

Governance

& Community Leadership

Online Workshop 2

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Note 1

School Governing Body Constitution

The South African Schools Act, 84 of 1996 (SASA), section 18, requires that every SGB develops and adopts a constitution, and submits it to the District Office of their provincial department of education.

This constitution specifies how the SGB will conduct its own affairs. The SGB constitution is very important since it provides the legal authority to adopt other policies.



Section 18 of SASA also provides information about the minimum required content of a SGB constitution. The SGB constitution must provide for:

- A meeting of the SGB at least one every school term
- Meetings of the governing body with learners, parents, educators and other staff at the school, respectively, at least once a year
- Recording and keeping of minutes of governing body meetings
- Making available SGB minutes for inspection by the Head of Department
- Reporting on SGB activities to learners, parents, educators and other staff of the school at least once a year

The SGB constitution should contain more than the minimum prescribed content so that can provide useful operational guidelines.

The following additional content is recommended:

- A summary of the powers and functions of a SGB. (See especially SASA, sections 20 and 21)
- The composition of the SGB as defined by SASA and the Provincial Gazette, No. 2721,15 March 2012
- The SGB election procedures as defined by SASA and the Provincial Gazette
- The procedures to be followed when filling vacancies
- Eligibility of members of the SGB, including the process to be followed, when the child of a member no longer attends the school
- The roles and responsibilities of SGB office-bearers
- The nature of committees established by the SGB
- Protocol for conducting ordinary and annual meetings
- Means of amending the SGB constitution

The constitution needs to be adopted within 90 days of the SGB election and forwarded to the relevant District Official, normally the Circuit Manager.

A comprehensive constitution includes the following sections:

- Legal personality
- Liability of members
- Composition
- Voting rights of members
- Terms of office of members

- Eligibility as members of the governing body
- Functions of the governing body
- Powers of the governing body
- Ordinary meetings of the governing body
- Urgent meetings
- Office-bearers
- Chairperson
- Secretary
- Treasurer
- Functions of office-bearers
- Meetings
- Quorum
- Minutes of meetings
- Vacancies
- Committees
- Annual general meeting of parents
- Annual general meeting of learners
- Annual general meeting of educators
- Annual general meeting of non-educators
- Procedures to amend the constitution
- Signatures of school governing body members indicating adoption of the constitution

Note 2

Financial responsibilities according to the South African Schools Act (SASA)



Introduction

Chapter 4 of the South African Schools Act, 84 of 1996 (SASA), "Funding of Public Schools", outlines the key responsibilities of the main role players relating to financial management and oversight in public schools. The responsibilities of SBs is summarised below.

SASA, section 36

Responsibility of governing body

- A governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school.

SASA, section 37

School funds and assets of public schools

- The governing body of a public school must establish a school fund and administer it in accordance with directions issued by the Head of Department.
- All money received by a public school including school fees and voluntary contributions must be paid into the school fund.
- The governing body of a public school must open and maintain one banking account.
- All assets acquired by a public school on or after the commencement of this Act are the property of the school.

SASA, section 38

Annual budget of public school

- A governing body of a public school must prepare a budget each year which shows the estimated income and expenditure of the school for the following financial year.

SASA, section 42

Financial records and statements of public schools

The governing body of a public school must

- Keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions; and
- as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council.

SASA, section 43

Audit or examination of financial records and statements

- The governing body of a public school must appoint a person registered as an auditor to audit the records and financial statements.
- A governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section.

Note 3



Roles and responsibilities of people & committees

Introduction

SASA delegates the financial oversight responsibility and accountability to the School Governing Body (SGB). Although the SGB may delegate responsibility for the day-to-day management of the school's finances, it remains responsible for ensuring that those responsible are monitored, controlled and accounted for.

It is important that the SGB puts into place financial procedures and systems, and describes the roles and responsibilities of the various people and committees responsible for the school's finances.

Role and responsibilities of the School Governing Body

Role of the SGB

The SGB must fulfil the statutory responsibility for the administration of financial oversight within the School.

In order to fulfil its statutory responsibilities, the SGB may:

- Set up a finance committee to consider strategic financial issues on behalf of the SGB and to review the committee's responsibilities and membership on an annual basis
- Delegate authority for the conclusion of financial transactions to the finance committee, the treasurer, the finance officer and other appropriate staff, as agreed upon at a SGB meeting, and, in accordance with the law, to the principal

This delegated authority must be agreed to in a written document.

Responsibilities of the SGB

- To set out, in writing, the roles and responsibilities of the SGB, the SGB committees, the treasurer, the principal, and other appropriate staff, in a financial policy
- To undertake an annual review of the financial policy
- To prepare the annual budget of the school

Role and responsibilities of the treasurer

At its first meeting, the SGB must, from amongst its members, elect office-bearers, who must include at least a chairperson, a treasurer and a secretary (SASA, section 29).

Role of the treasurer

The treasurer is the chairperson of the SGB finance committee. In this position, the treasurer:

- Oversees the functioning of all the financial operations of the school and oversees all financial matters as directed by the SGB
- Advises the SGB on financial matters and makes recommendations on decisions relating to finance
- Checks that financial actions are in line with the school's financial policy

Responsibilities of the treasurer

The Treasurer must monitor the following on a monthly basis:

- that all funds received are deposited in the school account
- that all payments were duly authorized
- that all donations received in cash and kind were documented and accounted for
- that all petty cash transactions, including the reconciliation of petty cash, are captured
- actual revenue and expenditure against the approved budget
- Present a financial report at each quarterly SGB meeting
- Ensure that a financial report is made available at the monthly finance committee meeting.

This report outlines the up to date income, expenditure and balance, and compares the actual position with the position anticipated by the budget. The report is in written form and is retained by the SGB secretary as a permanent record. This report must be handed to the SGB chairperson and the principal at the meeting, or thereafter, if not in attendance.

- Ensure the development of an annual school budget in consultation with the finance committee
- In his or her capacity as chairperson of the finance committee, ensure the presentation of the budget at the Annual General Meeting (AGM)
- Answer questions related to finance at the AGM
- Advise the SGB members on the raising of funds

Role and responsibilities of the finance committee

SASA, section 30, allows the SGB to set up a finance committee. The committee should be chaired by the SGB treasurer and should consist of:

- Parent members
- The principal, the chairperson of the SGB and the treasurer
- Educators
- Co-opted members

The composition of the finance committee needs to be clearly spelt out in the school's financial policy.

Role of the finance committee

The finance committee must:

- Assist the treasurer and the principal in the supervision of the school finances
- Oversee the implementation of the financial decisions of the SGB
- Act as a committee of the SGB and report directly to the SGB
- Be responsible for controlling and monitoring all financial matters at the school
- Carry out any function allocated to it by the SGB

Responsibilities of the finance committee

The responsibilities of the finance committee are:

- To meet at least once a month to plan and undertake financial transactions in line with the school budget for the month ahead and review transactions of the previous month. At a monthly meeting the finance committee should:
 - Check all expenditure incurred since its previous meeting
 - Inspect supporting invoices to ensure that these are in order and comply with the regulations and departmental instructions
 - Ensure that expenditure is in accordance with the approved budget
 - Ensure that the expected income correlates with the budget
 - Keep minutes of the meeting and decisions taken
- To compile the following financial reports: (i) monthly reports which should be presented to the SGB chairperson and the principal and (ii) quarterly financial reports which should be presented to the SGB for its approval at its quarterly meeting, and submitted to the District Office
- To co-ordinate and prepare the annual school budget
- Advise the SGB on the need for fund raising activities and ways and means of supplementing the school funds
- Assist the finance officer in drawing up annual financial statements
- Determine the school's financial policy

The following documentation must be available at all finance meetings:

- The cash journals
- The latest bank statement
- The deposit book
- The reconciliation of cash book and bank statement
- The budget
- A statement that reflects the income and expenditure for the month
- All the receipts, accounts and other financial documents
- Expenditure requisition forms
- Cheque book / EFT banking payment slips

Role and responsibilities of the procurement committee

All schools should have a procurement committee, which is a committee of the SGB.

Procurement processes will depend on whether a school is a Section 20 or Section 21 school.

- Section 21 schools have the power and responsibility to buy stock directly from suppliers and pay for the goods directly without requesting permission from the provincial education department
- Section 20 schools procure their stock by ordering it through the District Office. However, if a Section 20 school is using school fund money, i.e. money raised through school fees, it can procure goods directly, without going through the department.

A school will have serious financial problems if financial monitoring and control is not effective. Therefore, you need to ensure that your school has a proper requisitioning system so that funds are spent as allocated. For example, if the funds are requisitioned for maintenance, and this is approved, the funds must be committed to maintenance.

Although the ultimate financial responsibility rests with the SGB and the school principal, the day-to-day procurement operations are delegated to the procurement committee.

Role of the procurement committee

The main role of the procurement committee is to ensure that all procurement activities comply with prescribed legislation.

Role and responsibilities of the finance officer

It is recommended that the SGB appoints a finance officer to undertake the day-to-day financial administration. The finance officer may be an administrator (non-educator at the school) or an educator or a parent or a co-opted member on the SGB.

This delegation of responsibility to the finance officer should be made in writing by the SGB, and clearly indicate his or her duties. These duties should be reviewed annually when the finance officer is appointed.

Role of the finance officer

The finance officer:

- Implements the financial policy and procedures agreed upon by the SGB and principal, and processes financial transactions and activities in line with these.
- Maintains the school accounting system, and monitors the budget on a day-to-day basis.

Responsibilities of the finance officer

The finance officer:

- Records all financial transactions, and keeps the principal and the SGB treasurer fully informed of financial matters
- Receives and receipts income
- Maintains the cash journals of the school
- Checks and confirms the bank deposit slips against bank statements once a month
- Checks the collection sheets of class educators at the end of the school day, where applicable
- Compiles the monthly bank reconciliation statement
- Monitors the budget against income and expense
- Keeps records of funds received and spent, the school's assets and liabilities and financial transactions
- Works with the SGB treasurer and the principal to prepare the school's financial reports and statements – monthly, quarterly and annually
- Supplies documentation as required by the school auditor
- Performs any other function or task allocated by the SGB

Conclusion

To comply with the responsibilities referred to above, a SGB needs to work with the principal and other appropriate staff to:

- Develop necessary procedures to ensure that all revenue, expenditure, assets and liabilities are controlled efficiently and effectively

- Describe the responsibilities of people and committee entrusted with financial oversight in schools
- Guarantee transparency and accountability

Note 4

Financial systems and procedures that the SGB should oversee

The SGB needs to make sure that the financial resources of the school are used effectively and that adequate internal controls are maintained over these. Important systems and procedures that the SGB needs to monitor are listed below:



- All money received by the school must be receipted
- All income must be recorded in the receipts cash book
- Money must be placed in a safe place and deposited into the bank regularly
- A school is allowed to have only ONE bank account
- All expenditure is entered into the cash payments journal
- All goods and services must be requisitioned with the proper support documentation
- Requisitions must be duly authorised as per the finance policy
- All payments are made by cheque (or EFT) and no cash cheques are made
- The SGB must:
 - appoint the signatories to the bank account and
 - appoint persons to authorise requisitions
- Finance committee meetings must be held once a month where financial statements of income and expenditure are presented for the month in question
- Financial reports must be submitted to the SGB at its meetings, and be open to scrutiny
- An assets register must be kept and updated regularly
- Stocktaking should take place once a year and a report made on this to the SGB
- The SGB must appoint an auditor (from the database of auditors provided by the provincial department of education). The auditor checks the school's financial records and documentation
- This financial statement must be submitted to the District Office by June of the following year i.e. financial statement for 2020 by June 2021
- All financial records must be properly filed
- A petty cash register must be in place and controlled
- Petty cash must only be used for small amounts in the day-to-day running of the school
- The SGB should determine the maximum amounts per item

Related to all of the above-mentioned procedures, is the fact that the SGB has to draw up and adopt a **financial policy** that will regulate its financial workings. It is the responsibility of the SGB to check that all financial dealings at the school are in line with its financial policy. Any deviation from this policy must be treated as a serious matter and the SGB must act accordingly.