



**DDG: DCMES
CHIEF DIRECTOR: DISTRICT MANAGEMENT
DISTRICT DIRECTORS
DISTRICT DEPUTY DIRECTORS: FINANCE AND SUPPLY CHAIN ANAGEMENT
SCHOOL PRINCIPALS
SCHOOL GOVERNING BODIES
SCHOOL AUDITORS**

CIRCULAR NO. 2 OF 2023: GUIDELINES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS BY PUBLIC SCHOOLS AND USAGE OF FINANCIAL SYSTEMS AT SCHOOLS

1. The South African Schools Act 84 of 2006 stipulates the following:

Section 42: Financial records and statements of public schools

The governing body of a public school must-

- (a) *keep records of funds received and spent by the public school and of its assets, liabilities, and financial transactions; and*
- (b) *as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements **in accordance with the guidelines determined by the Member of the Executive Council.***

Section 43: Audit or examination of financial records and statements

(1) The governing body of a public school must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act 26 of 2005), to audit the records and financial statements referred to in section 42.

(2) If the audit referred to in subsection (1) is not reasonably practicable, the governing body of a public school must appoint a person to examine and report on the records and financial statements referred to in section 42, who-

- (a) *is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporations Act, 1984 (Act 69 of 1984); or*
- (b) *is approved by the Member of the Executive Council for this purpose.*

(3) No person who has a financial interest in the affairs of the public school may be appointed under this section.

(4) If the Member of the Executive Council deems it necessary, he or she may request the Auditor-General to undertake an audit of the records and financial statements of a public school.

(5) A governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section.

(6) At the request of an interested person, the governing body must make the records referred to in section 42, and the audited or examined financial statements referred to in this section, available for inspection.

(7) The financial year of a public school commences on the first day of January and ends on the last day of December of each year.

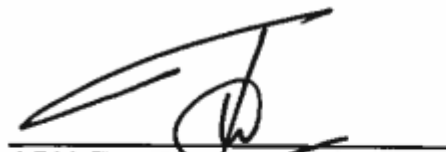
2. Based on the above mentioned, the following regulations will apply to all schools in the Free State:

2.1 Guidelines determined by the Member of the Executive Council (Section 42 (a))

2.1.1 Guidelines for the preparation of financial statements by public schools was published by DoE on 5 May 2022. The FSDoE has decided to adopt and implement these guidelines to be implemented during 2024 for the audit of the 2023 financial year. All schools need to be audited for the 2023 school year using these guidelines. **(Annexure A).**

2.1.2 Financial management at school level and auditing of school statements may not be done by the same institution. School auditors are not allowed to do the day to day capturing of school financial transactions.

2.1.3 Schools that do not have an accounting system to capture financial transactions must use the financial functionality available on SA-SAMS. No school will be allowed to have a manual accounting system as from 2024. Please contact your relevant District Office SA-SAMS trainer if training is needed in utilizing this functionality.



ADV. T.H. MALAKOANE
HEAD: FREE STATE DEPARTMENT OF EDUCATION

DATE: 16 / 5 / 2023