

Understanding School Governance

Manual 4

School Fund: Departmental Regulations



DEPARTMENT OF EDUCATION AND CULTURE
UMNYANGO WEMFUNDO NAMASIKO
DEPARTEMENT VAN ONDERWYS EN KULTUUR



PROVINCE OF KWAZULU-NATAL
ISIFUNDAZWE SAKWAZULU-NATAL
PROVINSIE KWAZULU-NATAL

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A comprehensive index can be found at the back of Manual 5.

Glossary:

The meaning of some of the words used in this manual

A multi-column book in which is recorded all details of new acquisitions for a library (e.g. books, videos, CDs). Each new item is given an accession number.

Comparing expenditure of money with income.

Possessions or resources.

Inspect and review the financial records.

Ensure that one set of financial records tallies with another.

Financial plan showing expected income and expenditure for a fixed period.

Consecutively numbered sheets issued to collectors such as learners and used to record monies collected for fund-raising events. The issuing and return of these sheets is strictly controlled.

Can be used up.

An agreement, usually legally binding.

Sum of money acknowledged to belong to a person or organisation.

Sum of money owed.

KwaZulu-Natal Department of Education and Culture.

Put money into an account.

Reduction in the amount to be paid.

Release from the requirement to pay.

Accession register

Accounting

Assets

Audit

Balancing the books

Budget

Collection sheets

Consumable

Contract

Credit

Debit

Department

Deposit

Discount

Exemption

Fixed deposit	Sum of money invested in a financial institution for a fixed length of time.
G.N.	Government Notice.
Hire purchase	Purchase something, use it, but only own it after a number of payments have been made.
Independent school	A school which is not a public school and has been registered as an independent school.
Irregularity	Wrongdoing in a financial matter.
Monetary	To do with money.
Negotiate	Discuss some issue, perhaps bargain about it.
Non-refundable	Cannot get your money back.
Ordinary school	A school which does not exist specifically for learners with special education needs.
On charge	Details of acquired stock are entered in the appropriate register or tally card.
P.G.	Provincial Gazette.
P.N.	Provincial Notice.
Petty cash	Small amount of cash.
Receipts	Amounts of money received.
Reconciliation	Bringing together two separate sets of financial records and showing how one ties in with the other.
Register	Catalogue or list of items usually kept in a single book.
Remittance	Payment or transfer of money.

The full payment made, including salary and other benefits.

Remuneration

South African Schools Act No.84 of 1996, as amended.

SASA

The financial system operated by a school.

School fund

Legal duties or requirements.

Statutory
provisions

Items that are recorded in the stock registers as being possessions of the school.

Stock items

Excess funds; money left over.

Surplus

Cards used to list and control consumable stock.

Tally cards

INTRODUCTION TO THE MANUALS

What are these manuals for?

This series of manuals has been designed to help school governing bodies in their task of overseeing the governance of schools. The manuals give an overview of the main issues that all school governing bodies need to understand and put into practice in order to be effective.

The manuals are an accessible training and reference guide for governing bodies. They explain the key requirements of National and Provincial legislation, and some of the practicalities of putting them into practice.

These manuals replace earlier manuals produced by the KwaZulu-Natal Department of Education and Culture soon after the South African Schools Act of 1996 required all public schools to form governing bodies.

The Manuals	
Manual 1:	Each manual deals with specific issues in school governance.
Manual 2:	Introduction to School Governance
Manual 3:	School Governing Body Elections
Manual 4:	Conducting Meetings and Keeping Records
Manual 5:	School Fund: Departmental Regulations
Manual 6:	Basic Financial Systems for Schools (training manual)
Manual 7:	Discipline and Codes of Conduct for Learners
	The School as Employer

Manual 4:

School Fund: Departmental Regulations

This manual deals with the important issue of school finances. It gives a brief overview of the system of school fund control in public schools in Kwazulu-Natal and provides straightforward answers to some frequently asked questions about school finances.

The important issue of funding norms and standards is then outlined, followed by the actual instructions and regulations governing school fund operations.

Finally there are several short exercises to help readers reinforce their knowledge of this important aspect of school governance.

This manual should be studied in conjunction with manual 5, which contains further information as well as practical exercises.

How to use this manual

As a reference tool

The manuals are designed to be an accessible reference for members of governing bodies. They have been written and designed so that ordinary citizens playing a role in school governance can have their questions answered in a way that is easy to understand, and is applicable to their own situations.

Wherever possible, the approach that has been used features:

- non-technical language
- a 'frequently asked questions' approach
- brief and straightforward answers
- references throughout the text to legislation which applies to particular issues
- additional information and examples that will assist you to apply the information
- exercises which can be used by individuals or governing bodies to help consolidate information
- formats and templates to help in carrying out various tasks
- a comprehensive index.

The approach in these manuals is specifically designed to help with immediate queries and to allow members to become familiar with governing body issues. For technical and legal matters it is essential that the manuals be read in conjunction with the relevant legislation, most of which can be found in the two volumes making up the 'Operations manual for KwaZulu-Natal schools' which is available in all schools.

As a training tool

The exercises at the back of this manual are designed to be used for training of new governing bodies and new members of governing bodies. Members can work through the exercises on their own, or as a group. Even members of governing bodies who are familiar with the information may find the exercises useful. Many of them are based on case study examples or areas where there is often confusion or difficulty with putting the legislation and regulations into practice.

As a reference tool

As a training tool

In this column you will find additional information in boxes. The boxes for different kinds of information look different from each other. The boxes are explained on this page.



How is this manual designed?

This manual is designed in the same way as this page. A question which is often asked by members of school governing bodies is given. The question is answered directly below it. The answers are as brief and direct as possible. They usually explain what is required by law in a way that is easier to understand than the legislation itself.

Where there is information that is regulated by legislation, you will see a box like this.



This box will tell you where to find more information in another manual or part of this manual.



This box will give examples.



This box will give you the definition or meaning of a word or concept.



The information in this box is an exception to the rule or a special case.



If there is more detailed information about how to do something it will be in a 'how to' box.



The information in this box is something that you should take particular note of.

1

BACKGROUND TO THE SCHOOL FUND**1.1 Why do we need a uniform financial system in all public schools?**

A school requires considerable amounts of money to function. There are development costs of building and equipping the school, as well as the recurrent costs of keeping it operating. These recurrent costs are things like maintenance and repairs in addition to salary, textbooks and stationery.

In the vast majority of public schools the State meets most of these costs.

The inequities of the past have resulted in a massive backlog in terms of facilities and equipment in most of the schools. Despite the fact that the level of deprivation of a school determines the apportionment of State funds and the most deprived schools receive a relatively greater subsidy, the State has not been able to provide all the money needed to satisfy parental aspirations for their children's schools. Parents themselves are making greater financial contributions to schooling to fill this gap.

There are, therefore, two major sources of funds for the school:

- The State and
- The parents.

Both need to know that the money is being wisely spent and properly accounted for. The State is accountable to the tax-payers, who must be sure that their money is being properly used. In order for the State to account for expenditure there needs to be a manageable, standardised system used to record all transactions in all public schools in KwaZulu-Natal.

This also benefits the parents in each school, because the system required by the State is simple enough to be used by non-expert personnel, and can be understood and checked even by people with limited experience and skills in financial systems.

Some schools are switching to computerised systems of record-keeping for their learner records, financial transactions, stock-keeping and library controls. The possibilities inherent in electronic banking are also being explored.

Schools wishing to do this are advised to contact the Department before proceeding. The Department will require assurance that the proposed systems meet criteria and that there are adequate safeguards and backup in the event of a systems crash.



See National Education Policy Act No.27 of 1996 Section 3(4)(9), SASA Section 35, 36, 37, G. N. 2362 of 1998, KZN Schools Education Act No. 3 of 1996 Section 72(1)(b) and P.G. No. R.47, 1998.



You can read more about the norms and standards on page 29 of this manual.



These regulations are listed in full in section 8 of this manual.

1.2 What is the basis of our financial system?

All schools should use a financial system based on:

- the norms and minimum standards for the funding of public schools; and
- the regulations that govern the establishment and control of School Funds at public schools.

SASA makes it clear that the State is required to fund public schools on an equitable basis to ensure the rights of learners to education. The Minister is required by SASA to determine norms and minimum standards for the funding of public schools. These must then be applied in every public school.



In addition, governing bodies of public schools are required by SASA to supplement the resources supplied by the State. A governing body of a public school must establish a school fund and administer it in accordance with directions issued by a Head of Department. This is reiterated by the KZN Schools Education Act No. 3 of 1996. The Department of Education and Culture has therefore determined regulations that govern the establishment and control of School Funds at public schools. These regulations effectively determine the financial system used in public schools in the province.

The system has been designed so that people such as ordinary educators, even if they have no financial training, can learn it and apply it. Schools do not need to employ specialist bookkeepers to maintain their financial records. In many schools a particular educator undertakes the task; in some schools (particularly one-educator schools) the principal does it. Some schools have clerks who do the work. The person delegated to do the work is called the Finance Officer of the school.

1.3 Who is responsible for financial management in schools?

The ultimate responsibility for the accuracy of the books lies with the principal, even if he or she does not have the task of maintaining the books on a regular basis. He or she is required by the regulations to make numerous and frequent checks.

Although the principal is ultimately responsible for the accuracy of the books, the management of the school's finances is a primary function of the school governing body, usually through its Finance Committee. The chairperson of the school governing body should therefore be completely familiar with the state of the school's finances, as of course should the treasurer.



The governing body should see itself as being in partnership with the Department of Education and Culture (DEC) in the extremely responsible task of managing the school's finances.

Because the principal is ultimately *accountable* for the accuracy of the records, he or she can be termed the 'Accounting Officer'.

1.4 What does the system involve?

The finances of a public school revolve around a primary system called the school fund. All of the money that comes into a school must be paid into the school fund, and all the money that is paid out by the school must come from the school fund. In order to do this the school must open a current bank account at a commercial bank.

School Fund Financial Records are sometimes called Books of Account or school fund books.

In addition to the School Fund account, a school may open a savings or fixed deposit account in which to deposit surplus funds. Note that this is the only form of investment permitted unless written permission for any other sort of investment has been granted by the Head of Department.

All the records of the financial transactions of the school are kept in a set of books collectively called the School Fund Financial Records. Some schools may not need to use all the books, depending on the system operating in that school. For example, not all schools have a petty cash system, or a bursary fund. Most of the books listed on the next pages must be used in all public schools, from the smallest to the most complex.



In a non-section 21 school there is, of course, an additional financial dimension because some recurrent expenditure is debited to the school's allocation, and therefore is not reflected in the school fund cash book. See 4.4 for details.



See P.G. No. R.47, 1998, Regulation 6(7).



The Head of Department may authorise deviations from these regulations so as to accommodate schools implementing a computerised accounting system. See P.G. No.R.47, 1998, Regulation 6(23).



Whether you keep all or only some of these books will depend on the complexity of your school.

1.5 What School Fund Financial Records do we have to keep?

All schools will have to use a primary cash book (in this system it is divided into two; the receipts cash book and the payments cash book) plus several other supporting books.

Here is a list of books you may need to keep as part of the School Fund Financial Records:

1. Receipts Cash Book	To record all the money received by the school, as extracted from the source document, which is the finance officer's receipt book containing all the duplicate receipts.
2. Payments Cash Book	To record all the payments made by the school. The source document is the cheque book counterfoil.
3. Distribution Register	The principal keeps and maintains a book (the distribution register) in which the whereabouts of all receipt books are recorded. It is an important book for keeping track of who is receiving money on behalf of the school. All stock of unused receipt books is also entered in this register.
4. Receipt Book	This is a book of receipt forms. Every time the school receives money it is acknowledged by the issuing of a receipt for the amount received. There may be several receipt books operating in the school at the same time, because each class educator may be issued with a receipt book for the collection of monies such as school fees. This money should be collected on a daily basis. When a class educator hands in the money to the school's financial officer, the financial officer must issue a receipt for that money. The amount of that receipt must equal the amount collected and receipted by the class educator that day.
5. School Fund Register	This is actually a part of each class educator's Class Attendance Register. When the class educator receipts money received from a learner, he or she also records in the Register all the particulars of the receipt issued to that learner. This serves as an extra check or safeguard.
6. School Fund Remittance Register	This is a book in which is recorded all the 'remittances' (money) delivered to the school or received through the post. Remittances are not often in cash; they are usually cheques or postal orders. The opening of all post and the receiving by hand of remittances must be done in the presence of another person, and only by a person authorised to do so. That person must enter all the details in the Remittance Register.
7. Bank Deposit Book	This is a book of deposit forms. Every time the school deposits money in the bank, a deposit form is completed.

8. Direct Deposit Register	The officer responsible for keeping the cash books must keep a register in which is entered all the details arising from each deposit made directly into the School Fund Current Account. These deposits are, for example, made by parents paying their fees directly into the account.
9. Petty Cash Book	‘Petty’ means ‘small’. If the governing body has authorised the principal to keep a certain small amount of cash on hand for educational payments of a minor nature, the details of all transactions, (both receipts and payments,) involving that petty cash must be recorded in the Petty Cash Book.
10. Telephone/Facsimile Register	This is a register of all telephone calls made and faxes (facsimiles) sent.
11. Postal Services Register	This is a register of all postage stamps purchased, and all outgoing mail. If the school has a franking machine, the same instructions apply.
12. Stock Register	This is a register of all non-consumable items (expendable and inventory) purchased from school funds, donated to the school or purchased from funds donated to the school. The register must clearly indicate the source from which the items were acquired. There must be an annual stock-take. A separate stock register is used for State items.
13. Consumable items; Tally Cards	All the details of consumable stock must be entered on the respective tally cards. The principal is required to conduct random checks of consumable stocks to ensure that they match the tally cards.
14. Fund for special purposes	The school might administer a fund for a special purpose such as the awarding of annual bursaries. If this is the case the fund must be administered according to directions issued by the Head of Department. This will include accurate records.
15. Commitment Register	These are sent by the Department to all non-section 21 schools. The approved allocation for the school and other relevant criteria are pre-printed on the register by the Department. Schools are required to keep a running total on the register by deducting from the available balance, the cost of all accounts/commitments sent to the Department for payment. The register is submitted to schools on an annual basis and forms part of the auditing process.
16. Wages Register	The wages register is a record of the gross remuneration paid to each governing body employee, plus the employees' tax and any other amounts deducted; for example UIF, medical aid etc.
17. Stock on loan Register	This is a register of school stock lent to individuals or other institutions.
18. Register of collection sheets	This is a register in which is recorded, usually in numerical order, all the collection sheets issued during a fund-raising exercise.

Detailed information about many of these books can be found in Section 7.



1.6 Where does the school get the school fund books, such as the receipt book and cash books ?

Generally they must be purchased out of school funds. The bank deposit book will be obtained from the bank. Some of the forms and formats needed are reproduced in manual 5 and can be duplicated or photocopied directly. Smaller schools may have to use this method for the cash books (also referred to as analysis books), but generally schools should safeguard themselves by using properly bound books with consecutively numbered pages for this important record. They can be obtained from a stationery shop and are available in 16/24/32/48 columns. Schools can purchase books that suit their requirements.

Receipt books can be printed by a local printer. All details of the school as approved by the school governing body will be printed on the receipts. The printing of own receipt books has many advantages such as:

- the name of the school will be printed and therefore a rubber stamp imprint is not necessary;
- the principal and the school governing body will have total control of the serial numbers printed which will help prevent duplication and fraud;
- finance officers' receipt books can be identified if different coloured paper is used.

2

SCHOOL FEES

School fees are a large part of the money that comes into the school fund. They are used to finance part of the school's operating expenses. In the third quarter of every year the finance committee of the governing body is required to draw up a draft budget for the year to come. The budget gives details of the sources of the school fund and how the money will be spent. It is both compulsory and important for the budget to be presented to parents for approval, so that they are part of deciding what the school fees will be used for.

Members of governing bodies often ask the questions that follow about school fees. The instructions and regulations give detailed information about these issues. These answers are more straightforward explanations. For more information, you should read the relevant sub-sections in Section 7. Reference numbers of these sub-sections are provided in the right hand column.

2.1 How do we decide if fees are compulsory and how much to pay?

All schools should have a school fees policy that deals with school fees, discounts and exemptions. This could be a standing policy, to be reviewed each year.

During the fourth quarter of every year the governing body must convene a meeting of parents. At this meeting, (which is often combined into the Annual General Meeting) the following must be dealt with:

- The proposed budget for the coming year.
- The amount of school fees needed from each learner.
- The criteria for total, partial or conditional exemptions from fee payment.

The governing body presents its budget for the following year, and it might recommend proposed fees, but the parents have the final say. Decisions regarding the approval of the budget, school fees to be charged and exemptions from fee payment must be taken by the parents present and voting. They pass resolutions concerning each item.

If a majority of parents present and voting at the meeting has determined that school fees must be paid, and the amount has been agreed, those fees become enforceable by law.



See
section 7:11.4.



In deciding
on the exemptions
policy the finance
committee should
consult the guide
issued by the
Department.



See
section 7: 5.1, 5.3,
5.7.



See SASA Sections 39(4) and 61, and G.N. No. 1293 dated 12 October 1998.

eg

If a learner's mother has an annual income of R3 000, and her father has an annual income of R2 000 (R5 000 combined), and the annual school fees are R200, the parents will qualify for a partial exemption.



See P.N. No. 47, 1998 Regulation 4(4), (5), and (6).



A governing body may deviate from the categories of full, partial or no exemption if the parent can prove facts which justify the deviation. For example, a governing body may decide to grant a conditional exemption to a parent who has an annual income of more than 30 times the school fees, if the parent proves that she is the sole breadwinner supporting 10 children.

2.2 Are there exemptions from fee payment for parents who are unemployed or earn very little?

There are strict regulations governing payment, partial payment or exemption from paying school fees. Those who are unemployed or earning only small amounts may be exempt or partially exempt from paying fees. However, they will have to produce proof that their income is limited.

A school can decide on its own 'exemption from fees' policy. The conditions in this policy may be more generous than those in the State policy, but they cannot be more severe than the conditions outlined by the State.

The norms and standards for funding of public schools contain some guidelines about school fee exemptions. The norms recognise the fact that the amount of money that comes in from school fees is determined both by how much the fee is and by the number of people paying the fee. The recommended exemptions are therefore designed to assist parent bodies to make suitable and fair decisions regarding fee levels that are charged and the fee exemption thresholds.

The **norms** identify four categories of exemptions:

Full exemption	If the combined annual gross income of the parents is less than 10 times the annual school fees per learner.
Partial exemption	If the combined annual gross income of the parents is less than 30 times but more than 10 times the annual school fees per learner.
No exemption	If the combined annual gross income of the parents is more than 30 times the annual school fees per learner.
Conditional exemption	Special circumstances affecting the parent's ability to pay the fee, or the need to acquire relevant information about a parent's circumstances may result in conditional exemption being awarded.

2.3 What if parents won't pay?

If parents can afford to pay school fees, but refuse to, the school may, through the process of law, enforce the payment. This would be the last resort, after all attempts at persuasion have failed.

All schools should have a 'School Fees Policy' that deals with issues such as discounts and exemptions. Parents should be familiar with this policy.

2.4 Can parents be offered discounts for any reason?

Some schools offer discounts to parents who have more than one child at the school, or who pay by a certain date.

The structure of the school fees is determined by the parents, at the meeting where decisions about school fees are made. At that meeting the parents can decide if any discounts will be offered, in what circumstances and by how much the fee should be discounted.

Some schools offer discounts for the children of staff members. If this is the case parents/ governing bodies must be aware that the South African Revenue Services may view some perks/discounts/incentive schemes as taxable, and should check their schemes with the SARS.

2.5 After parents have paid the fees, can the school ask for more money-for example, for excursions, or for a particular learning area?

Yes, it does happen that there are sometimes additional requests for money during the course of the year. This often happens if a particular group of learners wants to do something that was not catered for in the budget.

Also, sometimes the governing body does not want the whole school to have to subsidise an excursion (or something similar) being undertaken by a particular class, grade or group.

The parents should be given as much notice as possible of these additional costs.



See
section 7: 5.7.



Some schools, as part of the enrolment process for new learners, ask parents to sign a commitment form, committing themselves to pay the school fees. This should not be regarded as a legally binding form.



Refer to
KZN Circular
No.136/2000.

eg

For example, the school may want to enter its choir in a competition that was not known about when the budget was drawn up. There may be transport costs and an entry fee that need to be covered.



See section 7:4.3 and Circular 109 of 2000.

2.6 Can the school refuse to admit, or re-admit, a child if the parents have not been able to pay the school fee?

The school cannot refuse to admit a child whose parents are not able to pay the school fee, nor may a learner be denied re-admission because his or her parents have been unable to pay the fee. In fact a school is not permitted to discriminate in any way against a learner whose parents are unable to pay the fee. Even if there is a dispute with parents over fees, the learner may not be discriminated against.

2.7 Can we charge a non-refundable administration/processing fee when parents first apply for their child's admission?

A school can choose to charge a registration fee as long as this has been approved by parents at the general meeting where school fees are discussed. If such a fee is charged it should be adequately publicised beforehand and fully reflected in the budget. Note that a learner whose parents are unable to pay the fee may NOT be refused admission.

2.8 How should parents pay the school fee?

This will depend on the school fees policy agreed upon by the parents.



The most common way is for school fees to be paid in cash. The governing body, acting through the principal, can decide whether or not to accept other forms of payment such as private cheques, postal orders and money orders.

Any money that is received at the school must be acknowledged immediately by the issuing of an official receipt.



See section 7:6.2.3.



See sections 7:6.2.2 and 7:6.5.1.

If the parents agree to it and the bank is prepared to accept them, fees may be deposited directly into the School Fund Current Account. The depositor must ensure that adequate proof of the deposit is available for the school's inspection. They should get a stamped duplicate of the deposit slip from the bank, for handing in at the school.

3

CONTROL AND USE OF THE FUNDS

3.1 What sort of planning goes into the spending of the money?

Money is scarce and the needs and desires of the school community are virtually unlimited, thus proper planning is essential. This usually involves some difficult decision-making on priorities. The governing body, through its finance committee, draws up a budget in the third quarter of every year. It does this after receiving inputs from all stakeholders as to what should be included in the draft estimates. This budget lists all the anticipated income and expenditure for the coming year. Drawing up a budget is a complex task, as details of all the anticipated income must be listed, as well as all the details of anticipated expenditure. Very often the previous year's budget serves as a guide, but there are always additions and subtractions from the lists, as some projects finish and others begin.

Whilst drawing up the budget the governing body will also be giving attention to recommendations for the amount of the school fees to be levied in the following year.



See
section 7:11.1.

3.2 Do parents have any say in the use of the funds?

The proposed budget must be presented at a general meeting of parents. Parents must have an opportunity to comment at the meeting, and decide on the proposed use of school fund money.

At this meeting the audited annual financial statements for the previous year are also discussed. This not only ensures transparency but gives parents a yardstick and point of comparison when they consider the budget for the following year.



See
section 7:11.1.

3.3 How does the school account for the funds spent?

The finance committee is the watchdog concerning the financial affairs of the school.

There are several records of expenditure by the school.

- All financial transactions are recorded in the Accounting Records.
- All payments from the school fund (except for petty cash) must be made by cheque, and these payments can only be made by prior arrangement with the Finance Committee. Furthermore, all payments made from the school fund current account have to be presented to the governing body for ratification at its next meeting.
- A payment advice must be completed before a cheque is issued.
- Payments must be supported by a relevant document (voucher) such as an original cash register slip or an original tax invoice.

The financial records may be inspected at any time by parents, an official of the Department, a governing body member or any other officer authorised to do so by the Minister.

3.4 Can the school invest school fund money in any investment account?

The governing body may only deposit surplus funds in the name of the school in a savings or fixed deposit account with a registered financial institution or a post office savings bank. Permission from the Head of Department must be sought, in writing, for any other form of investment.

Every year an audited Statement of Investments must be sent to the Head of Department.

3.5 For how long must the school keep its financial records?

All accounting records must be safely stored for a period of seven years. After the expiry of this period they must be destroyed and a destruction certificate issued in accordance with instructions.



See P.G. No. R. 47, 1998; Regulation 6(7).



See section 7:110.3.1.



See sections 7:19.5 and 7.17.

3.6 Is a person formally appointed to work with the school's financial and accounting records?

An officer must be appointed in writing by the principal, in consultation with the governing body, to be responsible for the financial and accounting records of the school. The actual duties to be performed by this officer must be specified.

The person appointed must be completely familiar with all the Statutory Provisions, Regulations and Departmental Instructions relating to the tasks, and must be aware that any irregularities may have serious consequences.



Where can people receive training to do the books properly?

From time to time the Department provides training, which may be on a Regional basis.



See sections 7:9.2, 12.1, and 22.2.



The person formally appointed to be responsible for financial and accounting records can be termed the 'Finance Officer'.

3.7 How often should the books be checked?

The principal or a responsible officer appointed in writing by the principal must carry out checks of all monies and associated records, at the intervals specified in the instructions.

Proof of these checks is in the form of dated signatures of the responsible officer on the documents.



The principal is normally the officer responsible for the checking of the financial records unless the principal actually keeps the cash books him/herself. Note that the school's superintendent of education (management) has to ensure that accounting procedures and instructions are being complied with. (See annexure to circular 8 of 2000).



See sections 7.6.12, 7.6.13.6 and 7.15.6 for examples.

In addition, the Finance Committee is also tasked with performing internal checks.

If at any time an appointed financial officer is changed, there should be a detailed check at the time of the change.

An auditor appointed by the governing body must audit the records and financial statements of the school fund annually.



See sections 7:6.12, 8.1.1, 19.



See P.G. No. R47, 1998; Regulation 7.



See section 7:6.11.



See manual 7.

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The governing body may decide to reward an educator financially for coaching a sports team on several afternoons a week and accompanying the team to matches over the weekend.



See section 7:16.1.

3.8 What if it is very difficult to bank all money received straight away?

Where possible all money received on a particular day must be banked on that day. If this cannot happen then the money must be banked on the next official working day. In the meantime, every effort must be made to safeguard the money.

3.9 Can educators be paid for extra duties or travel expenses?

Extra duties

As far as governing body-paid educators are concerned, the terms of their contract should specify such detail.

Educators in State employment may not be paid extra for performing duties that are part of their job description. However, it has become practice in some schools to reward educators for performing extra duties.

Governing bodies that do this must;

- be aware of all the implications of contracts and formal employment practice, including the employee tax implications.
- inform the Department of the details.

Travel expenses

If a person uses his or her private vehicle on the school's behalf, the actual expenditure incurred may be met from school funds, provided that it is approved school policy to do so. Rates per kilometre travelled should be similar to State rates and there should be a system in place that ensures prior approval of the trip. Educators are advised to check with their car insurance companies before using their cars for such purposes. The school

too should be aware that there are insurance implications involved in the transport of learners in private vehicles, and should seek expert advice.



3.10 Can the school premises be used to generate income?

The governing body is required to raise additional funds for the school. It can do this in various ways such as encouraging voluntary contributions and holding fund-raising activities such as fetes and concerts. It is also permitted to derive income from all the assets of the school, so, provided that precautions are in place to prevent damage, and there is no interference with the educational function of the school, a governing body may rent out part of the premises. It is wise to complete proper legal agreements in such cases.



See section 7: 4.

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For example, a governing body may raise additional income by renting out part of its premises to a person running a hobby group, or to a group holding religious services over the weekend.

3.11 Can the governing body trade in the school's assets?

Non-section 21 schools

The school owns all assets acquired with school funds. The school fund consists of parent contributions, donations and subsidies paid by the Department.

Assets allocated to a school by the Department are owned by the Department. The school cares for these assets but they remain the property of the State. Thus the school can trade in its own assets in a similar fashion to that detailed below for section 21 schools, but it must deal with State stock in the manner outlined in the Instructions. (See number 7 of Section 7).

It is important that the school differentiates clearly between those items purchased from school funds, donated to the school or purchased with funds donated to the school, and items allocated to the school by the State.

This record may take the form of an appropriate column in the stock register and/or suitable marking of the stock itself.



See section 7: 9.1.

Section 21 schools

A section 21 school owns all assets acquired with school funds. If a school is allocated powers in terms of section 21 (1) (a), ownership of State assets at the school is transferred to the school subject to the following provisos:

- i) The school must submit financial statements.
- ii) The school must prepare an inventory of the assets
- iii) The Department must verify the inventory.

- iv) The chairperson of the governing body must issue a receipt for the assets.
- v) The school may not dispose of the assets without value unless the Head of Department consents thereto.
- vi) Upon the closure of the school ownership reverts to the State.

These provisos mean that the school must differentiate clearly between those items acquired from the State, and items purchased from school funds, donated to the school or purchased with funds donated to the school. This differentiation could, for example, take the form of a suitable column in the stock register and/or suitable marking of the stock itself.

If all the provisos have been met the school can trade in the school's assets.

4

DEPARTMENTAL CONTRIBUTIONS AND CONTROL

Departmental funding is the funding received from the Department of Education and Culture. It is not to be confused with the school's other sources of funds, such as fees. These are two separate sources which both contribute to the overall financing of a school.

4.1 How does the Department contribute to the running of the school?

The State, through the Department of Education and Culture makes a massive contribution to the running of all public schools. The major part of this (up to 90%) is in the form of staff salaries.

The form of further contributions depends on whether the public school is classified as a 'non-section 21' or a 'section 21' school.

4.2 What is a 'section 21' school?

Section 20 of the South African Schools Act sets out certain functions that must be performed by all public schools, but in Section 21 provision is made for school governing bodies to take responsibility for additional management functions. This includes becoming progressively more responsible for managing aspects of recurrent expenditure.

The 'section 21' functions include:

- to maintain and improve the school's property, buildings, grounds, and hostel;
- determine the extra-mural curriculum and the choice of subject options in terms of provincial curriculum policy;
- purchase text books, educational materials or equipment for the school;
- pay for services to the school; or
- other functions consistent with the Act or applicable provincial legislation.

Schools that feel they have the ability and capacity to self-manage these aspects of their school may make application for the transfer of these management functions to the school.

4.3 What are the advantages of being assigned Section 21 status?

Schools that qualify for 'section 21' status will receive a direct transfer of money, calculated in terms of the Resource Targeting List, to assist with the payment of the school's recurrent costs. These schools may then deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures. Section 21 schools will be held accountable for the transfer payment made to the school.

It is not the section 20 or 21 status of a school that determines its allocation. A schools' position in the resource target list determines the amount.

4.4 What about 'non-section 21' schools?

Schools that presently do not qualify for 'section 21' status, will still receive an allocation, in terms of the Resource Targeting List, but this will be a 'paper' allocation. Non-section 21 schools are required to present a budget to the department, and purchases will be made against the budgeted items. The provincial department will procure goods and services on their behalf according to existing departmental arrangements. The department will maintain a school-based commitment register, and all schools are required to manage their requests for purchases and payments against the submitted budgets.

4.5 How are schools informed of their allocations?

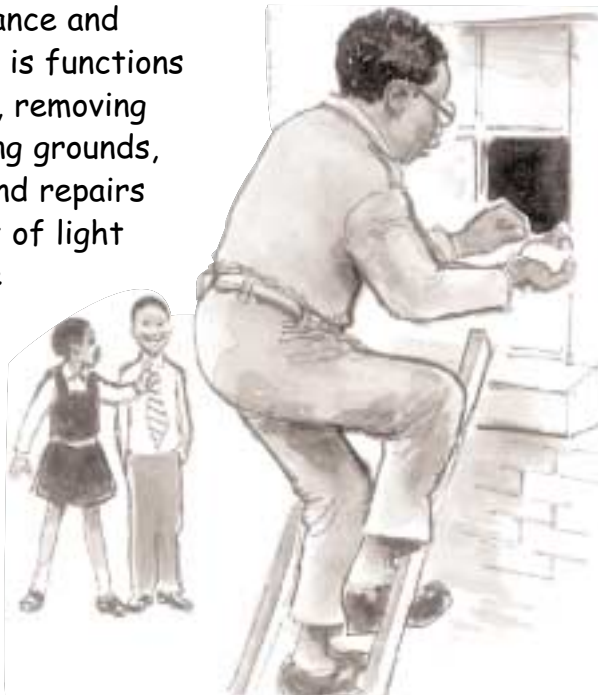
Schools receive a letter from their Regional Offices that informs them of the sum of money that will be allocated to them to contribute towards the school's recurrent cost expenditure. In terms of the norms, schools are to be informed of the allocation by 30 September each year.

4.6 What is the money that schools are allocated to be spent on?

The allocations made to schools in terms of the norms are to assist with the recurrent costs of schools.

The norms indicate that the following cost categories are considered to be recurrent costs:

- Immovable capital improvement and repairs. However, routine maintenance and cleanliness, that is functions such as cleaning, removing litter, maintaining grounds, minor painting and repairs and replacement of light bulbs will be the responsibility of the school community.
- Easily separable recurrent costs.
- Small capital equipment costs. This includes learning support material, books and stationery.



Easily
separable recurrent
costs could include
electricity, telephone
and water accounts.

An advisory list that prioritises the types of expenditure that should be committed to the allocation, is available from the Department.

All schools receiving an allocation in terms of the National Norms and Standards for School Funding should give preference to their contractual obligations and learner needs when prioritising their spending.

4.7 How do we budget for the allocation?

Section 21 schools have the allocation paid directly into their bank accounts, so the provincial allocation becomes an item in the school fund account. When the budget is drawn up this allocation is included in the expected income. The Department does not specify how the money must be spent, but the overall expenditure from the school fund must obviously be in terms of the budget and educationally based.

Non-section 21 schools are also required to include the allocation in their budgeting even though they do not receive the allocation in cash.



See
section 7: 19.



See Annexure
to Circular 8 of
2000.



See
section 7: 20.



See SASA
Section 43.

4.8 Does the Department check the books?

The Department relies on the annual audit and checks by the Superintendent. The audit must be undertaken by a registered auditor or, if that is not possible, by a person qualified to act as an accounting officer.

The governing body must submit a copy of the annual financial statements to the Head of Department within six months of the end of each financial year.

The MEC or Head of Department may at any time call for a special report on the administration of the school funds, or appoint an officer to investigate and report on the administration of the school fund.

5

CONTRACTS AND DEFAULTS

5.1 Can the school enter into contracts?

A governing body may enter into contracts on behalf of the school.

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Examples of contracts entered into by governing bodies include contracts for painting the school, or supplying books, or repairing school property, or employing an additional educator. A school may also contract out certain functions such as the operation of its tuckshop.

Note, however, that;

- if there are minor learner representatives on the governing body, they are excluded from this process.
- the Department must be kept fully informed of these transactions.
- the principal must be advised in writing by the governing body before entering into such agreements.



See section 7:6.21.

5.2 What if the school defaults on a contract item?

If the school enters into a contract fully aware that it is unlikely to be able to meet the financial obligations, there may be serious legal consequences for the school governing body. Moreover, if the Department is forced to intervene financially it may have to take any outlay into consideration in subsequent allocations to the school.

Payments for services such as electricity and water

Since part of the monetary allocation, whether for a non-section 21 or a section 21 school, should be used to pay for such services, the Department must be kept well-informed of any problems the school may encounter in meeting the payments.

However, it is up to the governing body in the first instance to negotiate directly with the supplier of the service. Only if all avenues of negotiation have been exhausted should the Department's intervention be sought.



The Head of Department must be informed of all hire purchase agreements entered into by the school governing body. See section 7:6.21.

NOTES

6

NORMS AND STANDARDS FOR SCHOOL FUNDING**6.1 When did the norms come into effect?**

These norms became national policy on 1 April 1999 and for schools came into effect in January 2000. The KwaZulu-Natal Department of Education and Culture implemented the National Norms and Standards in January 2000.

6.2 What areas are covered by the Norms and Standards policy?

The policy sets out national norms and minimum standards for school funding in terms of the South African Schools Act. It also deals with procedures to be adopted by provincial education departments in determining resource allocation to their schools.

The Norms and Standards deal with three aspects:

1. The public funding of public schools.
2. The exemption of parents who are unable to pay school fees.
3. Public subsidies to independent schools.

6.3 What areas are not covered by the Norms and Standards policy?

The norms and standards apply only to school-level expenditure at ordinary schools.

- Personnel expenditure for ordinary schools is excluded from the Norms.
- The provincial education department school-related administrative and developmental expenditure is also excluded.
- All schools for special learners (LSEN) are excluded from the norms and standards outlined in the document.

6.4 What are the basic principles of the norms and standards?

The basic principles of state funding of public schools derive from the constitutional guarantee of equality and recognition of the right of redress. The South African Schools Act (section 34(1)) provides 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 educational provision'.

The norms state that it is a matter of urgent priority to effect redress and equity in school funding, with a view to progressively improving the quality of school education. This should take place within a framework of greater efficiency in organising and providing education services.

These principles underlie the National Norms and Standards for School Funding and prepare the way for the allocation of resources and expenditure by specifically targeting the needs of the poorest. The need for redress and improving equity requires all provincial departments to undertake considerable budget and financial analysis and to use information with great care.

6.5 In public funding of public schools, what cost allocation categories are there?

The norms identify two cost allocation categories, namely capital costs and recurrent costs.

Capital Costs

Capital cost allocations include costs related to new classroom and other constructions and include provision for water, electricity, sewerage and telephone services on site and connections to main services where these are provided to the school site.

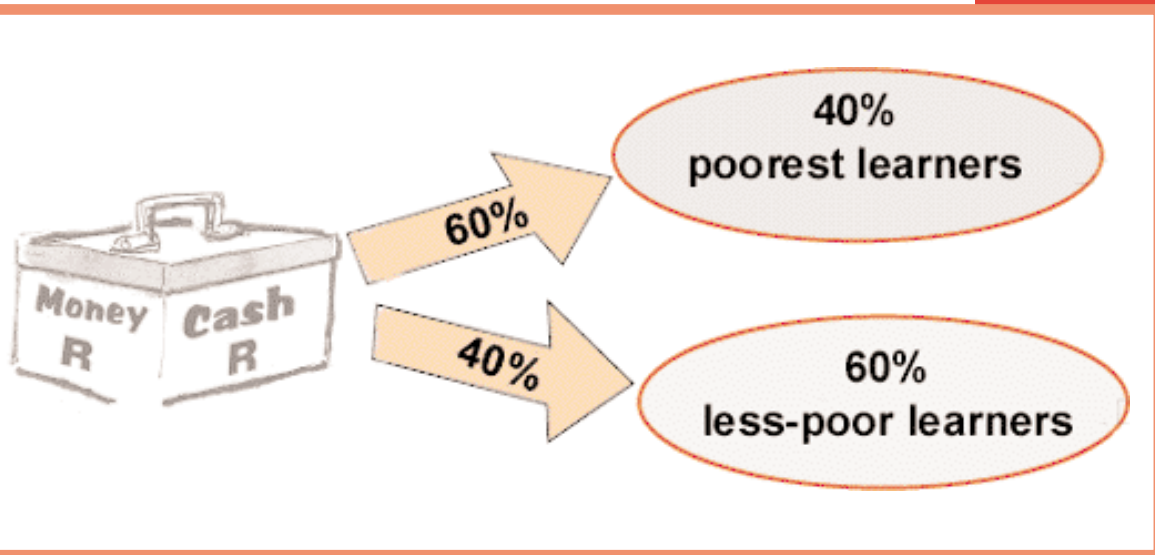
Provincial education departments are required to do an analysis to estimate what is needed to get infrastructure development up to speed, and provide sufficient school places by a given target year.

New schools or additional classrooms and learning facilities should be provided to the neediest population, where 'need' is defined in terms of the lack of current schools or overcrowding of existing ones. In the allocation of funds for new school construction, preference must be given to schools serving education grades 1 - 9 and also to extensions, where practical, to existing schools, rather than building new schools.



Recurrent Costs

Recurrent cost allocations include expenses such as immovable capital improvement and repair costs; small capital equipment costs (including the provision of school stationery and learning resource materials); and easily separable recurrent costs (including expenses related to supplies and service costs). Allocations for these recurrent cost items must be targeted as far as possible on the basis of need, determined according to the condition of the school and relative poverty of the school community. The diagram below illustrates that 60% of the budget should be targeted at the poorest 40% of learners.



6.6 How do we determine who the poorest learners are?

The norms indicate that provincial education departments are required to develop a 'Resource Targeting List'. The Resource Targeting List requires that all ordinary public schools be sorted by a 'poverty' ranking. Two equally weighted factors are used to determine a school's poverty ranking. These factors are the physical condition, facilities and crowding of the school and the relative poverty of the community.

The box below indicates the criteria the KwaZulu-Natal Department of Education and Culture used to rank their schools in terms of the Resource Targeting List.

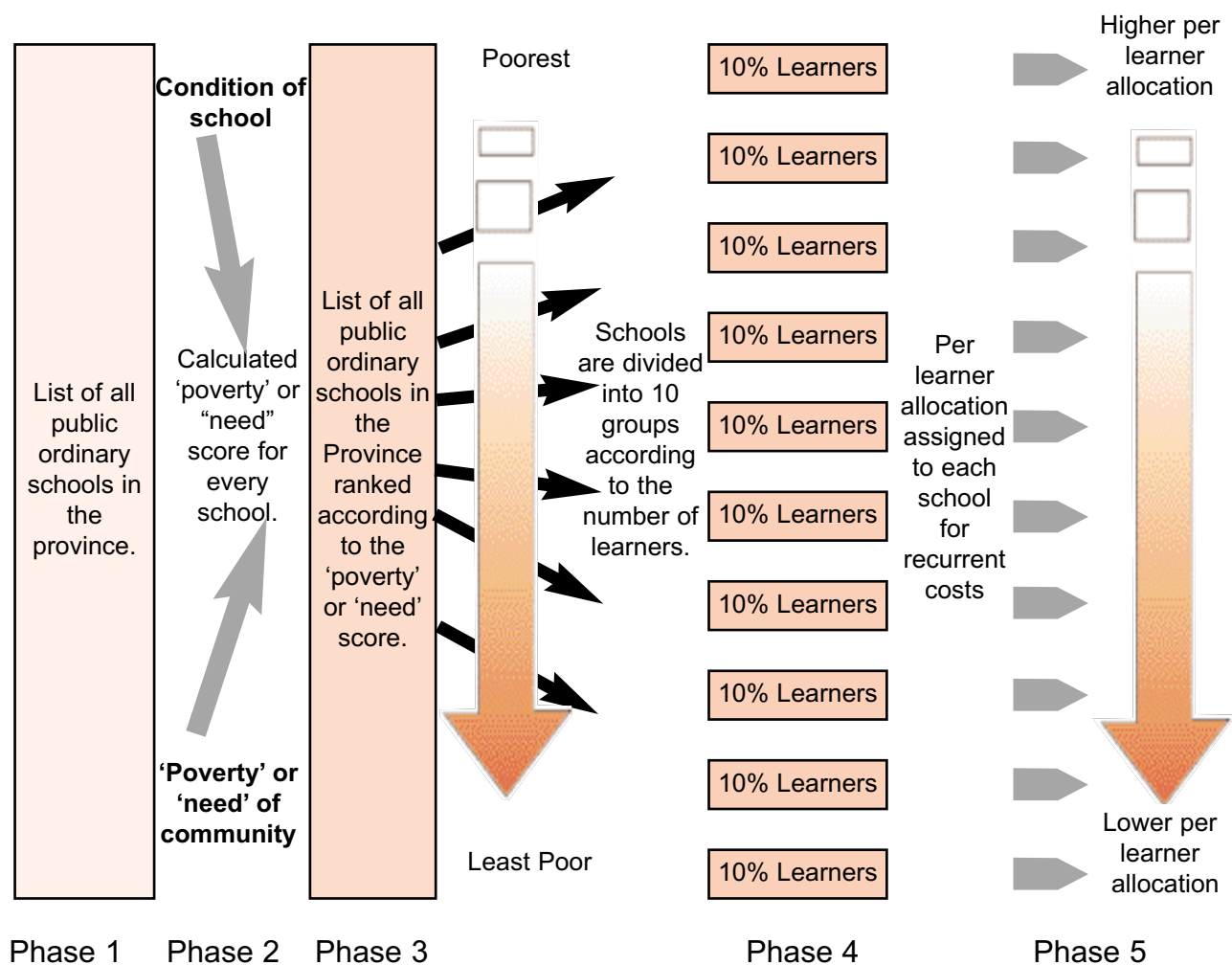
The criteria used by the KwaZulu-Natal Department of Education and Culture to rank their schools

- Average years of education of community members
 - Dependency Ratio
 - Per Capita Income
 - Road Access

Community Based
- Number of Learners to a Classroom
 - Power supply at school
 - Water supply at school
 - Building condition of school

School Based

The ranked list of all ordinary schools then leads to equal scoring schools being assigned to a group. The KwaZulu-Natal Department of Education and Culture has divided schools in the province into ten groups, referred to as deciles. Allocations are made on a variable per-learner basis that favours the poorer segments of the population. The neediest schools will get priority funding in the form of a higher per learner allocation.



Phases of developing a 'Resource Targeting List' to determine per learner allocations for recurrent cost expenditure.

6.7 Where can I find out more about the norms and standards?

Each of the education Regional Offices has established a regional School Funding Norms Committee and there is also a central School Funding Norms Committee. These committees can be approached for advice, guidance or clarity.

NOTES

7 SCHOOL FUND DEPARTMENTAL INSTRUCTIONS

These instructions enlarge on the regulations listed in section 8.

At all times governing bodies should check that the regulations and instructions are still relevant in view of new circulars and rules issued by institutions such as commercial banks. Examples of forms quoted in these instructions can be found in Manual 5.

1 School Fund Account

- 1.1 For the purpose of these Departmental Instructions a school fund account currently in operation shall continue to remain in operation and be administered in accordance with the aforementioned Regulations and these Directions.
- 1.2 Where no school fund exists the following procedures must be adopted:-
 - 1.2.1. A current bank account must be opened in the name of the school at a registered commercial bank.
 - 1.2.2. The bank is to be furnished with 3 authorised signatories.
 - 1.2.3. All cheques issued must be signed by at least two authorised signatories.
 - 1.2.4. All school fund monies received must be deposited into this account.
 - 1.2.5. Surplus funds in the current account may be deposited into a savings or fixed deposit account in the name of the school with a registered financial institution or a Post Office savings bank. Such deposits must carry the approval of the school governing body.
 - 1.2.6. Your attention is drawn to the fact that surplus funds thus identified may be dealt with only as indicated in instruction 1.2.5 above.
- 1.3 Change of signature
 - 1.3.1. When changes and replacement signatures of officials who have been authorised to sign cheques drawn on a school fund banking account are required, the following procedure is to be adopted: - [refer to Regulation 6(10)].
 - (i) Authority for persons to sign school fund cheques must be granted in writing by the school governing body.
 - (ii) Such authority must be forwarded directly to the bank where the account is held, in the following format:



EXAMPLE OF FORMAT TO BE USED WHEN SIGNATORIES ARE CHANGED

The Manager
Name of Bank
Address

REFERENCE NO.
NAME AND ADDRESS OF SCHOOL
DATE

Sir/Madam

SIGNING AUTHORITY: SCHOOL FUND CHEQUES

Approval is hereby granted for signing authorities as indicated hereunder. Kindly inform all the clearing banks mentioned in paragraph (d) accordingly.

- a) Name of school
- b) School name printed on cheque
- c) School fund current account number
- d) Name of bank and centre where school fund business is conducted
- e) Name of person/s whose signing authority has been approved*
- f) Name of person/s whose signing authority is to be withdrawn.
- g) Effective date

*A list with 10 specimen signatures together with certified copies of the ID Document of each person attached.

Yours sincerely
Chairperson of the School Governing Body

- (iii) A list of 10 specimen signatures together with a certified copy of the Identity Document of each person to whom signing authority is granted must accompany the notification to the bank.
- (iv) The person who signs the authority must certify the list of specimen signatures as follows:-

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'I, the undersigned, certify that the signatures appearing on this list are the true signatures of _____
(Name of person) referred to in the attached approval.'

- (v) Signing authorities in terms of (i) and (ii) above must be submitted to the banks within 21 days after the election of the school governing body in order that sufficient notice be given to the banks concerned and all necessary arrangements be finalised before the date on which the signing authority becomes effective.
- (vi) The bank must immediately be advised in writing of any withdrawal of signing authorities not included in the notification referred to in (ii) above.

1.4 Bank overdraft

Under no circumstance must the school fund banking account be overdrawn, or may overdraft facilities be arranged on these banking accounts.

2. Finance Committee

2.1 A finance committee must be established in terms of Regulation 2(3).

2.2 The committee must be chaired by a member of the school governing body and shall consist of at least 3 members which must include:

- i) the Principal of the school or his/her delegate
- ii) the Chairperson of the governing body of the school
- iii) the Treasurer of the governing body of the school
- iv) additional members may include:
 - Any member of the school governing body or Teaching Staff of the School, or
 - Any other person nominated by the school governing body may be co-opted for his/her expertise.

2.3 The term of office of a member of the Finance Committee shall not exceed one year.

2.4 A member or office bearer of the Finance Committee may be re-appointed or co-opted as the case may be, after the expiry of his or her term of office.

2.5 Any committee member nominated onto the committee in terms of sub-paragraph 2.2 may resign by giving notice of his or her intention to the Chairperson of the committee. Such resignation shall take effect on the date indicated on the notice, or, in the absence of such intention on the date on which such notice was given.

2.6 Vacancies arising shall be filled by the appointment of a suitable person as approved by the school governing body.

3. Duties of the Finance Committee

The finance committee shall:

- 3.1 be responsible for the drafting of the school's proposed estimates of income and expenditure for the ensuing year;
- 3.2 authorise all expenditure incurred in accordance with the approved budget, such expenditure to be ratified by the school governing body;
- 3.3 Advise the school governing body on the need for fundraising activities and ways and means of supplementing the School Fund income;
- 3.4 Assist with the preparation of the annual financial statements;
- 3.5 Advise the school governing body on investment of surplus funds;
- 3.6 Make recommendations to the school governing body on the appointment of an Auditor in terms of Regulations 7(2) and 7(3) of KZN Schools Education Act No. 3 of 1996; (See KZN Notice No. 47/1998 dated February 1998.)
- 3.7 Ensure that a monthly statement detailing the income and expenditure of the school fund, is presented to the school governing body;
- 3.8 Exercise overall control of the school's financial records, and furnish the school governing body with a detailed report of non-compliance with the Regulations and the Financial Instructions;
- 3.9 Perform internal checking functions;
- 3.10 Submit recommendations to the school governing body on proposed expenditure not originally budgeted for, in terms of Regulation 6(13);
- 3.11 Submit recommendations to the school governing body on the amount of school fees to be levied;
- 3.12 Furnish the school governing body with a monthly statement of all outstanding school fees;
- 3.13 Advise the school governing body on school fees exemptions;
- 3.14 Submit a quarterly report on the financial affairs of the school to the school governing body.

4. Contributions to School Fund

- 4.1 Funds may be collected for the School Fund by means of:
 - 4.1.1. school fees;
 - 4.1.2. voluntary contributions;
 - 4.1.3. fundraising activities - which include bazaars, sales, concerts, fetes, raffles, fun runs, etc;
 - 4.1.4. income derived from all assets of the school;

- 4.1.5. contributions by learners for special purposes, but always in compliance with the provisions of the Fundraising Act No. 107 of 1978.
- 4.1.6. Donations and bequests, provided that these must be administered in accordance with the conditions of such donations or bequests.
- 4.2 No monies may be collected for any purpose whatsoever without the prior approval of the school governing body.
- 4.3 No learner or parent may be subject to any form of discrimination or victimisation due to the inability to make a contribution to the school fund or exemption from payment of school fees.
- 4.4 Any person purporting to collect monies on behalf of the school fund, without the prior authorisation and approval of the school governing body, may be liable for prosecution.

5. School Fees

- 5.1 The amount of school fees to be levied per learner for the ensuing year will be determined by the majority of parents at a meeting of parents convened by the school governing body and held during the 4th quarter of the current year.
[Regulation 4.1]
- 5.2 Parents to be advised in writing of the amount of school fees to be levied per learner, for the ensuing year. Such advice to reach parents prior to the close of the current academic year.
- 5.3 The school governing body may decide on the terms of payment of school fees.
- 5.4 A parent is liable to pay the school fees determined by the school governing body in accordance with Instruction 5(1) above unless he or she has been exempted from payment in full or in part. [Regulation 4(6)]
- 5.5 A parent may appeal to the Secretary against a decision of the school governing body regarding the non-exemption of such parent from the payment of school fees.
[Regulation 4(7)]
- 5.6 A written appeal in terms of Instruction 5.5 above must be made within 30 days of the parent concerned being informed of the amount of school fees payable by him or her.
- 5.7 The school governing body may by process of law enforce the payment of fees by parents who are liable to pay after reasonable attempts have been made to recover the fees.

6. Financial Administration

- 6.1 The financial year of the school shall be from 1 January to 31 December.
- 6.2 Methods of payment
 - 6.2.1. Payments which may be treated as cash
 - Payments to the school fund account may be made in cash, and for the purpose of this instruction the following shall be regarded as cash:-
 - a) bankers drafts

- b) cheques marked by a banker
- c) money orders
- d) postal orders

6.2.2 Direct deposits

Payment of school fees etc may be deposited directly into the School Fund Current Account by the parent of the learner or any persons. The officer responsible for the keeping of the Cash Books must identify these direct deposits in the bank statement on a monthly basis. The officer shall implement a register wherein all details arising from the direct deposit are extracted from the bank statement and recorded. The total amount received through the direct deposits must be brought into the account in the receipts cash book by issuing a school fund receipt. This procedure must be done prior to the bank reconciliation statement being prepared. The school fund receipt must be made in the name of the principal in his/her official capacity.

6.2.3 Private cheques

Private cheques not marked by a banker may be accepted at the discretion of the head of the school, provided such a cheque is presented by the drawer in respect of payment due by him/her. Cognisance must be taken of the need for safeguarding the school fund against possible loss.

Besides insufficient funds, most cheques are dishonoured by the banks as a result of errors thereon. To keep the number of dishonoured cheques to a minimum, all cheques must be carefully scrutinised for errors before being accepted. The following are some of the common errors found on cheques:-

- a) incorrectly dated
- b) amounts in words and figures differ
- c) alteration not authenticated by the full signature of the drawer
- d) not signed by the drawer

6.3 Receipt, safe custody and disposal

6.3.1 The duties of officers responsible for the collection and receipt of school fund monies must be assigned to them in writing by the school governing body.

6.3.2 Any officer whose duties include the receipt and disbursement of school fund monies shall be responsible for the safe custody of all such monies under his/her control.

6.3.3 Steel cabinets, desk drawers, etc are unsuitable for the safe custody of monies as they can be opened without the aid of a key.

6.3.4 Monies must not be left in cabinets or drawers even if locked but should at the earliest possible moment be deposited into the school fund account, except when required for immediate use or temporarily stored in the course of collection under the direct control of the officer handling it.

6.3.5 The sharing of safes or strongrooms should in normal circumstances not be permitted, but if circumstances necessitate such sharing, arrangements should be made to ensure that it is possible at all times to fix responsibility for the safe custody and security of monies, receipt books and all documents of potential value.

6.3.6 Whenever an officer entrusted with the receipt, payment or collection of monies is relieved of his/her duties, either temporarily or permanently, the receipts, payments, cash books and all cash on hand must be checked in detail by the person taking over the duties. A handing-over certificate must be completed and signed by the officer being relieved, the officer taking over and the principal. The handing-over certificate in respect of the receipt book in use shall be an endorsement on the reverse side of the last form in the book. The handing-over certificate in respect of the cash-on-hand (officers issuing receipts) shall be an endorsement on the reverse side of the last receipt form used. In respect of the officer in charge of petty cash, a handing-over certificate shall be an endorsement in the relative register in use. If the officer being relieved is for any reason not able to certify, a third impartial person must be present to certify the correctness of the balance by appending his/her signature thereon.

6.4 Distribution register

6.4.1 A distribution register for the issue of receipt books must be kept and maintained by the principal.

6.4.2 The following columns in the distribution register must be completed in full.

- i) Date received (from supplier)
- ii) Book number (receipt books to be numbered consecutively)
- iii) Receipt Serial number - from
- iv) Receipt Serial number - to
- v) Checked by
- vi) To whom issued
- vii) Signature of Recipient
- viii) Date issued
- ix) Date returned
- x) Signature of Principal
- xi) Signature and date of checking official

6.4.3 The following procedures must be followed:

- i) The Principal must ensure that whenever a stock of receipt books is received from the supplier, no receipt forms are missing from the books and that the receipts have been numbered consecutively before the receipt books are taken on charge and entered in the distribution register. The officer responsible must affix a certificate with the undermentioned wording on the reverse side of the last duplicate receipt form in every book and must sign and date the certificate:

Checked. Receipt forms No. _____
to _____ received by me.
Signature _____
Date: _____
Name in Print: _____
School Stamp: _____

eg

- ii) When a receipt book is issued, the recipient thereof must confirm that all the receipt forms are in the book and must affix a certificate as described in paragraph (i) above on the reverse side of the last duplicate receipt in the book before signing for it in the register.
- iii) When the officer entrusted with the safekeeping and issuing of receipts is relieved of his duty, the stock of receipts forms must be checked carefully by the officer taking over his/her duty. A certificate of handing over must be completed and signed by both the officer handing over the stock of receipts and the officer taking over. Refer to paragraph 8.
- iv) If originals and duplicates of unused forms are missing, this must be reported to the Finance Committee immediately who must take statements from everyone concerned and submit them to the school governing body together with the report.
- v) The stock of receipt forms (books) must be kept under lock and key at all times, preferably in a safe or strongroom.
- vi) The issuing of receipt forms (books) to unauthorised persons is strictly prohibited.
- vii) The issuing of receipt forms to an authorised officer must not exceed his/her normal requirements.
- viii) If for some reason it becomes necessary to cancel a receipt, the word 'Cancelled' must be endorsed on the face of the original as well as the duplicate by means of a rubber stamp impression or in bold letters in ink.

6.5 Issue of receipts

- 6.5.1 Monies received by the school must be acknowledged immediately by the issue of a receipt for the amount received in respect of each individual payment, on a receipt form, by an officer responsible for the issuing of receipts.
- 6.5.2 The officer issuing receipts must ensure that he or she completes the current receipt book before commencing with a new one.
- 6.5.3 Receipts must be issued in consecutive serial number order.
- 6.5.4 Officers responsible for the issuing of receipts must ensure that:
 - i) the original and copy of all receipts are stamped with the institution's official stamp; (machine stamped or rubber)
 - ii) carbon paper is correctly placed between the original and duplicate;
 - iii) the receipt clearly indicates whether the payment was made in cash, by postal or money order, or by cheque;
 - iv) all receipts are to be completed in ink or ballpoint pen;
 - v) the date of issue is recorded in the space provided;

- vi) the surname and initials of the payer are recorded, together with learner's grade, the surname and initials for whom payment is being made;
- vii) the amount received is recorded in words as well as in figures;
- viii) the service or services for which the receipt is issued is clearly and concisely stated, together with the amount being paid in respect of each service;
- ix) the receipt is handed personally to the payer, or is posted immediately in respect of monies received through the post;
- x) when the carbon paper has been incorrectly placed or omitted entirely, the original must be cancelled and a fresh receipt issued. Under no circumstances must the duplicate copy be completed in ink or ballpoint pen;
- xi) in instances where carbon paper has not been used and the original has been handed over to the payer, the original is to be recovered before a fresh receipt is issued.

6.5.5 Alteration to receipts

- i) On no account may any alterations or erasures be made on the original and/or the carbon copy of a receipt.
- ii) In the event of a receipt having been made out incorrectly, the original and duplicate must be cancelled by inscribing the word 'Cancelled' thereon.
- iii) The original of the cancelled receipt form must not, under any circumstances, be removed from the receipt book.

6.5.6 Duplication of receipts

- i) The issue of more than one receipt for the same payment is strictly prohibited.
- ii) Where a receipt has been inadvertently duplicated, the second receipt issued is to be cancelled immediately and the original and duplicate endorsed 'Cancelled'.
- iii) If the original of a duplicated receipt has already been posted to the payer, steps must be taken for the immediate recovery of this original for cancellation purposes and replacement in the receipt book.

6.5.7 Loss of original of cancelled or duplicated receipt

- i) Where the original of a cancelled or duplicated receipt cannot be traced, found or recovered, the loss must be reported immediately to the Finance Committee with a request that authority be granted to dispense with the production of the lost original.

This request must include the following information:

- a) A full explanation of how the loss occurred.
- b) Full details of the receipt i.e. receipt number, date of issue, to whom issued, amount, etc.
- c) A certificate to the effect that no loss of school fund monies has resulted from the loss of the said receipt.
- d) An undertaking that, where possible, steps will be taken to prevent a similar reoccurrence.

- ii) Such authority must be affixed to the receipt book for audit purposes.
- iii) The Finance Committee must report such losses to the school governing body on a quarterly basis.

6.5.8. Issue of class receipts

Receipt books may be made available to the class educator for the receipting of school fees and any other collection paid in directly by learners in accordance with Regulation 6(17). The following procedure must be applied:

- i) Each class educator shall receive a separate receipt book for the collection of monies;
- ii) The serial number of all receipt books must be recorded numerically in a Distribution Register by the Principal, and when a receipt book is issued to an educator, he/she must sign such register to acknowledge receipt thereof;
- iii) No class educator shall use more than one receipt book simultaneously;
- iv) The class educator must issue an individual receipt for all fees paid in by learners. The nature of such payments to be clearly indicated thereon.
- v) Details of the receipt must be entered into the School Fund Register.
- vi) The class educator must personally hand over the class receipt book, school fund register and monies collected to the officer responsible for the acceptance of school fund monies, on a daily basis.
- vii) The officer responsible for the receipting of school fund monies will issue a school fund receipt to the class educator for the total amount paid over after reconciling the cash-on-hand with class receipts issued.
- viii) The class educator must affix the school fund receipt to the class receipt book on the reverse of the last receipt issued.
- ix) All receipt books are to be ruled off on a daily basis under the last receipt used.

6.6 School fund register

The school fund register should form part of the Class Attendance Register and full particulars of all receipts issued must be entered against the learners' details.

6.7 School fund remittance register

- 6.7.1 A school fund remittance register shall be kept for recording details of all remittances or other negotiable instruments received through the post or by delivery book.
- 6.7.2 Before a school fund remittance register is brought into use the Principal shall ensure that all the pages are consecutively numbered and shall, in the course of checking, verify that no pages have been removed.
- 6.7.3 The following columns of the remittance register must be completed in full:
 - i) date received
 - ii) how received (by ordinary, certified, registered post or by delivery book)
 - iii) from whom received
 - iv) address of sender

- v) nature of remittance (eg cheque, postal orders etc)
- vi) the purpose for which received
- vii) amount of the remittance
- viii) signatures of officer present at the opening of the mail
- ix) signature of officer to whom handed over (where applicable)
- x) receipt number or other manner of disposal
- xi) signature of the officer responsible for checking of the register and date.

6.7.4 The responsibility for receiving, opening mail and the recording thereof in the remittance register must be assigned in writing to a responsible officer by the school governing body.

6.7.5 The principal or a responsible officer designated by him/her in writing, shall check the prescribed register at least once a week and satisfy himself/ herself that all the items recorded therein were immediately and properly dealt with and where applicable, brought into account. Such officer shall sign and date the register in the last column thereof to indicate that all instructions were complied with.

6.7.6 Officers receiving remittances delivered by hand shall verify the contents, acknowledge receipt thereof in delivery book and enter the remittance in the remittance register.

6.8 Postdated cheques

6.8.1 The acceptance of postdated cheques is the responsibility of the principal, or a duly appointed officer, and may not be receipted until the due date. The postdated cheque is to be properly safeguarded until presented for payment.

6.8.2 Should bank charges be incurred as a result of a postdated cheque being erroneously presented for payment, such charges may not be met from school funds.

6.9 Private monies

6.9.1 Under no circumstances shall the school facilities be used for the safekeeping of private monies.

6.9.2 The encashing of private cheques or cheques in favour of third parties from school fund monies is strictly prohibited.

6.9.3 Loans from school fund monies are strictly prohibited.

6.10 Cash surpluses and deficiencies

6.10.1 Any cash surplus shall immediately be receipted and paid into the school fund account.

6.10.2 Any deficiencies in cash must be made good by the officer responsible for the shortage on the day on which it is discovered.

6.11 Depositing of school fund monies

- 6.11.1 Where possible, all monies shall be banked on the day of receipt. Any monies which cannot be so banked shall be deposited on the next official working day. Deviations from this instruction must be approved by the Secretary.
- 6.11.2 For control purposes the use of a bank deposit book is recommended.
- 6.11.3 The name of the school must be indicated clearly on all deposit forms.
- 6.11.4 The officer making up the deposit must ensure that a receipt has been issued for every cheque included in the bank deposit.
- 6.11.5 The officer depositing the monies at the bank must ensure that the bank teller's stamp is imprinted on the duplicate copy of the deposit form.
- 6.11.6 The duplicate copies of the bank deposits must be retained in chronological order, for audit purposes.
- 6.11.7 The used and unused deposit forms must be properly safeguarded.

6.12 Checking of school fund monies

The principal or a responsible officer designated by him in writing shall carry out a weekly check of all monies to ensure that the amount on hand is correct, that monies which should have been banked have not been withheld and that the instructions regarding the receipt, custody and disposal of school fund monies has been carried out.

6.13 Petty Cash

- 6.13.1 The school governing body may authorise the principal to keep an amount of petty cash as laid down in Regulation 6(12).
- 6.13.2 Payments from petty cash shall be limited to small amounts, which would not justify the drawing of a cheque.
- 6.13.3 These payments shall also be used exclusively for school educational purposes.

6.13.4 Procedure:

- i) The keeping of the petty cash and records pertaining thereto may be delegated to a responsible officer in writing by the principal.
- ii) School fund petty cash must be kept separate from other monies.
- iii) The officer entrusted with the keeping of petty cash must ensure that petty cash monies and records are properly safeguarded at all times, preferably in a safe or strongroom.



- iv) When making a payment from petty cash, a proper receipt, voucher or invoice must be obtained from the payee.
- v) In cases where no receipts or other documentary proof in support of a payment can be obtained, the principal must complete a certificate as follows:

(Impression of the Official School stamp)

Date:

CERTIFICATE IN SUPPORT OF PAYMENTS MADE FROM PETTY CASH

I hereby certify that the following goods/services were paid from petty cash, that no receipt or other documentary proof was available, and that the expenditure was actually incurred and necessary for school educational purposes.

DATE	TO WHOM PAID	DETAILS OF SERVICE/ GOODS	AMOUNT PAID

SIGNATURE OF PRINCIPAL

DATE

SIGNATURE OF RECIPIENT

DATE

6.13.5 Accounting from petty cash

- i) Petty cash shall be maintained in accordance with the imprest system. The ‘imprest system’ entails the making of a specific fixed amount available from the school fund current account for use as an advance. The imprest is subject to reimbursement, but may not be supplemented without the approval of the school governing body. After the school governing body has approved that the petty cash may be made available, the officer entrusted with the financial records will draw a cheque endorsed ‘for official purposes’ in favour of the principal of the school. The crossing of the cheque must be cancelled. A payment advice must be used for this purpose. The cheque must be endorsed by the drawee and cashed at the bank. Thereafter the officer entrusted with the petty cash shall make payments for school educational purposes as and when necessary and in accordance with the procedures outlined in these instructions.
- ii) The officer entrusted with the keeping of petty cash must maintain a petty cash book and record therein, all amounts received as well as payments made.

- iii) The petty cash book shall contain the following columns:
 - a) Receipts side:
 - Date
 - Details
 - Amount
 - b) Payments side:
 - Date
 - To whom paid
 - Particular of goods or service
 - Amount paid
 - Voucher number
- iv) All re-imbursements received must immediately be recorded in the receipts side of the petty cash book.
- v) All expenditure incurred must be recorded immediately on the payments side of the petty cash book.
- vi) There must be a supporting voucher for each payment made.
- vii) Supporting vouchers must be numbered consecutively and entered in the same order on the payments side of the petty cash book.
- viii) When the petty cash advance requires replenishment, the petty cash book must be balanced and the balance carried forward. A cheque for the amount expended must be issued from the school fund current account as per instruction 6.13.5(i).
- ix) The petty cash book together with all vouchers must be submitted to the Finance Committee for verification, at least once per quarter.
- x) Incorrect entries in the petty cash book must be neatly deleted and the correct entries must be recorded immediately above the deleted entries. Under no circumstances shall pages be pasted together or correcting fluid and other erasing agents be used in order to obliterate incorrect entries. The corrections must be authenticated by the full signature of the responsible officer.
- xi) All pages in the petty cash book must be numbered consecutively.
- xii) Under no circumstances shall advances or loans be made from petty cash monies.
- xiii) The encashing of cheques from petty cash monies is strictly prohibited.

6.13.6 Checking and verification of petty cash

- i) The Principal or an officer delegated by him in writing must check the petty cash records and cash-on-hand at least once every month and append his/her signature and date on the Receipts side of the Petty Cash Book to indicate that this check has been undertaken.

- ii) Any shortage must be made good immediately by the officer entrusted with the custody of petty cash and the officer checking must make a note to that effect in the Petty Cash Book.
- iii) Any surplus must be receipted and deposited into the school fund current account and the officer checking must make a note of such surplus on the Receipts side of the Petty Cash Book.
- iv) Any shortage or surplus discovered shall be reported to the Finance Committee at the next Finance Committee meeting.

6.13.7 Handing over of petty cash

- i) Whenever an officer is relieved of petty cash duties either temporarily or permanently, a handing over certificate must be completed by the officer handing over and acknowledged by the officer taking over, in the presence of the principal.
- ii) The handing over certificate must be completed in the receipts side of the Petty Cash Book. (As per Instruction 6.3.6)

6.13.8 Financial year end

- i) At the end of each financial year, the petty cash book must be balanced and the cash-on-hand receipted and deposited into the school fund current account.
- ii) An entry must be made in the Receipts Cash Book to this effect.

6.13.9 Discontinuation of petty cash

- i) In the event of a school being closed permanently or the school not requiring petty cash, the petty cash book must be balanced and the cash on hand receipted and deposited into the school fund current account.
- ii) An entry must be made in the Receipts Cash Book to this effect.
- iii) The vouchers on hand for the monies utilised, together with the petty cash book and the receipt referred to in paragraph (i) above, must be forwarded to the Finance Committee.
- iv) Petty cash must be accounted for as stipulated in (i) and (ii) above and cannot be transferred to another school or institution.

6.14 Telephone / Facsimile

6.14.1 A register must be maintained wherein details of all telephone calls made will be recorded.

6.14.2 The cost of private telephone calls must be re-imbursed to the school fund account by the person concerned.

6.14.3 A register must be maintained of all facsimile usage.

6.14.4 The principal must ensure that all necessary steps are taken to prevent the abuse of telephones and facsimile services.

6.15 Postal services

6.15.1 A register recording all outgoing mail and postage stamps purchased must be maintained.

6.15.2 Priority mail services should be used judiciously and a record shall be kept of the number of items thus despatched.

6.15.3 The duty of controlling postage stamps must be delegated in writing by the principal to a responsible officer who shall ensure that stamps are properly safeguarded at all times.

6.15.4 The officer responsible for controlling postage stamps must maintain the register in which the number and value of stamps under each denomination must be entered.

6.15.5 The stamp register must be balanced at least once a month.

6.15.6 The principal or an officer nominated by him/her in writing, must check the stamp register and verify the quantity of stamps on hand, on a monthly basis. The stamp register must be signed and dated to indicate that this check has been undertaken.

6.15.7 Deficiencies discovered must be reported to the Finance Committee.

6.15.8 The above instructions also apply to the use of franking machines. Control measures must be implemented to safeguard the use of franking machines, at all times.

6.16 Funds for special purposes

6.16.1 Schools that are required to administer any fund for special purposes e.g. a bursary fund, etc, must first obtain the approval of the Secretary, as per Regulation 8(d).

6.16.2 Such a fund must be administered according to further directions issued by the Secretary.

6.17 Cash books

6.17.1 Schools must keep separate multi-column analysis cash books reflecting all receipts issued, including deposits and payments effected from the school fund current account.

6.17.2 The duty of keeping of the Receipts Cash Book and Payments Cash Book must be entrusted to a responsible officer in writing in terms of Regulation 2(4).

6.17.3 The Receipts Cash Book and Payments Cash Book must be written up daily.

- 6.17.4 The officer entrusted with the keeping of the Cash Books must ensure that the Cash Books are properly safeguarded at all times against loss by fire or any other form of destruction and unauthorised access or removal.
- 6.17.5 All entries in the Cash Books must be made in blue or black ink. Under no circumstances must entries be made in red ink, erasable ink or pencil.
- 6.17.6 The use of green ink in books of accounts is strictly prohibited.
- 6.17.7 Erasures shall not be permitted in the books of accounts. Any alterations must be made by ruling through with a single line the incorrect entry and inserting the correct entry immediately above it. Any alteration must be initialled by the responsible officer and the checker.
- 6.17.8 The pages in both the Receipts and the Payments Cash Books must be numbered consecutively. It is also recommended that entries for a new month start on a fresh page commencing with the carried forward totals.
- 6.17.9 Receipts cash book
- i) All school fund monies received must be entered in the Receipts Cash Book in consecutive receipt number order, excluding receipts issued to learners by the class educators.
 - ii) The Receipts Cash Book must be a multi-column analysis Cash Book and must include the following columns:-
 - a) Date
 - b) Details
 - c) Receipt Number
 - d) Control Column
 - e) Sundries and Details of Sundries
 - f) Interest Received
 - g) Any other column as required by the school e.g. School fees, PSNP, Donations, Excursions, etc.
 - h) Bank
 - iii) The 'Details' column must reflect the name of the payer.
 - iv) The 'Control' column must reflect the total amount per individual receipt.
 - v) All miscellaneous income received will be entered in the 'Sundries' column and specific details regarding such income must be indicated next to the entry.
 - vi) Interest received on the current account as reflected in the bank statement must be entered in the 'Interest Received' column immediately such a statement is received from the bank. Interest received on investment accounts which are credited to the current account must also be entered in the 'Interest Received' column immediately upon receipt of the bank statement.

- vii) Schools should open special columns for monies collected on a regular basis or for a specific purpose, e.g. School Fees, Excursions, Photographs, etc.
- viii) When a deposit is being prepared it is recommended that a line be ruled under the last entry in the Control Column, and the word 'Deposit' be entered in the following line.
- ix) After all receipts have been issued since the last deposit, the monies must be balanced with the value of receipts issued and this amount be entered in the 'Bank' column of the Cash Book and the monies must be deposited into the school fund current account.
- x) At the end of each page, all the columns must be totalled and the totals carried forward to the next page.

6.17.10 Payments cash book

- i) All payments made from the school fund current account must be entered in the Payments Cash Book in consecutive receipt number order, excluding receipts issued to learners by the class educators.
- ii) The Receipts Cash Book must be a multi-column analysis Cash Book and must include the following columns:-
 - a) Date
 - b) Details
 - c) Cheque number
 - d) Any other column as required by the school e.g. Tuckshop, excursions, etc
 - e) Bank charges
 - f) Sundries
 - g) Bank Column
- iii) The 'details column' must reflect the name of the payee.
- iv) The amount of each cheque issued must be entered in the appropriate column e.g. Excursions etc, as well as the Bank column in the same line as the details of the payee.
- v) Miscellaneous payments that cannot be allocated to a specific column must be entered in the 'Sundries' column and details regarding such payment must be indicated next to the entry.
- vi) Bank charges such as cash deposit fees, service fees, deposit book fees, cheque book fees, etc. which are levied on the current account must be entered in the 'Bank Charges' column as one composite amount for each set of bank statements received on a monthly basis and this amount must also be entered in the 'Bank' column.
- vii) At the end of each page, all the columns must be totalled and the totals carried forward to the next page.

6.17.11 Prescribed and dishonoured Cheques

- i) A cheque becomes prescribed if it is outstanding (uncashed) for a period exceeding six months from the date of issue, unless otherwise specified by the bank.
- ii) Such a cheque must be brought into the books of account immediately by making a suitable entry in the Receipts Cash Book.
- iii) A suitable entry will include the Name of Payer (prescribed cheque), date of cheque, cheque number. The total amount of the cheque to be entered in the 'Sundries' as well as 'Bank' column.
- iv) Should the bank, however, at a later date debit the school fund account with the amount of the prescribed cheque, a suitable entry reflecting all details of the prescribed cheque must be made in the Payments Cash Book.
- v) Should a claim against a prescribed cheque dealt with in terms of paragraphs (ii) and (iii) above arise, the details of the prescribed cheque must be verified to ensure that this claim was not previously paid, and if applicable, a fresh cheque is issued.

All cheques deposited to the credit of the school fund current account and which were returned unpaid by the bank, for whatever reason, must be regarded as being dishonoured.

A dishonoured cheque referred to in paragraph (iv) above must be dealt with as follows:

- a) Details of the dishonoured cheque must be entered into the Payments Cash Book immediately together with the receipt details.
- b) The total amount of the dishonoured cheque must be entered in the 'Sundries' and 'Bank' columns of the Payments Cash Book.
- c) Steps must immediately be taken to recover the amount from the drawer or where errors or omissions have occurred, to have them rectified.
- d) When the amount has been recovered or the erroneous cheque corrected and received, a receipt must be issued in the name of the principal in his/her official capacity with reference to the original receipt.
- e) Details of the fresh receipt issued must be entered in the Receipts Cash Book.
- f) Details of all cheques dishonoured must be submitted to the Finance Committee. The Finance Committee shall indicate such details in its monthly report.

6.17.12 Bank and cash book reconciliation

- i) The officer entrusted with the keeping of the Cash Books must prepare a monthly reconciliation statement, reconciling the Cash Book balance with the Bank balance.
- ii) At the end of each month the Receipts Cash Book and the Payments Cash Book shall be ruled off and all columns totalled.

- iii) The total of the Bank column in the Receipts Cash Book must equal the composite total of all individual columns excluding the Control Column.
- iv) The total of the Bank Column in the Payments Cash Book must equal the composite total of all individual columns.
- v) The total of the Bank column in the Receipts Cash Book less the total of the Bank Column in the Payments Cash Book reflects the available bank balance as per Cash Book.
- vi) On the receipt of the bank statement the following procedure must be followed:
 - a) Compare the Payments Cash Book with the Bank Statement to establish uncashed cheques and list such cheque numbers and amounts.
 - b) Compare the Receipts Cash Book with the Bank Statement to establish deposits made during the month which have as yet not been credited.
 - c) Add to the final balance of the bank statement, all deposits not as yet credited as determined in [b] above.
 - d) From the total arrived at in [c] above, subtract all uncashed cheques.
 - e) The final total as determined in [d] above must be equal to the balance as per Cash Book.
- vii) The following format is suggested and should be drawn up in the Payments Cash Book under the last entry for the month.

BANK RECONCILIATION STATEMENT OF (NAME OF SCHOOL) AS AT (DATE-END OF MONTH)

Receipts Cash Book (total of bank column)		Rxxx-xx
Less: Payments Cash Book (total of bank column)		xx-xx
Balance as per Cash Book		Rxxx-xx
Balance as per Bank Statement No. _____ Dated _____		Rxxx-xx
Add: Deposits not as yet credited		xxx-xx
Date	Amount	
_____	xx-xx	
_____	xx-xx	
SUB-TOTAL		Rxxx-xx
Less: Outstanding cheques		xx-xx
Cheque Number	Amount	
001	xx-xx	
005	xx-xx	
007	xx-xx	
Balance as per Reconciled Bank Statement		Rxxx-xx
The Balance as per Reconciled Bank Statement must be equal to the Balance as per Cash Book.		

N.B.: Bank Charges and interest received have already been taken into account as per instructions 6.17.10(vi) and 6.17.9(vi).

- viii) The monthly Bank and Cash Book Reconciliation Statement must be submitted to the Finance Committee, to be tabled at its next meeting.

6.17.13 Checking of cash books and reconciliation statements

- i) The school governing body in consultation with the principal must appoint in writing a responsible officer, to conduct weekly checks of the Cash Books. Such an officer will normally be the principal of the school if he/she is not entrusted with the keeping of the Cash Books and drawing up of the bank reconciliation statements, and shall ensure that:
 - a) monies on hand are correct;
 - b) appropriate receipts have been correctly issued for all monies received;
 - c) monies which should have been banked have not been held back;
 - d) all payments have been correctly brought into account, supported by duly authorised vouchers and correctly recorded;
 - e) all interest received and charges levied by the bank have been correctly entered into the Cash Books; and
 - f) the Cash Book balance is reconciled with the bank balance at the end of each month.
- ii) The officer designated in writing must sign and date the relevant Cash Books and records as evidence that these have been checked.

6.18 Bank statements

6.18.1 Schools are advised to request the bank to process the bank statements on the last day of each month. This will facilitate the task of reconciling the balance of the Cash Books with the bank balance for a specific calendar month.

6.18.2 Bank statements must be maintained in sets per financial year.

6.19 Payments from school fund

6.19.1 All payments from school fund monies (other than petty cash expenditure) shall be made by drawing a cheque against the school fund current account, and not from cash receipts on hand.

6.19.2 Except for day-to-day running expenses as provided for in the budget, no payments shall be made from the school fund current account without the prior approval of the Finance Committee.

6.19.3 A list of all payments drawn against the school fund current account must be made available to the school governing body for ratification at its next meeting.

6.19.4 The officer referred to in Regulation 6(19) who is responsible for the financial records of the school must ensure that:-

- i) prior to a payment being made, the following requirements have been complied with, viz:-
 - a) The claim is a proper charge against school fund monies and has not already been paid.
 - b) The claim is in accordance with the approved budget.
 - c) The expenditure is fair and reasonable.
 - d) The payment is covered by a competent authority.
 - e) The claim is correct with regard to the period covered by the claim.
 - f) The claim is correct with regard to computations.
- ii) The payment must be supported by the relevant voucher. The following are acceptable as relevant vouchers:
 - a) Original tax invoices
 - b) Original receipts
 - c) Original cash register slips
 - d) In exceptional cases, a certificate as outlined hereunder.
- iii) The certificate referred to in (ii)(d) above must be given only by officers who have actual knowledge of the services or supplies.
- iv) An officer furnishing an inaccurate certificate (ii) (d) above as a result of which an irregular payment or overpayment is made shall be liable for any loss or damage suffered by the school fund.
- v) The following format must be used for the certificate mentioned in (ii)(d) above.
 - a) Goods supplied-
 - were in fact required for school educational purposes and for an approved service;
 - were correct and in good condition;
 - have been entered in the records;
 - were supplied at fair and reasonable rates; and
 - that the supplier is entitled to payment.
 - b) Services rendered-
 - were necessary for school educational purposes and were satisfactorily carried out;
 - charges were according to the tariff, contract, or quotation;
 - were done so at fair and reasonable charges; and
 - that the supplier is entitled to payment.
- vi) Certificates referred to in (ii) (d) to (v) (b) above must be examined by the principal to establish the authenticity and correctness thereof and approve same for payment.
- vii) No payment must be made on a certificate referred to above that does not bear the principal's approval and signature.

6.19.5 All vouchers must be examined, and if in order, be paid without any unnecessary delay.

- 6.19.6 When it is ascertained that a payment forms a proper charge against school funds, a payment advice reflecting all details as set out hereunder must be completed and forwarded to the principal for approval.
- 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 services rendered;
 - iv) The purpose for which goods were purchased or services required (full details must be furnished).
- 6.19.7 Supporting vouchers or the relevant certificate must be attached to the payment advice.
- 6.19.8 Once approval as referred to in 6.19.2 has been obtained, a cheque must be prepared and the cheque number and date entered on the payment advice.
- 6.19.9 The payment advice, supporting vouchers and cheque must then be forwarded to the authorised signatories for signature.
- 6.19.10 The payment advices together with supporting vouchers must be filed in consecutive cheque number order for easy reference and retrieval.
- 6.19.11 Once the encashed cheques have been returned by the bank, these cheques must be affixed to the corresponding original payment advice.
- 6.19.12 In the event that an encashed cheque is not returned by the bank, follow up enquiries must be initiated.
- 6.19.13 Should the bank fail to produce the original encashed cheque, a letter must be obtained from the bank confirming such encashment and non-availability of the original cheque and affixed to the original payment advice.
- 6.19.14 All cancelled cheques must also be attached to payment advices and filed numerically together with the other payment advices. This will facilitate checking and verification.
- 6.19.15 All processed payment advices and supporting vouchers must bear the word 'PAID'.
- 6.19.16 Payment advices and supporting vouchers must be maintained in sets per financial year and be properly safeguarded.

6.20 Issue of school fund cheques

- 6.20.1 With reference to Instruction 6.19, the following procedure will apply when cheques are issued:
- i) Cheques must be prepared in blue, black ink or ballpoint pen.
 - ii) The use of erasable ink or pencil to prepare cheques is strictly prohibited.
 - iii) The date of the cheque must be completed.

- iv) The name of the payee must be completed legibly and clearly.
- v) The amounts in words and figures shall be neatly written or printed, with the figures as near as possible and to the left hand margin of the space provided. The unused portion must be crossed out.
- vi) A hyphen and not a comma shall separate the Pounds from the cents.
- vii) There shall be no alterations to the name of the payee, amount in words and amount in figures.
- viii) No erasures of any nature shall be permitted.
- ix) Alterations to the date shall be authenticated by the full signatures of two authorised signatories.
- x) Any cheque completed incorrectly must be cancelled by drawing two diagonal lines across the face of the cheque and writing the word 'Cancelled' in between them. The cheque so cancelled must be removed from the cheque book and affixed to a payment advice - refer to Instruction 6.19.14.
- xi) The cheque counterfoil must be completed with exactly the same details that appear on the face of the cheque.

6.20.2 It is strongly recommended that all school fund cheques be pre-stamped with the words 'NOT TRANSFERABLE' between two parallel diagonal lines.

6.20.3 The cancellation of the crossing referred to in 6.20.2 above shall be permitted only in exceptional circumstances on the written request of the payee, who shall accept full responsibility should the cheque be lost, stolen or destroyed and indemnify the school against loss should any such loss occur.

6.20.4 After a cheque is fully completed it must be signed by two authorised signatories.

6.20.5 Before signing a cheque, each signatory shall make a proper check of the vouchers supporting a payment advice and satisfy himself/herself that:

- i) the payment is a correct charge against the school fund account;
- ii) the payment has been duly authorised;
- iii) the cheque has been prepared as outlined in Instruction 6.20.1 and 6.20.2 above; and
- iv) the cheque bears the correct date.

6.20.6 The signatories shall also ensure that the details appearing on the counterfoil are the same as those appearing on the face of the cheque and shall initial the counterfoil as evidence that this check was undertaken.

6.20.7 Cheques not handed to the payee personally must be despatched by registered post.

6.21 Hire purchase and credit agreements

6.21.1 Hire purchase and credit agreements must only be concluded after the principal has been advised in writing by the school governing body to enter into such an agreement.

6.21.2 The Secretary must be informed of all hire purchase agreements entered into by the school governing body.

6.22 Fundraising for school fund purposes - accounting procedures

In the event that fundraising activities are embarked upon by the school, the following procedures must be adhered to:

6.22.1 Prior approval of the school governing body must be obtained to embark on such fundraising projects.

6.22.2 The school governing body must establish a fundraising committee of which a member of the school governing body must be chairperson to administer all fundraising projects.

6.22.3 The committee shall keep proper minutes of all proceedings and decisions taken at their meetings.

6.22.4 These minutes, which shall be signed by the chairperson and secretary of that committee, must be kept together with the accounting records for inspection and audit purposes.

6.22.5 Proper records of all income received and expenditure incurred in respect of each fundraising project must be kept.

6.22.6 Where collection sheets are used, the procedure outlined in Instruction 6.24 must be strictly applied.

6.22.7 Tickets that are used for fundraising activities must bear the name of the school and must be numbered consecutively in numerical sequence.

6.22.8 The use of tickets must be controlled as follows:

- i) The number of tickets acquired for a specific fundraising project must be entered into a register maintained by the Fundraising Committee.
- ii) The number and value of tickets acquired must be entered as opening stock of tickets.
- iii) Details of persons to whom tickets have been allocated for sale as well as the number and value of the tickets allocated must be entered.
- iv) Tickets must be issued in consecutive number order.
- v) Tickets returned unsold must be entered against the respective person's name and the amount to the value of tickets sold must be collected, receipted and deposited into the school fund current account.
- vi) At the conclusion of the project a reconciliation of tickets acquired, tickets sold and balance on hand must be prepared.
- vii) All unsold tickets must be retained and properly safeguarded for inspection purposes.

6.22.9 Should a brochure be printed for a fundraising activity, the following will apply:

- i) A copy of the brochure marked 'for audit purposes' must be made available and kept with the accounting records.

- ii) The receipt number for monies collected per advertisement and page sponsorship must be clearly and legibly indicated on the face of the advertisement or next to the name of the sponsor.
- iii) The Committee shall ensure that monies are collected for the advertisers and sponsors before the brochure is forwarded from printing.
- iv) In the event of the advertiser or sponsor not making payment, the advertisement should be withdrawn immediately.
- v) A uniform rate, as determined by the Committee, must be levied.

6.22.10 Should a fundraising project require the letting or hiring out of stalls, the Committee must ensure that:

- i) A written contract is entered into between the Committee and the person hiring the stall.
- ii) The contract includes the period and nature for which the stall has been hired, the facilities provided by the school and the fee levied on the use of the stall.
- iii) The stallholder pays a deposit upon signing the contract which will be forfeited should the stallholder cancel the contract.
- iv) The balance of the fee levied is paid before the stallholder takes occupation of the stall.
- v) If the balance of the fee is not paid timeously, the school has the right to refuse the stallholder use of the stall.
- vi) Stalls are not used for any illegal or dangerous activities.
- vii) The stallholder indemnifies the school against loss or damage to property and injury to any person and loss suffered relating to the occupancy of the stall.

6.22.11 The Committee must control the physical collection of monies at all times and ensure that monies collected are receipted on a daily basis.

6.22.12 The Fundraising Committee must prepare a statement of income received and expenditure incurred per fundraising activity and submit this statement to the Finance Committee within 21 days after the conclusion of the fundraising activity.

6.22.13 No fundraising activity shall contravene the provisions of Fundraising Act No. 107 of 1978.

6.23 Fundraising for welfare organisations

6.23.1 Schools may embark on fundraising campaigns to support registered welfare organisations. Donations and contributions must not be made from school funds to assist organisations that are not registered with the Director of Fundraising. This can be ascertained by requesting the welfare organisation's fundraising or welfare organisation number furnished by the Director: Fundraising.

6.23.2 Where collections are held to support a registered welfare organisation, proper records must be maintained of all monies collected and such monies must be administered through the school fund account.

6.23.3 Funds may be raised at the discretion of the school governing body. Contributions by learners must be strictly voluntary and the school governing body must be mindful of not making undue demands on parents.

6.23.4 Any fundraising on behalf of a registered welfare organisation must be authorised by the school governing body.

6.24 Collection sheets

6.24.1 Collection sheets should be used to facilitate the collection of monies for purposes such as fun runs, American/Civvies days, Readathon, photographs, etc.

6.24.2 In this instance it is not practical to issue an individual receipt per individual contribution.

6.24.3 The following procedure must be followed:

- i) A bulk stock of collection sheets must be printed and pre-numbered in consecutive numerical sequence.
- ii) These forms shall immediately be taken as stock into a Collection Sheet Register.
- iii) The Collection Sheet Register must contain the following columns -
 - a) collection sheet number - in numerical sequence
 - b) to whom issued
 - c) signature of recipient
 - d) date
 - e) nature of collection
 - f) name of issuing officer
 - g) date returned
 - h) amount collected
 - i) school fund receipt number
 - j) signature of official receiving collection sheet
- iv) The collection sheet must bear the original school rubber stamp impression.
- v) The principal must ensure that he/she appends his/her signature on all issued forms. If this is not practical, a responsible officer nominated in writing by the principal must sign the issued forms.

6.24.4 All returned collections sheets must be kept per activity in numerical sequence.

6.24.5 The individual amounts must be totalled and the composite figure indicated on the Collection Sheet. The original school fund receipt issued must be affixed to the collection sheet.

6.24.6 Any alterations to the returned collection sheet must be authenticated by the full signature of the responsible officer.

6.24.7 The officer entrusted with the control of the collection sheets must compile a statement of monies received and payments made for a particular activity. This statement must be attached to the set of collection sheets for the particular activity.

6.24.8 The officer entrusted with the control of collection sheets must ensure that these records are properly safeguarded and maintained for audit purposes.

6.25 Recovery of waste paper

6.25.1 Waste paper represents a considerable amount of revenue which will benefit the school fund account.

6.25.2 Principals are advised to ensure that all waste paper accumulated at school is collected and periodically sold for recycling purposes. The monies received therefrom must be receipted and deposited into the school fund account.

7. Stock Items

7.1 Stock item register (inventory items)

7.1.1 The principal shall designate a member of staff to undertake the keeping and updating of a stock register for all school fund items.

7.1.2 It shall be the duty of the designated staff member to immediately take on charge all school fund stock received by entering such stock in the stock register.

7.1.3 The designated staff member shall immediately distribute the stock items to the various class educators who shall sign the stock register to acknowledge receipt thereof.

7.1.4 All school fund stock items shall be marked to indicate that these are school fund property.

7.1.5 At least once every year, the designated staff member together with the various class educators shall conduct a stocktake of all school fund items and the results of the stocktake must be forwarded to the school governing body.

7.1.6 Any stock lent must not be written-off the stock register, but a receipt obtained from the borrower and be placed in a file until such time as the item is returned. Principals must ensure that the items lent are returned timeously to avoid deficiencies at the time of stocktaking.

7.1.7 All stock must be properly safeguarded and, when not in use, neatly stored to facilitate checking, inspection and auditing.

7.2 Consumable items

7.2.1 The duty of controlling consumable stock shall be entrusted to a responsible officer, in writing, by the principal.

- 7.2.2 The responsible officer must immediately take on charge all consumable stock by entering the details in the respective tally card.
- 7.2.3 Requests for consumable stock must be made in writing by class educators and upon receipt of same, class educators must sign the request form to acknowledge receipt.
- 7.2.4 The requests referred to in Instruction 7.2.3 must be numbered consecutively and filed in numerical sequence.
- 7.2.5 These filed requests must be properly safeguarded for inspection and auditing purposes.
- 7.2.6 The principal must conduct a random check of consumable stock against tally cards to satisfy himself/herself that the stock on hand is correct.

7.3 Board of Survey

The principal shall convene a Board of Survey at least once a year and whenever necessary to enquire into and report upon unserviceable, damaged and obsolete stock and to report discrepancies (surplus & deficits) between balances in the stock register and actual stock-on-hand.

- 7.3.1 The Board shall consist of:
 - a) the principal
 - b) two senior members of staff.
- 7.3.2 In the case of a very small school, the principal may request assistance from the Superintendent of Education (Management) assigned to the district in which the school falls.
- 7.3.3 Where sufficient staff members are available the officer referred to in Instruction 7.1.1 must not be a member of the Board although he/she may assist the Board.
- 7.3.4 During the course of the stocktake referred to in Instruction 7.1.5, wornout, useless, redundant, deficient, unserviceable, obsolete and surplus items will be identified.
- 7.3.5 The Board must investigate these items and prepare a Board of Survey report.
- 7.3.6 A Board of Survey may be held simultaneously with the stocktaking referred to in Instruction 7.1.5.
- 7.3.7 The Board of Survey, under the supervision of the principal, must ensure that a full and proper investigation is conducted with regard to the different categories of stock and that a factual, detailed and well documented report, together with the necessary supporting evidence is submitted to the school governing body.

- 7.3.8 The Board of Survey report must be forwarded to the school governing body for consideration and approval.
- 7.3.9 The chairperson of the school governing body shall be the authorising officer and he shall sign approval and acceptance of the report.
- 7.3.10 Once the report has been accepted and signed, the necessary entries must be made in the Disposal Section of the stock register.

8. Handing Over Certificates

8.1 Accounting records

- 8.1.1 When transfer of responsibility in respect of school fund records takes place, and another officer is appointed, such a transfer of responsibility must be effected by means of a handing over certificate.
- 8.1.2 Transfer of responsibility will occur as a result of the changing of duties of personnel on transfer, promotion, retirement, leave of absence or secondment.
- 8.1.3 If for any reason the officer from whom the accounting records are being taken over is not available, an impartial person shall be nominated in writing by the school governing body to assist the officer taking over with the checking of the accounting records and the certification of any irregularities and discrepancies.
- 8.1.4 In the case of failure to comply with the requirements of a handing over certificate, the officer taking over is liable for any discrepancies, unless it can be established that the discrepancies existed prior to his/her taking over.
- 8.1.5 The following procedure will apply:-
 - i) All accounting records to be taken over must be checked and listed and this list must be signed by the officer being relieved to certify correctness thereof and the officer taking over to acknowledge receipt of the records.
 - ii) All unaudited school fund receipts, used and unused, must be checked and attended to as outlined in Instruction 6.2.6.
 - iii) The receipts issued since the last deposit must be totalled and the cash-on-hand verified.
 - iv) The petty cash book must be balanced and the balance compared with the actual cash-on-hand. Disbursement entries in the petty cash book must be compared with supporting vouchers and the officer taking over must certify on the relevant page of the petty cash register that these checks have been carried out.

- v) The handing over procedure must be undertaken in the presence of an impartial third person who must also sign the certificate as witness to the handing over.

8.2 Stock matters

8.2.1 Where a change of officers in direct control of school fund stock takes place, a handing over certificate shall be completed as outlined below:-

- i) The balance in the stock register must be compared against the physical stock on hand.
- ii) The prescribed handing over certificate must be completed.
- iii) Should there be any surpluses or deficiencies, the quantities must be recorded in the relevant columns of the handing over certificate.
- iv) Concise explanations must be rendered by the officer handing over regarding any surplus or deficiencies.
- v) Should the space on the handing over certificate be insufficient, a continuation page reflecting the details may be attached to the handing over certificate.
- vi) If no surplus or deficiencies are detected the handing over certificate must be completed indicated 'NIL' surplus and deficiencies.
- vii) The officer being relieved of these responsibilities as well as the officer assuming these responsibilities must sign the handing over certificate in the appropriate spaces provided.
- viii) If surpluses or deficiencies are found, such must be dealt with in the same manner as in the case of a normal Board of Survey detailed in Instruction 7.3.

9. Maintenance of School Fund Records

- 9.1 Records are to be properly and safely stored, if possible, under lock and key in a room specially equipped for this purpose on the school premises.
- 9.2 The control over the care of the records must be entrusted to a specific officer in writing.
- 9.3 The responsible officer must ensure that:
 - i) the records are clearly labelled;
 - ii) records are neatly and systematically arranged in order to facilitate reference thereto.
- 9.4 The stock of unused as well as used receipt books must be maintained in their numerical sequence order.
- 9.5 All accounting records must be kept for a period of 7 years.

10. Annual Financial Statements

At the end of each financial year the school governing body must obtain bank statements of the school's current as well as investment accounts and draw up the following financial statements. These statements must be drawn up as soon as possible but not later than 3 months after the end of each financial year. (Refer to KZN Circular 8/2000)

10.1 Receipts and Payments Statement

The preparation of the annual Receipt and Payments Statement may be as follows:

10.1.1 The receipts portion of the statement must reflect all income derived during the financial year:-

- i) The final total of the various analysis columns excluding the Control Column of the Receipts Cash Book must be equal to the final total of the Bank Column for the financial year.
- ii) The final total of each analysis column must be listed separately on the income portion of the statement.
- iii) The Sundries Column of the Receipts Cash Book which will be reflected as a composite total in the Receipts portion of the statement must be detailed in a supporting annexure. Full details of the nature of receipt and individual amounts received must be furnished.
- iv) The total of interest received from investments during the financial year but which is not credited to the school fund current account must be reflected as 'Interest Received from Investments' in the Receipts portion of the statement. The amount so determined must not be entered in the Receipts Cash Book. It follows therefore that such interest has been capitalised or re-invested.

10.1.2 The payments portion of the statement will reflect all expenditure incurred by the school during the financial year:-

- i) The final totals of the analysis columns in the Payment Cash Book must be equal to the Bank column.
- ii) The final total of each analysis column must be listed separately in the expenditure portion of the Receipts and Payments Statement.
- iii) The Sundries column of the Payment Cash Book which will be reflected as a composite total in the Payments portion of the Statement must be detailed in a supporting annexure. Full details of the nature of the payment and individual amounts must be furnished.
- iv) In view of the capitalisation or re-investment of the interest received on investments dealt with in Instruction 10.1.1(iv), the amount as determined must also be reflected in the payments portion of the Statement as 'Interest Capitalised'. This amount must NOT be entered in the Payments Cash Book.

10.1.3 The opening balance of the statement will be derived as follows:-

- i) Should the total of the Bank column of the Receipts Cash Book of the previous financial year exceed the total of the Bank Column of the Payments Cash Book of the previous year, the difference obtained will be reflected as the 'Opening Balance' in the Receipts portion of the Receipts and Payments Statement.

ii) However, should the total of the Bank column of the Payments Cash Book of the previous financial year exceed the total of the Bank column of the Receipts Cash Book, the difference obtained must be reflected as 'Opening Balance' on the Payments portion of the Receipts and Payments Statement.

10.1.4 After all the entries dealt with in Instructions 10.1.1 to 10.1.3 have been made in the Receipts and Payments Statement, the receipts portion and payments portion must be totalled separately. The difference between the Receipts and Payments totals will be the Closing Balance for the Current financial year. This closing balance will be equal to the final Cash Book balance for the current financial year and will also be the Opening balance for both the Cash Book and the Receipts and Payments Statement for the following/ensuing financial year.

10.1.5 Prior to the Receipts and Payments Statement being prepared, it is necessary to ensure that all dishonoured and prescribed cheques are brought into account as outlined in Instructions 6.17.11.

10.2 Annual bank reconciliation statement

10.2.1 At the end of the financial year the balance of the Cash Books must be reconciled with the final balance reflected on the Bank statement as at the close of the financial year.

10.2.2 The procedure to reconcile the Cash Book balance with the bank balance is detailed in Instructions 6.17.12.

10.2.3 A bank reconciliation statement must be prepared for submission to the Secretary.

10.3 Statement of Investments

10.3.1 A Statement of Investments reflecting the following information must be forwarded to the Secretary.

- i) Name of banking institution
- ii) Account number
- iii) Type of investment
- iv) Amount invested
- v) Date of investment
- vi) Total interest received
- vii) Maturity date
- viii) Applicable rate of interest
- ix) Any withdrawals since the date of investment
- x) Current balance of investment account.

10.3.2 A separate statement is required for each investment.

10.3.3 A certified copy of the investment account as at the close of the financial year must be attached to the investment statement.

10.4 Stocktake certificates

At the end of the financial year, the school governing body must ensure that a stock take referred to in Instruction 7.1.5 has been conducted and must forward a certificate to the Secretary confirming that such a stocktake has been conducted.

10.5 Statement of debts outstanding

A statement of all debts outstanding at the end of the financial year must be prepared and forwarded to the Secretary together with the other annual statements.

10.6 The statements referred to in Instructions 10.1 and 10.5 must be audited by a person appointed as per Instructions 19.1 and 19.5 and these audited statements must be submitted by the school governing body to the Secretary within 6 months after the close of the financial year i.e. before 30 June.

11. Annual Budget

11.1 The school governing body is required to draw up the proposed annual school budget of income and expenditure prior to the 4th quarter of each year for the ensuing year. This draft budget must be presented to a general meeting of parents for approval. [Refer to Regulations 6(2) and 6(3)]

11.2 The budget is an estimate of the expected income to be derived from various sources as well as various expenditure to be incurred during the ensuing year.

11.3 In drawing up the expected income from various sources, the following items, amongst others, should be taken into account:-

- i) School fees i.e. school fee per learner x number of expected learners;
- ii) Expected interest to be derived from current account and investments;
- iii) Expected tuckshop income;
- iv) Expected fundraising income;
- v) Expected state contribution, e.g. lights and water, telephone, etc;
- vi) Expected income from any other source e.g. donations.

11.4 The drawing up of the estimated expenditure to be incurred should include, amongst others, the following expected expenditure:

- i) lights, water and sanitary requirements
- ii) bank charges
- iii) tuckshop payments (if applicable)
- iv) telephone payments
- v) repairs to and maintenance of equipment and property
- vi) petty cash
- vii) insurance
- viii) improving of school grounds and property
- ix) sports equipment required
- x) annual treat
- xi) sports and athletics meeting
- xii) awards day expenses
- xiii) purchase of new equipment
- xiv) affiliation fees
- xv) books and periodicals
- xvi) security services
- xvii) cleaning services

- xviii) first aid equipment
- xix) rental and leasing of equipment
- xx) postal services
- xxi) transport costs incurred for school purposes
- xxii) incidental expenditure incurred in the performance of school duties
- xxiii) cultural activities
- xxiv) any other expenditure for educational purposes, as determined by the school governing body
- xxv) Council levies
- xxvi) Skills Development Act levy, if applicable.

(Some of the above functions may not have been allocated in writing to schools.)

- 11.5 The items referred to in Instructions 11.3 and 11.4 are not listed in any particular preference order and must be regarded as suggestions.
- 11.6 The school governing body, as far as planning and budgeting are concerned amongst others, is responsible for:-
- i) the identification and determination of essential services;
 - ii) the determination of priorities within the limits of available funds;
 - iii) the determination and planning of the most efficient and economical means of rendering services;
 - iv) the most economical utilisation of allocated funds;
 - v) the continuous evaluation and improvement of the services being rendered.
- 11.7 The estimated expenditure must be kept within the limits of the estimated income and expenditure must be managed and controlled judiciously to ensure that overspending or fruitless spending does not occur.

12. Duties of Officer Responsible for Financial Records

- 12.1 An officer appointed by the principal in consultation with the school governing body is responsible for the financial and accounting records of the school in terms of Regulations 2(4), 2(5) and 6(19). This officer's duties may include the following:-
- 12.1.1 undertaking of receipting duties - Instructions 6.3 and 6.5
 - 12.1.2 preparation of bank make-up and depositing school fund monies into school fund current account - Instruction 6.11
 - 12.1.3 preparation of payment advice forms - Instruction 6.19
 - 12.1.4 issuing of school fund cheques - Instruction 6.20
 - 12.1.5 writing up of Cash Books daily - Instruction 6.17
 - 12.1.6 Bank and Cash Book Reconciliation - Instruction 6.17.12
 - 12.1.7 Checking of bank statements and establishing prescribed and dishonoured cheques - Instructions 6.18 and 6.17.11.

- 12.1.8 Control of collection sheets - Instruction 6.24
- 12.1.9 Assist in fundraising accounting duties - Instruction 6.22
- 12.1.10 Stock items control - Instruction 7.1
- 12.1.11 Control of consumable items - Instruction 7.2
- 12.1.12 Completion of handing over certificates - Instructions 8.1 and 8.2
- 12.1.13 Maintenance of school fund records - Instruction 9
- 12.1.14 Disposal of school fund records - Instruction 17
- 12.1.15 Disposal of school fund property - Instruction 18
- 12.1.16 Preparation of annual financial statements - Instruction 10
- 12.1.17 Undertaking of petty cash duties - Instruction 6.13
- 12.1.18 Maintaining and controlling distribution register - Instruction 6.4
- 12.1.19 Keeping and entering the school fund remittance register - Instruction 6.7
- 12.1.20 Tuckshop records (if applicable) - Instruction 14.
- 12.1.21 Assisting in the preparation of the school budget - Instruction 11
- 12.2 The officer referred to in Instruction 12.1 must acquaint himself/herself fully with all Statutory provisions, Regulations and Departmental Instructions pertaining to his/her duties.
- 12.3 The principal must ensure that these Statutory Provisions, Regulations and Departmental Instructions are made available to the officer referred to in Instruction 12.1.
- 13. Library**
 - 13.1 The principal is responsible for keeping and updating the Library records. He/she may, however, delegate this duty to a responsible officer, in writing.
 - 13.2 Every school must keep an Accession Register wherein all library books are recorded.
 - 13.3 When library books are purchased, the books received must be checked against the invoice to ensure that the correct titles and quantities have been received.
 - 13.4 A certified copy of the invoice must be retained and kept together with the library records to facilitate accessioning.
 - 13.5 Each book must be given an accession number.

- 13.6 The accession number must be recorded in the prescribed Accession Register as well as the photocopied invoice.
- 13.7 Donations of library books must be listed and dealt with according to the procedure detailed in instructions 13.5 and 13.6.
- 13.8 A stocktake of library books must be conducted annually. All deficient and wornout or unusable books must be listed in the 'Withdrawals' Register.
- 13.9 These deficient, wornout and unusable books must be dealt with in terms of the Board of Survey detailed in Instruction 7.3.
- 13.10 Once the Board of Survey Report has been approved by the school governing body, unusable books must be removed and dealt with as recommended by the Board of Survey. The Accession Register must be updated in red ink with the Board of Survey number.
- 13.11 Lost books must be dealt with according to both Library instructions and these Instructions.

14. Tuckshop

A school may choose to sub-contract the operation of its tuckshop, but, in the event that it decides to operate its own tuckshop, the following guidelines must be followed:

- 14.1 The school governing body must appoint a Tuckshop Committee. The Chairperson of the Tuckshop Committee must be a member of the school governing body.
- 14.2 The person/s responsible for the sale of the tuckshop items must also serve on the Tuckshop Committee.
- 14.3 The duties of the Committee should include:
- i) deciding on the items to be sold in the tuckshops. In this regard alcoholic beverages, tobacco products and illegal goods are strictly prohibited. Cognisance should also be taken of health requirements when these items are being decided on;
 - ii) deciding on the percentage mark-up on cost of goods. A uniform percentage mark-up must be maintained for all items and selling prices should be rounded off to the nearest unit of 5 cents;
 - iii) deciding on the times during which the tuckshop will be open for trading;
 - iv) appointing, in writing, the persons to conduct the sales in the tuckshop and listing the duties of persons so appointed in the appointment letter;
 - v) random in loco inspections of the tuckshop and comparison of the stock on hand with the tuckshop records. Ensuring the safe custody of tuckshop items and also taking the necessary precautions against loss and theft;

- vi) ensuring that responsibility can be attached to a particular person at any given time;
- vii) checking the tuckshop reconciliation records quarterly, and drawing up the Trading, Profit and Loss Statement;
- viii) forwarding a certified copy of the Trading, Profit and Loss Statement to the Finance Committee;
- ix) bringing to the attention of the school governing body any irregularity or discrepancy that may occur.

14.4 The Committee shall meet at least once per quarter and keep minutes of the proceedings and decisions taken. These minutes shall form part of the school's accounting records.

14.5 The person/s responsible for the sale of the tuckshop items shall:-

- i) on receipt of tuckshop goods, check that the goods received are correct as per the invoice (a copy of which will be made available), are in order and shall sign the original invoice to acknowledge receipt. The original invoice must immediately be handed over to the officer responsible for the payment of school fund accounts. The photocopied invoice must be retained for record purposes;
- ii) ensure that tuckshop stores are suitably stored and arranged in a manner which will facilitate handling and checking;
- iii) keep own records of goods received, goods sold, monies paid to the school fund, drawings from tuckshop and details of stocktake. Supporting vouchers must be numbered consecutively and filed in numerical sequence. These records must be properly safeguarded at all times and be available for checking purposes;
- iv) on a daily basis, hand over the tuckshop takings to the officer responsible for the receipting of school fund monies and obtain a receipt immediately;
- v) together with the officer responsible for the maintenance of financial records, conduct a stocktake of all tuckshop items on a weekly basis, preferably on a Friday. The results of the stocktake must be recorded by both persons and the person responsible for sale of tuckshop items will keep the stocktake results as part of his/her records referred to in (iii) above;
- vi) ensure that tuckshop keys are properly safeguarded by either keeping the key on his/her person at all times or placing the keys in a sealed envelope with his/her signature appended across the seals of the envelope and placing them in a safe, where available. Inform the officer placing orders for tuckshop items when items need to be replenished. Suppliers must not be contacted directly;
- vii) ensure that duplicate keys are lodged in a secure place in the manner prescribed in (vi) above. This procedure will prevent any unauthorised persons from gaining entry into the tuckshop.

- viii) bring to the attention of the principal, in writing, any problem or suspicions regarding the tuckshop.

14.6 No unauthorized persons must gain entry into the tuckshop or stockrooms housing tuckshop items unless he/she is accompanied by the person responsible for tuckshop goods.

14.7 The following duties shall be undertaken by the officer entrusted with the keeping of the school fund accounting records:-

- i) placing orders for tuckshop items from reputable suppliers;
- ii) check that invoices have been signed by the person receiving the goods and that invoices are generally in order;
- iii) make payment to the supplier if the invoice is acceptable. It is recommended that goods are purchased C.O.D. Transactions must be entered in the Payments Cash Book;
- iv) enter all invoice particulars including details of goods purchased onto the Tuckshop Reconciliation form.
- v) the cost price per individual item inclusive of VAT charges must be determined and entered onto the Tuckshop Reconciliation form;
- vi) the selling price per individual item must be established and also entered onto the Tuckshop Reconciliation form;
- vii) the total cost price will be the invoice price inclusive of VAT charges per item purchased;
- viii) the total selling price will be equal to the quantity per item multiplied by the individual selling price i.e quantity x individual selling price = total selling price;
- ix) the total selling price column must be totalled weekly, preferably on a Friday, to determine the total expected sales;
- x) tuckshop monies received must be receipted immediately and details of the receipt and amount received recorded in the 'Sales' side of the Tuckshop Reconciliation form;
- xi) at the end of each week the amount column on the 'Tuckshop Sales' side must be totalled to establish total sales for the week;
- xii) a stocktake will be conducted as per Instruction 14.5(v) and the stock-on-hand entered in the appropriate space of the Tuckshop Reconciliation Form. Full details with regard to cost and selling prices must be entered;
- xiii) the total value of the stock-on-hand, expressed in selling price must be entered in the respective column on the 'Tuckshop Sales' portion. This amount will be added to the total sales for the week and the total column completed;

- xiv) the total derived in (xiii) above must be equal to the total expected sales amount. Should there be a discrepancy, this can be attributed, amongst others, to one of the following reasons:
 - a) drawing from tuckshop stock for use by the school
 - b) incorrect change given
 - c) incorrect amounts charged
 - d) computation errors
 - xv) The discrepancy must be recorded in the Tuckshop Reconciliation Form as follows:
 - a) Deficits must be added to the total derived in Instruction 14.7 (xiii).
 - b) Surpluses must be subtracted from the total derived in Instruction 14.7 (xiii).
 - c) Drawing must be added to the total derived in Instruction 14.7 (xiii). For this purpose drawings from tuckshop stock must be expressed at selling prices.
 - xvi) The grand total under the 'Tuckshop Sales' side must now be equal to the total expected sales figure on the 'Tuckshop Purchases' side.
 - xvii) Refundable deposits represented by the bottles and crates must be entered into the respective space provided for this purpose and form part of the stock-on-hand value. However, this amount will not be added to the summary of stock-on-hand but will only be taken into account when the Trading Statement is compiled.
- 14.8 The officer entrusted with the keeping of school fund financial records, the principal and the person in charge of tuckshop sales must sign and date the Tuckshop Reconciliation Form to indicate correctness thereof.
- 14.9 All drawing from tuckshop stock must be authorized by the principal in writing prior to the items being removed from the Tuckshop. The authority must be granted in duplicate and the duplicate will be handed to the officer entrusted with the keeping of the school financial records and the original will be kept by the person in charge of the tuckshop.
- 14.10 NB: When drawing up the Trading Statement note that the Opening Stock, Purchases and Closing Stock must be expressed as the cost price value and the sales must be expressed as the selling price value.
- 14.11 Credit sales are strictly prohibited.
- 14.12 Tuckshop items donated to the school must be brought into account as outlined in Instruction 14.7.

15. Sale of items other than tuckshop items

- 15.1 Schools normally undertake the sale of items such as uniforms, ties, monograms, tracksuits, T-shirts, caps etc to provide a service to learners and at the same time use the opportunity to raise funds, though negligible, for the benefit of the school fund.

15.2 The school governing body must establish a committee to decide on the items to be sold, determine the selling price of each item, and assume responsibility for the sale of the items.

15.3 Placing of orders for these items must be undertaken in terms of directions issued by the school governing body.

15.4 The procedure to be adopted is as follows:

- i) The principal must allocate a receipt book to the Chairperson of the Committee referred to in 15.2 and the Distribution Register must be completed accordingly. This receipt book must be used solely for the purposes of receipting monies received from the sale of such items. Individual receipts are to be issued.
- ii) Receipts issued by the responsible person must be totalled daily and the monies must be handed over to the officer entrusted with the receipting of school fund monies. A receipt will be issued for the total amount handed over and this receipt must be affixed onto the reverse of the last receipt issued by the responsible person referred to above.
- iii) On receipt of these items, a member of the Committee must check the goods received against the invoice to ensure the correctness thereof and his/her signature must be appended onto the original invoice to indicate that this check was conducted.
- iv) The Committee must create a register to keep records of the stock acquired, stock sold and the stock available on hand.
- v) At least once every month, the Committee must reconcile the stock-on-hand with the stock acquired and the stock sold. Cognisance should be taken of any opening stock (stock-on-hand) prior to purchases made during the month.
- vi) The officer entrusted with the financial records of the school must check the register and verify the stock-on-hand at least once every month.
- vii) A Trading Statement/Account pertaining to these items including the value of opening stock as well as closing stock must be prepared quarterly by the officer entrusted with the financial records of the school and the statement/account must be forwarded to the Financial Committee to be tabled at its next meeting.

16. Transport for school education purposes

16.1 It may be necessary, at times, for persons to use their private vehicles on behalf of the school for educational purposes. This could happen, for instance, where an educator is required to transport learners to an athletics meeting to be held at a venue away from the school.

16.2 In such instances, the actual expenditure incurred in respect of transport may be met from school funds.

16.3 Before the journey is undertaken, a 'Claim for Transport' form must be completed giving the reasons for undertaking the journey. This form must be approved and authorized by the respective persons who must append their signatures thereto.

- 16.4 The person undertaking the journey must complete the form from 'DATE' to 'ODOMETER READING END' as well as the 'MAKE OF VEHICLE' and 'ENGINE CAPACITY'.
- 16.5 Thereafter the form must be handed to the officer entrusted with making payments from the school fund account who will check the form for completeness and correctness and will calculate the amount to be paid by multiplying the 'number of kilometres travelled' by the 'rate per kilometre' and issue a cheque to the person concerned.
- 16.6 The 'rate payable per kilometre' must be determined by the school governing body. It is recommended that the prevailing official rates of transport be adopted.
- 16.7 The 'Claim for Transport Form' must be retained by the officer entrusted with the keeping of school fund records and the form must be used as the supporting voucher for the expenditure incurred.
- 16.8 The above directions will not apply in cases where taxis, mini buses, buses etc. are hired.

17. Disposal of school fund records

- 17.1 School fund accounting records shall be destroyed after expiry of the prescribed retention period. (Refer to Instruction 9.5)
- 17.2 The date of destruction is to be calculated from the date of the last entry in a respective financial year.
- 17.3 Records that may be destroyed in terms of Instruction 17.1 are to be disposed of as outlined in Instructions 6.25 (Recovery of Waste Paper).
- 17.4 The Principal must supervise the destruction and removal of records and sign the Certificate of Destruction.
- 17.5 The Certificate of Destruction must be forwarded to the school governing body after records have been destroyed.

SCHOOL LETTERHEAD

CERTIFICATE OF DESTRUCTION

I certify that records listed hereunder were destroyed on _____ (full date)

Ref No. of Record	Description	Period Covered by Record

Name of Officer:

Designation:

Signature:

Date:

18. Disposal of school funds and equipment on the closure of a school

- 18.1 In the event of a school being closed permanently, the school governing body, or failing that, the principal of the school must prepare a final audited income and expenditure statement.
- 18.2 A stocktake of all items must be conducted in the presence of the principal and the stock register updated in terms of Instruction 7.1. This will be the final stock register referred to in Regulation 11(1)(b). A list, extracted from the final stock register, reflecting all stock items on hand, shall be prepared by the principal.
- 18.3 A final reconciliation of the Cash Book balance with the bank balance must be prepared.
- 18.4 The school governing body must request the bank in writing to close the school fund account and withdraw all signatories. The bank must be instructed to prepare and forward a cheque in favour of the Secretary for the final balance figure as determined in 18.3 above, to the principal.
- 18.5 Any investment accounts held by the school must be closed following the same procedure mentioned in Instruction 18.4.
- 18.6 A letter confirming the closure of the school fund account and the investment accounts must be obtained from the respective banks.
- 18.7 The bank where the school fund account is held must issue a final bank statement after the cheque referred to in Instruction 18.4 has been drawn and the bank statement should reflect a final 'NIL' balance.
- 18.8 The documents referred to in Instructions 18.1 to 18.7 above must be forwarded by the principal to the Secretary within 30 days from the date of the closure of the school together with the following:-
- i) A recommendation from the school governing body to the Secretary concerning the transfer of stock items purchased from school funds or acquired by donation to the school subject to the conditions of any donation, bequest or trust.
 - ii) The transfer of school fund monies referred to in Instructions 18.4 and 18.5 above may also be recommended by the school governing body to the Secretary subject to the condition of any donation, bequest or trust.

19. Auditing of school fund records

- 19.1 The records and financial statements of the school fund must be audited annually by an auditor appointed by the school governing body as per Regulation 7.
- 19.2 The auditor referred to in Instruction 19.1 above must be a person registered in terms of the Public Accountants and Auditors Act 80 of 1991.
- 19.3 If the requirement in 19.2 above is not practicable, the school governing body must appoint a person qualified to act as an accounting officer in terms of Section 60 of the Close Corporation Act 69 of 1984.

- 19.4 Should the requirements in Instruction 19.2 or 19.3 above not be possible, the school governing body may appoint an independent person to conduct the audit, subject to the approval of the Member of the Executive Council (See KZN Circular 40/2000).
- 19.5 The person appointed to audit the financial records must be independent, in other words, must not be involved in any affairs or business of the school.
- 19.6 The auditor/accounting officer must certify the accuracy or otherwise of the school's financial records, whether or not records were kept in accordance with applicable Government Regulations and Departmental Instructions, and whether or not the expenditure was made in accordance with the approved budget.

20. Investigations by the Secretary

- 20.1 The Head of the Education Department (Secretary) may at any time call for a special report, or such other particulars as he/she may consider necessary, with regard to the administration of school funds.
- 20.2 The Secretary may also appoint an officer to investigate and to report to him/her on the administration of the school fund.

21. Irregularities

All suspected irregularities with regard to the management of school funds must be reported to the Secretary and the South African Police Services, where appropriate.

22. Obligations

- 22.1 The principal
- i) The principal must maintain a complete record of all Statutory Provisions, Regulations and Departmental Instructions relating to the financial management of the school and the finances of the school governing body.
 - ii) The principal must ensure that he/she and staff under his/her control, appointed to assist the school governing body in the execution of its duties, are acquainted with all Statutory Provisions, Regulations and Departmental Instructions of which he/she must bear knowledge to enable him/her to assist the school governing body in the execution of its functions.
 - iii) The principal must ensure that all Statutory Provisions, Regulations and Departmental Instructions are observed by him/her and by employees under his/her control.
- 22.2 Persons entrusted with financial/accounting duties
- i) All persons entrusted with financial and accounting duties as detailed in these Instructions must ensure that they acquaint themselves fully with the Statutory Provisions, Regulations and Departmental Instructions relating to the task/s assigned to them.
 - ii) Persons entrusted with financial/accounting duties must take note that any irregularities in the handling and control of school funds and property, and any contravention of Statutory Provisions, Regulations and Departmental Instructions have serious legal implications.

23. General

- 23.1 Matters pertaining to the administration of the school fund and financial and accounting matters not dealt with in these Instructions must be addressed to the Secretary in writing who will issue further directions if necessary.
- 23.2 Directions contained in this document may be amended by the Secretary if necessary.
- 23.3 Any clarification required or uncertainty experienced with regard to any of the directions contained herein must be forwarded to the Secretary, in writing, for further explanation.

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KWAZULU-NATAL DEPARTMENT OF EDUCATION AND CULTURE

No. R. 47, 1998, 19 February 1998

KWAZULU-NATAL SCHOOLS' EDUCATION ACT, NO 3 OF 1996

8

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

The Minister of Education and Culture for KwaZulu-Natal has under sections 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 Schools' Education Act No 3 of 1996;

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

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 regulations is deemed to be a school fund established in terms of these regulations.
- 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 to keep the school fund 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 of 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 consists of monies collected or received by the governing body by means of -
 - a) school fees;
 - b) voluntary contributions;
 - c) all fund 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 bequests, 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 call 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 must be 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 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 exemptions 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 payment 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 financial 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 Schools 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 persons.
- 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 a 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 authorize the late deposit of school funds in accordance with 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 authorize the principal to keep petty cash in an amount determined by the governing body and in accordance with these regulations and departmental instructions.
- 13) 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 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 the collection of money, if necessary. The principal must provide educators with a written delegation to handle monies in accordance with this regulation.
- 18) The class educator must issue receipts for all monies 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 the financial records of the school must -
 - a) immediately issue a receipt for all monies received;
 - b) use only one receipt book at a time;
 - c) make out receipts 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 receipts issued in the 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 on 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 safekeeping 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.
- 22) The Secretary may authorise deviations from these regulations so as to accommodate schools implementing a computerised accounting system.

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 reasonably practicable, the governing body of a public school must appoint a person to examine and report on the records and the financial statements, who -
 - i) is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporation 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 certifies -
 - i) the accuracy or otherwise of school financial records;
 - ii) whether or not records were kept in accordance with applicable government regulations and departmental instructions;
 - iii) whether or not expenditure was made in accordance with the approved budget, applicable provincial regulations and departmental instructions.
- 5) 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; and
 - 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) education purposes, at or in connection with such school;
- b) education 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;

- e) 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(1)(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 registers

- 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 the 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);
- 2) 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.

- 3) 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.
- 4) 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.

NOTES

ACTIVITIES

A. Multiple-choice.

Select the most correct answer

1. Ultimate responsibility for the accuracy of the school fund books of account rests with the
 - a. chairperson.
 - b. finance officer.
 - c. principal.
2. Budgets are normally drawn up by the
 - a. finance committee.
 - b. governing body.
 - c. school management team.
3. The act of ensuring that the bank record ties in with the financial situation reflected in the cash book is called the
 - a. daily balance.
 - b. bank reconciliation.
 - c. bank balance.
4. Distribution Registers are kept to ensure that
 - a. all receipt books are accounted for.
 - b. funds have been properly distributed.
 - c. monies collected daily are accounted for.
5. Remittances are sums of money
 - a. sent by the school through the post.
 - b. post-dated cheques.
 - c. received through the post or by delivery.
6. A bank deposit book must
 - a. reflect every sum of money received by the school.
 - b. list the daily balances shown in the cash book.
 - c. reflect only the total amount being deposited.
7. Petty cash is
 - a. the money collected from learners for charity.
 - b. the small amount kept for payments of a minor nature.
 - c. the money paid in cash for services to the school.
8. The following items must be reflected in the Postal Services Register:
 - a. Parcels sent and received.
 - b. All telephone calls made.
 - c. All outgoing mail.

- 9. Stocktaking must take place
 - a. every year.
 - b. at bi-annual intervals.
 - c. every third year
- 10. Consumable stock is
 - a. tuck-shop items.
 - b. text-books issued to learners.
 - c. material used up by the school.

B. True or False

Indicate whether each of the following statements is true or false. If false, provide a brief explanation.

- 1. If the governing body accepts the budget recommendations, they become legally enforceable.
- 2. Money collected for charity does not have to be processed in the school fund books.
- 3. With the permission of the Head of Department the school can invest some school fund money in schemes other than those specified in the regulations.
- 4. Every public school in the province must have a current bank account.
- 5. Only the financial officer of the school may issue receipts.
- 6. School fees are compulsory.
- 7. Some parents may be totally exempt from paying fees.
- 8. Discounts can be offered to parents for various reasons, if the parents agree.
- 9. A school may refuse to re-admit a learner if the fees for the previous year have not been paid.
- 10. A non-section 21 school does not have its state allocation paid directly into its bank account.

True	False

C. Questions

Provide reasoned answers to the following questions.

1. How can a school avoid, where possible, having to accept fee payments in cash?
2. Why should the school issue receipts for all money received?
3. It is essential that written proof of payment for all services to the school must be obtained from the provider. Why?
4. List the ways in which a school accounts for all money spent.
5. Why is even a Section 21 school not permitted to invest surplus school fund money as it sees best, without seeking written permission from the Head of Department?
6. The Department requires that, where at all possible, all money received on a particular day should be banked on that day.
 - (i) Explain why this is the case.
 - (ii) Suggest why this sometimes causes difficulties.
 - (iii) Explain what a principal should do if he/she cannot bank on a particular day.
7. Briefly, what is the difference between section 20 and 21 schools?
8. What system of checks for school fund books is operated by the Province?
9. What precautions should be taken by a governing body when using the school premises to generate income?
10. What limits are there on a governing body thinking of entering into a contract?

D. Try these 'number' questions

1. A bank is to be furnished with a list of ____ signatories.
2. All cheques issued must be signed by at least ____ signatories.
3. A list of ____ specimen signatures for each signatory must be sent to the bank.
4. Signing authorities must be submitted to the bank within ____ days after the election of a governing body.
5. A finance committee shall consist of at least ____ members.
6. The term of office of a member of a finance committee shall not exceed ____ year(s).
7. Every ____ months the finance committee shall submit a report to the governing body on the financial affairs of the school.

8. A written appeal from a parent regarding non-exemption from school fees must be made within ___ days of the parent being informed of the amount of fees payable by him or her.
9. The principal or a responsible officer designated by him or her in writing shall carry out a check of school fund monies at least every ___ week(s).
10. A cheque becomes prescribed if it is outstanding for a period exceeding ___ months from the date of issue.

Answers

A. Multiple-choice

- | | | | | |
|------|------|------|------|-------|
| 1. c | 2. a | 3. b | 4. a | 5. c |
| 6. a | 7. b | 8. c | 9. a | 10. c |

B. True or False

- False. A budget is a prediction of expected income and expenditure. Circumstances may make it necessary to adjust the budget. Major adjustments may call for another parents' meeting, but the governing body could approve more minor issues. Ensure that provision to do this is written in to the Standing Orders.
- False. ALL money received by the school must be processed in the school fund books.
- True. Note that written permission is required.
- True.
- False. Educators can issue receipts from their duly issued receipt books provided that they have written authority to do so.
- False. School fees are only compulsory if the parents have agreed that there will be school fees.
- True.
- True.
- False. Fee payment or non-payment cannot be linked to admission or re-admission.
- True.

C. Questions

- A school can, for example, ask parents to use other forms of payment where possible. These could be money orders or cheques. If the bank agrees, the parents can pay their fees directly into the school's cheque account.
- It protects against deliberate wrong-doing and provides a written record for later reference.
- As with No.2. It protects against wrong-doing and is permanent proof of payment.

- 4. A school can account for money spent by producing written proof in the form of cheques returned by the bank. These can be linked to entries in the payments cash book and entries on the duplicates of the bank deposit book.
- 5. School fund money was not provided for the school to make speculative investments. The Head of Department has to ensure that the money is not put at risk.
- 6. (i) Money should be banked on the day of receipt to minimise the risk to that money.
(ii) Some payments are made late in the day. Also, many schools are not located conveniently near a bank and banking hours are sometimes limited. It is not economically reasonable to travel a long distance to bank a very limited amount of money.
(iii) If this is a recurrent problem the principal should discuss it with the Superintendent of Education (Management). It may be necessary to write to the Head of Department setting out the details and requesting permission to deviate from the standing rule. No matter what the circumstances every effort should be made to bank monies as soon as possible after receipt.
- 7. Section 21 schools have greater control of their financial affairs. They deal directly with suppliers of goods and services and receive an annual monetary allocation as a lump-sum payment directly into their cheque accounts. Non-section 21 schools must still direct much of their financial dealings through the Department.
- 8. The audit has to be carried out by a person qualified to do so, and, if necessary, approved by the Department. Details of the annual audit have to be sent to the Department by the 30th of June every year. At any time the Head of Department can call for a special report and he/she may appoint an officer to investigate the administration of a school fund.
- 9. Many schools have prepared a standard form that has to be signed by the hirer and details the conditions under which the school premises may be used/hired. This form should bind the hirer to treat the premises with care and make good any damages. The imposition of a refundable deposit could be considered.
- 10. The main restriction is that the minors on the governing body cannot be involved in any contracts. As with all contracts sensible precautions must be taken to ensure that both sides clearly understand the terms and conditions and are capable of meeting their contractual obligations.

D. Numbers

- | | | | | |
|------|------|-------|-------|-------|
| 1. 3 | 2. 2 | 3. 10 | 4. 21 | 5. 3 |
| 6. 1 | 7. 3 | 8. 30 | 9. 1 | 10. 6 |

NOTES

NOTES

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