

# NELSON PRIMARY SCHOOL FINANCE POLICY



Date approved by the School Governing Body: .....

Signed by the SGB Chairperson: .....

Signed by the Treasurer: .....

Signed by the School Principal: .....

The school's financial year is 1 January to 31 December.

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## **PURPOSE**

The purpose of this policy is to describe the process for the management of the school's funds.

## **INTRODUCTION**

The SGB adheres to all the stipulations of the SA Schools Act, Eastern Cape Department of Education legislation as well as all relevant regulations issued under it, in respect of the management of all finances at the school.

## **THE SCHOOL PRINCIPAL (ACCOUNTING OFFICER)**

The principal should help the governing body with the management of the school's funds. As a member of the SGB and any of its sub-committees the principal is the representative of the Head of the Department of Education. He is also the accounting officer of the school.

### *Responsibilities of the principal as accounting officer:*

The principal, as accounting officer, has the following responsibilities:

1. As the accounting officer, the principal must each month (or / and quarterly) submit information to the ECDoE in the prescribed format on revenue and expenditure of the previous month.
2. The principal, finance officer and treasurer should attend regular Circuit FINCOM meetings with the circuit manager.
3. Serve on the Finance Committee.
4. Ensure the implementation of the Financial Policy.
5. Oversee the day-to-day financial administration at the school.
6. Ensure that proper financial records are kept, and that school funds are only used for authorised purposes. Decisions should always be made in consultation with the appropriate structures.
7. Ensure that the school fund is administered in accordance with the guidelines and directions issued by the Head of Department.
8. Maintain a complete record of statutory provisions, regulations and departmental instructions relating to the financial management of the school.
9. Ensure that he/she and any staff under his or her control appointed to assist the Finance Committee are acquainted with all statutory provisions, regulations, departmental instructions, and the provisions of this policy.
10. Ensure that he/she and employees under his or her control observe all statutory provisions, regulations, departmental instructions, and the provisions of the provisions of this policy.
11. Assisting the finance committee to prepare detailed financial statements for the AGM and assist in presenting them.
12. Report any maladministration or mismanagement of financial matters to the governing body of the school and the Head of Department.

The principal can delegate in writing some of the tasks and responsibilities to senior members of staff.

## **THE FINANCE COMMITTEE**

The SGB annually appoints and approves the members of the Finance Committee.

### *The functions of the Finance Committee*

The finance committee should assist the school in managing its finances by:

1. Making sure that the school finances are managed in line with the approved budget
2. Acting in an advisory capacity to the SGB
3. Checking that the financial records are kept up to date
4. Helping to draw up the annual budget of the school

#### Composition of the Finance Committee

1. The Treasurer of the SGB
2. The principal
3. The finance officer
4. Educator/s
5. Parent/s
6. Co-opted member/s

#### Mandate of the Finance Committee

1. To annually compile a draft budget before the end of October for the following year and to present this draft budget to the SGB for discussion and approval.
2. To apply sound financial control over income and expenditure in line with the budget.
3. To request the SGB for permission when certain adjustments within the budget needs to be made
4. To request the SGB for authorisation to cover unexpected essential expenditure
5. To recommend the maximum amount of Petty Cash to be kept by the Finance officer or delegated person, as well as the maximum amount to be paid for any single item out of Petty Cash. These amounts must be approved by the SGB.
6. To meet at least once per term.
7. To keep minutes of the meetings and to submit these minutes to the SGB.
8. To monitor the record keeping of all funds received and paid by the school.
9. To ensure that all financial submissions as required by the ECDOE are submitted timeously.
10. To ensure that the annual financial statements have been compiled for audit purposes.
11. To ensure annually, before 31 March, that the school's books have been submitted to an auditor for the annual audit and to present the audit report to the SGB for discussion and approval.

#### **THE SGB 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 (Section 29 of SASA).

The treasurer is the chairperson of the school Finance Committee. In this position the treasurer oversees the functioning of all the financial operations of the school.

Recommendations on decisions relating to finance are made by the treasurer - these are approved by the finance committee and the SGB. The Treasurer needs to check that financial actions taken are in line with the school's financial policy.

#### Responsibilities of the treasurer

The treasurer has the following responsibilities:

1. Ensure that the 'Treasurer's Report' is made available at the monthly fincom meeting; and submitted to the SGB Chairperson and school principal.

2. Present the 'Treasurer's Report' at each regular SGB meeting (once a quarter). This report outlines current income and expenditure, and the present balance, and compares the actual position with the position anticipated by the budget. The report is in written form and is retained by the secretary as a permanent record.
3. Ensure the development of an annual school budget in consultation with the finance committee.
4. In his or her capacity as chairperson of the finance committee ensure the presentation of the budget at the Annual General Meeting.
5. Answer questions related to finance at the AGM.
6. Advise the parents at the AGM on fund raising possibilities.
7. Attend regular Circuit FINCOM meetings with the principal and finance officer as per arrangements by the circuit manager.

### **THE FINANCE OFFICER**

The finance officer has the following duties:

1. Receives, receipts and reconciles money for fundraising from pupils and/or parents.
2. Write up deposits for above fees in the deposit book.
3. Issue and receive payment requisition forms for purchases.
4. Receives invoices for all purchases and has each invoice authorised by the staff member concerned
5. To attach every invoice to the payment requisition and file in the creditors file.
6. Make payments by EFT, after necessary requisition forms have been completed and approved by the principal or staff member concerned. EFT's to be released by principal or delegated person, not finance officer.
7. Receive and process specified travel claims for payment.
8. Manage all budget items and inform the principal of any items exceeding the allocated amounts to any budget item.
9. Process the monthly debit order system.
10. Answer queries from the SGB chairperson on budget items.
11. Take care of all face-value forms e.g. receipts.
12. Administer SGB salaries & pay by EFT.
13. Calculate and deduct taxes and levies from salaries of SGB staff and pay over to SARS or the relevant authority, e.g. PAYE, UIF, SDL, Workman's Compensation.
14. Compile a monthly income and expenditure report after month end and present it to the SGB Treasurer and all SGB members.
15. Prepare documentation for the Finance Committee meetings.
16. Reconcile the bank statements with the Cash Books.
17. Allocate all purchases under approved budget items.
18. Distribute monthly or quarterly statements to the SGB.
19. Administer all queries with regard to fundraising.
20. File and ensure the safekeeping of all financial statements.
21. Prepare the financial records required by the auditor.
22. Implement the financial system ordered by the SGB.
23. Keep complete records of all income and expenditure.
24. Keep record of all exemption applications and exemptions received.
25. Report any financial irregularities to the SGB.

## **BUDGET**

1. The SGB finance committee will compile a draft budget before the 15<sup>th</sup> October each year, for the forthcoming year's income and expenses.
2. The finance officer will request and receive all budget requests from educators, non-educators, and other stakeholders.
3. The finance officer will present these requests to the finance committee.
4. The finance committee will review each request and prepare a draft budget.
5. The finance committee presents the draft budget to the SGB for discussion and approval.
6. The SGB approved budget will be presented to the parents at the AGM for their final consideration and approval.
7. Parents must be notified in writing 30 days before the AGM takes place.
8. The draft budget will be open for inspection at the school for at least 14 days prior to the AGM.
9. The budget must be approved by the parents present at the AGM.
10. The decisions taken at the AGM meeting will be binding on all parents.
11. All decisions, discussions and resolutions of the AGM must be minuted.
12. All parents must be notified in writing of the decisions/resolutions taken at the AGM.
13. The budget must be submitted to the ECDOE by 1 December each year.
14. Authority is delegated by the SGB to the finance committee to monitor the budget.
15. Monthly financial reports must be used to track income and expenditure.
16. Any deviation from the budget must be referred to the SGB for approval before procurement and payment can happen.

## **PROCUREMENT PROCEDURES**

1. The person wanting to make a purchase must ensure there are funds available, by asking the relevant Head of Department and/or finance officer.
2. Two quotes are required for purchases over R5,000 and three quotes are required for purchases over R10,000.
3. The SGB may increase this amount, after approval and minuted at future SGB meetings.
4. Quote/Invoice must be approved by the relevant HOD and Principal before the order is placed.
5. Asset items to be recorded by delegated person in the Inventory Register.

## **PAYMENTS**

1. A bank reconciliation statement must be drawn up by the finance officer at each month end and signed by the SGB Treasurer.
2. The finance officer must load EFT payments, the treasurer will verify it and the principal will release it.
3. All EFT payments must be approved, either on a payment requisition, or on the creditor approval stamp.

## **PAYMENT OF SGB APPOINTED STAFF SALARIES**

1. Salaries are paid on the 15<sup>th</sup> of each month, except in December, when payment will be made earlier.
2. All the required deductions must be made, e.g. UIF, PAYE.
3. A salary advice slip must be given to each employee.
4. Employees must sign the Salary Received Register.
5. No loans may be taken against a salary.
6. As per employment contracts, SGB salaries include a 13<sup>th</sup> payment, paid in December.
7. Bonuses will be paid according to the financial position of the school.

8. The Finance Committee's recommendation must be approved by the SGB.

### **PAYMENT OF TRAVELLING & SUBSISTANCE ALLOWANCES**

1. Finance officer must use SARS guidelines to determine the rate to be paid for travelling and subsistence.
2. The rates must be reviewed annually and approved by the SGB.
3. Staff to claim travel on the Travel Claim Form before the end of each term, providing details of travel.
4. Staff will be reimbursed at a set amount per km.

### **MONITORING AND CONTROL**

#### Receipts and depositing of money

1. All receipt books purchased must be entered into a receipt book register.
2. The finance officer will be responsible for the receipt book register.
3. All receipts must be completed in ink.
4. Receipts must be in duplicate, carbon paper or self-carbonated.
5. In the event of an error, the word "cancelled" must be written on the receipt. The cancelled receipt must remain in the receipt book.
6. All money received must be receipted and kept in the school's safe prior to depositing.
7. Receipts must specify the source and the nature of the monies received.
8. When a receipt book is full it must be returned to the finance officer.
9. All used receipts books must be kept in a safe place for audit purposes.
10. All money received must be banked once a week by the appointed staff member.
11. No money may be spent before being banked.
12. Receipt numbers making up the deposit must be indicated on the duplicate copy of the deposit slip.
13. If money received is lost, the responsible official will be held responsible for the re-imburement of the money and necessary disciplinary steps will be taken.

### **PETTY CASH**

1. The petty cash officer (which can be the finance officer) must be appointed in writing.
2. The SGB must approve in writing the maximum amount of petty cash to be kept by the school and the maximum amount of payments allowed from petty cash.

#### Payment and book-keeping procedure

1. The finance officer issues the initial petty cash advance, via EFT, to the petty cash officer.
2. The petty cash officer must record the amount received in the petty cash journal.
3. Petty cash payments must only be processed once the petty cash request and petty cash voucher have been authorised by the principal.
4. All payments made from petty cash must immediately be recorded in the petty cash journal
5. The petty cash officer must make sure she receives all the invoices and slips from the person who received the cash.
6. The petty cash book must be balanced at the end of every month.
7. At the end of the school year the petty cash book must be closed off and all remaining monies must be deposited in the school bank account.

## **SCHOOL BANK ACCOUNT**

1. A current bank account has been opened in the name of Nelson Primary School at **Name of Bank, Name of Town**, Account No **000000006**.
2. The SGB has approved the following three signatories on the school bank account:
  - Principal
  - Chairperson
  - Treasurer
3. EFT payments should always be made to the beneficiary whose name appears on the requisition and source documents.
4. The school bank account may not be overdrawn.

## **SCHOOL FEES**

1. The school is a "No- Fee"-school therefore parents of all learners enrolled at the school from Gr R-7 are exempted from paying school fees.
2. However, parents can agree to contribute financially and in kind, or otherwise by ensuring the success of fundraising events held by the school.
3. Such fundraising events and other financial contributions will be included in the Annual School Budget as per the resolution adopted by the majority of Parents attending the Annual General Meeting in accordance with the School Governing Body Constitution.

## **SPONSORS | DONATIONS**

1. Sponsors and donations may be sought by as approved by the SGB.
2. Letters requesting sponsorships must bear the signatures of the SGB chairperson and the principal.
3. All donations are regarded as school money.
4. All sponsorships must be used according to the sponsor's specifications.
5. The SGB must be informed of all sponsorships and donations received by the school.

## **PRIVATE PURCHASES**

No private purchases may be made on any of the school's accounts.

## **ACCOUNTING SYSTEM**

The accounting records of the school will be done on Pastel or Ms Excel. The finance officer will be responsible for the electronic capturing of all information.

## **ASSET MANAGEMENT AND INVENTORIES**

1. Inventory must be kept for all the assets of the school.
2. An asset officer and a stock taking officer must be appointed in writing.
3. The asset officer must create a separate register to be kept of all inventory items (assets).
4. The stock taking officer must oversee the inventory of the school's assets once a year annually.
5. The stock taking officer must check that new purchases are recorded in the inventory register.
6. The stock taking officer must compile a list of possible write-offs annually and present this list to the SGB.
7. Once the write-offs have been approved the stock control officer must ensure that the inventories are adjusted accordingly.

## **LETTING OF ASSETS**

1. The principal will decide which assets can be hired from the school and the amount to be charged.
2. A deposit for all possible damages will be requested.
3. The school must be indemnified from any claims.

## **FINANCIAL REPORTING AND AUDITING**

### Internal audit: Reporting to Finance Committee and SGB

1. The SGB oversees the internal audit of school finances to check whether the funds allocated to the school is spent according to the approved budget.
2. The finance officer will prepare monthly and quarterly financial reports covering all individual income and expense items.
3. The treasurer will present the monthly finance report to the Finance Committee at its monthly meeting. This monthly report must be signed by the principal and the SGB chairperson.
4. The treasurer will present the quarterly report to the SGB at its ordinary meetings (which are held once a term).
5. Any deviation from the budget must be approved by the SGB.

### External audit of financial records

1. The SGB must appoint an independent auditor from the database of the District Office to carry out an external audit of the school finances each year.
2. The finance officer must make sure that the following records are given to the auditor:
  - Receipt books
  - Bank statements
  - Requisition forms
  - Invoices
3. The auditor must
  - Verify the accuracy of the school's financial records
  - Check that the records are kept in accordance with government regulations and departmental guidelines
  - Check that all expenditure was made in accordance with the approval budget, applicable provincial regulations and departmental guidelines

### Reporting to the District Office

The following reports must be submitted to the District Office of the department of education:

1. Monthly: The signed monthly finance report will be presented to the Circuit Manager at the District Office, who must sign the report.
2. Quarterly: Quarterly financial reports, together with copies of the school's most recent bank statements, will be submitted to the District Office on the prescribed form.
3. June: The SGB will submit a copy of the school's annual audited financial statement to the District Office. Note: For all purposes, the school's financial year is from 1 January to 31 December.
4. November: A copy of the signed budget, and minutes of the AGM will be submitted to the District Office by no later than 30 November of each year.

5. November: The name of the school's auditor will be submitted to the District Office.

Reporting to the school community

The South African Schools Act, 84 of 1996 (SASA) stipulates that the SGB must meet with the learners, parents, educators, and other staff at the school, respectively, at least once a year. At this meeting:

1. The principal and the chairperson of the governing body will submit a joint written report or separate written reports on the school for the previous year;
2. The latest audited financial statements of the school produced in terms of the Act will be made available;
3. The budget of the school for the forthcoming year will be presented;
4. Any matter relating to school fees as contemplated in the Act can be discussed.

## APPENDIX A: SCHOOL FINANCIAL CALENDAR

**TABLE A. TASKS**

Daily	All receipts and payments must be recorded in the Cash Receipts Journal and the Cash Payments Journal on a daily basis.
Monthly	The bank reconciliation statement is a financial statement drawn up on a monthly basis.
Quarterly	The Finance Committee, through its Treasurer, reports to the School Governing Body about all financial matters. The SGB is required by law to meet at least once a term, so it is usual for the Finance Committee to report back at each SGB meeting.
Quarterly	The chairperson of the Finance Committee should control all Assets Registers once every term.
Annually	The finance policy should be reviewed at least annually.
September	Stocktaking should be done annually, before the 30th September.
October	The Budget for the following year should be submitted and finalised in October of every year. A meeting with parents should be held in October and 30 days' notice should be given. During this meeting the SGB or the representative of the SGB should present the Budget to the parents. The parents should then determine the school fees for the following year.

**TABLE B. MEETINGS**

Monthly	Finance Committee meetings must be held on a monthly basis.
Monthly	Nutrition Committee meetings must be held at least once per month.
Quarterly	Procurement Committee meetings must be held at least once per term and when necessary.
Quarterly	All other sub-committees of the SGB to meet at least once per term.

**TABLE C. DOCUMENTS TO BE SUBMITTED**

The following documents and statements must reach the Department of Education, via the District Office.

Monthly	The finance committee must prepare a monthly report that has to be presented to, and signed by, the principal, the treasurer and the SGB chairperson. This report must be presented to the Circuit Manager at the District Office, who must also sign the report.
Quarterly	Quarterly financial reports, with a copy of the most recent bank statement, must be submitted to the PEDO on the prescribed form.
June	In terms of Section 43(5) of SASA, the SGB must submit to the District Office, a copy of the annual audited financial statements of the school. Note: the school's financial year, for all purposes, is 1 January to 31 December.
30 November	By the end of each year, a copy of the approved estimate of income and expenditure of the school. (Budget).
30 November	The name of the Auditor [accounting officer or person approved by the Minister in term of section 43(2)(b) of the South African Schools Act, 1996], appointed to examine and report on the records and financial statements of a school. This appointment must be approved by the parents at the AGM.
January	Submit financial records to the auditor.