



PINEHURST PRIMARY SCHOOL

Achieving excellence in a value-based community

SCHOOL GOVERNING BODY POLICIES FINANCE POLICY

UPDATED IN AUGUST 2024 BY FINANCE COMMITTEE

The intention of this policy is to provide guidance to the School Governing Body (SGB), Finance Committee (FinCom) and Senior Management Team (SMT) with regards to the management of, and the procedures and controls around the school funds. The policy is drawn up in line with the Basic Financial Manual for Schools, which gives effect to the legislative requirements of the South African Schools Act (Act 84 of 1996) (SASA).

1. PRINCIPLES

- a. Governance of Pinehurst Primary School is vested with its Governing Body (SGB).
- b. The SGB manages school funds within the statutory framework provided and in accordance with accepted accounting principles and practices.
- c. The SGB bears overall responsibility for the control of the school funds and must take all reasonable measures to optimise the resources provided by the State and by the parents.
- d. Authority for supervision and implementation is delegated to the Principal and FinCom.
- e. The SGB must support the Principal and other staff in carrying out their functions.

2. ROLES AND RESPONSIBILITIES

2.1 School Governing Body (SGB)

The SGB is responsible for the matters with financial management implications:

- a. Supplementing the resources supplied by the state in order to improve the quality of education, through school fees and fundraising.
- b. Employing staff, if required, and paying extra remuneration to state-paid staff with the relevant approval.
- c. Administering, maintaining and improving the school property and assets, using it to raise funds.
- d. Keeping record of school assets and disposing of assets through the Asset Disposal Committee.
- e. Using school funds for educational purposes and the performance of SGB functions; all within the approved budget and following the Procurement Policy.
- f. Purchasing items for educational purposes, including but not limited to learning materials, textbooks and equipment, and paying for services to the school.
- g. Paying all money received by the school into a single school bank account and maintaining that bank account.
- h. Approve the appointment of the auditor.
- i. Keeping records of all financial transactions, preparing financial statements and submitting the school's audited financial statements to the Western Cape Educational Department (WCED) annually by the required due date.
- j. Reporting to parents on the finances of the school and allowing inspection of the records by an interested party where relevant.
- k. Ensure safekeeping of all records.
- l. Evaluate the risks which face the school.
- m. Preparing an annual budget and presenting it for approval as per requirements.

2.2 Finance Committee (FinCom)

A FinCom is hereby established as an SGB sub-committee, comprising of at least the following people:

- Treasurer
- Principal
- SGB Chairperson
- School Business Manager (SBM)

The SGB may co-opt other members of the SGB, staff or parents with required expertise.

The FinCom must –

- a. Keep overall control of the school fund.
- b. Evaluate the financial risks which face the school.
- c. Draw up the budget each year.
- d. Advise the SGB on school fees.
- e. Advise the SGB on school fee exemptions, with the function of exemption application approval specifically delegated by the SGB to the Treasurer.
- f. Review the financial records internally on a regular basis, comparing actual results to the budget
- g. Present financial statements and records to the SGB.
- h. Review asset controls, registers and reports to the SGB regarding Asset Disposal Committee actions
- i. Review and implement financial policies, including but not limited to Procurement Policy, Petty Cash Policy, Fees and Debtors Policy, Long Service Awards.
- j. Approve all expenditure as set out by the authorisation limits.
- k. Advise on fundraising.

2.3 School Business Manager (SBM)

The SBM is authorised by the SGB to perform the daily financial operations in terms of this policy and is accountable to the SGB through the FinCom and supported by the Principal.

The SBM delegates staff within the Finance Department of the school to perform financial tasks and functions. The current Finance Department structure is as follows:

- **Bursar:** manages bank accounts, financial records, reporting and all payments, including payroll.
- **Accounts Officer:** manages the entire school fee collection process and exemption applications for approval by the Treasurer.
- **Petty Cash Officer:** manages and controls Petty Cash.
- **Clothing Shop Manager:** manages the school uniform and apparel provision (acquisition, stock levels, sales or write offs), the operation of the clothing shop, volunteers and operates the point-of-sale (POS) terminal during shop hours and for stock acquisition.
- **KARRI operator:** oversees the loading of collections on the KARRI payment platform for any non-school fee events, fundraising efforts and other collections, as approved by the SMT, SBM or Principal.

2.4 Asset Disposal Committee (ADC)

The ADC is a sub-committee of the SGB and comprises at least the following members:

- Deputy Principal
- Estate Manager
- SBM
- Librarian (for textbooks and library media)

The ADC performs the following functions:

- a. Keeps record of all assets disposed in an asset register, which is kept up to date.
- b. Asset disposal register details the asset, reason for disposal, method of disposal and where relevant, income from disposal.
- c. Authorises disposals within approved thresholds, determined by the FinCom and reviewed regularly.
- d. Reporting to FinCom on assets disposed for SGB ratification.

3. MANAGEMENT OF SCHOOL FINANCES

3.1 BUDGET AND BUDGETARY CONTROL

- a. The SGB must ensure that an annual budget is adopted and budgetary control is exerted.
- b. The SGB resolves to appoint Budget Coordinator(s) for the annual budget.
- c. Budget Coordinators collate budget requests from Budget Holders and other relevant staff in a participatory process and do all necessary actions, workings and calculations to prepare the budget.
- d. The FinCom reviews and presents the budget to the SGB.
- e. A budget is prepared for January to December.
- f. The Budget must balance, i.e. total income must equal total expenditure. A deficit budget is not permitted.
- g. At a general meeting, the SGB presents the proposed budget to the parents of the school for approval.
- h. The meeting follows the guidelines set by SASA with regards the timely meeting notice sent to parents, the availability of the budget for prior inspection, the requirements around quorum and counting of votes at the meeting, and any other requirements as applicable at the time.
- i. Day-to-day budgetary control rests with the Principal and SBM.
- j. All income and expenditure are monitored against the budget on a monthly basis.
- k. All expenditure included in the approved budget are permitted. The following are specifically noted as permitted in terms of the budget:
 - small motivation rewards / prizes
 - small gifts / flowers for thank you, congratulatory and condolence purposes
 - catering for functions including *ad hoc* meetings/events not specified, but within the budgeted amount, refreshments for staff (tea, coffee, milk and sugar) available before school, at breaks and after school
 - annual welcome and year end function for staff
 - annual small thank you gift for the SGB and PTA members
 - catering for principals', SGB and FinCom meetings
 - protective work clothing for staff, where necessary
 - uniforms for staff where required; relevant staff top / sports shirt issued to each new staff member and replaced at necessary intervals; sports kit issued to sports coaches
- l. The FinCom must report income shortfall that threatens the business of school which would require cuts to the expenditure budget and, if necessary, advise the SGB of such and warn that the school may have to begin considering a staff retrenchment process.
- m. Deviation from the budget may be authorised as per the Procurement Policy.

3.2 BANK ACCOUNT

- a. The school must open and maintain a current account in the name of Pinehurst Primary School, into which all school funds will be deposited.
- b. The bank account must be held with a banking institution that is registered with the Reserve Bank.
- c. The school has been granted permission by the Member of the Executive Council (MEC) to invest surplus funds in a second bank account, which is an interest-bearing investment account.
- d. The investment account must be in the name of Pinehurst Primary School and cannot be held outside of South Africa.
- e. The SGB regards the investment account to be in the nature of a long-term investment for which an annual renewal application from the MEC is deemed unnecessary, as long as the nature and purpose of the account and the account itself doesn't change.
- f. The school may not make any investments of a speculative nature.
- g. All transfers into or out of the investment account must be channelled via the main current account.
- h. No payments may be made directly from the investment account.
- i. No school bank account may be overdrawn.

- j. The account signatories have been approved by the SGB and remain in force until changed by resolution of the SGB.
- k. Two signatories are required for all transactions and authorisations.
- l. Payments must be made in line with the budget as approved by the Budget Holder.
- m. Signatories are as follows: The Principal, SBM, Bursar and Accounts Officer (Debtor's Clerk). The Deputy Principal is a back-up.
- n. Signatories make use of internet banking and need to have good access controls in place.
- o. Both bank accounts are reconciled on a monthly basis, reviewed by the SBM and presented to the FinCom.
- p. This policy allows the school current account to have one linked debit card.
- q. The debit card is locked away at all times, with only authorised staff access.
- r. The debit card needs to have reasonable limits on it, which are reviewed regularly.
- s. Payments may be made using the current account's debit card, including online purchases from reputable websites or secured payment platforms. All card payments require the same pre-authorisation as for all payments.
- t. The person authorised to purchase with the card must take extra care to keep the card safe and secure and the access (PIN) a secret.

3.3 CASH

- a. The Petty Cash Policy applies to the handling of petty cash.
- b. Whenever cash is handled as part of a school event, two people need to be present when it is counted and the count recorded on a count sheet with signatures, date and time.
- c. Care needs to be taken by the person handling cash to ensure its safety and control at all times.
- d. Replenishing the petty cash may be done by an authorised staff member withdrawing the approved amount with the school debit card from either inside the bank over the counter or via an Automated Teller Machine (ATM).
- e. Floats issued by the school for an event need to be checked upon receipt, signed for by the two parties, and handed back to the school with the completed count sheet as soon after the event as is reasonably possible.
- f. Petty Cash on the school premises must always remain securely locked and access control only for authorised staff.
- g. Money in excess of the Petty Cash Policy funding level / imprest amounts is deposited in the bank as soon as practically possible, considering any upcoming need of cash; daily banking is considered unnecessary.
- h. Depositing is done in a safe manner by staff authorised to do so.
- i. A valid school receipt must be issued for all monies received by the school.
- j. A pre-numbered receipt book should be used and receipts issued numerically.
- k. Receipts must be completed in duplicate in black ball point (carbon copy remains in the book).
- l. Where possible, computer-generated receipts or proof of receipt should be provided.

3.4 LEASES AND HIRING

This policy section applies to leases that are not longer than 12 months and are included in the budget.

- a. All leases made by the school should be included in the budget as an expense.
- b. Leases longer than 12 months require MEC approval.
- c. Where the school leases its facilities out (facility use income), the user and the school should enter into a facility use agreement which both parties sign before the start of use. The facility use may be renewed after 12 months by both parties signing an addendum to the original agreement.
- d. Leases where the school derives an income, should be included in the budget as income.

3.5 ASSETS

- a. Assets include all movable property belonging to the school and includes, but is not limited to equipment, furniture and fixtures.
- b. The cost of an asset is recognised as an expense (fully depreciated upon purchase) and not capitalised.
- c. An annual asset count is performed across the school premises around the same time every year and any variances are investigated.
- d. All asset purchases are to be within the budget and follow the procurement policy and approval process.
- e. All disposal of assets is to be done via the Asset Disposal Committee.
- f. All assets are recorded in an asset register which is made available for the school's annual audit and inspection by the WCED if required.
- g. A total replacement asset value that is considered reasonable, is included in the school's insurance cover.

3.6 INVENTORY / STOCK

- a. Inventory / stock refers to the Clothing Shop stock that is available to be sold.
- b. All reasonable measures are taken to keep the stock in the best, saleable condition.
- c. Stock is counted at least at every seasonal change and reviewed by the SBM. Any variances are investigated.
- d. Stock levels are monitored regularly by the Clothing Shop Manager.
- e. Access to the shop is controlled and staff and volunteer shop assistants monitor shoppers.
- f. The shop has lockable cupboards that are utilised for excess stock, stock of high value or out-of-season stock.
- g. Stock values are recorded real-time by the electronic Point-of-Sale (POS) system in the shop, which updates in real-time the stock balance in the electronic accounting system automatically.
- h. The stock balance is reviewed by the SBM on a monthly basis and included in the monthly accounts.
- i. An average stock balance that is considered a reasonable replacement value, is fully insured.

3.7 RECORD STORAGE

- a. The school's accounting and payroll systems are computerised and in the cloud as real-time data.
- b. User control access is determined by the SBM and personal passwords and sign-on verification processes are applied.
- c. Physical financial records are kept for 5 years and thereafter shredded and disposed of in a secure manner.
- d. The principal controls the principal's safe at all times. The duplicate key is kept by an authorised staff member on their person. Regular checks are performed on the contents of the safe with two authorised staff present during the count, signing and dating the counting sheet which details the contents.
- e. All key possession is monitored by authorised staff and access to duplicate keys is controlled via a lockable cupboard with a code inside a strong room, which is locked with access control.

3.8 SCHOOL FEES

See the School fees, fee exemption and debtors finance policy for all details surrounding school fees.

3.9 FINANCIAL REPORTING

- a. The financial year of the school runs from 1 January to 31 December.
- b. Monthly reporting in the form of the management accounts should be compiled by the FinTeam, reviewed by the SBM and submitted to the FinCom.
- c. The management accounts should report the following:
 - income and expenditure for the month and for the year to date.
 - comparison of income and expenditure with the budgeted figures and an analysis of the variances.
 - analysis of exemptions already approved and those in the process or expected.
 - a full balance sheet for the month ended and for the year to date with an analysis of movement from the previous month.
 - details of cash at bank and funds invested and of all accounts payable
- d. The annual financial statements must be drawn up by FinCom in accordance with guidelines directed by the MEC and presented to the SGB by 30 March each year at the latest.
- e. The annual financial statements must be audited by an auditor, appointed by the SGB, who is registered in terms of the Auditing Profession Act, 2005.
- f. Audited financial statements should be presented to the SGB within six months after the end of the financial year and a signed copy sent to the WCED by 30 June / published date required.
- g. The auditor may not be a member of the SGB or the Fincom.

3.10 DONATIONS / SPONSORSHIPS AND FUNDRAISING

- a. Donations and reporting of donations are to be treated in the manner which the WCED requires in terms of Section 18A.
- b. A donations register is to be kept up to date.
- c. School fees are not regarded as donations and all donations are regarded as school money.
- d. The school is a registered Public Benefit Organisation (PBO) and may generate a Section 18A receipt for donations made to the school in terms of the Tax Act.
- e. All reasonable steps should be taken to ensure that the tax certificates issued to donors who requested them, have the information on it that SARS requires.
- f. Letters requesting sponsorship must be for a specific event or purpose and issued only by the SBM or senior member of staff on a school letterhead.
- g. Parents involved in school fundraising activities or members of event committees should not have any conflict of interest, including but not limited to: a profit-making business on school premises, being a service provider or supplier of the school. These individuals may volunteer their time, advice and donate resources, but not be a steering/decision-making member of any event planning committee or group.
- h. Membership of such a committee or group, even if informal, is subject to the approval of the SMT and / or FinCom.
- i. Any fundraising event held on behalf of the school must utilise the school fund and school financial channels. This includes, but is not limited to the school cash float, QR codes linked to the school's bank account and bank card device(s). No private channel or devices may be utilised.
- j. Any such event must utilise school processes through which to run the event, recording its inflows and outflows, and adhering to the procedures and controls of this policy.

3.11 TRAVEL & SUBSISTENCE ALLOWANCES

- a. Travel claims may be reimbursed to staff or parents for specified trips based on a set amount per km.
- b. The rates per km will be reviewed annually using SARS guidelines.
- c. A travel claim form is to be completed and authorised, before reimbursement can be made.
- d. Subsistence allowances may be paid to staff going on overnight camps.
- e. Subsistence allowance costs are to be covered by the camp fees paid by parents.

3.12 PAYROLL

- a. All staff must have a valid employment contract.
- b. All remuneration must be done per the approved budget, including annual adjustments.
- c. All the necessary statutory returns must be completed accurately and submitted timely to the relevant authority. These include but are not limited to: EMP201, EMP501, Unemployment Insurance Fund (UIF), Workmen's Compensation Fund and Skills Development Levy (SDL).
- d. All statutory deductions (PAYE, UIF and SDL) must be made and paid over to the relevant authority timely.
- e. Voluntary savings and additional PAYE deductions may be made if requested by the employee.
- f. Employees must be given monthly payslips, reflecting deductions.
- g. An IRP5/IT3A form must be provided to employees for tax purposes.
- h. The normal authorisation process for payment applies. Extra care must be taken to check that only bona fide employees appear on the salary schedule.
- i. Section 38A additional remuneration may be paid to state-employed staff as per the annual resolution accepted by parents at the budget meeting, as long as it is included in the budget and application has been approved by the HOD.
- j. The Fincom shall review salaries and 38A payments annually during the budgeting process.
- k. The Principal and SBM reviews the monthly salary schedule to authorise for payment.

3.13 LOANS


- a. The school may not extend loans to any staff member/person.
- l. The school may not take out a loan without first obtaining written approval from the MEC.

3.14 TOURS AND CAMPS

- a. Tours and camps must have separate general ledger accounts.
- b. The accounts must be reconciled as soon as practically possible after the tour/camp is over.
- c. All money received for the tour/camp must be deposited into the school's bank account and recorded in the relevant ledger account.
- d. The basic cost to attend must be covered by the learners' parents and any additional costs may be covered by fundraising efforts specifically for the tour/camp, if approved by the SMT.

Signed: 
Chairperson of Governing Body

Date: 28 May 2025

Signed: 
Principal

Date: 28 May 2025