



Province of the  
**EASTERN CAPE**  
EDUCATION

---

**OFFICE OF THE SUPERINTENDENT GENERAL** Steve Vukile Tshwete Complex, Zone 6 Zwelitsha, 5608, Private Bag X0032, Bisho, 5605 REPUBLIC OF SOUTH AFRICA, **Website:** [www.ecdoe.gov.za](http://www.ecdoe.gov.za) Enquiries : [glory.toyi@ecdoe.gov.za](mailto:glory.toyi@ecdoe.gov.za) Tel : 040 608 4787

---

**INTERNAL AUDIT CIRCULAR 1 OF 2018**

**TO :** CLUSTER CHIEF DIRECTORS  
DISTRICT DIRECTORS  
CHIEF EDUCATION SPECIALISTS  
EDUCATION SPECIALISTS  
CIRCUIT MANAGERS  
SCHOOL PRINCIPALS

**FROM :** SUPERINTENDENT GENERAL

**DATE :** 15 OCTOBER 2018

**SUBJECT :** COMMUNICATION OF SCHOOL AUDIT FINDINGS  
AND RECOMMENDATIONS FOR IMPLEMENTATION

---

**PURPOSE**

1. The purpose of this circular is to inform Districts, Circuit Management Centres and Schools of the reported school audit findings in order to ensure that:
  - Recommendations by the Internal Audit Services are well considered and actioned;
  - Necessary corrective measures are put in place in the prescribed manner to and
  - that internal control measures are strengthened to mitigate identified weaknesses.

**BACKGROUND**

2. Internal Audit has performed school audits across the Province focusing on financial activities, management of poorly performing schools, school nutrition programme, and supervision and monitoring of teaching. Procedures performed included (not limited to):
  - Testing the adequacy and effectiveness of the procurement processes at schools;
  - Testing the adequacy and approval of all school expenses in terms of approved policies and Delegation of Authority;
  - Testing the adequacy of filing and safeguarding of financial documents at schools;
  - Tracing actual payments made to supporting documentation;
  - Physically verify that employees recorded on payroll exist at the school;
  - Testing the adequacy and effectiveness of the systems that ensure that funds are used for their intended purpose;



- Testing the accuracy and effectiveness of quarterly reporting on the financial activities of the schools, to the district office;
- Testing the adequacy and effectiveness of the monitoring by districts and reporting to the provincial office;
- Testing the adequacy of reasons provided by schools for poor results obtained in the matric exams;
- Testing the existence and implementation of improvement plans by schools;
- Testing the adequacy and effectiveness of the review of school assessments by districts.

The audit was conducted to randomly selected schools sampled categorially to test the effectiveness of controls in place with regards to the above.

## **LEGAL FRAMEWORK**

3. In terms of the Public Finance Management Act:

- *“The Accounting Officer of a department should ensure that the Department has and maintains a system of internal audit under the control and direction of an Audit Committee, complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the Act.” {section 38(1)(a)(ii)}*
- *“Is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution.” {section 38(1)(b)}*
- *“Must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards” {section 40(1)(a)}*
- *Must comply with any regulation with any regulations issued by National Treasury in terms of section 76(4)(b)*

In terms of the National treasury Regulations (issued in terms of section 76 of the PFMA):

- *“The Accounting Officer of an institution must ensure that the internal procedures and internal control measures are in place. These internal controls should provide reasonable assurance that all expenditure is necessary, appropriate, paid promptly and is adequately recorded and reported.” (paragraph 8.1.1)*
- *All the transactions of an institution must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation.” (paragraph 17.1.7)*

## **DEFINITION OF TERMS**

4. In this Departmental Circular, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the PFMA and the National Treasury Regulations, has the same meaning. The following additional definitions apply:

SGB – School Governing Body;

APIP – Academic Performance Improvement Plan;

HOD – Head of Department;

SCM – Supply Chain Management;

IDS&G – Institutional Development Support & Governance

PFMA – Public Finance Management Act;

NTR – National Treasury Regulations;

NSNP – National School Nutrition Programme.

## **REPORTED FINDINGS / WEAKNESSES**

5. The following weakness were identified across several schools audited:

- Monthly and quarterly reports not prepared and submitted to the District;
- Donations received not recorded;
- Use of Accountant / Auditor not registered on the IDS&G database;
- Annual Financial Statements not prepared, approved, submitted and filed;
- Cheques not used for its intended purpose;
- Payments made without invoices received;
- Invoice amount differs from the amount paid;
- Late submission of the monthly report to the district office;
- Minimum of three quotations not sourced (Procurement processes not adhered to);
- Learners admitted without Application forms, Identity numbers /birth certificate;
- No agreement signed between the school and service provider;
- No evidence that signatories and procurement committees were appointed;
- No rotation of suppliers;
- School assets not adequately safeguarded;
- No acknowledge of funds received, non-submission of compliance forms;
- APIP not tabled and endorsed by SGB;
- SGB appointments paid without approval;
- School funds not utilized for intended purpose;
- SGB educator not registered for tax deductions;
- SGB sign blank cheques and cash cheques;
- Monitoring reports not signed by the district monitoring officials;
- Lack of monitoring and review by the HOD;
- Subject's content coverage not developed;
- Names of SDT members not submitted to the District Office;
- Reports on school performance not prepared and submitted to the District Office;
- Personal Growth Plans not completed properly;
- School Improvement Plan not developed and submitted to the District Office;
- Dysfunctional School Committees;

- Average pass rate of learners is below 50% in the first term;
- Daily attendance registers for meal servers not signed;
- Deviation from prescribed menu options;
- Food handler ration not adhered to;
- Inadequate APIP developed;
- Funds received not confirmed by the school;
- Incomplete School Nutrition file;
- Minutes of the NSNP Committee are not maintained;
- Monthly and quarterly reports not submitted to the district;
- No progress of action plans on APIP;
- Quotations not sourced per SCM thresholds;
- School's signatories and procurement committees not formally appointed.

### **EMERGING RISKS FROM REPORTED FINDINGS**

6. The PFMA prescribes in section 81(1)(a) that an accounting officer for a department or a constitutional institution commits an act of financial misconduct if that accounting officer willfully or negligently fails to comply with a requirement of section 38. Sub-section (2) states: "An official of a department, a trading entity or a constitutional institution to whom a power or duty is assigned in terms of section 44 commits an act of financial misconduct if that official willfully or negligently fails to exercise that power or perform that duty.
  
7. Section 86(1) of the PFMA prescribes that an accounting officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting officer willfully or in a grossly negligent way fails to comply with a provision of section 38.

### **RECOMMENDATIONS TO IDENTIFIED FINDINGS / WEAKNESSES**

8. Primarily, principals are urged to comply with prescripts and legislation as prescribed. District officials are available to monitor and intervene when assistance is required. The following are recommendations made and applicable to the above reported findings.
  - Principals should ensure that the compliance forms are completed and submitted to the district office after the funds was received, and disclose the amount received as well as the purpose of those funds as per the form.
  - Schools must ensure that **ALL** statutory monthly, annual and quarterly reports must be prepared and submitted to the District on time included all donations received;
  - All expenditure incurred must be for the intended purpose, i.e. NSNP budget should be used **ONLY** for procurement of NSNP items. Norms and Standards budget should be used for the prescribed items as per allocation.

- All payments must be aligned to the invoices received which must agree to the goods received and quotations agreed.
- Procurement processes must be followed.
- Principals should ensure that the school records/educators files are kept safely. Proper filing of ALL documents as evidence for audit purposes must occur. The administration clerk should recalculate the invoice from suppliers prior processing the payments and if it is incorrect invoice should be rejected to the supplier.
- Principals must ensure that only payments to the correct suppliers for the correct invoices are processed and for the purpose of supervision, invoices should be re-performed by the Principal.
- School must ensure that invoice is processed within 30 days upon the date of the receipt after it is certified that services were rendered satisfactorily.
- SGB Chairpersons must ensure that the secretaries record all SGB meeting minutes and circulate the minutes for review and later endorsement.
- Principals must ensure that the NSNP Co-ordinator monitors that the food handlers sign the daily attendance register.
- Principals must ensure that the schools obtain and maintain an updated submission book as evidence of submission.
- Principals or delegated personnel should ensure that the person receiving the submission signs the submission book as proof of receipt.
- Principals and School Governing Bodies should ensure that a contract is entered into with the service providers prior to procuring goods and services from the supplier.
- The School Governing Bodies and service providers should sign contracts and the copies should be provided to the suppliers.
- Principals must monitor and ensure the compliance to the agreed service level agreements.
- School Nutrition Monitors must provide guidance, monitor and ensure compliance to the SOP by the schools.
- Principals and NSNP Coordinators must ensure that an appointment letter with roles and responsibilities is signed for all food handler's prior their appointment.
- The Procurement Committees must develop the specification based on the approved menu for the school which is sent to service providers when sourcing quotations.
- Upon the receipt of quotations, the procurement committees must assess reasonability of prices, track records, capability liquidity and credit worthiness of the service provider prior appointing.
- Principals must ensure that schools are safeguarded by improving the condition of the fence and the school gate using the funds from the repairs and maintenance budget.

- Principals must ensure that parents submit required documents during the registration period and in instances where information is not available, an agreed cut off time should be agreed upon for submission.
- Principals must have parents and SGB meetings where the impact of admitting the learners without birth certificates are discussed and request the intervention of SGB.
- Food handlers should be trained on the approved menu and the coordinator must ensure that the menu is followed on a daily basis.
- Principals must ensure that the school complies with the policies and procedures.
- District offices must that all educators have a content coverage template for each subject.
- Subject advisers must monitor the alignment of content coverage against the annual teaching plan.
- Subject advisers must monitor progress on teaching of subjects.
- Co-ordinators must ensure that reports are prepared by committees timeously, guided by the implementation plan.
- Principals must ensure that reports compiled are correct and must sign off the reports prior submission to District Office.
- School coordinators must record the reports on the submission register and keep copy in the school file for future reference.
- Schools must at the beginning of the year, request the implementation plan from the District Office and ensure adherence to the stipulated dates.
- The IQMS coordinator should ensure that the roles and responsibilities are discussed with the committees and training is conducted on newly appointed educators.
- The Principal must ensure that elected committees are functioning and roles and responsibility are discussed and agreed upon by all members.
- The Chief Education Specialist (CES) should ensure that the EDO properly monitors the schools and submit signed reports.
- The district office together with the district and provincial office should ensure that the non-performing schools are closely monitored.

#### **APPLICABILITY**

9. This circular is applicable to all Eastern Cape Department of Education Schools and Circuit Management Centres and District Offices.

#### **DISSEMINATION**

10. This circular should be distributed to all officials in the District Deputy Directors, Chief Education Specialists, Deputy Chief Education Specialists, Senior Education Specialists, Circuit Managers, School Principals, Educators and School Admin Clerks.
11. If there are questions and/or issues of interpretation regarding the application of this circular, kindly contact:

- Glory Toyi – Acting Chief Audit Executive  
Tel no. – 040 608 4022; Email: [glory.toyi@ecdoe.gov.za](mailto:glory.toyi@ecdoe.gov.za) OR
- Bukeka Mngqolo – Deputy Director Internal Audit  
Tel no. – 040 608 4706; Email: [bukeka.mngolo@ecdoe.gov.za](mailto:bukeka.mngolo@ecdoe.gov.za) OR
- Sarel Baadjies – Deputy Director Internal Audit  
Tel no. – 040 608 4174; Email: [sarel.baadjies@ecdoe.gov.za](mailto:sarel.baadjies@ecdoe.gov.za)



---

**MR T. KOJANA**  
**SUPERINTENDENT GENERAL**  
**DEPARTMENT OF EDUCATION**