

**PN 29 of 28 February 2020: Prescription for the management of funds in public schools
(Provincial Gazette No. 3068)**

LIMPOPO DEPARTMENT OF EDUCATION

I Shela Paulina Boshielo, Member of the Executive Council responsible for Education in the province of Limpopo have determined prescriptions for the management of school funds in Public Schools in terms of the following sections of the South African Schools Act, 1996 Act No. 84 of 1996) as amended, which hereby determine on-

- . Section 38, the Annual budget of the school;
- . Section 38A, Prohibition of payment of unauthorised remuneration or giving of financial benefit or benefit in kind to certain employees;
- . Section 39, School fees at public schools;
- . Section 40, Parent's liability for payment of school fees;
- . Section 41, Enforcement of payment of school fees;
- . Section 42, Financial records and statements of public schools;
- . Section 43, Audit or examination of financial records and statements.

(Signed)

S.P. BOSHELLO

MEMBER OF EXECUTIVE COUNCIL: EDUCATION

DATE: 07/11/2019

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1. DEFINITIONS

- 1.1 **"School Governing Body"** means a School Governing Body (SGB) as contemplated in **section 18** of South African Schools Act (Act No. 84 of 1996);
- 1.2 **"School Fund"** means all monies lawfully received by a public school irrespective of the source as contemplated in **section 39** of the Schools Act;
- 1.3 **"Public School"** means a school contemplated in **section 12** of South African Schools Act 84 of 1996 as amended;
- 1.4 **"MEC"** means Member of Executive Council for Education in the Limpopo Province;
- 1.5 **"Head of Department"** (HOD) means Superintendent General, as the Principal Accounting Officer and Head of Department for Education in the Limpopo Province invested with powers and duties in terms of South African Schools Act, Public Finance Management Act and other related laws pertaining to Education in the Limpopo Province;
- 1.6 **"Prescripts"** means rules and Regulations and standards set for the managing and controlling of school funds in Public schools in the Limpopo Province;

- 1.7 **"No-fee schools"** means schools that will not be allowed to charge mandatory school fees;
- 1.8 **"School fees"** means school fees as contemplated in **section 39** of the South African Schools Act (Act No. 84 of 1996 as amended) and includes any form of contribution of a monetary nature made or paid by a person or body in relation to the attendance or participation by a learner in any programme of a public school;
- 1.9 **"Fund raising"** means a process of soliciting and gathering contribution in money or other resources to augment resources of the school;
- 1.10 **"Major expenditure"** refers to any payment from school fund in excess of R30, 000;
- 1.11 **"Indicative allocations"** means an indication of the amount to be transferred to schools;
- 1.12 **"Mandatory school fees"** means money charged towards the running of the school.

2. LEGISLATIVE FRAME WORK.

- 2.1 Constitution of RSA.
- 2.2 SASA (South African Schools Act 84 of 1996 as Amended).
- 2.3 PFMA (Public Finance Management Act, No. 01 of 1999).
- 2.4 Amended National norms and standards for school funding.
- 2.5 Any other applicable law.

3. RESPONSIBILITY OF STATE

- 3.1 The state through the Provincial Governments has a responsibility to fund public schools from public revenue equitably.
- 3.2 The Provincial Education Department must on an annual basis provide public schools with indicative budget allocations to enable them to prepare their annual budgets for the following school financial year.
- 3.3 Indicative figures shall be provided to schools by not later than **30 September** of each year.
- 3.4 Final budget figures should be made available to the schools by **30 April** of each year.

4. RESPONSIBILITY OF SCHOOL GOVERNING BODIES

- 4.1 The powers of the School Governing Body are broadly set out in **section 20** of South African Schools Act (Act No. 84 of 1996). Over and above these functions, the School Governing Body has a responsibility to make all reasonable efforts within its means to augment/supplement the resources supplied by the Provincial Education Department in order to improve the quality of education at the school, e.g. Donations. The Department is at present providing the following resources to schools: human resources, financial resources (funds as per school funding norms), learner teacher support materials (LTSM), furniture and Infrastructure. Budget template makes provision for different fundraising activities to supplement revenue. (moved from 4.3 to 4.1).
- 4.2 The School Governing Body shall however, not enter into any loan or overdraft agreement to supplement the school fund without the written approval of the MEC.
- 4.3 For engaging in commercial activities for fund raising, the School Governing Body should first consider the enabling Acts and all relevant legislation.
- 4.4 The deliberation and execution of SGB responsibilities should be documented i.e. minutes of all meetings to be readily available.
- 4.5 The SGB and Finance committee should meet once per month to effectively execute its responsibilities.

5. SCHOOL FUNDS OF PUBLIC SCHOOLS

5.1 ESTABLISHMENT OF SCHOOL FUNDS

- 5.1.1 All monies received by a public school form part of that school's revenue and must therefore be recorded as such.
- 5.1.2 The School Governing Body must establish and administer a school fund.
- 5.1.3 Any school fund established and maintained by a school governing body, school finance committee, trust committee or management council, nutrition committee or other committees before the date of coming into operation of these Prescripts, must be deemed to be a school fund established in terms of these Prescripts. However, if the banking account is not a current/cheque account, the account must be closed, and one Current/Cheque account opened.

- 5.1.4 Schools should maintain one bank account for all activities, with the exception of schools with hostels and National Schools Nutrition Programme (NSNP), where separate accounts may be maintained with the permission of the MEC.
- 5.1.5 A Finance Committee must be established with the following as members: Principal, SGB Chairperson, Treasurer, Finance officer and a co-opted member with financial expertise. The recommendations of the Finance committee shall be ratified by the SGB.
- 5.1.6 The Principal, in consultation with the School Governing Body, must in writing delegate a permanently appointed Administrative Officer who is not an elected SGB member, to keep the school fund books. If the school does not have a permanently appointed Administrative officer, an educator with a financial background, who is not an elected SGB member, may be delegated in writing to keep the school fund books. The term of office of the Finance Officer shall be 03 years and shall be in line with the term of office of the SGB.
- 5.1.7 The person referred to above will be known as the Finance Officer. The Finance Officer and the Treasurer should not be the same person.

6. SOURCE OF SCHOOL FUNDS AND REVENUE

6.1. THE SCHOOL REVENUE MAY TAKE ONE OR MORE OF THE FOLLOWING FORMS

- 6.1.1. Income from school fees.
- 6.1.2. Hostel fees (kept in a separate bank account).
- 6.1.3. Fund raising.
- 6.1.4. Government allocations.
- 6.1.5. Donations and grants.
- 6.1.6. Investment [provided permission is granted].

6.2. THE USE OF SCHOOL FUNDS IN PUBLIC SCHOOLS (Quintile 1-5)

Any donation, grant and other payments with conditions attached must be complied with. Public schools (Quintile 1-5) must use school funds for-

- 6.2.1. Educational purposes at or in connection with such school.
- 6.2.2. Educational purposes at or in connection with another public schools, provided permission is obtained from the Head of Department.
- 6.2.3. Educational purposes at or in connection with another public school. There should however be an agreement between the two schools and permission should be obtained from the Head of Department.
- 6.2.4. Performance of the School Governing Body functions.
- 6.2.5. Educational purposes agreed to between the School Governing Body and the Head of Department.
- 6.2.6. Payment of expenses towards repairs and maintenance of school property.
- 6.2.7. Procurement of security services.
- 6.2.8. Payment of services related to the running of the school.
- 6.2.9. Payment towards improvement of safety and security measures for schools as contemplated in SASA (as amended) and Occupational Health and Safety Act.
- 6.2.10. **Top up LTSM:** For example, textbooks, readers, reference books, atlases, dictionaries, workbooks, charts, models, posters, maps, televisions, video recorders, video tapes, home economics equipment, science laboratory equipment, musical instruments, etc.
- 6.2.11. **Non-LTSM equipment:** For example, top up learners desks, top up chairs, office furniture, photocopying paper, copying machines, telephones sets, fax machines, intercom systems, equipment for internet connectivity in schools, hardware tools, cleaning equipment, first aid kit, protective clothing for cleaners, sporting equipment, electrical accessories, cleaning material, etc.
- 6.2.12. **Educational tours/Excursions:** Schools must apply for approval from the District Director to use school allocations to subsidize or to pay for educational tours/excursions.
- 6.2.13. **Bereavements:** Schools may use school allocations to subsidize or pay for transport of learners to attend funerals of their fellow learners, educators, support staff and SGB members. Expenditure on transport for bereavements should not exceed 1% of the total allocations.
- 6.2.14. **Reimbursement:** School allocations may be used to reimburse SGB members who incur costs in the performance of their SGB activities or while they are accompanying learners on a school trip/excursion.
- 6.2.15. **Excellence awards:** Budgeted excellence awards and token of appreciation (to be catered for under curriculum budget).
- 6.2.16. **Affiliations:** Schools may pay affiliation to educational associations.

6.2.17. No school shall embark on capital projects and capital assets without approval from the HOD.

6.3 WHAT SCHOOL ALLOCATIONS CANNOT BE USED FOR:

- 6.3.1 Remuneration of SGB employed personnel.
- 6.3.2 Erection of new buildings (Capital Projects).
- 6.3.3 Loans to individuals or other institutions.
- 6.3.4 Hostel expenditure (where the hostels are managed by SGBs).
- 6.3.5 Subsidizing of school trips, matric dances and farewell functions.

6.4 DISTRIBUTION MODEL OF ALLOCATIONS FOR PUBLIC SCHOOLS

6.4.1 Annual budgets of public schools should be guided by the following distribution model-

(i) **50% for Curriculum activities**

Examples: Supplementary LTSM, buying or leasing of copiers, Educator development, Career guidance, etc.

(ii) **14% for School development, minor repairs and maintenance**

Examples: Safety and security systems, proper security fencing, repairs, boreholes, painting, servicing of fire equipment, eradication of termites and pests, etc.

(iii) **10% for School administration activities**

Examples: Communication systems, operational expenses, water, electricity, etc.

(iv) **10% for Transport.**

Examples: Principal's official trips, Educators' workshops, SGB meetings, etc.

(v) **10% for Sports**

Examples: Sporting equipment and Departmental sporting activities and affiliations to bodies where learners are directly involved.

(vi) **5% for cleaning materials and maintenance of ablution facilities**

(vii) **1% for transport towards school bereavements**

6.4.2 All official claims for Principals must be authenticated and approved by the Circuit Manager and SGB Chairperson before payment can be effected. All relevant supporting documents must be attached. (Prescribed claim form for Principals' claims shall be developed by Head Office and be made available at Circuit Offices).

6.4.3 A governing body may pay travel and subsistence expenses relating to official activities but such expenses may not be greater than those that would be payable to a public servant in similar circumstances.

6.4.4 Travelling must be minimized and payments thereof must be according to SGB approved rates.

6.4.5 SGB must develop finance policy.

6.4.6 Schools must finance these requirements from the allocations received, and as such priorities should be determined on an annual basis.

7. SECTION 21 FUNCTIONS

7.1 A School Governing Body having the necessary capacity to manage the school may apply for functions in terms of section 21 of South African Schools Act 84 of 1996. These functions are as follows-

7.1.1 To maintain and improve the school's property, buildings, and grounds occupied by the school, including school hostels, where applicable.

7.1.2 To determine the extra-mural curriculum of the school and the choice of subject options in terms of Provincial Curriculum Policy.

7.1.3 To purchase textbooks, educational materials or equipment for the school.

7.1.4 To pay for services to the school e.g. water, electricity and telephone.

7.1.5 To provide an adult basic education and training classes or centers, subject to any applicable law and,

7.1.6 Other functions consistent with this Act, the Public Finance Management Act, or any applicable Provincial law.

7.1.7 All public ordinary schools declared: "No fee schools" are only allocated section 21 (1) (a) and (1) (d).

7.1.8 Schools that are interested in acquiring additional section 21 functions may apply on the official forms available at District offices.

- 7.1.9 The Department may on reasonable grounds withdraw the function(s) allocated to a School Governing Body in terms of section 22 of South African Schools Act 84 of 1996.
- 7.1.10 If these functions are withdrawn, the school's status changes and becomes a non-section 21 school and will be afforded a paper budget which implies that all procurement and payments will be done by the Department on behalf of the school.

8. ADMINISTRATION OF SCHOOL FUND

8.1 ADMINISTRATIVE FUNCTIONS OF FINANCE OFFICER

The Financial officer must-

- 8.1.1 Maintain cashbook of the school.
- 8.1.2 Do monthly bank reconciliation statement.
- 8.1.3 Ensure completion of monthly and quarterly reports.
- 8.1.4 Compile annual financial statements.
- 8.1.5 Perform any other delegated tasks. as required by finance committee.
- 8.1.6 issue a receipt immediately after receiving money.
- 8.1.7 Only issue a new receipt book when the old one has been used up
- 8.1.8 Make out receipts in their serial number order. (No alterations to the name or amount in words or figure should be made).
- 8.1.9 Keep copies of all receipts issued.
- 8.1.10 Cancel any receipt form on which a mistake is made and sign it. Insert a date on the receipt itself and attach signature. The cancelled receipt should be retained in the receipt book and a new receipt should be issued.
- 8.1.11 Schools should utilize preprinted receipt book or computerized receipt bearing the name of the school and approved by the relevant Circuits or preprinted Governmental receipt book appended with the school stamp.
- 8.1.12 Record all monies received in the cash book daily.
- 8.1.13 Record serial numbers of all receipt books in a reserve stock register and or distribution register.
- 8.1.14 Obtain signatures of all persons to whom receipt fund books are issued.
- 8.1.15 The SGB must delegate an Officer through the Principal in writing to keep and maintain a record of all Receipt books in a Reserve Stock or Distribution Register. Such officer must be a different officer from the one issuing receipts and banking school fund monies.

8.2 COLLECTION OF SCHOOL FUNDS BY EDUCATORS

- 8.2.1 Where educators are required to collect school fees from learners, they must (for that purpose) keep a school fund register as part of the class register reflecting each learner and amount paid.
- 8.2.2 The Principal must ensure that each class educator is issued with a receipt book for the purpose of collection of fees. Such an educator must be provided with a written delegation to handle monies as contemplated in these Prescripts.
- 8.2.3 Such an educator must issue out receipts for all monies received. He/she must in turn obtain a receipt when paying over the monies to the Finance Officer. This must be done daily.
- 8.2.4 It is the responsibility of the Principal to ensure that the Prescripts are adhered to at all times.
- 8.2.5 All financial books including cheque book must be kept in a safe or strong Room in the principal's office.

8.3 DIRECT DEPOSIT OF SCHOOL FEES INTO SCHOOL BANK ACCOUNT

- 8.3.1 The School Governing Body may allow parents to deposit school fees into the banking account of the school.
- 8.3.2 Direct depositing of school fees in current account may not replace collection of fees at the school.
- 8.3.3 All direct deposit payments should be supported by documentation from the parents.
- 8.3.4 A separate receipt book should be utilized for accounting for direct deposits.
- 8.3.5 Receipts should be issued to the parent for direct deposits received.
- 8.3.6 The deposit documentation should be retained in the receipt book to support the receipt.
- 8.3.7 The onus of proving payment lies with the parent in case of dispute where school fee was paid directly into the school's current account. However, the school must assist the parent to verify whether the payment has been directly deposited or not.
- 8.3.8 The Finance Officer must do reconciliation of the bank statement and receipts issued for direct

deposits monthly.

8.4 BANKING OF SCHOOL FUND

- 8.4.1 The account must be opened in the name of the school and all monies received must be deposited into it.
- 8.4.2 The School Governing Body may deposit funds, which are not immediately required, in a fixed deposit account with a registered financial institution in the name of the school only after obtaining written permission from the HOD.
- 8.4.3 The Principal must ensure that all funds received are banked on the date of receipt of funds where possible, provided that banking is at least done on a weekly basis.
- 8.4.4 Schools should safeguard any unbanked money in a safe under lock and key.

8.5 WITHDRAWALS FROM SCHOOL FUNDS

- 8.5.1 Provision must be made for cheques to be counter-signed by two signatories.
- 8.5.2 Signatories to the school's bank accounts shall be the SGB Treasurer, the SGB Deputy Chairperson and a third member. Under no circumstances shall the School Principal, the SGB chairperson and the Finance officer be appointed as signatories.
- 8.5.3 The School Principal or his/her delegate and the SGB Chairperson shall authorize payments. No payment shall be made without authorization.
- 8.5.4 A school account must never be overdrawn.
- 8.5.5 Under no circumstances must blank or "cash" cheques be issued. No blank cheques are allowed to be signed and kept for future use. The principal will be held personally accountable for any **contravention** in this regard.
- 8.5.6 Under no circumstances should private cheques be cashed from school fund even if such cheques were issued by the school.
- 8.5.7 All cheques must be crossed and marked "**not transferable**" and be issued to payee only.
- 8.5.8 Only salary and stipend cheque (for food handlers) are exempted from being crossed.
- 8.5.9 Under no circumstances should advance payments be made from school funds.
- 8.5.10 No loans shall be granted to any person from school funds.
- 8.5.11 Expenditure may only be made from the school fund if provided for in the approved annual budget.
- 8.5.12 Expenditure unforeseen in the annual budget should first be discussed by the School Governing Body and then be ratified by the parents' general meeting before it can be effected.
- 8.5.13 No person(s) should condone or connive in any activity, which has the effect of financially compromising the school.
- 8.5.14 All cheques withdrawn should be substantiated by an approved payment voucher with adequate documentation (cheque requisitions, original invoice, adjudicated procurement documents and delivery notes).
- 8.5.15 The same requirements in 8.5.2 should apply to any internet transactions (Electronic Funds Transfer) including a transaction report from the system.
- 8.5.16 Principals are not allowed to defray expenditure through internet banking.
- 8.5.17 Schools may use internet banking. Authorizing persons should be the same SGB appointed signatories. All transactions must be approved by the SGB. Clear checks and balances should be put in place to ensure that no single signatory is able to make payments alone. Official claim forms (PED 016) should still be fully completed and all other relevant documents such as original invoices, adjudicated procurement documents and delivery notes, should be prepared before electronic funds transfer (EFT) is made.

8.6 PROCUREMENT PROCESSES

- 8.6.1 The Finance Committee should serve as a bid adjudication committee and recommend the appointment of service providers.
- 8.6.2 All procurement should be done on a minimum of 3 quotation basis. In the case where the school is unable to obtain 3 quotations, the SGB should obtain prior permission from the Circuit Manager to deviate from 3 quotations requirement.
- 8.6.3 Factors of price, quality and guarantee to be considered during the adjudication process.
- 8.6.4 The recommendation in 8.6.2 should be presented to the SGB for approval, acceptance and appointment. The service provider must be appointed in writing.
- 8.6.5 Under no circumstances may quotes be subdivided to fall within the above threshold.
- 8.6.6 No payment can be done in advance or before a complete service is rendered or goods supplied.
- 8.6.7 Service providers should be paid within 30 days of receipt of invoice.
- 8.6.8 Schools are encouraged to use the Departmental database or must develop their own database of suppliers on a rotational basis.

- 8.6.9 Proper secretariat should be provided and minutes be made available.
- 8.6.10 Bid applications should be submitted on open tender and the adjudication process should be done by the Finance Committee.
- 8.6.11 The Circuit Manager must approve all procurement on expenditure from R30, 000 to R99 000 to ensure compliance with the applicable prescripts.
- 8.6.12 All procurement on expenditure from R100 000 to R499 000 must be approved by the District Director. Applications thereof should include minutes of the adjudication process, advertisement of the project or tender, copy of the annual budget and all bid applications received by the SGB.
- 8.6.13 All procurement on expenditure exceeding R500 000 should be approved by the HOD.
- 8.6.14 Under no circumstances may quotes be subdivided to circumvent the above mentioned threshold.

8.7 CONTROL AND MONITORING OF SCHOOL FUNDS

The School Governing Body must-

- 8.7.1 Receive at each SGB meeting the latest report.
- 8.7.2 inspect supporting vouchers to ensure that they are in line with all Prescripts or other Departmental directives.
- 8.7.3 satisfy itself that expenditure is in accordance with the approved budget and Public Finance Management Act (PFMA) regulations.
- 8.7.4 Monthly expenditure and a Financial Report for the period against budget (variance report) should be reported to the Finance Committee and SGB on monthly basis.
- 8.7.5 Quarterly reports should be submitted to the Circuit Manager not later than the 14th of the first month of the subsequent quarter.

NB: Uniform reporting template should be designed by Head Office.

8.8 MAINTENANCE OF FINANCIAL RECORDS

- 8.8.1 The Finance Officer should-
 - 8.8.1.1 Keep proper documentation reflecting the name of payee, amount to be paid and the nature of the goods supplied or services rendered.
 - 8.8.1.2 Keep the cheque book and vouchers a safe for audit purposes. Sharing of safes or strong rooms is not permitted, but if circumstances necessitate such sharing, arrangements in writing to the school governing body should be made to ensure that responsibility is given to the Finance officer.
 - 8.8.1.3 Present all payments and supporting vouchers at the next Finance Committee meeting.
 - 8.8.1.4 Cash-flow statement prepared on a monthly basis.
 - 8.8.1.5 Prepare monthly bank reconciliations.
 - 8.8.1.6 Develop a filing and recordkeeping system.
 - 8.8.1.7 Provide secretariat for the Finance Committee.
 - 8.8.1.8 Keep an updated commitment register. (Head Office should provide a copy)
 - 8.8.1.9 Keep the imprest amount in the safe at the beginning of the month.
 - 8.8.1.10 Make out payments from petty cash upon submission of authorized supporting document.
 - 8.8.1.11 File all supporting documents in file(s) specifically reserved for such purposes.
 - 8.8.1.12 Replenish (restore) the imprest amount at the end of each month.
 - 8.8.1.13 Record all petty cash movements in the petty cash journal and post to the general ledger accounts.
 - 8.8.1.14 Reconciliation of petty cash vouchers to be done on a monthly basis before the float amount is restored.

8.9 DUTIES OF THE TREASURER

THE TREASURER SHALL:

- 8.9.1 Chair all meetings of the Finance committee.
- 8.9.2 Monitor all the financial affairs of the school through commitment register.
- 8.9.3 Present a finance report to the SGB and parents' general meeting.
- 8.9.4 Ensure that Finance Policy is adhered to at all times.

9. COLLECTION OF SCHOOL FEES

9.1 LEVYING OF SCHOOL FEES AT PUBLIC SCHOOLS EXCEPT NO FEE SCHOOLS

- 9.1.1 The decision to levy or not to levy school fees and the determination of the amount to be levied rests with parents and, such a decision should be taken at a general meeting of parents.
- 9.1.2 If a resolution to levy school fees is adopted by a majority of parents, the amount of fees to be levied should also be agreed upon and minutes of that parents meeting should be kept.
- 9.1.3 Parents who cannot afford to pay school fees have a right to apply for exemption using a prescribed application form, which is obtainable from schools.
- 9.1.4 Automatic Exemptions should be considered in terms of paragraph 165 and 166 of the Amended National Norms and Standards for School Funding which stipulate as follows-
 - 9.1.4.1 Paragraph 165: "An automatic exemption applies to any learner who is an orphan or who has been abandoned by his or her parents".
 - 9.1.4.2 Paragraph 166: "An automatic exemption applies to any learner for whom a poverty-linked state social grant is paid".
 - 9.1.4.3 Only schools in Quintile 4 & 5 are allowed to levy school fees.

9.2 PARENTS' LIABILITY FOR PAYMENT OF SCHOOL FEES

- 9.2.1 A parent has a legal duty to pay school fees as determined by a parents' general meeting as contemplated in paragraph 9.1.1 above except if he/she has been granted fee exemption.
- 9.2.2 No learner should be denied admission, the right to learn or progress report in a public school because his/her parents are unable to pay school fees.
- 9.2.3 A Parent who is denied exemption by School Governing Body has a right to appeal within 30 days of receiving a response from the School Governing Body.
- 9.2.4 The letter of appeal should be directed to the Circuit Manager.
- 9.2.5 The Head of Department may depending on the reasons stated, over-rule the School Governing Body's decision not to grant the exemption.

9.3 ENFORCEMENT OF PAYMENT OF SCHOOL FEES

- 9.3.1 The School Governing Body may, by due process of law, enforce the payment of school fees by parents who are liable to pay. Special conditions as contemplated in the SASA as amended should also be adhered to.
- 9.3.2 The School Governing Body should improve or use the best legal route for recovering outstanding school fees; but no learner should be denied his/her progress report and learner support materials because his/her parents failed to pay school fees.

10. FINANCIAL RECORDS AND STATEMENTS OF PUBLIC SCHOOLS

10.1 The School Governing Body of a public school must-

- 10.1.1 Keep records of funds received and spent.
- 10.1.2 Keep records of assets, liabilities, and financial transactions and, draw up annual financial statements and budget documentations.
- 10.1.3 Present annual financial statements (Income Statement, Balance Sheet and Cash Flow Statement) to the parents meeting not later than 31 March the following year.
- 10.1.4 Submit a copy of the audited financial statement to the Head of Department on or before 30 June of each year.
- 10.1.5 Annual financial statement as per SASA, 84, 1996 (42) (b) (as amended) shall be as per the annexure (to be provided by head office)

10.2 RECORDING OF FINANCIAL TRANSACTION IN CASH BOOK/JOURNAL

The School Governing Body and the Principal must ensure that-

- 10.2.1 Receipts are issued for all monies received by the school;
- 10.2.2 All income and expenditure is recorded and accounted for;
- 10.2.3 All records pertaining to the financial matters of the school and the decisions of the governing body pertaining thereto are kept in safe custody for at least five years. These Prescripts and other Departmental directives pertaining to the finances of the public school are being adhered to at all times.
- 10.2.4 The Head of Department may give written authority for deviations from these Prescripts.
- 10.2.5 Schools are encouraged to make use of computerized accounting systems e.g. financial module in SASAMS.

10.3 PETTY CASH

- 10.3.1 In case a school keeps petty cash, it becomes the function of the finance officer.
- 10.3.2 Despite the fact that in principle all payments should be made by not transferrable/crossed cheque, it may not be cost effective to issue out cheques for small or petty amounts. Schools may therefore administer petty cash.
- 10.3.3 The maximum amount of petty cash per month a school may keep is R1 000. Schools which need to keep an amount higher than R1 000 must obtain written permission from the Head of Department.
- 10.3.4 The School Governing Body should determine the imprest amount. Schools may only use the imprest system.
- 10.3.5 Under no circumstance may cash received be used as petty cash.
- 10.3.6 The Petty Cash amount may only be drawn from the bank by cheque/transfer.
- 10.3.7 The payment/transfer should be issued in the name of the principal as accounting officer, who will then hand it over to the Finance officer.
- 10.3.8 No unauthorized Petty cash payments may be made.

10.4 STOCK ITEM REGISTERS / ASSET REGISTERS

- 10.4.1 The Principal must in consultation with the SGB appoint an Asset Management Officer in writing, whose term of office will be 03 years in line with that of the SGB.
- 10.4.2 The following items should be kept in the asset register-
 - 10.4.2.1 All assets Purchased from school funds,
 - 10.4.2.2 All assets donated to the school or purchased from funds donated to the school, and
 - 10.4.2.3 All assets provided by Department of Education e.g. Computers, School furniture.
 - 10.4.2.4 A separate asset register to record consumable items (Head Office must provide Asset Register for consumable items)
- 10.4.3 The Principal should ensure that all assets are properly marked and will also act as the administrator of all the schools assets.
- 10.4.4 The Asset Management Officer must ensure that stock-taking is conducted and recorded quarterly.
- 10.4.5 Redundant assets due for disposal should be communicated to the District office and disposed of in terms of Departmental processes.
- 10.4.6 All assets acquired by the school remain the property of the school.

10.5 ANNUAL BUDGET OF PUBLIC SCHOOL

- 10.5.1 The SGB should, within its first year of election, develop a 3-year School Development Plan, in line with its term of office and should be ratified by the parents in a formal meeting and be approved by the Circuit Manager.
- 10.5.2 The School Governing Body must present the budget, to a general meeting of parents for consideration and approval by a majority of parents present and with voting powers. This budget should be accompanied by a list of learners exempted from paying school fees.
- 10.5.3 The proceedings of the meeting and the number of votes obtained on each motion, must be recorded in the minutes.
- 10.5.4 An attendance register signed by each parent who attended the meeting must be attached to the minutes.
- 10.5.5 Parents should be given at least 30 days' notice before the date of the said general meeting.
- 10.5.6 The budget should be made available for inspection by parents 14 days prior to the annual general meeting of parents
- 10.5.7 The approved budget together with the name of the auditor, as per section 43 of the Act, approved by the School Governing Body must be submitted to the Head of Department by 31 January of each year.
- 10.5.8 No expenditure should be incurred before the approved budget (as per section 38 of SASA, 84, of 1996) is endorsed by the Circuit Manager that the approved budget has gone through correct budgeting processes.

11. AUDIT OR EXAMINATION OF FINANCIAL RECORDS AND STATEMENTS

- 11.1 All Financial records including bank statements must be audited annually.
- 11.2 A person registered as an accountant and auditor, in terms of the Auditing Profession Act 26 of 2005, must audit records and financial statements referred to above.
- 11.3 If not practicable, the School Governing Body may appoint a person qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporations Act of 1984 to examine and report on

the records and financial statements, or

- 11.4 Any person approved by the Member of the Executive Council provided, that no person who has a financial interest in the affairs of the public school may be appointed to audit and/or examine the school records and financial statements. The SGB should thus apply to the MEC for approval of such (a) person(s) and on approval thereof, use their services.
- 11.5 The School Governing Body must appoint and submit the name of the auditor together with the approved budget to the Head of Department by 31 January each year.
- 11.6 The MEC may, where necessary, request the Auditor General to audit the records and financial statements of a public school.
- 11.7 A copy of the annual financial statement must be submitted to the Head of Department on or before 30 June of the following year.
- 11.8 The School Governing Body must at the request of an interested party, make available to him/her the records and audited or examined financial statements. The said party, May however not under any circumstances, be allowed to remove the records from the school premises.

12. TRANSFER OF NORMS AND STANDARDS ALLOCATIONS FROM THE DEPARTMENT TO SCHOOLS

- 12.1 The Department will transfer allocations to schools in two tranches i.e. by 15 May and by 15 November each year.
- 12.2 The first tranche will represent 50% of the total allocation. This transfer will be dependent on the receipt of-
 - 12.2.1 A written assurance from the school that, that school implements effective, efficient and transparent financial management and internal control systems.
 - 12.2.2 Acknowledgement of receipt and bank statements reflecting the last transfer received.
- 12.3 The second tranche will be dependent on receipt of-
 - 12.3.1 The audited financial statements for the preceding academic year which is due by 30 June each year.
- 12.4 The Schools Audited Financial Statements will be subjected to review by the Department for its appropriateness and compliance with prescribed formats.

13. THE FINANCIAL YEAR OF PUBLIC SCHOOL

The financial year of a public school commences on the 1st day of January and ends on the 31st of December of each year.

14. INVESTIGATIONS BY THE HEAD OF DEPARTMENT

- 14.1 The Head of Department may, at any time, call for a special report or such other particulars, as he or she may consider necessary, in connection with the administration of the school funds.
- 14.2 The Head of Department may also appoint an officer (within or outside of the Department) to investigate and report to him or her on the administration of a school fund.
- 14.3 Schools will be visited by Departmental officials from time to time to inspect and peruse all financial records and activities.

15. CLOSURE OF A PUBLIC SCHOOL

- 15.1 When a public school is closed, the governing body, or failing that, the Principal of such public school must:
 - 15.1.1 ensure that financial statements are prepared for auditing purpose.
 - 15.1.2 ensure that final stock registers are prepared.
- 15.2 Upon the closure of the school, the Principal must:
 - 15.2.1 Submit the final audited financial statements together with the final asset register, referred to above, to the Head of Department.
 - 15.2.2 Hand over all assets issued to the school by the Department, purchased from school funds or donated to the school, subject to the conditions of any donation, bequest or trust, to the Head of Department.
- 15.3 Head of Department may make school funds and stock items, referred to in these Prescripts, after considering recommendations as previously mentioned, available for any other educational purpose he or she may consider desirable.

16. OBLIGATIONS OF SCHOOL PRINCIPALS

- 16.1 The Principal must maintain a complete set of the statutory provisions, Prescripts, and departmental directives relating to the finances and financial management of the public school.
- 16.2 The Principal must ensure that he/she and staff members under his/her control, appointed to assist the governing body in the execution of its duties, are acquainted with all statutory provisions, Prescripts and Departmental directives of which he/she must have knowledge to enable him/her, to assist the governing body in the execution of its duties.
- 16.3 The Principal must ensure that all statutory provisions; Prescripts and Departmental directives are observed by him or her and by employees under his or her supervision without fail.
- 16.4 The principal should maintain and retain sufficient documentary evidence and make such documentation available for inspection.
- 16.5 The principal shall avoid fruitless, wasteful and unauthorized expenditure when expending school funds as contemplated by the PFMA (section 45).
- 16.6 Value for Money principles should be observed at all times.
- 16.7 The Principal must-
 - 16.7.1 assist the governing body with the management of the school's funds;
 - 16.7.2 take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school;
 - 16.7.3 be a member of a finance committee or delegation of the governing body in order to manage any matter that has financial implications for the school; and
 - 16.7.4 report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.

17. ADMINISTRATION OF DONATIONS

- 17.1 All donations must be declared in writing to the HOD before any expenditure can be incurred.
- 17.2 All supporting document e.g. business plan, contract and terms and conditions of the donation should be submitted to the HOD together with the declaration.
- 17.3 Monetary donations should be used for the purpose intended: deviations should be approved by the HOD.
- 17.4 Progress report of the project should be submitted to the donor and HOD.

18. IRREGULARITIES

The school governing body, the Principal, or any other person must immediately report all suspected irregularities with regard to the management of school funds immediately to the Head of Department and the South African Police Services.

19. DELEGATION OF POWERS

The Head of Department may delegate powers bestowed on him or her in terms of these Prescripts, to an officer in the employment of the Department of Education

20. COMPLIANCE WITH PRESCRIPTS

- 20.1 Failure by a school to comply with these Prescripts for Management of Funds in Public Schools may lead to the withdrawal of section 21 status by the Department in terms of the provisions of SASA, 84 of 1996 (22).
- 20.2 Failure to comply with these Prescripts by any person will constitute an act of misconduct.

21. COMMENCEMENT DATE

These Prescripts will come into effect from the date is *gazetted*.

