FINANCIAL POLICY

LEGISLATIVE FRAMEWORK

1. SASA ACT 84 OF 1996
2. CIRCULAR 9 OF 1999
3. CIRCULAR 13 OF 2000
4. CIRCULAR 9 OF 2002
5. CIRCULAR 3 OF 2003
6. CIRCULAR 45 OF 2003
7. CIRCULAR 34 OF 2005

SECTION 1

PURPOSE / OBJECTIVES

1. The SGB of Madiba Comprehensive School as the “Accounting Body” that is ultimately responsible for the school’s finances and property, hereby resolves to put in place a Financial Policy and a Finance Committee to assist it in the control of the school’s funds.

The Finance Committee
2. The SGB shall delegate certain functions to the Finance Committee
   The Finance Committee (FC) to be chaired by the SGB’s treasure
   The FC shall comprise of the following members
   ❖ Treasure of the SGB
   ❖ The Principal
   ❖ A democratically elected representative of the educators of the school
   ❖ Chairpersons of the following Sub-Committees
     ➢ Fund-Raising Committee
     ➢ Sports’ Committee
     ➢ RCL Committee
     ➢ Safety and Security
     ➢ Cleaning and Catering
     ➢ Social Committee
     ➢ Any other sub-committee/s that may be formed

The FC can recommend to the SGB to co-opt any person with the necessary knowledge of Financial Management. Such a person does not necessarily have to be a parent whose child/ward attends school at Madiba or an educator at the school
The FC will be answerable to the SGB
DUTIES AND POWER OF THE FINANCE COMMITTEE

- Keep overall control of the school’s funds
- Draw up the budget for each year
- Monitor and recommend all expenditure to the SGB
- Advice on ways of fund-raising
- Draw up Monthly and Quarterly Financial Statements
- Assist in drawing up annual financial statements
- Advise on ways to invest surplus monies
- Check school’s financial records internally
- Suggest to the SGB as to who should be the auditor
- Advise SGB on amount of school fees to be paid
- Ensure that all procurements is done through the correct quotations
- Co-opt any other person/s with the necessary financial management skills
- Delegate the responsibility of money matter, in writing to a person who will be available on a day-to-day basis to do the job.

DUTIES OF THE FINANCE OFFICER

- Records all financial transactions
- Keep the SGB, Principal, Treasurer and the Finance Committee fully informed about financial matters
- Works very closely with the Principal and Treasurer who will ensure that all rules are being followed.

FINANCIAL RESPONSIBILITY OF THE SGB

In accordance with the South African School Act, the SGB will be responsible for the

- Collection of school funds to supplement resources made available by the state to cover operational expenses of the school.
- Keeping of records of all money received and/or spent by the school and of the asserts, liabilities and financial transactions of the school.
- Management of school funds subject to the requirements of the Head of Education and in consultation with the broad membership of the community.
- Preparation of Annual Financial Statements, which shall reflect income and expenditure as well as assets and liabilities of the school at the end of school year
- Preparation of Annual budget in which the amount of the fees to be paid by each learner is stipulated. Such a budget will be tabled and approved through a majority vote by the parent body at its AGM
- Having the annual financial statements and financial records of the school audited by a suitably qualified person who is duly registered in terms of the Public Accountant’s and Auditor’s Act of 1991 or duly appointed as such by the head of Education
- Sending of the copy of the audited financial statement to the head of Education as soon as possible or within six months after the end of the financial year and make copies of the same available to the parents at the next meeting of the parents and the SGB.

{Finance Policy Copy}
DELEGATION OF RESPONSIBILITIES

The SGB accepts the responsibility for the execution of these responsibilities. Where appropriate, certain of these responsibilities will be delegated to individual or collective adult members of the school community who are not members of the SGB e.g the Finance Committee

AMENDMENT OF POLICIES AND PROCEDURES

The policies and procedures indicated in this document may be amended only specially convened meeting of the SGB, and by a majority vote of members of the SGB and by a majority vote of members of the SGB present and such amendment/s to be rectified by a simple majority of the parent body in a parent meeting.

SECTION 2

RECEIPT AND RECORDING OF MONEY

2.1 The SGB will be responsible for the receipt and recording of all monies received and spent by the school through the FC or other delegated or designated parties. For the purpose of this policy, money will include cheques, bills and postal orders

2.1.1 The SGB will appoint a School Financial Officer (See1.3.16 above) to look after the day-to-day receipt and recording of money

2.1.2 All monies received by the school will be recorded by the issuing of a pre-numbered receipt. The same numeric order will be used in the receipt cashbook. The completed original receipt should be handed to the person making the payment. The duplicate of the receipt will remain with the person issuing the receipt on behalf of the school.

2.1.3 The responsibility of collecting school fees from the learners or their parent, will be delegated to the finance officer who will be provided with he check and duplicate receipt book. The officer will at the end of the school day balance all monies and receipts collected for the day.

2.1.4 All the monies will be placed in the school safe with receipt book soon after payment. Under no circumstances will the receipt book be taken away from the school premises

2.1.5 All the monies received by the school shall be deposited in the School Bank Account at ABSA, Bank Account No: 1101690152

2.1.6 The SGB will arrange that parents deposits school fees directly into the school bank account. Upon presentation to the school, the bank deposit slip will duly reflect the original stamp, indicating the date of such deposit.
2.2 **ISSUING RECEIPTS**

2.2.1 The school will issue pre-printed receipts and affix the school stamp on all receipts issued for all payments to the school.

2.2.2 A receipt must be issued for all monies received and for all cash surpluses.

2.2.3 A new receipt will be issued where a previously dishonored cheque is settled by the drawer. The previous cheque entry should be reversed in the receipt book.

2.2.4 In the case of post-dated cheque, a receipt should be issued only on the date the cheque can be deposited. A separate register must be kept for post-dated cheques received. Such cheque must be stored in the school safe until they are deposited into the school’s bank account.

2.3 **MANNER OF ISSUING RECEIPTS**

2.3.1 Receipts must be issuing in numerical order.

2.3.2 Receipts will be issued in duplicate through the use of carbon paper (Manual written receipts).

2.3.3 The details on the receipts will be completed in non-erasable blue or black in clearly legible handwriting.

2.3.4 All duplicate or carbon copies must be clearly legible.

2.4 **DETAILS TO BE INCLUDED IN RECEIPTS**

2.4.1 The full initials and surname of the payer, or the full name of the company or firm making payment. If another person makes payment on behalf of a payer, the receipt should still be made out in the name of the payer, and the name of the person physically making payment should be written clearly in the brackets after the payers’ name.

2.4.2 The amount of payment must be written in words and figures.

2.4.3 The nature of the money being tendered (e.g. cash cheque, postal order etc) must be clearly indicated.

2.4.4 The receipt must be dated.

2.4.5 The reason or purpose for payment (e.g. donation, school fees) must be completed in detail.

2.4.6 The name and signature of the person receiving the money and issuing the receipt must be clearly indicated in the receipt.

2.4.7 The person issuing the receipt must ensure that only one receipt is issued for each amount of money received.

2.4.8 No alterations shall be made on any receipt. If a mistake is made, the receipt must be cancelled by writing the word CANCELLED in clear large letters in ink across the original receipt as ell as its duplicate copy. The cancelled original and duplicate copy must not be removed from the receipt book.

2.4.9 The receipt book should be ruled off (in red ink) at the point the money is banked. The dates series of receipt numbers and amount being banked should be clearly indicated. Similar balancing should be done in the accounting records specifically the Receipt Cash Book before the money is banked.
2.5 **SAFEKEEPING AND TRANSPORT OF MONEY IN HAND**

2.5.1 Monies payable to the school shall be received only during school hours by the Finance Officer.

2.5.2 Immediately after receipt the money must be locked in the safe together with the receipt book. Banking must be done at least two days after receiving the money.

2.5.3 In order to reduce the risk of theft or robbery, a minimum amount of money ± R5000 must be kept in the safe.

2.6 **DEPOSITING MONEY**

2.6.1 Deposit slips will be properly completed and the deposit totals should be balanced with the Receipt Cash Book totals prior to the banking of the money.

2.6.2 Where the person other than the Finance Officer or the Principal accepts the responsibility to deposit money at the bank, the person should check the money to be deposited against the deposit slip details and should co-sign the deposit slip as evidence thereof.

2.6.3 Arrangements for depositing money must be changed to reduce the risk of loss through robbery. The Finance Officers or the Principal must transport money to be banked.

2.7 **ISSUING OF DEBTORS STATEMENTS**

2.7.1 Annual debtors statements will be issued within 10 days of the commencement of academic school year, and

2.7.2 Quarterly debtors statements will be issued within 10 days of the commencement of each school term.

2.8 **CONTROL AND SUPERVISION**

2.8.1 Any person so authorized by the School Governing Body or the Head of Education has the right to access the safe, money, deposit book, receipt and payment cash books at any time in the presence of the Finance Officer, the Principal or both for control and supervision purposes.

2.8.2 All income will be recorded in the receipt cashbook, and expenses in the payment cash book daily.

2.8.3 Arrangements will be made to obtain bank statements on the last day of each calendar month. The cash books should be balanced and reconciled to the bank statement monthly by the Finance Officer or any such designated person.

2.8.4 The bank reconciliation will be given to the Governing Body or the person/s nominated by it for checking and control at least three days prior to the Governing Body's monthly meeting. The person/s checking must sign the reconciliation to indicate that they have checked it.
SECTION 3

3.1 PAYMENT BY CHEQUE

3.2.1 There shall be three signatures to the bank account, and they will include the SGB Chairperson, SGB Treasure and Principal.

3.2.2 All cheques must be crossed “NO NEGOTIABLE” or “NOT TRANSFERABLE” and signed by two of the three signatories authorized by the Governing Body. Cash cheque shall not be issued under any circumstances.

3.2.3 Any alterations on a cheque should be counter-signed by both cheque signatories.

3.2.4 In the event of the appropriate cheque signatories not being available telephonic approval for deviating from the above requirements should be obtained from the chairperson of the Governing Body.

3.2.5 Only one cheque book may be in use at any one time.

3.2.6 Only cheque accompanied by properly completed Cheque Requisition forms shall be authorised.

3.2.7 Under no circumstances shall any blank cheque be signed.

3.3 PROCEDURES FOR ISSUING CHEQUES

3.3.1 Payments should be made only when supported by properly authorised payment vouchers including Cheque Requisition Forms and any other supporting document/s.

3.3.2 Third party personnel or school cheques may not be cashed in the petty cash.

3.3.3 Payment should not be made for items not include in the budget or where the budget will be exceeded unless prior approval of the Governing Body has been obtained.

3.3.4 Request for payment must be made on a properly completed Cheque Requisition Form.

3.3.5 The requisition form will be approved only if accompanied by authorization to purchase (where possible in the form of and order form) and a detailed invoice signed as evidence of he receipt of the good or services being paid for.

3.3.6 Two of the three signatories should check the invoice details prior to goods/services.

3.3.7 All quotations must be considered and approved by the Governing Body or and appropriately constituted sub-committee of the Governing Body at a meeting specially convened for this purpose.

3.3.8 A short list of possible suppliers should be compiled and appropriate enquiries made regarding their ability to provide the goods/services required; and

3.3.9 Unless valid reasons or concerns exists the lowest tender or quotation should be accepted.

4.4 SAFEKEEPING OF VOUCHERS

4.4.1 All payments vouchers, cheques requisition, bank statements and paid cheques should be properly filed for audit and reference purpose; and

4.4.2 Cheque requisition and payments vouchers will be filed in sequences according to cheque numbers together with their respective returned paid cheques.

{Finance Policy Copy}
4.5 ORDER FORMS

4.5.1 Order forms will be printed in triplicate and be pre-numbered
4.5.2 Order books will be recorded in the controlled Stationery Register. When order books are required they must be signed out by Finance Officer, Principal or any other person/s so authorized by the Governing Body
4.5.3 The School stamp must be affixed on both the original and duplicate copies of the order books

SECTION 4

PETTY CASH

4.6 AMOUNT OF PETTY CASH

4.6.1 An initial amount of R500 per month will be made available for petty cash. The Governing Body will determine the maximum amount of petty cash float from time to time. The amount should be sufficient to cover the normal daily petty cash requirements for the school.

4.6.2 The original petty cash advance should be made in form of an uncrossed cheque made out to the Financial Officer or Principal. Thereafter the petty cash should be reimbursed by cheque upon the presentation of appropriately authorised petty cash voucher.
4.6.3 An initial amount of R1500 per month will be made available for transport costs. The amount should be sufficient to cover the normal monthly transport costs.
4.6.4 The finance committee will determine fixed transport costs for different destinations.

4.7 PROCEDURES FOR CONTROLLING PETTY CASH

4.7.1 No advances (IOUS’s) may be made out of petty cash, except where an amount is authorized, for example to be given to a person to purchase stamps or pay entrance fees for all class outing wherever possible. The amount due should be determined in advance and payments made by cheque.
4.7.2 Petty cash box should be kept in the safe or equivalent secure place when not in use
4.7.3 Only the Finance Offer, Principal or other person/s duly authorized by the Governing body may have access to the petty cash box; and
4.7.4 The petty cash should be balanced and reconciled weekly
4.7.5 Authorized receipts should be balanced petty cash
SECTION 5

SURPLUSES AND SHORTAGES

5.1 Should cash be found, the amount should immediately be accounted for through the issue of a receipt, and the reason for the surplus to be thoroughly investigated.

5.2 Should a cash surplus result from under-spending or the generation of greater income than require (for example through fund-raising), such a surplus must be invested or used to off-set partially or completely anticipated increase in school fees during the following school year.

5.3 Should a cash shortage be found, the responsible person (SGB Treasure, Finance Offer, the Principal or duly designated person) should pay the amount and make an appropriately described entry in the receipt book.

5.4 In the event of shortage the SGB may permit the responsible person to provide it with all relevant facts and if the SGB is satisfied that the responsible person should not be held liable for the shortage, it may authorise writing off such a shortage.

SECTION 6

INVESTEMENT POLICY

6.1 No investment of a speculative nature will be made using school funds or resource.

6.2 No agents will be used when placing in deposits in an investment account, and no commission should be received by anyone for the placing of deposits.

6.3 Unless otherwise authorized by the Head of Education, investments will be in one or more of the following forms:
- Current of Cheque Account
- Transmission or Saving Account
- Call Account
- Notices Deposit Account and / or
- Fixed Deposit Account

6.4 Deposits can be moved between banks or types of investments based only on factors such as interest rates offered and cash requirements of the school.

6.5 The composition of the school’s investment portfolio will be reviewed monthly or quarterly by the SGB

SECTION 7

BUDGET PROCEDURES

7.1 RESPONSIBILITY

The annual Budget will be drawn by the SGB or duly appointed person/s tasked by the SGB and should be tabled at the AGM for approval by parents.
7.2 **OBJECTIVES OF BUDGET PREPARATIONS**

7.2.1 An annual budget must contain a detailed financial plan of activities which are scheduled to take place during the school year. It should provide information about the expected income and anticipated expenditure.

7.2.2 An annual budget must be used as a measure according to which income and expenditure can be compared with each other.

7.2.3 The budget should also be used as a control mechanism to monitor whether or not the school is meeting its goals and objectives as outlined in the budget.

7.2.4 The budget should be used as an instrument to determine the corrective measures on a monthly basis which may need to be made to the school’s financial plan.

7.3 **BASIS FOR BUDGETING**

7.3.1 There will be a clear link between the mission statement of the school and the budget of the school.

7.3.2 All activities of the school will be related to one or more goals of the school indicated in the relevant year have been determined.

7.3.3 A combination of three budgeting methods namely, Incremental, Zero-based and Activity-based budgeting will be used to determine allocation to different items in the budget.

7.3.4 Incremental budgeting will be used to allocate resources to stable cost-centers such as established extra-mural activities. Zero-based budgeting will be used to make allocations to new items, and activity-based budgeting will be used to determine which items should receive priority during budgetary process.

7.4 **PRINCIPLES IN THE PREPARATION OF THE BUDGET**

7.4.1 The budget must be realistic.

7.4.2 All available sources of income must be considered.

7.4.3 All possible expenses, capital, maintenance and revenue, should be considered.

7.4.4 Proper motivations will be presented to the SGB for all cost centers or items.

7.4.5 A separate budget preparation forms must be competed for each items of income or expenditure.

7.4.6 The budget must take into account aspects such as legislation, price increase and changes in interest rates, as well as short-medium and long term goals.

7.4.7 All interested parties especially parents of learners enrolled in the school should be allowed to make inputs into the budgeting process.

7.4.8 The budget should recognize the need to build up reserve for major school improvement initiatives such as major mainstaince.

7.5 **BUDGETARY CONTROL**

7.5.1 The responsibility of budgetary control rests with the SGB on a day-to-day basis. The responsibility rests with the Finance Officer, the Principal and Activity Heads.

7.5.2 The reporting of compliance with the budget will be achieved through the submission of monthly quarterly reconciliation statements (of bank statements and cash books) to the SGB or person/s appointed by it to check the statements monthly.

{Finance Policy Copy}
7.5.3 All excess in budget will be approved by the SGB. The SGB will consider all relevant facts when deciding whether or not to approve any excess expenditure. Where possible excess expenditure should be reconcile with reduced expenditure in other cost centre but without adversely affecting the school’s ability to meet its goals.

7.5.4 Payments requiring urgent authorization between the SGB meeting should be discussed with the Chairperson or Treasurer of the SGB meeting should be discussed with the Chairperson of Treasurer of the SGB or members of the SGB responsible for that particular cost centre or activity.

SECTION 8

8.1 FINANCIAL YEAR
The financial year of the school runs from 1 January to 31 December annually.

8.2 MONTHLY REPORTING

8.2.1 Financial statements should be prepared monthly for submission to the SGB or person/s appointed by it for reporting purposes. The statement should be distributed at least three days before the monthly meetings of the SGB.

8.2.2 Monthly statements should provide information on the following

- Income and expenditure for the month and for the year to date
- Comparison of amount with budgeting amount and analysis of any variance
- Projected income and expenditure for the year
- Total amount of fees outstanding
- Analysis of debtors and creditors
- Status of all projects (both minor and major); and
- Details of money in the bank and funds invested

8.3 ANNUAL FINANCIAL STATEMENTS

8.3.1 An audited Financial Statement will presented to the SGB for consideration within a month after the end of each financial year.

8.3.2 The audited Annual Statement will be tabled for nothing at the AGM of the SGB within three (3) months after the end of each financial year.

8.3.3 The audited Annual statements will be submitted to the Head of Education within six (6) months after the end of each financial year as regulated by the SA Schools Act.

8.4 AUDIT

8.4.1 The Annual Financial Statement will audited by a person appointed by the SGBS who is registered as a public accountant and auditor in terms of the Public Account’s and Auditors Act of 1991 or authorized by the Head of Education.

8.4.2 The Auditor will not be a member of the SGB.

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SECTION 9

PROCEDURES FOR HAND-OVER FOR FINANCIAL RESPONSIBILITIES

9.1 The SGB will determine procedures for the handing over of financial responsibilities from one person to another from time to time. Such hand-over will be formalized with the completion of the Delegation of responsibilities form.

10. ADOPTION

Thus signed at ____________________ on the ________________ day of _____________________.

Signed

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<th>Portfolio</th>
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<td>Mr Rampaku P.L</td>
<td>Principal</td>
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<td>Mr Meje R</td>
<td>Chairperson</td>
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<td>Ms Froneman E</td>
<td>District Director</td>
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# Financial Policy

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