



DIE VERANDERING IN ONDERWYS  
THE CHANGE IN EDUCATION



## FINANCIAL MANAGEMENT

### THE UTILISATION OF SCHOOL PROPERTY/ASSETS



## DEFENITIONS



- An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide a future benefit. Assets are reported on a company's balance sheet and are bought or created to increase a firm's value or benefit the firm's operations. An asset can be thought of as something that, in the future, can generate cash flow, reduce expenses or improve sales, regardless of whether it's manufacturing equipment or a patent.

# DEFENITIONS



- In financial accounting, an **asset** is any resource owned by the business. Anything tangible or intangible that can be owned or controlled to produce value and that is held by a company to produce positive economic value is an asset. Simply stated, assets represent value of ownership that can be converted into cash (although cash itself is also considered an asset). The balance sheet of a firm records the monetary value of the assets owned by that firm. It covers money and other valuables belonging to an individual or to a business.
- An asset represents an economic resource for a company or represents access that other individuals or firms do not have.

# CATEGORIES OF ASSETS



- Assets can be broadly categorized into **short-term assets, fixed assets, financial investments** and **intangible assets**. Assets are recorded on companies' balance sheets based on the concept of historical cost, which represents the original cost of the asset, adjusted for any improvements or aging.
  - Current assets include cash and cash equivalents, accounts receivable, inventory, and various prepaid expenses
  - Fixed assets are long-term resources, such as plants, equipment and buildings. An adjustment for the aging of fixed assets is made based on periodic charges called depreciation, which may or may not reflect the loss of earning powers for a fixed asset.
  - Financial assets represent investments
  - **Intangible assets** are economic resources that have no physical presence. They include **trademarks**, branding, intellectual property and goodwill.



- Sec 37 of SASA. School funds and assets of public schools
- Sec 58A Alienation of assets of public school
- (1) The Head of Department has the right to compile or inspect an inventory of all the assets of a public school.
- (2) **No person may alienate any assets owned by a public school to another person or body without the written approval of the MEC.**
- (3) Despite subsection (2), the Member of the Executive Council may—
  - (a) determine that certain categories of assets below a certain value may be alienated without his or her written approval; and
  - (b) determine and publish the value contemplated in paragraph (a) by notice in the Provincial Gazette.
- (4) The assets of a public school may not be attached as a result of any legal action taken against the school.

# MANAGEMENT OF ASSETS



- **All money received** by a public school including school fees and voluntary contributions must be **paid into the school fund**.
- The SGB of the school must open and maintain **one banking account**, but a SGB of a public school may, with the approval of the MEC invest surplus money in another account.
- **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.
- **All assets acquired by a public school on or after the commencement of this Act are the property of the school.**

# MANAGEMENT OF ASSETS



- The school fund, all proceeds thereof and any other assets of the public school must be **used only for educational purposes**, at or in connection with such school; educational purposes, at or in connection with another public school, by agreement with such other public school and with the consent of the HoD; the performance of the functions of the SGB; or another educational purpose agreed between the governing body 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.

# MANAGEMENT OF FUNDS AND ASSETS



- Details of the management of funds and assets (contained in s37(2) to (7) of SASA) are stipulated in the **school's financial policy**
- Management of funds and assets start with an approved budget as well as clear principals on procurement, signing rights and record-keeping
- The SGB must also administer and **control all movable and fixed assets of the school**
- All assets must be clearly marked with an unique inventory number and be recorded in an asset or stock register
- Person in charge of inventory must report to finance committee
- The finance committee must certify inventory as correct



## STOCK REGISTER / INVENTORIES



- The Principal can appoint (in writing) one person to be the “**stock controller**”. Even if this task is delegated, the principal is still personally responsible for keeping the inventories for assets and stock, up to date. Principals must take the necessary precautions against damage, fire or theft. If negligence can be proved, the negligent person will be required to compensate the Department.
- Before submitting orders, the principal should survey each grade’s needs, check the stock on hand and ensure that the right equipment and books are ordered.

## STOCK REGISTER / INVENTORIES



- A Section 21 school needs only one stock register as all moveable assets are transferred to the school. A Non-section 21 school should have two registers: One for departmentally provided assets and another for assets purchased from school funds.
- The pages of the Stock Register should be numbered consecutively. Each item and each group of textbooks has its own page. The page should have three sections: Receipts, Disposals and Annual Stocktaking information

## STOCK REGISTER / INVENTORIES



- The Head of Department has the right “to compile **or** inspect an inventory”.
- Schools should keep inventories of their movable assets.
- Should a school not have an inventory, the Head of Department will have the right to compile one, and should the school already have an inventory, the Head of Department will still have the right to inspect it.

# ANNUAL STOCKTAKING



- By tasking delegated persons, the principal must take stock of all stores, equipment and livestock at least once every financial year. There should be at least two persons to do the stocktaking and they should be different from the usual stock controller.
- A good practice which is used in many schools is to hire an external service provider to mark all items and undertake the annual stocktake.

# STOCKTAKING PROCEDURES



- The aim of stocktaking is to see if the actual items correspond with the balances on the records. The Stock Controller cannot do his / her own stocktaking but must be present when the appointed persons take stock.
- After stocktaking has been completed, the controllers will be asked to explain any surplus, shortage or deficiency found. Each controller could be held liable for any discrepancies.
- After the annual stocktake, a report should be made to the SGB

## ALIANATION OF ASSETS



- The prohibition on the alienation of assets is quite comprehensive. It literally includes all school assets. No assets can therefore be sold or alienated in any other way without the MEC's written permission.
- It sometimes happens that schools are saddled with dated, worn or useless assets, or that schools want to trade in existing assets for new ones. For all of these alienations, schools will however now have to obtain written approval.

## ASSETS OF SCHOOL / STATE?



- Sometimes school governing bodies also believe that there is a difference between assets acquired by the school itself, and assets transferred to the school by the State. There is however no difference.
- The provision that no school assets may be attached as a result of any legal action against the school is quite significant. This will mean that creditors will have no recourse against the school to enforce payment if the school does not pay its accounts. As soon as suppliers of goods and services become aware of this provision, schools will find it increasingly difficult to obtain goods and services on credit.

## HINTS



- Asset register in each class / office / store
- Sign in and out
- Take stock at end of each season (athletics / hockey etc)
- Individuals should be held responsible for loss of assets



## REFERENCES



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