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Top 10 Risks Facing South African Private Schools in 2026

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Executive Summary

Private schools in South Africa are dealing with far more pressure and uncertainty than they were a few years ago. Schools are being hit from multiple sides rising costs, tighter regulation, cybersecurity threats, SARS scrutiny, and increasing pressure from parents, impacting the sustainability and governance of independent schools.

The introduction and implementation of the BELA Act, heightened enforcement of POPIA, increasing cybersecurity incidents, SARS scrutiny of employee benefits, and financial pressure on parents have created an environment where governing bodies, principals, bursars, and finance committees must strengthen governance, internal controls, compliance monitoring, and strategic risk management.

Below are some of the biggest risks private schools are dealing with right now

1. Financial Sustainability and Fee Affordability

The Issue / Problem

School fees are increasing faster than most families' incomes, placing pressure on enrolment levels, debtor collections, and long-term affordability.

At the same time, schools are also dealing with rising salary, security, technology, insurance, and maintenance costs.

Regulatory Context

Most independent schools still rely heavily on fee income, which becomes a problem when parents are under financial pressure. Concerns have also been raised regarding possible VAT changes affecting independent schools.

Risks / Impact

- Declining enrolments
- Increased bad debts and cash flow pressure
- Reduced scholarship and bursary capacity
- Parent dissatisfaction
- Pressure on infrastructure investment
- Risk of school closures in smaller independent schools

Practical Recommendations

- Implement robust budgeting and rolling cash flow forecasting
- Strengthen debtor management controls
- Conduct fee affordability stress testing
- Diversify revenue streams
- Build sustainability reserves
- Review operational efficiencies annually

How SSA can assist

SSA works with schools on practical financial and governance challenges, including:

- Financial sustainability reviews
- Cash flow modelling
- Fee benchmarking
- Debtor impairment modelling
- Budgeting and forecasting frameworks
- Clearer reporting for finance committees and governing bodies

2. Cybersecurity and POPIA Compliance

The Issue / Problem

Private schools process highly sensitive personal information relating to children, parents, staff, donors, and alumni. Schools are increasingly targeted by phishing, ransomware, payroll fraud, and data breaches.

Regulatory Context

Schools are subject to the Protection of Personal Information Act ("POPIA") and the Cybercrimes Act. The Information Regulator is increasing enforcement activity and penalties for non-compliance.

Risks / Impact

- Data breaches involving minors
- Regulatory fines and enforcement notices
- Reputational damage
- Legal claims from parents
- Operational disruption from ransomware attacks
- Fraudulent banking detail changes

Practical Recommendations

- Conduct annual POPIA compliance reviews
- Implement multi-factor authentication
- Perform cybersecurity vulnerability assessments
- Train staff on phishing awareness
- Maintain incident response plans
- Restrict access rights to sensitive data

How SSA can assist

SSA can assist through:

- POPIA compliance assessments
- Cybersecurity governance reviews
- IT general controls reviews
- Risk assessments
- Internal audit reviews of school IT environments
- Fraud prevention frameworks

3. Governance and Board Oversight Weaknesses

The Issue / Problem

Many school governing bodies are made up of volunteers who may not necessarily have deep governance or financial experience.

This can result in weak oversight over finances, strategy, compliance, and risk management.

Regulatory Context

Private schools operating as NPCs, trusts, or associations remain subject to fiduciary governance obligations under:

- Companies Act No. 71 of 2008
- King IV
- Common law fiduciary duties
- Trust Property Control Act (where applicable)

Risks / Impact

- Weak strategic oversight
- Poor accountability
- Financial mismanagement
- Conflicts of interest
- Inadequate risk governance
- Regulatory non-compliance

Practical Recommendations

- Conduct annual board effectiveness reviews
- Formalise board charters and committee structures
- Implement combined assurance frameworks
- Strengthen Finance and Audit Committees
- Make sure the board has the right mix of skills and experience

How SSA can assist

SSA can provide:

- Governance assessments
- Board training
- King IV gap assessments
- Combined assurance frameworks
- Internal audit services
- Audit and Risk Committee advisory support

4. SARS Tax Compliance Risks

The Issue / Problem

SARS scrutiny over employee-related benefits is increasing, particularly regarding staff tuition fee discounts, travel allowances, housing benefits, and payroll compliance.

Regulatory Context

Private schools must comply with:

- Income Tax Act No. 58 of 1962
- Seventh Schedule fringe benefit provisions
- PAYE legislation
- UIF and SDL requirements

Risks / Impact

- SARS penalties and interest
- PAYE underpayments
- Payroll errors
- Employee tax disputes
- Reputational risk

Practical Recommendations

- Conduct annual payroll tax reviews
- Develop documented fringe benefit methodologies
- Ensure IRP5 coding accuracy
- Maintain supporting tax opinions and calculations
- Obtain specialist tax advice where required

How SSA can assist

SSA can assist through:

- Payroll compliance reviews
- Fringe benefit calculations
- SARS-ready supporting files
- Tax opinions
- Payroll control assessments
- Staff tuition discount methodologies

5. Human Resources and Safeguarding Risks

The Issue / Problem

Schools are under growing pressure to properly manage safeguarding, staff vetting, and learner protection.

Regulatory Context

Schools must comply with:

- South African Schools Act
- Labour legislation
- Children's Act
- Occupational Health and Safety legislation
- Safeguarding requirements

Risks / Impact

- Harm to learners
- Litigation
- Reputational damage
- Regulatory investigations
- Labour disputes
- Insurance implications

Practical Recommendations

- Conduct criminal and qualification verification checks
- Maintain safeguarding policies
- Train staff annually
- Implement whistleblowing mechanisms
- Monitor disciplinary procedures

How SSA can assist

SSA can assist through:

- HR internal control reviews
- Safeguarding governance assessments
- Compliance audits
- Risk assessments
- Fraud and ethics hotline frameworks

6. Infrastructure and Deferred Maintenance Risks

The Issue / Problem

A lot of schools are postponing maintenance because of cost pressure, and the backlog is growing.

Regulatory Context

Schools must maintain safe environments under occupational safety legislation and common law duties of care.

Risks / Impact

- Safety incidents
- Insurance claims
- Operational disruptions
- Increased long-term repair costs
- Parent dissatisfaction

Practical Recommendations

- Develop preventative maintenance plans
- Perform infrastructure condition assessments
- Plan properly for when major assets will need to be repaired or replaced
- Maintain updated fixed asset registers

How SSA can assist

SSA can assist through:

- Fixed asset register reviews
- Asset verification projects
- Capital expenditure governance reviews
- Infrastructure risk assessments

7. Declining Enrolment and Competition Risk

The Issue / Problem

Competition between private schools is intensifying, particularly in urban areas where parents are increasingly price sensitive.

Regulatory Context

Independent schools operate in a highly competitive market environment with limited state support.

Risks / Impact

- Lower enrolment growth
- Revenue decline
- Pressure on fee increases
- Marketing expenditure escalation

Practical Recommendations

- Conduct strategic enrolment forecasting
- Review pricing strategies
- Improve parent communication
- Invest in academic differentiation

How SSA can assist

SSA can provide:

- Strategic financial modelling
- Scenario planning
- Sustainability assessments
- Benchmarking analytics

8. BELA Act and Regulatory Change Risk

The Issue / Problem

The Basic Education Laws Amendment ("BELA") Act is creating uncertainty for many schools around governance and regulatory compliance.

Regulatory Context

The BELA Act introduces reforms affecting:

- Grade R compulsory attendance
- Admissions policies
- Language policies
- Governance expectations

Risks / Impact

- Increased compliance obligations
- Policy misalignment
- Regulatory disputes
- Governance uncertainty

Practical Recommendations

- Review admissions and language policies
- Monitor legislative developments
- Conduct legal compliance reviews
- Update governance documentation

How SSA can assist

SSA can assist through:

- Regulatory compliance reviews
- Governance advisory services
- Policy framework reviews
- Internal audit support

9. Fraud and Procurement Risks

The Issue / Problem

Schools remain vulnerable to procurement fraud, payroll fraud, expense abuse, and conflicts of interest.

Regulatory Context

Boards and management have fiduciary responsibilities to prevent fraud and protect school assets.

Risks / Impact

- Financial losses
- Reputational damage
- Donor concerns
- Regulatory scrutiny

Practical Recommendations

- Strengthen segregation of duties
- Implement procurement policies
- Conduct supplier vetting
- Perform surprise audits
- Use basic data analytics to identify unusual transactions or payment patterns

How SSA can assist

SSA can provide:

- Forensic investigations
- Fraud risk assessments
- Procurement reviews
- Internal audit services
- Data analytics and continuous auditing

10. Reputation and Social Media Risk

The Issue / Problem

A single incident can spread across social media within hours and quickly become a reputational crisis for a school.

Regulatory Context

Schools must balance reputational management with legal obligations relating to privacy, safeguarding, and employment law.

Risks / Impact

- Loss of enrolments
- Public backlash
- Loss of trust from staff, parents, and learners

Practical Recommendations

- Develop crisis communication protocols
- Monitor social media exposure
- Train leadership on media response
- Maintain clear stakeholder communication plans

How SSA can assist

SSA can assist through:

- Governance advisory
- Crisis governance frameworks
- Risk management programmes
- Internal control strengthening
- Independent investigations

Conclusion

Private schools are operating in a much tougher environment than they were even five years ago.

Rising costs, tighter regulation, cybersecurity threats, SARS scrutiny, and increasing parent expectations are all putting pressure on schools at the same time.

Schools that strengthen governance, internal controls, financial planning, and compliance processes now are likely to be far more resilient in the years ahead.

The schools that struggle most are usually the ones that react too late.

SSA Chartered Accountants and Business Advisors Incorporated can support governing bodies, principals, bursars, finance committees, and audit committees through tailored audit, risk, governance, tax, and advisory services specifically designed for the independent school sector.