



Public School Financial Statements Review Checklist

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Preface

This checklist has been prepared by the Public Sector Division of The South African Institute of Chartered Accountants (SAICA) primarily to provide guidance to SAICA members and associates on the review of the financial statements of public schools.

This checklist includes general review procedures, review checklist for compliance with Guidelines (Based on the Draft Guidelines for preparation of public school financial statements developed by SAICA) and ratio analysis to be performed on the f public school financial statements.

Every effort has been made to ensure that this checklist is correct. Nevertheless the checklist is given purely as guidance to members of SAICA to assist them with particular problems relating to the subject matter of the guide and SAICA will have no responsibility to any person for any claim of any nature whatsoever which may arise out of or relate to the contents of this checklist.

General review procedures

General review of financial statements	Yes/No	Comment
1. Confirm that the correct EMI number and school name is reflected on the financial statements.		
2. Confirm that the correct financial year is reflected on the financial statement.		
3. Agree the comparative (prior year's) figures to the approved prior year's financial statements.		
4. Recalculate the amounts included in the financial statements to confirm that it casts.		
5. Agree the amounts on the face of the financial statements to the notes of the financial statements.		

Review checklist for compliance with Guidelines for the preparation of public school financial statements (Based on the Draft Guidelines for preparation of public school financial statements developed by SAICA)

Applicable par. In the Guidelines	Disclosure Requirement	Yes/No/N/A	Comment/Reference
2.1	Do the financial statements consists of the minimum components of the annual financial statements of a public school, which are as follows <ul style="list-style-type: none"> • Statement of income and expenditure • Statement of Assets and Liabilities • Accounting policies; and • Disclosures and explanatory notes 		
2.2	Does the Statement of Income and Expenditure include all income and expenditure and the resulting surplus or deficit?		
2.5	Does the Statement of Assets and Liabilities shall include assets, liabilities and accumulated surpluses of the school?		
2.6	Do the total assets equal Accumulated funds and liabilities?		
2.7	Do the financial statements include explanatory notes to provide additional		

Applicable par. In the Guidelines	Disclosure Requirement	Yes/No/ N/A	Comment/ Reference
	information about amounts included on the face of the statement of income and expenditure and statement of assets and liabilities?		
2.8	Do the explanatory notes for all assets, liabilities and accumulated surpluses or deficits include a reconciliation of the opening and closing balance indicating separately all types of movements?		
3.2	<p>Do the financial statements show as a minimum, the following accounting policies for income:</p> <ul style="list-style-type: none"> • School fees receivable • School fee exemption refunds/compensation • Allocations, transfers, grants and subsidies • Donations and sponsorships • Rental income • Fundraising Income • Investment income • Hostel fees – if applicable • Profit on sale of assets • Learner transport fees – if applicable • Learner uniform sales • Other income 		
4.2	<p>Do financial statements show as a minimum, the following accounting policies for expenses:</p> <ul style="list-style-type: none"> • School fee exemptions • School fees settlement discounts • Bad debts write off • Other expenses 		
5.2	<p>Do the financial statements show as a minimum, the following accounting policies for assets:</p> <ul style="list-style-type: none"> • Land and buildings • Buildings Improvements • Furniture, equipment, fixtures and fittings • Vehicles 		

Applicable par. In the Guidelines	Disclosure Requirement	Yes/No/ N/A	Comment/ Reference
	<ul style="list-style-type: none"> • Inventory on hand (Including text books) • School fees owing • Other assets 		
6.2	<p>Do the financial statements show as a minimum, the following accounting policies for liabilities:</p> <ul style="list-style-type: none"> • School fees received in advance • Restricted Funds • Other liabilities 		
7.1	<p>Did the school disclose the following in relation to transfers, grants and subsidies;</p> <ul style="list-style-type: none"> • Identity of the institution/entity/individual • Amount received • The conditions attached to each amount received, if any. 		
7.2	<p>Did the school disclose the Net income from hostels which include the following:</p> <ul style="list-style-type: none"> • Total hotel fees • Total hostel expenses • Net surplus/deficit from hostels 		
7.3	<p>Did the school disclose the Net income from tuck-shop note including the following:</p> <ul style="list-style-type: none"> • Total tuck-shop sales • Total tuck-shop expenses • Net surplus/deficit from tuck shop 		
7.4	<p>Did the school disclose a reconciliation of the opening and closing carrying amount of land, buildings, Vehicles, furniture, equipment, fixtures and fittings indicating the following:</p> <ul style="list-style-type: none"> • Purchases; • Disposals; • Depreciation; • Derecognition; and • Write-offs 		
7.5	<p>Did the school disclose the following for all bank accounts opened by the school:</p> <ul style="list-style-type: none"> • Institution name 		

Applicable par. In the Guidelines	Disclosure Requirement	Yes/No/ N/A	Comment/ Reference
	<ul style="list-style-type: none"> • Account type (Cheque, savings, transmission, etc.) • Balance at current and previous year end 		
7.6	<p>Did the school disclose the following for each type/category/grouping of inventory</p> <ul style="list-style-type: none"> • Description • Quantity at current and previous year end • Balance at current and previous year end 		
7.7	<p>Did the school disclose where applicable, the following with regards to Prior period errors:</p> <ol style="list-style-type: none"> a) the nature of the prior period error; b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and d) an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c). 		
9.1	<p>Do the financial statements display the following information for a proper understanding of the information presented:</p> <ol style="list-style-type: none"> a) the name of the school or other means of identification, and any change in that information from the preceding reporting date; b) the reporting date or the period covered by the financial statements; c) the presentation currency; and d) the level of rounding used in presenting amounts in the financial statements. 		
9.3	<p>Do the financial statements present comparative figures?</p>		

Ratio Analysis

Ratio	Formula	What the results tell you
Deficit	Expenses exceed income	The school has incurred more expenses than the income that has accrued to it. A school should ideally not have a deficit.
Surplus	Income exceeds expenses	The school has had more income accrue to it than the incurred expenditure. This could indicate that the school is very good at managing its resources or that school improvement projects are not being implemented.
Liquidity	Current assets that can be converted into cash divided by current payable liabilities	This ratio measures whether a school can settle its obligation when they become due. The school should ideally not have more payable current liabilities than current assets that can be converted into cash. This ratio should be at least 1:1 for the school to be in a favourable financial position.
Solvency	Total Assets / Total Liabilities	The solvency ratio measures that ability of the school to cover all of its liabilities from its assets. This ratio should be greater than 1 for the school to be in a favourable position.