



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

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To: **Heads of Provincial Education Departments**
CC: **Heads of Provincial Institutional Management and Governance**
Chief Financial Officers
District and Circuit Managers
School Principals and School Governing Bodies

CIRCULAR M5 OF 2017

CLARITY ON PARAGRAPH 1 OF M1 OF 2017 RELATING TO THE UTILISATION OF THE NEW SOUTH AFRICAN SCHOOLS ACT (SASA) NO. 84 OF 1996 (AS AMENDED BY BELA ACT 15 OF 2011)

The Directorate: Sector Audit Outcomes audited a number of Provinces from 17 June 2017 to date. A number of findings on the appointment of registered auditors and inadequate segregation of duties between bookkeepers and auditors were raised. These findings were also raised in the Auditor-General of South Africa's Education Sector Audit Report for 2015/16.

In an endeavour to provide clarity and guidance on these findings, the Directorate identified root causes/gaps relating to these findings. The main root cause for these findings is the utilisation and application of the South African Schools Act (SASA) prior to amendments by BELA Act No. 15 of 2011 instead of utilising the SASA Act post amendments by BELA Act No. 15 of 2011. The following is a detailed explanation of the amendments made by BELA and the implications of the changes:

1. Amendments by BELA Act No. 15 of 2011 to Section 43 of the SASA

The SASA Act No 84 of 1996 Section 43 read as follows prior to amendments by BELA Act 15 of 2011: "the governing body of a public school **must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991)**, to audit the records and financial statements." The SASA Act prior to amendments by BELA Act 15 of 2011 was found in the South African Legal Information Institute (SAFLII) through their website. SAFLII is regarded as the source of legal information from South Africa that intends to encourage the rule of law and legal accountability by publishing legal material such as Acts/Regulations for public consumption.

The amended SASA Act, Section 43(a) reads as follows: “the governing body of a public school **must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005)**, to audit the records and financial statements referred to in section 42.”

The amended Act indicates that auditors must only be appointed in accordance with the Auditing Profession Act, 2005 (Act No. 26 of 2005).


2. Evidence that Section 43 of the SASA Act was amended due to the following:

- 2.1 Change of the Act from Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991) to the Auditing Profession Act, 2005 (Act No. 26 of 2005); and
- 2.2 Change of the words “accountant and auditor” to only “registered as an auditor”.

You are kindly requested to bring Circular M5 of 2017 to the attention of all District Directors, Heads of Provincial Institutional Management and Governance, Chief Financial Officers, School Principals and School Governing Bodies.

All enquiries related to this circular should be directed to the contact details as indicated above .Circular M5 of 2017 is effective immediately upon the date of signature by the Director-General of the Department of Basic Education.

Yours sincerely



MR HM MWELI
DIRECTOR-GENERAL

DATE: 10/11/2017