Rhenish Primary School

Finance Policy

(UPDATED: FEBRUARY 2025)

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1 GENERAL CONDUCT OF GOVERNING BODY MEMBERS

1.1 Overview

The South African Schools Act (Act No. 84 of 1996) (SASA) prescribes how schools should manage their funds. It also presents guidelines for the school governing body (SGB) and the Principal on their roles and responsibilities in managing the finances of a school. The governance of a public school is vested in the SGB that stands in a position of trust towards the school.

Rhenish Primary School (RPS) obtains finances from three main sources: government funding, school fees and special fundraising campaigns.

The SGB is given full responsibility of managing all funds allocated to the school, such as establishing school fees, preparing an annual budget, collecting and administering school fees, and maintaining the assets of the school.

SGB duties include:

- the keeping of financial records
- appointing a Finance Manager
- supplementing the school resources
- submitting the required returns to the Western Cape Education Department (WCED) for the request for Norms and Standards and Early Childhood Development grants

Internal controls are an integral part of careful financial management in every school setting. Internal controls provide a system of checks and balances to detect financial errors and irregularities in a timely fashion. They are designed and used as measures to prevent mistakes from occurring or to correct operational or recording errors.

Financial accounting is an essential component of the financial management of a school. A school needs to process, analyse and interpret financial data and information in order to function effectively.

This financial policy aims to give practical effect to SASA, as well as to regulate the management of finances and school property.

RPS is a section 21 school and to retain this status we must ensure that:

- A favourable bank balance is maintained
- The audited financial statements, WCED043 forms and budgets are submitted on time
- An approved budget balances and is managed throughout the year
  The current municipal accounts are not in arears

1.2 Purpose of this policy

This document is to provide a clear understanding of the responsibilities, procedures and rules for the handling of money in the school by the treasurer, finance manager, principal and other persons to whom specific tasks are delegated.

2. Roles and Responsibilities within the school

2.1 The School Governing Body

In terms of the SASA [Section 26] a SGB must take all reasonable measures within its means to supplement the resources provided by the State, in order to improve the quality of education provided by the school [SASA: s36].
Governance of a public school is vested with the SGB. Governance refers to the policy and rules by which the school is to be organised and controlled and it includes ensuring that such rules and policies are implemented effectively within the legislative framework of the SASA. The financial responsibilities include the following:

a) Support the Principal and other staff in carrying out their professional functions;
b) Buy textbooks, educational material or equipment for the school;
c) Supplement the funds supplied by the State;
d) Start and administer a school fund;
e) Open and maintain one bank account for the school;
f) Prepare an annual budget and present it for approval to the parents at the Annual General meeting (AGM);
g) Inform all the parents of the school in writing of the amount of school fees to be paid, the terms of payment and the parent's right to apply for exemption from the school fees;
h) Ensure that school fees are collected according to decisions taken at the AGM;
i) In terms of section 42 of the SASA, the SGB must keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions. The overall responsibility for the control of school money lies with the SGB of the school.

The SGB of RPS has decided that the provisions of the SASA, Act No. 84 of 1996, and the Western Cape Provincial School Education Act 1997 and all legally accepted regulations promulgated there under will be honoured and executed.

The chairperson of every committee and sub-committee must be a member of the SGB.

2.2 The Principal

In terms of the SASA, professional management of a school is vested in the Principal.
Principals have the duty to facilitate, support and assist the SGB in execution of its statutory functions relating to assets, liabilities, property and financial management of the school. With respect to school finances the role and responsibility of the Principal includes:

a) The management of all support staff (All financial staff);
b) The safekeeping of all records (control and management of income and expenditure);
c) Attend all meetings of the SGB;
d) Support and assist the SGB with all their functions;
e) Giving of advice to the SGB on the financial implications of decisions relating to the financial matters of the school;
f) Take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the SGB of the school;

g) Be a member of any relevant committee or delegation of the SGB in order to manage any matters that have financial implications for the school and;
h) Report any maladministration or mismanagement of financial matters to the Governing body of the school and to the Head of Department.

2.3 Composition of the Finance Committee

Section 30 of the SASA allows the SGB to set up a finance committee (FC) and sub-committees. The SGB, through this Policy, delegates the responsibility of managing the finances to the FC. The Treasurer of the SGB will serve as chairperson of the FC.
Apart from the chairperson, the Fin Comm may consist of the following members:

a) The school Principal;
b) The school Finance Manager/Finance Assistant who could also act as secretary;
c) Any other SGB member/s, parent or teacher that the Committee believes will enhance the work of the FC

The Chairperson of the Governing Body may attend at his/her discretion.

2.4 Brief of Finance Committee

a) To keep control of the school's money;
b) To draw up an annual draft budget for the following year, and submit it to the SGB before the end of Term 3;
c) To use the budget as a guide against which income and expenditure control is exercised.
d) To consider amendments to the budget to cover essential expenditures. Such amendments must be dealt with in line with the requirements of the parent meeting that approved the budget and be authorised by the SGB;
e) To review actual versus budgeted expenditure
f) To review progress of spend against the capital budget
g) To monitor assets and liabilities, in particular the Debtors and Bank balances
h) Advise on ways to invest surplus money;
i) To exercise proper control over records of funds received or spent by the school;
j) Consider and oversee the applications for exemption for school fees;
k) Advise the SGB on approved or denied applications for exemptions from school fees;
l) To hand over accounts which are unpaid, to institutions and persons registered with the Council for Debt Collectors;
m) To have proper control over records/inventories of all the school's movable and fixed assets;
n) To establish a proper writing-off procedure for assets, and report on it to the SGB;
o) To have the financial statements audited on an annual basis before End of June by an auditor appointed by the SGB, and to submit the audit report to the SGB;
p) To submit the audited statements to the WCED before 30 June each year;
q) To submit at least quarterly financial management statements to the SGB;
r) To meet at least once per term.
s) To review this Finance Policy on a regular basis
t) To take Minutes of all meetings and maintain an attendance register.

The FC may not take final decisions on any financial aspect. This is the sole prerogative of the SGB.

2.5 The Treasurer

a) Should be a parent member of the SGB. If the expertise does not exist on the SGB, a person with financial expertise can be co-opted to assist with this role.
b) Oversee all financial matters of the school as directed by the SGB which includes the following:

- Serve as chairperson of the financial committee;
- Advise the SGB on financial matters;
- Monitor on a monthly basis
  - That all funds received are deposited in the school account and that all payments are authorised;
  - Reconciliations of petty cash and the current account;
- Provide a financial report to the SGB on a quarterly basis;
- Monitor actual income and expenditure against the approved budget;

c) The Treasurer should not be involved in handling any money matters on a daily basis. This is the responsibility of the staff of the Finance office as appointed by the SGB.

2.6 The Financial Manager

The Finance Manager (FM) reports to the Principal, the Treasurer and indirectly to the SGB and-
a) implements the accounting system prescribed by the SGB;
b) provides the school Principal and Treasurer and the FC with updated financial figures and keeps them informed of financial matters;
c) co-ordinates the budget process annually;
d) checks that total expenditure does not exceed the budget;
e) oversees the finance assistant, who:

- keeps accurate daily /weekly record of all income and expenditure;
- issues receipts for all monies received;
- manages the debtors;
- manages electronic transfers according to the prescribed procedure;
- prepares electronic payments and keeps accurate record of invoices and proof of expenditure;
- manages Leave.

f) keeps record of applications for exemption from school fees, and must submit to an FC meeting a list and all application details in accordance with the parent meeting resolutions;
g) Follow up on outstanding school fees with parents;
h) keeps record of all parents who receive reminders to pay as well as those who are summonsed;
i) provides each parent/guardian who does not pay by means of a debit order with a monthly account statement;
j) provides parents paying by debit order with a statement at the end of each school term;

k) on a quarterly basis submits to the Principal and Fin Comm chairperson a name list of parents in arrears;
l) prepares Fin Comm meeting documentation;
m) immediately reports any irregularities and deviations to the Fin Comm chairperson/SGB representative;
n) completes the annual or quarterly WCED returns;
o) coordinates the asset registers;
p) manages petty cash in accordance with the amounts approved by the Finance Policy; and
q) acts as Fin Comm secretary.

3. Retention of financial records, Record-keeping, reporting and auditing

The Governing Body, via the Principal and the FM, must keep records of

- funds received and spent by the School
- Assets and liabilities
- Financial transactions

These records must be kept for at least 5 years.
The school's financial year is 1 January to 31 December.

- Annual financial statements must be prepared within three months after the end of the financial year [SASA: s 42 (b) & Reg 52 (b)].
- The Financial year of school ends on the last day of December of each year [SASA: s 44]
- The financial statements will consist of a Statement of financial position (balance sheet) and Statement of comprehensive income (income statement) with accompanying notes that are prepared according to IFRS. Furthermore, a simplified cash flow statement must be prepared.
- The Governing Body must approve the annual financial statements and they must be signed by the Chairman of the Governing Body and the Treasurer.
- The financial statements of the school must be audited and certified by a registered accountant and auditor, who does not have a financial interest in the affairs of the school [SASA; Section 43 (1&3) & Reg 53 (a)].
- Audited financial statements of the school must be submitted to the Department of Education within 6 months after year-end [SASA; Section 43 (5) & Reg 53 (b)].
- The audited financial statements and accounting records of the school should be available for inspection by any interested person [SASA: Section 43 (b) & Reg 53 (c)].

Internal reporting to the SGB, in the form of management reports, must be made available on a quarterly basis.
The auditor should not do the bookkeeping of the school, other than advise on the year-end journals and adjustments.

4. Source of funds

A fee-charging school's main source of funds is school fees. It is not compulsory to pay school fees but once a majority of parents present at the AGM have voted to charge school fees, then paying school fees is compulsory by parents of all learners at the school.
Rhenish Primary School (RPS) obtains finances from three main sources: government funding, school fees and special fundraising campaigns.

4.1 Government Funding

Provincial education authorities divide funds according to the National Norms and Standards for the funding of schools and each school's share is calculated on the basis of the physical condition of the school, the relative poverty of the community (social economic factor) and the relative poverty of the school. RPS is a quintile 5 fee–charging school, which means it receives the lowest amount of financial support.

The two biggest grants RPS receives from the WCED are for Norms & Standards and Early Childhood Development (ECD) and the daily allocation per year per child is communicated to the schools during the course of the prior year at or around budget time.
To obtain the Norms and Standard grant, a Quarterly income and Expenditure report (WCED 043) must be submitted to their relevant district officer, within 30 days after the end of each quarter. The SGB Chairperson and the SGB Treasurer must sign the WCED 043.
To obtain the Early Childhood Development Grant: a bi-annual submission of expenses incurred, along with numbers of qualifying children (age dependent) must be submitted.
Furthermore, a copy of the signed budget and minutes of the AGM must be submitted to the WCED District office by no later and 1 December of each year in order for the school to remain compliant to receive these grants.

4.2 School fees and exemption from paying school fees

Section 39 of the Schools Act empowers the parent body to determine the school fees to be charged at a public school.
School fees are the biggest driver of the annual budget due to it being the main source of income for the school. The determination for the annual school fees takes place during the budget process, whereby the usual day-to-day requirements along with any long term or strategic decisions, which may incur expenses, are taken into account, along with the admissions numbers expected for the following year. All measures to keep school fee increases as low as possible are taken.
The parents, at the AGM, must approve the decision on the amount of school fees for the next year. The SGB then needs to inform all parents of the school in writing of the amount of school fees to be paid, the terms of payment and the parent's right to apply for exemption from school fees.
Parents who cannot afford to pay school fees can apply to the SGB for exemption from paying school fees. This impacts the school's funding and therefore needs to be budgeted for carefully and the process must be stringent and diligent.
The SGB can by process of law, enforce the payment of school fees by parents who are liable to pay (see 6.3.4).
The process of the billing, collecting and receipting of school fees is dealt with in section **Error! Reference source not found.**.
The process for the application and the approval of school fee exemption is dealt with in section 6.4.

4.3 Other sources of Income

4.3.1 Other fees charged

Learner support are fees that the school charges to the children who participate in this program. Fees are increased annually in line with school fee increases, unless there has been a significant change to the program offered.

4.3.2 Interest Received

Excess funds are held in an interest-bearing investment account (currently in a Money Market Stanlib account).

4.3.3 Fundraising and Donations

There are a few annual fundraising events that are driven by the school. The Parent Teachers Association (PTA) plans and organises many other activities each year.

The two main school activities in the year are the Swimathon and Production

The PTA runs various fundraising initiatives in the year. The main event on their calendar is the golf and FUN day. The proceeds from this are generally used for a special project (upgrade of bathrooms, or putting jungle gyms in or play areas etc.) in the school. The decision around what the funds raised will be used for is made by the PTA committee and the Principal, subject to review by the SGB.

Donations that the school may receive are generally not budgeted for, as they are not expected prior to receiving them.

The school can issue S18A tax certificates for donations received should the donor request this.

4.3.4 Rental income and use of school facilities

Due to the nature of a school, the buildings are in use for only a portion of each day and generally not on weekends. Therefore, it is possible to rent out the hall to the community. Dance schools, churches and fitness clubs typically are the external users of the Hall.

The fees received by the aftercare company that provides after school supervision to the children is another form of rental income for the school.

From a policy perspective, any requests for use of school facilities must first be submitted to the Principal for consideration. Should the Principal believe that the proposal is workable, he/she should submit it to the SMT and the FC for consideration. A recommendation as to usage and fees should then be determined and submitted to the SGB for approval.

Factors to consider when evaluating proposals include: impact on the core school activities, potential for damage, wear and tear impact, security implications, benefits to broader community, and financial benefit.

5. Bank accounts and Investments

In terms of the SASA every school must open a School fund account, Schools are only allowed to have one account, which needs to be a current account held at a banking institution registered with the Reserve Bank, and in the name of the school.

There should be at least two signatories, usually the Principal and Deputy, but any other member of SMT or SGB can also be asked to be a signatory.

5.1 SGB responsibilities

To ensure authorisation levels and authorised persons have access to the bank account.
The Treasurer must sign off the bank reconciliations monthly against the bank statement balance.

5.1.1 Internet banking

Written permission must be obtained from the SGB in order for the school to make use of internet banking, telephone banking and debit cards or ATM cards.
The following should be considered:

a) Identify the employees who can access the internet banking account. The FM are authorised to load the creditors' payments.
b) The transaction total – internet batch payment limit per day is R800 000, 00.
c) The FM, Principal and Deputy Principal are allocated their own user names and PIN.

5.1.1.1 Loading of new beneficiaries or changes in supplier details

The FM loads all new beneficiaries or changes to existing beneficiaries. FM to check the additions or changes on Business online and sign the audit report that the details have been captured accurately. All new beneficiaries are to be checked and signed off by the Principal.

5.2 Investment of excess funds in other investments

Surplus funds in the current account may be invested in an investment account with the approval of the MEC. RPS has a Money Market account at Stanlib, which is linked to the main school account. The policies around this are:

- All transfers into or out of the investment fund must be channelled via the main account of the school.
- Under no circumstances must funds be transferred directly into the investment account, e.g., fundraising income must first be deposited into the current account and then transferred into an investment account.
- The investment period may not exceed 12 months but is renewable annually.
- No payments may be effected from the investment account.
- Investment accounts may not be held outside South Africa.
- The account must be reconciled on a monthly basis and a copy of the bank statement and reconciliation must be presented to the FC.

5.3 Managing Reserves

The school may generate reserves, either from unbudgeted surpluses, or from planned fundraising and fees for a specific multi-year purpose, such as major renovations or building expansion. The financial policies governing these reserves are as follows:

5.3.1 General Reserves

General reserves are those reserves built up from accumulated surpluses achieved as a result of spending less than budget, or earning more than budgeted (such as additional fundraising, donations, etc.).

These reserves fall under the authority of the SGB and expenditure of the reserves should follow the same authorisation procedure as for the annual budget. In other words, a budget should be tabled at a meeting of the parent body, where expenditure from the reserve is proposed and approved by the meeting. This approval need not be limited to the AGM.

5.3.2 Special Reserves

Special reserves are generally set aside for specific capital needs such as a building project, where funding is accumulated over a number of years before the building project commences, or for the replacement of an asset, such as provision for replacement of motor vehicles or IT equipment or a major renovation.

Spending from these reserves follows the same approval process as for general reserves.

In addition, during the annual budget process, provision should be made for allocating a share of the interest income to the special reserve, to ensure that the reserve is not eroded by inflation, and that it accumulates the investment income that is attributed to it.

6. School Fees: Setting, billing, collecting and receipting of payment

6.1 Setting of fees

As mentioned previously, the setting of school fees takes place at the time of the annual budget process.

The following largely determines the school fees for the next year:

- The current year school fees
- Levels of inflation
- The needs of the school for the following year (largely driven by the salary expense and annual increase to be applied)
- Capital expenses agreed upon during the budget process for the following year
- Normal operational expenses budgeted for

The detailed budgeting process is dealt with in section 7.
A fee letter, following the AGM, is sent out confirming the fees for the following year which confirms the school fees approved at the AGM as well as the Resolutions voted upon.

6.2 Billing

- When a child is admitted to the school, details (learner, parent details, and person responsible for the account) are captured into the D6 from the admission application forms, by the Admissions officer. This is the only way the child’s name can appear on a class list, which is the basis of seating plans, academic reports and absenteeism.

- The profiles are then sent to the FM for school fee allocation (the D6 flags this as a task to resolve as School fees are marked as COMPULSORY FOR ALL LEARNERS on the system). This ensures that every child is billed at admission, once per year. (The option of keeping the billing as an annual figure at admission date or dividing it over the remaining months is available and takes place on a case-by-case basis). Should there be a late start (i.e. not on the first day of a school year) then the above happens at the time of admission.

- At the start of each school year, the new fees are captured on the system, and each child is billed accordingly and automatically. The grade 7's from the previous year and any other children not returning to the new academic year would have been terminated off the system and therefore cannot be billed for the next year, and the newly admitted children would have been added by this stage.

- As the D6 is an online system, current billings are available and receipts of school fees updated in real time, for each registered person to be able to see on their mobile device on the D6 connect app. Statements are sent out monthly to all those named as being responsible for the account, via email.

6.3 Collecting of fees

6.3.1 Payment terms

While school fees are due and payable in full on the first day of each school year, the SGB offers the following payment options:

- Single upfront payment with a 5% discount for full payments made until 31 January
- Four quarterly payments payable on the first day of each term
- Ten monthly debit order instalments on a chosen day of each month from February to November (forms available from the finance office). This is done via the D6 system by Stratcol.

If there is a default on that payment plan, the full outstanding fees are deemed due and payable at the time of default. Per the Terms and conditions (see **Error! Reference source not found.**) as approved at the AGM, interest up to prime is allowed to be charged on overdue accounts.

6.3.2 Payment methods

Payment of school fees can be made either via EFT, by utilising the D6 wallet, or via cash at the Finance office. Receipting of fees is detailed in section 8.2.9.

6.3.3 Monitoring of fees received

As previously mentioned, the ability to see up to date account info is part of the functionality of the D6 app. If parents do not use the D6, statements are sent out via email at the end of each month, or more frequently, closer to the end of the year.
An Age analysis is prepared for the FinCom meeting, payments received are monitored daily by the FM and Assistant with the posting of the bank transaction.
An option of Face to face meetings between the Principal and parents who haven't paid anything. Those who haven't paid sufficiently meet by the end of term 2 and 3 respectively, to try and secure a payment plan. Letter of request to pay and or demand is sent out to those still not complying as a last appeal to settle the account and to avoid hand over to a debt collection company. It includes information about the consequences of legal hand over. This is to try and avoid legal handover as far as possible.

6.3.4 Handover for legal collection for unpaid school fees

Section 41 of the Schools Act allows a public school to hand over a school-fee account that is in arrears to an attorney to issue a summons. Both biological parents are liable for the payment of school fees. However, the Schools Act creates liability for other categories of 'parents', such as adoptive parents, legal guardians, custodians, and other persons who have undertaken parental responsibility over a child. This means, for example, that a grandparent who assumes the responsibility of a biological parent may be liable for school fees (and in turn may apply for a school-fee exemption). This ensures that learners are not discriminated against because their parents are unable to pay the full fees.

Handover of unpaid accounts takes place from term 2 onwards, on a case by case basis. RPS uses a debt collecting service provider called Collect4u, who are registered with the Council for Debt Collectors. A registered letter is the first thing Collect4u send out, requesting payment again from the parent and thus giving them a 3 month time frame to get in touch with them about a payment plan, or settle the debt in full, or to apply for exemption. If no response is received, they get their attorney to follow the legal procedures to obtain a judgement on the parents. Asset attachment may happen should the magistrate rule as such.

Once an account is handed over to a collection agency, the school is unable to withdraw it.
Additional fees are added to the recoverable debt as prescribed by the Council for Debt Collectors: collection fees per payment, interest per annum, and any further costs that may be incurred during the collection process.

The School is charged a collection fee of 15% of the recoverable debt.

If a payment plan is agreed to between Collect4u / Jonker Voster and the parent, payments are made to Collect4u/ Jonker Voster and once a month a payment is made to RPS by Collect4u/Jonker Voster with a breakdown schedule of all payments received in that month.

If parents fail to meet their school fee obligations, the school via Collect4u/Jonker Voster may record the Parents' non-performance with a credit information bureau. Any information conveyed to a credit information bureau will be available to other credit guarantors and used in making credit risk management related decisions.

School fees are a statutory obligation and are not by agreement. Given this, school fees do not fall under the National Credit Act nor the Consumer Protection Act. Section 129 of the National Credit Act is not applicable to schools and thus the school will not accept any letters of applications from Debt counsellors.

A learner cannot be excluded from participating in all aspects of a public school despite non-payment of school fees. A learner's report card or transfer certificate cannot be withheld due to non-payment of school fees. However, tours are not considered part of the school curriculum and therefore our policy does not allow children to go on school tours (that require payment) if their school fees are not up to date.

6.4 Exemption from the payment of school fees

Section 39 of the SA Schools Act requires a school to make provision for the exemption of parents unable to pay school fees. Further details regarding the procedures to be followed are contained in section 41 of the Act, and the "Regulations relating to the exemption of parents from payment of school fees in public schools", published in Government Gazette 29311 on 18 October 2006.

Depending on the income of the parent, or whether the parent, guardian or a learner receives a social grant, a parent or guardian may be given an automatic exemption, a total exemption, a partial exemption, a conditional exemption, or no exemption.
The regulations in the Schools Act provide a formula for calculating the amount a parent will be required to pay if they qualify for a partial exemption.
This formula takes into account:

- The annual school fees for one child at that school (if a parent has more than one child at the same school and the school fees are not the same for all of them, then the highest fee must be used in the formula).
- Additional monetary contributions such as piano lessons, art classes, school outings and so on
- The combined annual gross income of both parents.

If the school fees as a proportion of the income of a parent are greater than 10%, the parent qualifies for a full exemption from the payment of school fees. If the school fees are less than 10% of the income, they will qualify for a partial exemption on a graded scale. Section 4 of the Regulations requires a parent to furnish any relevant documents a SGB may request when deciding on a fee-exemption. The application also requires parents to submit a salary slip or letter explaining how much the parent earns. If the parent is unemployed, or self-employed, an affidavit stating how much they earn and how they support the child is required.

Section 7 of the Regulations allows for the governing body to reconsider the decision to grant exemption and amend the amount that the parent must pay if they later obtain information that the parent's financial position has changed substantially. They must reconsider the decision to grant exemption, and amend the amount that the parent must pay from the date on which the change took place.

Section 8 provides that if a parent has been denied a fee exemption and they believe that the formula has not been applied correctly or has been applied unfairly, he or she can appeal to the head of the provincial education department to have their exemption application reconsidered by the provincial department. An appeal must be lodged with the head of department within 30 days of being notified of the rejection.

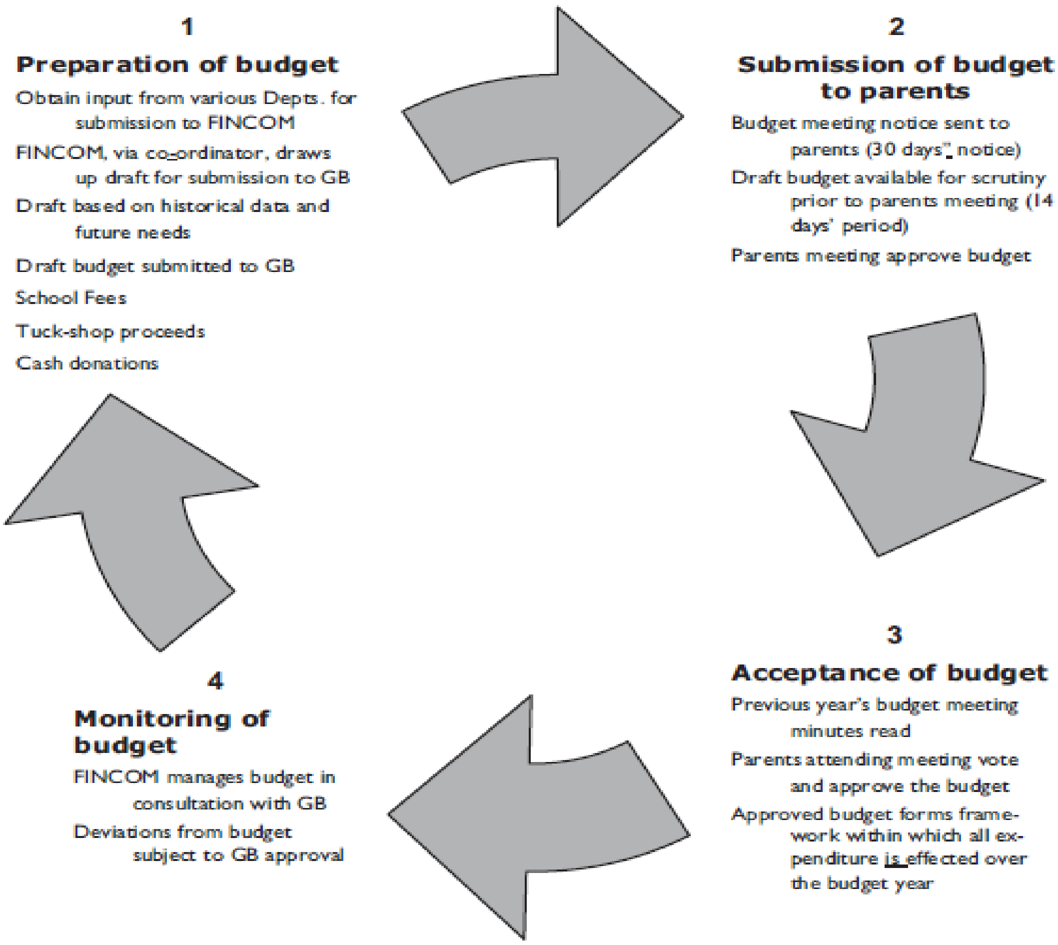
To alleviate the limited funding that fee-charging schools get from the government, schools that grant fee exemptions are sometimes compensated by the government. This compensation is very limited as provinces that do reimburse a school only refund a small portion of what a school would receive in funding if a parent paid the full fee.

7. Budget

7.1 Overview

The budget is a document showing the estimated income for a specific financial year and everything that must be financed with that income. It serves as a control measure to monitor current expenditure against projections. The budget process is described in the diagram below.

Figure ***Error! No text of specified style in document.****-1 Diagrammatic representation of the Budgetary Process*



The school is not allowed to deviate from the budget without approval from the parent body.

7.2 Budget Development Procedure

Each year the school Principal, in conjunction with the Fin Comm, appoints persons who accept the responsibility of managing the approved budget portfolios. The FM co-ordinates the preparation of the budget from the inputs of the different departments.
The abovementioned portfolios could include:

- Extramural sports and cultural activities;
- Pre-Primary academic requirements
- Foundation Phase Academic requirements
- Senior Phase Academic requirement
- Buildings and Grounds
- HR and Payroll
- Learner Support
- Music and Cultural Department
- Capex

The FM, after receiving inputs from the above portfolios, draws up a balanced budget for discussion at the FC before the end of August.

The budget must balance i.e. the total income must equal total expenditure;
The budget must show:

- the actual income and expenditure of the previous financial year;
- projected income and expenditure for the full current financial year;
- estimated income and expenditure for the following (budget) year;
- % variance between the current year budget and the proposed budget for the following year;
- % variance between the projected income and expenses for the current year and the budgeted income and expenses for each line item.

Once the Fin Comm have reached agreement, the Treasurer must evaluate the budget for completeness and accuracy and sign it as an indication of approval.

The budget must be presented to the SGB by the Treasurer.

The SGB must consider the budget and minute the adoption thereof before presenting it at the AGM for their approval. The SGB deals with it in terms of its constitution and the SA Schools Act (see section 7.3 below).

A majority of parents voting at the AGM are required to approve the budget, as well as related resolutions dealing with exemptions and related matters. **Error! Reference source not found.**

Once approved, the budget will then be communicated to budget managers for implementation in the following year.

7.3 Process for Approval of the budget

A notice and agenda must be sent to the parents at least 30 days before the meeting, detailing the particulars and purpose of the meeting to be held.

The notice must contain the following:

- An invitation, which contains the agenda of the meeting and invites parents to attend the meeting;
- Notification that the budget will be available for inspection at the school at least 14 days prior to the meeting;
- A schedule for current and proposed school fees;
- Notification that the criteria and procedures to be followed for fee exemptions may be obtained from the school;
- An explanation that a resolution will be proposed at the meeting, to be approved by the majority of the parents present and voting, to approve the budgeted/ proposed school fees, and that this decision will be binding on all parties.

The AGM requirements:

- An attendance register must be kept;
- The minutes of the previous parents' budget meeting must be read;
- Minutes should be taken of the proceedings and decisions taken at the meeting.
- The detailed budget must be presented to the parents;
- Approval of the budget requires that the majority of parents present vote in favour of the budget;
- The following must be voted on individually:
- The amount of the fees to be charged per phase

Equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees.

7.4 Implementation of the budget

The SGB must ensure that the full details regarding the school fees for the new financial year, with a notification that the criteria and procedures for exemption are available at the school, are published on D6.
A copy of the signed budget and minutes of the parents' budget meeting must be submitted to the WCED by no later than the 1st of December each year.

7.5 Budget monitoring

Regular monitoring reveals areas of over and under-expenditure. The Finance office in conjunction with the Principal monitor this. The Fin Comm manages the budget in consultation with the SGB. Deviations from the approved budget (between line items) are subject to SGB approval, whilst deviations from the overall budget require approval at a parent meeting.

Each budget manager receives a copy of the budget as allocated to him/her, on which accurate record must be kept of every amount he/she spends regarding the respective allocated budget. The D6 has functionality for budget owners to keep track of their own budgets and the expenditure that has taken place.

Should it become evident that the budget will be exceeded; the budget manager has to report this to the school Principal in good time to enable the Fin Comm to deal with the matter.

7.6 WCED requirements around the Budget

The SGB of a public school is responsible for the submission of the budget in accordance with paragraph 7.1 of the circulars.

The approved budget of the school must be submitted to the relevant district office by 1 December of each year.

The following documents must be included with the original signed budget:

- A copy of the notice to parents informing them regarding the budget meeting, 30 days prior to the meeting
- A copy of the minutes of the parents meeting.
- A copy of the attendance registers
- A copy of the following schedules:
    - Capital Expenditure
    - Investments
    - Other assets
    - Liabilities
    - Trusts

7.7 Section38A payments

The purpose of Section 38A is to regulate payments made by SGBs to state employees at public ordinary schools.

Section 38A reads as follows:

Prohibition of payment of unauthorised remuneration, or giving of financial benefit or benefit in kind to certain employees

38A. (1) Subject to subsection (2), a governing body may not pay or give to a state employee employed in terms of the Employment of Educators Act, 1998 (Act No. 76 of 1998), or the Public Service Act, 1994 (Proclamation No. 103 of 1994), any unauthorised—

(a) remuneration;
(b) other financial benefit; or
(c) benefit in kind.

(2) A governing body may apply to the employer for approval to pay a state employee any payment contemplated in subsection (1).

(3) Such application must be lodged in writing in the office of the employer and must state—

- *a) full details of the nature and extent of the payment;*
- *b) the process and resources that will be used to compensate or remunerate the state employee; and*
- *c) the extent of compliance with section 20(5) to (9).*

(4) The governing body must make the application contemplated in subsection (2) at least four months prior to the finalisation of the school's budget.

(5) Despite subsection (1), a governing body may pay travel and subsistence expenses relating to official school activities but such expenses may not be greater than those that would be payable to a public servant in similar circumstances.

(6) An employer must not unreasonably refuse an application contemplated in subsection (2).

(7) In considering the application, the employer must take into account—

- *a) the implications for the employer in terms of the employment contract and labour law;*
- *b) whether the service concerned in the application will interfere with the normal service delivery of the employee;*
- *c) whether the service concerned in the application has already been paid for by the employer; and*
- *d) whether the additional remuneration, other benefits or benefits in kind support the core activities and functions of the school.*

(8) The payment contemplated in subsection (1) must be reflected in the school's budget, as presented to the general meeting of parents as contemplated in section 38(2).

(9) If a governing body pays remuneration or gives any financial benefit or benefit in kind contemplated in subsection (1) to an employee without prior approval of the employer, the amount of money paid or benefit given must be recovered by the employer on behalf of the school from members of the governing body who took that decision, excluding a member of the governing body who is a minor

(10) A governing body may appeal to the Member of the Executive Council against—

- *(a) the refusal by the employer of an application contemplated in subsection (2); or*
- *(b) the failure of the employer to provide a decision on an application contemplated in subsection (2) within three months after the lodging of the application in the office of the employer".*

Section 38A is only applicable to educators and public service personnel (state employees) employed at public schools in terms of the Employment of Educators Act 76/98 and Public Service Act 103/94, respectively, who are on the staff establishments of provincial departments of education and who are remunerated by the state.

The implementation of this section does not absolve state employees from their statutory obligations towards their employers. In this regard, state employees must still obtain the necessary approval from their employer to receive additional remuneration, other financial benefits or benefits in kind from the SGB.

The application from the SGB will comprise the following:

- the information requested by the HOD as detailed in Annexure A1 & A2;
- a copy of the school's budget approved by a general meeting of parents reflecting the annual allocation for additional remuneration and how such allocation is intended to be disbursed to the respective state employee(s). If the approved budget is not available when making application for the next financial year, the SGB's application must be supported by attaching the approved budget for the current financial year with a projection for the next financial year, until such time as the budget is approved; and
- a written application from the individual state employee/s to the employer requesting the employer's approval to receive such additional remuneration. This application must be submitted in the format detailed in Annexure A3.

A SGB may pay travel and subsistence expenses relating to official school activities, but the payment may not be greater than those which would be payable to a public servant in similar circumstances.

8. Financial System and Internal Controls

The accounting system that RPS uses is the D6+ finance system which is part of the d6+ management system. It fully integrates with the administration module of the school. It is an online system which allows multiple users and various permissions.
The cash books, bank reconciliations general ledger, debtors, creditors, budget and projects are all run on this platform.

8.1 Internal Controls

8.1.1 Overview
Internal reporting to the SGB, in the form of management reports and committee feedback, must be made available on a quarterly basis. The FC meets monthly where an overview of the past month's finances are discussed as well as any current issues or future plans that may affect finances.

8.1.2 Segregation of Duties
The following functions should wherever possible, be performed by different individuals.

a) Authorisation of transactions (Principal / Deputy Principal)
b) Recording of transactions (Financial Officer)
c) Custody of assets and;
d) Reconciliation of accounting records to physical assets or independent third party evidence such as creditors' statements and bank statements.

Where it is not possible for different individuals to perform the above tasks then compensating controls should be implemented.

8.1.3 Isolation of Responsibility

Staff are allocated specific tasks and held responsible for those tasks. Where a task must be performed by more than one individual, responsibility can be isolated by requiring that the individual concerned signs for his/her activities.

8.1.4 Bank Reconciliations

Daily importing of the bank statement from the online banking platform into the D6 ensures that the bank account postings are timeous and accurate. The use of the 4 digit family account code is encouraged so auto-allocation can reduce the possibility of error when posting receipts to school fee accounts.

Once all the receipts and payments (cash and electronic) have been captured, along with any bank charges and debit order payments, the reconciliation is performed at month end, and printed out.

There are 4 bank reconciliations performed – that being

- Current account
- Money market (Stanlib) account
- Cash on hand/petty cash
- The Cashless wallet (this is purely a system generated account and we don't have the ability to post into this).

The bank reconciliations should be reviewed and signed by the Treasurer on a monthly basis and also submitted to the FC for review.

8.2 Collecting other income

8.2.1 Billing categories on the D6

Billing Categories are the different types of fees that the school charges. It may for example include: School fees, Music Fees, Learner Support etc.

Only one school fee billing category is created for the entire school, although different payment options are set up for the school fee billing category, such as Gr. R/RR or Gr. 1-7. The annual school fees, as voted on at the AGM are loaded into the D6 for billing.

School fees are marked as COMPULSORY FOR ALL LEARNERS.

8.2.2 Other fees (such as music and learner support)

A list is compiled by the HOD for music and learner support and sent to the FM.

These learners are billed accordingly on the D6, the charges then reflecting on the accounts along with school fees.

8.2.2.1 Payment terms for other fees

Music and Learner support fees are due to be paid within the first 2 weeks of each term. Lessons are suspended after reminders and requests for payment is sent by the Finance office and the teacher.

8.2.3 Other Debtors

Charges for hall rental, or use of the pool etc. are sent out as the need arises. The D6 does cater for other debtors.

8.2.4 Donations Received

No donations are received in cash. All donations received are processed from the bank statement by either the FM and Assistant via the posting of receipts on the cashbook and allocated in the GL as such. Section 18A tax certificates are issued upon request by the Donor.

8.2.5 WCED

No WCED grants are received in cash. All grants received are processed from the bank statement (by either the FM and Assistant via the posting of receipts on the D6 cashbook and allocated in the GL as such. (Details of the receipts are sometimes available on the CEMIS website for us to determine what the payment is for, which determines its allocation in the GL. In the event that the details are not available, we can most often ascertain the nature of the receipt by the timing and amount).

8.2.6 General Sports Income

Tour fees are posted into this account, which should offset nett nil against the tour costs.

1. The cost per child attending the tour is billed as a project to the learner's account.
2. Payment is encouraged to be via EFT or the cashless wallet, but cash does come in. If cash is paid for a tour, the FM and Assistant gets the parent or the child (whoever has come to pay) to sign next to the relevant child's name and date that they have paid for the tour, on the list of children going on the tour.
3. This cash will get posted on the D6 to that child's project billing
4. No child is allowed to go on tour if school fees are unpaid. School fees must take precedence over paying for anything else.

Other income will be termly civvies day and the annual sports fundraiser (currently the swimathon – see the Envelope system (section 8.2.8) below).

8.2.7 Academic funds Received

Payment is encouraged to be via EFT or the cashless wallet, but cash does come in and the envelope system is used.

8.2.8 Envelope system – for cash receipts

As it appears that having a cashless environment is a challenging goal, we have a system whereby the receipt of cash in the classroom is dealt with.

1. Class lists are printed out and attached to an A3 envelope.
2. The A3 class envelopes are kept at the Finance Office during the day (locked in the safe overnight) and the teacher takes the envelope in the morning, ticks off any monies received, places those envelopes in their larger envelope and returns it to the FM.
3. The FM and Assistant then, class by class, opens the envelopes containing money, records the amount received on the class list against the child's name, and then totals all the cash and receipts it into the school cash account.

The D6 cashless wallet is another option of paying for fundraising, and the FM and Assistant will check the D6 system daily to see what has come in via the Cashless system, makes note of it on the class list, and then follow up for no payment (by the teacher) takes place once the deadline nears or has passed.

8.2.9 Receivables Management and Cash Handling

8.2.9.1 Overview

Each person depositing money at the office of the Financial Manager will be issued a receipt via the D6 receipting system.
Money is secured in the school safe until it is banked.
Banking is done by the Driver/Caretaker. It does not happen at a scheduled time or on a specific day.
The school Principal, or such other person whom the Fin Comm from time to time appoints for this purpose, is responsible to spot-check and sign the deposit and receipt books.
The officer worker who issues receipts in the main receipt book may not make up the bank deposits.
If money gets lost or is stolen from a classroom, the particular educator could be held liable for the repayment thereof.

8.2.9.2 Fundraising

The Treasurer and Chairperson of the PTA is responsible for cash at a PTA fundraiser.
All monies are deposited at the finance office; where after a receipt is issued on the D6 system.
Any expenditure paid in cash must be signed off by the PTA Treasurer or Chairperson

8.3 Expenditure Management

8.3.1 Payments process – system description

- Any expenditure is given approval prior to the expenditure happening by either HOD, or Principal or FM.
- A pro forma invoice and supporting documentation is given to the FM and posted onto the supplier payment system, the FM authorises these on the D6. Paperwork is then sent to the Principal for authorisation
- Once authorisation is obtained, the FM will load the payment onto the banking system.
- The Deputy Principal will receive the paper work, check it and authorise it as First Release.
- The Principal will then receive the paper work, check it, and authorise it as Final Release.

This is generally done on a weekly basis but could take place ad hoc as and when required should the payment be of an urgent nature.

Salaries are paid electronically into beneficiaries' bank accounts by the 25th of each month (see School local payroll (section 8.4 below) for more detail).

The FM captures in all details of electronic payments, and the school Principal and other authorised party approve the payment by means of a special computer code.

Where possible, cash is paid out to suppliers (sports coaches, PTA refunds, staff incentives) to use up the cash on hand.

A cash on hand cashbook is kept on the D6 and reconciled at the end of the month.

Any debit order payments will be captured from the bank statement, reconciled to the invoices.

See Annexure A for the purchasing policy.

8.4 School local payroll

Salaries are transferred electronically on or before the 25th of each month.

Full particulars of all staff members must be continuously updated.

Any changes to the payment due to the staff member (overtime worked) is done by the FM, and these are highlighted to the Principal in a Variance report, when the payslips are signed off by him.

After signoff, the batch is loaded and then follows the usual release and authorise process previously mentioned in section 8.3.1 above.

Where applicable, it must be ensured that PAYE and unemployment insurance deductions are made from all salary drawers monthly.

The following parties must be paid promptly:

- The Unemployment Insurance Fund and Tax authorities via SARS efiling
- The Compensation Commissioner (once a year, in May)

Each person's monthly income and deductions must be fully recorded.

All staff members must be issued IRP5/IT3 certificates at the time of the Annual Employer Submission per the SARS time frames each year.
IRP5 reconciliations must also be promptly submitted.
No person will be granted a loan from school funds.

8.5 General Journals

The following are instances where General Journals are done:

- To clear the salary control account with gross salaries to the various salary accounts
- Reallocate a misposting between one account and another
- Printing allocation – where the volume of printing in the month is analysed and cost rationed to each department.

These must be printed out and counter signed by the Treasurer.

9. HR and new employees – SGB employees

9.1 New Employees

9.1.1 Contract

Once the new employee has been offered the role (prior to this the process falls under the Recruitment and Selection policy) a contract is prepared under the guidance of the Principal per the job offered. This is sent to the prospective employee by either the Principal or the FO for signing, and once received back, it is printed and filed in the staff filing cabinet that is located in the Principal's office.

9.1.2 Details for payroll, D6 and CEMIS

Personal details are obtained from the new employee for the addition onto payroll, banking, D6 and CEMIS systems, should that be applicable

9.2 Monthly Payroll

Daily attendance is recorded via a biometric machine. Information regarding absence is sent to the Finance office via email.

At month end, time and attendance is analysed by the FM or assistant to process any sick or unpaid leave and overtime.

The FM captures the information on Pastel Payroll and also in a physical file for record purposes. Monthly variance reports and all payslips are sent to the Principal for approval, along with the SARS EMP201 and Pension fund calculations for payment

Payroll amounts are captured into a banking payment batch, which then follows the normal approval procedures.

10. Risk Management

10.1 Overview

To keep staff, students, and visitors safe and to protect the school assets, a proactive approach to mitigating risk in schools is a necessity. Effective risk management reduces the disruption of a student's education, damage to a school's reputation, lost time, stress from managing incidents, and the potential risk of legal intervention.

10.2 Risk framework

A comprehensive insurance policy for assets and public liability is required to be renewed each year. Insurance is through Santam, (via AON as the brokers) under the Educational Institutions Insurance

Fire and safety equipment are serviced and checked at least annually, and always easily accessible. Funding is provided for in the annual budget to cater for this annual servicing.

10.3 Risk to property

The school budgets annually for maintenance and is developing a long-term building maintenance plan to ensure that sufficient care is taken of the school's primary assets.
All new asset purchases are subject to a life cycle costing, whereby the ongoing and long-term costs of a procurement are considered before committing to a purchase or even donation.

10.4 Cash and banking risks

The primary risk relates to loss of cash through theft or the misappropriation of banked funds through fraud. Mitigations to protect against these risks have been described above, and include not always depositing cash at the same time or day, ensuring cash is used for daily expenses, the requirement of two signatories to release funds from the bank account, etc.

10.5 Directors and Officers Liability Cover

Directors' and Officers' (D&O) Liability insurance covers directors and officers for financial losses arising from actual or alleged wrongful acts. It includes cover for defence costs and expenses, investigation costs and extradition costs.

10.6 Public Liability

We require this in instances where we hire or use other premises for example the Coetzenberg Athletics track. As part of our insurance policy we have R20 000 000 in General cover.

11. Asset and Inventory Management

11.1 Overview

Assets, which are possessions, are the resources controlled by an organisation (such as a school) and from which future benefits are expected. In the context of the school environment, examples of assets would be Cash in the bank, class and office furniture and equipment (including air conditioners), the solar panels and inverter, textbooks, sports equipment and vehicles.
The school buildings, whilst officially the property of the Department of Public Works, are under the care and responsibility of the SGB. A portion of the Norms and Standards allocation is meant to cover maintenance of the school property. Any additional funding required by the school, e.g. for major repairs, must be budgeted for by the school (paid out of school fees) or can be applied for from the Department through the ‘CEMIS’ system. However, applications are not generally approved, except for emergency/disaster situations.

11.2 Asset acquisition, recognition and recording

The school must keep an asset register of all movable and fixed school property.

The asset register must contain the following sections:

- Classrooms: IT equipment, Equipment and Furniture;
- Office and Admin areas-: IT equipment, equipment and Furniture;
- Media centre: IT equipment, equipment and Furniture;
- Hardware.
- Software.
- Computer centre: IT equipment, equipment and Furniture;
- Sports equipment: A separate register for each sporting code;
- Vehicles;
- Gardening tools;
- Textbooks;
- Music: Instruments and other equipment;
- Catering committee: Cutlery and other equipment;
- Pre-primary school: Furniture, hardware and equipment.

Each budget manager is responsible for updating the asset register within his/her portfolio.

11.2.1 Acquisitions:
All purchases of non-consumable stock must be properly documented in the asset register. The date of purchase/acquisition, price and/or any guarantee period must be mentioned, along with the invoice number.

11.2.2 Write Offs and Disposal of Assets
Annually before 30 September, each budget manager submits to the Fin Comm a list of items recommended to be written off.

All write-offs must be motivated in writing.

Recommendations must be made on how to deal with the written off items, e.g. items can no longer be serviced, have been destroyed, are dated; items must be donated to an outside institution; items must be sold on tender following approval to alienate as envisaged in Section 58A of SASA, etc.

Items must be destroyed under the supervision of the relevant committee chairperson. The aforementioned chairperson must certify in writing that the items have been destroyed.
The Fin Comm consolidates the different committees' or budget managers' requests, and at the following SGB meeting submits to the SGB a complete list of recommended write-offs.

Following the SGB's approval of write-offs, the lists are returned to the respective budget managers. The relevant write-offs are entered into the asset register in red ink, and the original list is filed.

This policy has been adopted:

At Rhenish Primary School in Stellenbosch on ______________________
[Date]

Principal: ______________________________

Governing Body Chairman: ______________________________