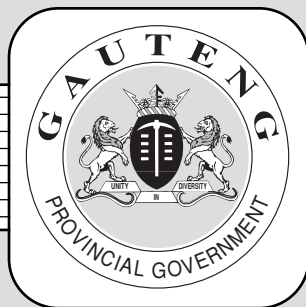


**THE PROVINCE OF
GAUTENG**



**DIE PROVINSIE
GAUTENG**

Provincial Gazette Extraordinary Buitengewone Provinsiale Koerant

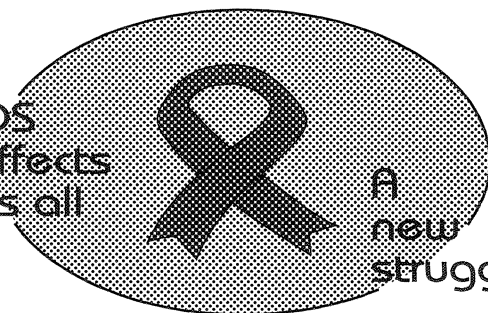
Vol. 20

**PRETORIA, 18 AUGUST
AUGUSTUS 2014**

No. 230

We all have the power to prevent AIDS

AIDS
affects
us all



A
new
struggle

**AIDS
HELPLINE**

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DEPARTMENT OF HEALTH

Prevention is the cure

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GENERAL NOTICE

NOTICE 2594 OF 2014 DEPARTMENT OF EDUCATION

GAUTENG SCHOOLS EDUCATION ACT, 1995

(Act No. 6 of 1995)

CALL FOR WRITTEN SUBMISSIONS FROM STAKEHOLDER BODIES AND MEMBERS OF THE PUBLIC ON THE DRAFT REGULATIONS FOR MANAGEMENT OF FINANCES AT PUBLIC SCHOOLS, 2014

I, Panyaza Lesufi, member of the Executive Council responsible for education, under Section 106 of the Gauteng Schools Education Act, 1995 (Act No. 6 of 1995) hereby intends to make the Regulations as set out in the Schedule.

Stakeholder Bodies and Members of the Public are hereby invited to submit written comments on the draft regulations within 30 days from publication of this notice. Please note that the schedules referred to in the regulations will be available on the GDE website on www.education.gpg.gov.za and on CDs and should be read in conjunction with the Regulations. The CDs may be collected from the address for hand delivery in (b) below.

Comments should be forwarded to Mr. Dan Legoete Director: Strategic Policy Management by:

(a) post to:

The Gauteng Department of Education
P O Box 7710,
Johannesburg
2000

(b) hand deliver to:

The Gauteng Department of Education
Directorate: Strategic Policy Management
Room 901 - 9th Floor
111 Commissioner Street
Johannesburg
2001

(c) fax to:

(011) 355 0516; or

(d) by email to:

Dan.Legoete@gauteng.gov.za

It would greatly assist the Gauteng Department Education if all submissions could be prepared under the headings listed in the draft Regulations for Management of Finances at Public Schools, 2014. If you do not wish to comment under a particular heading, please indicate "No comment".



PANYAZA LESUFI

MEC FOR EDUCATION

GAUTENG PROVINCIAL GOVERNMENT

GAUTENG PROVINCE

DEPARTMENT OF EDUCATION

REGULATIONS FOR MANAGEMENT OF FINANCES AT PUBLIC SCHOOLS, 2014

The Member of the Executive Council responsible for education in the Province, in terms of Section 106 of the Gauteng Schools Education Act, 1995 (Act No. 6 of 1995) hereby makes the following Regulations set out in the schedule. .

SCHEDULE

Definitions

1. In these Regulations, unless the context indicates otherwise a word or expression, to which a meaning has been assigned in the Act, has the same meaning:-

'Academic Performance Improvement Plan' means the plan as required by Section 16(1) (c) of the Act;

'Act' means the South African Schools Act, 1996 (Act No. 84 of 1996);

'BBBEEA' means the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

'BEE' means Black Economic Empowerment.

'core activities and functions of a school' means the management, administration, teaching and learning functions and must include the extra curricula and income generating activities of a school.

'delegation of authority' means a written delegation, given by a resolution of the School Governing Body in terms of which any functions and powers which the Act and/or these Regulations expressly or impliedly permit the Governing Body to delegate.

'financial framework' means the framework relating to the budgeting, revenue, expenditure, assets and liabilities of schools as set out in these Regulations as well as policies of the GDE.

'financial year' means from the 1 January to the 31 December of each year.

'finance committee' " means a committee envisaged in Section 30 of the Act which must be elected by the School Governing Body to perform the functions set out in these Regulations.

'fruitless and wasteful expenditure' means expenditure which was made in vain and would have been avoided had reasonable care been exercised

'GDE' means Gauteng Department of Education.

'imprest system' means an accounting system use for petty cash, which allows only the replenishment of the spend made.

'IOU' stands for I Owe You and refers to an informal written document acknowledging debt stating the specific amount owed and often bearing the letters IOU. An I O U is not a negotiable document.

'irregular expenditure' means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with the Act, Regulations and the Gauteng Schools Act, 1995 (Act No. 6 of 1995) and the Regulations in terms thereof. .

'official' means a person employed by the Gauteng Department of Education

'person' means a natural as well as juristic person.

'PPPFA' means the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000).

'public servant' means all public officials, public employees and public appointees.

'remuneration' means any payment in money or in kind, or both in money and in kind, made or owing to any state employee in return for the state employee working for the Governing Body.

'school' means a public school in terms of section 12(3) of the Act;

‘School Development Plan’ is a strategic plan that stretches over a period of at least three (3) years.

‘School Improvement Plan’ is a short-term plan or programme of action which the school develops in response to the findings and recommendations made in the evaluation reports

“Standard Chart of Accounts” means a listing of the names of the accounts that the Department has identified and made available for recording transactions in its general ledger.

‘state employee’ means a member of staff employed at a school in terms of the Employment of Educators Act, 1998 (Act No. 76 of 1998), and the Public Service Act, 1994 (Proclamation No. 103 of 1994),

‘treasurer’ means the person duly elected in terms of section 29(1) of the Act.

‘unauthorised expenditure’ means-

- (a) overspending of a budget category as envisaged in these Regulations; or
- (b) expenditure not in accordance with the purpose of the budget or, in the case of a budget category, not in accordance with the budget category as envisaged in these Regulations;

Purpose of these Regulations

2 The purpose of the regulations is to:

- (1) regulate the financial management in public schools,
- (2) ensure that budgeting, revenue, expenditure, assets and liabilities of public schools are managed efficiently, effectively, transparently and accountably;
- (3) provide for the responsibilities of persons entrusted with financial management in public schools;
- (4) monitor public school’s compliance with these Regulations; and
- (5) provide for matters connected therewith.

Applicability of these regulations

3 These regulations apply to all public schools in the Province.

Promotion of Accountable Financial management at schools

4 The Head of Department must in terms of these Regulations: -

- (a) monitor or delegate any official to monitor the implementation of the school budget;
- (b) promote transparent, accountable, efficient and effective management in respect of revenue, expenditure, assets and liabilities of schools;
- (c) investigate any alleged mismanagement of finances and internal control in any school, in terms of these Regulations and the Standard Chart of Accounts;
- (d) intervene by taking appropriate steps, which may include steps in terms of section 22 of the Act, to address breach of these Regulations by a school;
- (e) prescribe the Financial Framework and Standard Chart of Accounts within which Governing Bodies of schools must conduct their financial management in an efficient, effective, transparent and accountable manner;
- (f) enforce and monitor the compliance of all schools with these Regulations and the Financial Framework and Standard Chart of Accounts;
- (g) where necessary, request an independent auditor or any other delegated person/official to undertake an investigation of the records, financial statements and affairs of a school;
- (h) take all reasonable and necessary steps to fulfil the responsibilities of the GDE in terms of these Regulations; and
- (i) report to the MEC on the enforcement and compliance of all schools with these Regulations and the Financial Framework and the Standard Chart of Accounts.

Functions of the Governing Body in relation to Financial Management

5 (1) The Governing Body will be responsible for the financial management of a school and must:-

- (a) ensure that the school has and maintains:-

- (i) an effective, efficient, accountable and transparent system of financial, risk management and internal control;
 - (ii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;
- (b) ensure the efficient, accountable and transparent use of the resources of the school;
- (c) take effective and appropriate steps to:-
 - (i) collect all money owing to the school;
 - (ii) prevent unauthorised, irregular, fruitless and wasteful expenditure;
- (d) be responsible for managing, safeguarding and maintenance of the schools assets as well as all assets of the State under its control, including the management of the liabilities of the school;
- (e) comply with any tax, levy duty, pension and audit commitments as may be required by legislation;
- (f) settle all contractual obligations and pay all monies owing within a reasonable time period or as agreed;
- (g) not enter into contracts that extend beyond its term, unless permission is given by MEC, to enter into a contract beyond its term;
- (h) on discovery of any unauthorised, irregular or fruitless and wasteful expenditure immediately report in writing, particulars of the expenditure to the Head of Department.
- (i) take effective and appropriate steps, including immediately informing the Head of Department in writing, against members of the Governing Body or any employee of the school who:-
 - (i) contravenes or fails to comply with a provision of the Act or these Regulations
 - (ii) commits an act which undermines the financial management and internal control system of the school; or
 - (iii) makes or permits an irregular, a fruitless or wasteful expenditure

- (j) not commit the school to any liability for which money has not been appropriated in accordance with its budget;
 - (k) ensure that expenditure of the school is in accordance with the budget and take effective and appropriate steps to prevent unauthorised, fruitless and wasteful and irregular expenditure;
 - (l) proactively take all reasonable and necessary measures subject to these Regulations and any applicable legislation within the schools means to supplement the resources supplied by the State in order to improve the quality of education provided by the school.
 - (m) if the Governing Body is unable to comply with any of its responsibilities, promptly report such inability, together with written reasons to the Head of Department.
 - (n) in the case of closure or merger of a school, the governing body must immediately prepare an account of the schools assets, expenditure and liabilities and submit such accounts to the Head of Department within 30 days of the MEC giving notice in terms of Section 12A or 33 of the Act.
 - (o) ensure segregation of roles and responsibilities and adopt appropriate delegations of authority for effective operational governance.
 - (p) provide information on financial and non-financial matters affecting school as requested by the Head of Department; and
 - (q) develop a financial policy.
- (2) Any purported delegation of authority by the Governing Body, or any act purportedly performed in terms thereof, which is not in writing and authorised by a resolution of the Governing Body is of no force and effect and does not bind the school.

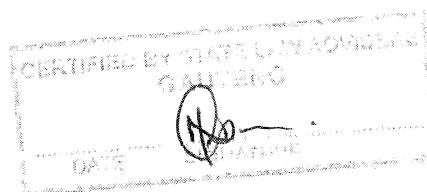
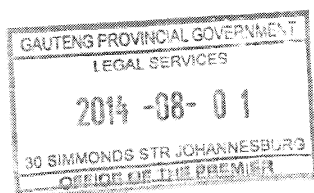
Election and Duties of the Treasurer

- 6 (1) At its first meeting the Governing Body must from amongst its members, elect office-bearers, who must include at least, a chairperson, a treasurer and a secretary.
- (2) The Treasurer should preferably be a parent member of the Governing Body.
- (3) In cases where the governing body does not have the requisite financial expertise, a person with financial expertise should be co-opted to assist in this role in accordance with the Gauteng Regulations and Rules Governing Bodies of Public Schools, 1997 (General Notice 993 of 1997 with effect from 24 March 1997)
- (4) The treasurer must in accordance with these regulations and any other applicable legislation:
 - (a) oversee all financial matters of the school;
 - (b) ensure that accurate financial records are maintained by the school and that sound financial policies are implemented by the school;
 - (c) ensure that the school implements a sound financial management system and related controls;
 - (d) serve as a the chairperson of the Finance Committee;
 - (e) in consultation with the Finance Committee, advise the governing body on financial matters.
 - (f) ensure that receipt books are issued by the finance officer and monitor the following on a monthly basis and report thereon, that all:
 - (i) funds received are deposited in a school account;
 - (ii) payments were duly authorised;
 - (iii) donations received in cash and kind were documented and accounted for; and
 - (iv) petty cash transactions, including the reconciliation of petty cash, are captured.
 - (g) ensure that financial reports including a budget variance report are prepared and presented to the Finance Committee on a quarterly basis;

- (h) ensure that school budget is prepared, manage the budget and inform the Governing Body of any items exceeding the budgeted amount;
- (i) ensure that the financial records are prepared as required by the auditor in accordance with the auditing prescriptions and guidelines provided by GDE;
- (j) analyse and report monthly on income and expenditure to the Finance Committee, in-line with the conditions prescribed by GDE in respect of the utilisation of subsidies received;
- (k) report any financial irregularities to the Governing Body.
- (l) annually, before 31 January, and with the approval of the Governing Body, present the school's financial records to an auditor for the annual audit;
- (m) present the draft annual financial statements to the Governing Body for approval by the 31 March of each year.
- (n) provide the Governing Body with a monthly report on the status of the debtors book; and
- (o) prepare documentation for Finance Committee meetings

Establishment of a School Finance Committee

- 7 (1) The Governing Body of a school, must establish a finance committee in terms of the Act.
- (2) The Finance Committee must consist of at least five persons, representing various stakeholders, in terms of Section 23 or 24 of the Act, the majority of which should be parents.
- (3) The Finance Committee may -
- (a) be elected annually;
 - (b) make recommendations to the Governing Body on financial matters;
 - (c) in the case of fee-paying schools make recommendations to the Governing Body on the level of school fees to be charged per learner; and

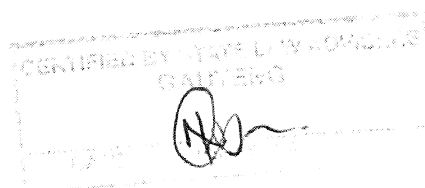
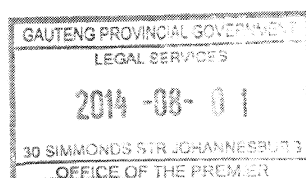


- (d) review the financial reports on a quarterly basis and make recommendations to the Governing Body;
- (e) co-ordinate the preparation of the school's annual financial statements
- (f) meet at least once a month, which meeting must be constituted only if the Treasurer, Principal and one other member of the committee is present;
- (g) recommend the maximum amount of petty cash to be available, as well as the maximum amount to be paid for any single item out of petty cash;
- (h) consider and recommend fundraising strategies and initiatives to the Governing Body;
- (i) review the financial control over expenditure, assets and liabilities in line with the Standard Chart of Accounts and Financial Framework;
- (j) monitor the activities of the tuck shop and its contract stipulations
- (k) monitor the record keeping of all funds received and issued by the school;
- (l) oversee the maintenance of financial records on a financial accounting system as determined by GDE and keep sufficient hard copy backups;
- (m) review the accuracy and completeness of the asset register of the school; and
- (n) ensure that all financial submissions, as required by the GDE, are submitted by the prescribed deadlines;

The role of the Principal in relation to financial matters

8 (1) The Principal must:-

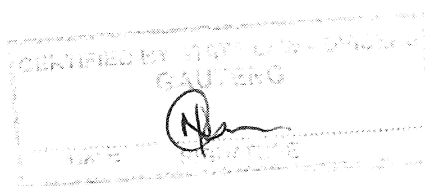
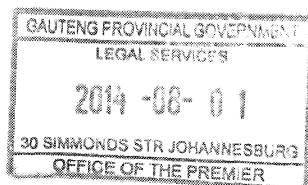
- (a) assist the governing body with the management of the school's funds, as per the Act and the Employment of Educators Act, 1998 (Act No. 76 of 1998);
- (b) give advice to the governing body on the financial implications of decisions relating to the financial matters of the school;
- (c) take all reasonable steps to prevent any financial maladministration mismanagement by any staff member or by the governing body of the school;



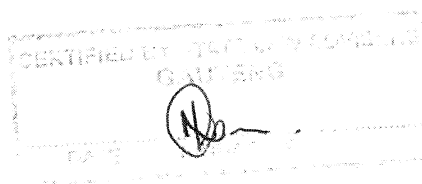
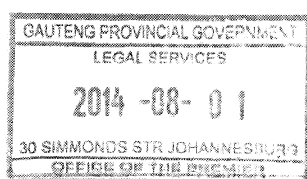
- (d) be a member of any committee or representative of the Governing Body in order to manage any matter that has financial implications for the school;
- (e) report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.
- (f) ensure that the following plans are considered by the Governing Body for approval on an annual basis for budgeting purposes:
 - (i) School Development Plan;
 - (ii) School Improvement Plan
 - (iii) Academic Improvement Plan for schools identified as underperforming in terms of the Act;
- (g) prepare and submit to the Head of Department an annual report in respect of the academic performance of a school as well as the effective use of the school resources; and
- (h) be responsible for the safekeeping of all school records.

Appointment and duties of a Finance Officer

- 9 (a) A Governing Body must appoint a finance officer in writing for the day-to-day administration of financial matters.
- i. the finance officer may be a member of staff or parent with the relevant skill; and
 - ii. the duties of the appointed finance officer must be clearly specified;
- (b) The finance officer must:
- (i) have the authority to collect money on behalf of the school
 - (ii) issue receipt books to all staff members that collect money on behalf of him or her
 - (iii) receive all money that learners have paid in at their class educators;
 - (iv) receive invoices for all purchases and attach these invoices to the cheque requisition forms;



- (v) issue and receive payment requisition forms and order forms for purchases;
- (vi) make payments after the necessary compliance measures have been authenticated and validated;
- (vii) receive and process authorised travelling claims for payment;
- (viii) administer the receipting and payment processes of all projects or fundraising activities;
- (ix) process payment of staff salaries that are on the Governing Body payroll;
- (x) calculate and deduct taxes and levies from salaries of staff that are on the Governing Body's payroll and pay it over to the South African Revenue Service or relevant authority;
- (xi) ensure compliance with relevant tax legislation;
- (xii) reconcile bank statements with the cashbooks;
- (xiii) allocate all purchases under approved budget items of the approved standard chart of accounts;
- (xiv) In the case of fee-paying schools:
 - (a) print monthly statements for outstanding school fees; and
 - (b) administer all queries from parents on school fees;
 - (c) keep a record of all applications and resolutions taken in respect of exemptions from the payment of school fees; and
 - (d) maintain a register of school fee exemptions as required by the Regulations for the Exemption of Parents from the Payment of school Fees, 2005.
- (xv) exercise credit control and collection of all monies due to the school;
- (xvi) file and ensure the safekeeping of all financial statements;
- (xvii) ensure compliance with guidelines on the acquisition and disposal of assets; and



- (xviii) keep a donations register and issue donations tax receipts and certificates in accordance with section 18A of the Income Tax Act, 1962.

Delegation of financial management functions

10 Depending on the human resources available at the school, the Governing Body may make written delegations as follows:

- (i) a person to collect all income and issue receipts;
- (ii) a petty cash officer;
- (iii) inventory controllers; and
- (iv) asset controllers.

Budget

11 (1) The Governing Body of a school must:

- (a) be responsible for determining the budget of the school in accordance with section 38 of the Act.
 - (b) use the School Development Plan, the School Improvement Plan and Academic Improvement Plan as the basis for the determination of the budget.
- (2) The budget must be determined in accordance with item 3.4 of Schedule 1 on the Budget Guidelines.
- (3) In cases where a school has a hostel, a separate budget for hostel income and expenses must be determined in the same manner as the school's budget.
- (4) The Treasurer must be present and explain the budget, together with the supporting documents and schedules, to the Governing Body, as provided for in item 3.4.4(a)(i) of Schedule 1 .
- (5) The Governing Body must consider the budget and minute the agreement thereof before presenting it at the general meeting of parents for their approval, as provided for in item 3.4.4(a)(i) of Schedule 1 .
- (6) An annual general meeting must be convened with parents for the presentation and approval of the budget, in terms of item 3.4.4(b) to 3.4.4(e) of Schedule 1 of

the Budget Guidelines. Parents must be informed that the decision taken at the meeting will be binding on all parents

- (7) Should the budget not be adopted by the majority of parents, the adjustments as proposed by the majority of parents present and voting must be implemented by the Governing Body.
- (8) The Governing Body of a fee- paying school must ensure that full details regarding school fees for the new year including the criteria and procedures for exemption are available at the school and are communicated to parents in writing.
- (9) A copy of the approved budget and minutes of the parents' budget meeting must be submitted to the Head of Department by no later than 31 March of each year.
- (10) The report on budget information must follow the table outlined in Schedule 1 of the Regulations.
- (11) During the year, the governing body must monitor the budget, in terms of item 3.4.4(f) of Schedule 1 of the Budget Guidelines, to ensure that all income and expenditure stay in line with the budget
- (12) Excess funds in one budget category may not be shifted to other expenditure without the prior written approval from the majority of the parents attending an extra-ordinary meeting.
- (13) Under-expenditure on specific projects in a particular financial/academic year may be rolled over to a subsequent financial/academic year subject to the prior written approval from the majority of the parents attending an extraordinary meeting. Such approval will be guided by the following limitations:
 - (a) **Capital expenditure:** Unspent funds on capital expenditure may only be rolled over to finalise projects still in progress;
 - (b) **Transfer payments:** Savings on transfer payments may not be rolled over for purposes other than originally voted for; and
 - (c) **Current expenditure:** A maximum of five per cent of a school's non personnel current expenditure may be rolled over.

- (14) Under-budgeted or non-budgeted expenses must be dealt with in terms of item 3.4.4(g) of Schedule 1 of the Budget Guidelines.
- (15) Any over-collection of income in a particular financial year should be declared to parents in the Budget meeting and disclosed as surplus funds brought forward in the new budget and the annual financial statements.
- (16) Any savings on specific projects over the budgeted amount in a particular financial year must be declared to parents in the Budget meeting and disclosed as surplus funds brought forward in the new budget and the annual financial statements.
- (17) All surplus funds that are not related to specific projects must be used to determine whether there is a need to increase school fees, at fee –paying schools, in the ensuing financial year.
- (18) Any additional remuneration to be paid to educators must be budgeted for in the budget process and should be incorporated in the school's plan referred to in Regulation 7(8)(f) above and aligned to GDE requirements.
- (19) The Governing Body must also plan and prepare a three-year medium-term rolling budget, for each year, according to the prescriptions determined by the MEC in the Financial Framework.

Management of School Funds

12 (1) School fees are to be managed as follows:-

- (a) Subject to the provisions of sections 39 and 40 of the Act, the parent of a learner admitted to a fee- paying school must pay such school fees as the Governing Body may determine.
- (b) A Governing Body must determine school fees in accordance with the steps set out in items 4.4.3 and 4.4.4 of Schedule 2, Guidelines on the Management of School Funds.
- (c) The billing for school fees must be done in accordance with items 8.2.3 of Schedule 6, Internal Financial Processes and Procedures.

- (d) Subject to section 5 of the Act no learner must be refused admission to a school on the grounds that his or her parent has not paid the school fees.
- (e) A school that has been identified as a “no fee school” is not allowed to charge any form of school fees.
- (2) The Governing Body must establish and operate -
 - (a) a single bank account;
 - (b) at a registered bank within the Republic of South Africa, for the collection and payment of money; and
 - (c) must administer it in accordance with directions issued by the Head of Department in items 4.2 and 4.3 of Schedule 2.
- (3) The Governing Body may open an additional bank account for the school subject to the prior written approval of the MEC.
- (4) A school account must:-
 - (a) be a cheque/current account
 - (b) be opened without an e-card facility (that is linked to the school's main bank account) that allows, including and not limited to withdrawals from Automated Teller Machines; credit, savings, debit and petrol cards; and
 - (c) for any of the transactions there should be at least three signatories of which two must sign all cheques, one of whom must be the principal.
- (5) A school may not operate a trust account.
- (6) Cheques must:
 - (a) be kept safely;
 - (b) always be made out to a beneficiary whose name appears on the approved cheque requisition as well as the invoice or quotation;
 - (c) not be made payable to “cash” under any circumstances; and
 - (d) be marked “not transferable”.
- (7) A school account, all proceeds thereof and any other assets of the school must be used only for:-
 - (a) educational purposes at or in connection with such school;

- (b) educational purposes, at or in connection with another school, by agreement with such other school and with the consent of the Head of Department;
 - (c) the performance of the functions of the Governing Body; or
 - (d) another educational purpose agreed between the Governing Body and the Head of Department.
- (8) All income must be banked on a daily basis into the school's account.
- (9) The management of school funds must be done in accordance with the guidelines provided in Schedule 2.

Source of income

13 (1) Income must be generated only from the following sources-

- (a) Government Grant or subsidy;
 - (b) school fees, in the case of fee-paying schools;
 - (c) school fee exemptions;
 - (d) proceeds of tuck shop sales;
 - (e) cash donations received;
 - (f) asset disposals;
 - (g) fundraising income;
 - (h) interest income from investments made; and
 - (i) rentals of school facilities and furniture, subject to the Approval of the MEC;
- (2) The management of all records must be done in accordance with item 8.4 of Schedule 6.

School accounting records

14 (1) The Governing Body must –

- (a) keep accurate accounting records as set out in Schedule 6 of funds received and spent by the school and of its assets, liabilities and financial transactions as well as supporting documents, including but not limited to

cheque requisition forms, delivery notes, invoices, tender documents, receipt and payment documents; and

- (b) maintain statutory accounts and returns to a defined set of standards in the Financial Framework.

(2) School accounting records may include, but are not limited to:

- (a) the Financial Framework and Standard Chart of Accounts;
- (b) School Finance Policy;
- (c) Minutes and documents of the Finance Committee;
- (d) Correspondence;
- (e) Insurance documents;
- (f) Bank statements;
- (g) Cash Receipts;
- (h) Cash Payments;
- (i) School fees and exemption records, at fee paying schools;
- (j) Monthly and quarterly reports;
- (k) Audit reports as required by Regulation 23(2) below;
- (l) Annual Financial Statements; and
- (m) Investment accounts

(3) School accounting records must be kept for a minimum period of 5 years.

Obligation to issue receipts

15 (1) Receipt must be issued for all monies received;

- (2) Receipts may not be issued prior to the actual receipt of the amount concerned;
- (3) Receipts must be completed in full and in numerical order;
- (4) For control purposes it must be indicated on each receipt whether payment is made in cash, cheque or Electronic Fund Transfers;
- (5) Receipts may not be issued for post-dated cheques;
- (6) If any error was made on a receipt the receipt must be cancelled and replaced by another receipt;

- (7) Cancelled receipts must be retained and pasted to the corresponding space in the receipt book or register;
- (8) All receipts must be kept in a safe. (9) The Treasurer or delegated person must be responsible for keeping a register, containing the following information in respect of receipt books:-
 - (a) date of issue of receipt book; and
 - (b) receipt number per receipt book.
- (9) When a new receipt book is issued to replace a fully used book, the used book must be presented as proof for replacement and confirmation of the following:-
 - (a) that all cancelled receipts have been pasted in the book; and
 - (b) that all monies represented by the written receipts have been paid in.
- (10) A public school may not issue bursaries to learners. For the purposes of this sub-regulation school fee exemptions may not be deemed to be bursaries.
- (11) The management of receipts and the receipt books must be done in accordance with sub regulations 15 (1) to 15(10) above and item 8.2.1 to 8.2.2 of Schedule 6.

Management of petty Cash

- 16** (1) The governing body must formally approve the establishment of petty cash, the amount of which should not exceed R1000 per month, which must be managed according to the imprest system.
- (2) The Governing Body must formally delegate in writing to the person responsible for operating petty cash and the safe keeping of petty cash funds. The delegated person must formally accept the responsibility.
 - (3) A formal petty cash register must be maintained by the person responsible for managing the petty cash.
 - (4) When the available cash is more or less depleted, the petty cash register must be balanced and reconciled.
 - (5) Petty cash funds and vouchers must at all times be secured in a safe or if no safe is available a lockable cabinet must be used.

- (6) Reasonable precautions must be taken for the safe keeping of keys to the petty cash container and the room where it is kept. The keys must not be left on school premises after hours.
- (7) Petty cash funds are to be used exclusively for the payment of smaller official expenses, excluding any form of remuneration for services rendered and no "I O U's" are permitted and staff cheques must not be cashed out of petty cash funds.
- (8) All petty cash payments must be substantiated by valid documents, which must contain the supplier's name. The principal or Treasurer of the Governing Body must approve every payment.
- (9) Shortages and surplus funds concerning petty cash must immediately be investigated with a view to correcting the situation.
- (10) All petty cash records must be maintained in accordance with items 8.1.4.1 and 8.1.4.2 of Schedule 6.

Procurement of goods and services

- 17 (1) The Governing Body must implement an effective, efficient transparent and accountable procurement management system (in terms of Schedule 4 of the Procurement Guidelines for Public Schools) for the:
- (a) acquisition of goods and services; and
 - (b) letting and disposal of school assets provided that all legislative framework conditions have been complied with.
- (2) The procurement management system referred to in sub-regulation (1) must –
- (a) be fair, equitable, transparent, competitive and cost effective;
 - (b) be consistent with the PPPFA;
 - (c) provide for, at least, the following: -
 - (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;

- (v) risk management; and
 - (vi) regular assessment and enforcement of procurement system performance and relevant reports thereof.
- (d) be consistent with the BBBEEA by:-
 - (i) identifying and approving BEE suppliers for different goods and services;
 - (ii) establishing a baseline for purchasing from BEE suppliers,
 - (iii) setting annual targets for purchasing from BEE suppliers and measuring progress against it; and
 - (iv) encouraging, using the school's strategic power as a customer to drive empowerment, transformation and development with regard to existing suppliers.
- (3) The treasurer may:
 - (a) take all reasonable steps to ensure that proper mechanisms, delegation and segregation of duties in the procurement system are in place to minimise the likelihood of fraud, corruption, unfair and irregular practices;
 - (b) together with the Finance Committee co-ordinate all processes related to bids in terms of sub regulation 17(4) to 17(7).
- (4) All purchase requisitions for public schools must:
 - (a) be in writing and accompanied by relevant specifications for goods or services;
 - (b) be approved in writing by the Principal and Governing Body Chairperson;
 - (c) have funds for such purchases confirmed by pre-approved budget allocations;
 - (d) disclose any special conditions;
 - (e) where the purchase requisition is made based on a quotation other than the lowest the treasurer must motivate the decision in writing giving reference to:
 - (i) expected delivery dates;
 - (ii) value for money comparison;

- (iii) quality of goods and services; and
- (iv) payment and discount terms, where applicable.
- (f) be dealt with as follows:
 - (i) all purchase requisitions up to and including R1000 must be approved in writing by the Treasurer of the School or an official who is delegated by the Treasurer and must be supported by a record of three written quotations and that the item/s have been budgeted for.
 - (ii) all purchase requisitions- from R1 001 to R30 000 must be approved in writing by the Governing Body Chairperson, Treasurer, and the Principal and must be supported by three written quotations on official supplier letterheads and that the item/s have been budgeted for.
 - (iii) all purchase requisitions from R30 001 to R500 000 must be approved in writing by the full Governing Body and must be supported by three written quotations on official supplier letterheads and that the item/s have been budgeted for.
 - (iv) all purchase requisitions from R501 000 and above require tender processes and full Governing Body approval. The Governing Body must enter into written contracts with suppliers to regulate the terms and conditions of the procurement, failing which such procurement must be null and void.
- (5) The Governing Body must:
 - (a) apply the following preference point system for procurement-
 - (i) for contracts with a Rand value above the prescribed amount of R500 000, a maximum of 10.Points may be allocated for specific goals provided that the lowest acceptable tender scores 90 points for price;
 - (ii) for contracts with a Rand value between R30 000 and R499 000 or below the prescribed amount a maximum of 20 points may be

- allocated for specific goals provided that the lowest acceptable tender scores 80 points for price;
- (iii) any other acceptable tenders which are higher in price must score fewer points, on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with a prescribed formula in PPPFA and the Financial Framework;
 - (b) award the contract only to the tenderer who scores the highest points, unless objective criteria justifies the award to another tenderer; and
 - (c) ensure that the contract provides for instances where false information is provided by the tenderer in order to secure preference without prejudice. In such cases the governing body must inform the tenderer to remedy the situation within 7 days' notice, failing which the governing body must cancel the contract.
- (6) deviations to this process must be submitted in writing including reasons for these deviations and must be approved in writing by the Finance Committee.
- (7) The procurement of goods and services may follow the under-mentioned time frames
- (a) Standard requirements - up to 19 days
 - (b) Public tenders - up to 70 days
 - (c) Urgent - up to 2 days
- (8) The evaluation, recommendation and adjudication process of bids must consider the evaluation criteria as prescribed

Management of school assets

- 18 (1)** The Governing Body must manage the Assets of the school in terms of Schedule 3, Asset guidelines as follows:-
- (a) ensure that adequate measures are in place to secure school assets.
 - (b) review the asset register once every quarter;
 - (c) approve in writing the purchase, sale, transfer and lease of assets by taking into account that:

- (i) assets may only be disposed of if they cannot be repaired or used for their intended purpose, on approval by the HOD; and
 - (ii) the acquisition, disposal or lease of immovable property is subject to the prior written approval of the MEC and provided that all legislative conditions have been complied with.
 - (d) ensure the correct accounting treatment of assets in the school's financial statements;
 - (e) ensure that stock taking is done annually; and
 - (f) subject to the Act, allow the reasonable use of school facilities for community, social and school fund-raising purposes, subject to such reasonable and equitable conditions as the Governing Body may determine which may include the charging of a fee or tariff which accrues to the school
- (2) Maintain a Fixed Asset register which must be divided into the following categories:-
- (a) Buildings
 - (b) Building improvements
 - (c) Vehicles
 - (d) Fixtures and fittings
 - (e) Furniture and Equipment
 - (i) room inventories (e.g. classroom, library);
 - (ii) engineering and graphic design equipment;
 - (iii) art and drama;
 - (iv) music equipment;
 - (v) media equipment: audio visual and library;
 - (vi) remedial instruments and other equipment;
 - (vii) hall equipment;
 - (viii) hospitality services equipment; and
 - (xi) IT equipment
 - (f) Sports equipment

- (g) Science equipment;
- (3) Maintain a list separate to the fixed assets register to control minor assets with a value less than R5000 namely:
 - (a) art and drama equipment;
 - (b) hall equipment;
 - (c) engineering and graphic design equipment;
 - (d) music equipment;
 - (e) media equipment: audio visual and library;
 - (f) needlework equipment
 - (g) remedial: instruments and other equipment;
 - (h) room inventories (e.g. classroom, library);
 - (i) textbooks, readers: Foundation Phase;
 - (j) textbooks, readers: Intermediate and Senior Phase;
 - (k) gardening and hardware equipment
- (4) Assets should, wherever possible, be safeguarded with a cable or locking mechanism.
- (5) Each member of staff is responsible for the assets that have been allocated to him or her or that he or she uses in the execution of his or her duties and should take all reasonable precautions against the loss thereof. Where a member of staff intentionally caused a loss to the school and has been grossly negligent in his or her duties a school may recover the loss from the staff member.

Payment by Governing Body to state employees

- 19 (1) A Governing Body must apply to the GDE for approval to pay additional remuneration to state employees in the manner and form determined by the Head of Department.
- (2) The application from the Governing Body must comprise the following:
- (a) the information requested by the Head of Department;

- (b) a copy of the school's budget approved by the annual 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 the Governing Body'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
- (c) a written application from the individual state employee(s) to the Governing Body requesting the approval to receive such additional remuneration.
- (3) The Head of Department must communicate his decision to the Governing Body within two months of receipt of the application.
- (4) The Governing Body may appeal to the MEC within two weeks of receipt of the Head of Department's decision.
- (5) The MEC must consider the appeal and respond within one month of receipt of the appeal from the Governing Body.

Payment by Governing Body to other employees

- 20** (1) The Governing Body may make payment of salaries to other employees contemplated in Section 20 of the Act, provided that:
- (a) such payments come from funding the Governing Body had proposed to utilise in its budget for this purpose; and
 - (b) must be market related.
- (2) The Governing Body must establish an effective pay-roll system which must be administered as per item 8.8.5 to 8.8.7 of Schedule 6 and make provision for:-
- (a) salary advice slips to be given to all employees every month;
 - (b) compliance with income tax, revenue and unemployment insurance requirements.

- (3) The Governing Body must keep a register of such other employees detailing their names, position held and salaries.
- (4) Details of salary payments may be included in the audited financial statement of the school.

Payment of travel and subsistence expenses

- 21** (1) The Governing Body may pay travel and subsistence expenses to the core activities and functions of a school but:
- (a) such expenses may not be greater than those that would be payable to an official or state employee in similar circumstances; and
 - (b) must be in accordance with the travel and subsistence tariffs as determined from time to time by the Department.
- (2) The Governing Body must keep a detailed account of all travel and subsistence payments to state and other employees.
- (3) Travel and subsistence payments must be included in the audited or annual financial statements of the school.

Preparation and submission of financial statements

- 22** (1) The Governing Body must:-
- (a) implement the Audit Guidelines provided in Schedule 5 to ensure that the school obtains an unqualified audit.
 - (b) be responsible for drawing up a school's Annual Financial Statements in accordance with these Regulations, as set out in Schedule 7, Guidelines for the preparation of Audited Financial Statements;
 - (c) draw up the school's Annual Financial Statements, as soon as practicable, but not later than 3 months after the end of each financial year; and
 - (d) by no later than 6-months after the end of each financial year-end submit the Annual Financial Statements to the Head of Department.

Appointment of auditors and submission of audit reports**23 (1) The Governing Body must:**

- (a) appoint a person registered as an accountant and auditor in terms of the Auditing Professions Act, 2005 to audit the records and financial statements of a public school, in terms of Schedule 5 of the Audit Guidelines;
- (b) if it is not reasonably practicable to appoint an auditor appoint a person who is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporations Act 1984 or who is approved in writing by the MEC for this purpose to examine and report on the records and financial statements of a school.

(2) The auditor's report must include the following:

- (a) A declaration:
 - (i) of the auditor's qualifications in terms of Section 43 of the Act;
 - (ii) that he or she is acting in an independent capacity and has no financial interest in matters pertaining to the school;
 - (iii) that the financial statements give a reasonable account of the financial affairs of the school as at 31 December and of the school's financial activities for the period 1 January to 31 December; and
- (b) Comments on the following aspects:
 - (i) management of funds;
 - (ii) irregularities; and
 - (iii) Internal control measures.

- (3) A person or any member of his or her family or business associate who conducts business with a school may not be appointed as its auditor.
- (4) The audit report, which forms part of the school's Annual Financial Statements must be forwarded to the Department by no later than the 30 June of the school financial year and made available to parents upon request.
- (5) An auditor must immediately report material irregularities in a school's financial management to the department.

Offences and penalties

- 24(1)** Any person who wilfully or in a grossly negligent manner fails to comply with any of his or her responsibilities as set out in these Regulations will be guilty of an offence and liable on conviction to a fine, or imprisonment.
- (2) Notwithstanding the provisions of sub-regulation (1), nothing contained in these regulations may prevent any person from being civilly liable as a result of the non-compliance with his or her responsibilities in terms of these Regulations.
- (3) A material and persistent breach of these Regulations by any person may result in:
- (a) the Head Of Department withholding funding and resources of whatever nature from a school, if it is deemed to be in the best interest of the school;
 - (b) the dissolution of the Governing Body of the school;
 - (c) disciplinary procedures and/or criminal procedures being instituted against him or her or them

Short Title

- 25.** These Regulations are called the Regulations for the Management of Finances at Public Schools, 2014