

## **SAICA Advocates for uniform financial reporting guidelines for public schools**

The South African Institute of South Africa (SAICA) has developed and submitted, to the National Department of Basic Education, draft guidelines for the preparation of financial statements for public schools in South Africa.

Public schools are required by the South African School Act to prepare their financial statements in accordance with guidelines determined by the Member of the Executive Council. Unfortunately in some of the provinces such guidelines have not been issued by the MEC. In the provinces where the guidelines are issued, the guidelines do not adequately address the accounting treatment, presentation and disclosure requirements for key items in the financial statements.

One such example is the accounting treatment for land and buildings which in many cases does not legally belong to the school. Another case is the accounting treatment for ring fenced fundraising and conditional donations. Clarity is also required as to whether the financial statements of a public school should include Grade R and hostels or not. The lack of clarity on the accounting treatment of these items has led to public school financial statements that are not comparable and in certain instances not useful for decision making by users such as creditors, parents and donors. Auditors and accounting officers are also not able to provide appropriate reports on the financial statements as they have no common criteria against which to audit or examine the financial statements of public schools.

The draft guidelines developed by SAICA provide clarity on the accounting treatment, presentation and disclosure requirements for all significant items in the financial statements of public schools. The guidelines are being considered and, if accepted, will be published as national policy on financial statement preparation by public schools for adoption by the provincial education departments.

See copy of submitted draft guidelines on the link below:

[https://www.saica.co.za/portals/0/documents/GuidelinesPS\\_AFS\\_Ver4.pdf](https://www.saica.co.za/portals/0/documents/GuidelinesPS_AFS_Ver4.pdf)

**Kind regards**

Julius Mojapelo

Senior Executive: Public Sector