

# Financial Policies and Management

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**SAOU**

DIE VERANDERING IN ONDERWYS  
THE CHANGE IN EDUCATION



“Finance is not merely about making money. It’s about achieving our deep goals and protecting the fruits of our labour. It’s about stewardship and, therefore, about achieving the good society”

Robert J. Shiller

The logo for SAOU, featuring the letters 'S', 'A', 'O', and 'U' in a stylized font. The 'S' and 'U' are blue, while the 'A' and 'O' are yellow. The letters are bold and have a slight shadow effect.

SAOU

# Financial Policies

- The South African Schools Act (SASA), 1996 (Act No. 84 of 1996), as amended
- *GDE: Financial Management and Reporting Guidelines for Public Schools*
- GDE Circular
- Governing Body Regulations for Public Schools





## What the SGB must do in terms of SASA

- ✓ Take all reasonable measures within its means to supplement the resources supplied by the State to improve the quality of education provided by the school to all learners at the school. SASA 36 (1))
- ✓ Establish a school fund and Administer it in accordance with directions issued by the Head of Department. SASA.37(1).
- ✓ Ensure that all money received by a public school including school fees and voluntary contributions must be paid into the school fund. SASA. 37(2)
- ✓ Open and maintain one banking account. SASA.37(3)



# What the SGB must do in terms of SASA

## (Continued)

- ✓ Ensure that 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. SASA.37(4) ).
- ✓ Ensure that the school fund, all proceeds thereof and any other assets of the public school must be used only for educational purposes for the school or another school as agreed with such other school and the Department of Education or the performance of the functions of the governing body. SASA. 37(6)
- ✓ Prepare a budget each year according to prescriptions determined by the Member of the Executive Council in a Provincial Gazette, which shows the estimated income and expenditure of the school for the following financial year. SASA. 38(1)





## What the SGB must do in terms of SASA (Continued)

- ✓ Keep records of funds received and spent by the public school and of its assets, liabilities, and financial transactions. SASA.42(a).
- ✓ 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. SASA.42(b).
- ✓ 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. SASA.43(5)

## What the SGB must do in terms of SASA (Continued)

Appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005), to audit the records and financial statements of a school. SASA.43(1)

(i) if the audit referred to in subsection (1) **is not reasonably practicable**, the governing body of a public school must appoint a person to examine and report on the records and financial statements referred to in section 42, who—

aa) 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

bb) is approved by the Member of the Executive Council for this purpose.





## What the SGB cannot do in terms of SASA

- ✓ Allow for a member of the governing body to be remunerated in any way for the performance of his or her duties. SASA. 27(2) However necessary expenses incurred by a member of a governing body in the performance of his or her duties may be reimbursed by the governing body. SASA. 27(1).
- ✓ Enter into any loan or overdraft agreement to supplement the school fund, without the written approval of the Member of the Executive Council. SASA.36(2) [Circular 05 of 2021]
- ✓ Invest surplus money in another account without the approval of the MEC. SASA.37(3) [Circular 05 of 2021]
- ✓ Allow Money from the school fund of a public school to be paid into a trust or be used to establish a trust. (SASA.37(7)(a))



## What the SGB cannot do in terms of SASA (Cont)

✓ Pay or give to a state employee remuneration, other financial benefit and benefit in kind without the prior approval of the employer. **SASA.38A (1)**

(i) However, the governing body may pay travel and subsistence expenses relating to official school activities but such expenses may not be greater than those that would be payable to a public servant in similar circumstances. **SASA.38A (5)**

(ii) If a governing body pays remuneration or gives any financial benefit or benefit in kind contemplated in subsection (1) to an employee without prior approval of the employer, the amount of money paid or benefit given must be recovered by the employer on behalf of the school from members of the governing body who took that decision. **SASA. 38A (9)**

(iii) Appoint a person who has a financial interest in the affairs of the public school to audit or examine the financial statements of the school



## Role of the principal relating to finance management (SASA.16A)

- a) Assist the governing body with the management of the school's funds, which assistance must include
  - (i) the provision of information;
  - (ii) the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school
- b) Take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school
- c) Be a member of the finance committee or delegation of the governing body to manage any matter that has financial implications for the school;
- d) Report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.



A Finance Committee should be established in terms of Section 30 of SASA be composed as follows:

- (i) Treasurer (Chairperson - who must be a member of the SGB);
- (ii) Principal;
- (iii) SGB Chairperson;
- (iv) Finance Officer; and
- (v) Co-opted finance expert (Where applicable).

## The possible duties of the Finance Committee will be the following:

- (i) Support the treasurer in administering his duties;
- (ii) Develop a finance policy and implement it; e.g EFT payments
- (iii) Draw up the budget each year;
- (iv) Ensure that all procurement is done through prescribed Preferential Procurement Regulation, 2017;
- (v) Advise on fundraising;
- (vi) Advise on ways to invest surplus money;
- (vii) Advise the SGB on amount of school fees to be charged;
- (viii) Advise the SGB on exemptions from school fees;
- (ix) Assist the financial officer in drawing up annual financial statements; and
- (x) Suggest who should be appointed as auditor. [3 quotations]

The Finance Committee may not take final decisions on any financial aspect.  
This is the sole prerogative of the SGB.



## Meeting procedures of the Finance Committee

- ✓ The Finance committee should meet at least once a month to monitor the income and expenses of the school and quarterly with the SGB to present the financial records of the school.
- ✓ Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the committee and any other person required to attend, no later than 5 (five) business days before the date of the meeting. Supporting papers shall be sent to committee members, and to other attendees as appropriate, at the same time
- ✓ All FINCOM recommendations shall be presented to the SGB for approval

# FINANCIAL GOVERNANCE

- Does the school have an appointed finance clerk (SGB or GDE)?
- Can the finance clerk work effectively on Excel/Accounting Package?
- Does the school have a financial official overseeing/ managing/controlling and reporting the financial status to the Financial Committee of the school ?
- Does the school have a Finance Committee (Fincom)? SASA Section 30 (1)(a)
- Does the school Fincom meet once in every month, reporting on the financial status of the school?
- Are the roles and responsibilities of the Fincom clearly defined?
- Does the school have an appointed Treasurer (SGB)?
- Does the SGB receive school financial information from the Fincom? Timeframe
- Does the Fincom clearly explain the financial status of the school during the SGB meetings?
- Are minutes taken in all Fincom meetings and signed by the Treasurer?
- Does the principal have a filing system to store all financial documents/copies and minutes of all meetings?



## FINANCIAL PLANNING

- Does the school have a School Development Plan (SDP)?
- Does the school have an updated financial policy? (date)?
- Does the school prepare annual budgets?
- Is the school's budget aligned to the SDP?
- Does the school prepare and comply with a monthly projected cash Flow?
- Does the SGB present the budget at the Annual General Meeting (AGM)?
- Is a resolution to adopt the relevant annual budget taken at the AGM?
- Do Parents sign an attendance register at the AGM?

## BUDGET MONITORING

- Is the budget compared to the income/expenditure on a monthly basis?
- Is the variance report presented to the SGB on a monthly basis?
- Should there be a deviation from the budget, is there proof of authorisation/approval in the minutes by the SGB?
- Does the school prepare monthly cash flow forecasts?



## BANK AND CASH

- Does the school have a bank account?  
Current Account                      Savings Account  
Investment Account                  Trust Account
- Does the school have a register/recording system to record respectively all income and all expenditure (Manually or electronically)?
- Does the school have pre-printed receipt books with sequence numbers?
- Is collected cash banked within 24 hours on a daily basis?
- Is there a reconciliation on file where each total deposited amount (deposit book/slip) and the receipt book (per sequence numbers) balances with the income register? (Reconciliation between cash received and cash deposited)
- Are duties divided for the receiving and deposit process? (Segregation of duties)
- Is there an appointed official who receives revenue (cash and/or Bank deposits)
- Is there a different official appointed to reconcile and deposit cash daily?



## BANK AND CASH (continued)

- Does the school use collected cash to pay suppliers?
- Does the school pay advances to staff member (e.g. Salary)?
- If YES, is it done in accordance with the approved finance policy?
- Does the official/staff member sign an agreement to pay back advances when they receive their salary from GDE and does the school have records of these transactions? (Debt Letter)?
- Are Bank Statements printed (collected) and reconciled with the schools income and expenditure on a monthly basis?



## BANK AND CASH (continued)

- ✓ **Does the school have an overdraft facility/loan/2<sup>nd</sup> bank account?** Section 36(2) of SASA - that a public school may not enter into any loan or overdraft agreement so as to supplement the school fund, without written approval of the MEC
- ✓ **Does the school have proof that the HOD / MEC approved the application of the overdraft/loan/2<sup>nd</sup> bank account for the term requested?**
- ✓ Circular 5 of 2021

## PURCHASING

- ✓ Are requisition forms for procurement of goods and services completed, prior to placing an order?
- ✓ Does the school obtain three quotations before considering the placing of the order? (Value for Money and Finance Policy)
- ✓ Are reports/ motivations given when the lowest quotation is not accepted/chosen?
- ✓ Does the school procure goods and services strictly according to the approved budget without deviation?
- ✓ Does the school procure goods and services outside the approved budget?
- ✓ If the school procures goods and services outside the approved budget, is there SGB approval on record and filed for such goods and services and a copy attached to the order?



## PURCHASING (continued)

- ✓ Are sequential numbered order forms (books) utilized and same order forms duplicated for recording and filing purposes?
- ✓ Are orders approved by the SGB or an authorised official according to the finance policy?
- ✓ Are goods and services checked upon delivery for correctness (quantity and quality) and in accordance with the order, prior to preparing payment and checked by whom?
- ✓ Has the school entered into any contracts? (Cell phone towers, LSD's, etc.) The SGB should also note section 36(4)(a) of SASA. According to subsection (i), the SGB must obtain the MEC's approval to lease, burden, convert or alter the fixed property of a school to provide for school activities or to supplement the school fund and (ii) to permit any person to do any business on the school property in order to supplement the school fund.
- ✓ **Circulars 3 and 5 of 2021**

## PAYMENTS - Circular 2 of 2021

- ✓ Are all payments made by means of EFT's ?
- ✓ Are payment requisition forms duly completed for payments by means of EFT's and are all supporting documents for these payments attached for the above transactions?
- ✓ Are duties divided for the payment process? (Segregation of duties)
- ✓ Is there an official that creates beneficiaries for EFT payments of invoices after a three way match has been confirmed? (Requisitions, orders and invoices/delivery notes) (Capturer of beneficiaries for EFT payments)
- ✓ Is there a different official to verify/check and sign the correctness of beneficiaries payments details (Authoriser)?
- ✓ Is there a different official other than the above two officials to release the payments to the beneficiaries (Releaser)?
- ✓ Do supporting documentation exist and presented to the Authoriser when cheques are signed or EFT's are authorised?



## PAYMENTS (Continued)

- ✓ Are payments made only after numbered invoices are verified as valid and a copy attached to the order, in order to prevent the duplication of payment?
- ✓ Are invoices approved for payment by relevant members of the SGB?
- ✓ Are all paid invoices marked PAID and filed securely?
- ✓ Does the school have any debit/credit cards (Pretorium Trust, Koopkrag, Makro, petrol and/or bank credit/debit/etc.) See Cir 5 of 2021 2.2.1.
- ✓ If Yes who is in possession of each card and name the position of the officials per card ( E.g Principal, Treasurer)?.
- ✓ Are the card statements reconciled with orders and payments on a monthly basis?
- ✓ Have all supporting documents for payment been filed in sequence numbers of the order forms issued attached?
- ✓ Does the FINCOM monitor the reconciliation every month with Bank statement – income and expenditure?

## PETTY CASH

- ✓ Does the school have Petty Cash at hand and is it part of the Finance Policy?
- ✓ Is the Petty Cash managed by an Imprest System?
- ✓ Is the petty cash level kept at the prescribed level according to the policy? (i. e. R3 000.00 per month - GDE Cir 2 of 2021. A request to increase the above limit must be forwarded to the GDE
- ✓ Are requisition forms completed when requesting petty cash, explaining the purpose and items/services required (Petty Cash Voucher) ?
- ✓ Is petty cash expenditure supported by the Petty cash Requisition (Voucher) and Receipts?
- ✓ Has the school budgeted for the goods and services to be procured via petty cash?



## PETTY CASH (continued)

- ✓ Are receipts and the difference of the money between what was received and the amount of the receipts, submitted to the finance office within 48 hours?
- ✓ Are there regular independent checks done on the Petty Cash?
- ✓ If yes, by whom, how regular and does evidence exist by means of signatures of the relevant officials performing the checks/verifications?
- ✓ Are proper records kept and filed for Petty Cash transactions?
- ✓ If yes, by whom and does evidence exist by means of documentation/spread sheets and signature/s of the relevant official/s performing the reconciliation?

## FINANCIAL CONTROL

- ✓ Does clear documented controlled financial operational procedures exist, E.g. are financial duties clearly defined and separated? (i.e. **Segregation of duties** )
- ✓ Are accounting records properly maintained?
- ✓ Are accounting records kept securely at the school?
- ✓ Are all transactions transparent and accountable and can all transactions be audit trailed?
- ✓ Are controls in place in case of staff absence?
- ✓ Does the school use e.g. VIP to calculate Taxes for SGB employees



## ASSET CONTROL

- ✓ Does the school maintain a stock/ asset register of movable assets? (e.g. Tables, chairs, desks, cupboards, IT equipment, Lawnmowers etc)
- ✓ Does the school update the stock/ asset register every quarter?
- ✓ Does the school provide for asset depreciation in order to replace/ purchase redundant/obsolete/ old assets?
- ✓ If Yes, does it reflect on the school's Annual Financial Statements?
- ✓ Does the school keep record of the movement of moveable assets?
- ✓ Does the school keep a register of damages, losses and theft of school property?
- ✓ Does a paper trail exist for the above for auditing purposes?





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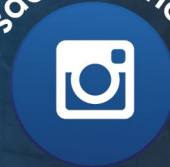
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