

FREE STATE PROVINCE

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PROVINCIAL REGULATIONS 154 OF 2001: MEASURES RELATING TO THE MINIMUM REQUIREMENTS OF FINANCIAL RECORDS, STATEMENTS AND SCHOOL FUNDS OF PUBLIC SCHOOLS

Under section 60 of the Free State School Education Act, 2000 (Act no. 2 of 2000), I, DA Kganare, Member of the Executive Council responsible for Education, hereby determine the Measure contained in the Schedule.

SCHEDULE

Definitions

1. In these Measures any word or expression to which a meaning has been assigned in the Act, shall have the meaning so assigned to it, unless the context indicates otherwise, and –

“accounting officer” means the principal of the school or the educator acting as principal;

“analysis book” means a book of entry of all receipts and payments effecting a school fund, provided by the public school, and clearly marked as being the book of receipts and payments;

“assets register” means a record that is being maintained by the public school of all assets purchased by means of the school fund, donated or bequeathed to the public school;

“bank deposit book” means a book, by means of which the money received by the public school are being paid into a bank account;

“cheque authorising document” means a document approved by the governing body which have to be completed before a cheque may be authorised;

“cheque book” means a book of blank cheques issued by the bank to the public school, to facilitate payments from the bank account;

“petty cash book” means a book clearly marked as a petty cash book in which record is kept of small cash purchases for which the issuing of a cheque would be too costly;

“petty cash voucher” is the voucher produced for every purchase made with the petty cash;

“receipt book” means a book containing chronologically numbered documents in duplicate of which the original is issued as proof for money, which includes cash, cheques and postal order, received by the public school;

“school bank account” means an account opened for the public school in terms of section 56 of the Act,, into which all money received by the public is deposited;

“school budget” means a budget prepared by the governing body in terms of section 56 of the Act;

“the Act” means the Free State School Education Act, 2000 (Act No. 2 of 2000).

Purpose of Measures

2. The purpose of these measures is to set the minimum requirements for financial management and control at public schools. Public schools with more advanced or sophisticated financial management systems must ensure that their systems comply with the minimum requirements in the Measures, as well as Reasonable Acceptable Accounting Practices.

Format of books and records

3. (1) The analysis book –
 - (a) must at least have on the debit side –
 - (i) two money columns, one for recording entries for funds received from the State and a second column for money received from other sources;
 - (ii) columns for recording of the date, receipt numbers and narration; and
 - (b) Must at least have on the on the credit side –
 - (i) one money column for recording entries of cheque payments and other bank debits;
 - (ii) columns for recording the date of the cheque, cheque number and name of payee.
 - (c) may have any other analysis column to promote proper allocation and control of money.
- (2) An assets register must provide for the recording of –
 - (a) date of purchase of an item;
 - (b) full description of the item to enable identification;
 - (c) purchase price of the item;
 - (d) rate of percentage annually applied for depreciation;
 - (e) actual amount of annual depreciation; and
 - (f) value after depreciation has been deducted.
- (3) A bank deposit book must contain individual deposit documents to be duly completed for each and every deposit at the bank in relation to funds, which include cash, cheques and postal orders, received by the public school.
- (4) A cheque authorising document must reflect the following information –
 - (a) name of the payee;
 - (b) amount of the cheque to be issued;
 - (c) reason for the cheque to be issued;
 - (d) signature of the authorising person, and his full name and designation;
 - (e) date that the payment of the cheque was authorised;
 - (f) signatures of the persons signing the cheque;
 - (g) number of the cheque; and
 - (h) date of the cheque.
- (5) The counterfoil of each cheque must at least contain the following information –
 - (a) date of the cheque;
 - (b) name of the payee or whether the cheque was paid in cash;
 - (c) narration for the reason of the cheque; and
 - (d) amount for which the cheque was issued.
- (6) The petty cash book –
 - (a) must at least have on the debit side, one money column for the entry of the reimbursing amount from the bank account and another column for recording of the date;
 - (b) must at least have on the credit side, one money column for payments, and two other columns for recording the date of the purchase and narration; and
 - (c) may have any other analysis column to promote proper allocation and control of money.
- (7) A receipt book must contain the following information –

- (a) name of the payee;
- (b) date of the payment;
- (c) amount in words;
- (d) amount in figures;
- (e) purposes for which the amount is received; and
- (f) signature of the recipient.

Keeping of records

- 4. (1) A governing body must designate, in writing, a person, as the person responsible for the receipt of and who is accountable for moneys received by the public school.
- (2) All moneys received must be charged without delay by the issuing of a numbered receipt in duplicate, which must be recorded in numerical sequence in a receipt book.
- (3) No amendment may be made on a receipt and, if a receipt has been incorrectly issued, such receipt must immediately be cancelled by writing "cancelled" and the date on the original and all other copies and kept on file for purposes of auditing, whereafter a new receipt must be issued in place thereof.
- (4) For the purpose of issuing change when money is received, a constant float, as determined by the governing body, must be kept separate from the petty cash.
- (5) All moneys, which include cash, cheques and postal orders, received by the public school must be kept in a safe place until it is paid into the school bank account.
- (6) All moneys, which include cash, cheques and postal orders, must as far as possible be deposited daily in the school bank account.
- (7) A deposit form in the bank deposit book must be completed for all the receipts issued from the receipt book since the money was banked previously. The total amount of all the receipts concerned must be recorded on the opposite page of the receipt book containing the last receipt that had been issued and included in the amount of the bank deposit.
- (8) Record must be kept in a register of all receipt books that are issued to a designated person.
- (9) The accounting officer of the public school must on a monthly basis ensure that –
 - (a) the receipts issued are legible and that all the necessary information is recorded;
 - (b) the amount of the receipts issued in respect of a relevant bank deposit adds up to the total amount indicated on the bank deposit;
 - (c) banking of school money is done regularly; and
 - (d) record is kept of all receipt books and that the designated person signed for receipt books issued.

Payments from banking account

- 5. (1) Any money which is required to be paid by the school, and which is not paid from the petty cash, shall be paid from the school bank account by means of a cheque issued from the cheque book of the public school or through the system of electronic funds transfers.
- (2) The school may only make a payment after the completion and approval of an authorising document by a person designated by the governing body.
- (3) A cash cheque may only be issued for reimbursement of the petty cash float.
- (4) The accounting officer of a school must ensure that –
 - (a) no cheque is issued by the public school without a relevant cheque authorising document, duly completed and authorised by the person(s) as appointed by the school governing body;
 - (b) all cheques are signed by the relevant signatories mandated by the governing body, one of which must be the accounting officer or a person designated by him or her in exceptional circumstances;
 - (c) the amount of a cheque being paid shall be within the parameters of the school cash flow statement and budget; and
 - (d) an authorising document is in place and utilised with regard to all electronic transfers.

Petty Cash

- 6. (1) It is essential that the public school maintains a petty cash book.
- (2) The governing body must designate a person who is responsible for handling of petty cash.

- (3) The governing body may designate another person to handle the petty cash in the absence of the person contemplated in submeasure (2).
- (4) When it becomes necessary that another person must handle the petty cash, then the cash on hand must be counted and balanced to the petty cash book, prior to handing over the responsibility by the completion of a duly authorised document which will be signed by above parties and the accounting officer.
- (5) The acceptable maximum amount for any petty cash payment must be determined by the school governing body.
- (6) A cash float for petty cash purposes must be maintained and safeguarded by placing the petty cash float in a proper container for the safeguarding of the petty cash.
- (7) The governing body must determine the amount of the float.
- (8) The float may only be reimbursed from the school bank account whenever the balance of the float is not adequate for further petty cash payments.
- (9) Payments from the petty cash may only be effected after a petty cash voucher has been completed and has been authorised by the person designated by the governing body.
- (10) A receipt of the transaction obtained from the supplier for every purchase that is made from the petty cash must be submitted and the amount of the receipt must coincide with the authorised amount of the petty cash voucher.
- (11) All transactions debit and credit, must be recorded in the petty cash book.
- (12) The petty cash must be balanced at least once a month to the petty cash book.
- (13) There must be a filing system in which all petty cash vouchers and receipts of suppliers are kept.
- (14) The accounting officer must on a monthly basis ensure that all measures in relation to petty cash are adhered to.

Recording of information in the analysis book

7.
 - (1) The accounting officer must ensure that the public school keep an analysis book.
 - (2) The governing body must designate an officer who shall be responsible for managing of the analysis book, which includes maintaining, updating, balancing and reconciling of the analysis book.
 - (3) Money received and other credits to the banking account of the public school must be recorded as follows in the analysis book –
 - (a) after reconciliation of receipts pertaining to a specific bank deposit, the total amount of the particular bank deposit must be recorded on the debit side of the analysis book in the applicable column being allocated for either government receipts or other school funds received;
 - (b) all amounts credited to the school bank account, other than amounts deposited by the public school, appearing on the bank statement, must also be entered as a debit in the analysis book.
 - (4) All cheque payments and other debits to the school bank account of the public school must be recorded as follows in the analysis book –
 - (a) all cheque payments shall be recorded on the credit side of the analysis book, which the amount must be entered in a single money column;
 - (b) other debit amounts indicated on the bank statement, other than cheque payments shall also be entered in this column;
 - (c) the public school may analyse the amount indicated in paragraphs (a) and (b) further by using additional columns to simplify comparison of figures to the school budget and to the cash flow statement.
 - (5) The designated officer must on a monthly basis total, balance and reconcile the analysis book with the bank statement.
 - (6) The governing body must ensure that a proper filing system is implemented at the public school to accommodate the systematical safeguarding of all the documents pertaining to entries in the analysis book, which include –
 - (a) every used receipt book;
 - (b) every used deposit book;
 - (c) a completed and authorised cheque authorising document for each issued cheque, together with the supplier's invoice or statement that originated the payment, if applicable;
 - (d) the counterfoils of very used cheque book;
 - (e) cheques paid and processed by the bank (accompanying bank statements received by the public school), filed in cheque number order;

- (f) bank statements; and
 - (g) the monthly bank reconciliation.
- (7) Documents pertaining to the analysis book must be filed only after the reconciliation of the analysis book to the relevant bank statements has been completed.
- (8) The governing body, in consultation with the accounting officer, must compare the payments and receipts as recorded in the analysis book monthly to the school budget, to ensure that the budget is not exceeded.

Records of school assets

8. (1) The accounting officer must ensure that his or her public school keep an asset register.
- (2) The governing body must designate an officer who shall be responsible for managing the asset register.
- (3) The designated officer must ensure that the records regarding assets are kept up to date in the asset register.
- (4) At the end of each financial year stock must be taken of all assets to ascertain whether all items as recorded in the asset register are still in the possession of the public school.
- (5) The designated officer must record all losses of stock and equipment bought by the public school with money from the school fund in accordance with the directives issued by the governing body.
- (6) The designated officer must report losses in regard to assets not bought from the school fund to the relevant district office: Provided that it is not necessary to report losses of assets contemplated in General Notice No. 1432 of 26 November 1999 in Government Gazette No. 20669¹, to district offices.
- (7) Losses or damages suffered by a public school because of an act committed or omitted by an official, must be recovered from such responsible person if he or she is liable in law.
- (8) All cases of theft, burglaries and vandalism must be reported to the South African Police Service and a case number must be obtained.
- (9) The accounting officer must at the end of the financial year ensure and certify that –
- (a) all assets of the public school are correctly recorded in the asset register and that all details pertaining to a particular item are noted; and
 - (b) an annual stocktaking is performed and that the information is compared to the previous year's information in the asset registers.
- (10) The accounting officer must annually report on all losses.
- (11) All disposable stock and equipment that are unserviceable or are redundant must be reported to the relevant district office in writing: Provided that it is not necessary to report to the district office on assets contemplated in General Notice No. 1423 of 26 November 1999 in *Government Gazette* No. 20669.

Financial statements

9. (1) In accordance with section 61 of the Act, the financial year of a public school is from 1 January to 31 December each year.
- (2) The governing body, in liaison with the accounting officer, must draw up financial statements not later than three months after the end of a financial year.
- (3) The financial statements in terms of subsection (2), must include a statement of income and expenditure of the past financial year, also a statement of all assets and liabilities as at the end of the financial year, and must at least include –
- (a) as income:
 - (i) all money received as school fees;
 - (ii) money received from the state; and
 - (iii) all donations and grants.
 - (b) as expenditure:
 - (i) all money which was spent by the school for operational costs during the financial year; and
 - (ii) the depreciation of assets.

¹ i.e. movable assets transferred to the school in term of allocation of section 21 functions

- (c) as liabilities:
 - (i) the accrued funds of the public school; and
 - (ii) any amounts owed by the public school;
 - (d) as assets:
 - (i) the total amount of assets as indicated in the asset register grouped under the headings “motor vehicles”, “motorised equipment” and “furniture and school equipment”;
 - (ii) all debtors outstanding; and
 - (iii) bank balance;
 - (e) as trust funds, all funds registered, donated and bequeathed;
 - (f) a certified document by the accounting officer in accordance with measure 8 (9) (a).
- (4) A public school with gross income of less than R20 000-00 a year may appoint any person who does not have a financial interest in the affairs of the public school, without approval from the Member of the Executive Council, to examine the records and financial statements of the public school: Provided that such public school is not a school which was allocated functions in terms of section 42 of the Act.
- (5) A public school with gross income of R20 000-00 a year and more must appoint a person in accordance to the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991)², to audit the records and financial statements of the public school.
- (6) A public school with gross income of R20 000-00 a year and more who cannot appoint a person according to The Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991)³ must obtain approval from the member of the Executive Council to appoint a person as contemplated in section 60 of the Close Corporation Act, 1984 (Act No. 69 of 1984)⁴: Provided that such public school is not a school which was allocated functions in terms of section 42 of the Act.
- (7) All public schools which were allocated functions in terms of section 42 of the Act must appoint a person in accordance to the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991)⁵, to audit the records and financial statements of the public school.
- (8) The approval contemplated in paragraph (6) must be requested as follows:
- (a) a written application must be submitted before July of a financial year;
 - (b) the application must be sent to the Directorate: Internal Audit and Anti-corruption of the Department of Education of the Free State Province;
 - (c) the application must contain the following particulars of the person to be appointed –

² This reference has been amended by section 10 of the Education Laws Amendment Act, 2007 (Act 31 of 2007) to read: “Auditing Profession Act, 2005 (Act No. 26 of 2005)”.

³ See footnote (2).

⁴ The relevant stipulations of section 60 of the Close Corporation Act, 1984, read as follows:

“Qualifications of accounting officers

- (1) *No person shall be appointed as or hold the office of an accounting officer of a corporation, unless he or she is a member of a recognised profession which-*
 - (a) *as a condition for membership, requires its members to have passed examinations in accounting and related fields of study which in the opinion of the Minister would qualify such members to perform the duties of an accounting officer under this Act;*
 - (b) *has the power to exclude from membership those persons found guilty of negligence in the performance of their duties or of conduct which is discreditable to their profession; and*
 - (c) *has been named in a notice referred to in subsection (2).*
- (2) *The Minister may from time to time publish by notice in the Gazette the names of those professions whose members are qualified to perform the duties of an accounting officer in terms of this Act.”*

⁵ See footnote (2).

- (i) his or her full name and surname;
 - (ii) his or her qualifications;
 - (iii) the interest of the person in the public school;
 - (iv) the address and telephone number of the person; and
 - (v) the reason why the person is recommended by the governing body.
- (9) The responsible Member must within 60 days after receiving the application supply the public school, in writing, with his or her decision in relation to the application contemplated in submeasures (6) and (8).
- (10) If the Member of the Executive Council has not approved the application contemplated in submeasures (6) and (8) the responsible Member must appoint a person to conduct the audit.
- (11) The chairperson and the accounting officer must sign the financial statements of the school.
- (12) The financial statements must be submitted to the Directorate: Internal Audit and Anti-corruption within 6 months after the closure of the financial year.
- (13) The Head of Department may extend the period for submittance of financial statements upon submittance of written motivated requests.
- (14) A report on financial matters by the governing body must accompany the financial statement.

Financial Committee

10. (1) The governing body of a public school must appoint a financial committee that will be responsible for the control of the financial affairs of the public school.
- (2) The accounting officer and at least one other member of the governing body must serve on the financial committee.
- (3) Other members may be co-opted from the parents or the community to serve on the financial Committee.
- (4) Meetings will take place on a quarterly basis and minutes must be kept and a copy of the minutes must be handed in at the meeting of the governing body that will serve as a point on the agenda to be discussed.
- (5) The financial committee is responsible to ensure that all records mentioned in the Measures and all other financial-related documentation is safeguarded against loss, theft or fire.
- (6) The financial committee must ensure that a proper financial control system is implemented in the public school.
- (7) The financial committee is responsible to advise the governing body on financial matters of the public school.

Financial administration of hostels

11. (1) The public school and hostel accounts must be kept separately.
- (2) Measures 1 to 10 apply, with the necessary changes, to the administration of a hostel fund.

Provision of information

12. All the financial records, books, register or other financial documentation may be audited or inspected by the Department in accordance with section 71 of the Act.