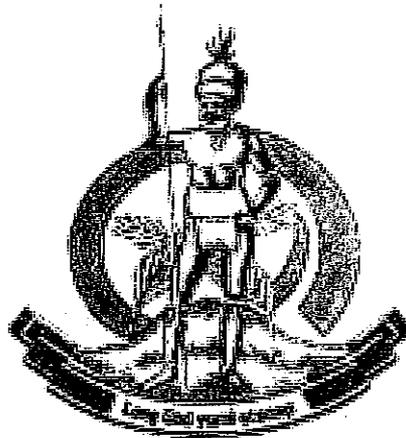


MINISTRY
OF
EDUCATION



Schools Financial
Management
Manual

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FOREWORD

The presentation of the Schools Financial Management Manual (Manual) is intended to assist school finance officers, heads of schools, the members of the school council and the school community understand the financial management requirements needed in their schools and to assist them to be more accountable in managing public funds. The Manual's financial management requirement applies to all types of schools: primary or secondary, government, government-assisted and private schools, that are registered with the Ministry of Education, and receives public money, such as parental contribution, various types of school fees, and money from fundraisings, donations, or any other means of money from the public.

This Manual is intended to assist head of schools and school finance officers to:

1. Provide the basis for sound financial management in the school;
2. Clarify the roles of the head of school, school finance officer, other staff and school council members with regards to accountability and expenditure of school funds;
3. Identify the important income and expenditure books required for maintaining the school funds;
4. Familiarize themselves with the legal requirements, in terms of recruiting or terminating staff;
5. Maintaining the cash book on a day-to-day basis, and providing accurate and up-to-date information to the school council for decision making purposes;
6. Prepare monthly or annual reports as required;
7. Maintaining the school asset or investment registry;
8. Implement good practices recommendations highlighted in the audit findings on school audit visits; and
9. Familiarize themselves with the VEMIS School Survey, particularly the section on School Finances.

Since all funds collected by the schools are public money they must be spent as stipulated in the Public Finance & Economic Management (PFEM) Act, and in the Finance Regulations of the Government of Vanuatu.

It is important that all heads of schools, school finance officers, school council and school community fulfil the requirements as contained in the Manual. The Manual has been prepared with the intention of improving accountability, enhancing proper management of school funds and better understanding and cooperation between the head of a school, the school finance officer and the school community. The Ministry would like to reassure the school community that school finance officers, heads of schools, and the school council will be provided with training on the Manual, as a priority over the next 2 years. The head of a school needs to have constant access to up-dated and accurate financial information in order to make decisions on issues that will involve dependence on money. Inaccurate and out-dated financial bookkeeping will definitely deprive the school in its progressive development. The school finance officer's position is a very important one in the life of a school.

I would like to acknowledge all heads of schools, zone curriculum advisors, school finance officers, Ministry of Education staff, Ministry of Finance & Economic Management staff, Office of the Prime Minister's staff and donor partners that was consulted during the write-up of this manual, and who provided positive critics in the development of this Manual.

The Manual will be reviewed after the second year. The first year, 2010, will concentrate more on training of heads of schools in fulfilling the requirements of the Manual, and the second year will allow for more monitoring, community awareness and training at the school level. This will allow for education authorities, heads of schools, school finance officers and the school community to familiarize them with the Manual and be able to provide feedback after two years of implementation.

It is hoped that this Manual will be a practical tool for school administrators to make reference to, to assist them in improving the daily management of a school.

Honorable Charlot Salwai
Minister of Education

January 2010



A WORD OF APPRECIATION

Dear Heads of Schools & School Finance Officers

It is with great pleasure that we can present the Schools Financial Management Manual (Manual) to assist you in improving and strengthening financial management at the school level. There have been other manuals that we have developed to guide you in your day-to-day administrative management of the school. With numerous consultations, workshops conducted and face-to-face interactions with a small number of school staff, it was decided that a more detailed manual be produced – providing more details and examples of what heads of schools or school finance officers may need to be aware of in terms of maintaining school funds. Since we lack the funds to carry out on-going workshops, monitoring visits to schools or trainings, the development of the Manual would be a tool that school administrators would be guided by, to implement internal controls and to improve accountability in the schools.

We are aware of the difficulties that the majority of you face, such as lack of persons to consult with, limited financial resources, remoteness, excessive work load, lack of knowledge or skills to maintain the school records, and in particular the lack of, or even, no participation in training or workshops conducted by the Ministry to assist you. The overall aim of this Manual is to help you be successful, despite the difficulties you may have faced, in improving your capability in managing the school funds. You will be able to achieve this, if you spend time to read carefully through this Manual.

It has been a challenge to develop this Manual. I would like to acknowledge the assistance and patience of my work colleagues, particularly the staff in the Finance Unit, MoE, in putting up with me whilst the Manual was being developed. Special thanks to the Internal Audit Unit, MoE for allowing the reproduction of their findings in school audit visits, and to provide recommendations that would assist head of schools and school finance officers in strengthening management practices in schools. I would like to further acknowledge Mr. Simeon Tavoia, from the District Labor Office for reviewing the Payroll section in the Manual – to ensure that staff legal entitlements were correctly addressed in the Manual in line with various employment legislations. In addition, to Ms. Litiana Ameara & Mr. Brian Tosiro for seeking approval of the National Bank of Vanuatu, in the provision of bank statements for the exemplary schools used in the Manual. To the work colleagues and friends who were consistently reminding me to complete the Manual to ensure that the schools had proper guidelines in place for implementation of good management practices in schools – thank you for those constant reminders. To all Heads of Schools, ZCAs, school finance officers and Ministry of Education Staff – for your important contributions to the development of this Manual. Finally, but not the least, to the members of my family - for their understanding and patience, in supporting me to accomplish my excessive work commitments.

I hope that the production of this Manual, will help you be successful in implementing sound financial practices in schools – and to ensure that money received or spent by the school is well accounted for, and supporting materials well documented. Our goal is to ensure that our children will benefit from this, which will induce an improved learning environment for them, as we are investing our resources for the well-being of the children and schools.

Thank you.



Julia Whippy
Writer of the Manual

January 2010

Part 1: School Finance Policy

All schools must have a finance policy in place to guide head of schools and school finance officers in acquiring sound financial management over their school finances. The school finance policy must include general guidelines on how funds are to be accounted for, who is accountable for funds received and expended, and highlight principles of implementing sound financial management in the day to day operations of a school. All heads of schools are required to publicly display their school finance policy and latest financial statements to the school community, to improve accountability within the schools. This will ensure that the school communities are aware of the guidelines and rules for managing school funds, and the current status of the school funds.

The school finance policy must reflect the requirements of the Schools Grants Scheme, and the Schools Financial Management Manual, to ensure that there is improved management of schools funds, improved accountability, and risk is minimized.

The school finance policy must be prepared by the head of a school, with the assistance of a school finance officer, school staff, and members of the school council. The school council will approve the school finance policy, after it has been completed.

Part 2: School Finance Procedures

Following the establishment of a school finance policy, the head of a school must ensure that detailed finance procedures are in place, to assist the head of school, and the school finance officer in implementing the school policy.

It must be noted that money collected in schools is regarded as public money. According to Part X, Section 43, Paragraph (1) of the Public Finance & Economic Management (PFEM) Act, it states that "Public Money is the property of the State." Thus, considerable effort must be given to detail the procedures in accounting for public money.

The school finance procedures should cover the areas of:

- A. Roles and Functions of the School Staff and the School Council
- B. School Budget
- C. School Income & Expenditure Books
- D. Payroll Records
- E. Petty Cash Book
- F. Cash Book
- G. Banking Procedures
- H. Reporting

A: Roles & Functions of the School Staff & the School Council

The roles and functions of the school staff and the school council in managing school finances are crucial in the day to day operations of a school. The Manual is designed to strengthen accountability in schools, and to ensure that the school community is aware of the guidelines and rules that need to be followed, as well as the status of school funds, in each school.

(i) Head of a School

The head of a school will be the person who has been appointed by the Teaching Service Commission to be responsible for the day to day administrative, professional and academic activities of the school. The following principles are important for a head of school to consider, in strengthening financial controls in a school.

- The head of a school will have the overall responsibility to ensure that all staffs and members of the school community comply with the requirements of the Manual

- The head of a school must ensure that all persons within the school community enforce the requirements of the Manual
- The head of a school must have skills and knowledge in maintaining the school financial books.
- The head of a school must ensure that funds are receipted or expended according to the school budget.
- The head of a school must ensure that expenditure or income must relate to budget headings.
- The head of a school should prioritize expenditure in light of cash flow.
- The head of a school must approve all expenditure and have a clear system that allows this to happen.
- When authority to approve expenditure has been delegated by the head of a school, those delegations must be clearly written and understood by the staff and the school council.
- The head of a school must publicly display the school finance policy and school financial statements.
- The head of a school must submit various financial reports to the Education Board or Education Authority, after it has been approved by the school council.
- The head of a school must disclose all relevant information regarding the school funds and other school administrative activities to the appropriate authorities, such as the school council, the education authority or the Ministry of Education audit or finance staffs.

(ii) The School Finance Officer

Any persons appointed to manage the financial affairs of a school will be known as the school finance officer.

It is important that the school finance officer understands that the role of the head of a school is to implement the school council decisions on how the school money is managed, through the planned budget approved by the council for each year that maximizes the benefits to the students. The school finance officer has the important role of assisting the head of a school in achieving this. The school finance officer's role in the 'life' and positive development of a school is so important that he/she cannot afford to misuse this position. The head of a school needs to have constant access to accurate financial information in order to make decisions on issues that will involve dependence on money. Inaccurate and out-dated financial bookkeeping will definitely deprive the school in its progressive development.

The school finance officer will be responsible for the day to day financial transactions of a school. Like the head of a school, the school finance officer is guided by the following principles to manage the financial aspects of the school:

- The school finance officer will be responsible for maintaining the various school financial books
- The school finance officer must have skills and knowledge in maintaining the various school financial books
- The school finance officer must ensure that funds are receipted or expended according to the school budget
- The school finance officer must ensure that expenditure or income must relate to budget headings
- The school finance officer should prioritize expenditure in light of cash flow
- The school finance officer must ensure that the head of a school must approve all expenditure and have a clear system that allows this to happen
- The school finance officer will maintain an up-dated and accurate cash book as outlined in this Manual
- The school finance officer will assist the head of a school to compile the various financial reports, and submit to the school council for approval
- The school finance officer must disclose all financial information to the relevant authorities, such as the school council, the education authority or the Ministry of Education audit or finance staffs
- The school finance officer will not be a signatory to the school's bank accounts

The school finance officer will be employed on a merit basis, through external advertisement of the position, and contracted by the school council. In smaller schools, the position of a school finance officer may not exist, thus it is advisable that a school staff or a member of the school community, be delegated the responsibility of managing the school finances. This is to be approved by the school council.

Head of School's Expectations Of A School Finance Officer

1. Job Description

This outlines the duties and responsibilities of a school finance officer. A school finance officer must be familiar with this and must follow it. The head of a school is a busy person and does not need to remind the school finance officer of what is expected of him/her. This job description is prepared by the head of a school in consultation with the school finance officer, and approved by the school council. A standard school finance officer's job description can be seen in Appendix 1, on page 64.

2. Systems of Monitoring Income and Expenditure

It is important to have a simple but effective system in place to ensure appropriate practices are in place for management of school finances. School finance officers need to work together with head of schools to achieve this.

3. Accurate Recording

Recordings of both income and expenditure must be accurate and up-dated on a **daily basis**. A careless mistake could direct the head of a school to make a wrong decision that could be vital.

4. Committed Funds

Once a certain amount of money is committed to achieve a task, a school finance officer must ensure that this occurs.

5. Reporting to the Head of a School

It is crucial that the school finance officer keeps the head of a school up-to-date with accurate information on the balances of the bank accounts. This is to be done at least once a week for small schools, and twice a week for schools of 300 plus students. The school finance officer must produce at least a **reconciled** monthly financial statement to the school council through the head of a school.

The school finance officer will also be expected to submit reconciled monthly, quarterly and annual financial reports to the school council for endorsement, via the head of school, prior to the school council sending the financial reports to the Education Board or Education Authority.

6. Preparation of Budget Estimates

With accurate recordings the cash books will provide a sound foundation for preparation of the following year's budget estimates. The school finance officer is expected to advise the head of a school to any insight on the financial world in and out of the country that might affect the following year's budget.

7. Honesty

The school finance officer must not use any money for any reasons without proper authorization. A thief is not fit to be a guardian of the student's money.

8. Proper Management and Safekeeping

Bank savings account books, cheque books, receipt books, order books and any other books kept by the school finance officer must be kept in a safe place at all times.

9. Authorization

The head of a school is to authorize any expenditure. Recommended savings account or cheque signatories are the head of a school, the chairman of the school council, and one other person approved by the school council. The school finance officer will **not** be a signatory in the schools savings or cheque accounts.

10. Confidentiality

The school finance officer is **not** to leak out any financial information for the school. Filing and recording of all financial records must be ordered and accessible to the head of a school to locate any needed information especially when the school finance officer is absent.

11. School Financial Watchdog

A school finance officer must make it his/her business to ensure that funds are used appropriately. Do not leave unquestioned any use of school funds which in your opinion is being misappropriated.

Additional skills that a school finance officer must possess:

a. Competent and Capable

If a school finance officer will be competent in carrying out the different tasks and relieve her immediate employer of a good deal of routine work and inquiry, one must possess a good background knowledge of the structure of the school so as to be familiar with the functions and relationships of the various levels and management in their department. The school finance officer must be able to do what is needed according to his/her job description.

b. Possess Secretarial Skills

A school finance officer must have knowledge in filing and typing - specifically confidential matters that the head of school would like the school finance officer to do. Computer skills are necessary.

c. Organizing Skills

A school finance officer must be well organized so that the office routines are reliable and produce effective results (banking, opening hours, etc).

d. Efficient, Reliable and Responsible

A school finance officer must be prepared to accept responsibility for tasks delegated by the head of a school.

e. Discretion and Initiative

A school finance officer must be capable of working on his/her own initiative and using discretion without waiting for the head of a school's instructions.

f. Tact, Confidentiality and Diplomacy

A school finance officer must have tact, confidentiality and diplomacy in handling inquiries relating to the school finance. He/she must be able to communicate with people at different levels to gain cooperation and respect.

g. Punctuality

A school finance officer must ensure that he/she applies to submission of anything the head of a school needs especially for meetings, or in making a decision.

h. Loyalty/Commitment to the Job

A school finance officer must be loyal and committed to his/her work, as it is essential in establishing the ideal relationship with the head of a school.

i. Anticipation

A school finance officer must have the ability to anticipate the needs of a school to advise the head of a school to save time.

j. Appearance

A school finance officer must be neat and suitably dressed for office.

k. Customer Service

A school finance officer must know how to conduct himself/herself in the presence of people at different levels.

iii. School Council (School Committee)

The School Council in this Manual, will refer to either the school council or school committee. In addition, the Education Authority will refer to either the Provincial Education Board (PEB) or the Government Assisted Education Authority (GAEA).

An Education Authority is responsible to establish a school council for each school to assist the head of a school in the management and administration of the school. A member of the school council is not entitled to any salary or other remuneration, including by way of allowances, for his or her services to the council or committee. Subject to the availability of funds at a school, a member of the school council is to be refunded for expenses incurred when engaged on an approved business of the school council. Any approved business of the school should be detailed and recorded in the minutes of the school council. Heads of schools should liaise with their respective education authority if they are in doubt of expenses which the school will need to refund to members of the school council. The School Council must approve the reconciled financial reports submitted by the head of a school, prior to the financial reports being submitted to the Education Authority, on a monthly, quarterly and annual basis.

The School Council is responsible for employing trained or qualified teaching staff, administrative and ancillary staff of a school, such as the school cook, school finance officer, and so forth. Note that a trained teaching staff must have a recognized teaching certificate to teach at a particular level, and a qualified teaching staff, must be qualified in the subject area or year level, to be able to teach the subject or at a particular year level (*Refer to Education Regulation Order No. 44 of 2005*).

B: School Budget

A school budget is a financial plan setting targets for the financial activities, such as income, expenditures, etc, for a certain school for a specified period. The head of a school shall prepare an overall budget plan for the school, with the assistance of the school finance officer, for any year based on historical financial data, and on the school's five-year development plans for the future. The school's development plans must be clear and detailed in guiding the school budget priorities, as well as play a monitoring role of the impact of expenditures within a school. The school budget will be prepared as outlined in the budget format in Appendix 2 of the Manual. It is important that the school council must approve the budget prior to the start of a school financial year, which begins on 1st January annually.

In the preparation of the budget the following person have the following roles:

- | | |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Head of a School: | To prepare the budget, using the Budget Preparation Format, as detailed in Appendix 2, from pages 66 to 87. |
| School Finance Officer: | To coordinate the budget process for a school, by assisting the principal in preparing the school budget.

To provide accurate information on expenditure and income from the previous year, and expected income for the following year. |
| Head of Departments: | To identify anticipated costs and anticipated projects, for their respective departments. |
| Maintenance Foreman: | To provide a detailed plan with estimated costs for maintenance requirements of current assets, furniture and buildings.

To provide a forecast for proposed new assets, furniture and buildings. |
| School Council: | To approve the annual school budget before money can be spent. |

The head of a school must ensure that the following procedures are followed in using school funds:

1. The Annual Budget must be prepared by the head of a school with the assistance of the school finance officer and submitted to the school council for approval, prior to 1st January every year. The budget must be prepared according to the budget format, as outlined in Appendix 2.
2. Regular meetings should be held between the head of a school and the school finance officer.

3. The head of a school must ensure that the funds are used according to the approved budget and must be within the limits of the budget approved by the school council.
4. Major areas of expenditure must be prioritized, according to the school's cash flow.
5. Should expenditure exceed a school's income level, then expenditure should be stopped until budgets are re-written and accurate income levels determined.
6. If there is a budget deficit - identify how and where the school is going to get the extra money, either through fund raising, project requests, or by other means.
7. The head of a school must ensure that any funds used should be in line with the school policies.
8. The head of a school must ensure that funds spent are in line with the Education Act. For instance, all head of schools must ensure that funds are spent according to Part 3 of the Grant Code (Refer to Appendix 3, page 88). Other areas of expenditure are to be justified by the head of a school.
9. To ensure that the funds are spent according to the school budget, the head of a school must authorize all payments that are to be made by the school. If and when authority to approve expenditure has been delegated to other persons those delegations should be clearly written and understood by the school staff and the school council members.
10. The head of a school must ensure that the financial records are kept accurately and up-dated at all times by the school finance officer to facilitate the head of a school in making good decisions with regards to spending of the school funds.
11. The head of a school must submit monthly, quarterly and annual financial reports to the Provincial Education Boards (PEBs) or Government Assisted Education Authorities (GAEAs), through the school council.
12. The head of a school must include an annual allocation for reserve fund in your budget. This is needed especially if there is a disaster. The amount for the reserve fund will be determined and approved by the school council.
13. If applicable, any savings from the previous year's budget can be invested in a Savings Account or a Fixed Deposit Account for the school.

Budget Headings

The headings under which a budget should be prepared are:

A. INCOME

Schools receive income from the following sources:

Student Income

Annual Student Tuition Fees: *Covers teaching fees.*

Annual Student Boarding Fees: *Covers student's accommodation and meal costs.*

Caution Fees: *Caters as a "safety" measure for damage to school assets or equipments.*

Insurance Fees: *Covers incidents that may or may not happen, e.g. student injury.*

Lunch Fees: *Covers lunch for students who opt to have lunch in schools.*

Sale of Uniform Fees: *Covers standard school uniform sold by a school.*

Shop Income: *Covers the operations of a school shop for the benefits of the students.*

Other Student Income: *Covers any other income that may be derived from students, which will cover expenses incurred by the school on behalf of the students. For example, Exam Levies Fees, which covers exam fees sat by students in Years 8, 10, 12 & 13.*

Government Income

Staff Salary Grant: *Partly covers salary and related expenses for staffs (teacher, administrative or auxiliary staff) that are employed by the school council.*

Fee Subsidy: *Government subsidizes part of the fees charged by schools to parents.*

Operating Grant: *Partly covers administrative expenses incurred by the school.*

Other Government Income: Covers other income that may be derived from the government. For example, government may assist in providing 50% grant to the school for purchase of a staff computer.

Other Income

General Grant: *Partly covers administrative expenses incurred by the school.*

Salary Grant: *Partly covers salary and related expenses for staffs that are employed by the school council.*

Staff Housing Rent: *It is the monthly rental for staff houses, as approved by the School Council, which will partly cover the maintenance costs for the staff houses.*

Fund Raising: *Additional funds raised to cater for a particular school project, for example, school fencing. This should be indicated in the school's annual plan.*

Other Non-Government or Non-Student Income: *Additional income that may come from other sources to cater for additional expenses that are incurred by the school. For example, donor funding, MP funding, school farm, and so forth.*

Notes:

1. Business activities, that are beneficial for the students, must be properly established and have the necessary permits to operate.
2. Caution fees may be invested in a term deposit account but should be considered to be money in trust and not income.
3. For secondary schools, a maximum charge for school fees and boarding fees are to be set by the Ministry of Education. Refer to *Education Regulation Order No.44 of 2005*. To charge any higher fees or establish any other charges, the School Council must seek approval of the Minister of Education through the Director of Education Services. For primary schools, the school council may charge non-compulsory donations from parents and guardians.

B. EXPENDITURE

Personnel	<i>Covers personnel emoluments for staff members employed by the school council. The various categories are:</i> <ul style="list-style-type: none">TeachersAdministrationAncillary
Administrative	<i>Covers various administrative expenses that are incurred by the school. The different expenditure accounts are:</i> <ul style="list-style-type: none">StationeryPhotocopy SuppliesOffice Equipment MaintenanceTelephonePostage & FreightBank ChargesSchool CouncilLand Lease RentalTravelCaution Fee RefundOthers
Boarding	<i>Covers boarding expenses that are incurred by students who board.</i> <ul style="list-style-type: none">Food & DrinkSupplies & EquipmentBuilding MaintenanceMedical FeesStudent AmenitiesOthers
Education Supplies	<i>Covers educational activities that will assist in improving a student's learning.</i> <ul style="list-style-type: none">Student StationeryLibraryVarious Teaching DepartmentsOthers
Operations & Maintenance	<i>Covers operations and maintenance expenses incurred by the school to cover the following areas:</i> <ul style="list-style-type: none">Class/Administrative RoomsGroundsTeacher & Staff HousesGeneral EquipmentVehiclesTractors, TrucksGeneratorsElectricityWaterGasDiesel OilPetrolKeroseneOthers

Development	<i>Covers educational projects that a school may have planned for which will assist student's develop their learning skills. They may be categorized as follows:</i>
	Library & Textbooks
	Education Equipment
	General Equipment
	Major Projects
	Others

Part 3: School Income & Expenditure Books

The following sets of books are to be kept and maintained by the school.

A. Receipt Book

A receipt book is maintained to account for money received by the school.

The school can receive money in the following ways:

- i. Cash paid in by students or parents;
- ii. Cheque paid directly to the school, or paid to the school account via the bank;
- iii. Government grants; or
- iv. Fund-raising, projects or donor contributions.

Money received by the school can be for school fees, contributions, school grants from the Ministry, bank interest, and sale of school produce, donations, church assistance, or other miscellaneous income.

Only the school finance officer or the head of a school may receive school income (whether from student, government or other sources).

Procedures for Receipting

1. Issue a receipt immediately upon receiving cash. It is easy when you are busy and collecting money from different people to forget who gave you money for what purpose. It is much safer to receipt the money straight away. Also the person giving you the money will require "proof" that he gave you the money: the receipt is that proof of payment.

For cheque payments, a receipt should only be issued once the bank has cleared the cheque to ensure that there are adequate funds in the payer's account.

2. The receipt form must be written in duplicate (by the use of carbon paper). This enables you to give the original to the person handing you the money and to retain the duplicate so that you know how much you have collected for the day and for what purposes.
3. If for some reason, the receipt is cancelled the original copy must be retained and cancelled with the duplicate. If this is not done you cannot show that the money was never received.
4. The receipt form itself should be official and pre-numbered on both the original and duplicate. The receipt should have the school's name on the original. This can be done by rubber stamp or by printing special receipts, but the second option may be expensive.

5. If money is received through the mail or the bank you should enter the details in a Remittance Register. You should immediately write a receipt (in a separate receipt book specifically used for this purpose) and mail it to the person who sent the money as acknowledgement of money received.
6. The receipts should be totaled up and the total be entered in the various income column in the main cashbook, prior to banking.
7. Total receipts are to be deposited intact into the school's bank account. Intact means that payments should not be made out from cash received. All cash received must be banked prior to being used by the school.

A sample of a receipt is shown below:

Name of School _____	Receipt No. _____
Date _____	
Received from _____	
The sum of _____	
Being for _____	
VT _____	
Signed: School Finance Officer or Head of a School + Official School Stamp	

Some other important points to note on receipting are:

- Members of the school council or other school staff must not receive money from students or parents for payment of fees or for any other means of school income.
- Money must only be paid to the school finance officer, or the head of a school, or the person nominated by the head of a school **in the school office**, unless the fund is deposited into the school bank account, and a receipt must immediately be issued. Parents should be advised to fax to schools a "receipt" of deposit of students fees.
- Receipts are not required for amounts that are 'direct credits' by the bank, for example bank interest or school grants. A separate receipt book is maintained for this purpose.
- Accepting personal cheques from staff for cash collected is **not allowed**, as the personal cheque may or may not be honored. Generally, the staffs are there to benefit the school and not the other way round.
- If a cheque payment is made to the school, the school **will** make every effort to bank the cheque immediately to clear the cheque. A receipt is only issued to the individual, **after** the cheque has been cleared.
- Schools that do not deposit their cash into the school bank account on a daily basis, the cash on hand should be kept in a safe place, preferably locked away ready for banking.
- As a measure of control, only one receipt book should be used for one bank account at one time.

- As another control over receipt books you must record all stocks or books in a “Receipt Book Register” showing the progressive numbers, to whom the book was issued, when it was issued, when the book was finished, and provision for an audit notation.
- Money that is collected from a school fundraising, and is deposited into the school account must be receipted.
- All unused receipt books must be kept in a locked drawer.

B. Fees Register

The Manual will refer to fees as school fees paid by parents after primary schooling and to parental contributions which is the term used for contributions received by the school from parents at the primary level. School fees represent a large portion of income for the school. It must be noted that school fees is public money. The Public Finance & Economic Management (PFEM) Act, Part X, Section 43, Paragraph 1 states that:

“Public money is the property of the State.”

Thus, it is important that all fees, donations or money received by the school are well accounted for.

For secondary schools, a maximum charge for school fees and boarding fees are to be set by the Ministry of Education. Refer to *Education Regulation Order No.44 of 2005*. To charge any higher fees or establish any other charges, the School Council must seek approval of the Minister of Education through the Director of Education Services. For primary schools, the school council may charge non-compulsory donations from parents and guardians.

Part of the Government of Vanuatu’s Education Policy is to phase in fee free basic education. This will be achieved by gradually replacing school fees with increased government grants. The Ministry of Education will give consideration to increasing the per student amount of the school grant as school costs increase, in order to ensure that the value of the school grant keeps up with inflation. A survey of the costs of education will be conducted in early 2010. Following this survey, the Ministry of Education will review the amount of the grant allocation to schools.

During the period while a school contribution is still expected from parents, schools will need to develop, in consultation with their school community, a policy on dealing with parents who do not pay a school contribution. This policy must be approved by the School Council, at the beginning of the school year. Schools are reminded that excluding students from attending schools, because parents have not paid their contributions, is a contradiction to the policy of increasing access to basic education.

Budgets are planned around the receipt of income and it is very important that fees are collected in full as early as possible. The accepted method of controlling the receipt of fees is through the Fees Register. This is a record, which lists all students, normally in year levels, and shows the amount payable for fees. It is important that the School Administration should constantly monitor which fees are outstanding and take appropriate action.

There is no set format for a fees register but most schools use class lists, individual cards for each student, or computer spreadsheets. The register includes receipts of fees for the various students, normally in year levels, and shows the total amount payable for respective fees charged by a school.

Following is a sample of a fees register for a student:

Fees Register

Student's Name:		Date of Birth:		Place of Birth:		Student ID Photo (Attach here)	
Island:		Province:		Student ID No:			
Year 1: 2010							
Annual Fee	Amt (VT)	Term 1 Receipt	Amt (VT)	Term 2 Receipt	Amt (VT)	Term 3 Receipt	Total
Tuition Fee							
Boarding Fee							
Caution Fee							
Insurance Fee							
Lunch Fee							
Other Fees							
Total Fees							
Year 2: 2011							
Annual Fee	Amt (VT)	Term 1 Receipt	Amt (VT)	Term 2 Receipt	Amt (VT)	Term 3 Receipt	Total
Tuition Fee							
Boarding Fee							
Caution Fee							
Insurance Fee							
Lunch Fee							
Other Fees							
Total Fees							

Fees Paid In-Kind

In some schools, school fees are "paid" in local produce or by manual labor rather than by money, this is called Fees In-Kind. This type of fee payment replaces fees paid in cash. This method should only be accepted as a last resort. The method of accounting for this in the cash book is detailed below:

- (a) A value is given to the produce or labor and the parent or guardian is given a "receipt" in the form of a Fee-In-Kind Voucher.
- (b) The two accounts affected in the cashbook is Students Income to the value of (a) above, and the relevant expenditure heading to the same value. No amount is entered in the cash or bank columns, as it is a non-cash transaction.
- (c) The fees register has an entry in the comments column like "fees in kind" and the value entered under "amount" with a cross-reference being made to the Fee-In-Kind receipt.

In this way, the fees register will balance with the income account called "fees" and the true values will be recorded in the cashbook. It is emphasized that the school administration should try in all cases to collect fees in cash and not "in kind".

Criteria for Fees Paid In-Kind

The following are general criterias for schools to consider when allowing a parent or guardian to pay for fees in-kind:

- The Fee In-Kind method of payment need to be certified by each head of school, for the same or different schools which the children are enrolled in;
- Single parents who do not have a paid job, and depend on cash crop with two (2) or more children in school;
- Parents who are not able to work and earn an income for the family because they are medically unfit. They will need to be certified by a medical doctor that they are not able to work;
- Parents who are dependent on cash crop or who have a low income – who have three (3) or more children in school;
- The school council must have a list of the value of local products, labor or materials that will be accepted as payment for fees in-kind by parents;
- All criterias for Fees In-Kind, will need to be approved by the School Council, and sent in writing, to the Education Authorities at the beginning of each year.

The following is a sample of a Fee-In-Kind voucher:

<u>"Fee-In-Kind" (FIK) Receipt</u>	
Name of School: _____	Receipt No. _____
Date: _____	
Name of Parent/Guardian: _____	
Name of Student: _____	Year _____
Details of Fees Paid by "Fee In Kind"	

Amount (in vatu) _____	
I hereby certify that _____ (Name of Parent/Guardian) bought local produce / supplied manual labor (<i>cross out one which does not apply</i>) worth _____ vatu to the School as "Fees Paid In Kind" for _____ (Name of Student) in Year _____.	
_____ Name & Signature of Parent or Guardian	_____ Name & Signature of School Finance Officer or Head of School + Official School Stamp

Loss and Non-Collection of Fees

All schools are to take note of the reference made in the PFEM Act, Part IX, Section 42, "Writing of Losses" which relates to the loss and non-collection of fees:

"No losses of public money shall be written-off without the authority of the Director-General acting with the concurrence of the Minister."

All schools receive public money, such as parental contribution, various types of school fees, and money from fundraisings, donations, or any other means of money from the public. Loss of fees refers to money which is stolen from the school or mis-used by a member of the school community. Loss of fees should be reported immediately to the appropriate Education Authority, through the School Council. The Education Authority will then inform the appropriate authorities of this loss, and penalties may be imposed.

Non-collection of fees refers to parents who have not completed their children's fees or contributions to the schools. This can also be referred to as bad debts which are still owing to the school by parents. Penalties for non-collection of fees are normally agreed to in the general school meeting, which includes school staff, parents and members of the school community. The penalties agreed to in this meeting should be noted in the minutes of the general school meeting, and submitted to the school council for approval.

C. Deposit Book

A deposit form is to be completed prior to banking of school funds. A deposit form within a deposit book has a duplicate copy. When doing the banking, the teller keeps the original and the copy is kept in the book for recording purposes.

The deposit book is to be kept in a locked drawer for future referencing.

D. Cheque Book

By January 2010, all schools should have a bank account established with the National Bank of Vanuatu (NBV). Each school will have a cheque account with NBV which must be used for the day-to-day operations of the school.

Each school will have a cheque books for making payments to suppliers of goods and services to the school. Thus, school cheque books are not to be issued in any staff members' or school council members' name. Each school must have three signatories – the Head of the School, the Chairman of the School Council and one other person nominated by the School Council. For any withdrawal or transfer from one of these accounts tow of these three people must sign the cheque or transaction slip.

If the school wishes to change the signatories to the school bank accounts at any time, the Ministry of Education must be advised immediately in writing of the proposed new signatories to the account. The Ministry of Education will seek approval from the Director General of the Ministry of Finance & Economic Management to implement the changes to the bank account signatories held with the National Bank of Vanuatu.

In relation to this topic, it is important for school staff to take note of the following paragraphs extracted from the *PFEM Act, Part 10, Section 43, paragraphs 1 to 5* on Public Money.

PUBLIC MONEY

(1) Public money is the property of the State.

(2) All public money which is currency or a right or entitlement to currency must, except as otherwise provided in this Act, be paid into bank accounts designated by the Director-General for that purpose and which shall comprise the Public Fund.

(3) All money paid into any designated bank account is deemed to be public money, and will not be removed except as provided by the Constitution or this Act.

(4) Notwithstanding any other enactment to the contrary and except as provided for in section 52(1), no bank account will be opened or operated or continued to be operated for the purpose of the deposit and/or withdrawal of public money without the express authority of and on such conditions as the Director-General determines.

(5) The Director-General may make demand on the manager of a bank operating in Vanuatu for disclosure of the records of the accounts current or otherwise operated by an agency and on receiving such demand, the manager will comply with the demand accordingly.

It is encouraged for all schools to have a cheque-book for making payments to suppliers, and the following points are important to bear in mind, when issuing cheques.

As a measure of control:

- Only one cheque-book should be used for one bank account at one time.
- As another control over cheque-books, records of issues of cheque-books in a "Cheque Book Register" must show the progressive numbers, when it was issued, when the book was finished, and provision for an audit notation.
- Avoid writing "Pay Cash" when paying suppliers, as cheques may get misplaced and another person may cash the cheque.
- The cheque-book must be kept in a locked drawer at all times. Unused cheque-books and unused cheque-butts must be kept in a secure place.
- No open cheques are to be issued at any one time.
- It is recommended that there be two joint-signatures required to sign a cheque at any one time, and that the head of a school usually be the final person to sign.
- All cheques issued by the school should be crossed 'Not Negotiable'. This means that a cheque must be paid into a bank account of the person for whom you are writing the cheque to.
- The loss of a cheque book or a cheque leaf must be reported immediately to the National Bank of Vanuatu branch closest to the school or to the Internal Audit Unit at the Ministry of Education.
- If a cheque is found to have been made in error or not in accordance with the Grants Code, each cheque signatory will be held personally accountable.
- The following is a sample of a cheque butt with the attached cheque leaf for a school:

Date: _____	 National Bank <i>Vanuatu's Own Bank</i> P O Box 249 Port Vila, Vanuatu	_____ 20
To: _____		_____
_____	Pay _____	_____ or Bearer
_____	the sum of _____	_____
Fwd: _____	_____	<input type="text"/>
Amt: _____		
Bal: _____		
15	15	50 000XXX001
		Harmony School

E. Savings Account Book

Schools may operate a savings account book which may be used to hold money that the school does not need immediately, and the moneys kept in the savings account will earn interest for the school. The only transactions allowed on the savings accounts are transfers from the cheque account and back to the cheque account. The savings account may not be used for general deposits and payments.

Saving account books are not to be issued in any staff members' or school council members' name. Each school must have three signatories – the Head of the School, the Chairman of the School Council and one other person nominated by the School Council. For any withdrawal or transfer from one of these accounts two of these three people must sign the cheque or transaction slip.

If the school wishes to change the signatories to the school bank accounts at any time, the Ministry of Education must be advised immediately in writing of the proposed new signatories to the account. The Ministry of Education will seek approval from the Director General of the Ministry of Finance & Economic Management to implement the changes to the bank account signatories held with the National Bank of Vanuatu.

The following points are important to bear in mind when using a savings account book.

As a measure of control:

- Only one savings account book should be used for one bank account at one time.
- As another control over savings account books, records of issues of savings account-books in a "Savings Account Book Register" must show the progressive details of when it was issued, when the book was finished, and provision for an audit notation.
- The savings account book must be kept in a secured place at all times.
- All withdrawals from the savings account must match the expenditure of funds as detailed in the school cash book.
- It is recommended that there be two joint-signatures required to sign a withdrawal form at any one time, and that the head of a school usually be the final person to sign.
- The loss of a savings account book must be reported immediately to the National Bank of Vanuatu branch closest to the school or to the Internal Audit Unit at the Ministry of Education.
- It is recommended that if schools have surplus funds or savings at the end of the year, this fund can be deposited into the school term deposit account. Schools may have major development projects on-going at the school and additional funds saved in the school account will assist the school to complete the project.

F. Order Book

The order book is used when placing school orders and it accounts for all orders of goods and services placed by the school. When placing the order the original is given to the supplier and the copy is retained in the book. When delivering the items ordered, the copy retained in the book is used to check whether items ordered are received.

Following is a sample of school order voucher.

Order Voucher

Name of School: _____ Order No. _____

Date: _____

Name of Supplier: _____

Details of Goods and Services Ordered

Quantity	Description of Goods

I hereby certify that Harmony School has placed orders for the above goods for an amount of _____ vatu.

Name & Signature of School Finance Officer *Name & Signature of Head of School*
+ Official School Stamp

Currently, there is no agreement between the Ministry and any preferred supplier on the purchasing of goods or services for schools. Heads of schools will be responsible to order goods or services on behalf of the school. Schools are requested to liaise with the relevant education authorities to confirm a preferred supplier. If a contract is raised between a supplier and the school, the head of a school will be responsible to pay the supplier according to the terms of the contract. It is important to note that if the head of a school transfers from one school to another, any contract between the school and supplier, will need to be maintained, as the head of a school signed the contract on behalf of the school. So any new head of school will need to respect the terms and conditions within the contract signed between the former head of school and the preferred supplier, and complete any outstanding payments which are owing to the suppliers.

G. Payment Vouchers

The general rule is that all payments should be made by cheque and must be supported by documents that prove that the payment was for goods and services properly ordered and invoiced, and that school funds are available for the purchases. A payment voucher must support each payment and these vouchers filed in cheque order number for audit check. Payments must never be made from cash collections. The only time a cash payment can be made is through the petty cash system.

Process for Payment of Accounts

- i. A payment voucher form should be created. This will be used as a checklist to ensure that the steps of internal control are followed. A copy of the supplier's invoice must be attached to support the payment voucher. If an invoice cannot be obtained, the supplier must sign the voucher as "claimant" for the money.
- ii. The person receiving the goods must sign the voucher to show that there was no problem with delivery. The school finance officer should also check the rates charged and all other calculations on the invoice. If an asset (equipment or furniture,) is being purchased, a record should be maintained, preferably in the School Assets Register. The school finance officer must ensure that the goods are paid from the correct budget activity.

- iii. At least three written quotations should be obtained from three suppliers for items worth VT 20,000 or more. The quotations should form part of the supporting documents attached to the payment voucher.
- iv. The head of a school must certify and authorize the voucher, to verify the amount and the goods to be bought then pass it on to the school finance officer for a cheque to be issued. Each cheque issued must have a payment voucher. In schools where there are no school finance officers, the head of a school must make an effort to get someone else to check all the calculations, invoices, and so forth. One person should not do the ordering, checking and payment of goods. It is recommended that the math or accounting teacher be used to segregate these duties.
- v. It is recommended that there be two joint-signatures required to sign the payment voucher at any one time, and that the principal usually be the final person to sign.
- vi. The cheque is paid directly to the claimant, preferably through a bank transfer.

Following is a sample of a payment voucher:

<u>Payment Voucher</u>					
Name of School _____			Voucher Number _____		
Name of Supplier _____					
Order Date _____					
No.	Description of Goods and Services	Quantity	Unit Price (VT)	Total Cost (VT)	Expenditure Account
Invoice Number: _____			Invoice Date: _____		
I certify that I have checked this account with school procedures and payment is authorized. All enquiries should be referred to the school finance officer, _____ (name of school finance officer) on telephone _____.					
I certify that this amount is true and correct and the expenditure was approved.					
_____ Head of School's Name & Signature & Official School Stamp				_____ Date	
I certify that the goods/services were or were not (cross out one which does <u>not</u> apply) received satisfactorily, and cheque number _____ was paid directly to the supplier's bank account _____ (give supplier's bank, and bank account number) for the amount of _____ vatu, on _____ (date).					
_____ School Finance Officer's Name & Signature				_____ Date	
Receipt of Funds (Applies only to suppliers who were paid cash directly)					
I certify that an amount of _____ vatu was received from _____ (name of staff) on behalf of Harmony School, on _____ (date supplier received payment), by my company, _____ (Name of Supplier).					
_____ Name & Signature of Supplier				_____ Date	

Part 4: Payroll Records

It is advised that heads of schools and school finance officers need to be familiar with the relevant sections of the Employment Act, to minimize the risk of legal action taken against the school by staff that are not happy with the terms and conditions of work in a school environment .

The school council may employ additional trained or qualified teaching staff (*refer to Part 2A of the Manual*), administrative, or ancillary staff, like school finance officers, secretaries or typists, cooks, grounds men, cleaners, or maintenance staff. In most cases schools will have to find the money to pay for the additional staff from their own resources. Certain internal controls need to be followed, to ensure that recruitment and payroll records for these staff are properly documented.

A sample of a Periodic Contract Agreement between a staff employed by the school council and a school can be seen in Appendix 4, on page 89.

Process of Payroll Payment

A. Staff Time Logbook

It is appropriate for any school to use a staff time logbook to record the starting and finishing time of any staff that is employed by the school council. A time logbook should be set up and kept in the school administration office and staffs are required to sign the logbook on a daily basis. Schools can be flexible as long as the total working hours per week of 40 hours are achieved. For example, start at 7:30am, finish 12 noon, restart at 1:00pm and end at 4:30pm. Other staffs may be recruited on a contracted basis and hours of work may vary.

The following is an example of a staff time logbook.

Harmony School Staff Time Logbook

Date	Name of Staff	Start (a.m.)	Signature	Finish (a.m.)	Signature	Start (p.m.)	Signature	Finish (p.m.)	Signature
	Staff A								
	Staff B								
	Staff C								
	Staff D								

Staff must **not** sign the logbook for another member of staff.

B. Pay Advice

A statement of pay advice should be prepared so that each staff can determine how his/her net pay is calculated. A pay advice must accompany every payment made to the staff, and a duplicate copy should be retained by the school for recording purposes. Staff can be paid in cash, cheque or by direct transfer into a staff's bank account.

All schools must maintain all payroll records and other relevant documents of a staff for up to 3 years. *Refer to Employment Act, Section 17.*

It is recommended that staff be paid on a fortnightly basis. Thus, in a school year beginning January 1st to December 31st, there will be 26 pay periods for the school to consider per staff.

The following is an example of a pay advice.

Pay Advice

Name of School _____	
Name of Employer: _____	VNPF No: _____
Name of Worker: _____	Job Title: _____
Pay period From: _____	To: _____
Salary Rate per Fortnight: _____	vatu Normal Weekly Hours: _____
Overtime Pay: _____	hours = _____
Other Allowances Due:	
_____	= _____
_____	= _____
Deductions:	
VNPF = _____	vatu
Absences = _____	vatu
Advance of Salary = _____	vatu
Housing = _____	vatu
Others = _____	vatu
Others = _____	vatu
Net Salary To Be Paid: _____	
Total Amount in Words: _____	
Date: _____	
Prepared By _____	_____ <i>Name & Signature School Finance Officer</i>
Verified By _____	_____ <i>Name & Signature Head of School + Official School Stamp</i>

Overtime

With regards to overtime, a staff member may only claim for overtime if the staff has been asked by the head of school to work overtime. Only the head of school will approve over-time for members of staff, if it will contribute to improving the learning environment of the students. No payments for overtime will be paid if there is no approval from the Head of School before the work is being undertaken. The head of school should refer to *Employment Act, Part VI, Section 26 on Overtime Pay*.

For the purposes of paying overtime to staff, overtime will be paid at the rate of 1.25 times the normal hourly rate for the first four hours, and 1.5 times the normal hourly rate for more than 4 hours of work. VNPF Deduction will include (Fortnightly Gross Salary + Overtime Pay) x 4%. If an employee only works during the normal hours of work then the VNPF deduction will only be calculated at 4% of the fortnightly gross salary.

C. Modes of Payment

The following are methods in which the school can make payment to each employee on each pay day. Schools are advised to use the method which is best, fast and safe for the employees.

a. Payment by Cash

Some schools pay their staff in cash. A cheque is drawn for the total amount of the net pay. This cheque is then cashed at the bank with a request that the amount be made of each denomination, for example 10 @ VT 5,000, 4 @ VT 1,000, 2 @ VT 500, 1 @ VT 20, 7 @ 2VT. Each staff receives a pay packet with his or her respective net pay

inside. The staff checks to see if the net pay matches with his/her amount on the pay advice, and signs a receipt to show that he/she is satisfied with the amount received.

b. Payment by Cheque

Some schools pay their staff by cheques. A separate cheque is written out for each staff's net pay. A pay advice accompanies the cheque. This method overcomes the problem of having to handle cash, which is time-consuming, and provides greater control because the cheque butts are proof of payments.

c. Bank Transfer

In this case, staff salaries are deposited directly to their bank accounts. Because the money is transferred, there is no worry about handling cash or drawing individual cheques. However, a pay advice must be given to the staff.

D. Controls Over Payroll

Because wages represent a major expense to any schools it is most important that adequate controls be implemented. Staff should not be paid more than that to which they are entitled and controls should also ensure that amounts are not paid to "ghost" staff.

The following control measures should therefore be implemented to prevent malpractices occurring in the payment of wages:

- Adequate supervision of the time book. This is to ensure that staffs are not signing in and out for others.
- Staff should sign a receipt to prove that they have received their correct pay.
- There should be adequate separation of duties. Duties should be arranged so that one staff does not perform two of the following functions:
 - Recording of time worked
 - Preparation of the payroll register
 - Recording entries in the books of accounts
 - Keeping of personnel records

E. Accounting For Payroll

The payroll register is the source of information for entries into the cash book. The amount of expense to the school for salaries is the gross amount paid and not the net amount paid. Deductions for VNPF contributions must be forwarded to the National Provident Fund at the end of the month.

F. Leave

a. Annual Leave

Any staff of the school that has been in continuous employment with the school for 1 to 6 years, is entitled to 1.25 working days per month for each year of employment. Any staff of the school that has been in employment with the school for 7 to 9 years, is entitled to 1.75 working days per month for each year of employment. *Refer to Employment Act, Part VII, Section 29, Amendment 33 of 2009.*

In addition, staff will also be entitled to paid leave for all public holidays (*Extract from the Casual Manual Employees No. 5 of 1985*).

On another note, if a staff's contract comes to an end, and he/she has a few days of annual leave remaining, then the school council is obliged to pay the remaining balance of the leave outstanding (note that leave may accumulate for a period of two (2) years).

Example of Leave Calculated for less than 6 years:

Mr. Joel has worked for the school from 15th January 2006 to 15th December 2007 (1 year and 11 months) and has a monthly salary of 28,000 vatu. Mr. Joel's leave entitlement is calculated as follows:

Less than 6 years of work:

15th January 2007 – 15th December 2008: 1 year and 11 months = 23 months (is less than 6 years)

Thus, for this period that he worked, Mr. Joel is entitled to 28.75 days annual leave (23 months x 1.25 days per month).

During the period he worked, Mr. Joel took 25 working days leave. At the end of his contract he has 3.75 days leave outstanding. The annual leave entitlement that will be paid to Mr. Joel will be calculated as follows:

Daily Rate: 28,000 vatu / 22 working days in a month = 1,272 vatu per day

1,272 vatu x 3.75 days outstanding leave = 4,770 vatu

Thus, Mr. Joel will be paid 4,770 vatu for his outstanding leave not taken, in addition to his severance package.

Example of Leave Calculated for over 6 years:

Ms. Kessah has worked for the school from 15th January 2000 to 30th November 2008 (8 years, 10 months and 15 days) and has a monthly salary of 30,000 vatu. Ms. Kessah's leave entitlement is calculated as follows:

Up to 6 years of work:

15th January 2000 – 15th January 2006: 6 years = 72 months

72 months x 1.25 working days per month = 90 days leave

Over 6 years of work:

16th January 2006 – 30th November 2008: 2 years 10 months and 15 days = 34.5 months

34.5 months x 1.75 working days per month = 60.375 days leave

Total Leave Entitlement

90 days + 60.375 days = 150.375 days leave

Thus, for this period that she worked, Ms. Kessah would have been entitled to 150.375 days annual leave

During the period she worked, Ms. Kessah took 123 working days leave. At the end of her contract she has 27.375 days (150.375 days – 123 days) leave outstanding. The annual leave entitlement that will be paid to Ms. Kessah will be calculated as follows:

Daily Rate: 30,000 vatu / 22 working days in a month = 1,363 vatu per day

1,363 vatu x 27.375 days outstanding leave = 37,312 vatu

Thus, Ms. Kessah will be paid 37,312 vatu for her outstanding leave not taken, in addition to her severance allowance.

It is recommended that the school council encourages staff to take leave each year, so it does not accumulate over time, so that the school will not have to pay our large amounts of money to a staff for any leave outstanding.

b. Sick Leave

Any staff of the school who has been in employment with the school for 6 consecutive months, he/she is entitled to 21 working days leave on full pay of grounds of illness, provided he/she forward to the employer a medical certificate of illness. *Refer to Employment Act, Part VII, Section 34.*

A staff is not paid out any sick leave, if he/she still has a few days of sick leave due at the end of a particular year.

c. Leave without Pay

Leave without pay may be granted to a staff by the head of school on the grounds of illness, urgent private affairs or on compassionate grounds.

d. Maternity Leave

i. A woman employee shall be allowed to take maternity leave upon production of a medical certificate stating that the birth of her unborn child (this is called confinement) will probably take place within six (6) weeks. Any staff will not be permitted to work for a period of 6 weeks before her confinement and 6 weeks after her confinement. *Refer to Employment Act, Section 36, Paragraph 1, Amendment 33 of 2009.*

ii. While absent from her work on maternity leave a woman employee shall be entitled to be paid 66% of her total wages that she would have earned during this period. *Refer to Employment Act, Part 36, Paragraph 2, Amendment 33 of 2009.*

iii. A woman employee shall be allowed to nurse a child for one hour twice a day during her working hours, until the child reaches the age of 24 months. *Refer to Employment Act, Section 36, Paragraph 3, Amendment 33 of 2009.*

iv. Notice of dismissal shall not be given to a woman employee who is on maternity leave or who remains absent as a result of illness certified by a medical practitioner to arise out of pregnancy or confinement and rendering her unfit for work. Provided that such additional absence from work shall not exceed three (3) weeks. *Refer to Employment Act, Section 37.*

G. Minimum Wage Requirement

Since November 2008, the minimum wage requirement for Vanuatu has been set at 26,000 vatu per month. As school staffs are recruited through the school council, all school councils are expected to pay their staff according to this minimum legal requirement. The minimum wage for a worker can be determined according to daily or hourly rate in the following way:

Monthly Rate:	26,000 vatu per month
Working Days in a Month:	22 working days
Minimum Daily Rate:	$26,000 \text{ vatu} / 22 \text{ working days} = 1,182 \text{ vatu per day}$
Minimum Working Hours per Day:	8 hours
Minimum Hourly Rate:	$1,182 \text{ vatu} / 8 \text{ hours} = 148 \text{ vatu per hour}$

Standard Calculation of Fortnightly or Twice-Monthly Salary for a Staff at the Minimum Wage Rate:

Since it is encouraged that all schools should pay their staff on a fortnightly basis, the following is a calculation on the amount to be paid to a staff earning the minimum wage of 26,000 vatu per month.

$$26,000 \text{ vatu per month} \times 12 \text{ months} = 312,000 \text{ vatu per year}$$

$$312,000 \text{ vatu per year} / 26 \text{ pay days in a year} = 12,000 \text{ vatu per fortnight}$$

Thus, a staff earning 26,000 vatu per month will be paid 12,000 vatu every fortnight.

But if schools consider paying their staff two times every month, for example on the 15th and 30th of every month, then based on the minimum wage, a staff should receive 13,000 vatu (26,000 vatu / 2 pays per month) every 15th and 30th. This amount is slightly higher as there will only be 24 pay days in a given year.

Note that even though the wages may differ for different staff, the above calculation will be used to determine how much a staff is paid either every fortnight or two times in a month.

H. Calculation for Deduction to Provident Fund

It is important to note that according to the Vanuatu National Provident Fund (VNPF) Act, an eight percent (8%) contribution is deducted from a staff's salary to be paid towards his or her provident fund which is maintained by the VNPF in Port Vila. Of this 8%, 4% is paid by the employer, in this case the school, and the remaining 4% is paid by the staff.

For instance, Mr. Micah receives a monthly salary of 29,000 vatu. His provident fund will be deducted directly from the 29,000 vatu as follows:

Monthly salary:	29,000 vatu
Provident fund:	4 % of 29,000 vatu
	= $4 / 100 \times 29,000 \text{ vatu}$
	= 1,160 vatu

Thus, Mr. Micah will only receive 27,840 vatu (29,000 vatu – 1,160 vatu) of his total monthly salary.

The other 4% is paid by the school. Thus, the total contribution to be paid to the Vanuatu National Provident Fund at the end of the month is 2,320 vatu (1,160 vatu x 2).

It must be noted that all school councils must make an effort to register their staff with the Vanuatu National Provident Fund. It must also be noted that the 8% contribution for the provident fund is paid directly to the VNPF in either Port Vila or Luganville, and not to the staff.

I. Severance Allowance

(Refer to Employment Act, Part XI)

School councils normally recruit their staff on a contract basis. The Employment Act prescribes that such workers are not to be engaged for more than 3 years. *Refer to Employment Act, Paragraph 15.* Amendment 33 of 2009 of the Employment Act, states that a one month severance allowance will be paid to an employee for every 12 months that he or she has worked.

Upon the completion of a staff contract, the school will pay their severance allowance as follows:

Example 1:

A staff is employed by the school at the minimum wage for more than 12 months.

For example, Ms. Caroline has worked with Harmony School from 15th January 2006 to 10th March 2007. She is employed at 26,000 vatu per month. Calculate her severance payment.

Ms. Caroline has worked for:

1 year (15th January 2006 to 15th January 2007),
 1 month (16th January 2007 – 16th February 2007) and
 23 days (17th February – 10th March 2008).

Standard Calculation:

Considering Ms. Caroline earns 26,000 vatu per month, she will be entitled to 26,000 vatu for every 12 months (or 1 year) that she has worked as an employee of the school.

Entitlement for Period Worked:

Period Worked from 15.01.2006 to 10.03.2007 = 2 years 1 month 21 days

1 year:	26,000 vatu x 1 year	= 26,000 vatu
1 month:	26,000 vatu x 1 / 12 months	= 2,167 vatu
23 days:	26,000 vatu x 23 / 365 days	= <u>1,638 vatu</u>
Total Entitlement:		<u>29,805 vatu</u>

So Ms. Caroline will be entitled to 29,805 vatu as severance allowance for the duration of her contract.

Example 2

Mr. Ernie has worked with Harmony School from 4th February 2005 to 29th November 2008. He is employed at 30,000 vatu per month. Calculate his severance allowance.

Mr. Ernie has worked for:

3 years (4th February 2005 to 4th February 2008),
 9 months (5th February 2008 – 5th November 2008) and
 23 days (6th November – 29th November 2008).

Standard Calculation:

Considering Mr. Ernie earns 30,000 vatu per month, he will be entitled to 30,000 vatu for every 12 months (or 1 year) that he has worked as an employee of the school.

Entitlement for Period Worked:

Period Worked from 04.02.2005 to 29.11.2008 = 3 years 9 months 23 days

3 years:	30,000 vatu x 3 years	= 90,000 vatu
9 months:	30,000 vatu x 9 / 12 months	= 22,500 vatu
9 days:	30,000 vatu x 9 / 365 days	= <u>740 vatu</u>
Total Entitlement:		= <u>113,240 vatu</u>

So Mr. Ernie will be entitled to 113,240 vatu as severance allowance for the duration of his contract.

J. Notice of Termination of Contract

(extracted from the Casual Manual Employees (No.5 of 1985)

The school council may terminate a staff employed by the council:

(a) Automatically and without notice:

- (i) Following a serious disciplinary offence, or
- (ii) At any time during a period of trial of two (2) weeks, or extended trial period as agreed between staff and school council.

Note, that if the school were to terminate a staff immediately as the school will be closing due to some unexpected emergency, a staff will need to be paid the period of notice as contained within his or her contract. Normally, this would be 2 weeks, for employees working less than 3 years, and 3 months for employees who have worked over 3 years.

Example 1

In Ms. Caroline's case (*Part 1 above*), if the school was to terminate Ms. Caroline immediately as the school will be closing for some unexpected emergency, then Ms. Caroline will be entitled to 14 days notice paid to her, if she wasn't issued with a notice earlier on – as she has worked for the school for less than 3 years. This would be calculated as:

148 vatu per hour (*refer to Part G: Minimum Wage Requirement*) x 8 hours per day = 1,184 vatu (per day)

1,184 vatu x 14 days = 16,576 vatu

The 16,576 vatu would be paid in addition to Ms. Caroline's severance allowance, if Ms. Caroline was not served with a notice by the school.

Example 2

In Mr. Ernie's (*Part 1 above*) case, if the school was to terminate Mr. Ernie immediately as the school will be closing for some unexpected emergency, then Mr. Ernie would be entitled to 3 months notice paid to him, if he wasn't issued with a notice earlier on – as he has worked for the school for over 3 years. This would be calculated as:

30,000 vatu x 3 months notice = 90,000 vatu

The 90,000 vatu would be paid in addition to Mr. Ernie severance allowance, if Mr. Ernie was not served with a notice by the school.

(b) With notice:

For any reason after giving two (2) weeks notice provided that if the employee has less than one year's service, notice shall be one (1) week. If the employee has been in employment for more than three (3) years, the termination notice shall not be less than three (3) months.

(c) For reasons of health:

In the event of the employee being certified by a government medical officer as medically unfit for service by giving two (2) weeks notice.

Part 5: Petty Cash Book

This section applies to all schools that operate a school cheque account.

The purpose of establishing a petty cash is to easily record the payment and recording of expenses that are too small to require the drawing of a cheque. It would be ridiculous for payments of small amounts such as bus fare of one hundred and fifty vatu (VT 150) to be drawn from a cheque.

A limit of five thousand vatu (VT 5,000) is placed on the minimum for a cheque to be drawn, and payment under this amount is made through the petty cash fund.

Important points to note for the maintenance of the petty cash fund:

1. The petty cash records should be kept separate from the cashbook records, and is controlled by the school finance officer. The school finance officer and the head of a school are the only people allowed to have access to the fund.
2. It is recommended that the amount of the petty cash fund should not exceed VT 20,000. Any other amounts will be decided and approved by the School Council, at the beginning of each year.
3. The petty cash float should be maintained at the same amount at all times.
4. For the establishment of the petty cash, the two accounts involved in the cash book is bank payment and administration expense.
5. For each amount of fund spent a document called the petty cash voucher must be completed and authorized by the authorized personnel. The voucher should show the following details:
 - The name of the staff who made the purchase
 - The date of the purchase
 - The details of the purchase
 - Amount of the purchase
 - Approval of the authorizing personnel
 - The expense account to be debited: Personnel; Administrative; Boarding; Education Supplies; Operations & Maintenance; Development.
 - The signature of the staff who has received the goods
6. The petty cash vouchers are pre-numbered and all vouchers including those cancelled are kept for recording and audit purposes.
7. The voucher must be accompanied by evidence of expenditure, such as a receipt, and kept in a separate folder specifically for petty cash vouchers. This will then be used as an invoice to claim reimbursement.
8. All documentation is to be marked "paid" to ensure that it is not paid again.
9. For security of the petty cash funds, the funds should be kept in a petty cash box under lock and key and kept in a secure place.
10. Petty cash fund kept by the school is strictly for school use only and not for private or personnel use.
11. The school finance officer should reimburse the petty cash only if he/she has:
 - i. Reconciled the cash plus vouchers to the float.
 - ii. Summarized the expense accounts to be debited.

Steps Involved In Controlling and Recording Petty Cash

1. Establish the petty cash fund.
2. Record petty cash expenditures.
3. Balance petty cash book and draw a reimbursement cheque.

Step 1 is only carried out when a petty cash fund is being set up at the beginning of a school year, or the petty cash amount is changed. Steps 2 and 3 are carried out continually throughout the year.

Step 1: Establish the petty cash fund.

An initial amount is authorized by the head of a school and given to the school finance officer to start the fund. This amount paid in advance of expenditure can vary depending on the frequency of the petty cash transactions and the size of the school.

- The petty cash record is kept separate from the main cash book.
- Columns are headed up with the main expenditure headings as in the cash book
- The amount of each voucher must be entered in the appropriate expenditure column as well as the cash payments column. When reimbursing the funds, each expenditure column is totaled. It should then be evident that the total of the cash payments column equals the addition of the totals of the expenditure columns. The check acts as a control device.

Step 2: Record petty cash expenditures

Expenditure should be reported accurately and entered into the correct expenditure column.

Step 3: Balance the petty cash book and draw a reimbursement cheque.

When reimbursing the petty cash it is important that the amount on the cheque equals the total expenditure on the petty cash worksheet.

The following is an example of establishing the petty cash fund.

Step 1: Establish the petty cash fund.

Assume that VT 20,000 is an appropriate amount for the petty cash fund. Cheque No.0005 is drawn, and the school finance officer cashes the cheque on 15th February 2009.

Step 2: Record petty cash expenditures.

The following transactions occurred during the month of February 2009, and paid from the petty cash fund.

The school finance officer used the petty cash to pay the following:

- February 16: Stamps were bought from Vanuatu Post for VT 2,370, and receipt no. 465 was received.
February 18: Paper was bought from Microtech for photocopying maths curriculum for VT 3,400, on invoice no. 23.
February 20: Payment of local food products at the market for VT 2,000, and receipt no. 568 was received.
February 22: Science equipment bought for the science lab for VT 3,600 at Pacific Suppliers Ltd, and receipt no. 98 was received.
February 25: Office stationery for the month was purchased from Stop Press at VT 1,910, on invoice no. 239.
February 27: Payment of paint to refurbish English classroom VT 2,335, paid to Asian Paints, and receipt no 101 was received.
February 28: Reimbursement of petty cash on Cheque No. 0009.

The above transactions are recorded in the petty cash book, with the appropriate receipts/vouchers as follows:

Harmony School Petty Cash Book

Period: As of 15 February 2009

Date	Supplier's Name	Details	Receipt No.	Chq No.	Vchr No.	Cash Rcpts	Cash Pymnts	Expenditure Heads						
								Person.	Admin.	Brdg	Ed'n Supplies	Op'n & Maint.	Devmt	
15-Feb-09	Cheque No. 0005	Establishment of Petty Cash Fund		0005	5	20,000								
16-Feb-09	Vanuatu Post	School stamps	465				2,370		2,370					
18-Feb-09	Mirotech	Photocopy maths curriculum	23				3,400				3,400			
20-Feb-09	Market Vendors	Local food products for boarding students	568				2,000			2,000				
22-Feb-09	Pacific Suppliers Ltd	Science lab equipment	98				3,600				3,600			
25-Feb-09	Stop Press	Office Stationery	239				1,910		1,910					
27-Feb-09	Asian Paints	Repaint English classroom	101				2,335						2,335	
		Total				20,000	15,615	-	4,280	2,000	7,000	2,335	-	-
27-Feb-09		Petty Cash on Hand					4,385							
		Total Petty Cash					20,000							

Step 3: Balance the petty cash book and draw a reimbursement cheque.

Established Petty Cash Amount: VT 20,000
 Total Amount of Reimbursed: VT 15,615
 Balance in Petty Cash Box: VT 4,385

Summary for Petty Cash Fund:

Personnel Expense VT 0
 Administrative Expense VT 4,280
 Boarding Expense VT 2,000
 Education Supplies VT 7,000
 Operations & Maintenance Expense VT 2,335
 Development Expense: VT 0
Total VT 15,615

- Entry into the main cashbook:

Bank Payment		VT 15,615
Personnel Expense	VT	0
Administrative Expense	VT	4,280
Boarding Expense	VT	2,000
Education Supplies	VT	7,000
Operations & Maintenance Expense	VT	2,335
Development Expense	<u>VT</u>	<u>0</u>

- Another cheque (No. 0009) is drawn for VT 15,615 to reimburse the petty cash fund, and steps 2 and 3 are repeated again. A new petty cash worksheet is drawn up for the next period's minor expenses as follows, before the minor expenses are recorded as follows:

Harmony School Petty Cash Book

Period: As of 28 February 2009

Date	Supplier's Name	Details	Receipt No.	Cheque No.	Voucher No.	Cash Receipts	Cash Pymnts	Expenditure Heads						
								Person.	Admin.	Brdg	Ed'n Supplies	Op'n & Maint.	Devmt	
28-Feb-09	Cheque No 0009	Replenishment of Petty Cash		0009	9	15,615								
28-Feb-09		Petty Cash on Hand				4,385								
		Total Petty Cash				20,000								

- At the end of the year when all the petty cash are to be retired and banked, the two main accounts to be affected will be bank receipts and other income.

Part 6: Cash Book for Schools

The cash book records all income and expenditure made by the school. Only one cash book is maintained at any one time for one bank account.

The cash book is kept and maintained following a simple system of book-keeping.

- The cashbook should be maintained in cheque and receipt number order.
- The end of month closing balances should be brought forward to the beginning of the following month as opening balances, except for the beginning of a new financial year where the bank balance at the beginning of the year is used.
- The cashbook must be maintained and updated on a daily basis.
- Correction fluid should be avoided in the maintenance of the cashbook. Any mistakes should be neatly crossed out with the initial of the person is making the correction and the correct amount be inserted.
- The cash book uses the 3 Income & 6 Expenditure headings, as outlined in the school budget.
- Bank reconciliation's should be done on a monthly basis to reconcile the school's cash records with the bank statements. Any discrepancies found in the process should be made good. (A sample is shown in Part 7 of the Manual).

The following is an example of the steps to follow in maintaining a school cashbook.

Harmony School has a total student enrolment of 140 students in 2009.

The cashbook for Harmony School for the month of February 2009 reflects the following transactions:

February 1: Opening balance for Harmony School as per bank statement is VT 200,000, with VT 170,000 in Student Income, VT 10,000 in Government (Govt) Income, and VT 20,000 in Other Income.

February 2: Pay Wong Sze Sing Store for Invoice 27 for students ration for VT 120,000 on Chq No. 0001.

February 5: Fees received in cash, and deposited into the school account; VT 200,000; Receipt No. 1 to 20.

February 6: Pay Shell Pacific for fuel for VT 48,000 on Chq No. 0002. Received receipt No.561.

February 8: Pay Luganville Stationery for stationery for VT 100,000 on Chq No. 0003, for Invoice 97.

- February 9: Fees received in cash, and deposited into the school account; VT 250,000; Receipt No. 21 to 50.
- February 10: Mr. Toa paid for his son's school fees as "fee-in-kind", for an amount of 3,000 vatu, on Fee-In-Kind Voucher # 6.
- February 12: Pay Lo Chan Moon Store for rations for VT 60,000 on Chq No. 0004, for Invoice 369.
- February 15: Establish Petty Cash for the School at 20,000 vatu on Chq No. 0005.
- February 15: Pay Staff Wages for VT 75,000 on Chq No. 0006 for 1st–15th February 2009.
- February 16: Fees received in cash and deposited into the school account; VT 265,000; Receipt No. 51 to 100.
- February 17: House rent funds collected from school staff; VT 20,000; Receipt No 101 to 110.
- February 20: Pay Shell Pacific for Fuel; VT 48,000; Chq No. 0007. Received receipt No. 876.
- February 22: Fees received in cash and deposited into the school account; VT 300,000; Receipt No. 111 to 200. House rent money collected on February 17 was also deposited into the school account.
- February 25: Pay Sharper Image for Computer Set for Staff for VT 120,000 on Invoice 76; Chq No. 0008.
- February 28: Replenish petty cash fund for VT 15,615; Chq No. 0009. (*Refer to Part 5: Petty Cash Book*)
- February 28: Direct Donation received from Minister of Education for VT 150,000 for school development; paid through the school bank account. Receipt No. 201.
- February 28: Pay Staff wages for VT 75,000 on Chq No. 0010 for 16th - 28th February 2009.
- February 28: Pay VNPF staff contribution for the month of February 2009, for 12, 000 vatu on Chq No. 0011 (Note: 4% deducted from staff salary and other 4% is paid by the school).

Please note that the cashbook is not ruled off at the end of the last transaction until the cashbooks have been reconciled with the bank statement. This will be covered in Part 7 of the Manual.

The cash book for Harmony School for February 2009 is prepared as follows:

CASH BOOK for HARMONY SCHOOL for FEBRUARY 2009

Date	Supplier's Name	Details	Rcpt No.	Chq No.	Vch No.	Amount	Bank Rcpts	Cash Rcpts	Bank Pmts	Cash Pmts	Income Heads			Expenditure Heads					
											Student Income	Govt Income	Other Income	Personnel	Admin-istration	Boarding	Education Supplies	Operation Maintenance	Development
1-Feb		Opening Balance as at Feb 1, 2009				200,000	200,000				170,000	10,000	20,000						
2-Feb	Wong Sze Sing	Students ration on Invoice 27		0001	1	120,000			120,000							120,000			
5-Feb	School Fees	Cash from parents	1 to 20			200,000		200,000			200,000								
5-Feb	NBV Bank Deposit	Deposit fees from parents Rec 1-20				200,000	200,000			200,000									
6-Feb	Shell Pacific	Fuel for school. Receipt 561		0002	2	48,000			48,000									48,000	
8-Feb	Lugarville Stationery	Office Stationery on Invoice 97		0003	3	100,000			100,000						100,000				
9-Feb	School Fees	Cash from parents	21 to 50			250,000		250,000			250,000								
9-Feb	NBV Bank Deposit	Deposit fees from parents Rec 21-50				250,000	250,000			250,000									
10-Feb	Mr. Toa	School fee, Aid-in-Kind	FKK 6			3,000					3,000			3,000					
12-Feb	Lo Chan Moon	Students ration on Invoice 369		0004	4	60,000			60,000							60,000			
15-Feb	Petty Cash	Establish fund for office use		0005	5	20,000			20,000						20,000				
15-Feb	Staff Wages	Staff wages from 1-15 February		0006	6	75,000			75,000					75,000					
16-Feb	School Fees	Cash from parents	51 to 100			265,000		265,000			265,000								
16-Feb	NBV Bank Deposit	Deposit fees from parents Rec 51-100				265,000	265,000			265,000									
17-Feb	House Rent	Staff rent from 1-15 February	101-110			20,000		20,000					20,000						
20-Feb	Shell Pacific	Fuel for school. Receipt 876		0007	7	48,000			48,000									48,000	
22-Feb	School Fees	Cash from parents	111-200			300,000		300,000			300,000								
22-Feb	NBV Bank Deposit	Deposit fees Rec 111-200				300,000	300,000			300,000									
22-Feb	NBV Bank Deposit	Deposit staff rent Rec 101-110				20,000	20,000			20,000									
25-Feb	Sharper Image	Computer Set for Staff on Invoice 76		0008	8	120,000			120,000									120,000	
28-Feb	Petty Cash	Replenish fund		0009	9	15,615			15,615					0	4,280	2,000	7,000	2,335	0
28-Feb	Minister of Education	Donation to School Development Fund	201			150,000	150,000						150,000						
28-Feb	Staff Wages	Staff wages from 16-28 February		0010	10	75,000			75,000					75,000					
28-Feb	VNPF	Pay staff fund for February 2009		0011	11	12,000			12,000					12,000					
		Total for February 2009																	
		Year to Date to February 2009																	
		Debit Balance as per Cash Book																	

Cashbook Prepared By: _____
Date: _____

Cashbook Approved By: _____
Date: _____

Part 7: Banking

Prior to banking, the school finance officer will have to balance the receipt book with the cash or cheque on hand.

The following steps will have to be closely followed:

1. The school finance officer will have to rule off the receipt book and add the amount since the last banking.
2. On the back of the last receipt, the school finance officer must enter the total of all the receipts and make a notation:
 - Date of First Receipt to Last Receipt
 - Number of First Receipt to Last Receipt
 - Total Amount of Receipts
 - Date Cash or Cheque was banked.
3. The cash on hand and cheques should be counted. The amount should agree with the amount already entered in the receipt book.
4. If the amount does not agree, then all additions must be re-checked. If necessary, the school finance officer must go back to individual receipt entries starting with cheques received and then the cash receipts.
5. If the receipts equal the cash and cheques on hand then the banking can be done.

Note:

Funds that have been recorded in the Remittance Registry, such as direct bank deposits for payment of fees, bank interest, and government grant – are not included.

There are basically four requirements for banking money. These are:

i. Money must be banked intact.

This means that the total amount received by the school finance officer, either in cash or cheque, must be banked before it can be used. No cash purchases are to be made from cash received.

ii. Money must be banked in the form it was received.

This means that if the money was received in the form of a cheque it must be banked in the form of a cheque. If money was received in the form of cash, then it must be banked as cash. Under no circumstances are personal cheques to be substituted for cash.

iii. Money must be banked as often as possible

Banking will depend on your school geographical location, or the amount of cash that is collected. Schools in urban areas or close to commercial banking outlets should bank on a daily basis. Schools in remote areas will only be able to bank every few weeks. The important thing is to bank as often as possible. If money is kept on school premises it must be kept in a very secure place.

iv. Money must be banked using duplicate deposit forms

Banking should be done using duplicate deposit forms. These should be available from the bank. These forms will include details of all cheques and cash that make up the banking. The forms also require a signature of the person doing the banking.

Dishonored Cheques

In very rare circumstances the bank will dishonor a cheque that you have deposited into the school bank account. The following steps should be followed:

- a. Contact the person who wrote the cheque to get a new cheque or the person must assure the school that the same cheque can be successfully presented again at the bank.
- b. Do not issue another receipt if a new cheque is presented to the bank. A notification will be required in the cashbook.

Note:

If payment is made to the school by a cheque, the school should make every effort to bank the cheque immediately to clear the cheque, and a receipt issued to the individual.

Bank Reconciliation

One important control over cash is the preparation of bank reconciliation on a regular interval. The purpose of the bank reconciliation is to show that agreement exists between the school's cash records and the bank's records. The bank reconciliation highlights any differences between the two sets of records. Bank reconciliation is an important control, as the bank is an independent organization that has no direct link with the running of the school. The bank records should show exactly the same items that are recorded in the school records.

The National Bank of Vanuatu (NBV) is required to provide each school with a bank statement every month. The head of school is responsible for ensuring that the balance on the bank statement is compared to the balance recorded in the cash book. If the bank has made an error, the school must notify the bank's branch closest to the school and the MoE Internal Audit Unit.

Whenever the school receives cash, an entry is made in the Cash Book. Prior to banking, a deposit slip is completed and total cash or cheques on hand are banked. To the school, the deposit represents an increase in Cash at Bank; therefore the amount is entered into Bank Receipts column.

However, from the bank's point of view, the money that the school deposited can be withdrawn at any time. The bank owes the school the amount of these deposits, and as amounts owed are liabilities, a credit entry is made in the bank's records. Thus, whenever the school deposits money, an entry in the Bank Receipts column will correspond to a credit entry in the bank's records.

Whenever money is taken out of the bank by cheque, an entry is made in the Cash Book. To the school, the withdrawal is a decrease in the Cash at Bank account, and therefore the entry is entered into the Bank Payments column. To the bank, the withdrawal represents a decrease in the amount owed to the school and therefore a debit entry is made. Thus, whenever money is withdrawn from the bank by way of a cheque, an entry in the Bank Payments column will correspond to a debit entry in the bank's records.

At regular intervals, usually monthly intervals, the bank sends a bank statement to the school. It sets out the opening balance of the school, all the transactions for the period, and the closing balance of the account.

If the final balance of the bank statement is debit (overdraft), it indicates that the school owes the bank money. If the final balance of the bank statement is credit, then it means that the bank owes the school money. This is what should be seen in a bank statement, the bank should owe the school money and not the school owing the bank money.

It is encouraged that all school finance officers must be familiar with preparing a bank reconciliation statement on a monthly basis, to ensure that monthly financial reports may also be prepared and submitted to the head of a school.

The following is a sample of a bank reconciliation statement.

<u>Harmony School Bank Reconciliation Statement as at 31 January 20XX</u>	
	<u>v a t u</u>
Credit balance as per Bank Statement (<i>closing balance on bank statement</i>)	a
Add: Deposits not yet credited	<u>b</u>
	c = a + b
Less: Unpresented Cheques	<u>d</u>
Debit Balance as per Cash Book	<u>e = c - d</u>

Notes on the bank reconciliation statement:

- Credit balance as per Bank Statement (a) is the closing balance in your bank statement for the month of which you are preparing your bank reconciliation.
- The 'deposits not yet credited' (b) are items not ticked in the Bank Receipts column in the Cash Book and represents deposits that have been recorded in the school cash book but have not yet been paid into the school bank account.. If these deposits are paid into the school bank account it would increase the amount of money owed to the school by the bank, and so the amount is added when preparing the bank reconciliation statement.
- Credit balance as per bank statement plus Deposits not yet credited (c) = (a) + (b)
- The 'unpresented cheques' (d) are the items not ticked in the Bank Payments column in the Cash Book and represents cheques that the school has paid to any supplier, that have not yet been presented to the bank by the supplier. If these were to pass through the bank, they would decrease the amount owed by the bank to the school and so the amount is subtracted when preparing the bank reconciliation statement.
- The final 'debit balance as per cash book' (e) = (c) - (d) should equal to the school's cash book balance (Total Receipts - Total Payments = Credit as per Cash at Bank account); and means that the bank owes money to the school.

Bank Reconciliation for Harmony School for February 2009

In order for the school to be able to do the bank reconciliation for Harmony School for February 2009, the school will need the bank statement for Harmony School for the period February 2009, and the copy of the Cash Book for Harmony School for February 2009. The bank statement will be provided by the National Bank of Vanuatu on a monthly basis by the copy of the Cash Book for February 2009 should be up-dated by the school finance office prior to preparing the bank reconciliation statement for the school.

The following is the Bank Statement for Harmony School for the period February 2009, and the copy of the Cash Book for Harmony School for February 2009 (*From Part 6 of Manual*).



National Bank

Vanuatu's Own Bank

Head Office: Rue de Paris, P.O. Box 249, Port Vila, Vanuatu
Telephone: (678) 22201 - Facsimile: (678) 27227
Email: nationalbank@vanuatu.com.vu
Swift: NB0VVUVU

HARMONY SCHOOL
P.O. Box X01
PORT VILA

Account Type: SAVINGS ACCOUNT
Account Number: 000 - XXXX - 001
Currency: VUV

Date	Description	Chq No	Debit/Credit	Balance
01 FEB 09	OPENING BALANCE			200.000 Cr
04 FEB 09	Cheque Payment	0001	120.000 Dr	80.000 Cr
05 FEB 09	Cash Deposit		200.000 Cr	280.000 Cr
06 FEB 09	Bank Statement Fee		500 Dr	279.500 Cr
06 FEB 09	Cheque Payment	0002	48.000 Dr	231.500 Cr
07 FEB 09	Deposit Fees for Mr. Bee		15.000 Cr	246.500 Cr
09 FEB 09	Cash Deposit		250.000 Cr	496.500 Cr
12 FEB 09	Deposit Fees for Mrs. Cat		20.000 Cr	516.500 Cr
15 FEB 09	Staff Wages	0006	75.000 Dr	441.500 Cr
15 FEB 09	Cheque Payment	0005	20.000 Dr	421.500 Cr
16 FEB 09	Cash Deposit		265.000 Cr	686.500 Cr
16 FEB 09	ishonored Cheque for Mts. Rat		10.000 Dr	676.500 Cr
17 FEB 09	Staff Rent		20.000 Cr	696.500 Cr
21 FEB 09	Cheque Payment	0007	48.000 Dr	648.500 Cr
22 FEB 09	Cash Deposit		300.000 Cr	948.500 Cr
24 FEB 09	Cheque Payment	0003	100.000 Dr	848.500 Cr
26 FEB 09	School Fee Subsidy		1.000.000 Cr	1.848.500 Cr
27 FEB 09	Deposit Fees for Mr. Frog		5.000 Cr	1.853.500 Cr
28 FEB 09	Interest Earned		2.500 Cr	1.856.000 Cr
28 FEB 09	Cheque Payment	0009	15.615 Dr	1.840.385 Cr
28 FEB 09	Cheque Payment	0010	75.000 Dr	1.765.385 Cr

CASH BOOK for HARMONY SCHOOL for FEBRUARY 2009

Date	Supplier's Name	Details	Rcpt No.	Chq No.	Vch No.	Amount	Bank Rcpts	Cash Rcpts	Bank Pmts	Cash Pmts	Income Heads			Expenditure Heads						
											Student Income	Govt Income	Other Income	Personnel	Admin-istration	Boarding	Education Supplies	Operation Maintenance	Development	
1-Feb		Opening Balance as at Feb 1, 2009				200,000	200,000					170,000	10,000	20,000						
2-Feb	Wong Sze Sing	Students ration on Invoice 27		0001	1	120,000			120,000							120,000				
5-Feb	School Fees	Cash from parents	1 to 20			200,000		200,000				200,000								
5-Feb	NBV Bank Deposit	Deposit fees from parents Rec 1-20				200,000	200,000			200,000										
6-Feb	Shell Pacific	Fuel for school. Receipt 561.		0002	2	48,000			48,000										48,000	
8-Feb	Luganville Stationery	Office Stationery on Invoice 97		0003	3	100,000			100,000						100,000					
9-Feb	School Fees	Cash from parents	21 to 50			250,000		250,000				250,000								
9-Feb	NBV Bank Deposit	Deposit fees from parents Rec 21-50				250,000	250,000			250,000										
10-Feb	Mr. Toa	School fee, Aid-In-Kind	FK 6			3,000						3,000			3,000					
12-Feb	Lo Chan Moon	Students ration on Invoice 369		0004	4	60,000			60,000							60,000				
15-Feb	Petty Cash	Establish fund for office use		0005	5	20,000			20,000						20,000					
15-Feb	Staff Wages	Staff wages from 1-15 February		0006	6	75,000			75,000					75,000						
16-Feb	School Fees	Cash from parents	51 to 100			265,000		265,000				265,000								
16-Feb	NBV Bank Deposit	Deposit fees from parents Rec 51-100				265,000	265,000			265,000										
17-Feb	House Rent	Staff rent from 1-15 February	101-110			20,000		20,000						20,000						
20-Feb	Shell Pacific	Fuel for school. Receipt 676		0007	7	48,000			48,000										48,000	
22-Feb	School Fees	Cash from parents	111-200			300,000		300,000				300,000								
22-Feb	NBV Bank Deposit	Deposit fees Rec 111-200				300,000	300,000			300,000										
22-Feb	NBV Bank Deposit	Deposit staff rent Rec 101-110				20,000	20,000			20,000										
25-Feb	Shaper Image	Computer Set for Staff on invoice 76		0008	8	120,000			120,000									120,000		
28-Feb	Petty Cash	Replenish fund		0009	9	15,615			15,615					0	4,280	2,000	7,000	2,335	0	
28-Feb	Minister of Education	Donation to School Development Fund	201			150,000	150,000							150,000						
28-Feb	Staff Wages	Staff wages from 16-28 February		0010	10	75,000			75,000					75,000						
28-Feb	YNPF	Pay staff fund for February 2009		0011	11	12,000			12,000					12,000						
		Total for February 2009																		
		Year to Date to February 2009																		
		Debit Balance as per Cash Book																		

Cashbook Prepared By: _____

Cashbook Approved By: _____

Date: _____

Date: _____

Step 1

Compare the credit amounts in the bank statement with the Bank Receipts column of the cash book.

Items not ticked in the Bank Statement:

February 07	Fees for Mr. Bee	VT 15,000
February 12	Fees for Mrs. Cat	VT 20,000
February 26	School Fee Subsidy	VT 1,000,000
February 27	Deposit Fees for Mr. Frog	VT 5,000
February 28	Interest Earned	VT 2,500

Items not ticked in the Bank Receipts column of the Cash Book:

February 28	Cheque Deposit R/No. 201	VT 150,000
-------------	--------------------------	------------

Note

The most important column of the Cash Book is the Bank Receipts Column. This is the amount actually deposited in the bank and corresponds to the amount on the deposit slip.

Step 2

Compare the debit amounts in the bank statement with the Bank Payments column of the Cash Book.

Items not ticked in the bank statement:

February 06	Bank Fee	VT 500
February 16	Dishonored Cheque: Mrs. Rat	VT 10,000

Items not ticked in the Bank Payments Column of the Cash Book

February 12	Pay LCM for Students Ration Chq. 0004	VT 60,000
February 25	Pay Sharper Image for Computer Chq. 0008	VT 120,000
February 28	Pay VNPF for staff contribution for Feb 2009 Chq.0011	VT 12,000

Make sure that you check not only the amounts but also the cheque numbers. For example, there are two cheques made out for VT 120,000: Cheque No 0001 and 0008. It is important to tick the correct one.

Step 3

Adjust the Cash Book.

To obtain the total of the Cash Book, all items that are not ticked in the Bank Statement, as identified in Step 1 and Step 2, are added into the Cash Book, as seen in the following Cash Book.

CASH BOOK for HARMONY SCHOOL for FEBRUARY 2009

Date	Supplier's Name	Details	Rcpt No.	Chq No.	Vch No.	Amount	Bank Receipts	Cash Rcpts	Bank Pmts	Cash Pmts	Income Heads			Expenditure Heads					
											Student Income	Govt Income	Other Income	Personnel	Administration	Boarding	Education Supplies	Operation Maintenance	Development
1-Feb		Opening Balance as at Feb 1, 2009				200,000	200,000				170,000	10,000	20,000						
2-Feb	Wong Sze Sing	Students ration on Invoice 27		0001	1	120,000			120,000							120,000			
5-Feb	School Fees	Cash from parents	1 to 20			200,000		200,000			200,000								
5-Feb	NBV Bank Deposit	Deposit fees from parents Rec 1-20				200,000	200,000			200,000									
6-Feb	Shell Pacific	Fuel for school. Receipt 561.		0002	2	48,000			48,000										48,000
8-Feb	Luganville Stationery	Office Stationery on Invoice 97		0003	3	100,000			100,000						100,000				
9-Feb	School Fees	Cash from parents	21 to 50			250,000		250,000			250,000								
9-Feb	NBV Bank Deposit	Deposit fees from parents Rec 21-50				250,000	250,000			250,000									
10-Feb	Mr. Toa	School fee, Aid-in-kind	FK 6			3,000					3,000				3,000				
12-Feb	Lo Chan Moon	Students ration on Invoice 369		0004	4	60,000			60,000							60,000			
15-Feb	Petty Cash	Establish fund for office use		0005	5	20,000			20,000						20,000				
15-Feb	Staff Wages	Staff wages from 1-15 February		0006	6	75,000			75,000					75,000					
16-Feb	School Fees	Cash from parents	51 to 100			265,000		265,000			265,000								
16-Feb	NBV Bank Deposit	Deposit fees from parents Rec 51-100				265,000	265,000			265,000									
17-Feb	House Rent	Staff rent from 1-15 February	101-110			20,000		20,000					20,000						
20-Feb	Shell Pacific	Fuel for school. Receipt 876		0007	7	48,000			48,000										48,000
22-Feb	School Fees	Cash from parents	111-200			300,000		300,000			300,000								
22-Feb	NBV Bank Deposit	Deposit fees Rec 111-200				300,000	300,000			300,000									
22-Feb	NBV Bank Deposit	Deposit staff rent Rec 101-110				20,000	20,000			20,000									
25-Feb	Sharper Image	Computer Set for Staff on Invoice 76		0008	8	120,000			120,000										120,000
28-Feb	Petty Cash	Replenish fund		0009	9	15,615			15,615					0	4,280	2,000	7,000	2,335	0
28-Feb	Minister of Education	Donation to School Development Fund	201			150,000	150,000						150,000						
28-Feb	Staff Wages	Staff wages from 16-28 February		0010	10	75,000			75,000					75,000					
28-Feb	VNPF	Pay staff fund for February 2009		0011	11	12,000			12,000					12,000					

		Add Bank Adjustments:															
6-Feb	NBV Bank Fee	Statement Fee	B/S	500		500							500				
7-Feb	Mr. Bee	School Fees	B/S	15,000	15,000				15,000								
12-Feb	Mrs. Cal	School Fees	B/S	20,000	20,000				20,000								
16-Feb	Mrs. Rat	Dishonoured cheque for school fees	B/S	10,000		10,000							10,000				
26-Feb	Vanuatu Government	Fee Subsidy	B/S	1,000,000	1,000,000					1,000,000							
27-Feb	Mr. Frog	School Fees	B/S	5,000	5,000				5,000								
28-Feb	NBV Bank	Interest Earned	B/S	2,500	2,500						2,500						
		Total for February 2009			2,227,500	1,035,000	704,115	1,035,000	1,058,000	1,000,000	172,500	162,000	137,780	182,000	127,000	98,335	
		Year to Date to February 2009			2,427,500	1,035,000	704,115	1,035,000	1,228,000	1,010,000	192,500	162,000	137,780	182,000	127,000	98,335	
		Debit Balance as per Cash Book			1,723,385												

Cashbook Prepared By: School Finance Officer, Harmony School Cashbook Approved By: Head of School, Harmony School

Date: 4th March, 2009

Date: 5th March, 2009

Basic Calculations in completing the Cash Book

(a) Calculating "Total for February"

This is found by totaling all the transactions for the month, including the bank adjustments. This total will not include the opening balance for the month.

(b) Calculating "Year to Date for February"

This is found by adding the (i) Opening Balance for the month PLUS (ii) the Total for the month as calculated in (a) above.

Note:

Year to Date for any month will give you the Total Receipts, Payments, Income or Expenditure which have accumulated since the beginning of January, up until the month which the Cash Book is being prepared for.

(c) Calculating "Debit Balance as per Cash Book"

This is equal to (i) Total Receipts = Bank Receipts + Cash Receipts MINUS (ii) Total Payments = Bank Payments + Cash Payments

After completing the cash book, the cash book should be signed off by the school finance officer who prepared the cash book. The cash book will need to be approved by the head of school. The school cash book should be made available to the ministry personnel, the members of the school council and the school community to be able to view, for transparency and to improve accountability in the school.

Step 4

Prepare the bank reconciliation statement. This is prepared from items not ticked in the Cash Book, and last month's Bank Reconciliation Statement.

Harmony School		
Bank Reconciliation Statement as at 28th February 2009		
		Vatu
Credit Balance as per Bank Statement		1,765,385
Add: Deposits not yet Credited		
Feb 28 Cash deposit (Receipt # 201)	<u>150,000</u>	
Total Deposits not yet Credited		<u>150,000</u>
		1,915,385
Less: Unpresented Cheques		
Feb 12 Chq No. 0004	60,000	
Feb 25 Chq No. 0008	120,000	
Feb 28 Chq No. 0011	<u>12,000</u>	
Total Unpresented Cheques		192,000
Debit Balance as per Cash Book		<u>1,723,385</u>

This final figure must agree with the Debit Balance as per Cash Book, in the Cash Book for February 2009.

Part 8: Monthly Reporting

After reconciling the bank statement and the cashbook, the school finance officer is required to prepare an income and expenditure report for the School on a monthly basis. The head of schools are required to submit this report to the School Council, which is then submitted to the Education Board or Education Authority. The Education Board or Education Authority then submits this report to the Ministry of Education.

Schools are required to prepare their income and expenditure report in the following format:

Monthly Cash Flow Report: Budget and Actuals (In r10)				Calculations	
Head	Title	Budget	Actuals		
Cash Available at Beginning of the Month					
	(1) Cash in Hand			a(i)	Actual money held at school at the beginning of the month
	(2) Cash at Bank			a(ii)	Actual money that is banked in the school account
	Total Cash			A	=a(i)+a(ii)
Income and Expenditure for the Month					
I	Income				
I-S	Student			b(i)	
I-G	Government			b(ii)	
I-O	Other			b(iii)	
	Total Income			B	=b(i)+b(ii)+b(iii)
E	Expenditure				
E-P-S	Personnel			c(i)	
E-NP-A	Administrative			c(ii)	
E-NP-SB	Student Boarding			c(iii)	
E-NP-ES	Education Supplies			c(iv)	
E-NP-OM	Operations & Maintenance			c(v)	
E-NP-D	Development			c(vi)	
	Total Expenditure			C	=c(i)+c(ii)+c(iii)+c(iv)+c(v)+c(vi)
	Net Income for the Month			D	=B-C
	Funds Available at End of Month			E	=A+D
Reconciliation of Funds					
	(1) Cash in Hand			f(i)	Actual money that is held at the school at the end of the month
	(2) Cash at Bank			f(ii)	Actual money that is banked in the school account
	Total Cash			F	=f(i)+f(ii). Note: F should normally equal E.
	Variance / Difference			G	=E-F
Please state your reasons, if G is greater than or less than zero. Refer to bank reconciliation statement for verification.					
	Net Income Per Student			H	=D / TotalEnrolment

Report Prepared By: School Finance Officer

Report Approved By: Head of School

Signature: _____

Signature & Official School Stamp: _____

Date: _____

Date: _____

A cash flow budget is a forecast of the cash position of the school for the immediate period ahead. For example, a month or a complete year. It is prepared to show the forecast of the expected flow of money in and out of a school bank account.

A cash flow report shows the pattern of income and expenditure over a certain period. The cash flow has two parts. It should show the budget amounts or planned amounts for the school, and the actual amounts or actual performance for the school over a certain period. The cash flow for a school should be reviewed every 4 months so that changes can be made, to reflect changes in prices of goods or supplies, cost or policy changes within the school.

All monthly cash flow reports must include a comparison of budget and actual amounts for the year to date and a forecast for the end of the year.

Monthly Report for Harmony School for February 2009

The following report is extracted from the Cash Book in Part 6 of the Manual, for Harmony School. The "budget" is estimates which are established by the School Council at the beginning of the school year, and the "actuals" reflect the expenditure which was incurred by the school during the month.

We know that Harmony School has a total enrolment of 140 students.

Monthly Cash Flow Report: Budget and Actuals (in vatu)			
Head	Title	Budget	Actuals
Cash Available at Beginning of Month			
	(1) Cash in Hand		0
	(2) Cash at Bank		200,000
	Total Cash		200,000
Income from Various Sources			
	Income		
I-S	Student	1,000,000	1,058,000
I-G	Government	1,000,000	1,000,000
I-O	Other	100,000	172,500
	Total Income	2,100,000	2,230,500
	Expenditure		
E-P-S	Personnel	140,000	162,000
E-NP-A	Administrative	120,000	137,780
E-NP-SB	Student Boarding	230,000	182,000
E-NP-ES	Education Supplies	100,000	127,000
E-NP-OM	Operations & Maintenance	60,000	98,335
E-NP-D	Development	50,000	0
	Total Expenditure	700,000	707,115
	Net Income for the Month	1,400,000	1,523,385
	Funds Available at End of Month		1,723,385
Reconciliation of Funds			
	(1) Cash in Hand (Amount taken from the Items Not Ticked in the Bank Receipts column in the Cash Book: Bank Reconciliation Part 7 of the Manual)		150,000
	(2) Cash at Bank (Amount taken from the closing balance of the Bank Statement for Harmony School for the month of February 2009)		1,765,385
	Total Cash		1,915,385
	Variance / Difference		192,000
Amount extracted from the Items Not Ticked in the Bank Payments column in the Cash Book: Bank Reconciliation Part 7A of the Manual. This comprises of payment to LCM for student ration for 60,000 vatu, Sharper Image for computer set for 120,000 vatu and to VNPF contribution for 12,000 vatu.			
	Net Income Per Student		10,881

Report Prepared By: School Finance Office, Harmony School

Report Approved By: Head of School, Harmony School

Date: 4th March 2009

Date: 5th March 2009

Part 9: Annual Reporting for Schools

Schools are expected to produce an annual financial report, which should reach the Ministry by March of every year.

All annual cash flow reports must include a comparison of budget and actual amounts for the year to date and a forecast for the end of the year. The cash flow for a school should be reviewed every 4 months so that changes can be made, to reflect changes in prices of goods or supplies, cost or policy changes within the school.

The format for annual reports is similar to the monthly reports, but excludes the Cash Available at the Beginning of the Month.

Amounts for Income and Expenditure are taken from the Year to Date for the month of December. Note that the Year to Date for December totals all the funds received or expended/spent, including the Opening Balance for the Year, as of January 1st to December 31st every year.

Head	Title	Budget	Actuals	
Income and Expenditure for the Year				
I	Income			
I-S	Student			b(i)
I-G	Government			b(ii)
I-O	Other			b(iii)
	Total Income			B = b(i) + b(ii) + b(iii)
E	Expenditure			
E-P-S	Personnel			c(i)
E-NP-A	Administrative			c(ii)
E-NP-SB	Student Boarding			c(iii)
E-NP-ES	Education Supplies			c(iv)
E-NP-OM	Operations & Maintenance			c(v)
E-NP-D	Development			c(vi)
	Total Expenditure			C = c(i) + c(ii) + c(iii) + c(iv) + c(v) + c(vi)
	Net Income for the Year			D = B - C
	Funds Available at End of Year			E = D
Reconciliation of Funds				
	(1) Cash in Hand			f(i) Actual money that is held at the school at the end of the year (Normally this should be zero)
	(2) Cash at Bank			f(ii) Actual money that is recorded in the school bank account at the end of the year
	Total Cash			F = f(i) + f(ii). Note: F should normally equal E.
	Variance / Difference			G = E - F
				Please state your reasons, if G is greater than or less than zero.
Net Income Per Student				H = D / Total Enrolment

Report Prepared By: School Finance Officer
 Signature: _____
 Date: _____

Report Approved By: Head of a School
 Signature & Official School Stamp _____
 Date: _____

Part 10: Control over the Purchase of Assets

To control means to guide, to supervise, and to keep moving in the intended direction. Internal control of school funds involves those internal methods and measures, which ensures efficient management of the school funds and achievement of planned objectives.

The general aims of internal controls are to:

- Safeguard the assets of the school
- Check the accuracy and reliability of its accounting data
- Promote operational efficiency
- Ensures that the prescribed managerial policies are followed

The Vanuatu Government has made and continues to make large investments into schools. Buildings, furniture and equipment all represent a substantial investment.

Each school also carries stock of library books, computers, tools, science equipment, cooking utensils and equipment, bedding and beds, sporting equipment and an endless list of further items all representing a large investment which has never had a value recorded.

The school should treat these assets in the same way as it treats cash that is with care, so as to ensure against losses.

A. Assets Register

It is very important that a register of equipments, furniture and buildings owned by the school should be recorded.

- Inventory in teachers' houses or in administrative staff houses should be checked at the beginning of the year before the staff moves in and at the end of the year when the staff moves out. Items that cannot be found must be fully investigated. If the item has been stolen or if other malpractice has occurred the Provincial Education Board or Assisted Authority must be notified immediately so that appropriate action can be taken. A signing order between the bank and the teacher may exist to ensure that damaged or lost goods is deducted from the teachers salary directly into the school account.
- The following information should be included in the asset register:
 - Purchase price
 - Date of purchase
 - Model Number
 - Serial Number
 - Supplier
 - Location
 - Condition
- Separate registers for different sections of the school administration will be easier to maintain. For example, one register for the kitchen, one for the clinic, one for the office and so forth.
- The register should have the following features:
 - All pages must be numbered, as it is an accountable document.
 - Items are to entered on receipt and responsible person assigned for the item.
 - The responsible person must acknowledge his responsibility with a signature in the register.
- Library assets (books, computers and furniture) must also be registered.

- Assets are to be labeled as school property.

B. Purchase Of Assets

Important points to note in purchasing of fixed assets:

1. **Authorization:** As the purchase of fixed asset is a major investment, higher level management must authorize the purchase.
2. **Selection:** As the purchase of fixed assets may commit the school to large payments and ownership over several accounting period, it is important that all facts are known before purchasing, such as the reliability of the asset, anticipated cost, cost of delivery and so forth.
3. **Proof of Ownership:** The purchase of fixed assets is usually accompanied by proof of ownership.

C. Storage Of Assets

Control over the storage of assets must be exercised in the following area:

1. **Location:** The register must identify the assets owned and their designated location. Regular checks must be carried out to ensure that the assets are in the correct place.
2. **Maintenance:** It is important that assets are kept in good working conditions.
3. **Physical Disposal:** All assets are recorded in the register so that they are identifiable, and that there is further control in the disposal of the assets. This could take place by outright sale, tender, tender or scrapping. This is to be decided by the Board or the Authority that governs a school.

D. Loaning Of Assets

In maintaining good local community relationships schools will want to loan assets to local community groups. This is allowable as long as a loan is documented and the asset signed for by the borrower so that the officer responsible for the item can explain where the item is at any one time. It should also be documented for the borrower be responsible for any damage to the equipment.

E. Boards Of Survey

All surpluses, obsolete and unserviceable items are to be assessed by a Board of Survey. This includes purchases of new assets, or replacement of assets, or the disposal of assets. The board should comprise the Head of a School, the School Finance Officer, and a representative of the School Council or the Education Authority. If the schools are quite a distance from the Education Authority Office then the board should include the Chairman of the School Council, or a person nominated by the School Council.

Decisions taken by the Board of Survey regarding the purchasing or disposal of an asset must be approved in writing by the School Council.

The role of the Board of Survey is to:

- Identify the asset to be purchased or disposed of;
- Recommend how to purchase or dispose of the asset;
- Consult with the Education Authority, if the Ministry has a preferred supplier to supply assets, such as equipment and furniture, to the schools;
- Advertise the asset for sale, if it is to be sold; and
- Ensure that proceeds of the sale of the asset are recorded in the school cash book and paid to the school account.

Part 11: Accountable Documents Register

The register controls the documents used in the school system, such as receipt books, cheque-books and so forth.

The following is a sample of an accountable documents register.

Harmony School	
Cheque Book Register	
Cheque Account Name: _____	
Cheque Account Number: _____	
Cheque Numbers From: _____	To _____
Start Dates From _____	To _____
Cheque Book under the responsibility of _____	
Signature of Responsible Officer _____	

Note:

A similar documents register can be prepared for receipt books, order books or other books used.

Part 12: Areas Highlighted in School Audit Visits

The Audit Findings highlights the gaps in relation to implementation and provide recommendations on how these should be addressed. Schools are normally requested to submit a response to reports filed by the audit unit. Schools should include a detailed report on actions taken alongside their budget, as a means of tracking improvements and minimizing risk. The Internal Audit Unit at the Ministry of Education will be monitoring schools on whether there has been an improvement in practices recommended.

The following are common findings which have been identified during school audits, by the Internal Audit Unit at the Ministry of Education, with good practice recommendations that will assist all heads of schools in improving and strengthening financial management at the school level. The important thing to remember is that each payment or income must be well documented to enable an outsider (internal auditor, external auditor, school councilors, and provincial boards/authorities, ministry officers) to be satisfied the payment and process of work was proper in all respects.

No	Key Control Indicators	Common Issues Identified During School Audits	Good Practice Recommendations
1	THERE IS A SCHOOL COUNCIL/ COMMITTEE. (S/C)	<ul style="list-style-type: none"> • S/C does not exist • S/C not approved by the Provincial Education Board. (decisions made by unapproved bodies are vulnerable to subsequent legal challenge) • Head of School has dismissed the S/C. 	<ul style="list-style-type: none"> • The relevant EA/PEB should establish a school council and/or a school committee for each school to assist the Head of School in the management and administration of the school (see EA S.40 (1). • The Head of School should assist in identifying members of a S/C but only the EA/PEB should appoint and dismiss them. • Every school should have a copy of all relevant legislation and policy – Education Act, Grants Code, Education Regulations, School Financial Management Manual, etc. And these should be available to all members of the community, but in particular members of the S/C, the Head of School and the School Finance Officer. • MoE should develop a set of model policies and rules for S/C's to refer to. These could be made mandatory and assumed to apply unless individual S/C's choose to amend them to suit their school's circumstances.
2	THE MEMBERSHIP OF ANY SCHOOL COUNCIL/COMMITTEES INCLUDES: -THE HEAD OF SCHOOL; -REPRESENTATIVES OF THE COMMUNITY; -MIXED GENDER.	<ul style="list-style-type: none"> • Lack of transparency in membership selection procedures • No female representation 	<ul style="list-style-type: none"> • Procedures for identifying members of a S/C should ensure that all interested parents and community representatives are offered an opportunity to participate. • The membership of a S/C must wherever possible include both male and female members (EA S.40 (2a)).
3	THE SCHOOL COMMITTEE MEETS AT LEAST ONCE EVERY TERM.	<ul style="list-style-type: none"> • Infrequent S/C meetings • Payment of sitting allowances to members of S/Cs/committees. 	<ul style="list-style-type: none"> • The Head of School in consultation with the relevant EA/PEB should convene a meeting of the S/C at least once per term. Members attending S/C meetings should receive actual reasonable actual expenses not an allowance as is required by the S.40 (4&5) of the Education Act 2001.

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4	WRITTEN MINUTES OF MEETINGS ARE KEPT THAT RECORD DECISIONS MADE.	<ul style="list-style-type: none"> • No minutes of meetings • Decisions in relation to financial issues not recorded. • This area is capable of improvement. Minutes are important in that they provide evidence of decisions taken by committees/councils many of which will have financial consequences e.g. budget approval, level school fees/parental contribution, payment authorisation. 	<ul style="list-style-type: none"> • The Head of School should maintain minutes for all S/C meetings and these should include all decisions taken by the S/C that have financial implications. • Each set of minutes should be approved as a correct record at the following meeting of the S/C. After their approval by the S/C a copy of the minutes should be signed by the Chair of the S/C to evidence their completeness and accuracy. • Signed minutes should be retained securely at the school.
5	MINUTES OF THE SCHOOL COUNCIL INDICATE THAT IT RECEIVES AND APPROVES:		
a)	-School development plans	<ul style="list-style-type: none"> • No written development plan • Development is not costed • No approval of development plan by the S/C 	<ul style="list-style-type: none"> • A costed development plan for the next 3-5 years should be prepared for and approved by the S/C.
b)	-The annual budget	<ul style="list-style-type: none"> • No written budget • No approval of the budget by the S/C. 	<ul style="list-style-type: none"> • The School Annual Budget should be prepared and then submitted to, and approved by, the S/C. •
c)	-The level of any parental contributions/fees	<ul style="list-style-type: none"> • Parental contributions for basic education are seen as mandatory • Fee levels for secondary education do not conform with Order Number 44 of 2005 • The schools fee structure is inappropriate (e.g. includes caution fees) • Fees are not agreed annually by the S/C. 	<ul style="list-style-type: none"> • Parental contributions and fees should comply with the requirements of the Education Act 2001 and Order 44 dated 2005 and should be formally approved by the S/C annually.
d)	-Comparisons of budget and actual income and spending that include commitments	<ul style="list-style-type: none"> • Financial reports do not contain both budgeted and actual spending allowing them to be compared • The S/C does not receive comparisons of budgeted and actual spending. 	<ul style="list-style-type: none"> • Financial reports to the S/C should allow a comparison of budgeted and actual spending. • All documentation relating to the financial management of the School should be properly filed and maintained for future inspection.

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e)	-Retrospective lists of individual transactions	<ul style="list-style-type: none"> The S/C does not have an opportunity to review details of individual transactions. 	<ul style="list-style-type: none"> Financial reports to the S/C need not include these but details of individual transaction in the previous period must be available. All S/C members must be given the opportunity to examine the records of individual transactions at S/C meetings.
6	AT LEAST ONE MEMBER OF THE SCHOOL COUNCIL IS A CHEQUE SIGNATORY OR OTHERWISE INVOLVED IN APPROVING PAYMENTS?	<ul style="list-style-type: none"> The head of school is not an authorised signatory for the school's main bank account No member of the S/C is a cheque signatory for the school's main bank account The member of the S/C who is a cheque signatory lives too far away to perform their role effectively. 	<ul style="list-style-type: none"> There should normally be three authorised signatory to the schools and bank account. Each cheque should be signed by two of these three. The authorised signatories should include the head of school and at least one member of the S/C who lives near enough to act as an effective signatory. The head of school should normally sign each cheque last.
7	A FINANCIAL REPORT APPROVED BY THE SCHOOL COMMITTEE IS SENT TO THE PEO or DIRECTOR OF EDUCATION AUTHORITY AS PART OF EACH END OF TERM REPORT.	<ul style="list-style-type: none"> No financial report is submitted to the S/C each term for approval Reports approved by the S/C are not submitted to the PEO. 	<ul style="list-style-type: none"> At the end of every term, a Financial Report approved by the S/C should be made available to the PEO.
8	FINAL ACCOUNTS ARE PRESENTED ANNUALLY TO THE SCHOOL COUNCIL FOR APPROVAL. COPIES OF THE APPROVED ACCOUNTS ARE SENT TO THE PEO AND THE MoE.	<ul style="list-style-type: none"> Final accounts are not submitted to the S/C for approval Final accounts approved by the S/C are not submitted to the PEO. 	<ul style="list-style-type: none"> Copies of the Schools' final accounts approved by the S/C should be sent to the PEO and the Ministry of Education by the end of March in the following year.
9	RESPONSIBILITIES AND DUTIES OF COMMITTEE MEMBERS HAVE BEEN COMMUNICATED TO EACH COUNCIL MEMBERS (eg signed acceptance of listing of duties and responsibilities).	<ul style="list-style-type: none"> Many appointed school committee/council members have not made aware of their responsibilities. This is an area where clarification is needed. Section 40 (2) of the Education Act requires an Education Authority or Provincial Education Board to determine the functions of the school councils varied widely between schools from highly interventionist (in one case allowing the school access only to government grant) to largely passive 	<ul style="list-style-type: none"> MoE through PEO, Education Director, ZCA, Head of School should raise awareness on the roles or responsibilities or functions of school committee/council members. MoE could prepare a set of model responsibilities and duties for S/C's which schools can choose to amend to suit their school's circumstances if the wish.

		At many primary schools the treasurer of the school council had taken responsibility for collecting contribution/fees, making payments and maintaining all accounting records leaving the Head of School with little control over the school's financial resources.	<ul style="list-style-type: none"> Section 36 of Education Act, Accountability of school fees, states that only: (1) The head of a school is responsible for the collection of fees payable for any matter mentioned in subsection 35(1).
10	FINANCIAL PROCEDURES INCLUDE A CLEAR SCHEME OF DELEGATION, FINANCIAL LIMITS FOR SINGLE ITEM EXPENDITURE, VIREMENTS, AND TENDERING ETC.	<ul style="list-style-type: none"> There is no clear statement of the respective responsibilities of the S/C and the Head of School 	<ul style="list-style-type: none"> Respective responsibilities as outlined in the Ministry of Education Schools Financial Management Manual should be applied.
11	<i>ALL FINANCIAL TRANSACTIONS INVOLVE AT LEAST TWO PEOPLE E.G. THERE ARE AT LEAST TWO PEOPLE ARE INVOLVED IN THE PROCESS OF RECORDING, INVOICING AND BANKING INCOME).</i>	<ul style="list-style-type: none"> The S/C, Head of School and the School Finance Officer do not provide a division of duties and some checks and balances over individual transactions. 	<ul style="list-style-type: none"> No single person should be responsible for all aspects of a financial transaction. In the case of income the Head of School should ensure that the amounts deposited to the bank equal the amounts collected. The Head of School should sign orders for all commitments made and should also authorise payment vouchers for all payments. Cheques must require two signatures (see above).
12	<i>STAFF AND MEMBERS OF THE S/C ARE ADEQUATELY TRAINED IN FINANCE.</i>	<ul style="list-style-type: none"> Either the Head of School, School Finance Officer and/or S/C do not have enough financial training and are unable to provide the required checks and balances over each others activities. Room staff and S/C members have enough general financial training but are unaware of the controls that they should operate within the school situation. 	<ul style="list-style-type: none"> The Head of School makes efforts to raise financial management standards at the school. Possibilities include: <ul style="list-style-type: none"> Implement the recommendations within this document; Ensure that a copy of the Schools Financial Management Manual that replace Bursar's Manual (for secondary schools) and the Headteachers Manual (for primary schools) and that their contents is widely known and distributed to all schools; Seek assistance from the relevant PEO; Apply for inclusion on Financial Management Workshops and similar MoE initiatives. Financial Training should be included as part the standard teacher training provided by the In-

			<p>Service Unit, Vanuatu Institute of Teacher Education (VITE).</p> <ul style="list-style-type: none"> • Head of Schools and School Finance Officers financial and administration workshop should be reintroduced.
13	WRITTEN SCHOOL PROCEDURES HAVE BEEN REVIEWED AND UPDATED WITHIN THE LAST 12 MONTHS.	<ul style="list-style-type: none"> • There are no room financial procedures • Written financial procedures existed but are out of date. 	<ul style="list-style-type: none"> • Wherever possible, the school should use the procedures contained in the Ministry of Education Schools Financial Management Manual
14	<p>THE FINANCIAL RECORDS MAINTAINED INCLUDE:</p> <ul style="list-style-type: none"> -BUDGET PAPERS; -FEE REGISTER; -RECEIPT BOOKS; -DEPOSIT BOOK -ORDER BOOK -CASH BOOK; -PAYMENT VOUCHERS; -ASSET REGISTER; -INVESTMENT REGISTER; -FINANCIAL REPORTS; -FINAL ACCOUNTS. 	<ul style="list-style-type: none"> • All records are not maintained • Records are maintained but are not up to date (e.g. asset register, cash book) • OPAD computer system is installed but unused. 	<ul style="list-style-type: none"> • All of the financial records described within the Ministry of Education, Schools Financial Management Manual should be maintained
15	<i>DOCUMENTATION IS STORED SECURELY FOR CURRENT AND PREVIOUS YEARS.</i>	<ul style="list-style-type: none"> • No clear policy for the length of document retention. • Accountable documents (receipts books, deposits books, fee registers, assets register etc) not stored for future reference • Documents go missing during handovers • There is no secure storage for documents. 	<ul style="list-style-type: none"> • All accountable documents (receipts books, deposits books, fee registers, assets register etc) should be stored until they are audited and any audit queries are fully resolved. All accountable documents should be handed over when staff change. All accountable documents should be stored in a locked and secure environment.
16	THE ASSET REGISTER IS UP TO DATE.	<ul style="list-style-type: none"> • There is an asset register but it is not up to date • New equipment is recorded in summary only eg serial numbers of computing equipment not recorded to provide evidence of ownership. 	<ul style="list-style-type: none"> • The school should maintain an up to date Assets Register to record each school asset (office equipment, school equipment including computing equipment etc...) and the Register should include serial numbers where these are available.

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17	SCHOOL POLICY PROHIBITS THE USE OF SCHOOL PROPERTY FOR PRIVATE PURPOSES.	<ul style="list-style-type: none"> • Many schools generated small amounts of income by hiring out their assets (meeting room, school hall, lawnmower, LBF, video etc...) • Many school assets are used outside official hours and also for private purposes. 	<ul style="list-style-type: none"> • In all cases charge out rates should be first approved by the school committee/council. • Schools should have written policies for each asset for that purpose.
18	THERE IS AN INVESTMENT REGISTER PROVIDING A SCHEDULE OF CURRENT INVESTMENTS.	<ul style="list-style-type: none"> • Term deposits not recorded in an Investment Register 	<ul style="list-style-type: none"> • All investments should be recorded in an Investment Register.
19	ANY ASSET DISPOSAL RECEIPTS ARE ACCOUNTED FOR AND, IF FINANCED BY GRANT AID ARE NOTIFIED TO THE MoE	<ul style="list-style-type: none"> • No procedures in place for disposal of school asset that raised many complaints in school communities. 	<ul style="list-style-type: none"> • Respective responsibilities as outlined in the Ministry of Education Schools Financial Management Manual should be applied. • Director for Education Services and PEO should develop a policy for disposal of school assets.
20	CASH IS HELD SECURELY WHEN NOT IN USE.	<ul style="list-style-type: none"> • Cash is locked in a filing cabinet but not in a secure cash box. 	<ul style="list-style-type: none"> • All cash should be held in a secure cash box to which access to the keys is restricted.
21	INCOME		
22	INCOME COLLECTION PROCEDURES FOR ALL SOURCES OF INCOME INCLUDE:		
a)	-The school issues an official pre-numbered receipt for all income received.	<ul style="list-style-type: none"> • Receipts not issued for all parental contribution/fees received in cash • Income paid directly into the school's bank account not always receipted • Other income (e.g. hire charges) not receipted. • Schools use generic receipt books which are available from stationery supply shops. These are not readily recognisable as official receipts and they are not able to be traced and accounted for. 	<ul style="list-style-type: none"> • MoE should produce standard pre-printed and pre-numbered receipt books to issue to all schools. Parents and community contributing to schools can then be assured that the money will be accounted for as official funds. • Receipts should be issued for all income received including amounts paid by parents into the School's bank account. • Where a receipt is not issued and/or cancelled, the original of the cancelled receipt should be attached with the copy within the receipt book.
b)	-All accountable documents including receipt books are accounted for	<ul style="list-style-type: none"> • The issue of accountable documents such as receipt, order and cheque books etc is not recorded in an accountable documents register raising the possibility that the loss of a receipt book could go 	<ul style="list-style-type: none"> • The issue of each accountable document (eg receipt book) should be recorded in an accountable documents register containing the following information:

		undetected, or that accountable documents could be used for inappropriate purposes and the funds not accounted for.	<ul style="list-style-type: none"> ○ the date of issue of the accountable document ○ the number marked on the document ○ the start and finishing document numbers in the book ○ the name and signature of the officer to whom the document was issued ○ the signature of a responsible officer. ● There should be a master register held at MoE, a subsidiary register held at each PEO and individual registers held at each school.
c)	-The cash book is totalled to indicate amounts banked.	<ul style="list-style-type: none"> ● Amounts banked do not reconcile to receipts issued. 	<ul style="list-style-type: none"> ● The total cash incomes receipted must be banked. Cash income should not be use directly for cash payment.
23	SCHOOL FEES: ARRANGEMENTS FOR THE COLLECTION OF SCHOOL FEES INCLUDE THE FOLLOWING:		
a)	-The fee structure reflects government guidelines	<ul style="list-style-type: none"> ● Fee levels exceed those specified in Education Regulation Order No 44 of 2005. ● The calculation of remission for additional children is not calculated on a percentage basis as is required by Order 44. ● Fees include an annual caution fee of 4000 Vatu in Term 1. In the past these have been discouraged by the Ministry of Education. 	<ul style="list-style-type: none"> ● Education Regulation Order No. 44 of 2005 section 19 (2) issued under the Education Act number 21 of 2001 states: "For the purposes of the act, all primary schools must not charge any type of school fee. However school committees may impose some form of non-compulsory donations from parents and guardians." ● For secondary schools maximum fee levels and remission arrangements should be as set out in Order No 44 of 2005 Schedule 1, Tables A and B (SSS).
b)	-There is an up to date register of parental contributions/fees	<ul style="list-style-type: none"> ● No register of fees due and paid is maintained ● The fee register is out of date. 	<ul style="list-style-type: none"> ● The School should maintain an up to date register of fees due and collected (and by implication unpaid).
c)	-Steps are taken to collect unpaid fees.	<ul style="list-style-type: none"> ● Schools allow large arrears to accumulate before seeking to reduce them ● Inconsistent policies with regard to the exclusion of children for non-payment of fees. 	<ul style="list-style-type: none"> ● Schools should monitor fee payment levels constantly and enlist the support of the S/C and community to collect arrears at an early stage ● In accordance with the EA S.35(5) the Principal should exclude a child for non-payment of fees only after consultation with the relevant Ed. Auth.

			or PEB.
24	<p>SCHOOL LETTINGS: ARRANGEMENTS INCLUDE THE FOLLOWING:</p> <p>-The school has a lettings policy and a charge out rate approved by the S/C that at least covers all costs. -All income from lettings is banked intact and entered in the cash book (brought to account)</p>	<ul style="list-style-type: none"> • Rates for the hire of school resources are not approved by the S/C • Receipts are not issued and records are not maintained for income collected from the hire of school assets • Income received from the whole of the school has its is not entered in the cash book. 	<ul style="list-style-type: none"> • All rates for the hire of school assets should be approved by the S/C. A receipt should be issued for every letting fee collected. Letting fees should be deposited in the schools' bank account with other income and included in the cash book and any subsequent reconciliation of the bank statement to the cash book.
25	<p>ARRANGEMENTS FOR STAFF (E.G. TEACHERS) APPOINTED BY THE MOE INCLUDE THE FOLLOWING FEATURES:</p> <p>-Staff at the school are those that have been officially posted to it; -Staff are paid in accordance with the relevant staff rules (e.g. PSC, TSC); -Changes in staff terms and conditions (including staff terminations) are actioned accurately and promptly and do not result in overpayments; -Staff are paid promptly;</p>	<ul style="list-style-type: none"> • Delay in processing staff appointment documents results in the under payment of teaching staff • Delay in notifying the PEO and the MOE of changes in staff terms and conditions, especially staff terminations, results in overpayments to teaching staff. 	<ul style="list-style-type: none"> • Most of the financial controls in this area needed to be addressed centrally. However, it is important that schools and PEOs process terminations promptly to help avoid making overpayments.
26	<p>ANCILLARY STAFFING TRANSACTIONS ARE PROPERLY AUTHORISED.</p>	<ul style="list-style-type: none"> • The staff to be appointed and pay rate are not approved by the S/C 	<p>All local staff appointments and pay rates should be approved by the S/C. All the individuals who might be suitable should be given the opportunity to apply.</p>
27	<p>ARRANGEMENTS FOR STAFF APPOINTED LOCALLY INCLUDE THE FOLLOWING FEATURES:</p> <p>-The appointment and pay rate are approved by the S/C; -Recruitment arrangements are competitive; -Locally financed staff are paid at least the minimum wage; -Where there is time – related or special payments these are accurate & properly authorised. -VNPF contributions are paid promptly and accurately</p>	<ul style="list-style-type: none"> • Recruitment methods are uncompetitive • Locally financed staff are not issued with contracts • Staff are changed frequently to ensure that the community gains widely from the school's existence (this practice is particularly unsuitable for School Finance Officers who need considerable training and experience to operate successfully) • Locally financed staff are paid less than the National Minimum Wage • Time – related or special payments are inaccurate or not properly authorised. • Staff paid gross of VNPF contributions (this 	<ul style="list-style-type: none"> • Every person appointed should sign a standard contract (a sample is in the Schools Financial Management Manual) • All staff should be paid the national minimum wage. • Subject to satisfactory performance the minimum contract duration for a school finance officer should normally be four years. • VNPF contributions should be made directly to the Fund not to the employee. • All time sheets for staff appointed locally should be authorised by the employee. The employee

	-Salaries, wages and VNPF contributions are recorded in the cash book promptly.	becomes a duplicate payment when VNPF claim the employers contribution) <ul style="list-style-type: none"> • Salaries, wages and VNPF contributions are not recorded in the cash book promptly. 	should sign the relevant payment voucher to indicate receipt of their salary/wages. <ul style="list-style-type: none"> • All salaries, wages and VNPF contributions should be recorded in the cash book promptly.
28	WHERE THERE HAS BEEN A CHANGE OF HEAD OF SCHOOL OR SCHOOL FINANCE OFFICER SINCE THE LAST AUDIT WHERE THERE HAS BEEN A HANDOVER DURING THE YEAR.	<ul style="list-style-type: none"> • No evidence of proper handover arrangements when head of school or school finance officer change • Records prior to the most recent handover are not retained. 	<ul style="list-style-type: none"> • Handover arrangements should be completed whenever a Head of School or School Finance Officer changes.
29	SCHOOL FUNDS/RESOURCES ARE NOT ADVANCED/USED FOR THE BENEFIT OF PRIVATE INDIVIDUALS	<ul style="list-style-type: none"> • Many schools were found to have advanced/ loaned school funds to teachers or other people. 	<ul style="list-style-type: none"> • The School should not advance school funds to anyone and should recover all outstanding amounts.
30	ONLY CURRENTLY EMPLOYED TEACHERS/STAFF AND THEIR FAMILIES ARE HOUSED IN GOVERNMENT HOUSES.	<ul style="list-style-type: none"> • Terminated teaching staff occupied teacher houses 	<ul style="list-style-type: none"> • MoE should resolved housing problems with PEOs and officers involved
31	OFFICERS PAY THE CORRECT AMOUNT FOR RENT BASED ON THEIR SALARY, HOUSE TYPE AND CONDITION OF HOUSE.	<ul style="list-style-type: none"> • Teachers owed schools rental fee for teacher house. • Teachers do not pay rent on time • Teachers for Government Assisted School do not received housing allowance but paid rent to authorities for the house occupied. • Few schools had made arrangement with teachers renting school house and the banks for direct payment of rent to the school bank account as from December 2008. 	<ul style="list-style-type: none"> • Government housing policy should be reviewed and amended to cater for these changes. • As from 2010 onward, Director for Education Service should instruct PEO, Principal and Headmasters that all teachers occupying a house inside school premises (government house or school built houses) should make arrangement for rent to be deducted from their salary by MoE and MoE pay the money direct into the relevant school bank account.

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32	<p>Procurement arrangements include the following:</p> <ul style="list-style-type: none"> -The school always ensures that it obtains value for money from its purchases by adhering to financial reg's in relation to quotations/tendering etc. -Authorised formal orders are raised in all circumstances -An individual not involved in the ordering process always check deliveries and invoices to the original order. -All invoices are authorised in line with the scheme of delegation and evidenced as such before being paid -Staff involved in the payment process are aware of and apply vat regulations regarding payments. -To avoid making duplicate payments invoices are always marked 'paid', marked with the cheque number and are filed securely. -All purchases are recorded in the cash book -When cheques are signed, the supporting documentation (e.g. invoices) is always presented. -Cheques are never pre-signed or made payable to cash. 	<ul style="list-style-type: none"> -Lack of competition when identifying suppliers -Formal orders are not used. -A single person requisitions, orders, receives goods, passes invoices for payment and reports spending providing too much opportunity to misuse funds -No evidence of invoice authorisation before payment. -VAT paid even though the School is exempt (e.g. to UNELCO) -Payments not entered in cash book -Payments to suppliers not supported with payment vouchers -Payment vouchers not authorised by the Head of School -Cheques pre-signed (often by the Chair of the S/C) -Payment owing or becoming due not reported to the S/C giving an inflated view of the funds available to spend. 	<ul style="list-style-type: none"> • The school administration should always obtain at least three (3) quotations from suppliers for prices comparison. • A formal ordering system should be implemented. At minimum all orders should be in writing and authorised by the signature of the Head of School. • Prior to payments all invoices should be signed to indicate that goods and services have been received satisfactorily. • All payments should be made exempt from VAT. • Each payment should be supported by a payment voucher authorised by the Head of School. • All payment vouchers must be supported by appropriate documentation. (Invoices, receipts etc.) • The School Finance Officer should ensure that all purchases are recorded in the cash book.
33	<p>BANKING ARRANGEMENTS INCLUDE THE FOLLOWING FEATURES:</p> <ul style="list-style-type: none"> -Income is banked daily within urban areas and at least every two weeks within remote areas -Banking is intact and in the form that the money was received. -Bank reconciliations are prepared regularly (monthly) and accurately and are independently reviewed. 	<ul style="list-style-type: none"> • Schools operate multiple bank accounts making financial control too complicated • Separate bank accounts are maintained for trading undertakings but transactions are not entered in the cash book and are excluded from reconciliation procedures • Authorised bank signatories do not accord with the Ministry's guidelines and/or have not been updated for changes e.g. in staff 	<ul style="list-style-type: none"> • Each school should operate only one current account and, if necessary, a savings/investment account for all income and payments including its trading undertakings. • All bank accounts operated by a school must be in the name of the school. • There should normally be three authorised signatories of which at least one should be a member of the S/C.

	-Bank reconciliations and statements are independently reviewed.	<ul style="list-style-type: none"> • Income is not banked regularly and frequently • Income collected as evidenced by receipts issued does not equal the amount banked in the same period • Income collected is replaced by personal cheques • Bank deposit slips not retained securely • Statements for bank accounts are not obtained monthly • Bank accounts are not reconciled monthly to the cash book • No independent review of completeness and accuracy of bank reconciliations • Some schools encourage payment of school fees and other moneys by direct payment into the school bank account. 	<ul style="list-style-type: none"> • All cash collected by the School should be banked regularly and frequently in the form in which it is received. • Bank statements should be obtained monthly and reconciled to cash book entries. • The completeness and accuracy of bank reconciliations should be reviewed by someone independent of their preparation (e.g. by the Head of School where a reconciliation is prepared by a School Finance Officer or by a member of the S/C where prepared by a Head of School • All parents and other contributors to be encouraged to pay moneys directly into the school bank account.
34	GOVERNMENT GRANTS ARE DEPOSITED INTO THE ACCOUNT ESTABLISHED FOR THAT PURPOSE.	<ul style="list-style-type: none"> • For qualifying schools government grant is paid in a lump sum to the relevant PEO who deducts a percentage for administration (5% for secondary schools and 2% for primary schools) before distribution the remainder to each school pro rata to its enrolment numbers. • Some schools received grant by cashing cheques. These are the schools that operate without bank account. • School enrolment figures are believed to be inaccurate in VEMIS in some cases. This means that some schools are receiving too much or too little grant money. It also means that TSC cannot ensure the most effective placement of teachers. • Some schools have not received their grant moneys. 	<ul style="list-style-type: none"> • All grants and fees should be paid only to NBV newly established Cheque account. • ZCA's and School Inspectors to check student enrolment numbers during each visit. • PEO's and Corporate Services need to check the completeness and accuracy of school lists against VEMIS before sending each grant payment.
35	GOVERNMENT GRANTS ARE USED FOR THE PURPOSES DEFINED IN THE GRANT CODE.	<ul style="list-style-type: none"> • Schools use government grant to fund needs that are prioritised. 	<ul style="list-style-type: none"> • This is an area where clarification is needed – what can grant funds be used for, and what are grant funds NOT to be used for. This should be a more restricted list than what other school moneys can be used for (<i>Refer to No. 37</i>).

No	Key Control Indicators	Common Issues Identified During School Visits	Good Practice Recommendations
36	<p>THE SCHOOL MAINTAINS A PETTY CASH SYSTEM WITH THE FOLLOWING FEATURES:</p> <ul style="list-style-type: none"> -The petty cash float is always held securely in the locked safe. -Only authorised personnel ever have access to the petty cash float. -Large petty cash payments are not permitted, payments are always supported by receipts, signed by the recipient and authorised member of staff. 	<ul style="list-style-type: none"> • No petty cash system is maintained (instead payments are financed directly from income e.g. fees. • Receipts are not retained for payments made • Spending made from petty cash is not entered in the cash book 	<ul style="list-style-type: none"> • A petty cash system should be in place to avoid direct spending of fees collected. • All spending from the petty cash must be supported by receipts and authorised by the Head of School and either the School Finance Officer or a member of the School Council/Committee. The Administration must implement an effective filing system for invoices paid and petty cash receipts. Individual payments from petty cash should be entered in a petty cash register and reimbursements of petty cash should be entered in the cash book.
37	<p>VOLUNTARY SCHOOL FUNDS ARE ONLY USED FOR THE BENEFIT OF PUPILS.</p>	<ul style="list-style-type: none"> • The treatment of donations in school accounts was not always consistent. 	<ul style="list-style-type: none"> • Voluntary school funds or donations should be used for the benefit of pupils. • This is an area where clarification is needed – what can non-grant funds be used for, and what are non-grant funds NOT to be used for.
38	<p>ALL VOLUNTARY ACCOUNTS ARE INDEPENDANTLY MAINTAINED AND RECONCILED MONTHLY</p>	<ul style="list-style-type: none"> • School used to maintain a separate bank account for that purpose. 	<ul style="list-style-type: none"> • Voluntary school funds or donations should be banked only in the newly established NBV Cheque Account or Savings Account.
39	<p>INCOME RECEIVED IS ALWAYS RECEIPTED, RECORDED INTO THE ACCOUNTS REGULARLY BANKED.</p>	<ul style="list-style-type: none"> • Cash received is not receipted or not banked or even recorded in the cash book. 	<ul style="list-style-type: none"> • People giving donations to an individual school should be encouraged to pay the money directly into the relevant school bank account rather than donate cash.
40	<p>FOR ALL TRADING UNDERTAKINGS (E.G. SCHOOL BUS, FARM. CANTEEN ETC) THERE ARE ADEQUATE AND UP TO DATE PROCEDURES IN PLACE FOR SAFEGUARDING ASSETS AND FOR AUTHORISING AND ACCOUNTING FOR INCOME AND EXPENDITURE FOR TRADING UNDERTAKINGS.</p>	<ul style="list-style-type: none"> • No control over the activities of trading undertakings and/or the use of their assets • Poor standard of financial control over income and spending for trading undertakings • Used as an opportunity to run private businesses and misuse school funds and/or assets • Poor record keeping for income collected and spending 	<ul style="list-style-type: none"> • Schools should run only trading activities that benefit their pupils. Where activities are based largely upon student labour, they must contain significant educational content. • The S/C should approve the use of school funds or assets for trading purposes • The school's normal financial recording mechanisms and controls should apply to all

		<ul style="list-style-type: none"> • Trading records held in separate bank accounts, omitted from cash book and not reported to the S/C thus destroying transparency • No accountability for the performance of trading activities • Some projects rely heavily upon student labour but provide no educational content. 	<p>trading income and spending. The school's main bank account should be used to deposit income from, and to finance spending for, trading undertakings. All financial transactions for trading undertakings should be recorded in the school's cash book.</p> <ul style="list-style-type: none"> • The activities, finances and performance of trading undertakings should be reported to the S/C regularly.
50	A FINANCIAL REPORT APPROVED BY THE SCHOOL COUNCIL/COMMITTEE IS SENT TO THE PEO AS PART OF EACH END OF TERM REPORT.	<ul style="list-style-type: none"> • Many secondary schools sent financial reports to PEO without approval of the school council/committee. • Many Primary schools do not send approved financial reports to PEO. • Many Head of Schools do not understand how to prepare a financial report. 	<ul style="list-style-type: none"> • Financial report sent to PEO must have the approval of the school council/committee. • Schools are required under the Grant Code and Education Act to provide a financial report to PEO
51	THE FORMAL ACCOUNTS ARE PRESENTED ANNUALLY TO THE PEO.	<ul style="list-style-type: none"> • Many Head of Schools and School Finance Officers do not understand how to prepare an Annual Financial Report. 	<ul style="list-style-type: none"> • Schools are required under the Grant Code and Education Act to provide financial report to PEO. • MoE should develop a school financial training package for head of schools and school finance officers. Training topics should include cash book recording, filing, petty cash, bank reconciliation, preparation of monthly and annual account etc.
52	LOCAL FINANCE MONITORING AND REPORTING	<ul style="list-style-type: none"> • Local monitoring and reporting practices were insufficient to provide financial transparency either to the school councils/committees or to parents (who need to feel confident that the funds provided by them are used appropriately). 	<ul style="list-style-type: none"> • Part 2.3 of the Grant Code 2003 states: "The Principal, Head Master/Mistress or Bursar of each school must prepare a monthly Income and Expenditure Report and must submit it to the school council or school committee." • In some schools, an annual financial report was made to a separate parents meeting and this is to be encouraged.

Part 13: Vanuatu Education Management Information System (VEMIS) School Survey

Each year the Ministry sends to every school a school survey requesting schools to send back specific information concerning their school's facilities, curriculum materials, teachers' information, social data and financial data. The surveys are completed by the heads of schools, and sent back to the Education Authorities on 31st March annually. Data is taken from the survey and posted into the Vanuatu Education Management Information System (VEMIS), which compiles all the relevant information on each school. Upon completion of the data entry, the Policy & Planning Unit compiles the Annual Digest, which is disseminated to all stakeholders. A summary pamphlet is also compiled for each school and sent to them by January each year, with the following year's school survey.

Section E of the school survey relates to School Finance and is important that each school provide accurate information relating to their school finances. Explanatory notes to this section are included in Appendix 5, on pages 90 to 94, to assist schools in filling out the survey.

Part 14: Offences and Sanctions

It is important that heads of schools must ensure that all staff members, members of the schools council and the school community are aware of the requirements of the *Schools Grants Scheme* and the *Schools Financial Management Manual*, which supplement the *Public Finance & Economic Management Act*. It is necessary for all involved to comply with these requirements.

Any persons who fail to carry out any duties or responsibilities as required under these regulations, commits an offense against these regulations. Any persons who commit an offense, may be subject to a disciplinary action by the Head of the Ministry or by the Teaching Service Commission.

Part 15: Conclusion

The head of a school needs to have constant access to accurate financial information in order to make decisions on issues that will involve dependence on money. Inaccurate and out-dated financial bookkeeping will definitely deprive the school in its progressive development. The head of a school must ensure that the financial records are kept accurately and up-dated at all times by the school finance officer to facilitate the head of a school in making good decisions with regards to spending of the school funds.

It is vital that all staffs of the school are informed of the financial management processes and procedures to adhere to, to ensure that accountability and use of public money is well managed. The school finance officer and the head of school must be familiar with all the relevant books that are to be used in maintaining the school finances.

The head of a school shall establish an overall budget plan for the following year based on identified major areas of expenditure. With accurate recordings the books will provide a sound foundation for preparation of the following year's budget estimates. The school finance officer is expected to advise the head of a school to any insight on external events that may affect the school finances.

Maintenance of payroll records employed by the school is important. School staff needs to be familiar with the Employment Act, which sets the guidelines on the recruitment and termination of staff, in order to avoid legal disputes that may arise with disgruntled staff. A good working relationship should be maintained between staffs within the school community at all times.

All financial records and asset registers kept by the school are to be maintained accurately and kept in a secure place. This is to ensure that the ministry or the authority concerned closely monitors school finances and investments in schools.

Head of schools through their school councils must provide regular administrative and financial reports to the provincial boards or education authorities. Any issues that may arise will need to be addressed by the appropriate authority. The school community needs to be informed of the common issues identified in

school audit visits. This will assist them in improving administrative and financial management controls within their schools.

As schools develop, school communities become more participatory in school activities, school staffs professional skills improve, and students' well-being are catered for – it is encouraged that head of schools and the school councils develop appropriate school policies, which will reflect the relevant legislations and policies developed by the Ministry - which will improve good working practices within the school, and improve communication from schools to the appropriate education authority. And will enhance sound financial and administrative management within the schools.

Reporting To: Head of School

Contract: From _____ To _____

Extension: From _____ To _____

Key Responsibilities and Performance Measures

1. Preparation of Budget

- Assist the head of school in preparing budget estimates for the following year.
- Providing accurate information on expenditures and incomes for the past year and at least up to half of the present year.
- Give informed projections on expenditures and incomes for the following year taking into consideration inflation and so forth.
- Get costing for projects initiated by the school.

2. Expenditures and Incomes

- Accurate recordings of these must be kept and up to date according to the finance officer's manual.
- All commitments and expenditures must be settled as quickly as is possible within that month.
- All money collected must be receipted immediately and banked before it is spent.
- Keep records of all money collected by any association within the school to ensure that it is used for its intended purpose.

3. Control

- Must assist to set up systems that will better monitor and effectively get better value for money, e.g. use of the school truck.
- Ensure that the head of school spend money or collect revenues according to the budget as approved by the council.
- Report any irregularity to the council if the head of school doesn't listen to you.
- Maintain the asset registry control for the school.

4. Bank Accounts

- The school must only operate a school account which has been approved by the Director General, of the Ministry of Finance & Economic Management.
- Any money collected by any groups in the school should be banked and records control via bookkeeping.
- All money must be banked before it is used.

- Head of schools or any staffs must not be allowed to walk around with the school cheque books with leaves previously signed by one signatory, or a pre-signed withdrawal slip without you as school finance officer firstly entering the amount, and the details of the supplier.

Reporting

- Report to the head of school weekly on expenditures and incomes.
- Provide monthly cash flow reports to the head of school.
- Provide monthly income and expenditure statements to the head of school.
- Provide an annual financial report to the head of school for the approval of the school council, and the Education Authority.
- Assist the head of school to fill out the section on School Finance in the annual school survey.

There is no substitute for honesty and hard working with a heart wanting to ensure that better service delivery happens. The school and council also expect confidentiality and trust of you.

Termination of Contract

The school finance officer giving two (2) weeks notice to the school council if employed for less than a year, or three (3) months notice, if employed for over 3 years may terminate the contract. *(The school council may determine the period of notice if the employer has worked between 1 – 3 years, but must be stated in the contract).* Or if there is serious misconduct by the school finance officer the council may terminate this contract immediately.

Declaration

I _____ *(name of finance officer)* have read, understood and agreed to what is expected of me in this job description. I also understand that if I do not perform satisfactorily I could lose the post. Losing the post will depend on the nature of the seriousness of unsatisfactory performance but I understand that I will be given an opportunity to defend myself.

Signed:

School Finance Officer

Date

Head of School

Date

Chairman of School Council

Date

Appendix 2 Sample of a Schools Budget Format

Important notes to consider when preparing a school budget:

- The budget preparation for the following year should begin in the middle of the previous year
- All budget forms are expected to be filled out by the head of school with the assistance of the school finance officer during the preparation of the school budget
- The forms with details of income (RB 2.97) and expenditure (RB 3.97 to RB 7.97) should be completed first, and all totals transferred to the income and expenditure summary form (RB 1.97)
- The budget for the following year must be approved by the school council before the 1st January every year
- The budget preparation will include recurrent budget (activities funded by the school) and development budget (activities funded from fund-raising, donors, etc)
- Schools are required to fill out details of income and expenditure which is relevant to their schools. For example, a day school will not fill in Form RB 5.97 for Expenditure Details: Student Boarding, as this form does not apply to them.
- The following is a complete listing of all forms which are required to be filled out by the school.
- Some forms may not be relevant to some schools, thus schools will not be required to fill in some sections of the forms.

Government of Vanuatu

Ministry of Education

<p>ALL Schools Summary Listing of 20__ Recurrent Budget Forms</p>

Form Number	Form Name
RB 1.97	Income & Expenditure Budget Summary
RB 2.97	Income Details
RB 3.97	Expenditure Details: Staffing
RB 4.97	Expenditure Details: Administrative
RB 5.97	Expenditure Details: Student Boarding
RB 6.97	Expenditure Details: Education Supplies
RB 6.97 SS	Expenditure Details: Education Supplies: Senior Secondary (Francophone Schools)
RB 6.97 TS	Expenditure Details: Education Supplies: Technical Schools
RB 7.97	Expenditure Details: Operations & Maintenance
RB 8.97	Development
RB 9	Monthly Cash Flow Report: Budget and Actual
RB 10	Monthly Income & Expenditure Statement
RB 11	Annual Cash Flow Report: Budget and Actual

The following is the standard Chart of Accounts for Schools which schools are required to follow when indicating expenditure or income heads in a given form

Government of Vanuatu

Ministry of Education

CHART OF ACCOUNTS for Schools

Income (I)	I			I
Student Income (S)		S		I-S
Tuition Fees			1	I-S-1
Boarding Fees			2	I-S-2
Caution Fees			3	I-S-3
Insurance Fees			4	I-S-4
Lunch Fees			5	I-S-5
Sale of Uniforms			6	I-S-6
Shop Income			7	I-S-7
Other Student Income			8	I-S-8
Government Income (G)		G		I-G
Salary Grant			1	I-G-1
Operating Grant			2	I-G-2
Fee Subsidy			3	I-G-3
Other Government Income			4	I-G-4
Other Income (O)		O		I-O
General Grant			1	I-O-1
Salary Grant			2	I-O-2
Staff Rent Income			3	I-O-3
Fund Raising			4	I-O-4
Other Income			5	I-O-5

CHART OF ACCOUNTS for Schools (continued)

Expenditure (E)	E			E
Personnel (P)		E-P		E-P
Staffing (S)			E-P-S	E-P-S
Government			1	E-P-S-1
Church			2	E-P-S-2
Other			3	E-P-S-3
Non-Personnel (NP)		E-NP		E-NP
Administrative (A)			E-NP-A	E-NP-A
Stationery			1	E-NP-A-1
Photocopy Supplies			2	E-NP-A-2
Office Equipment & Maintenance			3	E-NP-A-3
Telephone & Fax			4	E-NP-A-4
Postage & Freight			5	E-NP-A-5
Bank Charges			6	E-NP-A-6
School Council			7	E-NP-A-7
Land Lease Rental			8	E-NP-A-8
Travel			9	E-NP-A-9
Shop Expenses			10	E-NP-A-10
Uniform Expenses			11	E-NP-A-11
Caution Fee Refund			12	E-NP-A-12
Farm Expenses			13	E-NP-A-13
Other Administrative Expenses			14	E-NP-A-14
Student Boarding (SB)			E-NP-SB	E-NP-SB
Food & Drink			1	E-NP-SB-1
Supplies & Equipment			2	E-NP-SB-2
Building Maintenance			3	E-NP-SB-3
Medical			4	E-NP-SB-4
Student Entertainment			5	E-NP-SB-5
Other Student Boarding Expenses			6	E-NP-SB-6

CHART OF ACCOUNTS for Schools (continued)

Expenditure (E)	E			E
Non-Personnel (NP)		NP		NP
Education Supplies (ES)			ES	E-NP-ES
Student Stationery			1	E-NP-ES-1
Library			2	E-NP-ES-2
English			3	E-NP-ES-3
Mathematics			4	E-NP-ES-4
Social Studies			5	E-NP-ES-5
French			6	E-NP-ES-6
Basic Science (Including Science Lab)			7	E-NP-ES-7
Agriculture			8	E-NP-ES-8
Industrial Arts			9	E-NP-ES-9
Home Economics			10	E-NP-ES-10
Religious Education			11	E-NP-ES-11
Physical Education			12	E-NP-ES-12
Other			13	E-NP-ES-13
Education Supplies: Senior Secondary			ES	E-NP-ES
French				E-NP-ES-14
English				E-NP-ES-15
Math : Statistics				E-NP-ES-16
Math : Calculus				E-NP-ES-17
Accounting / Business Studies				E-NP-ES-18
Economics				E-NP-ES-19
Chemistry				E-NP-ES-20
Physics				E-NP-ES-21
Biology				E-NP-ES-22
Science of Life & Land				E-NP-ES-23
Human & Social Science				E-NP-ES-24
Development Studies				E-NP-ES-25
Geography				E-NP-ES-26
History				E-NP-ES-27
Agriculture				E-NP-ES-28
Technology				E-NP-ES-29
Computer Studies				E-NP-ES-30
Religious Education				E-NP-ES-31
Physical Education				E-NP-ES-32
Japanese				E-NP-ES-33
Other				E-NP-ES-34
Other				E-NP-ES-35
Education Supplies: Technical Schools			ES	E-NP-ES
Library				E-NP-ES-36
Tourism				E-NP-ES-37
Business				E-NP-ES-38
Technical Drawing				E-NP-ES-39
Plastic Arts				E-NP-ES-40
Hotelry & Catering				E-NP-ES-41
Electricity				E-NP-ES-42

Masonry				E-NP-ES-43
Carpentry				E-NP-ES-44
General Mechanics				E-NP-ES-45
Auto Mechanics				E-NP-ES-46
French & History				E-NP-ES-47
English & History				E-NP-ES-48
Mathematics & Science				E-NP-ES-49
Physical Education				E-NP-ES-50
Accounting				E-NP-ES-51
Other				E-NP-ES-52
Operations & Maintenance (OM)			OM	E-NP-OM
Classroom & Administrative Rooms			1	E-NP-OM-1
Grounds			2	E-NP-OM-2
Teacher & Staff Houses			3	E-NP-OM-3
General Equipment			4	E-NP-OM-4
Cars, Buses, Speedboats			5	E-NP-OM-5
Trucks, Tractors			6	E-NP-OM-6
Generators			7	E-NP-OM-7
Electricity			8	E-NP-OM-8
Water			9	E-NP-OM-9
Gas			10	E-NP-OM-10
Diesel Oil			11	E-NP-OM-11
Petrol			12	E-NP-OM-12
Kerosene			13	E-NP-OM-13
Other Operations & Maintenance Expenses			14	E-NP-OM-14
Development (D)			D	E-NP-D
Library & Textbooks			1	E-NP-D-1
Education Equipment			2	E-NP-D-2
General Equipment			3	E-NP-D-3
Major Projects			4	E-NP-D-4

20_____	Schools Recurrent Budget
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Form RB 1.97	Income & Expenditure Budget Summary
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Head	Income	Amount	% of Total	How To Calculate % of Total
I-S	Students			$(Students/Total\ Income) \times 100\%$
I-G	Government			$(Government/Total\ Income) \times 100\%$
I-O	Other			$(Other/Total\ Income) \times 100\%$
I	Total Income			

Income per Student <i>(Total Income / Total Number of Students):</i>

Head	Expenditure	Amount	% of Total	How To Calculate % of Total
E-P-S	Personnel			$(Personnel/Total\ Expenditure) \times 100\%$
E-NP-A	Administrative			$(Administrative/Total\ Expenditure) \times 100\%$
E-NP-SB	Student Boarding			$(Student\ Boarding/Total\ Expenditure) \times 100\%$
E-NP-ES	Education supplies			$(Education\ Supplies/Total\ Expenditure) \times 100\%$
E-NP-OM	Operations & Maintenance			$(Operations\ \&\ Maintenance/Total\ Expenditure) \times 100\%$
E-NP-D	Development			$(Development/Total\ Expenditure) \times 100\%$
E	Total Expenditure			

Expenditure per Student <i>(Total Expenditure / Total Number of Students):</i>

Net Income <i>(Total Income – Total Expenditure):</i>

Net Income per student <i>(Net Income / Total Number of Students):</i>

Note:

1. Where Total Income > (Is Greater Than) Total Expenditure = Profit or Surplus
2. Where Total Income < (Is Less Than) Total Expenditure = Loss or Deficit
3. “% of Total” is included in all forms. The method of calculation is similar to that shown in the above table
4. The different types of “Income per Student” in attached budget forms is calculated as that above.
5. The different types of “Expenditure per Student” in attached budget forms is calculated as that above.

20

School Recurrent Budget

Form RB 2.97

Income Details

Head	Income	Amount	% Of Total
I-S-1	Annual Student Tuition Fees		
I-S-2	Annual Student Boarding Fees		
I-S-3	Caution Fees		
I-S-4	Insurance Fees		
I-S-5	Lunch Fees		
I-S-6	Sale of Uniforms		
I-S-7	Shop Income		
I-S-8	Other Income Derived From Students		
	Total Student Income		
	Total Student Income per Student:		
I-G-1	Government Ancillary Staff Grant		
I-G-2	Government Operating Grant		
I-G-3	Government Fee Subsidy		
I-G-4	Other Income Derived From Government		
	Total Government Income		
	Total Government Income per Student:		
I-O-1	General Grant		
I-O-2	Salary Grant		
I-O-3	Staff Rent Income		
I-O-4	Fund Raising		
I-O-5	Other Income Not From Government or Students		
	Total Other Income		
	Total Other Income per Student:		

20	Schools Recurrent Budget
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Form RB 4.97	Expenditure - Administrative
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Head	Category	Amount	% of Total
E-NP-A-1	Stationery		
E-NP-A-2	Photocopy Supplies		
E-NP-A-3	Office Equipment Maintenance		
E-NP-A-4	Telephone & Fax		
E-NP-A-5	Postage & Freight		
E-NP-A-6	Bank Charges		
E-NP-A-7	School Council		
E-NP-A-8	Land Lease Rental		
E-NP-A-9	Travel		
E-NP-A-10	Shop Expenses		
E-NP-A-11	Uniform Expenses		
E-NP-A-12	Caution Fee Refund		
E-NP-A-13	Farm Expenses		
E-NP-A-14	Other		
	Total Expenditure - Administrative		

Total Expenditure - Administrative per Student:

Note:

Total Expenditure Administrative is transferred into the Income & Expenditure Budget Summary (Form RB 1.97)

20	Schools Recurrent Budget
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Form RB 5.97	Expenditure - Student Boarding
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Head	Category	Amount	% Of Total
E-NP-SB-1	Food & Drink		
E-NP-SB-2	Supplies & Equipment		
E-NP-SB-3	Building Maintenance		
E-NP-SB-4	Medical		
E-NP-SB-5	Student Entertainment		
E-NP-SB-6	Other		
	Total Expenditure - Student Boarding		

Total Expenditure - Student Boarding per Student:

Note:

Total Expenditure Student Boarding is transferred into the Income & Expenditure Budget Summary (Form RB 1.97)

20

Schools Recurrent Budget

Form RB 6.97

Expenditure - Education Supplies

Head	Category	Amount	% Of Total
E-NP-ES-1	Student Stationery		
E-NP-ES-2	Library		
E-NP-ES-3	English		
E-NP-ES-4	Mathematics		
E-NP-ES-5	Social Studies		
E-NP-ES-6	French		
E-NP-ES-7	Basic Science (including Lab' Materials)		
E-NP-ES-8	Agriculture		
E-NP-ES-9	Technology		
E-NP-ES-10	Life-skills		
E-NP-ES-11	Religious Education		
E-NP-ES-12	Physical Education		
E-NP-ES-13	Other		
	Total Expenditure - Education Supplies		

Total Expenditure - Education Supplies per Student:

20

Schools Recurrent Budget

Form RB 6.97 SS

Expenditure: Education Supplies: Senior Secondary

Head	Category	Amount	% Of Total
E-NP-ES-14	French		
E-NP-ES-15	English		
E-NP-ES-16	Math : Statistics		
E-NP-ES-17	Math : Calculus		
E-NP-ES-18	Accounting / Business Studies		
E-NP-ES-19	Economics		
E-NP-ES-20	Chemistry (Including Lab Materials)		
E-NP-ES-21	Physics (Including Lab Materials)		
E-NP-ES-22	Biology (Including Lab Materials)		
E-NP-ES-23	Science of Life & Land		
E-NP-ES-24	Human & Social Science		
E-NP-ES-25	Development Studies		
E-NP-ES-26	Geography		
E-NP-ES-27	History		
E-NP-ES-28	Agriculture		
E-NP-ES-29	Technology		
E-NP-ES-30	Computer Studies (Including Lab Materials)		
E-NP-ES-31	Religious Education		
E-NP-ES-32	Physical Education		
E-NP-ES-33	Japanese		
E-NP-ES-34	Other		
E-NP-ES-35	Other		
	Total Expenditure – Education Supplies – Senior Secondary		

Total Expenditure – Education Supplies – Senior Secondary per Student:

20

Schools Recurrent Budget

Form RB 6.97 TS

Expenditure - Education Supplies: Technical Schools

Head	Category	Amount	% Of Total
E-NP-ES-36	Library		
E-NP-ES-37	Tourism		
E-NP-ES-38	Business		
E-NP-ES-39	Technical Drawing		
E-NP-ES-40	Plastic Arts		
E-NP-ES-41	Hotelry & Catering		
E-NP-ES-42	Electricity		
E-NP-ES-43	Masonry		
E-NP-ES-44	Carpentry		
E-NP-ES-45	General Mechanics		
E-NP-ES-46	Auto Mechanics		
E-NP-ES-47	French & History		
E-NP-ES-48	English & History		
E-NP-ES-49	Mathematics & Science		
E-NP-ES-50	Physical Education		
E-NP-ES-51	Accounting		
E-NP-ES-52	Other		
	Total Expenditure - Education Supplies - Technical Schools		

Total Expenditure - Education Supplies - Technical Schools per Student:

Note:

Total Expenditure Education Supplies is transferred into the Income & Expenditure Budget Summary (Form RB 1.97)

20	Schools Recurrent Budget
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Form RB 7.97	Expenditure - Operations & Maintenance
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Head	Category	Amount	% Of Total
E-NP-OM-1	Class/Administrative Rooms		
E-NP-OM-2	Grounds		
E-NP-OM-3	Teacher & Staff Houses		
E-NP-OM-4	General Equipment		
E-NP-OM-5	Cars, Buses, Speedboats		
E-NP-OM-6	Tractors, Trucks		
E-NP-OM-7	Generators		
E-NP-OM-8	Electricity		
E-NP-OM-9	Water		
E-NP-OM-10	Gas		
E-NP-OM-11	Diesel Oil		
E-NP-OM-12	Petrol		
E-NP-OM-13	Kerosene		
E-NP-OM-14	Other		
	Total Expenditure – Operations & Maintenance		

Total Expenditure – Operations & Maintenance per Student:

Note:

Total Expenditure Operations & Maintenance is transferred into the Income & Expenditure Budget Summary (Form RB 1.97)

20	Schools Recurrent Budget
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Form DB 8.97	Expenditure - Development
--------------	---------------------------

Head	Category	Amount	% Of Total
E-NP-D-1	Library & Textbooks		
E-NP-D-2	Education Equipment		
E-NP-D-3	General Equipment		
E-NP-D-4	Major Projects		
	Total Expenditure - Development		

Total Expenditure – Development per Student:

Note:

Total Expenditure Education Supplies is transferred into the Income & Expenditure Budget Summary (Form RB 1.97)

30	Schools Recurrent Budget
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Form RB 9	Monthly Cash Flow Report: Budget and Actual
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This form is to be completed by the school finance officer on a monthly basis throughout the school year

Monthly Cash Flow Report: Budget and Actuals (in vatu)

Calculations

Head	Title	Budget	Actuals
Cash Available at Beginning of the Month			
	(1) Cash in Hand		
	(2) Cash at Bank		
	Total Cash		
Income and Expenditure for the Month			
I	Income		
I-S	Student		
I-G	Government		
I-O	Other		
	Total Income		
E	Expenditure		
E-P-S	Personnel		
E-NP-A	Administrative		
E-NP-SB	Student Boarding		
E-NP-ES	Education Supplies		
E-NP-OM	Operations & Maintenance		
E-NP-D	Development		
	Total Expenditure		
	Net Income for the Month		
	Funds Available at End of Month		
Reconciliation of Funds			
	(1) Cash in Hand		
	(2) Cash at Bank		
	Total Cash		
	Variance / Difference		
Net Income Per Student			

a(i) Actual money held at school at the beginning of the month
a(ii) Actual money that is banked in the school account
A =a(i)+a(ii)

b(i)
b(ii)
b(iii)
B =b(i)+b(ii)+b(iii)

c(i)
c(ii)
c(iii)
c(iv)
c(v)
c(vi)
C =c(i)+c(ii)+c(iii)+c(iv)+c(v)+c(vi)

D =B-C

E =A+D

f(i) Actual money that is held at the school at the end of the month
f(ii) Actual money that is banked in the school account
F =f(i)+f(ii). *Note: F should normally equal E.*

G =E-F

Please state your reasons, if G is greater than or less than zero. Refer to bank reconciliation statement for verification.

H =D / Total Number of Students

Report Prepared By: School Finance Officer
Signature: _____
Date: _____

Report Approved By: Head of a School
Signature & Official School Stamp _____
Date: _____

20	Schools Recurrent Budget
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Form RB 10	Monthly Income & Expenditure Statement
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Month:	Year:	% of Year Completed:
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Head	Title	Budget For Year (in vatu)	Income For Month (in vatu)	Income Year To Date (in vatu)	Income For Year as % Of Budget
1	Income				
	I-S				
	Income from Students				
	I-S-1				
	Tuition Fees				
	I-S-2				
	Boarding Fees				
	I-S-3				
	Caution Fees				
	I-S-4				
	Insurance Fees				
	I-S-5				
	Lunch Fees				
	I-S-6				
	Uniform Sales				
	I-S-7				
	Shop Income				
	I-S-8				
	Other				
	Total Students Income				
	I-G				
	Income from Government				
	I-G-1				
	Administrative Salaries				
	I-G-2				
	Ancillary Salaries				
	I-G-3				
	Fee Subsidy				
	I-G-4				
	Operating Grant				
	I-G-5				
	Other				
	Total Government Income				
	I-O				
	Other Income				
	I-O-1				
	Church General Grant				
	I-O-2				
	Church Salary Grant				
	I-O-3				
	Staff Rent Income				
	I-O-4				
	Fund Raising				
	I-O-5				
	Other Income				
	Total Other Income				
	Total Income				

20	Schools Recurrent Budget
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Monthly Income & Expenditure Statement (continued)

Month:	Year:	% of Year Completed:
--------	-------	----------------------

Head	Title	Budget for Year (in vatu)	Expenditure for Month (in vatu)	Expenditure Year to Date (vatu)	Expenditure for year as % Of Budget
E	Expenditure				
E-P-S	Personnel				
E-P-S-1	Government				
E-P-S-2	Church				
E-P-S-3	Other				
a	Total Personnel Exp.				
E-NP	Non-Personnel				
E-NP-A					
E-NP-A-1	Stationery				
E-NP-A-2	Photocopy Supplies				
E-NP-A-3	Office Equipment & Maintenance				
E-NP-A-4	Telephone & Fax				
E-NP-A-5	Postage & Freight				
E-NP-A-6	Bank Charges				
E-NP-A-7	School Council				
E-NP-A-8	Land Lease Rental				
E-NP-A-9	Travel				
E-NP-A-10	Shop Expenses				
E-NP-A-11	Uniform Expenses				
E-NP-A-12	Caution Fee Refund				
E-NP-A-13	Farm Expenses				
E-NP-A-14	Other Administrative Expenses				
b	Total Administrative Exp.				
E-NP-SB	Student Boarding				
E-NP-SB-1	Food and Drink				
E-NP-SB-2	Supplies and Equipment				
E-NP-SB-3	Building Maintenance				
E-NP-SB-4	Medical				
E-NP-SB-5	Student Amenities				
E-NP-SB-6	Other				
c	Total Student Boarding Exp.				

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Schools Recurrent Budget

Monthly Income & Expenditure Statement (continued)

Month:

Year:

% of Year Completed:

Head	Title	Budget for Year (vatu)	Expenditure for Month (in vatu)	Expenditure Year to Date (in vatu)	Expenditure for Year as % Of Budget
	Education Supplies				
E-NP-ES-1	Student Stationery				
E-NP-ES-2	Library				
E-NP-ES-3	English				
E-NP-ES-4	Mathematics				
E-NP-ES-5	Social Studies				
E-NP-ES-6	History				
E-NP-ES-7	Geography				
E-NP-ES-8	French				
E-NP-ES-9	Basic Science				
E-NP-ES-10	Biology				
E-NP-ES-11	Chemistry				
E-NP-ES-12	Physics				
E-NP-ES-13	Religious Education				
	Education Supplies - Senior Secondary				
E-NP-ES-14	French				
E-NP-ES-15	English				
E-NP-ES-16	Math : Statistics				
E-NP-ES-17	Math : Calculus				
E-NP-ES-18	Accounting / Business Studies				
E-NP-ES-19	Economics				
E-NP-ES-20	Chemistry				
E-NP-ES-21	Physics				
E-NP-ES-22	Biology				
E-NP-ES-23	Science of Life & Land				
E-NP-ES-24	Human & Social Science				
E-NP-ES-25	Development Studies				
E-NP-ES-26	Geography				
E-NP-ES-27	History				
E-NP-ES-28	Agriculture				
E-NP-ES-29	Technology				
E-NP-ES-30	Computer Studies				
E-NP-ES-31	Religious Education				
E-NP-ES-32	Physical Education				
E-NP-ES-33	Japanese				
E-NP-ES-34	Other				
E-NP-ES-35	Other				

Monthly Income & Expenditure Statement (continued)

Month:

Year:

% of Year Completed:

Head	Title	Budget for Year (vatu)	Expenditure for Month (in vatu)	Expenditure Year to Date (in vatu)	Expenditure for Year as % Of Budget
	Education Supplies - Technical Schools				
E-NP-ES-36	Library				
E-NP-ES-37	Tourism				
E-NP-ES-38	Business				
E-NP-ES-39	Technical Drawing				
E-NP-ES-40	Plastic Arts				
E-NP-ES-41	Hotelry & Catering				
E-NP-ES-42	Electricity				
E-NP-ES-43	Masonry				
E-NP-ES-44	Carpentry				
E-NP-ES-45	General Mechanics				
E-NP-ES-46	Auto Mechanics				
E-NP-ES-47	French & History				
E-NP-ES-48	English & History				
E-NP-ES-49	Mathematics & Science				
E-NP-ES-50	Physical Education				
E-NP-ES-51	Accounting				
E-NP-ES-52	Other				
d	Total Education Supplies Exp.				
E-NP-OM	Operations & Maintenance (OM)				
E-NP-OM-1	Classroom & Administrative Rooms				
E-NP-OM-2	Grounds				
E-NP-OM-3	Teacher & Staff Houses				
E-NP-OM-4	General Equipment				
E-NP-OM-5	Cars, Buses, Speedboats				
E-NP-OM-6	Trucks, Tractors				
E-NP-OM-7	Generators				
E-NP-OM-8	Electricity				
E-NP-OM-9	Water				
E-NP-OM-10	Gas				
E-NP-OM-11	Diesel Oil				
E-NP-OM-12	Petrol				
E-NP-OM-13	Kerosene				
E-NP-OM-14	Other O & M Expenses				
e	Total O & M Exp.				
E-NP-D	Development (D)				
E-NP-D-1	Library & Textbooks				
E-NP-D-2	Education Equipment				
E-NP-D-3	General Equipment				
E-NP-D-4	Major Projects				
f	Total Development Exp				
	Total Expenditure (a+b+c+d+e+f)				

Notes to Income & Expenditure Statement

1. The Income & Expenditure Statement should be completed by the school finance officer, with assistance from the head of school, at the end of every month
2. Month: Indicate the month which you are preparing the statement for
3. Year: Indicate the year which you are preparing the statement for
4. % of Year Completed: Indicate the percent of year completed. For example, if you are preparing the report for May 2009, we have completed 41.67% of the year. That is, we have completed 5 months out of 12 months within a year (5 months complete / 12 months x 100% = 41.67%). Likewise, if we were to prepare the report for August 2009, we have completed 66.67% of the year. That is, we have completed 8 months out of 12 months within a year (8 months completed / 12 months x 100% = 66.67%)
5. Budget for Year: You will need to indicate the budget for that specific activity for the whole year
6. Income or Expenditure for Month: You will need to indicate the actual income or expenditure on that specific activity for the month
7. Income or Expenditure to Date: You will need to indicate the actual income or expenditure on that specific activity from January 1st of that year to the end of the particular month in which you are preparing the report for. For example, if you are preparing the report for May 2009, you will need to indicate the total income or expenditure to date from January 1st to May 31st, 2009. Likewise, if you are preparing the report for August 2009, you will need to indicate the total income or expenditure to date from January 1st to August 31st, 2009.
8. Expenditure for Year as % of Budget: This is calculated as :

$$\frac{\text{[Income or Expenditure to Date (as in point 7 above)]}}{\text{Budget for Year (as in point 5 above)]]} \times 100 \%$$

20	Schools Recurrent Budget
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Form RB 11	Annual Cash Flow Report: Budget and Actual
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This form is to be completed by the school finance officer upon completion of a school year.

Schools are expected to produce an annual financial report, which should reach the Ministry by March of every year. The format for annual reports is similar to the monthly reports, but excludes the Cash Available at the Beginning of the Year.

Amounts for Income and Expenditure are extracted from the Year to Date for the month of December as the Year to Date for December totals all the funds received or expended, including the Opening Balance for the Year, as of January 1st to December 31st every year.

Annual Cash Flow Report: Budget and Actuals (In vatu)

Calculations

Head	Title	Budget	Actuals
Income and Expenditure for (f) - Xca			
I	Income		
I-S	Student		
I-G	Government		
I-O	Other		
	Total Income		
E	Expenditure		
E-P-S	Personnel		
E-NP-A	Administrative		
E-NP-SB	Student Boarding		
E-NP-ES	Education Supplies		
E-NP-OM	Operations & Maintenance		
E-NP-D	Development		
	Total Expenditure		
	Net Income for the Year		
	Funds Available at End of Year		
Reconciliation of Funds			
	(1) Cash in Hand		
	(2) Cash at Bank		
	Total Cash		
	Variance / Difference		
<p>Please state your reasons, if G is greater than or less than zero.</p>			
	Net Income Per Student		

b(i)

b(ii)

b(iii)

B =b(i)+b(ii)+b(iii)

c(i)

c(ii)

c(iii)

c(iv)

c(v)

c(vi)

C =c(i)+c(ii)+c(iii)+c(iv)+c(v)+c(vi)

D =B-C

E = D

f(i) Actual money that is held at the school at the end of the year (Normally this should be zero)

f(ii) Actual money that is recorded in the school bank account at the end of the year

F =f(i)+f(ii). Note: F should normally equal E.

G =E-F

H =D / Total Enrolment

Report Prepared By: School Finance Officer
 Signature: _____
 Date: _____

Report Approved By: Head of a School
 Signature & Official School Stamp _____
 Date: _____

(Refer to Education Act, Part 5, Division 1, Section 33, 34)

All funds received by school in terms of school fees, grants and donations, whether PEB or GAEA schools, are to be expended as follows unless the Director General of Education approves in writing that they be used for other purposes.

Expenditure of 100% School Funds	
Percent	Details
40%	Academic Purposes
10	Text Books
6	Library Books
9	Science Equipment/Computers
5	Assessment and Evaluation
4	Photocopy for Classes
3	Staff Development
3	Others
60%	Non-Academic Purposes
12.5	Building Repair/Maintenance
12.5	Water/Electricity
6.25	Equipment
6.25	Equipment Repair
3.75	Telephone/Fax
3.75	Local Travel
3.13	Land Lease
3.13	Fuel
1.49	Stationery
1.00	Postage/Freight
6.25	Others

Any ancillary staff grants are in addition to school funds. Ancillary staff grants will partly cover ancillary staff salaries, their provident fund and their terminal benefits.

Funds for zone curriculum advisors and secondary advisors school visits will only be distributed to schools at which a zone curriculum and secondary advisor is based.

At the time of writing, all education legislations, including the Grant Code, are subject to being reviewed, thus the grant allocation may differ slightly from what is currently being presented after the review. It is advised that all schools comply with any interim arrangement with regards to the Schools Grants Scheme which will be developed by the Ministry as an interim guide, while waiting for the review.

Appendix 4 Periodic Contract Agreement

This contract was made on this _____ day of the month of _____, year _____.

Contract is made between:

_____ School, represented by Mr. Yoyo, head of _____ School, herein called the Employer on one hand;

And

Mr. Zing of Efate herein called the employee on the other hand.

Whereby the employer has offered, and the employee has accepted, the post of _____ (job title) upon the following conditions:

1. That this post as offered, and accepted is a only temporary one, and hereby entered into contract commencing from _____ to _____ (include start and end dates).
2. That during the course and duration of his employment, the employee shall be remunerated on a fortnightly basis at the rate of _____ vatu (may include monthly rate).
3. This contract agreement is only for the period as indicated above. If the employee is to remain beyond the said period then another separate contract agreement for such an extension has to be mutually agreed upon.
4. That the post of _____ (job title) includes the following duties and responsibilities:
 - a. To provide effective and efficient services to the school.
 - b. Performing other duties as directed by the head of school.
 - c. List other duties and responsibilities.
 - d. Adhere to guidelines within Manual.

Note:

An attached job description must be attached and signed by all 3 parties involved.

Hereby signed by:

Mr. Zing
Employee

Date

Mr. Yoyo, Head of School
Employer

Date

And Witnessed By:

Mr. Whiz
Chairman of School Council

Date

This is taken from the primary school survey, but similar information is required from the secondary schools, thus the table will only differ slightly in Section E2 and E3 to refer to Years 9 to 13/14.

Part: E1 Funding

E1 (a) Non-Community Contributions

Record the details of any contributions received by the school during the last financial year (e.g. Jan – Dec 2009). If the school received a donation, please estimate the cost of the materials given.

Source of Contribution	Type	Total Value (in vatu)	Details of Goods or Services	Date Received
Central Government				
Education Authority				
Private Donations				
European Union				
NZAID				
AusAID				
China				
Japan				
ADB				
UNICEF				
France:				
Other (Specify):				
Other (Specify):				

The head of schools are expected to estimate the value of contributions received by members of the “non-community”, for example, the government, non-government organizations, or other stakeholders that contributed to the development of the school, during the previous’ school year.

Due to the space available, the table should only show a summary of contributions received in the past year. The following describes the relevant columns which heads of schools are expected to fill out.

Source: This specifies the persons or organizations that have provided goods or services to the school in the previous year.

Type: This specifies the type of assistance that was received, whether materials, labor, assets, and so forth.

Value (VUV): This approximates the total value of goods in money terms. The head of school may seek assistance from other school staffs, or from nearby suppliers, as to the approximate value of goods or services supplied to the school in the past year. For example, a computer set donated may cost approximately 150,000 vatu, or a set of 30 chairs & tables may be valued at 300,000 vatu, and so forth.

Details of Assistance: This describes the goods or services received, whether they are computer sets, furniture, iron sheets, library books, volunteers, and so on.

Date Received: This indicates the dates on which the goods or services was received.

Part E1(b): Community Contributions

Record below the details of any contributions received from your local community in the last financial year (e.g. Jan – Dec 2009). If you are not sure of the value of contributions received, please record your best estimate and describe the goods or services received in the "Details of the Goods or Services" column.

Type of Contribution	Total Value (in vatu)	Details of Goods or Services	How often?
Community Working Party			
Fundraising			
Other (Specify):			
Other (Specify):			
Other (Specify):			

The head of school is expected to fill out this table, and provide the best estimates in vatu, for the total value of goods or services received in the past year. The difference with the first table, is that this table records contributions only from the immediate school community.

Another difference with the columns indicated in part E1(a) is that the head of school will need to indicate "How Often" this type of contribution was received during the past year. For example, fundraising may happen 3 times a year (once a term). Thus, you will write 3 in the space provided.

Part E2 Parental Contributions in the Past Year

Record the total contributions during the past year according to year level.

Parental Contributions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total Parental Contributions
Cash/Cheque/Deposits (Contributions Paid)									
Non-Cash (Fee-In-Kind valued in Vatu)									
Contributions Owed but Not Collected or Paid									
Total Parental Contributions									

All schools are required to keep a fee register (as shown in Part 3B of the manual) for each of their students who are enrolled in their schools. This will assist heads of schools to fill out the above table.

The table outlines the total amount of parental contributions or fees that a school had collected in the past year according to the respective year group. It is the total amount of money received by parents or guardians during the past year. This should equal the Total Student Income recorded in the school Annual Report.

The following is a brief description on the types of Parental Contributions or School Fees that a school may receive during the year from a child's parent or guardian.

Cash/Cheque/Deposits: This refers to any money that is received from a parent or guardian of a child for payment towards a child's fees. The money received may be in the form of cash; a cheque issued to the school, or may be a cash or cheque deposit which the parents or guardians of a child may have deposited into the chosen school bank account. All this money received should be recorded in the school cash book during the year.

Non-Cash (Fee-in-Kind valued in vatu): This would be payment for a child's fee "in-kind". A parent or guardian of a child may not have cash to pay for their child's fees, and may request to provide labor or materials to the school to cover for a child's fees. The school finance officer or head of school will negotiate with the parent or guardian on "how much" this "fee-in-kind" would be valued at. After an agreement has been reached between the two parties concerned, a "fee-in-kind" voucher will need to be filled to formalize this agreement (A sample is shown in Part 3B of the Manual). This amount is recorded in the fee register of the child.

Contributions Owed but Not Collected or Paid: This refers to the amount of money which is not paid by a parent or guardian for a child during the past year. This row will indicate to a school finance officer or head of school on how much money is still outstanding by parents or guardians by the year group. Refer to Part 3C of the Manual on the Loss or Non-Payment of Fee.

Part E.3 Parental Contribution Structure for the Current Year

Record the current year's Parental Contribution structure for Years 1 to 8 according to the categories given. If your school does not charge for one of the contributions listed, leave the space blank. Add to the list any contributions charged at your school which is not mentioned here. Provide the contributions on a per student basis in vatu.

Years 1 to 8 Contributions	Years 1 – 6				Years 7 - 8			
	Term 1	Term 2	Term 3	Total	Term 1	Term 2	Term 3	Total
Parental Contribution								
Tuition								
Boarding								
Meals for Day Students								
Caution								
Insurance								
Uniform								
School Materials								
Textbooks								
Stationery								
Other								
Other								
Total Contribution Per Student								

The school finance officer or the head of school will need to indicate in this table the different amount for fees or contributions that are charged to a parent during the school year for an individual student. Note, this is requesting fee or contribution charged per student, for the current year.

Part E.4: Annual Cash Flow Report for the Previous Year

Record the budget and actual financial data for your school for the last financial year.

Please refer to Part 9 of the Manual. An annual cash flow report for a school should be as follows:

Annual Cash Flow Report: Budget and Actuals (in vatu)				Calculations	
Head	Title	Budget	Actuals		
I	Income				
I-S	Student			b(i)	
I-G	Government			b(ii)	
I-O	Other			b(iii)	
	Total Income			B	$=b(i)+b(ii)+b(iii)$
E	Expenditure				
E-P-S	Personnel			c(i)	
E-NP-A	Administrative			c(ii)	
E-NP-SB	Student Boarding			c(iii)	
E-NP-ES	Education Supplies			c(iv)	
E-NP-OM	Operations & Maintenance			c(v)	
E-NP-D	Development			c(vi)	
	Total Expenditure			C	$=c(i)+c(ii)+c(iii)+c(iv)+c(v)+c(vi)$
	Net Income for the Year			D	$=B-C$
	Funds Available at End of Year			E	$=D$
	(1) Cash in Hand			f(i)	Actual money that is held at the school at the end of the year (Normally this should be zero)
	(2) Cash at Bank			f(ii)	Actual money that is banked in the school account at the end of the year
	Total Cash			F	$=f(i)+f(ii)$. Note: F should normally equal E.
	Variance / Difference			G	$=E-F$
					Please state your reasons, if G is greater than or less than zero. Refer to bank reconciliation statement for verification.
	Net Income Per Student			H	$=D / \text{Total Enrolment}$

Report Prepared By: School Finance Officer

Signature: _____

Date: _____

Report Approved By: Head of a School

Signature & Official School Stamp _____

Date: _____

Part E.5: Annual Budget for the Current Year

Record the planned income and expenditure for the school for the current year as approved by the School Council.

Please refer to Appendix 2, Form RB 1.97. The form is detailed as follows:

20	Schools Recurrent Budget
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Form RB 1.97	Income & Expenditure Budget Summary
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Head	Income	Amount	% of Total	How To Calculate % of Total
I-S	Students			$(\text{Students Total Income}) \times 100\%$
I-G	Government			$(\text{Government Total Income}) \times 100\%$
I-O	Other			$(\text{Other Total Income}) \times 100\%$
I	Total Income			

Income per Student $(\text{Total Income} / \text{Total Number of Students})$:

Head	Expenditure	Amount	% of Total	How To Calculate % of Total
E-P-S	Personnel			$(\text{Personnel Total Expenditure}) \times 100\%$
E-NP-A	Administrative			$(\text{Administrative Total Expenditure}) \times 100\%$
E-NP-SB	Student Boarding			$(\text{Student Boarding Total Expenditure}) \times 100\%$
E-NP-ES	Education supplies			$(\text{Education Supplies Total Expenditure}) \times 100\%$
E-NP-OM	Operations & Maintenance			$(\text{Operations \& Maintenance Total Expenditure}) \times 100\%$
E-NP-D	Development			$(\text{Development Total Expenditure}) \times 100\%$
E	Total Expenditure			

Expenditure per Student $(\text{Total Expenditure} / \text{Total Number of Students})$:

Net Income $(\text{Total Income} - \text{Total Expenditure})$:

Net Income per student $(\text{Net Income} / \text{Total Number of Students})$:

Note:

1. Where Total Income > (Is Greater Than) Total Expenditure = Profit or Surplus
2. Where Total Income < (Is Less Than) Total Expenditure = Loss or Deficit
3. "% of Total" is included in all forms. The method of calculation is similar to that shown in the above table
4. The different types of "Income per Student" in attached budget forms is calculated as that above.
5. The different types of "Expenditure per Student" in attached budget forms is calculated as that above.