

DEPARTMENT OF EDUCATION

Enquiries: MG Jacobs
Contact No: 053 839 6557
Reference: L.2.13
Date: 21 September 2015

TO: CIRCUIT MANAGERS AND MANAGERS AT HEAD OFFICE AND DISTRICT OFFICES
PRINCIPALS OF ALL PUBLIC ORDINARY SCHOOLS
MEMBERS OF SCHOOL GOVERNING BODIES
RELEVANT UNIONS AND ORGANISATIONS
STAFF MEMBERS IN PUBLIC INSTITUTIONS

RE: INDICATIVE RESOURCE ALLOCATIONS TO PUBLIC ORDINARY SCHOOLS FOR THE 2016/2017 DEPARTMENTAL FINANCIAL YEAR.

1. PURPOSE

The purpose of this communication letter is to provide individual schools and School Governing Bodies with information on the schools indicative financial allocations for the 2016 Academic year .

2. POLICY AND LEGISLATIVE FRAMEWORK

The South African Schools Act, 1996 (Act No. 84 of 1996) as Amended .
The Education Laws Amendment Act, 2005 (Act No. 24 of 2005).
The Amended National Norms and Standards for School Funding Policy.
The National Education Policy Act, 1996 (Act No. 27 of 1996).

3. BACKGROUND

The basis on which Resource Allocations are made to South African Public Ordinary Primary and Secondary Schools was established through the 1998 publication of the National Norms and Standards for School Funding (NNSFF). It was first implemented in 2000 by Provincial Education Departments (PEDs), and represented a major innovation in South African school funding, both in terms of financing systems and pro-poor resourcing.

Section 34 (1) of the South African Schools Act requires that the State must fund public schools from Public Revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to Education and the redress of past inequalities in education provision

The school allocation is intended to finance key inputs other than personnel and buildings in the education process. Key examples of inputs for which the school allocation is intended are textbooks, stationery and non-educational items such as cleaning materials and electricity. Such inputs are necessary if educators and other personnel in schools are to perform their functions properly. The school allocation is therefore an important instrument supporting Government's commitment to fulfilling the state's Constitutional obligation to provide Education.

The Education Laws Amendment Act (Act No. 24 of 2005) has since made an Amendment to Section 35 of the South African Schools Act (Act No. 84 of 1996), whereby provision is now made for some schools serving the poorest communities in the country to be declared 'no fee schools'. Parents of learners at such schools are exempted from the payment of compulsory school fees. This implies that no compulsory school fees would be charged in the poorest schools that receive an adequate school allocation from Government. 'No fee schools' are an integral part of Government's strategy to alleviate the effects of poverty and redress the imbalances of the past. Part of the strategy is to ensure that the majority of the learners in this country exercise their right to basic education as determined by the Constitution of the country (Act No. 108 of 1996).

4. INDICATIVE RESOURCE ALLOCATION FOR THE 2016 ACADEMIC YEAR

School Governing Bodies (SGBs) are reminded that the Allocations to Public Ordinary Schools for the 2016 Academic year was computed by utilizing the 2015 Snap survey learner enrolment data. The learner data used as per the requirement of the National Norms is for Grades 1 to 12 and excludes Grade R learners as these learners are funded separately.

The Indicative school allocations were derived at by multiplying the number of learners at a respective school with the National table of targets amount as gazetted by the Minister of Basic Education for the 2016 Academic Year.

The final allocation to an individual school for the 2016 Academic year will be determined by using the 2016 10th Day Snap Survey. Once approved, the final allocation to individual schools as per the Resource Targeting Table will be issued during April 2016.

5. TRANSFER PAYMENTS

In order for Schools to determine its cash flow needs during the annual school budgeting process, it is envisaged that transfer payments to Educational Institutions will be processed as received during the 2015 Academic year.

Payment dates for Section 21 Categories will be documented in the 2016 final allocation letters issued to Schools.

6. SUBMISSION OF MONTHLY EXPENDITURE REPORTS

Schools are requested to submit monthly signed off expenditure reports as required by the Departmental financial directives to their relevant District offices by the 10th of the following month for internal monitoring purposes. Your school could utilize the templates as provided during the financial directives training should no proper electronic accounting system be in place.

7. PERCENTAGE SPLIT PER SECTION 21 FUNCTIONS

The following table illustrates the approach taken to determine the funding of Cost Categories for the 2016 Academic year. This approach is similar with that taken in 2015 and 2014:

SECTION 21 COST CATEGORY	% TARGET
Maintenance	15%
LSM	24%
Non-LSM	18%
Services	43%

The approach taken above aims to direct at least 42% of Schools per capita allocations to the purchasing of Learning and Teaching Support Material (Textbooks and Stationery).

Schools can apply in writing to shift funds from one section 21 function to the other with the approval of the MEC in terms of Section 6 of the Provincial guidelines for the preparation of a schools budget.

8. USAGE OF SA-SAMS FINANCIAL MODULE

Schools are expected to adhere to stringent financial management and reporting systems (SA-SAMS) that are reliable, efficient and verifiable. Schools are advised to utilize the SA-SAMS financial module for the recording of financial transactions and reporting purposes. This will ensure consistent reporting amongst schools within the Province for consolidation purposes.

9. NATIONAL TABLE OF TARGETS AND POVERTY DISTRIBUTION TABLE

As set out in the NNESSF policy, schools are allocated a Per Capita as per the revised National Table of Targets for the period 2015 to 2017 - Gazette Notice number 38397 – 16 January 2015.

NATIONAL QUINTILE	2015	2016	2017
NQ 1	R1,116	R1,177	R1,242
NQ 2	R1,116	R1,177	R1,242
NQ 3	R1,116	R1,177	R1,242
NQ 4	R559	R590	R622
NQ 5	R193	R204	R215
NO FEE THRESHOLD	R1,116	R1,177	R1,242
SMALL SCHOOLS: NATIONAL FIXED AMOUNT.	R25,843	R27,264	R28,764

Shown below is the National Poverty Distribution Table, which informs the spread of learners per quintile for the Northern Cape and the Country.

National Poverty Distribution Table						
	Q1	Q2	Q3	Q4	Q5	TOTAL
Northern Cape	21.5	19.3	20.7	21.4	17.1	100%
South Africa	20%	20%	20%	20%	20%	100%

10. REVIEW OF SCHOOLS FINANCIAL INFORMATION

The review of Schools Audited financial information submitted to the Department will be communicated to you during the Departmental 2015/2016 financial year in a separate communication letter. You are requested to promptly respond to the findings and indicate the remedial measures that will be implemented to ensure the non-occurrences.

11. LEGISLATION RELATING TO SCHOOL FINANCES AND FINANCIAL GUIDELINES

Schools are requested to strictly adhere to the provisions of the South African Schools Act, National Norms and Standards for School funding and related policy and financial guidelines issued in ensuring the success of our schooling system. Enquires relating to Legislation effecting schools could be directed to the Departments Legal Services unit.

12. SCHOOL BUDGETS

The Public Finance Management Act (1999) also addresses the issue of transparency. This implies that entities receiving funds must disclose to all stakeholders its School Development Plans (whole school development plan and/or school improvement plan) that

show where the funds come from, what it was intended for, what it will be used for and when and how it will be used.

Reference is made to circular 92 of 2009 for completion of your schools budget with the recommended templates to be used should no proper accounting system exist. Kindly be informed that the Draft budgets of schools **MUST** reach your District Office and a copy dispatched to Head office (Institutional Funding Unit) by no later than **30 November 2015**.

Kindly be advised that approval must be sought from the Head of Department should the school utilize its own budget template instead of the prescribed as stated in Section 5.3 of the Provincial guidelines for the preparation of a schools budget

13. WITHHOLDING OF LSM FUNDING

It is envisaged that the LSM allocation as reflected in the Indicative allocation letter will be withheld by the Provincial Education Department due to the centralized Top-up and additional textbook procurements for the forthcoming financial year. Schools are advised not to include the LSM allocation as part of their budgetary processes. Further details relating to the centralized procurement will be communicated in a separate communication letter . A reference is made to circular 58/2011 for further information on this matter.

14. NO FEE AND FEE PAYING SCHOOLS

For the 2016 Academic year, all Quintile 1, 2 and 3 schools will be declared 'No fee' schools.

Due to the increased number of no fee learners experienced during the 2014 and 2015 Academic years, the Northern Cape Department of Education will not be in a position to equalize quintiles 1, 2 and 3 schools (No fee schools) at a per capita of R1, 177. The per capita allocation for quintiles 1, 2 and 3 schools will be capped at R1, 125 per learner for 2016.

The additional funding provided over the MTEF period for the equalization of no fee schools in the Province was mainly utilized to accommodate additional no fee schools and the provision of a higher per capita allocation toward schools located within quintiles 4 and 5 (Fee paying schools).

Schools within Quintiles 4 and 5 receiving a per capita allocation between the minimum and maximum amounts have been allocated a computed increased adjustment of 5.25% for Quintile 4 and 5.39% for Quintile 5.

The National percentage for no fee learners in the Northern Cape Province is 61.50% as per the Revised National Poverty Distribution Table whereby the Province has surpassed this by 8.38%.

For the 2016/2017 financial year, 415 schools in quintiles 1, 2 and 3 will be declared No Fee Schools, which is 75.18% of the total schools within the Northern Cape. This translates to 69.88% of learners in no fee schools which will be 8.38% above the National Percentage as prescribed by the Revised National Poverty Distribution Table.

15. SECTION 21 FUNCTIONS OF SCHOOLS

School Governing Bodies that have been allocated the relevant SASA Section 21 functions and receive the school allocation as a monetary transfer into the school fund, must administer this money in accordance with the SASA. Such schools may carry out their own procurement and may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures, the financial directives issued in terms of Section 37 of the SASA and paragraph 133 of the Amended Norms and Standards for School Funding. However, such schools may not enter into contractual agreements with service providers that will extend beyond the term of office of the SGB.

School Governing Bodies that have NOT been allocated Section 21 functions MUST plan and allocate budget to their plans. These schools are expected to manage implementation of their plans and their paper budget and follow procurement processes through the District Offices. The schools must keep record of all their procurement and payments made by the District office. These records will be required when the school is assessed for the allocation of Section 21 functions.

During the 2016 Academic year, all schools will be required to re-apply for their Section 21 functions in order for the Department to re-assess and re-evaluate the financial management capacity of School Governing Bodies. This will be communicated to schools via a separate communication.

16. PROVISION OF ACCURATE LEARNER INFORMATION TO THE DEPARTMENT

Schools are advised to provide accurate and complete learner information as requested by the Departmental EMIS unit.

Incomplete learner information provided by schools will result in all allocations being withheld for the 2016 School Academic Year.

Transfer payments to Educational Institutions may be withheld by the Provincial Education Department in the following instances:

1. Non – submission of audited annual financial statements for the preceding school financial year.
2. Incomplete/Incorrect learner information supplied to the Education Management Information System Unit (EMIS) as directed by CEM.
3. Persistent non-compliance with relevant Legislation or mismanagement/ Loss of funds being detected.

17. AUDITED FINANCIAL STATEMENTS OF PUBLIC ORDINARY SCHOOLS

In compliance with Section 43(5) of the SASA, a copy of the **Audited** Financial Statements for the period 1 January 2014 to 31 December 2014 had to be submitted to the Head of Department (Institutional Funding Unit, Private Bag X5029, Kimberley, 8301) by 30th June 2015 through your respective District office. Failure to meet this compliance requirement will result in subsequent transfer payments to the school being withheld. The Department has noted with serious concern, a trend that is developing whereby schools are submitting **unaudited** financial statements which is a serious transgression of the Schools Act.

Annual Financial Statements submitted to the Northern Cape Department of Education which are Unaudited, audited by an unregistered auditor etc will be returned back to the individual school and regarded as non-submission .

A separate communication letter will be forwarded to all schools which have not submitted their 2014 Audited Annual Financial Statements as at the date of this circular for documentary responses pertaining to the non-compliance.

18 FEE EXEMPTIONS GRANTED TO PARENTS AND COMPENSATION FOR FEE EXEMPTIONS.

Fee paying schools are required to adhere to the Regulations relating to the exemption of parents from the payment of school fees in public schools - Government gazette no 29311 of 18 October 2006.

Paragraph 8.5 requires that a Governing Body must submit to the Head of Department or his or her delegate a *final table* of:

- a the number of applications for exemption of parents from the payment of school fees considered;
- b the number of total exemptions granted;
- c the number of partial exemptions granted; and
- d the number of applications not granted.

This information must be forwarded to the Institutional Funding Unit at Head office and a copy to your relevant District office by no later than **30 November 2015**. Your school will be provided with a separate reminder letter and template during the month of **October 2015**.

Information collected from the Provisional and Final exemption tables are utilised by the Department for financial planning purposes, trend analysis and comparative statistical analysis. Schools not adhering to the regulations such as non-submission of requested information will be requested to provide the NCDOE with a written response for the non-compliance.

Applications for Compensation of fee exemptions granted during the 2014 Academic year has been officially closed and the results will be communicated via a separate letter during 2015 . Payments to qualifying institutions will be processed during November 2015.

19. TOP UP ALLOCATION TO SMALL SCHOOLS

In accordance with paragraph 109A of the National Norms and Standards for school funding policy, Small schools receiving an allocation below the National determined figure of R27,264 will be granted a Top-up allocation to R27,264 for the 2016 Academic year.

20 NATIONAL SCHOOL NUTRITION PROGRAMME


For budgeting purposes for the 2016 Academic year regarding the National School Nutrition Programme funding, schools could utilize the final 2015 allocations per capita for next year's budget inputs and adjust it upwards by 5%.

21 APPEALS

Should a school suspect calculation errors in its Norms and Standards allocations, Poverty Ranking, No Fee Status or if a unique situation exists at a school, the school may appeal against its Allocation to the Head of Department (EMIS Unit, Private Bag X5029, Kimberley, 8301). Appeals must be brief and concise and must reach the Department by no later than **30th October 2015**. Schools will be notified of their appeals outcome and the results will be factored into the final allocations.

The Department would like to express its gratitude to School Governing Body members, Parents, School principals and relevant staff members for attending the financial management training sessions which were conducted during the months of August and September 2015.

Kind Regards


----- a

MR PHARASI
THE HEAD OF DEPARTMENT
NORTHERN CAPE DEPARTMENT OF EDUCATION