

SAPA

29 Sept 2020

**Financial Review for
Schools**



Agenda

- Best financial practices during these unforeseen times
- Authority matrix (who may purchase to what amount)
- Forecasting (especially cash flow)
- Cost Control
- How to raise some money at your school
- Q & A

Best Practise

- ▶ Turnover = Vanity
 - ▶ Profit = Sanity
 - ▶ Cash = Reality
 - ▶ “If you cant measure it, you cant control it”
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- ▶ What did we learn from the Covid19 pandemic ,particularly relating to the school environment :
 - ▶ Implement or continue to offer the Discounted upfront payments of school fees at the beginning of each financial year. The money generated by this influx of cash will cover your school through unforeseen times & risks.
 - ▶ Communications with the parent base is key – Numerous zoom meeting were held with parents from each grade, on 5 separate days ,in order to understand their predicament wrt to payment of school fees and to offer payment options and solutions going forward.
 - ▶ Do not pre fund municipalities ,whereby your utility bills are based on estimates, in stead of actual consumption. Only pay what your historical data is indicating wrt to your consumption.
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Best Practise continued

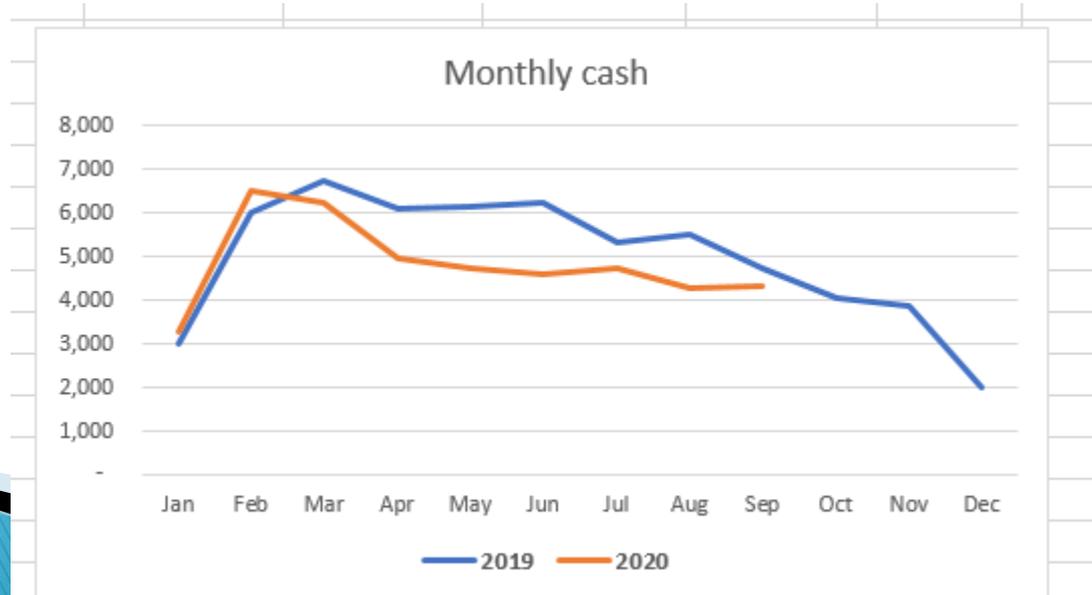
- ▶ Always ask yourself – if I was spending my own money ,would I do it, or would I shop around for a better proposition. Often schools do not have the time or expertise to get the “best deal” for the school. (Some of the private school have their own “business development manager” ,whereby the procurement process, is also part of this function.)
- ▶ It is critical that the members of the SGB’s have the necessary skills and time to add value to a school. Actively be on the lookout for those skilled people who can be co-opted onto the SGB, because if they have more time at their disposal, they can then take on this function. (They don’t necessarily have had a learner at the school.
- ▶ Move away from Cash on Campus. Banks are starting to charge excessive fees to deposit cash (plus the added risk of transporting cash) and increased premiums on your insurance, if too much cash is on Campus. There are lots more smarter ways of becoming cashless ,by utilising numerous platforms and Apps. Eg Snapscan,Karri,Payfast ,Paypal etc.
- ▶ Stop providing food on Campus for Teachers and Staff – nice to have ,but adds to cost base and difficult to control .(Eg more and more health conscious diets)
- ▶ Be very careful about hiring part time coaches at the school – ,need to sign contracts and have no police record. Very difficult to manage ,and hours worked need to be signed off by Head of Sport or Culture before any payments made. (No cash disbursements in lieu of wages)
- ▶ Ensure there is no “A” audit findings in your annual audit – any audit findings from last year must not be repeated this year.

Authority Matrix

- ▶ Make sure this is signed off each year, at the 1st SGB meeting of the new year
- ▶ Levels of Authority (Include in the Schools Finance Policy document)
- ▶ Approved Parent Budget is the base .
- ▶ Revenue Items – School Fees write off – set limits (R5k) per Bursar/Assistant Bursar. Treasurer to sign off.
- ▶ Financial Assistance Calculation – try and get a 3rd party to assist with the F/A calculation (delegation of duty). Treasurer final sign off.
- ▶ Cost Items – Limits: HOD's R5k within budget, Ops Mng R15k within budget – 3 quotes required. If time pressed, can use 2 quotes with a 10% reduction on the cheapest quote to get the job done.
- ▶ Capex – Any reallocation of Capex budgets need full approval of SGB.
- ▶ Agreements/Loans – Chairman and full approval of SGB.
- ▶ No leases longer than 3 years.

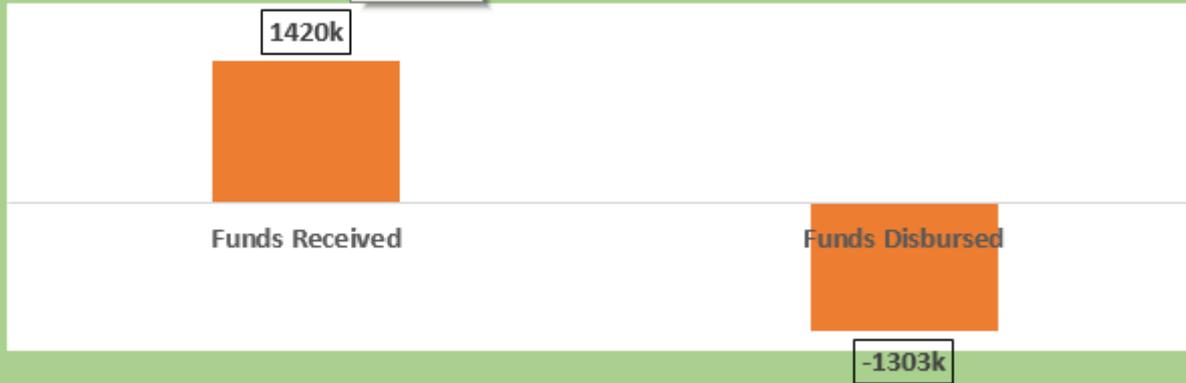
Cash flow – forecasting

- ▶ Key to any successful business
- ▶ Very seasonal – always ensure you have a contingency reserve of say R500k at end Dec.
- ▶ Timeous reporting – monthly is too long ,revert to weekly reports on actual collections and disbursements.
- ▶ Be aggressive in your handover policy – do not wait until June ,start end of Qtr 1, if no payments received from Parents
- ▶ Do not prefund any suppliers ie some clothing suppliers want 50% upfront payments.
- ▶ Dashboard reporting – automated download from Bank account.
- ▶ Compare this month versus same period last year, for any warning signals, measure potential shortfalls and then make informed decisions



Total Funds Received/Disbursed per month

Chart Title



Date

Sep 2020

MONTHS

2020

JUN

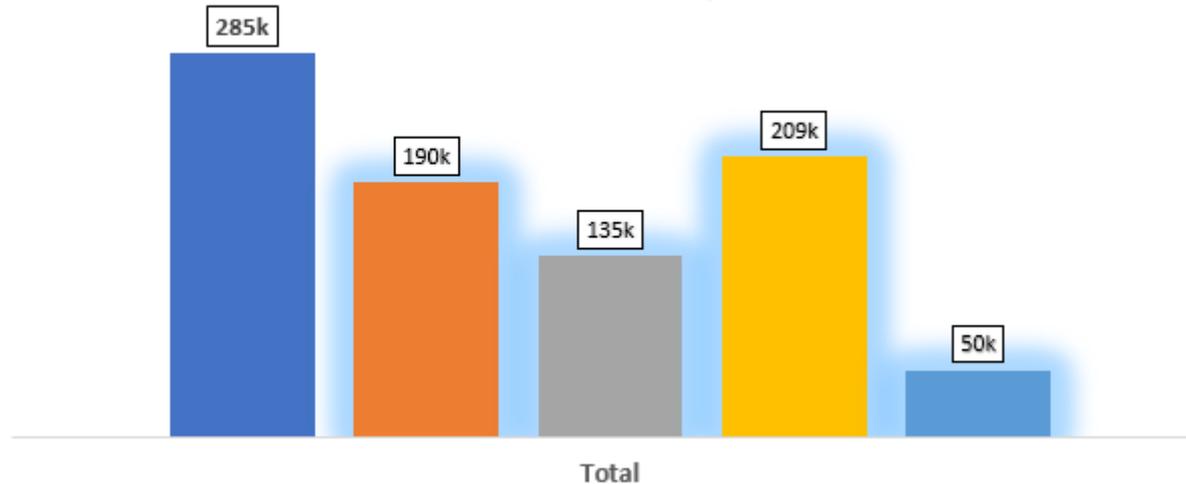
JUL

AUG

SEP



School Fees collected per Week



Date

Sep 2020

MONTHS

2020

JUN

JUL

AUG

SEP



Nr of Payments							School Fees Amount						Total Nr of Payments	School Fees
Week	Apr	May	Jun	Jul	Aug	Sep	Apr	May	Jun	Jul	Aug	Sep		
14	74						186,361						74	186,361
15	25						115,986						25	115,986
16	27						95,422						27	95,422
17	53						164,232						53	164,232
18	108	29					331,132	78,398					137	409,530
19		87						291,031					87	291,031
20		28						108,832					28	108,832
21		25						80,738					25	80,738
22		111						362,130					111	362,130
23			114						442,228				114	442,228
24			32						171,153				32	171,153
25			31						92,750				31	92,750
26			97						367,316				97	367,316
27			90	95					324,756	317,228			185	641,984
28				62						199,828			62	199,828
29				39						143,990			39	143,990
30				39						162,742			39	162,742
31				101	22					298,775	63,612		123	362,388
32					95						511,063		95	511,063
33					39						136,730		39	136,730
34					32						104,812		32	104,812
35					117						383,369		117	383,369
36					43	88					15,157	285,430	131	300,587
37						43						189,701	43	189,701
38						41						134,856	41	134,856
39						63						209,056	63	209,056
40						10						50,360	10	50,360
Total	287	280	364	336	348	245	893,133	921,128	1,398,203	1,122,564	1,214,744	869,402	1,860	6,419,175

Cost Control

- ▶ This is one side of the P&L statement that you have absolute control.
- ▶ Measure the big cost line items via an excel spreadsheet comparing, this month versus last month versus last year (same period) and versus budget. (Municipal bills etc)
- ▶ Do not settle any supplier amounts before approved and comparisons made to quotes.
- ▶ Delay payments to twice a month – mid month and end month ,not on demand.
- ▶ Utilise discounts offered by major suppliers – eg Makro offer 10% discount to pensioners on a Wednesday. Most schools have personnel who are over 60 to be able to use this facility.
- ▶ We need more collaboration within schools in the same community to negotiate better discounts on large volume items – eg paper, diesel ,insurance etc by combining /pooling the needs of the schools ,this should enable a better price point for each school.
- ▶ Share best practise and technology – telecoms has seen massive new technology advances, I reckon that a lot of your schools are still been charged for a fax line from Telkom. You can get deals at R149 per month per handset for 350 minutes before you are charged.No leases involved ,if the phone is faulty – replace ,ie no Capex on expensive PABX systems etc.
- ▶ Install solar – does not have to be massive Capex – R400k expensed, will have a payback period of 2 years .(Spend money to save money).Eskom looking for a 15% increase this year.
- ▶ Install a borehall – Need to become more and more self reliant – the State is running out of money ,and it will start to impact State schools with regard to allocation of State funds for R&M in the future.

Additional Revenue Streams

- ▶ Offer 8th subject on line. Charge market related rate – R5k per subject per year.
- ▶ Current teachers will be able to generate extra income (offset against a potential S38 payment to teachers)
- ▶ First year may not make money – but take the risk and start the programme
- ▶ How to make the asset sweat:
- ▶ Follow Bergvliet model – open the school into a training facility, after hours and over the weekend.
- ▶ Cover or heat the Pool – generate revenue by hiring the pool out over 12 months versus only summer time, if left uncovered. (Do your market research before investing)
- ▶ 5G is coming whether we like it or not. The Government is allowing new RF spectrum for operators to install new towers or use existing towers. Schools that are in high density areas will be able to generate up to R20k per month ,if they allow 5G to be installed on their premises. This is the equivalent of paying for one Teacher per year.
- ▶ Low Hanging Fruit
 - ▶ – If the school offers a Tuck Shop – outsource and generate rent.
 - ▶ – Similarly for Locker rental – money generated from locker rental should be used to replace old lockers etc
 - ▶ – My school card – encourage all new Gr 8 parents to sign up.

Additional Revenue Streams

- ▶ **Clothing Shop – Relook/Review your current uniform offering ,smart and simple– you don’t want to have lots of money in working capital lying on the shelves. It is a service offered to parents, but it is not core business, outsource if possible. Need to think differently, can one day be civvies and one day uniform etc .**
- ▶ **Utilise your Alumina base – a lot of them are spread far and wide in world and are often keen to ‘give back’ to a school. 10 year reunions are good source of funds especially if they can be linked to a specific need/project for the school.**
- ▶ **Social networking – very powerful tool to reach vast number of people very quickly and cheaply (can also be a threat)**
- ▶ **Feeding crisis in this Country – Schools can either get involved in making sandwiches for the vulnerable – it does not generate cash ,but there is an immense amount of goodwill and value created in the school for both parents and learners and beneficiaries.**
- ▶ **Some schools are utilising excess space to grow vegetables for soup kitchens.NPO’s are looking at funding these gardens in terms of seed and know how , and the learners benefit by being part of their ‘Presidents Awards’**

Q & A

- ▶ Any Questions ?