries appearing in the Bank Statement that do not appear in the cash book should be updated in the cash journals.

(iii) Entries appearing in the cash book that do not appear in the Bank Statement must be recorded in the Bank Reconciliation.

(iv) The objective is to provide the reasons in a specialised way as to why there is a difference between the bank statement balance and the cash book balance when in fact the two records relate to the same transactions except that they are recorded and maintained by two parties.

11.11.4 Finance Records and Filing

(i) All schools must maintain and keep the following information on school finances for at least 7 years:
   (a) Policy, regulations and rules on the school financial management;
   (b) Minutes and documents of the Finance Committee;
   (c) Correspondence;
   (d) Insurance;
   (e) Bank statements;
   (f) School funds through collections, payments, exemptions, recurrent accounts;
   (g) Fundraising from activities such as tuck shop, "civvies day" cake sale, concerts etc; and
   (h) Payments;
   (i) School fees and exemption records;
   (j) Monthly and Quarterly Reports i.e. full sets of accounts including,
   (k) general ledger, trial balance, income and expenditure, balance sheet, and
   (l) Audit reports.
INTERNAL FINANCIAL PROCESSES
TEMPLATES
### Bank reconciliation template

**BANK RECONCILIATION STATEMENT**

**OF _____________________________ (NAME OF SCHOOL)**

**AS AT _________________________ (DATE: END OF MONTH)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance according to Cash Receipts and Payments Statements (Total Receipts less Total Payments)</td>
<td>XXXXX.XX</td>
</tr>
<tr>
<td>Closing balance as per Bank Statement No. _______ Dated ___________</td>
<td>XXXXX.XX</td>
</tr>
<tr>
<td><strong>Add</strong>: Deposits not yet credited on bank statement</td>
<td>XXX.XX</td>
</tr>
<tr>
<td></td>
<td>XXX.XX</td>
</tr>
<tr>
<td></td>
<td>XXX.XX</td>
</tr>
<tr>
<td></td>
<td>XXX.XX</td>
</tr>
<tr>
<td><strong>Less</strong>: Outstanding cheques (cheque not yet presented at the bank)</td>
<td>XXX.XX</td>
</tr>
<tr>
<td>Cheque no. _______ Dated ___________</td>
<td>XXX.XX</td>
</tr>
<tr>
<td>Cheque no. _______ Dated ___________</td>
<td>XXX.XX  (XXX.XX)</td>
</tr>
</tbody>
</table>

**Balance per Reconciled Bank Statement**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXXX.XX</td>
</tr>
</tbody>
</table>

**PREPARED BY**  
(Finance Officer)

**APPROVED BY**

**Note**

* these amount must be equal after reconciling all outstanding amounts
Cheque requisition template

## CHEQUE REQUISITION

<table>
<thead>
<tr>
<th>NAME OF SCHOOL</th>
<th>REQ #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
<td>Cheque no.</td>
</tr>
<tr>
<td>Name of Payee:</td>
<td></td>
</tr>
<tr>
<td>Reason for payment:</td>
<td></td>
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<tr>
<td>Order number:</td>
<td></td>
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<tr>
<td>GRV number:</td>
<td></td>
</tr>
<tr>
<td>Invoice number:</td>
<td></td>
</tr>
</tbody>
</table>

### ALLOCATION DESCRIPTION

<table>
<thead>
<tr>
<th>ALLOCATION DESCRIPTION</th>
<th>GL ACC #</th>
<th>DEBIT</th>
<th>REFERENCE</th>
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</thead>
<tbody>
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</tbody>
</table>

**TOTAL**

Cheque requisition prepared by: Date:  
Authorised by: Date:  

---

236
Cash payment journal template

NAME OF THE SCHOOL
CASH PAYMENT JOURNAL FOR THE MONTH OF ……………… 200X

<table>
<thead>
<tr>
<th>DAY</th>
<th>DESCRIPTION OF TRANSACTION</th>
<th>CHEQUE NO</th>
<th>BANK</th>
<th>STATIONERY</th>
<th>TELEPHONE</th>
<th>ELECTRICITY</th>
<th>WATER</th>
<th>TUCK SHOP</th>
<th>SUNDRY</th>
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</tbody>
</table>

TOTAL FOR THE MONTH

1. Daily amounts must equal to the cheque issued or internet payment voucher
2. The amounts must be equal to the amount per invoice issued by the supplier of goods or services.
### Cash receipts template

**NAME OF THE SCHOOL**

**CASH RECEIPTS JOURNAL FOR THE MONTH OF ……………… 200X**

<table>
<thead>
<tr>
<th>DAY</th>
<th>DESCRIPTION OF TRANSACTION</th>
<th>RECEIPT</th>
<th>CONTROL</th>
<th>BANK</th>
<th>SCHOOL FEES</th>
<th>GRANTS</th>
<th>HOSTEL FEES</th>
<th>TUCK SHOP</th>
<th>FUNDRAISING</th>
<th>DONATIONS</th>
<th>OTHER INCOME</th>
</tr>
</thead>
</table>

**TOTAL FOR THE MONTH**

| 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

1. Daily amounts must agree/equal to bank deposits.
2. The amounts should equal to specific activity registers and receipts issued for the month.
Petty cash journal template

<table>
<thead>
<tr>
<th>DAY</th>
<th>DETAILS</th>
<th>CHEQUE NO</th>
<th>AMOUNT</th>
<th>PAYEE</th>
<th>VOUCHER NO</th>
<th>TOTAL</th>
<th>STATIONERY</th>
<th>POSTAGE</th>
<th>REFRESHMENTS</th>
<th>SUNDRIES</th>
<th>DETAILS OF SUNDRIES</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

| TOTAL |                                   |           |        |       |            |       |            |         |              |          |                     |

PREPARED BY
(Finance Officer)

APPROVED BY

__________________________________________________________________
**Petty cash voucher template**

**NAME OF SCHOOL**

**PETTY CASH VOUCHER**

**DATE :** ____________________________ **VOUCHER NO:** ______

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>R</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAY OUT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RETURNED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RECEIVED BY :** ____________________________

**NAME AND SURNAME** ____________________________

**SIGNATURE** ____________________________

<table>
<thead>
<tr>
<th>Acc Code</th>
<th>DESCRIPTION</th>
<th>CLIENT CODE</th>
<th>R</th>
<th>C</th>
</tr>
</thead>
</table>

**VAT**

**TOTAL**

**IN RESPECT OF :** ____________________________

__________________________
(Finance Officer)

__________________________
(Principal)

__________________________
(PREPAID BY)

__________________________
(AAPROVED BY)
Petty cash hand-over template

HAND OVER CERTIFICATE FOR PETTY CASH

<table>
<thead>
<tr>
<th>Certificate no.</th>
<th>(Please school stamp here)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

For completion by the person handing over:
I hereby certify that I have handed all the petty cash and in my possession together with the updated CPJ and all supporting petty cash vouchers to who is taking over from me today the of 2008.

Signature: Date:

For completion by the person taking over:
I hereby certify that I have taken over all the petty cash and all supporting documentation i.e. updated CPJ and all petty cash vouchers from , the previous petty cash officer. I further certify that I have physically counted the petty cash and agreed the CPJ to the supporting vouchers. As from today the of 2008, I will be fully accountable for the school petty cash.

Signature: Date:

Signature of Finance Officer Date:
Application to invest surplus funds

The Member of Executive Council
Gauteng Department of Education

APPLICATION TO INVEST SURPLUS FUNDS

NAME OF SCHOOL:………………………………… EMIS NO:…………………………

1. We herewith apply, in accordance with Section 37 (3) of the South African Schools Act, 1996 (Act No 84 of 1996) as amended, for the approval of the Member of the Executive Council (MEC) to invest surplus money in separate bank accounts.

2. Details of the investment:
   • Type (Fixed Period/Money Market/Other…………………………);
   • Motivation for the investment;
   • Amount;
   • Name of the banking institution; and
   • Period of the investment.

3. The following documents are hereby attached:
   3.1 Latest Audited Financial Statements.
   3.2 Certificate of Sound Financial Management (Section 38(1)(j)).
   3.3 Latest Bank Statement of the School Banking Account and Investment Account (if existing).
   3.4 Latest Bank Reconciliation of the School Bank Account.
   3.5 Minutes of meeting at which the School Governing Body approved the investment of surplus funds.

GOVERNINGBODY: CHAIRPERSON              Governing Body: Treasurer

_______________________                                   ______________________
            GOVERNINGBODY: CHAIRPERSON              Governing Body: Treasurer

School Principal
Delegation of authority template

EXAMPLE OF A LETTER OF DELEGATION OF AUTHORITY

<table>
<thead>
<tr>
<th>XYZ School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address of School</td>
</tr>
<tr>
<td>Date</td>
</tr>
<tr>
<td>Ms R Mosololi, Educator</td>
</tr>
<tr>
<td>XYZ School</td>
</tr>
</tbody>
</table>

Dear Ms Mosololi

DELEGATION OF RESPONSIBILITY: PETTY CASH

We hereby confirm that you have agreed to take responsibility for petty cash in our school, with effect from 15 January 200X

As Petty Cashier, you are expected to abide by the school’s financial policy, and perform the following tasks:

1. Start each month with a petty cash float of R500.00 to be kept in a tin, safely locked in a filing cabinet. Only you will have access to the key.
2. Each time cash is removed from the tin, complete a petty cash voucher. As soon as possible, staple source documents to their appropriate vouchers, as proof of payment.
3. Record all payments in the Petty Cash Book, and at the end of the month balance the Petty Cash Book.
4. At the end of each month, present the Petty Cash Book, all vouchers with source documents and remaining cash in tin, to the Finance Officer. The Petty Cash imprest will be restored by the Finance Officer for the beginning of the new month.
5. Never lend Petty Cash to any person, for any reason, for any time.
6. If any problems arise, report these to the Finance Committee as soon as possible.
7. If for any reason, you will be away from school for longer than one day, arrange with the Finance Officer for an acting Petty Cashier. Both parties must check the amount of cash in the tin, and sign a handing over certificate. When you return to your duties, this process should be repeated.
8. If for any reason, Petty Cash money goes missing, it is your personal responsibility to replace the missing amount.

We sincerely appreciate your preparedness to assist in the efficient and effective financial control of the school.

Yours sincerely

Financial Officer                       Principal

Delegation accepted: ........................................  Date ........................................
Travel requisition form

<table>
<thead>
<tr>
<th>NAME OF SCHOOL</th>
<th>TR No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of application:</td>
<td>(Please complete relevant section)</td>
</tr>
</tbody>
</table>

**Nature of travel:**

**Date of travel:**

**Cost centre (Travel costs to be deducted from budget):**

**AIR TRAVEL**

<table>
<thead>
<tr>
<th>Company/Agent</th>
<th>Class</th>
<th>Cost of tickets</th>
<th>Date of departure</th>
<th>Date of arrival</th>
<th>Reason for travel</th>
<th>Destination</th>
</tr>
</thead>
</table>

**ACCOMMODATION**

<table>
<thead>
<tr>
<th>Hotel/Agent</th>
<th>Type</th>
<th>Cost of accommodation</th>
<th>Period from</th>
<th>Period to</th>
<th>Reason</th>
<th>Destination</th>
</tr>
</thead>
</table>

**BUS/CAR/TAXI HIRE**

<table>
<thead>
<tr>
<th>Hire company</th>
<th>Type</th>
<th>Cost of hire</th>
<th>Period from</th>
<th>Period to</th>
<th>Reason</th>
<th>Destination</th>
</tr>
</thead>
</table>

**USE OF OWN CAR**

<table>
<thead>
<tr>
<th>Type of vehicle</th>
<th>Type/model</th>
<th>Rate/Km</th>
<th>No. of km</th>
<th>Total cost</th>
<th>Reason</th>
<th>Destination</th>
</tr>
</thead>
</table>

**OTHER EXPENSES**

<table>
<thead>
<tr>
<th>Nature of expense</th>
<th>Type</th>
<th>Total cost</th>
<th>Reason</th>
</tr>
</thead>
</table>

Name of applicant: ____________________________ Signature __________________ Date: ________________

Authorised by: ____________________________ Signature __________________ Date: ________________
 Receipt book register

```
___________________________(school’s name)
RECEIPT BOOK REGISTER
SCHOOL YEAR__________

<table>
<thead>
<tr>
<th>Number</th>
<th>Receipt Book sequence</th>
<th>Issued By (Finance Officer)</th>
<th>Issued To (Name of Educator)</th>
<th>Date of issue</th>
<th>Total number of receipts</th>
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<tbody>
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</table>

SCHOOL YEAR_______________
RECEIPT BOOK REGISTER
```

 Ticket sales template

```
NAME OF THE SCHOOL

<table>
<thead>
<tr>
<th>Ticket number</th>
<th>Issued to</th>
<th>Date of issue</th>
<th>Total number of tickets</th>
<th>Cash received</th>
<th>Receipt no.</th>
<th>No. of tickets sold</th>
<th>Cash received</th>
<th>Receipt no.</th>
<th>No. of tickets sold</th>
<th>Cash received</th>
<th>Receipt no.</th>
<th>No. of tickets sold</th>
<th>Cash received</th>
<th>Total cash received</th>
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SCHOOL YEAR _____________
Due date for return of cash + unsold tickets:_________________(date:month day year)

TICKET SALES REGISTER
PREPARED BY: Educator
CHECKED BY: Fund Raising Committee Chairperson
```

245
Class collection template

<table>
<thead>
<tr>
<th>No. of collection sheet</th>
<th>Learner's Name</th>
<th>Signature of learner</th>
<th>Date issued</th>
<th>Date returned</th>
<th>Amount collected</th>
<th>Class rec. no.</th>
<th>Signature of educator</th>
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</thead>
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Name of class educator ..........................................................

Receipts from finance officer: (1) ................ (2) ................ (3) ................. (4) ................ (5) ..................

__________________________ (state purpose of donation) – TARGET AMOUNT R____

__________________________ (name of school)

SCHOOL STAMP Due date: ______________ (dd:mm:yyyy)
# Tuck shop records template

## TUCK SHOP RECORDS

<table>
<thead>
<tr>
<th>Purchases Record</th>
<th>Sales Record</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAME OF SCHOOL</strong></td>
<td><strong>Month ending:</strong></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td><strong>Supplier</strong></td>
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<td>General W</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>STOCK ON HAND as at:</td>
<td></td>
</tr>
<tr>
<td><strong>Qty</strong></td>
<td><strong>Description of Item</strong></td>
</tr>
<tr>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

Signature of Tuckshop manager

Date

Signature of Chairperson (Tuckshop Committee)

## NAME OF THE SCHOOL

### TUCK SHOP RECONCILATION FOR WEEK ENDING XXXX

<table>
<thead>
<tr>
<th>Mon</th>
<th>Tues</th>
<th>Weds</th>
<th>Thurs</th>
<th>Frid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Float (Opening cash on hand)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received - Sales according to sales records</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand (float + sales)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handed in at office (Receipt numbers given for each day)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Float (Closing cash on hand)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initials of Tuckshop Manager on each day</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Certified correct by finance committee:

Signature of Chairperson:

Date
DEFINITIONS AND ACRONYMS
12. Definitions

The following terms shall bear the following meanings:

- **Accounting Authority**: a body or person mentioned in section 49 of the PFMA, 1999;
- **Financial Officer**: a person mentioned in section 36 of the PFMA, 1999;
- **Act**: means the South African Schools Act 84 of 1996;
- **Bid**: A written offer on the official bid invitation documents, which form part of a Request for Proposal (RFP), which has been dealt with in accordance with the requirements of the National and Provincial Treasury procurement framework. The advertising of RFPs in the Government Tender Bulletin is mandatory. The advertising of RFPs in local newspapers may be done at the discretion of the relevant Department, provided that it satisfies the requirement of transparency. This is also known as a proposal or a tender.
- **Bidder**: Any natural or legal person who makes an offer in response to a Request for Quotation (RFQ) or a Request for Proposal (RFP).
- **Chart of accounts**: a listing of the names of the accounts that the school has identified and made available for recording transactions in its general ledger.
- **Constitution**: means the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- **Contract**: The written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- **Council of Education Ministers**: the Council of Education Ministers established by the National Education Policy Act, 1996 (Act No. 27 of 1996)
- **Department**: the KwaZulu Natal Provincial Department of Education;
- **Depreciation**: the depreciable amount of an item of property, plant and equipment allocated on a systematic basis over a useful life of the asset.
- **Education department**: the department established by section 7(2) of the Public Service Act, 1994 (Proclamation No. 103 of 1994), which is responsible for education in a province.
- **Educator**: any person, excluding a person who is appointed to exclusively perform extracurricular duties, who teaches, educates or trains other persons or who provides professional educational services, including professional therapy and education psychological services, at a school;
Executive authority a member of the Executive Council of the KwaZulu Natal Provincial Government who is accountable to the Provincial Legislature for the Department of Education;

Financial Framework the framework relating to the appropriation, expenditure and use of money and resources in respect of the funding of public schools as set out in these Regulations.

Financial statement Financial statements consisting of at least-
- balance sheet;
- income and expenditure statement;
- cash-flow statement;
- budget and expenditure variance statement;
- any other statements that may be prescribed;
- any notes to these statements;

Financial year a year ending 31 March;
School Financial year a year ending 31 December
Fruitless and wasteful expenditure expenditure which was made in vain and would have been avoided had reasonable care been exercised;
Generally recognized accounting practice an accounting practice complying in material respects with standards issued by the Accounting Standards Board
Grade part of an educational programme which a learner may complete in one school year, or any other education programme which the Member of the Executive Council may deem to be equivalent thereto
Head of Department the head of an education department;
Independent school a school registered or deemed to be registered in terms of section 46 of the Act
Irregular expenditure expenditure, other than authorized expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-
- these Regulations
- SASA, 1996, as amended;
- PFMA, 1999, as amended;
- PPPFA, No 5, 2000
- Treasury Regulations to the PFMA
Learner any person receiving education or obliged to receive education in terms of the Act;
Member of staff a person employed at a school;
Member of the Executive Council the Member of the Executive Council of the KwaZulu Natal Provincial Legislature who is responsible for education in that province
Minister the Minister of Education;
Movable assets movable fixed items (excluding vehicles) owned and controlled by the schools and from which current or future economic benefits are expected to flow to the schools.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>No fee threshold</td>
<td>the level of funding per learner contemplated in the norms and standards for school funding to a public school which enables the Minister to declare a school a no fee school in terms of the Act.</td>
</tr>
<tr>
<td>Norms and standards for school funding</td>
<td>the national norms and standards for the funding of schools determined by the Minister in terms of Section 35 of the Act;</td>
</tr>
<tr>
<td>Officer</td>
<td>an employee of an education department appointed in terms of the Educators Employment Act, 1994 (Proclamation No. 138 of 1994), or the Public Service Act, 1994 (Proclamation No. 103 of 1994)</td>
</tr>
<tr>
<td>Official</td>
<td>An officer as intended in Section 1(1) (xviii) of the Public Service Act, 1994.</td>
</tr>
<tr>
<td>Parent</td>
<td>➢ The parent or guardian of a learner; ➢ The person legally entitled to custody of a learner; ➢ The person who undertakes to fulfil the obligations of a person referred to in paragraphs the points above towards the learner’s education at school;</td>
</tr>
<tr>
<td>PFMA</td>
<td>the Public Finance Management Act No. 1 of 1999 as amended</td>
</tr>
<tr>
<td>PPPFA</td>
<td>the Preferential Procurement Policy Framework Act No 5 of 2000 (as amended)</td>
</tr>
<tr>
<td>Prescribe</td>
<td>prescribe by Regulation or instruction in terms of section 76 of the PFMA</td>
</tr>
<tr>
<td>Price quotation</td>
<td>A written offer on any documentation, which may form part of a Request for Quotation (RFQ), which is not necessarily subject to the general conditions and which is dealt with through the issuing of an order.</td>
</tr>
<tr>
<td>Principal</td>
<td>An educator appointed or acting as the head of a school</td>
</tr>
<tr>
<td>Procurement of Goods and Services</td>
<td>This includes the procurement of all goods and / or services, selling / disposal of anything as well as the hiring / letting of any movable or immovable assets. Where reference is made to “procurement of goods and services” this therefore includes also “selling / disposal, letting, hiring.</td>
</tr>
<tr>
<td>Province</td>
<td>a province established by section 124 of the Constitution</td>
</tr>
<tr>
<td>Provincial legislature</td>
<td>a provincial legislature contemplated in section 125 of the Constitution</td>
</tr>
<tr>
<td>Public school</td>
<td>a school contemplated in Chapter 3 of the Act</td>
</tr>
<tr>
<td>Purchaser</td>
<td>The organisation purchasing the goods.</td>
</tr>
<tr>
<td>Registrar of deeds</td>
<td>the registrar of deeds referred to in section 2 of the Deeds Registries Act, 1937 (Act No. 47 of 1937)</td>
</tr>
<tr>
<td>School</td>
<td>a public school or an independent school which enrolls learners in one or more grades from grade R (Reception) to grade twelve</td>
</tr>
<tr>
<td>Service Level Agreement (SLA)</td>
<td>➢ An agreement entered into by the GSSC and each of the Departments’ entities addressing the specific service and the specific requirements thereof and</td>
</tr>
</tbody>
</table>
the agreed quantified; and
➢ measurable service level at which the service concerned is to be rendered. The term SLA includes any other suitable performance measurement document agreed for a specific purpose between the relevant KZNPG Department and the GSSC.

SGB means a SGB contemplated in section 16(1) of the Act
SMT the School Management Team comprised of the principal, the deputy principal and the Heads of Departments.

Useful life the period of time over which an asset is expected to be used by the school.
### 13. Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFS</td>
<td>Annual Financial Statements</td>
</tr>
<tr>
<td>AG</td>
<td>Auditor-General</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>BAS</td>
<td>Basic Accounting System used by KZN DOE</td>
</tr>
<tr>
<td>BEC</td>
<td>Bid Evaluation Committee</td>
</tr>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>BBBEE</td>
<td>Broad Based Black Economic Empowerment</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer of the KZN DOE</td>
</tr>
<tr>
<td>CPJ</td>
<td>Cash Payments Journal</td>
</tr>
<tr>
<td>CRF</td>
<td>Cheque Requisition Form</td>
</tr>
<tr>
<td>CRJ</td>
<td>Cash Receipts Journal</td>
</tr>
<tr>
<td>EBT</td>
<td>Electronic Bank Transfer</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic Funds Transfer</td>
</tr>
<tr>
<td>KZN DOE</td>
<td>KwaZulu Natal Education Department</td>
</tr>
<tr>
<td>KZNPG</td>
<td>KwaZulu Natal Provincial Government</td>
</tr>
<tr>
<td>GRAP</td>
<td>Generally Recognised Accounting Practice</td>
</tr>
<tr>
<td>GRN</td>
<td>Goods Received Note</td>
</tr>
<tr>
<td>GRV</td>
<td>Goods Received Voucher</td>
</tr>
<tr>
<td>HOD</td>
<td>Head of Department</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
</tr>
<tr>
<td>MEC</td>
<td>Member of the Executive Council</td>
</tr>
<tr>
<td>PAYE</td>
<td>Pay As You Earn (A manner for collecting revenue tax from individuals instituted by SARS)</td>
</tr>
<tr>
<td>PERSAL</td>
<td>Personnel Salaries (The payroll system operated by the Department)</td>
</tr>
<tr>
<td>PFMA</td>
<td>Public Finance Management Act</td>
</tr>
<tr>
<td>PFMA</td>
<td>Public Finance Management Act, 1999 (Act no 1 of 1999)</td>
</tr>
<tr>
<td>PMG</td>
<td>Payment Master General</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
</tr>
<tr>
<td>PPPFA</td>
<td>Preferential Procurement Policy Framework Act, No.5 of 2000</td>
</tr>
<tr>
<td>PSA</td>
<td>Public Service Act, 1994 (Act No. 103 of 1994)</td>
</tr>
<tr>
<td>PSP</td>
<td>Professional Service Provider</td>
</tr>
<tr>
<td>REF</td>
<td>Reference</td>
</tr>
<tr>
<td>RFI</td>
<td>Request for Information</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
</tr>
<tr>
<td>RFQ</td>
<td>Request for Quotation</td>
</tr>
<tr>
<td>SARS</td>
<td>South African Revenue Service</td>
</tr>
<tr>
<td>SASA</td>
<td>South African Schools Act</td>
</tr>
<tr>
<td>SCM</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>Acronym</td>
<td>Definition</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td>SGB</td>
<td>School Governing Body</td>
</tr>
<tr>
<td>SLA</td>
<td>Service Level Agreement</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SMT</td>
<td>School Management Team</td>
</tr>
<tr>
<td>TCO</td>
<td>Total Cost of Ownership</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>WCSCM</td>
<td>World Class Supply Chain Management</td>
</tr>
</tbody>
</table>