

PINEHURST PRIMARY SCHOOL



FINANCIAL POLICY, PROCEDURES AND INTERNAL CONTROLS

as adopted by Pinehurst School Governing Body on 8 September 2015

PHPS FINANCE POLICY

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1 ROLES AND RESPONSIBILITIES

1.1 Governing Body

- 1.1.1 Governance of Pinehurst Primary School is vested with its Governing Body.
- 1.1.2 The Governing Body bears overall responsibility for the control of School funds and must take all reasonable measures to optimise the resources provided by the State and by the parents.
- 1.1.3 The Governing Body must exercise the following financial responsibilities:
- a) support the principal and other staff in carrying out their functions;
 - b) buy textbooks, educational materials or equipment for the school;
 - c) supplement the funds supplied by the state;
 - d) open and maintain a bank account for the school;
 - e) prepare an annual budget and present it for approval at the annual budget meeting;
 - f) ensure that school fees are collected according to decisions taken at the budget meeting;
 - g) keep records of funds received and spent by the school; and
 - h) keep records of the assets of the school.

1.2 Finance Committee

- 1.2.1 A Finance Committee is hereby established comprising of the –
- a) Treasurer;
 - b) Bursar; and
 - c) Principal
- 1.2.2 The Governing Body may –
- a) decide to include other members of the Governing Body and parents with required expertise; and
 - b) delegate in writing the responsibility of managing the finances to the finance committee.
- 1.2.3 The finance committee will meet when required.
- 1.2.4 The Finance Committee must –
- a) keep overall control of the school's money;
 - b) draw up the budget each year;
 - c) approve all expenditure as set out by the authorisation limits;
 - d) suggest draft procurement policies;
 - e) advise on fundraising;
 - f) review the petty cash float amount;
 - g) assist in drawing up annual financial statements;
 - h) advise on ways to invest surplus money;
 - i) check financial records internally;
 - j) evaluate the financial risks which face the school;
 - k) suggest who should be appointed as the auditor;
 - l) review the asset register and decide on write-offs;
 - m) advise the Governing Body on school fees;
 - n) advise the Governing Body on exemptions from school fees;
 - o) outline the roles of each member of the finance committee; and
 - p) develop internal control policies.

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1.2.5 Decisions of the Finance Committee must be ratified by the Governing Body.

1.3 Principal

1.3.1 The Principal

- a) manages the School;
- b) facilitates, supports and assists the Governing Body in the execution of the finance duties referred to in paragraph 1.3.2.

1.3.2 With respect to the School's finances the Principal must

- a) manage all financial staff of the school;
- b) ensure safekeeping of all records;
- c) assist the Governing Body with the management of school's funds;
- d) advise the Governing Body on the financial implications of proposed decisions;
- e) ensure procurement is done in line with the applicable legislation and the School's procurement policies;
- f) take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the Governing Body of the school; and
- g) report any maladministration or mismanagement of financial matters to the Governing Body and the Head of Department.

1.4 Bursar

1.4.1 The Bursar must –

- a) invoice and collect school fees;
- b) pay suppliers;
- c) perform general accounting and payroll duties;
- d) handle cash and petty cash transactions;
- e) monitor the budget against actual income and expenses;
- f) draft annual financial statements;
- g) complete monthly and quarterly financial reports;
- h) maintain fixed asset register and stock inventory; and
- i) conduct procurement in line with the applicable legislation and the School's policies.

1.4.2 The Bursar must adhere to the job description set out in Appendix A.

1.4.3 The Bursar and any staff reporting to or working with the Bursar must sign the Code of Ethics set out in Appendix B.

1.4.4 The Finance staff report directly to the Principal, irrespective of whether they are remunerated by the Governing Body or the State.

1.4.5 Dishonesty, fraud, corruption and gross negligence on the part of the Bursar or any staff reporting to or working with the Bursar must be dealt with in terms of the School's policies on disciplinary action (refer to Appendix C).

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1.5 School Auditor

- 1.5.1 The Governing Body appoints a person or company registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991), to audit the records and financial statements.
- 1.5.2 Nobody with a financial interest in the affairs of the School may be appointed as the School's Auditor.

1.6 Remuneration committee

- 1.6.1 A remuneration committee is hereby established, comprising of –
- a) the Principal
 - b) the Treasurer; and
 - c) any other members appointed by the Governing Body.
- 1.6.2 The remuneration committee is responsible for -
- a) all matters related to compensation of Governing Body Positions;
 - b) merit bonuses for State posts; and
 - c) applications in terms of section 38A of the Act.

2 FINANCIAL MANAGEMENT

2.1 Budget

- 2.1.1 The Governing Body must ensure that an annual budget is adopted.
- 2.1.2 The Finance Committee annually prepares the budget, in consultation with other committees of the Governing Body.
- 2.1.3 At a general meeting, the Governing Body presents the proposed budget to the parents of the School for approval.

2.2 Recording, reporting and auditing

- 2.2.1 Proper accounting records of all transactions and financial events must be held to provide a view of the financial situation, results of operations and cash flows of the School.
- 2.2.2 Annual Financial Statements must be prepared within three months after the end of the financial year.
- 2.2.3 The financial year of the School ends on the last day of December.
- 2.2.4 The Annual Financial Statements must be –
- a) approved by the parents at a general meeting;
 - b) signed by the Chairman of the Governing Body;
 - c) audited and certified by the School Auditor;
 - d) submitted to the Head of Department within 6 months after year end; and

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e) made available for inspection by any interested person.

2.2.5 The Bursar must submit monthly financial statements to the Governing Body.

2.3 Internal control principles

2.3.1 With respect to the following functions, the duty to initiate and the duty to authorise must not be vested in the same individual:

- recording of transactions;
- custody of assets; and
- reconciliation of accounting records to physical assets or independent third party evidence such as creditors' statements and bank statements.

2.3.2 Staff are allocated particular tasks and held responsible for those tasks.

2.3.3 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.

2.3.4 The School must implement adequate control to protect assets and data belonging to the School from damage, deterioration, unauthorised usage and theft.

2.3.5 In order to facilitate control and minimise errors, the School must make use of documents which are:

- pre-printed;
- pre-numbered; and
- electronic documents should maintain unique numbering.

2.3.6 The activities of the school are supervised and monitored through:

- periodic comparison, such as reconciliations and stock counts;
- monitoring of adherence to controls; and
- monitoring of performance against budgets, forecasts, historical figures and school benchmarks.

3 BANK ACCOUNT

3.1 The School must open and maintain a current account in the name of Pinehurst Primary, into which all school funds will be deposited.

3.2 The account must be opened with a banking institution that is registered with the Reserve Bank.

3.3 Deposit forms must be maintained as a permanent record of all money deposited.

3.4 Any of the following are authorised to be signatories to this account –

- Principal;
- Treasurer;
- Deputy Principal; or
- Bursar, provided he or she does not initiate the transaction.

3.5 The Bursar must reconcile the bank account on a monthly basis.

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- 3.6 The signatories referred to under paragraph 3.4 may make use of internet banking.
- 3.7 When using internet banking -
- the Governing Body authorises the staff that are able to access the internet banking account and ensures that adequate access controls are in place;
 - transactional notification (via telephone or e-mail) should be sent to a person other than the person who has instituted the transaction, e.g. the Principal; and
 - the Principal/Treasurer must regularly monitor the use of the facility.

4 INVESTMENTS

- 4.1 Surplus funds in the current account may be invested in an investment account (interest bearing account) with the approval of the MEC.
- 4.2 The investment account must be in the name of Pinehurst Primary and cannot be held outside of South Africa.
- 4.3 All transfers into or out of the investment fund must be channeled via the main account of the School.
- 4.4 No payments may be effected from the investment account.
- 4.5 The Bursar must reconcile the investment account on a monthly basis.

5 PETTY CASH

- 5.1 The Petty Cash Policy [reference number: 6/2010/Rev2.0 (UPDATED 2015)] applies to the handling of petty cash.
- 5.2 Funds received in excess of the Petty Cash imprest amount must be deposited by the School into the School's bank account.

6 LOANS

The School may apply for an overdraft or asset finance loans with the approval of the MEC.

7 SCHOOL FEES

The Finance – School Fees, Fee Exemption and Debtors Policy [reference number: 019/2012/Rev4.0 (UPDATED 2015)] applies to the formulation, charge and collection of school fees.

8 DONATIONS

- 8.1 The Bursar must use receipt books issued by WCED in terms of section 18A of the Schools Act in order to receipt donations.
- 8.3 The receipt is issued in triplicate with –
- one copy for the School;
 - one copy for the donor; and
 - one copy remaining in the book.

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- 8.2 The Bursar must issue a tax certificate to the donor.
- 8.3 A copy of the tax certificate must be kept at the school for audit purposes.
- 8.4 School fees are not regarded as donations.

9 FUNDRAISING

- 9.1 The Governing Body must establish a fund raising committee.
- 9.2 Funds raised through fund raising activities must be collected and counted by two people and deposited into the School's current account or receipted into Petty Cash.

10 SAFEKEEPING OF MONEY

- 10.1 Staff engaged in financial transactions must –
 - a) encourage Electronic Financial Transfer (EFT) payments;
 - b) use a bank close to the school;
 - c) deposit money as often as possible and in an inconspicuous and safe manner;
 - d) lock the cash drawer and remove the key when it is not in use;
 - e) transfer excess money from the cash drawer to a locked safe during a low risk time and in a way that is not obvious to parents, visitors and learners;
 - f) lock the safe at all times when it is not in use and locate it in a place that is not obvious to others;
 - g) count all cash in a secure room (including tuckshop, and funds raised through fund raising); and
 - h) secure all money overnight in a locked safe; and
 - i) avoid keeping money for deposit at the School over the weekend.
- 10.2 The Principal must ensure that the relevant staff is made aware of the above security cash management procedures.

11 PAYMENTS

- 11.1 Payments from the School Fund account must be made by –
 - a) cheque; or
 - b) EFT payments.
- 11.2 The School must cross all cheques except for Petty Cash reimbursement cheques.
- 11.3 The School may not issue –
 - a) blank cheques; or
 - b) cash cheques or cash payments except for Petty Cash reimbursement or wages.
- 11.4 Each cheque requisition must be accompanied by the original invoice.
- 11.5 Used and unused cheques must be stored in a secure storeroom.


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19 TOURS

- 19.1 A separate account must be maintained in the General Ledger for tours.
- 19.2 The Bursar must ensure that all money received for that particular tour is deposited into the School's current account.
- 19.3 All tour leaders must submit supporting documents of all expenses.
- 19.4 The Tour account must be reconciled.


20 LEASES AND HIRING

- 20.1 Moveable and immovable assets belonging to the School may be used by people other than the staff of the School subject to the necessary approvals.
- 20.2 Moveable assets may be hired with prior approval of the Principal or another staff member with the required authority.
- 20.3 Immoveable assets may be leased with prior approval of the Governing Body.
- 20.4 Immoveable assets may not be leased for periods longer than 12 months.
- 20.5 All leases and hiring are subject to the following:
 - a) the borrower must complete an asset loan contract;
 - b) the borrower and the person in charge of the asset must check the condition of the asset before it is handed over to the borrower;
 - c) the borrower must be informed that he or she is fully liable in the event of damage or loss; and
 - d) the person in charge of assets must perform the physical inventory check of the asset when it is returned to see if the asset is still in working condition.

SIGNED: 

Chairman Pinehurst Primary School Governing Body

DATE: 2016/04/12

SIGNED 

Principal Pinehurst Primary School Governing Body

DATE: 2016/04/12


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