

**THE FINANCIAL MANAGEMENT OF SECTION 21 SCHOOLS IN  
THE MOPANI DISTRICT, LIMPOPO PROVINCE**

BY

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## DECLARATION

I declare that “**The financial management of section 21 schools in the Mopani district, Limpopo province**” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. It is being submitted for the degree of Master in Education at the University of South Africa. It is original and has not been submitted before for any degree or examination at any other university.

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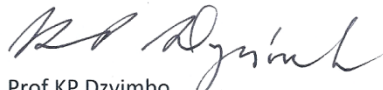
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## **ABSTRACT**

This research focussed on the roles and responsibilities of school principals, School Governing Body chairpersons and finance officers in managing the finances of Section 21 schools to ensure that quality teaching and learning are provided within context. A qualitative investigation was conducted using individual interviewing. This was supplemented by a study of official documents on financial management at the different research sites. A research sample of 33 participants consisting of eleven school principals, eleven School Governing Body chairpersons, and eleven finance officers represented the selected eleven schools. The findings revealed that school principals lack knowledge and understanding of legislation on financial management. All three types of role-players lack capacity to augment school finances, capacity to manage school assets sufficiently, and capacity to comply with prescripts guiding school finance management. Based on the perceptions of participants, guidelines are provided to improve the capacity of the role-players to manage school finances effectively.

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# **CHAPTER ONE**

## **ORIENTATION TO STUDY**

### **1.1 INTRODUCTION**

South Africa transitioned from apartheid to democracy in 1994 and this shift has brought in legislation that introduced School Governing Bodies (SGBs) with the vested powers to manage the finances of their schools. The South African Schools Act (SASA) (Act No. 76 of 1996) has been enacted empowering School Governing Bodies to manage the finances of their schools in accordance with prescriptions in the SASA. Financial management of each school has become a crucial factor to arrange for the provision of optimal teaching and learning within context. With regard to the concept, Joubert and Bray (2007:372) describe a school's financial management as the performance of management actions connected with the financial aspects of a school for the achievement of effective education. The essential factor in this definition of financial management is the connection made between management tasks and the financial aspects of the school. Clarke (2007:21) argues that the management of school finances is one of the most challenging tasks for school principals, especially when school principals have little or no training or expertise in financial management. It is therefore crucial that all the people who deal with school finances be fully conversant with legislation and prescripts governing the utilisation of school funds in order to be able to have purposeful knowledge in managing those funds successfully.

Many researchers have conducted research on the role of school principals in the management of finances as ex-officio members of the School Governing Body. Mokoena (2006) conducted research on the role of school principals in Bolobedu Section 21 schools. Hansraj (2007) researched the financial role of school principals in Section 21 schools in the southern parts of Durban, and Motsamai and Jacobs (2011) focused on the financial management of schools in Lesotho. The gap identified in these authors' studies pertains to the fact that they did not pay sufficient attention to the important role which each and every high profile finance officer fulfils in managing the school finances effectively. With this study on the financial management of Section 21 schools, the intention is to consider the role that each and every office bearer has to fulfil in managing the financial resources of the school viably.

## **1.2 BACKGROUND TO STUDY**

With a focus on the financial management of Section 21 schools it is important to understand the role played by the School Governing Body in liaison with the School Management Team and to understand the distinct difference between Section 20 and Section 21 schools. It is firstly important to reflect on the theoretical framework used for the study.

### **1.2.1 Financial management: A theoretical framework**

There is no single all-embracing theory of educational management. The reason for the lack of an exclusive theory relates to the need to reflect on the diversity of educational institutions, the varied nature of problems encountered by educational institutions, and the multifaceted nature of theory in education and the social sciences (Motsamai & Jacobs 2011:107). The main theories of educational management can, however, be classified into six major models of educational management (Bush 2004:64): formal, collegial, political, subjective, ambiguity and cultural. This study uses a formal model reflecting a bureaucratic and professional organisational structure as the researcher assumes that schools are hierarchical systems consisting of professional staff in which school principals use rational means to peruse agreed goals. School principals also possess authority legitimized by their formal positions within the schools and are accountable to the School Governing Bodies (SGBs) for their activities (Bush 2004:64).

With regard to school principal's activities, Clarke (2007:101) identifies the school principal's day to day tasks as being organising, planning, leading and controlling. The administration of funds in schools is an integral part of the school principal's responsibility with planning a vital component of effective financial management (Mestry 2004:126-132). In this regard Du Preeze (2003:89) emphasises that the planning of school finances usually begins with the drafting of a budget which is in accordance with the mission statement of the school expressed in monetary terms and which must be guided by the school's vision for the future. The purpose of the budget pertains to assisting systematic financial planning by quantifying objectives and identifying priorities. The budget further pertains to facilitating the coordinating of activities and communicating plans within the organisation while motivating and increasing the accountability of middle management. The authorising of

expenditure and activities and the controlling, monitoring and analysing of expenditure so as to evaluate performance for the sake of confirming or improving successes are also capacitated by budgeting (Clarke 2007:109; Du Preeze 2003:98). It is critical for the school principal to inform and engage all parties at the school on budget processing and explain procedures regarding the use of school finances.

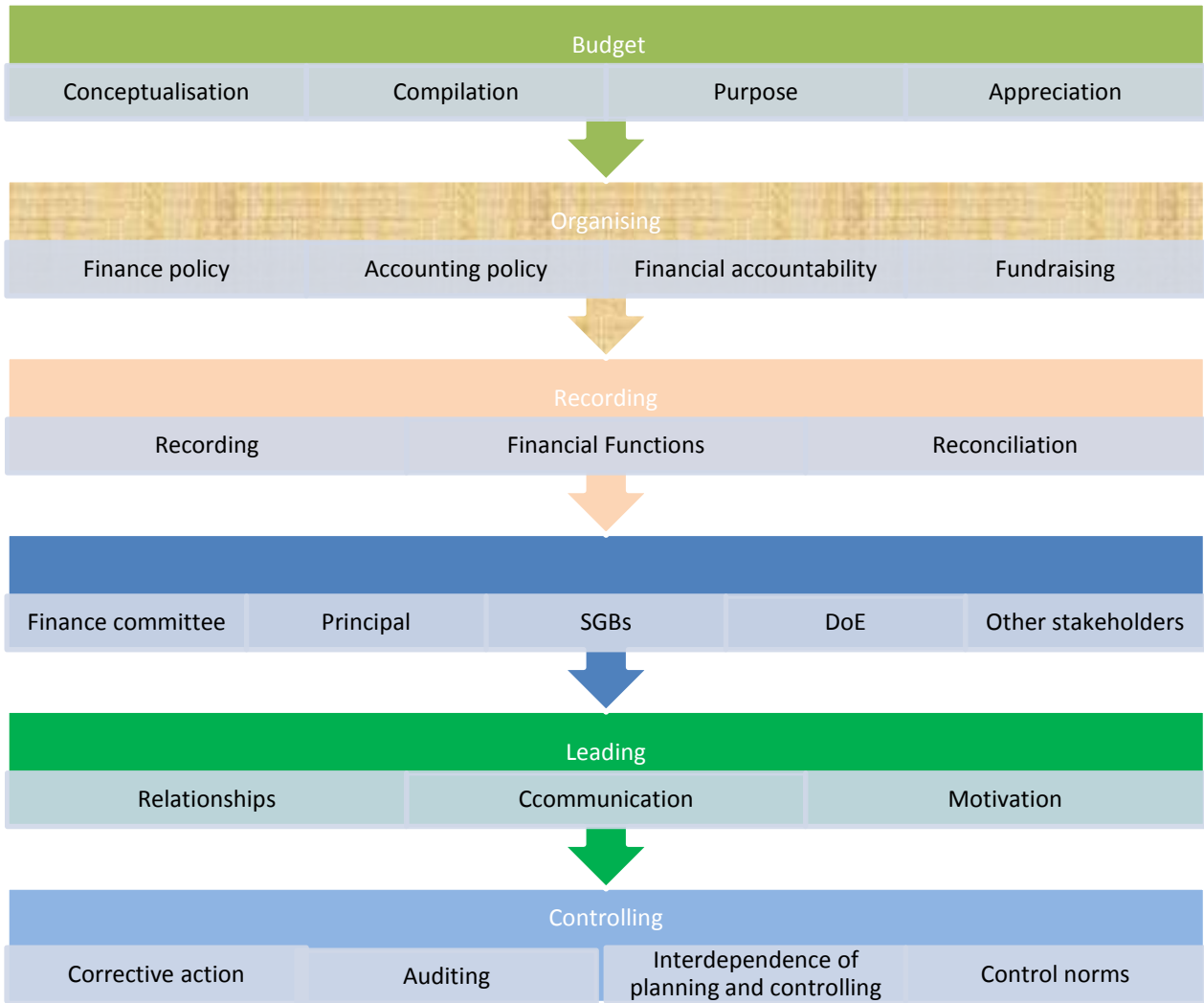
With good communication between stakeholders in an education institution and the establishment of constructive relationships, staff members involved in school finances are informed about authorisation for various expenditures so as to know to whom expenditure should be reported (Motsamai & Jacobs 2011:108). The emphasis in this regard is on reporting on the use of school finances, clarity being provided on what the school funds can be used for and what they cannot be used for. In an education organisation its financial administration activity means bringing all possible input from staff, parents, students and the community together to render the service of effective teaching and learning to take place. In this respect, organising of school finances should include aspects such as drawing up a school policy, setting up a structure within the school to handle administrative and financial matters, delegating certain functions to the clerks and/or finance officers, class teachers and the treasurer, and coordinating activities (Kruger 2002; Ntseto 2009). Linked to the research for this study on the financial management of Section 21 schools are the questions of who are the parties involved in drawing up a budget, how is the budget being monitored and how is reporting, control and monitoring managed at the school.

Mestry (2004:129) as supported by Clarke (2007:282) emphasises that the School Governing Body of every school must ensure that there are proper policies and procedures in place for effective, efficient and economic management of the school's finances. The School's Governing Body must also have systems in place to monitor and evaluate the correct implementation of the policies and procedures and to present a report in every meeting. It is mandatory that all schools must have feasible finance policies and that a system of control (checks and balances) be put in place to ensure that the school's finances are safeguarded and correctly managed (Clarke 2007:291). The purpose of such a control system is to minimise the opportunities for mismanagement of finances which includes irregular payments, unauthorised expenditure, and fraud with accompanying protection of the school's personnel from charges of mismanagement and fraud (Guidelines for Accounting Officers 2000:28). Clarke (2007:28) also emphasises that these internal control

systems of schools which are administered by the school principal be designed to provide reasonable assurances that the organisational objectives will be achieved effectively, efficiently and economically. In line with the educational management theory developed by Bush (2004), all of these aspects pertaining to financial management at school relate to the school as a formal organisation using a bureaucratic organisational structure pertaining to adequate structures for vertical communication, clear rules and regulations for determining standards and governing activities, and a clear designation of work with related responsibilities to ensure a meticulous and effective management of school finances.

Leadership in financial management involves the three aspects of sound relationships, communication with internal and external stakeholders and the motivation of all people concerned with school finances (Ntseto 2001:54). Closely related to this leadership is the insight to know that the financial planning of school finances and its control are interdependent and closely linked with each other (Motsamai & Jacobs 2011:108; Ntseto 2009:36). Accordingly, the relationship that exists between budgeting and executing control pertains to budgeting being a planning instrument and a financial control instrument to ensure that planning and the carrying out of planning remains on track with eventual successful outcomes. The management activities at stake in ensuring effective financial management of schools relate to what is depicted in the following diagram on the management of school finances.

**Figure 1.1: A model for the financial management of a school**



Summary of a school’s financial management (Motsamai & Jacobs 2011:108)

According to this diagram, planning in financial terms pertains to budgeting which comprises organising, recording, leading and controlling of finances to reflect income and expenditure. Each of these activities presupposes sub-activities to be carried out in order to ensure that financial management is effectively arranged. According to the diagram, the organising of finances relies on policy formulation for the sake of being accountable. Activities pertaining to the recording of finances demands reconciliation whereas leading and controlling initiatives encapsulates constant communication and corrective action based on regular auditing.



The discussed theory relating to financial management, with the analysis of financial management tasks which centres on budgeting, guided this study on the financial management of Section 21 schools as this management is carried out in the Mopani district of Limpopo province. The study focused on how the three financial managers, namely the school principal, the School Governing Body chairperson, and the finance officer should fulfil their roles regarding the use of school funds. The research was focused on locating the management functions as depicted in the diagram above to these three finance managers and these three managers' way of accounting for financial management to stakeholders and the state as the main provider of school funds.

### **1.2.2 The role of School Governing Bodies and School Management Teams in Section 20 and 21 schools**

According to the Department of Education with regard to self-managed schools, their arrangements provide the basis for a system which devolves significant power to the schools for the financial management of their own functioning (DoE 2000:7). This approach of self-management makes it possible for schools to build their tailor-made financial capacity to manage their specific financial needs themselves. The intention of government is to make all schools Section 21 schools so that all schools can manage their own funds and be given allocated functions as outlined by the South African Schools Act (SASA). The SASA also provides that School Governing Bodies allow for the reasonable use of school property by the public to generate some funds by way of augmenting the school resources provided by the State (RSA 1996:37(i)).

The trend towards self-managed schools is an international trend in education and as such South Africa is consistent with the global world in adopting this approach of self-managed schools (Xaba 2004:26). It is therefore imperative for school principals to note that greater financial management responsibilities are expected from them in their capacity as the managers of self-managed schools. The School Governing Bodies and their School Management Teams (SMTs) also play a significant role to this effect. According to the SASA (RSA 1996) the role of School Governing Bodies and School Management Teams with regard to school-based management initiatives includes the following four categories of activities (RSA 1996:16(1) (3)):

- Planning according to the school's vision and mission;
- Building participation and collaboration;
- Developing their own capacity;
- Accepting responsibility for self-management.

Regulation through Section 30 of the SASA (RSA 1996) makes provision for the establishment of sub-committees to assist with the smooth functioning of self-management and prescribes that such sub-committees be chaired by a member of the School Governing Body. With regard to the finance committee for self-managed schools, the SASA (RSA 1996) specifies that the governing body of the school may establish sub-committees, including an executive committee, and that a person may be appointed to any of these committees on the grounds of expertise regardless of whether the co-opted person is a parent of the specific school or not. However, a member of the School Governing Body must chair each sub-committee. The Limpopo province's prescripts on management of school funds, for example, prescribe the composition of the finance committee to be as follows: school principal, School Governing Body chairperson, treasurer and finance officer and other members who in total may not exceed nine members (DoE 2011:3).

### **1.2.3 Section 20 schools**

Section 20 schools are given school-based functions based on a paper budget arrangement. These schools receive an allocation in terms of the *Resources Targeting List* as organised and controlled by the Department of Education to arrange that each school purchases its needs through departmental procurement processes. This provides for norms and standards funding based on the poverty level of the school using the location of the school, the rate of unemployment in the school's catchment area and the rate of illiteracy in the external environment of the school.

This is often challenged as there are sometimes inconsistencies in the determination of poverty level or needs of the school within the same community (National Norms and Standards for School Funding Norms 2011) However, this allocation that is done through a paper allocation or a paper budget implies that Section 20 schools do not receive the allocation in cash. All the schools' needs must be requisitioned and must await approval

from the district office before purchases can be made. Many challenges have been experienced by schools in this category in terms of delays in service delivery, an inability by the school to negotiate prices, and an inability of the school to engage with the supplier or service provider (Mokoena 2009:52). By default all public schools have Section 20 status which implies that the community plays an active role in the well-being of the school, especially with regard to the financing of the school. The SASA stipulates the following as the functions of all School Governing Bodies of Section 20 schools (RSA 1996:20(1)):

- Promote the best interests of the school and strive to ensure its development through the provision of quality education for all learners at the school;
- Adopt a constitution;
- Develop the mission statement of the school;
- Adopt a code of conduct for learners at the school;
- Recommend to the Head of Department the appointment of staff as per the Employment of Educators Act, 1998 (Act No. 76 of 1998) and the Labour Relations Act, 1995 (Act No. 66 of 1995);
- Establish and administer school funds as specified in Section 37(1);
- Prepare an annual budget in terms of Section 38(1).

In the researcher's opinion, teaching and learning conditions at Section 20 schools are often inhibited by a lack of didactical resources which very often deteriorates into learners being forced to go and ask for school fees from their parents during the normal school day. The hampering effect of such conditions on providing even basic education is obvious.

#### **1.2.4 Section 21 schools**

Section 21 schools were introduced to encourage public schools to take more responsibility for their own well-being and to enhance service delivery by empowering communities to have a greater say in how the funds allocated to their schools are utilised. The Section 21 school arrangement was a shift towards a bottom-up approach in decision-making and the arrangement calls for accountability from the School Governing Body in terms of the utilisation of funds. This was particularly relevant with regard to the development of policy on financial management, and the implementation, monitoring and reporting on financial

management based on the specific school's developed financial policy. It called for a collectivism approach towards planning for contextual education provisioning by the various stakeholders of the specific school with the aim of capacity building and collaboration between all the role players in financial management. It also called for increased accountability and acceptance of responsibility for the viable management of the school in terms of its finances utilised optimally for improved teaching and learning.

According to the SASA, the following functions are allocated to the School Governing Bodies of Section 21 schools (RSA 1996:21(1)):

- maintain and improve the school's property
- determine the extra-mural curriculum of the school and the choice of subjects
- purchase textbooks, educational materials and equipment for the school
- pay for services of the school

In Limpopo, all public schools have been automatically granted Section 21 status (DoE 2006). This status implies that all public schools in Limpopo are in fact self-managing schools and are therefore responsible to maintain and improve their school's property themselves by maintenance and improvement planning which should comply with the specifications of the Limpopo Provincial Education Department (DoE 2000:28). These plans should be submitted to the district planning unit and expenditure must stay within the school's budget. The school may not use loans or run a bank overdraft, but has the right to generate its own finances through fund raising initiatives to provide for additional resources in order to improve teaching and learning. It is also stipulated that as far as possible the school should employ local labour which points to the subtle strategy of including the surrounding environment into the school's well-being in a win-win approach.

In line with the Bill of Rights included in the Constitution of South Africa (RSA Act No. 108:96 (29) (2)) and with regard to the responsibilities of Section 21 schools in terms of determining the extra-mural curriculum of the school and deciding on the choice of subject options offered at the school, all learners must have equal access to all the activities of the school. The school should have a curriculum committee and each subject must have its own subject policy according to which arrangements are made to purchase textbooks,

educational materials and equipment for the school. With regard to didactical resources, the school should have a Learning, Teaching Support Materials (LTSM) committee inclusive of educators and School Governing Body members. The LTSM committee should develop guidelines for selection, distribution and retrieval of teaching and learning support materials to ensure that optimal teaching and learning is facilitated. The school should also follow correct procurement procedures and ensure that funding for curricular activities are prioritised.

Section 21 schools are vested with substantial financial freedom to manage their schools viably by paying for services delivered at their schools themselves. Based on these financial autonomy arrangements, Section 21 schools must establish a finance committee and must have a finance policy to control their finances realistically by means of proper accounting procedures (RSA 1996:30(1)). With reference to these financial arrangements and despite the fact that all Limpopo schools have been granted Section 21 status, the possibility exists for the Head of Department of the National Department of Education to withdraw the Section 21 status from schools where reasonable grounds arise that the School Governing Bodies of those schools are failing to manage the school effectively by not complying with the provision and the prescripts of the SASA.

In the researcher's view, which is based on the research of Mokoena (2009:52) and Hansraj (2007:9), there are more advantages being a Section 21 school than remaining a Section 20 school. Some of the major advantages of being a Section 21 school relate to the benefit of greater financial flexibility, the school being able to budget for contingencies when the need arises, the service delivery of important didactic resources is quick, the school is in a position to negotiate service with the service providers and negotiate service directly with the suppliers. There are also advantages for the National Department of Education when schools change to Section 21 schools in terms of cost effectiveness because schools take ownership for many initiatives and submit reports on these initiatives as per the guidelines and directives provided for by the SASA (RSA 1996:43(5)). In Section 21 schools entrepreneurship and a sense of shared purpose for performance pursuit develop which is encouraged by participatory decision-making between the financial committee of the school and the School Governing Body.

As pointed out already, the Head of the Department of the Provincial Department of Education may, on reasonable grounds, withdraw the rights and functions of the School Governing Body of a Section 21 school when it is clear that the school lacks capacity to function as a Section 21 school. In this regard the prescripts of the National Department of Education considered together with the Provincial Department of Education's prescripts provide clear directions to Section 21 schools on what the moneys for school functioning, according to the Norms and Standards document, may or may not be used (RSA 1996:35). It is clearly stated in both documents that should there be non-compliance with prerequisites for sound financial management, disciplinary action and/or withdrawal of the privilege of being a Section 21 school shall apply (RSA 1996:22; DoE 2011; circular No.1:2012).

The allocations which Section 21 schools receive from government are to be used strictly as per the table below indicating the percentage division specifications for money spending.

**Table 1.1 Spending allocations for Section 21 schools**

<b>Item</b>	<b>Percentage of allocation to be used</b>
Curriculum	<b>60%</b>
Sports	<b>10%</b>
Toilet/ablution facilities	<b>8%</b>
Transport	<b>5%</b>
<b>Other service</b>	<b>17%</b>

Department of Education: Prescripts for Management of School Funds at Public Schools (2011)

According to prescriptions from the National Norms and Standards on School Funding (NSSF) and the Prescripts of the Department of Education of the Limpopo province the financial allocation to Section 21 schools is primarily intended for the following (RSA 1996:21(1); RSA 2011):

- **Learning and teaching support materials:** Textbooks, readers, reference books, atlases, dictionaries, workbooks, etc.

- **Non-direct learning and teaching support materials:** Furniture, copier machines, telephone sets, fax machines, etc.
- **Consumable items:** Stationery for learners and office, paper, petrol, cleaning materials, etc.
- **Services relating to repairs and maintenance:** Equipment repairs and maintenance, small building repairs and maintenance, light bulbs, etc.
- **Other services:** Electricity, water, sewerage, waste removal, workshop fees, TV licences, internet service providers, school membership, etc.

According to prescriptions communicated to all Section 21 schools, school allocations cannot be used for the following (DoE 2011:2):

- Remuneration of School Governing Body employed personnel;
- New buildings;
- Hostel expenditure;
- Loans to individuals or other institutions.

It is therefore prescriptive how fund allocation from the Department of Education to Section 21 schools is used. With regard to provincial arrangements, all schools must comply with these prescriptions with their financial planning and budgeting. This is in accordance with section 37(1) of the SASA (RSA 1996), which states that the School Governing Bodies of schools are required to administer the funds, which includes the Norms and Standards funding, in accordance with the directions issued by the Head of Department of the Provincial Government as captured in the Prescripts of the Provincial Government on the Management of School Funds (RSA 2011).

### **1.3 MOTIVATION FOR STUDY**

The provisioning of funds to all schools in Limpopo declared as Section 21 schools that manage the teaching and learning in their schools themselves, calls for a study contributing to what the performances of school principals, finance officers and School Governing Body chairpersons entail to execute their roles and responsibilities within school-based contexts. The role players in financial management of Section 21 schools need to be efficient and

effective in managing funds lest the provisioning of quality teaching and learning be compromised.

The researcher's interest to conduct a study on the roles and responsibilities of various people in financial management came after his appointment into the Quality Teaching and Learning Campaign Unit (QTLC) at the Limpopo provincial office. His task was to monitor and support schools, especially the underperforming high schools with their feeder primary schools, on a daily basis. The researcher discovered negative elements hampering sound and effective financial management in many of the schools he monitored and supported.

These inefficiencies prompted the researcher to conduct research on the roles and responsibilities of the school principals, finance officers and School Governing Body chairpersons as outlined by the SASA and the Limpopo Education Provincial Prescripts. The researcher wanted to establish if there is capacity building provided to people responsible for financial management and, if not, how can capacity be developed. Of critical importance was also to include the finance officers and School Governing Body chairpersons as people vested with responsibilities to manage state funds in schools as the financial management of a school requires a team effort.

The researcher believed that the study may contribute to assistance to Section 21 schools within context to understand the roles of school principals, finance officers and School Governing Body chairpersons as these roles relate to being granted additional management functions by the provincial government. It was anticipated that the study may also contribute to the provisioning of guidelines on ways of ensuring effective structures for financial management to account effectively to parents and the provincial department as the provider of funds for proper school functioning.

#### **1.4 PROBLEM STATEMENT**

The passing of the South African Schools Act by Parliament in 1996 resulted in financial powers being given to the School Governing Bodies in order to manage their schools in such a way that viable education is provided to the learners of their schools (SASA 1996:34(1)). However, the management of finances by schools themselves has not fully complied with the laws and regulations stipulated by government. The result is that audit



queries often appear with related charges of misconduct against school principals for mismanagement and misappropriation of funds (Motsamai & Jacobs 2011:113). In the researcher's view which is based on personal experience and the findings of Mestry (2004:126) and Mokoena (2006:28), the election of members onto the School Governing Body without checking their educational background and their capacity to contribute meaningfully to financial management decision-taking and implementation for the sake of improved teaching and learning, compound the challenge of financial management. The Limpopo Education Department has granted all schools in the Limpopo province Section 21 status with allocated financial powers to manage their schools autonomously. However, in many instances members of the School Governing Body of Limpopo schools lack the capacity to contribute meaningfully to financial management decision-taking and implementation due to, amongst other, high rates of illiteracy amongst School Governing Body members. This results in defeating the purpose of self-governing powers. Against this background the following main research question was formulated:

- What are the constituents for managing the finances of Section 21 schools effectively?

In order to solve this problem, the main research question was divided into four sub-questions that were investigated first so that the solution to these sub-questions could contribute to the solution of the main research question.

The following sub-questions were deduced from the main research question:

- What are the financial roles to be fulfilled by the school principal, the finance officer and the School Governing Body chairperson in Section 21 Schools?
- To what extent does the National Department of Education ensure that Section 21 schools are capacitated to function in a plausible financial manner?
- How can Section 21 schools be guided towards effective functioning to ensure optimal teaching and learning?

## **1.5 AIMS AND OBJECTIVES OF THE STUDY**

The aim of this study was to investigate the extent to which school principals, finance officers and School Governing Body chairpersons know their roles and responsibilities in managing the finances of their schools according to Section 21 school stipulations. A related aim pertained to developing guidelines to capacitate these role players for improved functioning so as to improve the financial management of their schools for the sake of successful teaching and learning.

The research objectives therefore included to:

- Clarify the roles and responsibilities of the school principals, finance officers and School Governing Body chairpersons in Section 21 schools.
- Investigate the extent of financial capacity of school principals, finance officers and School Governing Body chairpersons to manage their schools' financial affairs effectively.
- Develop guidelines to improve the management functionality of the school principals, finance officers and School Governing Body chairpersons of Section 21 schools.

The researcher determined the pertinent areas for effective financial management of Section 21 schools relating to the roles of the school principals, finance officers and School Governing Body chairpersons as they are carried out in rural schools within the context of self-reliant Section 21 schools. The rationale was to bring about intervention strategies and proposed solutions as guidelines to assist with the effective financial management of Section 21 schools for the sake of optimal teaching and learning. The intention was that guidelines should assist all Section 21 schools towards effective financial management which includes policy formulation and implementation and compliance to what legislation prescribes. This is to counteract the possibility of Section 21 schools having their Section 21 status being withdrawn as a result of incompetency to manage their financial affairs effectively.

## **1.6 RESEARCH METHODOLOGY AND RESEARCH DESIGN**

With reference to the work of Henning, Van Rensburg and Smit (2004), and as the intention of this study on the financial management in Section 21 schools was to achieve better understanding within school contexts, an interpretive paradigm employing a qualitative research approach based on individual interviewing was used.

### **1.6.1 Research paradigm and research approach**

Nieuwenhuis (2007:51) explains research methodology as the comprehensive philosophy of research processes to include the assumptions and values that serve as a rationale for the research and the standards and criteria used for interpreting collected data and drawing conclusions. With regard to this research on the financial management of schools and with reference to the work of Henning et al. (2004), the research paradigm for this study was an interpretive, constructivist paradigm based on a qualitative research approach using individual interviewing. This design is governed by fitness for purpose, namely to reach a better understanding of the phenomenon under study which proceeds by relating the research questions to collecting purposeful data and selecting appropriate tools and procedures for collecting this data in order to ensure answering the research question satisfactorily. Concurring with Denzin and Lincoln (2005:22-25), the inquiry was based on studying and interpreting the phenomenon of study, namely the financial management of Section 21 schools, in its natural settings, by examining the meanings that people in their natural settings contribute to the phenomenon under study. The study, based on a constructivist/interpretive paradigm, and in line with work of Nieuwenhuis (2007) and Pring (2000), holds that to understand other peoples' beliefs, opinions and actions requires understanding the interpretations which these people give to what they are doing and experiencing.

The chosen research design, namely a qualitative research approach employing individual interviewing, focuses on individuals' social actions, beliefs, thoughts and perceptions pertaining to the financial management of Section 21 schools. The researcher opted to use an interpretive/constructivist approach in this study since, as Mertens (2005:12) suggests, reality is socially constructed and, according to Creswell (2008:8), constructivist research

tends to rely upon the participants' views of the situations being studied. Further, a qualitative research approach implies a concern with understanding the research problem from the participants' point of view as they experience the problem.

The researcher analysed the participants' perceptions, attitudes, understanding, knowledge, values, feelings and experiences about their schools' financial management. This was done through a face-to-face situation using semi-structured individual interviewing.

### **1.6.2 Research sites and participants**

The research population comprised of all the public schools in the Limpopo province. The research sample comprised eleven rural schools representing all clusters in the Mopani district. These eleven schools were drawn from the Rakwadu, the Groot Letaba, the Phalaborwa, the Mafarana, the Klein Letaba and the Makhutswe circuits in the Mopani district of Limpopo province. The eleven schools represented six secondary and five primary schools purposefully selected. The selection of the eleven schools was based on the indicators of academic performance, geographical spread, heterogeneous representation, socio-economic location and gender mix in management and leadership. With regard to academic performance as a selection criterion, it pertained to the efficiency with which funds were used for educational purposes as directed by the Prescripts (2011:4) and the SASA (section 21(1) (c)). Socio-economic location as a selection criterion represented a focus on selecting poor schools representing quintile 1 and 2 categories of the poverty index categorising of all public schools in South Africa. Answering to heterogeneous representation, the research sample comprised the eleven school principals, the eleven finance officers and the eleven School Governing Body chairpersons from the selected eleven schools representing different cultural affiliations. Gender mix as selection criterion was manifested in the research sample consisting of six female finance officers, five male finance officers, five female School Governing Body chairpersons, six male School Governing Body chairpersons, seven male school principals and four female school principals.

In-depth individual interviews were conducted with the school principals, finance officers and School Governing Body chairpersons from the selected eleven schools regarding their

roles and responsibilities in financial management and the extent to which they were provided with capacity by the provincial government to fulfil their financial roles effectively. The total number of individual interviews that were conducted was 33.

In addition to convenience, motivation for selection of the Mopani district and in particular the Rakwadu, Klein Letaba, Mafarana, Phalaborwa, Groot Letaba and Makhutswe circuits for participant selection pertained to the following reasons:

- Indicators of academic performance, geographical spread, heterogeneous representation and gender mix in management and leadership.
- The probability of a possible broader range of participants' perspective due to a multicultural representation of staff and School Governing Body members at schools in the area. Multicultural representation of staff and School Governing Body members pertained to the fact that the schools that were selected as research sites comprised of educators, learners and School Governing Body members from diverse culture. These cultures included the Shangaans and Pedis. The area pertaining to the selected schools was classified as deep rural with most of the schools in the area categorised in the poverty quintile index for school funding varying between 1 and 3.
- A range of schools in the area performing at the provincial norm of 60%.
- Increased grade 12 and Annual National Assessment (ANA) results in the area from 63% to 66.6% for the 2012 school year.
- The researcher's familiarity with the area due to a prolonged work engagement of twenty years since 1994 in the teaching profession in the specific area.

### **1.6.3 Data collection**

As was pointed out in paragraph 1.6.2, the research method for data collection was individual interviews conducted in a semi-structured way. With the conducting of the interviews, an interview schedule was referred to comprising of questions pertaining to participants' roles and responsibilities with regard to financial management responsibilities in a Section 21 school setting. Together with the individual face-to-face interviews, the researcher made use of documentary data analysis by requesting means of verification on

some responses in the form of the minutes of meetings, appointment letters and roll calls for meetings from the eleven school principals, eleven finance officers and eleven School Governing Body chairpersons of the eleven research sites.

The researcher chose interviewing because, according to Louis, Lawrence and Keith (2007:349), interviewing is a flexible tool for data collection, enabling multi-sensory channels to be used such as verbal and non-verbal spoken and heard channels of communication. Smit (2003:135) argues that individual interviewing allows the researcher to have one to one interaction with the participants, relate with them, and interpret their feelings and emotions so as to maximise the desirability of qualitative inquiry when collecting data through direct communication with the participants. It was imperative that the researcher met with participants in advance to arrange for familiarity for the purposeful conducting of a functional interview. Interviewing enabled the researcher to collect relevant data by providing opportunities for probing so as to access what is inside a person's head and understanding what a person thinks, likes and dislikes.

The researcher's role was primarily that of an interviewer. The researcher took notes that were focused on recording non-verbal responses. The approach with the individual interviews was entirely conversational in nature, although semi-structured to ensure that all the relevant aspects were addressed. This allowed the researcher to have probes that assisted in generating more meaningful information from the participants.

#### **1.6.4 Data analysis**

Data collected from the 33 participants through interviewing was analysed and conclusions drawn in order to answer the postulated research questions viably. Documentary analysis of some pertinent financial management related documents at each school, such as the minutes of finance committee meetings, finance officers' appointment letters with motivations for these appointments, and adopted budgets were consulted in conjunction with the data collected with the individual interviewing.

The interviews were recorded and then transcribed in order to proceed with coding for the sake of determining emerging categories. This is supported by Smit (2003:135-138) who states that data analysis is an on-going process which does not happen only at the end of

the study. In accordance with Smit (2003:136), data was continuously classified guided by the researcher's objectives. When doing this, regularities, variations and peculiarities were continuously identified and correlations or relations determined and studied in search of finding answers to the formulated research questions.

### **1.6.5 Trustworthiness**

For the sake of an audit trail, the researcher recorded all the semi-structured interviews conducted. The themes addressed in the interviews were based on an interview schedule consisting of all the themes to be covered with the interviews. In line with the work of Denzin and Lincoln ( 2005:22-25), the researcher arranged for the data to be cross-checked by each participant after the interview had been transcribed in order to ensure that all the responses provided accurately represented the inputs of each participant as the participant conveyed them during the recorded interview.

Questions related to the research question. The researcher asked for a second opinion from a senior researcher before finalising the questions. As was explained already and to promote trustworthiness, recording of responses using an audio recorder, after asking participants if recording of the interview was acceptable, was followed by thorough transcriptions of each interview which were then member checked by each participant for correctness and completeness.

Formulated questions were provided to the participants prior to the interview for the sake of being prepared for the interview. The conducting of the interview questions with the participants was accompanied by probes to assist them to respond fully to the questions in order to receive the intended responses. Data was gathered by conducting all 33 interviews within a two-month period with the option of follow-up interviews with some participants for the sake of increased understanding of the phenomenon of study, namely the financial management of Section 21 schools. Improved validation of the collected data was arranged by using member-checking and involving an experienced researcher on the topic of research to check the relevancy and magnitude of the data collected via interviewing.

### **1.6.6 Ethical considerations with the study**

The researcher wrote a letter to the Head of the Department of Education of Limpopo province seeking permission to conduct a study in the Mopani district. The researcher also wrote a letter to the school principals, finance officers and School Governing Bodies of the eleven schools identified as research sites to obtain their consent and willingness for an interview on financial management within the context of a Section 21 school. An application for ethical clearance was submitted to the research ethical committee of the University of South Africa (Unisa) to conduct the specific research. The communiqué to the participants when requesting them to be interviewed contained all aspects essential for compliance to ethics with the research. Some of these ethical considerations included, among others, anonymity of participants, permission to record the proceedings, informing participants that participation was free and voluntary, the right not to provide responses that one felt threaten one's position, availing the report to the participants, and protection of the participants' identity when publicising the information.

In arranging for ethical clearance, the researcher approached the identified participants timeously with the request for participation in the research and stated clearly the date, the reasons for the interview and chosen site, and the setting and the research instruments that would be used for data collection. The researcher set an appointment telephonically and followed this appointment up by personal delivery of the letters in a meeting where the researcher explained explicitly the rationale for the research and arranged a setting for the convenience of each participant for the conducting of the individual in-depth interview. The researcher sent all the participants a form of consent to complete prior to conducting of the interview. In line with the work of Denzin and Lincoln (2005), supported by Smit (2003), the consent form clearly detailed all the conditions under which the interview would be conducted and all the ethical considerations that would be adhered to with the collection of the data and the conducting of the research.

In accordance with Smit (2003:30), all of these discussed measures ensured an adherence to the practice of providing those who were going to be interviewed with a description and the rationale for the study intended to be undertaken. To maintain confidentiality, the identities of the participating schools have been disguised by the use of fictional names, namely schools A,B,C,D,E,F, G, H, I,J and K for the sampled schools.



## **1.7 CONCEPT CLARIFICATION**

The most important concepts related to this research and which needed to be defined and explained are as follows:

### **1.7.1 Accountability**

**Bischoff and Mestry (2003:4)** refers to accountability as the act of giving account of the extent to which tasks have been executed in terms of set criteria and determined standards. With regard to an adherence to accountable school functioning, Marishane and Botha (2004:110) state that all decisions taken and resources used must succeed in attaining the set educational goal. Dimmock (2003:11) explains accountability as the capacity of the school principal to work with others to demonstrate that the school has indeed been responsive to the needs of the learners, the local community and society at large within a particular framework of responsibility of self-management which applies to the specific school context.

### **1.7.2 Financial management**

Clarke (2007:278) understands financial management as the basic processes involved in managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure the monies of the school are managed effectively and accountably. It is important that school principals have a thorough knowledge and understanding of these processes. It is also important that school principals are familiar with the detailed content of the documents on financial management which are required by the Head of the Department of Education of the different provinces. These documents, required from the finance committee and the School Governing Body of each Section 21 school, are crucial in ensuring the appropriate allocation of funds based on specifications from the Norms and Standards of school funding from the National Department of Education.

### **1.7.3 Fruitless and wasteful expenditure**

Expenditures that are fruitless and wasteful pertain to those expenditures that are made in vain and would have been avoided had reasonable care been exercised. The School Governing Body and the school principal may not use monies on items not adopted by the majority of parents in an annual general meeting as prescribed by the SASA (RSA (38) (1). Any expenditure incurred outside the budget is regarded as irregular. The Limpopo province prescripts provide for all expenditure to be authorised by the School Governing Body chairperson and approved by the school principal before any expense can be incurred. Any deviation is deemed unauthorised (DoE 2011).

#### **1.7.4 School-based management**

School based management pertains to the mechanism aimed at improving schools by shifting decision making powers regarding the budget from central level authority to the schools themselves (Marishane & Botha 2011:96). School-based management therefore represents the approach whereby the management of public schools is decentralised to the school itself giving the school the authority and responsibility to make decisions related to the allocation of resources, but in a system of education having centrally determined goals, priorities and a framework for accountability (Mestry 2006:27).

In this study on financial management of Section 21 schools, school-based management refers to planning, reporting, accounting and budgeting by the school itself through well-developed structures and in liaison with the financial help from the parents and with the financial allocation from the state as the main source of funds and reporting on how these funds have been utilised. It relates to the roles of the people under study, namely the school principals, finance officers and School Governing Body chairpersons as to their operations in a self-reliant school.

### **1.8 ORGANISATION OF THE DISSERTATION**

The study is divided into five chapters.

#### **Chapter one**

Chapter one comprises a general orientation of the research. This includes the introduction to the research and a reflection on the background to and the motivation for the study. The statement of the study, the aims and objectives of the research and an explanation of the research design are matters that are addressed in this chapter.

## **Chapter two**

Chapter two is devoted to a literature review on the financial management of school functioning and the accountability linked to the different role bearers in order to ensure that effective teaching and learning are provided within context.

## **Chapter three**

Chapter three is devoted to a discussion of the research design and research methodology employed to collect data with the empirical investigation. Matters that are discussed include data collection techniques, the sample of the study and the procedure followed to analyse and interpret the collected data in order to find answers to the research question.

## **Chapter four**

Data collected are reported on in this chapter. This includes the presentation of the empirical research findings that were made by means of scientific analysis of the collected data and an interpretation and evaluation of the analysed data.

## **Chapter five**

Interpretations of the literature findings and the findings from the empirical investigation are dealt with in chapter five. These are reflected in conclusions that are drawn, guidelines that are developed and recommendations that are made with the aim of contributing to an improvement of the practice of financial management of section 21 schools.

## **1.9 CONCLUSION**

Within the specific context of study, it is very important for all members of the School Governing Body, who are vested with the responsibility to manage funds, to do that according to the prescripts of the Limpopo Education Department. Money allocated to

schools according to the National Department of Education's Norms and Standards on school funds and which are then interpreted and allocated by each provincial Department of Education must be used effectively to provide quality teaching and learning in all schools. Capacity on financial management is needed by the financial role players at the different Section 21 schools and compliance to measures of proper financial management is non-negotiable to avoid negative expenditures.

The school principal as a member of the School Governing Body is regarded as the executive accountable officer but each and every role player must contribute to accountability by being responsible for the proper management and utilisation of school funds. Parents must know how the finances have been utilised at the end of each financial year as they are also by law required to be consulted for budget approval. All financial statements from the auditors must be availed and clarity be provided on each expenditure incurred during the year. It is also very important that there be a clear distinction between professional and governance-related functions at schools to avoid confusion of roles. Capacity building if not provided appropriately can pose a serious challenge to the proper and effective utilisation of funds and may result in the withdrawal of a school's Section 21 status which could impact negatively on teaching and learning.

## CHAPTER 2

### THE FINANCIAL MANAGEMENT OF SCHOOL FUNCTIONING WITH THE ACCOUNTABILITY LINKED TO DIFFERENT ROLE BEARERS

#### 2.1 INTRODUCTION

The management of school finances can be one of the most challenging tasks for school principals due to a number of reasons. Some of these reasons include, amongst others, a lack of general capacity at school to assist with financial inputs, a lack of financial management skills by the school principal to be able to make functional judgements that are instantly required, staff neither willing nor able to take on additional responsibilities inherent to school-based financial management, and a lack of adequate training possibilities to gain expertise with financial management. In New Zealand, the United States, Australia, Spain and Britain, schools experienced change due to reforms in favour of the decentralization of power to a school-based management approach (Hansraj 2007:18; Walker 2000:22). This change affected the role of school principals and School Governing Bodies with regard to financial management practised in a school-based management context. These countries were concerned with issues such as granting greater power and authority to local communities which was aimed at improving student achievement and increased community ownership of schools (Vandeyar 2002:93; Walker 2000:22). However, in Lesotho, as is the case in Taiwan, many school principals have been charged with mismanagement of school finances because people were appointed into positions on the basis of teaching experience and academic and professional qualifications without consideration of financial management skills (Motsamai, Jacobs & De Wet 2011:106; Hsuan-fu 2010:145; Mestry 2004:126).

In South Africa, School Governing Bodies also face challenges with the financial management of schools due to ill-equipped, elected members with lack of particular skills and knowledge needed in governance functions (Clarke 2008:278; Maluleka 2008:33). This situation results in poor financial management which in turn compromises the provision of quality education and defeats the intention of government to arrange for better education within each school context by making communities co-responsible for education through decentralised power to local communities. Within deep rural environments in South Africa, most of the elected school governing body members are illiterate (Bush 2004:24; DoE

2004:147). These illiterate members have to undergo an induction programme conducted by the Department of Education whereby they must become acquainted with the cascading legislation that governs the use of funds in public schools and whereby they must master skills relating to effective financial management in terms of the prioritising of finance decisions.

It is important for school principals and School Governing Bodies to know that, according to South African law as stipulated in the South African Schools Act (SASA), Act no. 84 of 1996, all school monies and assets acquired by the specific school are the property of that school and must be managed properly by the governors of that school for the optimal development of the learners of that school. These arrangements were brought about by the transition of South Africa from apartheid to a democratic form of government accompanied by a shift from a top-down, centralised governance approach to a decentralised bottom-up approach of contextual governance and decision-making processes. The National Department of Education devolved powers to the provincial departments which, in turn, devolved governing powers to its schools based on a school-setting decision-making approach. What all of this implies is that the post-apartheid school financial policies have shifted the emphasis from a redistribution philosophy to a less directly observed interventionist approach to school finance engagement. In that regard communities have been given more decision-making power to make resource allocations which are in accordance with the actual needs of their local schools (Mokoena 2009:188).

In the context of this increased decentralisation of governance to school level, school principals are required to take full responsibility for the daily functioning of their schools. Each school's School Governing Body should assist the school principal in a competent way with the daily functioning of the school which includes competent financial management of the school. According to Nyambi (2004:65), the parents tend not to keep this requirement of financial management competency in mind when electing members to serve on the School Governing Body. The result is that the management of the school's finances is then hampered by a serious lack of competency and ignorance with an obviously negative influence on the provisioning of effective teaching and learning.

It is against this background that the researcher explores the extent of the perceived inability due to a lack of skills and expertise on the part of school principals with their School

Governing Bodies in the executing of their financial roles and responsibilities. The nature of the lack of competency in financial management at schools demands an improvement of practices to enhance delivery of quality education to learners and accountability to the parents and the communities schools serve (Bisschoff & Mestry 2009:41).

## **2.2 SITUATIONAL OVERVIEW**

Democratization of the decision-making process in public schools has become one of the major centrepieces in public education reform. Western countries like Canada, Britain and the United States have granted greater power and authority to local communities. With all of these countries their governments have adopted decentralised policies in the hope of improving student achievement due to shared responsibility for school achievement by school staff, parents and the broader communities. This shared responsibility pertains to school level decision-making collaboratively pursued based on a culture of cooperation, accountability and commitment. This collaborative approach to decision-taking on a school level platform brought about school-based management approaches which have since spread to the global world for implementation in many societies. Three principles on which school-based management functioning is developed are the following (Hansraj 2007:25; Rangongo 2011:43; Walker 2000:2):

- Decision-making power and responsibility are decentralized to each school's stakeholders;
- The state determines which tasks and functions based on decentralized power can be exercised;
- Regulations by centralised government controls what the local decision makers have discretion over and how they are held accountable for their decisions and actions.

The implication of these principles for school finance management based on a school level approach is that self-managed schools must be supported by their stakeholders to take financial decisions and they must have management structures intact as arranged by themselves and as guided by centralised laws and regulations.

With regard to the effectiveness of school finance management in a school-based management setting considered globally, Odden and Picus (2004:147) proclaim the following as essential for sufficient operation:

- The government allocates most funding in a lump sum directly to schools;
- How much money should be allocated to which schools is decided by a set formula;
- The local schools are given the decision-making authority and responsibility for using the funds and for collecting additional funds;
- The leftover funds are carried over to the following years; and
- The system is supported by the general public.

Schools in Limpopo province have all been given Section 21 status and are, according to the poverty index quintile classification, categorised into quintiles 1 to 5 with schools in quintile 1 representing the poorest schools and those in quintile 5 the most affluent schools. Quintile rankings are based on three criteria, namely the rates of income, unemployment, and illiteracy within the school's catchment area (DoE 2006:33). With reference to the principles for financial management within a school-based management scenario, the Limpopo Provincial Department of Education allocates funds to schools' bank accounts and schools spend their allocations according to the budgets they have drawn up. This makes these schools self-reliant, but in a collaborative financial management sense of the word as these schools involves parents who serve on the School Governing Body and who have been elected to those positions by the parent community. These schools also involve teachers and Grade 10 to 12 learners, the latter who are selected to school management positions by their peers to assist with the management of school finances. The implication is that parents, educators and learners collaboratively have a say in how the school's money should be spent to achieve the context-specific educational goals. At the end of the financial year, schools must submit their financial books to a person registered as an accountant and auditor in terms of the Auditing Profession Act 26 of 2005 for auditing (DoE 2011:17). According to the Limpopo Department of Education financial prescripts (DoE 2011:18), the School Governing Bodies must present reports to the parents and to the Provincial Head of Department of Education in connection with the administration of the school funds. Despite the schools' self-reliant status, the Department of Education prescribes how the funds must be distributed when the budget is drawn up and schools are



expected to comply. For example, in terms of section 6 of the Limpopo Department prescripts (DoE 2011:5) 60% of the total amount of school funds must be allocated to curriculum-related engagement, 10% to sports activities, 5% to transport matters, 8% to ablution facilities and 17% to other matters (DoE 2011:5). Each school must have a system of control which includes the establishment of a finance committee and a finance officer appointed from the ranks of the finance committee (DoE2011:3). The finance officer in collaboration with the finance committee is responsible for the management of school funds on behalf of the School Governing Body.

### **2.3 CHAPTER OVERVIEW**

This chapter represents an overview of the management of school finances in a self-reliant way. A deductive approach is followed by, firstly, considering the financial management of school affairs as it is carried out globally within school-based settings, followed by a focus on the South African context and, finally, on the arrangements with regard to school finances in the Limpopo Province as the specific focus of the study. With regard to the contextual focus as the last part of this chapter, the emphasis is on the management of school finances as this management pertains to the expectations of school-based financial management and school-based management systems pursued by the Limpopo province. In this regard the intention with the last part of the literature review is to unpack what the SASA (RSA 1996) and the Prescripts document of the Limpopo Provincial Education Department prescribe as the roles and responsibilities of the school principal, the School Governing Body chairperson and the finance officer in ensuring the effective and efficient management of finances in order to provide quality teaching and learning within context. These roles of the different office bearers will be linked to their specific financial-related tasks and functions as office bearers in a Section 21 school setting. These tasks and responsibilities will be contemplated as they relate to what is prescribed by the SASA with regard to planning, reporting, accounting and budgeting responsibilities through well-developed structures.

### **2.4 THEORETICAL FRAMEWORK**

With reference to theoretical frameworks demonstrating an understanding of theories and concepts that are relevant to the topic of study and that relate the current research to the

broader knowledge in the studied field, some influential theories on school management and how these theories pertain to the management of financial affairs are discussed next.

#### **2.4.1 Theories on financial school management with applications in a global and local context**

School management is influenced by the formal model of educational management which assumes that schools are hierarchical systems in which school principals use rational means to pursue agreed goals (Bush 2004:107). With regard to financial management, Guthrie and Tooley (2003:3) proclaim that school-based financial management is influenced by the two theories of change, namely the normative and the operational mode for acceptable performance. These two theories offer an explanation of the operational consequences of public schools' responses to change. The normative mode relates to the monitoring and maintenance of values within the school system as a whole. The operational mode refers to the actions of carrying out the practical tasks at different levels within the school system. With regard to financial management, these two modes of action distinguish between what people actually do and what they are institutionally required to do in order to ensure acceptable outcomes.

Principles comprehensively considered that guide the management of school-based finances are (Guthrie & Tooley 2003:4; Kruger 2002:149; Lapsley & Pallot 2000:214; Treasury Regulation 1987:55-56):

- A clear specification of the objectives for which managers are responsible and an avoidance of multiple, conflicting objectives;
- Freedom for managers to make resource allocation decisions that enable the most efficient attainment of objectives;
- Accountability through the imposition of incentives and sanctions to modify the behaviour of managers to ensure they meet established objectives rather than pursuing independent goals of their own;
- Effective assessment of performance so that managers can be held accountable for their performance; and

- Sufficient quality and quantity of information to make performance assessment possible.

According to these principles, school principals use their positional formal authority within their schools to facilitate financial management and they are accountable to the School Governing Bodies for their activities. The theory on normative/operational modes of action asserts that for effective management of finances in schools, there must be proper planning regarding budgeting, the organising of a finance policy and the delegation of roles and responsibilities to different people. These must be accompanied by sound and visionary leadership that is grounded in effective communication and the setting and vigorous implementation of control systems to guard against mismanagement of funds (Edwards, Ezzamel, McLean & Robson 2000:5). This model on normative/operational modes of action gives justification and prominence to financial management in schools as it relates to official structures, rational processes, the authority of leaders and the taking of accountability for proper conduct with school monies.

With reference to the position of school principals as executive school managers and their autonomy with financial management decision-making, three forms of school-based management approaches are possible. The school principal may execute administrative control in the sense of being the primary decision-maker. The school principal may be subject to professional control where the teachers are the primary decision-makers. School principals with their staff may also be subject to parent and community control where the broader parent community is the primary decision-maker of the school (Guthrie & Tooley 2003:10). Examples for the different options of autonomy are to be found in the different states of America, such as, for example Texas where school-based management is premised on retaining the authority of the school principal. The states of Florida, California and Kentucky have adopted a model which gives teachers the primary decision making authority whereas in Illinois the parent community is the primary decision-maker (Walker 2000:2).

With reference to the South African context, school-based management was influenced by the political forces active during the country's past and which changed with the change of government. The table below provides an indication of how the management of school finances in the Republic of South Africa was carried out in the past and how it is done

currently. This is done by juxtaposing the financial management of schools during the apartheid and democratic eras. During apartheid, decision-making at school was centralised representing a top-down approach whereby the National Department of Education would dictate and control the public funding for schools. Schools received a paper budget and had no say in how the money should be used. The emergence of democracy saw schools being given money to manage in consultation with parents. School Governing Bodies were elected to manage school funds to address school priorities. Power was devolved from National to Provincial Education Departments down to schools. Parents are now given more decision-making power and control of finances due to a shift towards self-governance in a decentralized dispensation (Bush 2004:2; Nyambi 2004:67).

According to Blake and Mestry (2014:163) this shift requires schools to increase their funding level through fundraising and other legal means of generating funds in order to meet their educational priorities. These authors argue that this shift demands that the responsibility of the school principal should change and be more entrepreneurial.

**Table 2.1 Differences in financial school management– democratic versus apartheid era**

<b>Apartheid era</b>	<b>Democratic era</b>
A centralised, top-down approach to budgeting.	A decentralised; bottom-up approach to budgeting is adopted.
Department of Education interferes in operational matters of the school.	School communities, as represented by each school’s School Governing Body, determine the operational matters that affect the school.
Department of Education is solely accountable for the funding of schools.	Department of Education and school communities are jointly accountable for the funding of schools.

Source: Hansraj, H.J. (2007:21)

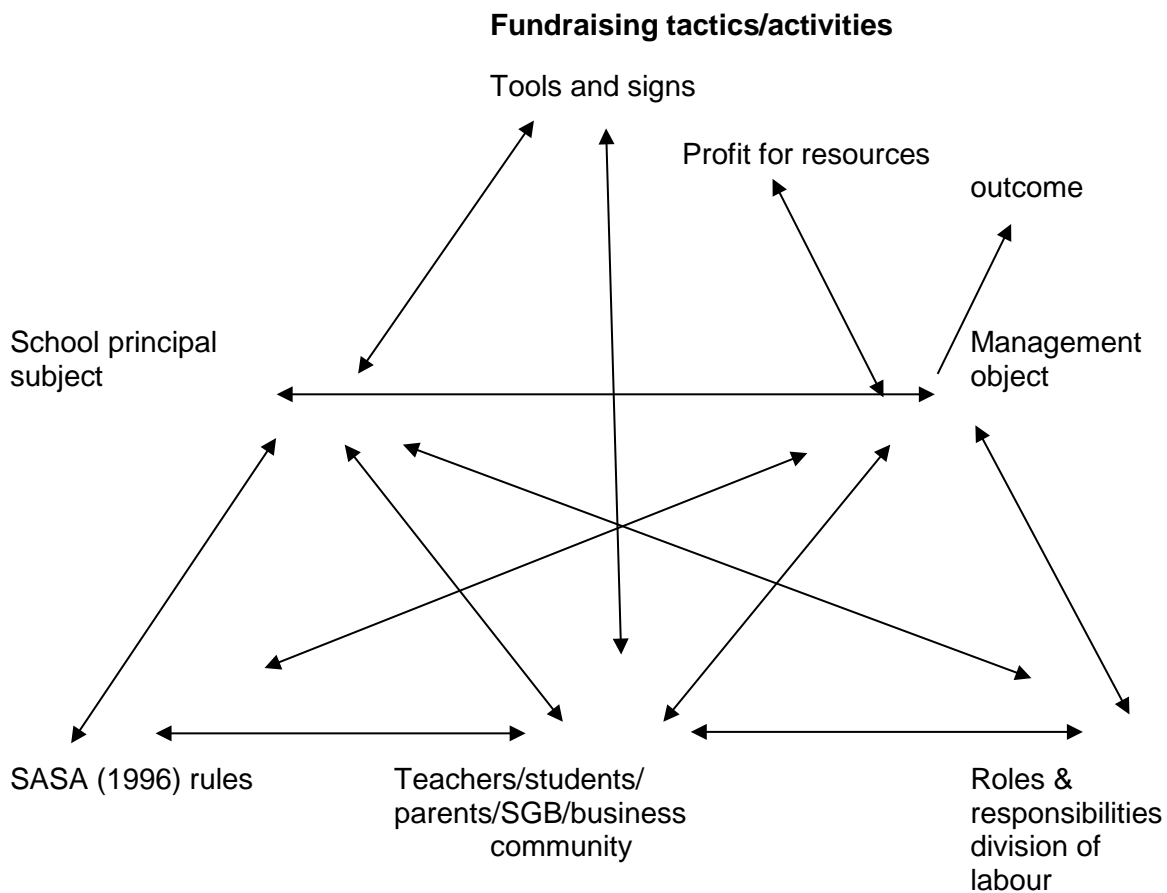
The school principal’s role in the democratic era is to ensure that the School Governing Body and the finance committee are functional. This functionality pertains to having

developed a finance policy, having drawn up a budget and having subjected the budget to the parents for adoption, and having control over the utilisation of finances in line with the laws and policies of the Provincial Department of Education. During the apartheid era, a school principal was expected to submit the needs of his or her school and make requisitions. The state had full control of the funds. As opposed to the apartheid era, school principals in a democratic era have to deal with arbitrators and solicit the needs and wishes of staff and the community in their capacity of being the final authority on planning and decision taking as reflected in the proposed budget (Hansraj 2007:24).

Based on the third-generation activity theory by Engeström (2001), Blake and Mestry (2014:161) regard the school principal as the subject of the model whereby he or she must focus on planning for the generation of income and fundraising to supplement the state resources to the school. School principals' role must be entrepreneurial in nature utilising their creativity, leadership and human relations as personal characteristics coupled with their managerial skills of planning, market orientation and financial insight and management to augment the school's resources.

The transition to democracy and decentralization of power to communities demands of the school principals to change their financial management approach to be more entrepreneurial focusing on tactics and activities to raise funds, engage various stakeholders, and to augment school resources (Blake & Mestry 2014:165). These differentiating endeavours required from the school principal as entrepreneur are depicted in figure 2.1.

**Figure 2.1: Systematic view of the role of a school principal in the activity of entrepreneurship**



Source: Blake and Mestry (2013:165)

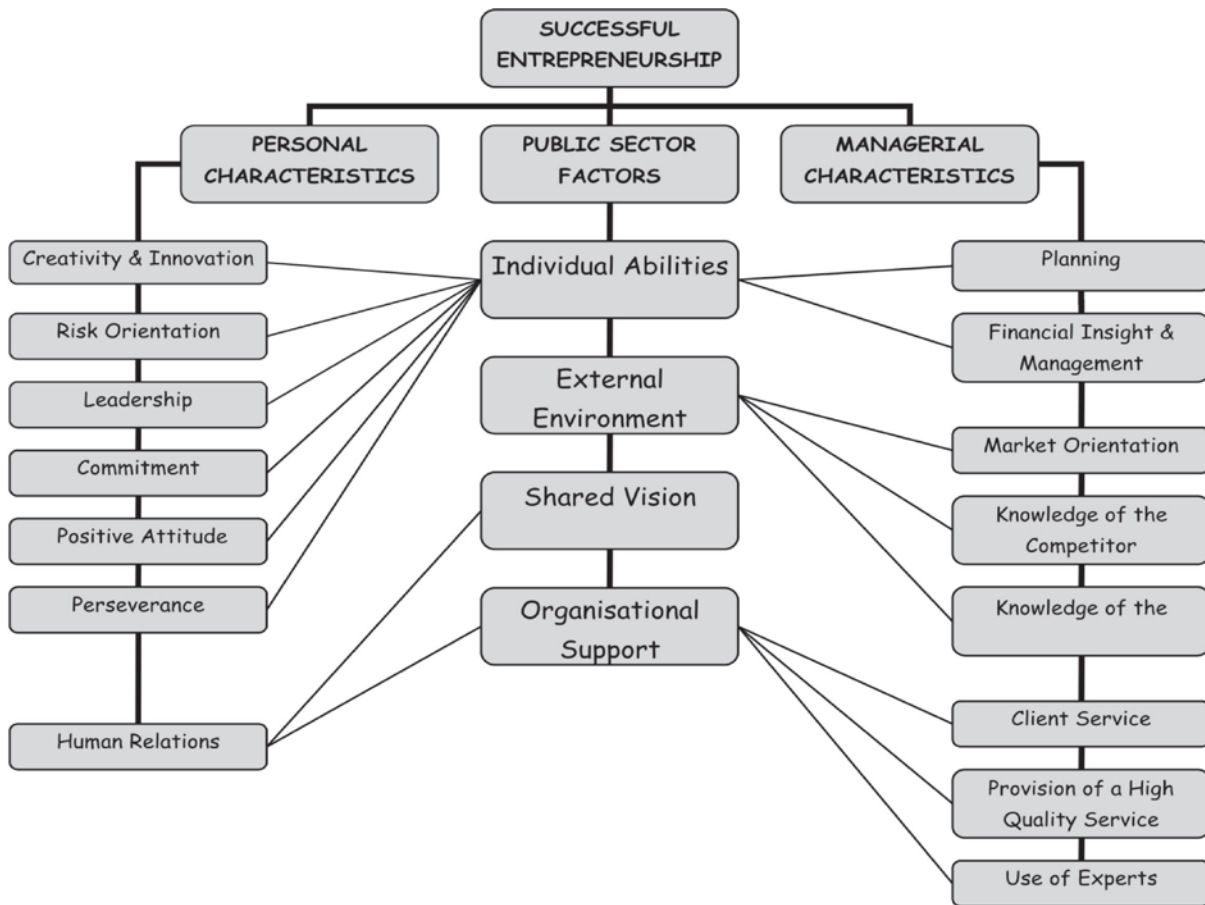
According to figure 2.1 and as explained by Blake and Mestry (2014:164), for schools to be able to augment the state's limited financial resources for purposes of providing quality education, schools principals must operate through what Engstrom (2001) explained as third-generation activity theory or cultural-historical activity theory. This theory represents entrepreneurial activity in a triarchic model which identifies the school principal as the subject of the model, management of the school as the object of the activity, and the desired objective being generating funds, understood as profit for the school resources. The theory views the community as operating in a system collective and inclusive of all stakeholders that have an interest in education, which includes the teachers, parents, School Governing Body and the business communities. Blake and Mestry (2014:168) state that the operation of these must be governed by rules as contained in the SASA (RSA 1996) and by means of the division of labour in terms of distinguishing roles and

responsibilities for the school principal, and the School Governing Body chairperson in managing the school finances.

Foskett and Lumby (2003:135) argue that the training and development of South African school principals are a prerequisite for decentralization to succeed, since school principals in general have minimal training beyond that of teaching and learning. Anderson and Lumby (2005:99) state that the pace of change, and the need to be more adaptable and responsive to local circumstances with regard to schools as entrepreneurial entities, requires that managers develop relevant skills and styles of working to raise funds for their schools.

Blake and Mestry (2014:164) argue that the daily management tasks of the school principals that include planning, leading, controlling and organizing must form an integral part of their entrepreneurial approach of fundraising and generating of income to profit the school's resources. In order to supplement the school's resources as a major component of the management of school finances in a school-based management approach, different roles and responsibilities are required based on pertinent personal and managerial characteristics expected from the financial management role players. These characteristics are depicted in figure 2.2.

**Figure 2.2: Components of entrepreneurship in public schools**



Source: Blake and Mestry (2014:167)

According to figure 2.2 aspects such as commitment, which relates to a positive attitude and the ability to persevere, are important characteristics that are needed to be a financial manager within a school-based management context. To ensure that school funds are supplemented, creativity and innovation are required. These personal characteristics need to be combined with managerial characteristics pertaining to a well-developed market orientation focussed on client service and providing good quality education.

Bisschoff, Du Plessis and Smith (2004:73) emphasise the need for school principals in a school-based management environment to engage in active entrepreneurial activities for the sake of school survival in financial terms. This argument is supported by Blake and Mestry (2014:167) in saying that school principals must integrate both their personal and



managerial characteristics as depicted in figure 2.2 based on a shared vision and with cognisance of individual abilities and the specific external environment.

The third-generation activity theory as depicted in figure 2.1, in relation to personal and managerial characteristics of the manager of a self-managing school as depicted in figure 2.2, indicates that the individual abilities, attitudes and motivational levels of school principals contribute to their successes as entrepreneurs in pursuit of school well-being. Secondly, the external environmental factors in the form of government legislation have a bearing on the success of the school. Blake and Mestry (2014:168) argue that the school's commitment to create supportive teams in the form of community stakeholders that are in constant interaction and collaboration with the school play a significant role in the success of the school as a self-managed entity. Blake and Mestry (2014:175) further argue that the secret of successful entrepreneurialship of managers lies in an entrepreneurial leadership style, installing management systems, attitudes, abilities and high level of motivation in their staff. It also depends on how school financial managers interact with the external environment which is the stakeholders and the business communities. School managers should work collaboratively with their School Management Teams, their School Governing Bodies and the business community at large focusing on increasing the volume of funding through fundraising and income generation. According to Nieman, Hough and Nieuwenhuis (2004:14) the school principals' leadership style must change to be inspirational and entrepreneurial within a school-based management context such as Section 21 school environments.

Hansraj (2007:25) indicates that the degree of the school principal's consultation with stakeholders within a collaborative approach to school management and participatory decision making are central to the successful financial management of the school. He further argues that school principals must manage their schools in an open system which accommodates the entire School Management Team, all the teachers, all the support staff and each member of the School Governing Body.

#### **2.4.2 The discourse on school-based management considered within context**

Since the dawn of democracy in South Africa, schools were given autonomous power and had greater responsibility in own decision-making, also as it pertains to the management of

school finances. Schools may follow a bottom-up approach in developing school budgets and consulting with parents for the adoption of these budgets (DoE 2011:17; RSA 1996:38 (2)). School Governing Bodies were given powers through the SASA to manage funds and set structures for accountability. Researchers agree that this approach ensured that communities and the Department of Education work collaboratively to share responsibility for the provision of public quality education within context (Bush & Heystek 2003:1; Xaba 2004:36).

Part of the collaborative approach to school funding for the sake of education provisioning and which is understood as a school-based management approach, is the generating of additional funds through different endeavours by schools themselves. In terms of section 36 of the South African Schools Act (RSA 1996) parents are empowered, through the School Governing Bodies, to augment the finances given to them by the state through any legal means. This is supported by the third-generation activity theory or cultural-historical activity theory by Engeström (2001) as discussed earlier on in paragraph 2.4.1. One form of augmenting existing funds in order to acquire more resources for teaching and learning is through partnership with non-governmental organisations like the national lottery, renting out of school buildings and advertising by local businesses. Other ways of increasing existing school funds is by means of school fees and with fundraising endeavours such as annual school events whereby the school rely on the parent community for additional financial support. Whatever the initiatives with augmenting existing school funds, a school-based management approach includes demanding financial management accountability with relating responsibilities for school principals with their staff and parent community. Financial expertise and financial capacity are needed to develop effective systems for the monitoring and control of school funds. As the school principal is the executive manager of school finances, a specific breed of school principalship needs to act as financial managers facilitating effective structures and functional roles to manage sufficient funds to attain good results.

The impact on the financial management of schools was studied as it pertains to the decentralization of power and responsibilities within the South African school context which brought about changing roles for school principals and the incorporation of School Governing Bodies as representative of the parent community. This impact was studied against the normative and operational mode for acceptable outcomes as it pertains to the

management of school finances. Inspired by Hsuan-fu (2010:146), the researcher concurs that if school-based financial management is not implemented properly the harm may be greater than the benefit.

## **2.5 CONCEPTUAL FRAMEWORK**

The conceptual framework for this study on school finances pertains to eliciting the concept of school-based management as it relates to a self-managing school and the influence thereof on budgeting for proper school functioning.

### **2.5.1 The concept of school-based management**

In order to clarify the school-based management concept as it pertains to the financial management part of school-based governance, many definitions can be considered as these definitions relate to the interpretations of various researchers. For Guthrie and Tooley (2003:7) school-based management represents a generic concept characterising a school in a system of education where there has been significant and consistent decentralisation to school-level authority to make decisions related to the allocation of resources. In this regard school-based management pertains to the mechanism aimed at improving schools by shifting decision-making powers regarding the budget and budget control from central level authority to the schools themselves. It also relates to the changing role of the school principal and the establishment of financial management structures to manage financial matters accountably. Financial management within a school-based management context therefore represents the approach whereby the management of public schools is decentralised to the school itself giving the school the authority and responsibility to make decisions related to the allocation of resources, but in a system of education having centrally determined goals, priorities and a framework for accountability (Mestry 2006:27).

According to Hansraj (2007:22) the stakeholders within a school setting which comprise the School Governing Body members, the educators and the parents must use their decision-making power of approving the school budget to address the adequate provision of school resources for effective teaching and learning to take place. In this regard the Department of Education must contribute to the provision of good quality education by providing funds

timely and by facilitating rules and regulations for the spending and management of school funds.

With regard to the changing role of the school principal in a school-based management context, it pertains to how this changing role as it pertains to financial management relates to delegation tasks and responsibilities, liaison with the Department of Education and the carrying out of financial management through predetermined financial management structures. School principals as executive heads of their schools must determine their schools' priorities as these priorities relate to the schools' core function of teaching and learning for the sake of learner development. Hsuan-fu (2010:146) finds justification for school-based management in the fact that the people closest to the learners, such as the parents and the school principals with their staff, are more knowledgeable about students' real needs than the personnel in the offices of the central government. Hsuan-fu (2010:147) argues that school-based financial management approaches enable stakeholders to allocate funds to where they are needed, within the specific context, in a manner tailor-made for the specific school's needs. Such arrangements inspire communities to a sense of full ownership which fosters loyalty and dedication that are necessary for improving education.

The implication of a school-based management approach as it pertains to Section 21 schools in South Africa is that the management of the finances of these schools are centred on an enabled school governing body with the involvement of the broader parent community in decision-making with the finalization of the annual school budget. In essence, the School Governing Body must create appropriate structures for the management of the school's finances whereas the parent community must exert their contribution to the financial management of school affairs in their evaluation and eventual approval of the school budget. The role of the school principal pertains to that of a facilitator who monitors, controls and advises the School Governing Body on Departmental policies and regulations and who appoints key members of staff to deal with financial matters in consultation with the school governing body (DoE 2011:3,15). In this regard school principals as the executive financial managers of their schools are responsible for a constructive financial management structure at their schools in which there is clarity on the roles and responsibilities of all the people involved in financial management. Apart from functionality, clarity on financial structures with its accompanied roles and responsibilities serves to

counter conflict with the management of a school's financial affairs while improving whole school performance.

### **2.5.2 Decentralization of policy powers to schools**

Decentralization refers to the delegation of administrative decision-making to lower authority levels, or the transfer of authority and power from the central to local structures which then plan, manage and administer on behalf of the central structures. The main reason for central authority to decentralize educational power is that they cannot adequately govern and manage the educational activities from the centre to deal with efficiency, equity and democracy (De Clercg 2000:4).

De Clercg (2000:5) argues that decentralizing educational powers to schools has been motivated on the grounds that it will yield considerable administrative and managerial efficiency in the management of schools. Mokoena (2009:46) states that the rational analysts argue that schools will be able to mobilize and generate additional resources that are not available to the central state and that the decentralization initiatives will promote managerial efficiency and a better matching of state provisions with people's needs. He further adds that decentralization has an educational effectiveness impact because the local structure is more sensitive and understands how to plan, manage and adapt the curriculum frameworks to fit with the contexts of the local needs, conditions and preferences.

### **2.5.3 Self-managing schools**

The opportunity for self-managing schools to take ownership of their financial management responsibilities, results in initiative-taking with the acquiring of additional resources to improve academic performance. Hsuan-fu (2010) argues, however, that problems with effective school-based financial management can result in worse scenarios than when centralised decision-taking is practised. Problems with school-based financial management are caused by schools' staff who refuse to take added responsibilities and by the lack of transparent financial information which can give rise to the fraudulent use of funds (Mestry 2004:126). With a school-based management approach, additional responsibilities by school staff and transparency with financial conduct are implied actions.

Motsamai et al. (2011:105) argue that the mismanagement of school funds can also be as a result of the fact that school principals are not adequately prepared for their responsibilities in a school-based management setting. He further states that school principals' appointments are based mainly on teaching experience and academic and professional teaching-related competencies without any requirement for financial management skills. According to Hsuan-fu (2010:145), the mismanagement of funds by school principals often leads to shortages of critical didactical resources as money is not available for the purchasing of the necessary books and other teaching and learning-related equipment. The result is unsatisfactory performances by teachers hampering learner development (UNESCO: 2000).

Contemplating the local context, the National Department of Education devolved financial management powers to school-level functioning to enable schools to manage their own finances thus making them self-reliant. This self-reliance requires competent and meticulous skills in the management of school finances to be in line with central and provincial prescripts (DoE 2011). In their transfer of all funding allocations to the schools' bank accounts, the Provincial Departments of Education presupposes that School Governing Bodies will be adequately capacitated to take full control and responsibility for educational and organizational matters in their schools in a competent manner. However, as was pointed out in paragraph 2.2, in many instances people elected as School Governing Body members often lack adequate academic and basic financial management skills which hinder sound and effective financial management practices in schools.

Legislation provides that failure by a School Governing Body to comply with the minimum standards for effective school management will result in a withdrawal of the allocated Section 21 function status of the specific school (RSA 1996:22(1)). In this regard legislation calls on schools to manage their finances effectively and in line with the relevant legislation in order to sustain their Section 21 status which has proved to be more advantageous to productivity and more conducive to optimal teaching and learning (Mestry 2004:130; Walker 2000:1).

According to Mestry (2004:30) some of the advantages of Section 21 schools are:

- The school governing body may select its own suppliers in respect of purchasing learning and support materials.
- In the event of the school being unable to spend all the state's allocation in time, the school governing body may still process orders for services to be rendered or learner support materials to be purchased because the money allocated by the provincial department of education is still in the school's bank account.

In order to sustain their Section 21 status, school principals must collaborate constructively with their schools' School Governing Bodies and their school staff and ensure that they follow all the statutory and provincial provisions, prescripts and directives relating to the management of the school's finances in terms of drawing up the annual school budget and addressing school priorities (DoE 2011:19). Financial management must be transparent and financial resources must be aimed at improving learners' performance and bringing about comprehensive educational changes. These changes should pertain to changes that address professional development and instruction, decentralization of structures for broader participation and decision-making, and the replacement of bureaucratic regulation with professional responsibility and accountability (Walker 2000:1). Elements such as the willingness to carry out additional financial-related responsibilities, transparency with financial management conduct, financial management capacity and the emphasis on improved provision for improved learning are crucial to the effective management of school funds.

#### **2.5.4 Budgeting within school context**

Motsamai et al. (2011:105) indicates that many schools find the process of budgeting challenging due to a lack of understanding of the budgeting process as a result of a lack of formal financial management training. The research by Motsamai et al. (2011:111) revealed that school principals approach this matter differently with regard to teacher involvement. In some schools school principals are determined to involve their staff in the budgeting process whereas other school principals avoid staff involvement stating that staff are not really eager to be involved in budgeting matters and that teachers are not sure what they want.

The concept of financial management entails all the basic systems and processes involved in managing a school's finances (Clarke 2008:278; Mestry 2006:28; Motsamai et al. 2011:111). These systems and processes pertain to all the actions relating to the school banking accounts, the school budgeting processes and approaches and the systems and controls that are necessary to ensure that the monies of the school are managed in a financially proper way. Financial management implies, then, the reasons for the specific budgeting and the accountable organising, coordinating, monitoring and controlling of financial actions to be reported in a clear and complete manner to the relevant stakeholders.

Budgeting as one of the crucial aspects of financial management is normally considered a complex and time-consuming task but essential in assisting the school to function efficiently and remain financially secure. A school's budget must be geared at achieving the school's vision for the future and assess risks that might occur. Three financial statements critical to a budget are the income statement, the balance sheet and the cash flow (Clarke 2008:293). As an operational plan that shows how it will use its financial resources to render services to the school community, the school budget must be guided by a relevant legislative framework.

Clarke (2008:286) argues that preparing a budget is the biggest challenge for the involving of various stakeholders like the school staff and the broader parent community. This challenge must be met knowing that the School Governing Body's responsibility for the proper management of school finances is determined through legislation (Mestry 2004:28). In this regard the SASA (RSA 1996) stipulates that the school's budget must be prepared annually by the School Governing Body after which the budget must be presented to the parent community in a parents' meeting announced to the parent community 30 days in advance whereby the budget must be adopted by the majority of parents (RSA 1996:38, 39). A school's financial committee as a subcommittee of the School Governing Body is responsible for drawing up the school's budget, in consultation with relevant stakeholders and role players. According to Motsamai et al. (2011:112) these stakeholders and role players are the educators, the School Management Team, learners serving on the School Governing Body representing the learner population, parents and the school principal. Motsamai et al. (2011:112) argue that the constructive involvement of all these stakeholders in the budgeting process is important for taking decisions democratically.



As a budget represents the plan of dealing with future allocations and the utilisation of different resources with regard to the different organisational activities and plans for a certain period, it represents a tool that managers use to translate organisational plans and activities into qualitative terms (Mokoena 2006:61; Rangongo 2011:49). As a controlling tool, the school budget sets limits on the total amount of school spending and on the amount spent by a specific subject department or sports association (Bisschoff et al. 2004:129). In this regard the budget serves to establish standards of performance against which future events will be compared.

The challenge for the School Governing Body is to prepare an annual budget which is linked to the school improvement plan, the school development plan and the academic performance improvement plan and which indicates the estimated revenue and expenditure of the school for the following year (DoE 2011:16). These actions characterises the budget as a financial tool that is frequently stated in monetary terms, that covers a specific period which is usually one year and that contains an element of management commitment (Bisschoff et al. 2003:129). As the parent community has to approve the budget, another feature of the school budget is that it is approved by an authority higher than the one that prepared the budget. Bisschoff et al. (2003:129) point out that once the budget is approved, it can only be changed under previously specified conditions. Further, the budget is periodically compared with the actual performance of the budgeted activities and variances are then analysed and explained.

The value of annual budgeting is that it compels managers to consider organisational objectives and action plans in a concerted manner. Budgeting also ensures the coordination of the activities of the various parts of the school as a unit based on collaborative effort through the clear communication of plans to the various responsibility managers. Budgeting results in evaluating the performance of managers and in motivating managers to work towards organisational objectives that are clearly specified as performance expectations. The value of a budget's controlling activities pertains to the fact that it serves as a yardstick against which the performance of the school is accurately compared (Mestry 2004:131; Motsamai et al. 2011:115). Further, budgeting encourages democratic and participative school governance in that stakeholders are involved through collaborative consultation and decision-making (Clarke 2008:294). Joint budgeting entails

that the budget planning should involve joint decision-making by all stakeholders represented on the School Governing Body in respect of financial resource allocation, distribution and spending (Mestry 2004:28). In planning for the school budget, the stakeholders must be goal-orientated and focusing on the question: How best can we use the available resources to improve the performance of our learners?

In their endeavour to raise sufficient income to meet the anticipated expenses so that the school can provide quality education through prioritised educational objectives and with the efficient use and monitoring of school funds, the School Governing Body can employ incremental, priority zero-based budgeting (Bisschoff et al. 2004:129; Clarke 2008:294). With incremental budgeting the new budget is based on the old budget. Accordingly, in the new budget the previous year's budget is adjusted with increments for any anticipated increases in income and expenditure and with consideration of predictable changes pertaining to aspects such as inflation and an increased enrolment of learners at the school (Clarke 2008:294; Mokoena 2009:61). With a zero-based budget the focus is on the school's planned priorities as these priorities relate to the core activities of the school, namely teaching and learning (Bisschoff et al. 2003:129). With an activity/priority-based budgeting approach, the focus is on determining the popularity of activities. Funds are channelled to activities that learners are excelling in, e.g. soccer instead of rugby if performance in rugby is poor. With activity/priority based budgeting, every activity must be prioritised (Clarke 2008:295).

In deciding on which budgeting approach to use, Mestry (2004:28) emphasises that schools need to adopt a system that fits their own needs. It is therefore crucial for schools to know their main priorities before budgeting. For budgeting to be sound and effective, the following criteria must prevail (Mestry 2004:28):

- An equitable allocation to the needs of different subjects.
- Taking cognisance of the school priorities.
- Facilitation of long-term planning.
- Ability to react to the environment.
- Take into account abilities to spend wisely.
- Be easily understood and widely accepted.

Section 10.5 of the Limpopo Provincial Government's prescripts for the management of school funds in public schools (DoE 2011:16) emphasises the importance of stakeholders' involvement in the budgeting process which must be done in a formal parents meeting. The same regulation prescribes that no expenditure should be incurred before the approved budget is endorsed by the Circuit Manager. Section 10.5 of the Limpopo Department of Education Prescripts for School Funds in Public Schools (DoE 2011:17) further stipulates that the approved budget, together with the name of the auditor, as per section 43 of the SASA Act, and as approved by the School Governing Body, must be submitted to the Head of Department of the provincial government by 31 January of each year. Walker (2005:112) indicates that the manner in which stakeholders are involved in the budgeting process is vital to the success of the process.

## **2.6 FINANCIAL ROLES AND RESPONSIBILITIES WITHIN THE SCHOOL-BASED CONTEXT OF SOUTH AFRICA**

The SASA (RSA 1997) outlines the different roles and responsibilities as these roles and responsibilities apply to the different stakeholders responsible for the management of school finances in a school. As was said in paragraph 2.2 in the past schools operated through a top-down approach different to the current bottom-up approach. Strict rules and procedures were applied in the past on how finances had to be managed. Since the democratic dispensation school principals with their School Governing Bodies manage school finances through democratically elected structures. The Limpopo Department of Education Prescripts for School Funds in Public Schools (2011) specify the role players in school finance management and the roles and responsibilities of each of these role players. The role players involve the following five positions: the school principal, the School Governing Body, the finance committee, the finance officer and the treasurer. The responsibility and status of a school's School Governing Body is clearly summarized in the South African Schools Act (RSA 1996:16(1) & 16(2) pertaining to the following:

- The governance of a public school is vested in its Governing body,
- A Governing Body stands in a position of trust towards the school.

The fact that the overall governance of a public school is vested in its governing body in close liaison with the school principal, the implication is that the School Governing Body is liable to perform the statutory and financial functions relating to the school's assets, liabilities and resources. As the School Governing Body consists mainly of parents representing the parent community, the implication is that parents are closely involved in drawing up a budget to address the specific school's priorities.

The roles and responsibilities of the five role players that are closely involved in the financial management of a school are outlined in the SASA (RSA 1996). These roles and responsibilities as they relate to each role player are discussed next.

### **2.6.1 The school principal**

School principals are expected by virtue of their position to ensure that school finances are managed in terms of the relevant guidelines, legislation and procedures. As ex-officio members of the School Governing Bodies they must advise all the members and staff of all the statutory laws governing the usage of funds. Clarke (2008:281) states that it is the responsibility of school principals to make sure that the members of their School Governing Bodies are aware of their responsibilities, conditions of operations and their limitations. The SASA (RSA 1996) empowers the School Governing Body to manage the school's finances whereas the school principal is tasked with the professional day to day operational running of the school. Furthermore, the SASA (RSA 1996) section (16) (a) (h)) read together with NNSSF Circular no.1 of 2013 state that it is the function of the school principal in a public school to assist the School Governing Body with the management of the school funds.

According to the Public Finance Management Act 2000(38) read together with the Treasury Regulation 8.4, an accounting officer to the School Governing Body must ensure that transfer payments are used for their intended purposes within an environment of effective and efficient financial management. In this regard Mestry (2004:127) states that some school principals still perceive themselves as accounting officers of the school. However, based on participative actions, school principals in their financial management endeavours normally act on the instruction, according to policy of the School Governing Body (Mestry2004:128). It implies that school principals must make sure that when funds are transferred, budgets are done in accordance with the provisions of the Prescripts and

adopted accordingly by a majority of parents in a formal meeting convened as per the provisions of the SASA. Furthermore, school principals must make sure there are systems in place to ensure that funds are managed effectively and efficiently.

According to Clarke (2008:288) the school principal has delegated powers for the management of school finances hence the school principal must remain accountable for anything that goes wrong. The Department of Education shall never charge the School Governing Body chairperson or any other person when funds are mismanaged but the school principal.

Some additional finance management-related tasks assigned to the school principal pertain to the following (Motsamai et al. 2011:101):

- Provision of support for drawing up of a budget by a finance committee,
- Provision of data to support planning in terms of matters such as enrolment figures,
- Support with fundraising initiatives to augment the school's resources,
- Storage of finance statutory records, accounts and any documentary evidence that may be needed for inspection purposes,
- Support to the School Governing Body to have the finance books audited.

With regard to the finance management-related roles and responsibilities of school principals considered in the Limpopo province, the following are stated as important responsibilities (DoE 2011:3):

- The school principal must appoint a finance officer in writing in consultation with the School Governing Body.
- The school principal must ensure that educators who collect money for any purpose are issued with a receipt book.

Furthermore, Section 45 of the SASA (RSA 1996) read in conjunction with the Public Finance Management Act (RSA 2000) indicates that the school principal must avoid fruitless, wasteful and unauthorised expenditure when expending school funds. The school principal as a member of the School Governing Body shares the responsibility and is

responsible for ensuring that that there is proper implementation of policy and other relevant legislation governing the utilization of funds (Clarke 2008:281).

In this regard Mokoena (2009:69) argues that the ultimate responsibility for ensuring that all finance books, finance records and documentary evidence that may be needed for inspection and for confirming the accuracy of conduct resides with the school principal as the executive financial manager of his/her school. This implies that school principals have a more extensive role to play in the management of school finances and should therefore be conversant with all statutes and guidelines governing the use of funds in schools. It was important for the researcher to establish the level of capacity of school principals to execute their roles and responsibilities regarding the financial management of Section 21 schools and their willingness to adapt to the financial management-related changing role brought about by the SASA (RSA 1996). This information was necessary in order to enable the researcher to develop applicable guidelines on how possible deficiency can be countered.

## **2.6.2 The School Governing Body**

According to section 15 of the South African Schools Act (RSA 1996) a public school is a juristic person with legal capacity to perform its functions. This means that the school may buy, sell, hire or own property, enter into contracts, make investments, and sue or be sued. The school performs all such actions through its School Governing Body which implies that the School Governing Body acts on behalf of the school (Mestry 2004:127).

The South African Schools Act (SASA) requires the School Governing Bodies of all public schools to establish school fund accounts and administer these in accordance with directives issued by the Head of Department of Education (DoE 2011:3). All monies received by the school must go through this account. The School Governing Body must open a banking account for this purpose. The researcher discussed in paragraph 2.5.3 that the School Governing Body is required to draw up a budget every year to show the estimated income and expenditure for the following year.

Xaba (2004) states that the core functions of the School Governing Body in self-managing schools is to promote the educational interests of the school and consequently of the learners. This implies that the School Governing Body of every public school must develop

policies, a vision and a mission for the school and set targets with regard to the output for its term of office. The School Governing Body must evaluate the progress made at the end of its term of office. Thus it is vitally important for the School Governing Body to function within a framework that allows quality education to be afforded to its learners.

The South African Schools Act (RSA1996) prescribes that the management of school finances is vested in the School Governing Body. It also provides guidelines for the School Governing Body and the school principal on their roles and responsibilities in managing the finances of the school. According to the SASA (RSA 1996), schools need to have proper and effective financial management practices. Each school's School Governing Body is responsible for ensuring that such a practice is functioning successfully at the school. These practices for which the School Governing Body takes responsibility relate to the following (RSA 1996:18):

- The annual drawing up of a budget which is subject for approval by the majority of parents,
- The opening of a school bank account for the administering of school funds,
- The recordkeeping of funds received and paid and which must include assets and liabilities,
- The establishment of a finance committee,
- The management of funds according to a finance policy which must follow guidelines and prescripts that are set by the Head of the Provincial Department of Education,
- The use of all school funds for educational purposes as per the budget drawn up in line with the prescribed percentages as outlined in paragraph 2.6.2 namely 60% for curriculum matters, 10% for sports matters, 8% for ablution facilities, 5% for transport with no option for adjustment and 17% for other expenses,
- The administering of school funds by a person called the finance officer who must be appointed in writing,
- The monitoring, and controlling of all school funds and the reporting of these processes to stakeholders,
- The auditing of school funds by an accountant who is registered as an auditor in terms of the Auditing Profession Act 26 of 2005.

The South African Schools Act makes it clear that the School Governing Body - not the school principal - of a public school has the ultimate responsibility of management of the school's financial affairs. According to the SASA (RSA 1996:27), the overall responsibility for the managing and control of school money which is vested in the School Governing Body also pertains to guarding against overdraft and over-expenditure on budget posts. The implication is that no more than 60% of the budget must be spent on curriculum-related matters and no more than 5% on transport.

As was pointed out in paragraph 2.5, Mestry (2004:121) argues that although the funds are managed by the School Governing Body, the school principal must work collaboratively with the School Governing Body in providing support for the effective management of the school's financial affairs. The implication is that the management of funds in public schools in a democratic dispensation is a collective responsibility mutually undertaken by the school principal and the School Governing Body and this collaborative endeavour must be guided by legislation obtained from centralised prescriptions. In all these actions, the School Governing Body chairperson is accountable for the correct execution of the School Governing Body related responsibilities as these responsibilities pertain to the management of school finances.

According to Mestry (2004:129) the School Governing Body should receive training which must capacitate them to effectively manage school finances. In his view such training should be practice-based and should cover the following sections:

- The legal framework that underpins financial management.
- Funding of schools.
- Financial planning, including budgetary planning.
- Policy formulation, including finance policy and financial controls.
- School management information systems (MIS).



### **2.6.3 The finance officer**

According to section 5(5.1)(v) of the Limpopo Department of Education Prescripts for School Funds in Public Schools (DoE 2011:3), the school principal must appoint a finance officer who could be an educator with a financial background unless the school has an administrative officer who is appointed by Government and who must then act as the finance officer. Such an appointment must be done in writing in consultation with the School Governing Body. The person shall be called the finance officer and his or her functions are regulated by legislation to pertain to the following (DoE 2011:8-12):

- The maintaining of a cash book for the school.
- The completion of a monthly bank reconciliation statement.
- The completion of monthly and quarterly reports.
- The compiling of annual financial statements.
- The maintaining of financial records.

With regard to the collection of school funds, the finance officer is responsible for the following actions (DoE 2011:11):

- The issuing of a receipt immediately after money is received.
- The issuing of receipts according to serial numbers.
- The recording of all monies that are received in a cash book on a daily basis and immediately after the money was received.
- The keeping of the school's chequebook and vouchers in a safe for auditing purposes.
- Presenting all financial transactions and supporting vouchers at the next Finance Committee meeting.
- Preparing cash-flow statements on a monthly basis.
- Providing secretariat services for the Finance Committee.

The rationale for school governance in relation to financial management is to ensure that funds are managed according to policies that are adopted by the parent community based on decision-making which is decentralised. This school-based management approach

grants the parent community autonomy to give inputs on how the school funds must be used in order to provide quality teaching and learning resulting in optimal learner development within context. The School Governing Body must develop policies on the management of funds and account for these funds by explaining in detail how the money allocated to the school by the state was utilised.

#### **2.6.4 The finance committee**

As this arrangement is crucial to effective financial management, the Limpopo Department of Education Prescripts on the Financial Management of School Funds in Public Schools (DoE 2011:3) and section 30 of the South African Schools Act (RSA 1996) stipulate that all Section 21 schools must have a finance committee which must be established to consist of the following member representation: the school principal, the School Governing Body chairperson, a treasurer, and a finance officer. The total number of members of the finance committee should not exceed nine and members from the parent component must be in the majority. However, the decisions of this committee on financial management actions are merely recommendations to the School Governing Body hence the decisions can be ratified or overruled. In terms of section 8.6.2 of the Limpopo Department of Education's Prescripts for School Funds in Public Schools (DoE 2011:11), the purpose of the finance committee is to implement the finance policy by recommending the appointment of service providers.

Considered from an analytical point of view, the functions of the finance committee pertain to the following (DoE 2011:11; Mokoena 2009:76):

- Keep overall control of the school money.
- Draw up a budget each year.
- Serve as a bid adjudication committee and recommend the appointment of service providers.
- Monitor and approve all expenditure.
- Advise on ways of fundraising.
- Assist in drawing up annual financial statements.
- Check financial records internally.
- Suggest who can be appointed as the auditor.

- Ensure that all procurement (purchasing of goods and services) is done through correct quotations and tendering procedures.
- Keep proper procurement records and make these records available at all times.

Each school must develop a finance policy under the leadership of the School Governing Body chairperson. This policy should provide clear procedures and a detailed set of rules to be followed in handling school finances. It should outline the roles and responsibilities of the School Governing Body members within the financial committee and the roles and responsibilities of the other delegated persons.

According to sections 8.5.1 and 8.5.14 of the financial management Prescripts of Limpopo Department of Education, the manner in which funds must be withdrawn from the school bank account must be in accordance with the following procedures (DoE 2011:10):

- Provision must be made for cheques to be counter-signed by two signatories. These signatories will normally be those of the deputy chairperson and the treasurer.
- A school bank account must never be overdrawn.
- No cash cheques and no blank cheque may ever be issued.
- All cheques must be crossed and marked 'not transferrable' and issued to the payee only.
- No advance payments should be made from school funds.
- No loans shall be granted to any person from school funds.
- All cheques withdrawn must be substantiated by an approved payment voucher with adequate documentation.

In terms of sections 8.6.1 to 8.6.10 of the Prescripts of the Limpopo Department of Education on the Financial Management of Public Schools, specific procedures must be followed when the finance committee has to procure goods for the school. The following are stated as compulsory conduct when goods are purchased for the school (DoE 2011:11):

- A minimum of three quotations is needed.

- A finance committee serves as bid adjudication committee and recommends to the School Governing Body.
- Service providers must be appointed in writing.
- Service providers must be paid within 30 days of receipt of invoice.
- All documentary records must be safely kept and be available at all times.

### **2.6.5 The treasurer**

With reference to the financial Prescripts of the Limpopo Department of Education (DoE 2011:12), the following are prescribed as the roles and responsibilities of the treasurer regarding the management of school finances:

- Chairing the Finance Committee meetings.
- Monitoring all the financial affairs of the school through a commitment register.
- Presenting a financial report to the School Governing Body.
- Developing a finance policy for the school.
- 

According to Clarke (2008:284) the school finance policy serves as a control measure which serves the following purposes:

- The manner in which financial transactions are processed.
- The internal checks that need to be in place.
- The delegation of responsibility for the processing and recording of financial transactions.
- The delegation of responsibility for checking that this is done in accordance with the school's established systems and procedures.
- The system of authorisation (and the delegation of authority to approve the various kinds of financial transactions).

The treasurer is central in a school-based financial management setting in the sense that he or she ensures that finances are managed in line with the policy and legislation. He or she must also ensure that everyone who is involved with the school's finances is aware of his or her responsibilities for the sake of protecting the school's resources from loss or

fraud. He or she should also help to safeguard the School Governing Body and members of the staff from allegations of maladministration and fraud (Clarke 2008:284).

The treasurer has a watchdog role over all aspects of financial management and works closely with other members of the finance committee to safeguard the school's finances. Given these responsibilities, the treasurer typically acts as an information and reference point for the School Governing Body chairperson and other committee members. In this capacity, the treasurer is crucial in clarifying financial implications of proposals; confirming legal requirements; outlining the current financial status in a formal School Governing Body meeting; and retrieving relevant documentation.

With reference to all these specific directives applicable to the different role players fulfilling primary roles in the management of school finances, it is evident that there are clear and unambiguous functions pertaining to each of the roles and responsibilities of the various stakeholders. These roles and responsibilities demand from each stakeholder critical dedication to ensure that teaching and learning are justifiably provided within context.

## **2.7 A CONTROL SYSTEM FOR SCHOOL-BASED FINANCIAL MANAGEMENT**

As was pointed out in paragraph 2.6.5, Clarke (2008:284) argues for the prevalence of a finance policy as it assists in controlling the use of school finances. A school finance policy serves as a control measure as it addresses procedures for procurement, approval of claims as well as protecting fraud and maladministration. Clarke (2008:284) states that a finance policy should be designed to protect staff and the School Governing Body members from possible risks of charges of financial mismanagement and fraud. The school's budget must be monitored on a monthly basis and variance reported to the School Governing Body. Variances must be compared against the budget, an investigation must be conducted as to the reason for the variances, and an explanation be provided to motivate the relevancy of the specific variance. This exercise requires the inputs of a competent and skilled treasurer, a finance officer and the input of the school principal.

With reference to the importance of meticulous control of the management of school finances in a decentralised setting, the school principal must assist the School Governing Body in ensuring that there are constructive internal control systems for the school

finances. These control systems include crucial aspects pertaining to checking the availability and effectiveness of the inputs of the finance committee structures and delegated persons. It also includes controlling measures with regard to financial reporting, budgeting, financial management record keeping, receipting, procurement and payment processes and bank reconciliation. In this regard control is considered as a means for managers to frequently check if the organization is on the correct path to achieve the financial goals in order to be able to achieve the core goals of teaching and learning (Clarke 2008:284; Mokoena 2009:79). Measures of control are then used to monitor performance and actions meticulously in order to avoid deviations from the financial plans. It is important for each school to evaluate the budget adopted by a majority of parents against the actual expenditure on a monthly basis in order to ensure that there is compliance. The school principal, the School Governing Body chairperson and the finance officer must ensure that funds allocated to the schools are used to improve student achievement and to bring about comprehensive educational changes which include, among others, the changes that address the professional development of staff and the acquisition of additional relevant Learner Teacher Support Materials.

The paragraph that follows includes important literature findings on the management of school finances in Section 21 schools. These findings relate to important topics on the decentralisation of financial management, School Governing Body functionality, shared decision-making processes, stakeholder support, the community having greater power in school affairs, school-based financial management in rural schools, subjecting school financial books to auditing, and the role of the finance officer and finance committee in managing the school finances. These findings are as follows:

- There is a perception amongst many parents, educators and school principals that the school principal is the accounting officer of the school and he or she is accountable to the Department of Education for the school finances. Some indicated that the school's finance committee is accountable to the school (Mestry 2004:127).
- School Governing Bodies lack particular skills, knowledge, and expertise needed in their governance functions. They lack financial management capacity and some of the elected members are illiterate struggling to interpret the South African Schools

Act. They rely on the school principals for clarification of policy related matters (Maluleka 2008:33; DoE 2004:67).

- School principals still dominate during meetings and decision-making processes. Some school principals still use an autocratic leadership style to run their schools (Rangongo 2011:59).
- Apathy is displayed in the non-attendance or poor attendance of meetings by parents. School-based financial management in rural schools is poor due to elected members being ill-equipped and some abuse the school's finances or fail to monitor the utilisation of school money. The result is the dysfunctionality of financial management structures. Further, the illiteracy rate of the elected parent component is high which results in some School Governing Bodies waiting until the subsidy from government is allocated and transferred before they could draw up their school's budgets (DoE 2004:147; 150).
- Government's intention to make schools self-managing, giving communities greater power to control and manage their school finances is defeated due to the lack of accountability in general and the lack of accountability by School Governing Bodies to inform parents on the utilisation of school funds. Most schools are characterised by low parental participation during budgeting meetings and, in most cases, under-representation as a result of a lack of commitment from parents to be elected as parent members of the School Governing Bodies. Some school principals set restricted channels of participation by using English in meetings hampering parents' participation due to the language barrier (Nyambi 2004:14).
- Neglect of monitoring the budget is the result of a lack of control resulting in overspending, fraud and mismanagement of school finances (Clarke 2008:112; Bisschoff & Mestry 2009:11).
- There is an inadequate monitoring of the actual expenditure against budgeted expenditure by the School Governing Body on a monthly basis. There is also a lack of control over the authorisation of payments and a wrong acquisition of services usually done by the school principals. There is also an absence of the records of minutes of meetings where strategic decisions were taken (Bisschoff & Mestry 2009:15).
- Some School Governing Bodies experience challenges due to the lack of competence in carrying out their budgeting responsibilities. The result is that in

many instances school principals dominate or unilaterally carry out the financial management tasks themselves without adhering to the prescript of adoption of the school budget by the parent society at an annual parent meeting (Clarke 2008:286).

## **2.8 PRIORITIES FOR EMPIRICAL INVESTIGATION**

This study on the management of school finances is focused on Section 21 schools. The researcher clarified the roles of the school principal, the finance officer and the School Governing Body chairperson in order to understand the required capacity for these role players to operate effectively in a school-based management context. Insight into the capacity of these role players in real terms to carry out their school finance-related tasks will determine deficiencies and enable the researcher to develop guidelines as solutions to assist the applicable role players with the possible challenges they experience in managing their schools' finances. Based on the fact that a school's Section 21 status can be withdrawn by the Provincial Head of the Education Department when ineffective management of school finances prevail, the researcher wanted to establish the peculiarities of the specific inefficiency in order to determine how these inefficiencies can be ameliorated with the consideration of constructive guidelines.

The Limpopo Department of Education gave all the 3935 public schools in the Limpopo Province Section 21 status. All these schools have been classified into quintiles 1 to 5 according to the poverty index ratings with quintile 1 schools the poorest. Based on the Limpopo Province expenditure for the period 2013/14, Table 2.2 reflects the subsidy allocations, according to quintile rankings, for the total number of 3935 public schools in the Limpopo Province.



**Table 2.2: School subsidy allocations according to quintile rankings in the Limpopo Province- 2013/2014**

Quintile ranking	Number of Schools	Total Expenditure	Learners	Expenditure per learner
1	1588	235,696,222.00	582272	R403.55
2	1639	183,810,562.00	662676	R369.55
3	613	1,233,653,558.00	358290	R369.55
4	27	3,124,721.00	15481	R200.55
5	68	3,231,112.00	46467	R68.55
TOTAL	3935	1,656,288,406.00	1,666,186.00	R1412.00

Source: Limpopo Department of Education APP (March, 2014:70)

As is evident from table 2.2 there are more schools jointly in quintile 1 and 2 categories than in the joint considering of categories 3, 4 and 5, the latter representing the more affluent societies. The Limpopo Province expenditure is **R403.55** and **R369.55** for quintile 1 and 2 schools respectively. Apart from revealing that the Limpopo province is a financially constraint province based on school quintile representation, it is also clear from table 2.2 what the amounts of money are that the School Governing Body chairpersons, school principals and finance officers are expected to manage for the purpose of providing quality education to their specific schools environments. The magnitude of the financial management capabilities that are required for this task is evident.

### **2.8.1 Financial overview of Mopani Education District within Limpopo province**

As is clear from table 2.2, the Norms and Standards for funding in the Limpopo province (DoE 2011) provide for the differentiated funding of schools depending on the quintile ranking of each school. With regard to the Mopani district of the Limpopo province, the district comprises of 695 schools which are categorised into quintiles 1 to 5 subsidy funding representations. The subsidy funding is for both the running costs of the school and for procurement purposes and is determined per learner. According to the Annual Performance Report for the Limpopo Province presented in March 2014 for the 2014/15 financial year, the per learner allocation has been determined as R1065 per learner in quintile 1, R977 per

learner in quintile 2 and 3, R533 per learner in quintile 4 and R183 per learner in quintile 5 (DoE 2014:167). While all the schools have been declared Section 21 as per the South African Schools Act, the function of procurement of Learning Teaching Support Materials (LTSM) has been retained by the Limpopo Department of Education. LTSM procurement is therefore done centrally by the Department on behalf of the school. The Limpopo Department of Education has been allocated R1.3 billion from the National budget instead of the required R1.6 billion which implies a decline of 22.8% budget allocation for the period 2014/15. The implication is an increased demand on schools for the proper management of the money allocated to them.

With reference to the number of learners in the Mopani district, table 2.3 reflects the number of schools and learners per sub-district in the Mopani district.

**Table 2.3: Total number of schools and learners in Mopani district- 2013**

<b>Sub-district</b>	<b>Number of schools</b>	<b>Female learners</b>	<b>Male learners</b>	<b>Total number of learners</b>
Giyani	475	118558	122369	241401
Tzaneen	220	51024	51611	102855
	695	169582	173980	343562

Source: EMIS, Mopani (2014)

According to table 2.3 the Mopani district comprises of the Tzaneen and Giyani sub-districts with a total of 343562 learners attending schools in the Mopani district for the 2013 school year. It is clear from table 2.3 that the sub-district of Giyani is the largest. In relation to the information on the number of schools and learners in the Mopani district, table 2.4 represents the subsidy allocation to the different schools in the Mopani district according to the quintile categorisation.

**Table 2.4: Subsidy allocation in the Mopani district per quintile and learner distribution – 2013/2014**

<b>District</b>	<b>Quintile</b>	<b>Per learner in R</b>	<b>Learner total</b>	<b>Allocation per quintile in R</b>
Mopani	1	1065.00	166007	176797455.00
	2	977.00	56083	54793091.00
	3	977.00	111588	109021476.00
	4	533.00	2635	1403922.00
	5	183.00	7250	1326750.00

Source: Annual Performance Plan for Limpopo Department of Education for Section 21 schools (2014/5:72)

According to table 2.4, quintile 1 constitutes 48.3% of the entire learner population in the Mopani district, quintile 2, 16.3%, quintile 3, 32.5%, quintile 4, 0.8% and quintile 5, 2.1%. Considering the fact that almost 50% of the total learner population are quintile 1 learners, the spending of government allocated funding should be carried out with great caution to ensure that optimal teaching and learning are provided within context. Adhering, for example, to the Limpopo Department of Education Prescripts for School Funds in Public Schools (DoE 2011:5), namely that 60% of the total amount of school allocation must be spent on curriculum related matters is a basic prerequisite to be followed to the letter.

### **2.8.2 Reporting on school finances in Section 21 schools**

The Limpopo Provincial Education Department developed a template according to which schools must report on the use and management of school finances on a quarterly basis so as to ascertain levels of compliance and for the sake of quality control. Information to be included in these quarterly reports must be drawn from information available from reports on financial management compiled monthly. The exercise must assist in safeguarding mismanagement, countering overspending and ensuring adherence to budget allocations. In terms of section 8.7.4 of the Limpopo Department of Education Prescripts for School Funds in Public schools (DoE 2011:12), the finance officer should present to the finance committee and the School Governing Body the actual expenditure against the budget and

the variance should be discussed in order to avoid overspending. These discussions should take place on a monthly basis.

## **2.9 CONCLUSION**

School-based management has significantly expanded the role of the school principal to make the school principal's tasks more complex and adverse, demanding extensive leadership skills which include strategic planning skills and financial management skills relating to participatory budgeting and entrepreneurial skills. It has brought about much more needed responsibility and working collectively with other stakeholders such as the School Governing Body and the community at large. School-based management has also increased the power and responsibility of the school principal in terms of local accountability for the school's proper functioning which impacts on school principals' ability to delegate decisions to others as well as apply time management and prioritizing skills. School principals' responsibility to work in a collaborative way to achieve mutual decision-taking with staff, parents and the extended community is viewed as an essential element in strengthening societal pursuit of development. It remains questionable though, considered within context, whether role players assigned with the important task of managing school finances effectively have the skills and competency needed to execute their financial management-related tasks as expected of them by legislation.

## CHAPTER THREE

### RESEARCH DESIGN AND RESEARCH METHODOLOGY

#### 3.1 INTRODUCTION

With the literature review chapter the roles and responsibilities of the persons acting as major financial managers within a self-managing school context were explored. In this regard the roles of the school principal, the School Governing Body chairperson and the finance officer of a Section 21 school were reviewed. The theory of decentralisation was used as it entails the delegation of power to school governing bodies and the transfer of authority to school levels with a view to improving learner performance and maximizing parental involvement so as to ensure school improvement. In order to explore the findings of the literature review as it pertains to a specific context, namely the Mopani District of Limpopo province, an empirical investigation was conducted with the aim of contributing to knowledge for the sake of practice improvement.

The study of financial management in Section 21 schools in the Mopani District of Limpopo province was informed by the following primary question (par 1.4):

What are the constituents for managing the finances of Section 21 schools effectively?

As was indicated in paragraph 1.4 and in order to collect data in such a way that the primary research question can be answered satisfactorily, the following three sub-questions were formulated:

- What are the financial roles and responsibilities to be fulfilled by the school principal, the school governing body chairperson and the finance officer?
- To what extent does the National Department of Education ensure that Section 21 schools are capacitated to function in a plausible financial manner?
- How can Section 21 schools be guided to function effectively to ensure optimal teaching and learning?

In this chapter the research methods and procedures followed with the collection of data for

the empirical investigation are explained. As an extension of paragraph 1.6, matters pertaining to the research design, the sampling procedure, the data collecting instruments and measures considered to arrange for validity and reliability of the interpreted data are discussed. Data analysis and how ethical measures were considered to ensure participants' rights and anonymity throughout the investigation are also discussed.

### **3.2 RESEARCH AIMS AND OBJECTIVES**

As was explained in chapter one, the aim with the research is to investigate the extent to which the school principals, School Governing Body chairpersons and finance officers of Section 21 schools in the Mopani District of the Limpopo province understand the legal framework regarding their operations and whether they are capacitated for their task of managing their schools' finances effectively. It was also pointed out in chapter one that, based on collected data, guidelines for capacity building would be developed as this capacity pertains to the tasks of the different role players to manage their schools' finances appropriately.

In pursuit of contributing to increased knowledge on stakeholder capacity to manage school finances effectively, the following aims are relevant for this chapter (par 1.5):

- Explore the challenges pertaining to incapacity and how this incapacity influences the management of school finances.
- Determine pertinent areas of importance to improve the capacity of school principals, School Governing Body chairpersons and finance officers to manage their schools' finances effectively.
- Develop guidelines to maximize the school finance management functionality of the role players in Section 21 schools.

The aim of clarifying the roles and responsibilities of the school principal, the school governing body chairperson and the finance officer as these roles relate to the management of school finances (par 1.5), was addressed with the literature review of chapter 2.

### **3.3 RESEARCH PARADIGM AND RESEARCH APPROACH**

With reference to the research design for a study, McMillan and Schumacher (2006:220) define it as a plan for selecting subjects, research sites, and data collection procedures in order to collect relevant data to answer the research question. The research design describes clearly how the study is conducted. It also summarizes the procedures for conducting the research which include when, from whom, and under what conditions the data is obtained. In this regard the primary purpose of the research design was to specify a plan for generating empirical evidence that would be used to answer the research questions. Krathwohl (2009:84) views the research design as a complete programme of all the research activities executed to solve the determined research problem; the main function of the research design pertains to the identification and development of procedures and logistical arrangements for the carrying out of the specific research.

As a first component of the research design, this study on the financial management of Section 21 schools was conducted mainly from an interpretive paradigm. Babbie and Mouton (2005:42) describe the interpretive paradigm as a disposition based on a set of assumptions, a framework of thought, and a way of perceiving, thinking and doing that is associated with a particular reality. Interpretive inquiry as used to conduct research insists on two central issues: the self-understanding of the individual as a basis for all social interpretation and transparent human consciousness (Waghid 2003:98). In this regard interpretivism focuses on people's subjective experiences, on how people construct the social world by sharing meanings and how they interact and relate to each other (Nieuwenhuis 2007:51). In line with the work of Gay and Airasian (2003:161) the interpretive paradigm, which is informed by a concern to understand the world as it is and to understand the fundamental nature of the social world at the level of subjective experience, is applied to understand the condition of financial management of Section 21 schools. A qualitative research approach that is interpretive and that is utilised for understanding contexts (Gay & Airasian 2003:163), is a logical choice for the collection of data based on an interpretive research paradigm.

In this study on the financial management of Section 21 schools, the researcher chose the interpretivist paradigm to interact with the research participants in order to understand and explore the financial roles and responsibilities of the school principal, the School Governing

Body chairperson and the finance officer with regard to their experiences, feelings, and thoughts on the execution of these roles with related responsibilities so as to find answers to the research questions under study. The researcher further wanted to have a clear self-understanding of the participant capacity to manage schools financially as this capacity would be evident from the participants' subjective experience with regard to the execution of the financial roles and responsibilities in Section 21 schools.

Pring (2000:96) posits that to understand other people it is important to understand the interpretations which those people give to what they are doing. It is therefore imperative for the researcher to capture not only the actions of the participants, but also their intentions as may be influenced by the context within which the participants operate. These actions and intentions could only be obtained through organised social interaction with the role players responsible for the financial management of Section 21 schools as this financial management manifests within the Mopani District of Limpopo province.

Related to the research paradigm is the research approach which could pertain to either a quantitative or a qualitative research approach. The researcher mentioned in paragraph 1.6.1 that the research approach for this study on the financial management of Section 21 schools is qualitative involving the use of semi-structured interviews.

### **3.3.1 A quantitative research approach**

Cohen, Manion and Morrison (2000:355) distinguish the quantitative research approach on the basis of its concern for precision and accuracy of information. It seeks for equivalence and internal consistency, deals with comparisons, objective facts and statistical information. The approach is highly structured and too formal in nature in the sense that it requires pre-planned questions and allows very little freedom to the modification of questions. With the quantitative research approach, random, systematic and stratified sampling is used for the selection of respondents in order to confirm findings (Cohen, Lawrence & Keith 2007:109). This study on the financial management of Section 21 schools is not about numbers, nor is the aim to seek accurate figures for the sake of comparison and confirmation. The aim is rather to determine the feelings, attitudes and actions of the school principals, School Governing Body chairpersons and finance officers with regard to their roles and responsibilities in the management of their schools' finances.



### **3.3.2 A qualitative research approach**

In order to understand real capacity as this capacity pertains to the specific context with regard to the managing of school finances by the school principals, School Governing Body chairpersons and finance officers in Section 21 schools, a qualitative research approach was used. In line with the findings of Patton (2002) the qualitative research approach is considered the most valuable to collect relevant data on financial management capacity as qualitatively collected data can produce a wealth of knowledge from a restricted number of people. Further, the experiences, opinions, feelings and knowledge of purposefully selected people can be captured by direct questions, and follow-up prompts and answers are not limited or distorted by predetermined and standardized categories. All of these features of qualitative research contribute to an in-depth understanding of the phenomenon under study.

Smit (2003:130) emphasises that a qualitative research approach allows the researcher flexibility to explore unanticipated topics of importance as these topics are discovered during the process of research conduct. However, to ensure that meaningful data are collected, the following attributes pertaining to the use of a qualitative research approach are crucial to consider (Smit 2003:130):

- Patience, skill and wisdom are needed in order to obtain meaningful information during data collection.
- Flexibility and resilience must be applied.
- It is important to create a trusting and accepting relationship with the participants.
- To develop a relationship of trust with the participants, the researcher must be patient and tolerant, calmly allowing participants to gradually accept the researcher as a trusted person.

With regard to the characteristics relevant to a qualitative research approach which motivate and direct selection and conduct, the following is important (McMillan & Schumacher 2006:317-318; Schulze 2002:56):

- **Assumption about the world:** Qualitative research is based on an interpretive constructivist paradigm assuming that reality is multiply constructed through human interaction.
- **Research goal:** Qualitative research is concerned with understanding social phenomenon from the participant's perspective and point of view. With qualitative research the views of researchers are shared to determine findings and analyse contexts as these contexts include interactions, feelings, actions, thoughts and ideas of the participants and events understood through interaction. The conducting of qualitative research therefore takes place in the natural setting of the participants.
- **Research methods and process:** More than one method of data collection is used for qualitative researchers to study participants' perspectives. These methods include interactive strategies pertaining to in-depth interviews, participant observation, protocol analyses, field study and case study. Data collection continues until the data are saturated.
- **Researcher's role:** Researchers become immersed in the situation and the phenomenon under study and they are the main data collection instrument.
- **Importance of the context in the study:** The study is context-bound, believing in human actions being influenced by the specific setting.
- **Data is required that is rich in description of people and situations:** The researcher uses purposeful sampling to carefully identify and select participants who would be most able to provide information about the phenomenon under investigation.

Considering these attributes and characteristics, a qualitative research approach was considered as relevant to the study on the management of school finances because this study is an exploratory study aimed at gaining a better and in-depth understanding of the financial management phenomenon as this financial management occurs in a natural Section 21 school setting. By employing individual interviewing individual social actions, beliefs, thoughts and perceptions pertaining to the phenomenon under study could be determined which, with regard to the financial management of Section 21 schools, relate to participants' interpretations of their roles and responsibilities and their capacity to execute these responsibilities effectively.

The researcher's choice of a qualitative research approach for his research on the management of school finances was further motivated by the fact pointed out by Krathwol (2009:236), namely that qualitative research procedures are ideal for exploring complex phenomenon about which there is little knowledge. Through the use of exploration, qualitative research procedures help us to understand a phenomenon, in this case the roles and responsibilities legally assigned to managing school finances and specifically carried out within the particular context of Section 21 school functioning.

### **3.4 RESEARCH SAMPLE**

As said in paragraph 1.6.2, the research population comprises all the public schools in the Limpopo province. From this research population the research sample was drawn from the Mopani District in the Limpopo province. From the Mopani District eleven schools representing both primary and secondary schools were selected as research sites. The Limpopo province comprises ten school districts of which Mopani is one. The Mopani District consists of twenty four circuits which are grouped into seven clusters. The sample was drawn from the seven clusters. The sample comprised five primary and six secondary schools drawn from Groot Letaba, Phalaborwa, Rakwadu, Mafarana, Makhutswe and Klein Letaba circuits. All eleven schools were selected based on purposive sampling as explained in paragraph 1.6.2.

#### **3.4.1 Purposeful sampling**

The schools in the study were selected based on purposive sampling as this sampling strategy allowed the researcher to choose cases that illustrate features and processes in which he was interested to understand better (Cohen et al. 2007:115). The researcher handpicked the schools to be included in the sample on the basis of his judgement of typicality and the suitability of the schools for his study (Cohen et al. 2000:103).

The Mopani District comprises 695 public ordinary schools. All the schools are in Section 21, meaning the management of finances is decentralized. According to McMillan and Schumacher (2007:126) purposeful sampling is a strategy whereby a small group of individuals are chosen as participants based on the criterion that these individuals are likely to be knowledgeable and informative about the phenomenon of interest. Cases are

accordingly selected for the sake of understanding the specific situation without requiring or desiring to generalize the findings of the specific case to all cases. The researcher had a full knowledge of the schools sampled due to his prolonged work experience in the district both as a principal and Quality Teaching and Learning Campaign District Coordinator. He used his judgement believing the participants are knowledgeable in the phenomenon under study. The researcher chose eleven schools as research sites and the participants from each research site were the school principal, the School Governing Body chairperson and the finance officer. Each one of these selections was based on the fact that these role players dealt specifically with the management of school finances though in differing degrees of authority and responsibility-taking as outlined by legislations and discussed in chapter two.

Cohen et al. (2007:115) states that purposive sampling is used to access people who have in-depth knowledge about particular issues such as expertise, skills or experience. The sampled schools in the researcher's judgement comprised people with skills, knowledge and experience of the management of school finances and were, therefore, considered as information-rich participants contributing to the collection of relevant data in order to answer the formulated research questions satisfactorily.

### **3.4.2 Participant information**

The participants were contacted via email, telephone and letters requesting their participation in the research. They were all interviewed on their roles and responsibilities pertaining to the management of school finances. Two of the school principals and two School Governing Body chairpersons were reluctant to be recorded. Two of the School Governing Body chairpersons were not available on the set date due to family-related commitments in Gauteng province and new dates had to be set through negotiations. The details of the research participants with regard to gender, age, years of experience in the position of managing school finances, and post-school qualifications are depicted in table 3.1:

**Table 3.1: Detail on the research participants**

No	Gender	Age (years)	Years of experience in position	School level	Post-school qualifications	Position
1	Male	30-40	6 years	STD 10	B.COM, Certificate in pastel and bookkeeping	School principal SADTU Mopani regional treasurer
2	Male	40-50	6 years	STD 10	STD, ACE	Finance Officer
3	Female	30-40	3 years	STD 10	None	School Governing Body chairperson
4	Female	40-50	18 years	STD 10	PTD, BA	School principal Pastor
5	Female	20-30	9 years	STD 10	Certificate in Pastel and Bookkeeping	Finance officer
6	Male	40-59	3 years	STD 10	None	School Governing Body chairperson
7	Male	30-40	18 years	STD 10	PTD, BA (Accounting)	School principal
8	Female	30-40	6 years	STD 10	BA, HED	Finance officer
9	Female	30-40	3 years	STD 10	None	School Governing Body chairperson CIVIC chairperson
10	Male	30-40	10 years	STD 10	SPTD, ND: Human Resources, B.TED HRD, B.Ed (Hons)	School principal
11	Female	30-40	4 years	STD 10	SPTD, FDE, Certificate in Bookkeeping	Finance officer
12	Male	40-50	3 years	STD 10	None	School Governing Body chairperson
13	Female	40-50	12 years	STD 10	BA, B.Ed (Hons), Pastel Accounting	School principal; FEDSAS Secretary
14	Female	30-40	6 years	STD 10	Bookkeeping, Pastel	Finance Officer
15	Male	40-50	5 years	STD 10	B.COM, LLB	School Governing Body chairperson; Pastor
16	Female	40-50	8 years	STD 10	BA, B.Ed (Hons)	School principal
17	Female	40-50	6 years	STD 10	PTD, NPDE, FDE(Management)	Finance officer

18	Male	30-40	3 years	STD 10	STD, B.Ed( Hons)	School Governing Body chairperson
19	Male	40-50	2 years	STD 10	BA. FDE(Accounting)B.Ed (Hons)	School principal
20	Female	40-50	5 years	STD 10	STD, ACE(Management)	Finance officer
21	Male	30-40	3 years	STD 10	None	School Governing Body chairperson
22	Male	30-50	2 years	STD 10	BA (HED), ABET	School principal
23	Male	30-40	18months	STD 10	BA, FDE , Bookkeeping	Finance officer
24	Female	50-60	6 years	STD 5	None	School Governing Body chairperson
25	Female	40-50	4 years	STD 10	PTD, BA, N.Diploma Human Resource Management, MPA	School principal
26	Male	30-50	2 years	STD 10	STD	Finance officer
27	Female	50-60	5 years	STD 10	STD, ABET	School Governing Body chairperson
28	Male	40-50	1 year	STD 10	STD, BA	School principal
29	Male	30-50	2 years	STD 10	FDE	Finance officer
30	Female	40-50	5 years	STD 5	Carpentry	School Governing Body chairperson
31	Male	40-50	2 years	STD 10	FDE, B.Ed Hons	School principal
32	Male	30-40	3 years	STD 10	BA	Finance officer
33	Male	50-60	5 years	STD 5	Tribal Council Clerk	School Governing Body chairperson

It is clear from table 3.1 that the participants were adequately qualified for their roles and responsibilities with regard to the management of school finances. The majority of the School Governing Body chairpersons had Standard 10 and two had standard 5. One of the chairpersons also obtained a B.Com and LLB qualification and another had a B.Ed Honours in Management. Four of the eleven finance officers had done bookkeeping and Pastel whereas four of the school principals had done courses related to financial management, that is, Pastel, Accounting, a National Diploma in Human Resource Management and a B.TED in Management. It could be anticipated that given the educational background of these role players, financial management in their schools should be in order based on the participants' appropriate qualifications depicting relevant knowledge and skills in managing

school finances. The participants' qualification capacity was in contrast to literature findings pointing out that financial management in most schools were hampered by high levels of illiteracy resulting in a lack of skills and capacity to manage school finances adequately (chapter two).

### **3.5 DATA COLLECTION**

Earlier on in paragraph 1.6.4 the researcher indicated that data to answer the research questions would be collected through semi-structured, individual interviewing. This technique enabled the researcher to have a face-to-face encounter with each participant and the opportunity of probing with follow-up questions in order to get an in-depth understanding of each participant's feelings, opinions and know-how on the management of school finances.

The manner in which data is collected is a crucial aspect of any study as it determines the study's success, or failure in terms of the quality of the data that are collected. The researcher used qualitative data collection approaches to study the participants' perspectives which pertained to interactive engagement with participants and the consulting of applicable documents at each research site. Accordingly, semi-structured, individual interviewing and documentary analyses of financial documents at each school were used to collect data. Each method was particularly suited for obtaining a specific type of data. The personal interviews with the participants were conducted during the two month period of September and October 2014 at the participants' own schools. Data collection was preceded by obtaining permission from the Ethics Clearance Committee of the College of Education at the University of South Africa (certificate included at the front of the dissertation), the Limpopo Department of Education (Appendix A), and the school principal of each research site (Appendix B). Consent was then obtained from each individual participant to conduct the interview (Appendix C). Permission to peruse governance finance-related documents was requested from the School Governing Bodies (Appendix E).

#### **3.5.1 Semi-structured individual interviews**

Semi-structured individual interviews were appropriate in this research for collecting data on the participants' perspectives, experiences, attitudes, feelings, and emotions, particularly as

a school's financial management is crucial for school success and could be sensitive in the face of possible inadequacies with the management thereof.

According to Schulze (2002:60) individual interviewing is the most common method of data collection in qualitative research. This face-to-face approach assists to understand the closed worlds of others. Patton (2002:340) indicates that we interview people in order to find out from them those things we cannot observe directly. We cannot observe feelings, experiences, thoughts, attitudes, emotions, intentions and perceptions of the school principals, School Governing Body chairpersons and finance officers in Section 21 schools, hence interviews were used.

The aim with the individual interviewing was to capture the participants' perceptions on the management of school finances, and their feelings, experiences, thoughts and knowledge with regard to what is expected from them by the Limpopo Education Department (DoE 2011) and SASA (84:1996). The researcher also wanted to explore their feelings regarding the capacity provided for equipping them to execute their finance management-related functions effectively. According to Walliman (2009:285), if a situation needs to be explored by means of collecting information which cannot be predicted, semi-structured interviewing can assist optimally to collect in-depth data through follow-ups on answers provided to the defined questions. The researcher's aim was to explore the financial management situation in Section 21 schools in the Mopani District of which he had little knowledge. Face-to-face interaction with the purposefully selected interviewees took place to understand the context-related management of school finances in the participants' own words.

By means of an interview schedule (Appendix D), the researcher prepared questions for each different category of participants, namely the school principal, the School Governing Body chairperson, and the finance officer so as to solicit and collect data relating to the relevant responses by each interviewee to the different topics addressed during interviewing. In order to ensure that the participants were adequately prepared for the individual interviews, the questions to be focussed on during the interviews were sent to the participants together with consent forms for participation. The ethical considerations were clearly outlined. With the conducting of the individual interviews, the participant responses were recorded except where the participants did not agree to recordings (par 3.4.2). With the cases where interviews could not be recorded, succinct notes on responses were made



during the interviews which were later checked with the participants to ascertain that the capturing of the participant responses was done correctly.

With reference to the findings by Pring (2000:101) on the advantages of interviewing, choosing individual interviewing to collect data in order to answer the research question had the following advantages for the researcher of this study on the management of school finances:

- Flexibility: As an interviewer the researcher was able to probe for more specific answers in order to gain in-depth knowledge on the topic.
- Non-verbal behaviour: The interviewer was able to observe non-verbal behaviour and to assess the validity of the participants' answers. At no stage did the researcher interrogate the response by a participant, but requested additional relevant documents such as minutes and reports to serve as illustrations of answers provided and for the sake of extended knowledge on the topic.
- Spontaneity: The interviewer was able to record spontaneous answers which may be more informative.

To suffice, in-depth, semi-structured, individual interviewing, with the opportunity of follow-up probes, proved to have been the most appropriate data collection method to gain a deep understanding of the management of school finances within context. Through individual interviewing the researcher was able to understand participants' feelings, attitudes and thoughts on school finance management and how they understand their roles and responsibilities to ensure that school finances are managed adequately

### **3.5.2 Document analysis**

For a deeper understanding of school finance management and for the sake of ensuring the trustworthiness of data collected via interviewing, the researcher requested supporting documents relevant to the carrying out of participants' roles and responsibilities relating to the management of school finances. These documents included finance officers' appointment letters, audited financial statements, minutes of finance committee and School Governing Body meetings, bank reconciliation statements, monthly financial reports

presented to finance committees, adopted budgets, parents' attendance registers for the annual budget-related meeting with parents, and school finance policies. For the sake of gaining a proper understanding of the real situation prevailing at each research site, documents for the three-year period of 2012 to 2014 were consulted.

According to Maree (2007:82) all these types of written communication may shed light on the phenomenon that the researcher was investigating. Punch (2005:185) describes documentary analysis as a rich source of data as documentary evidence is compiled and retained. These documents provided meaningful details to corroborate and augment evidence from interviewing. The documents indicated to the researcher whether School Governing Bodies received financial reports, whether schools had approved budgets as prescribed by SASA (RSA 1996) and whether the letter given to the finance officers by the school principals contained roles and responsibilities with regard to the management of school funds. The documents further provided evidence as to whether financial books are audited annually and if the Finance Committee recommendations for purchases of goods are ratified by the School Governing Body.

According to Sarantakos (2005:294), documentary analysis assists the researcher to capture predominantly surface impressions of the phenomenon studied. In addition to the consulting of financial management-related documents for the sake of extending and confirming data collected via interviewing, the researcher also used documentary analysis as a means of an initial understanding of the financial management situation in the specific context. In that regard financial management documents provided detailed information on how the participants (in this case the school principals, School Governing Body chairpersons and finance officers) manage finances in Section 21 schools in Mopani District of Limpopo province. To achieve increased knowledge through document analysis, the researcher indicated to the participants the copies of documents needed to augment his understanding of the management of the school's finances. In addition to documents requested, additional documents such as audited financial statements, monthly financial statements and adopted budgets were provided by each research site. These additional documents were collected after the interview process the same day the interview was conducted.

## **3.6 DATA ANALYSIS**

The analysis of data for this study on school finance management pertained to analysing the data collected via individual interviewing and the data collected via a considering of finance management-related documents.

### **3.6.1 Transcribed interview analysis**

According to McMillan and Schumacher (2006:364) qualitative data analysis is primarily an inductive process of organising data into categories and identifying patterns among the categories. Lewis, Taylor and Gibbs (2005:01) describe qualitative data analysis as the range of processes and procedures whereby movement takes place from the qualitative data that have been collected into some form of explanation, understanding and interpretation of the people and situations that are investigated. Qualitative data analysis is based on an interpretative philosophy and its main idea is to examine the meaningful and symbolic content of qualitative data.

According to Henning, Van Rensburg and Smit (2004:127-129) data analysis in qualitative research is an on-going, emerging and interactively non-linear process. Data must first be transcribed which means that texts from interviews are typed into documents before being analyzed manually. One of the main aims of analysis is to describe both the data and events to which the data refer. The data must be broken down, organized into manageable units, and synthesized in order to be able to discover what is important and what is to be learned and then decide what should be told to others (Henning et al. 2004:129).

With reference to the steps by Cohen et al. (2000:248) on the analysis of data collected via interviewing, the following steps were applied pertaining to qualitative data analysis to analyse the data collected through individual interviewing:

#### **Step One: Managing the data**

Audio-taped data were transcribed verbatim and organized into files representing a file for each transcribed interview.

### **Step two: Familiarization**

The researcher read each transcribed interview line by line several times. It involved making notes, diagrams and immersing himself in the details in order to understand the content of the data.

### **Step three: Themes and inductive process**

The researcher commenced with coding once familiar with the data. The researcher started making findings about blocks of texts.

### **Step four: Elaboration**

The researcher revised his coding system.

### **Step five: Interpretation**

The connections and contradictions were identified on the themes and sub-themes to identify patterns engendering the emerging of categories.

With reference to Krathwol (2000:313) and Cohen et al. (2007:183) who state that data analysis involves organizing, accounting for and explaining the data, the researcher made sense of the data through data analysis in terms of participants' understanding of situations, noting regularities which emerged as categories and themes representing answers to the research questions.

The researcher collected data from the 33 participants through semi-structured, individual interviewing with reference to an interview schedule sent to each participant in advance and after permission was obtained from the different authorities to conduct the planned interviews.

### **3.6.2 Document study analysis**

In line with the work of Corbin and Strauss (2008:106), the researcher analysed the studied documents through thematic analysis and the crystallization of facts evident from the studied documents. Both printed and electronic materials were examined and interpreted to elicit meaning, gain understanding and develop empirical knowledge. Bowen and Glen (2009:29-30) state that documents of all types can help the researcher to uncover meaning,

develop understanding and discover insights relevant to the research problem by means of document analysis as a systematic procedure for reviewing and evaluating relevant documents.

In this study on the management of school finances, the documents consulted and which represented the three-year period of 2012 to 2014, included the following as requested from the eleven selected Section 21 schools:

- Audited financial statements.
- SGB agendas and minutes of meetings.
- FINCOM agendas and minutes of meetings.
- Monthly financial statements.
- Budgets.
- Attendance registers for parents for adoption of the annual budget.
- Finance officers' appointment letters.
- Finance policies.
- Monthly bank reconciliation statements.
- Copies of adjudication forms for procurement.

A systematic review of these documents provided background information that helped the researcher to understand each school with regard to the financial roles and responsibilities of the school principal, the School Governing Body chairperson and the finance officer. The documents were useful in the pre- and post-interview situations and they enabled the researcher to gain an improved understanding of the situation regarding school finance management.

To suffice, the two methods of data analysis, namely individual interview analysis and document study analysis, helped the researcher to get a deep, rich and thick description of events, reinforcing the same experiences in different forms and developing understanding, discovering insights and uncovering meanings.

### **3.7 TRUSTWORTHINESS AND TRANSFERRABILITY**

The researcher ensured that the research findings are valid. In line with the research approach chosen, that is qualitative, validity of the research findings were determined through trustworthiness and transferability. The trustworthiness of the findings in terms of refining, comparing and validating interpreted data was achieved through the following:

- The status position of the researcher
- The choice of participants
- The social situations and conditions
- The methods of data collection and analysis

#### **3.7.1 Trustworthiness**

For the sake of an audit trail, and as stated in paragraph 1.6.5, the researcher recorded the semi-structured interviews with school principals, finances officers and School Governing Body chairpersons as participants. With regard to the interviews with the two school principals and the two School Governing Body chairpersons who refused the recording of the interviews conducted with them (par 3.4.2), the researcher took notes of the participants' responses to the interviews and requested member-checking. The themes addressed in the interviews were based on an interview schedule which covered all the themes determined through literature considered to be relevant for the collecting of meaningful data to answer the research questions satisfactorily. In line with the work of Denzin and Lincoln (2005:22-25), the researcher arranged for the data to be cross-checked by each participant after the interview had been transcribed (notes taken in the case of the interviews not recorded) in order to ensure that all the responses provided accurately represent the inputs of each participant as the participant conveyed it during the recorded interview. Questions for the interview were first checked by a senior researcher who confirmed the questions were fair and related well with the research question and the phenomenon under study.

Data from the sampled schools was gathered by conducting all the 33 interviews within a two-month period with the option of follow-up interviews with some participants for the sake

of increased understanding of the phenomenon under study, namely the financial management of Section 21 schools. As said already, improved validation of the collected data was arranged by using member-checking and involving an experienced researcher in the area of research, namely the financial management of Section 21 schools to check the relevancy and magnitude of the data collected via interviewing.

### **3.7.2 Transferability**

The transferability of findings is understood as the extent to which the findings can be applied to other contexts (Cohen et al. (2007:277)). The procedures that were followed by the researcher to ensure that the research was valid related to member checking of the recorded and noted data after the recorded data were transcribed and notes taken from the interviews with participants who refused recording of the interviews. The researcher had a prolonged engagement with the participants by way of telephonic conversations before and after the recording of the interviews and the analyses of the data so that he was assured that what was captured and analysed reflected exactly what they said during the interviews. The audio recorded data were listened to several times to ensure that transcribing of the recorded data was accurate. The researcher went back to the schools to meet the school principals, the School Governing Body chairpersons and the finance officers so that they could look at the report (research findings) and comment whether the information was true and correct in terms of what they said. The researcher also wanted to check with the participants whether they evaluated the interpreted data as a realistic representation of what was conveyed during the interviews.

## **3.8 ETHICAL CONSIDERATIONS FOR THE STUDY**

A list of schools was sourced from the National Education Management and Information Systems section regarding the Mopani District of the Limpopo Department of Education. The researcher wrote a letter to the Head of the Education Department of Limpopo province seeking permission to conduct a study in the Mopani District of Education. Permission was granted by the Head of the Education Department of Limpopo for the research to be conducted, subject, however, to the following prerequisites:

- The research should not have any financial implications for Limpopo Department of Education
- Arrangements should be made with both the circuit offices and the schools concerned
- The conduct of the research should not anyhow disrupt the academic programmes at the schools
- The research should not be conducted during the time of examinations especially in the fourth term
- Upon completion of the research study, the researcher shall share the final product of the research with the Department of Education if requested.

The researcher also wrote three different letters to the school principals, the finance officers and the School Governing Body chairpersons of the eleven schools identified as research sites to obtain their consent and willingness to participate in an interview on financial management within the context of a Section 21 school. The communiqué to the participants when requesting them to be interviewed contained all aspects essential for compliance to ethics with the research. Some of these ethical considerations included, among others, anonymity of participants, permission to record the proceedings, informing participants that participation is voluntary, withdrawal without penalty from participation, the right not to provide responses that one feels threaten one's position, availing the report to the participants, and protection of the participants' identity when publicising the information. The researcher sent all the participants a consent form to complete prior to conducting of the interview. In line with the work of Smit (2003:30), the consent form clearly detailed all the conditions under which the interview had to be conducted and all the ethical considerations that had to be adhered to with the collection of the data and the conducting of the research.

In accordance with Smit (2003:30), all of these discussed measures ensured adherence to the practice of providing those who are going to be interviewed with a description of and the rationale for the study intended to be undertaken. To maintain confidentiality, the identities of the participating schools were distinguished by the use of fictional names A, B, C, D, E, F, G, H, I, J and K for the eleven schools sampled.



In summary, permission to conduct the research, anonymity and confidentiality as well as voluntary participation and informed consent formed the basis for ethical considerations in the study.

### **3.9 CONCLUSION**

The chapter discussed the research methodology and research design relating to the aims with the research, the approach and methods for data collection, and the methods of analysis of the data collected via individual, semi-structured interviewing and documentary study. The procedures for getting permission to conduct the study from both the Head of the Education Department in Limpopo province, the participants themselves, and the University of South Africa's Ethics Clearance Committee were also discussed. Detailed demographic information of the participants selected from the eleven sampled Section 21 schools was provided and arrangements discussed to ensure the trustworthiness of findings. It was clear that complete clarity is needed in a research design to ensure that relevant data is collected in the most appropriate manner in order to address the determined research problem convincingly.

## **CHAPTER 4**

### **RESEARCH FINDINGS, BASED ON AN ANALYSIS AND INTERPRETATION OF THE DATA**

#### **4.1 INTRODUCTION**

The focus in chapter three was on the research design, the research instruments, methodology and discussion of some questions to be used for data collection from the school principals, School Governing Body (SGB) chairpersons and the finance officers. This chapter seeks to examine the data collected from the same people of the eleven sampled schools from Mopani District in Limpopo province. The researcher examined the data in order to provide evidence with which the financial management of Section 21 schools by the determined role players could be understood. Documents collected from the schools upon prior formal request through a letter from the School Governing Body were analysed in order to understand the financial management role of each participant. The researcher has organised the findings according to each determined role-player and with regard to the questions related to each role as contained in the interview schedule (Appendix D), and as directed by the Prescripts of the Limpopo Department of Education on the Management of School Funds in Public Schools (DoE 2011) and the South African Schools Act (RSA 84 of 1996).

#### **4.2 BIOGRAPHICAL DATA ON THE RESEARCH SITES AND PARTICIPANTS**

The researcher summarised the biographical information of the research sites and that of the research participants to provide detailed information about the nature of the schools and participants who represented the research sample and from whom data were collected to answer the formulated research questions.

#### 4.2.1 Biographical data on the research sites

The table below summarises the data for the eleven research sites from which data were collected

School	No. Of pupils	No of educators	Kind of home condition prevailing in the catchment area	Population group of learners at the school	Socio economic condition in the catchment area	Quintile number
A	369	11	Low literacy level. Low income earners.	Shangaans	Deep rural	1
B	621	18	Low literacy level. Low income earners.	Shangaans	Deep rural	1
C	568	18	Low literacy level. Low income earners.	Multicultural – accommodates Pedis and Shangaans	Deep rural	2
D	1028	26	Low literacy level. Low income earners.	Pedis	Deep rural	1
E	409	13	Low literacy level. Low income earners.	Multicultural– accommodates Pedis and Shangaans	Deep rural	2
F	950	24	Low literacy level. Low income earners.	Shangaans	Deep rural	1
G	724	23	Low literacy level. Low income earners.	Multicultural – accommodates Pedis and Shangaans	Deep rural	2
H	486	12	Low literacy level. Low income earners.	Multicultural – accommodates Pedis and Shangaans	Deep rural	1
I	598	13	Low literacy level. Low income earners.	Shangaans	Deep rural	1
J	497	14	Low literacy level. Low income earners.	Shangaans	Deep rural	2
K	912	29	Low literacy level. Low income earners.	Shangaans	Deep rural	1

Generally, the majority of the research sites accommodate learners from Shangaan speaking people not because of discrimination, but merely because of inhabitant

representation. Two of the eleven schools are multicultural that is they admit learners from the Shangaans and Pedis. The researcher established that there are no learners from other ethnic groups in the six schools which admit Shangaans. All the eleven schools are situated in rural areas, with seven classified under quintile 1 and four in quintile 2. The highest enrolment held by the selected schools is 1028 with twenty six educators. It was discovered that the provision of educators by the Limpopo Department of Education was in the ratio 1:40 and 1:32 for the primary and secondary schools respectively.

#### **4.2.2 Biographical data on the research participants**

As indicated in paragraph 3.4.2, and in table 3.1, the participants were, in general, predominantly 40 to 50 years of age with ten within the age range of 30 to 40. Their working experience was, on average, five years for the School Governing Body chairpersons, six years for the finance officers with the exception of four whose working experience was three years. The majority of school principals had, on average, six years of working experience. The highest qualification held by the majority of school principal participants was B.Ed (Hons) which included financial management as one of the modules. The highest qualification held by the finance officers was an FDE in financial management.

### **4.3 SETTING FOR THE INTERVIEWS**

As said in paragraph 3.5.1, interviews were the main source of data collection which was conducted in the eleven schools to accommodate the schedules of the participants. The role-players were interviewed using English, Xitsonga and Sepedi. With regard to Xitsonga and Sepedi, participants at five of the eleven research sites preferred being interviewed in their mother tongue. For the interviews with some of the School Governing Body chairpersons, the researcher had to visit the research sites several times before locating the School Governing Body chairpersons for the interviews owing to emergencies beyond their control. Three had to be interviewed at their homes since it was difficult to locate them. Patience was thus required. The school principals and the finance officers were all interviewed at their schools at different times.

The participants in this research were coded as follows for reference purposes:

**Table 4.1: Codes for participants**

<b>Code</b>	<b>Description of code</b>
SP1 – SP11	Principals
FO1 – FO11	Finance officers
SGBCP1-SGBCP11	School Governing Body chairpersons

#### **4.4 RESEARCH FINDINGS FROM THE INTERVIEWS**

The findings from the interviews conducted individually with school principal participants, finance officer participants and School Governing Body chairperson participants are summarised in this section. The researcher will start to report on findings from data collected from school principals, followed by findings on data from finance officers and, finally, on findings from data from School Governing Body chairpersons.

##### **4.4.1 The school principal**

A discussion on the attitudes of school principal participants with regard to the management of Section 21 schools is followed by relating discussions pertaining to financial management structures, administrative responsibilities, and the like.

##### **4.4.1.1 The attitude of the school principal on the management of a Section 21 school**

The school principal's management of school funds is directed by national legislation and departmental regulations. Heystek (2003:12) indicates that the granting of Section 21 status to schools was for delegation of more authority and economic responsibility to local level for them to be able to buy for themselves, get quotations from service providers for the services they want to procure, and comply with legislation on the utilisation of funds so that they could retain their Section 21 status. They had to adhere to budget drawing processes by consulting parents, submitting their financial books for audits and preparing quarterly financial reports for the circuit office for them to be given their second allocation of Norms and Standards funding.

Seven of the participants felt it was advantageous for them operating in a Section 21 setting. They indicated that purchasing, acquisition of goods and service delivery were cheaper, easier and quicker. They also indicated that they were able to use their money the following year without forfeiting it if not used by the end of the financial year on 31 December. In this regard school principal SP11 explained as follows:

*“There is transparency in financial management and as a school we are able to purchase equipment for the school”.*

School principal SP4 explained as follows:

*“As schools we are empowered to have ownership of our finances, consult parents in the approval of the budget which must address our school priorities and use it as per the finance policy. We do not forfeit any unused money since we can use it as balance brought forward when drawing the budget for the following year. The red tape during purchasing is no longer there and as schools we are able to negotiate prices with the prospective service providers”.*

Schools work collaboratively with stakeholders to decide on service providers utilising the school finance committees. They are able to work closely with the chairpersons and treasurers for authorisation of payments and the signing of cheques.

Two participants indicated that they saw no difference because the Department of Education (DoE) delayed the allocation of money based on the Norms and Standards document and that occurring while the applicable schools could not charge school fees. Two of the participants were not clear about the difference between Section 21 and Section 20 school governance arrangements and the way these schools operate. School principal SP9 responded as follows:

*“The Limpopo Department of Education promised to deposit us norms and standards allocation in two halves so that we can use but it is not doing what it documented in the prescripts. I have not seen any difference*

*between the two Sections and to me it is just a shift of responsibilities and piling us with lots of work. I am teaching grade 12 History and on the other hand I must manage school finances yet I am not qualified or trained adequately to do this task” (SP9).*

The participants were not sure whether being in Section 21 was an advantage or disadvantage, due to lack of information on how the two Sections differ.

School principal SP10 responded like this to the question on comfort with the financial management of a Section 21 school:

*“May you perhaps clarify what Section 20 and 21 entail perhaps I can be able to indicate whether being in Section 21 is an advantage or not. I only know that the department of education give us money based on the enrolment and that after using it we must submit audited financial statements”.*

#### **4.4.1.2 Financial management structures**

All the eleven schools indicated that they had functional finance committees properly constituted. In terms of the Limpopo Department of Education Prescripts of Management of School Funds (DoE 2011:11), the finance committee has to comprise between five to nine members, with the parent component being in the majority. From the eleven schools only schools A,C, D and K had more than five members, whilst the rest had four only, namely the school principal, finance officer, School Governing Body chairperson and treasurer, with the exception of schools G and J, which had three members comprising the school principal, treasurer and the finance officer. The school principal convened and chaired meetings whereas the treasurer took minutes. Non-adherence to the prescripts in terms of the full complement of membership, the school principal convening and chairing finance committee meetings and the taking of minutes by the treasurer is a gross violation of the legislation governing the composition of the finance committee. The schools provided different responses regarding the composition of the finance committees and their roles and responsibilities. These responses clearly reflected non-compliance with the prescripts which

could possibly be caused by a lack of understanding of the applicable responsibilities, or a lack of competence from the school principals, as is evident from the summary below.

School B's finance committee comprises the following members:

*“Chairperson of the finance committee, school principal, head of academic department, head of extra-curricular activities and a member of the support staff” (SP2).*

School I's finance committee comprises four members and the treasurer issues cheques. The school principal's response to the operation of the finance committee was as follows:

*“SGB chairperson authorises, finance officer issues a cheque after my approval. The finance committee was supposed to adjudicate and the School Governing Body approves all payments as long as there are funds available and the items are budgeted for. Truly speaking we have been overriding this; the treasurer has been issuing cheques instead of the finance officer” (SP9).*

According to the response by school principal SP10, the composition, roles and responsibilities of the finance committee at their school are not followed correctly. School principal SP10 explained as follows:

*“Our school's finance committee comprises three people that are the school principal, School Governing Body chairperson and the treasurer. The finance committee authorises and approves payments after checking the three quotations from the service providers. The treasurer gives reports to the School Governing Body meetings on how expenditure was incurred. They complete the claim and attach the supporting documents. They come up with recommendations on what will be needed to improve the infrastructure of the school. With this structure finances are managed well, procurement, payment approval and authorisation are done in a formal meeting” (SP10).*



Seven of these eleven schools showed a lack of understanding on the composition and the role and responsibilities of the finance committee as prescribed by the Limpopo Department of Education Prescripts (DoE, 2011:11). It was evident that the composition, roles and responsibilities of the finance committee are not adhered to either purposefully or through lack of information or inadequate induction. It further emerged during the interviews with school principal participants that some school principals were violating the provision of section 16(a) (H) of SASA, which indicates that it is the responsibility of the school principal in a public school to liaise closely with the School Governing Body on the management of the school funds. Instead of liaising with the School Governing Body according to the prescripts, some school principals in fact misled the School Governing Body by not properly constituting the finance committee and not properly dealing with financial management tasks in a structured way. The extracts below bear testimony:

*“It is true that I do not approve first before the cheques could be issued and that we do not always seek three quotations, adjudicate and submit to the School Governing Body for approval” (SP7).*

*“I sign the requisition forms when I am free after purchases have been done, the chairperson signs them when he comes at the end of the month but authorises telephonically. I inform the finance officer of the agreement between myself and the chairperson so that she can issue a cheque” (SP10).*

#### **4.4.1.3 Administrative responsibilities of the school principal in managing school finances**

According to the Limpopo Department of Education Prescript on the Management of Public Funds (DoE 2011:3), as well as the Public Service Regulations Chapter 1 Part II B 1, an executing authority or HoD may delegate the power to an employee or authorise an employee to perform a finance management related duty and set conditions for the exercise of the power or performance of that duty. Along the same lines, Public Service Regulation Part III.1 stipulates that for each post or group of posts relating to the financial management of the school, an executing authority must establish a job description and job title that indicate clearly the specific service delivery, the main objective of the post, and the inherent

requirements of the finance management related task. Further, the National Department of Education Circular no. 22 of 2002, paragraph 1.4, emphasises that the school principal must delegate the financial delegation to the finance officer in writing.

With reference to these specifications and from the interviews with the school principal participants of the eleven research sites it was clear that:

- Schools A, B, C, D, E, F and K had letters of appointments with the duties and responsibilities accompanying these appointments fully specified in the appointment letters.
- Schools G, H and J had letters of appointment but the duties accompanying these appointments were not detailed.
- The school principal of school I did not appoint the finance officer in writing.
- The school principal of school J appointed a person who was referred to as an accounting officer in writing, but not with the applicable duties and responsibilities accompanying this appointment. The letter from school J reads merely as follows: “*I hereby appoint you as the school’s accounting officer*” (SP10).
- No single school had appointed an asset register manager in writing with duties fully specified.

The non-inclusion of duties and responsibilities in the finance officers’ appointment letters and also the non-appointment of finance officers and asset register managers at the research sites could have been caused by oversight by the school principals and/or lack of monitoring on compliance by the school circuit officer. Both the non-appointment and the non-inclusion of duties and responsibilities in the appointment letters of the finance officers and asset register managers causes risks in the sense that officer’s duties may not be known or performed and officials may not perform their duties diligently and accurately. The researcher is also of the view that officials may not be held accountable for poor performance and any misappropriations perpetrated because they are not formally appointed to execute financial and asset management tasks. They may not be blamed for not executing the tasks as the policy requires because they do not have detailed duties and responsibilities spelt out in the appointment letter as required by the prescripts regarding the management of finances in a public school.

In schools G, H and I the finance officer and the treasurer were sharing financial administrative tasks wherein cheques were issued by the treasurer and other tasks were carried out by the finance officer. In this regard school principal SP7 responded as follows:

*“The finance officer records the financial transactions in the finance record books after the treasurer has issued the cheques upon submission of requests by the school. The two share responsibilities and all account to the School Governing Body and me with regard to financial management” (SP7).*

School principal SP9 explained as follows:

*“The treasurer issues cheques and give the finance officer information to fill in the requisition book and later completes bank reconciliation statements which she must present to the finance committee and School Governing Body. Our treasurer keeps the cheques whereas the finance officer keeps the other finance documents. They share the responsibilities and I monitor all of them” (SP9).*

The sharing of these financial roles and responsibilities by the treasurer and the finance officer was not only a violation of the Prescripts and Regulations but also creates role conflict and confusion as well as lack of accountability when problems arise. Further, the Limpopo Department of Education Prescripts for the Management of School Funds in Public Schools (DoE 2011:12) directs that a school's assets register be updated on a quarterly basis. However, none of the research sites had done this correctly. The revelations were that school principals of schools G, H, I and J were especially not fully aware of the departmental rules and regulations pertaining to finance officer duties and responsibilities and the regular updating of the school's assets register. From all these findings it was evident that the administrative responsibility of the school principal in managing school finances appropriately required thorough clarification through intensive training.

#### **4.4.1.4 Monitoring the functionality of the structures for the management of school finances and the adherence to statutes and regulations**

The composition and the role of the school's Finance Committee and the structures for performing the school finance related tasks were clearly explained in paragraph 2.6.4. Schools require competent and fully capacitated members in these structures for the finance management functions to be performed properly and in compliance with the prescripts. The research findings regarding the functionality of the finance management structures as they relate to meetings, authentication of minutes, recommendation powers, control of budget and safe-keeping of proper procurements records revealed that schools F, G, H, I and J were not functional. They had no records or evidence of meetings or adjudication processes being conducted in which goods and services would be procured. Requisition forms, however, show that there were payments made to service providers and educators for transport to workshops. In school F the finance committee as constituted excluded the school principal as a member, yet it is prescribed that the school principal be one of the members. This shows a serious lack of understanding on the part of the members of the financial committee and neglect of functions by the school principal to help the School Governing Body to manage school funds in line with a legislative framework.

In schools G, H and I the treasurer and the finance officer had parallel responsibilities, one writing cheques, the other compiling reports and keeping financial records. The school principals of schools G, H and I confirmed that they had overridden these tasks as the finance committee did not adjudicate or recommend anything to the School Governing Body. In Schools H and J it was pointed out that members of the School Governing Body and the so-called finance committee met once to peruse quotations in order to take a decision on these quotations. However, it was noted that there was no evidence of this being done in a formal meeting.

In Schools G and I the finance committees were chaired by the school principals, with treasurers of schools G and I taking minutes and issuing cheques, whereas the finance officer recorded information in the requisition books and prepared reports. Adjudication forms were completed in school J and signed by the school principal. Reports were given on a monthly and quarterly basis to the School Governing Body and circuit office respectively. The principal of school J explained as follows:

*“I monitor the treasurer for the issuing of checks and minutes capturing during the finance committee meetings. I also ensure that the finance officer records all the transactions given by the treasurer after cheques have been issued” (SP10).*

School H had a finance committee that excluded the school principal and was acting autonomous from the School Governing Body. The school principal of school H, participant SP8, explained as follows:

*“The Finance Committee is in charge of appointing service providers, procurement, approves and authorises payments” (SP8).*

There accordingly the finance committee took the final decision regarding the appointment of the service provider and the payments of fees. The School Governing Body merely received reports with quotations and invoices after services had been rendered. These reports to the School Governing Body were issued on a monthly basis. Although financial management was reported to be effectively carried out at school H, the researcher wondered about the capabilities of the school principal who allowed the finance committee to take the final decision regarding the finalisation of quotations, the appointment of service providers and the processing of payments.

Schools A, C, D, E, and K had functional finance committees which executed their tasks as per the legislation governing their operation. In this regard, the principal of school C explained as follows:

*“Our finance committee comprises nine members that is, the school principal, treasurer, finance officer, School Governing Body chairperson and five co-opted parents based on expertise. We have an accountant, bookkeeper and banker within our finance committee. It meets monthly there is a need to adjudicate on the three quotations for each item in need and submit to the School Governing Body for approval and appointment of service provider. The finance Committee reports to the School Governing Body monthly” (SP3).*

With regard to school K's well-functioning finance committee, school principal SP11 explained as follows:

*“Our finance committee comprises the School Governing Body chairperson, treasurer, finance officer, myself as the school principal, one parent co-opted by the School Governing Body and one educator. We always adjudicate on the three quotations and the School Governing Body approves or appoints the service provider and delegate people to go and buy from time to time. We report monthly to the School Governing Body on all expenditure incurred” (SP11).*

It was clear from the interviews with school principal participants that the finance committee meetings for schools A, C, D, E and K were chaired by their treasurer, with the finance officer taking and keeping proper records. Their minutes were authenticated, thus making resolutions enforceable and binding. Both the treasurer and finance officer, as chairperson and secretary respectively, signed the minutes and their adjudication forms were fully signed by those present during the adjudication processes. Their operations were in line with Mokoena's (2009:76) recommendation that they monitor the budget, suggest who can be appointed as service provider, keep proper procurement records, develop and implement school finance policies and adhere to all procedures on procurements of goods for the school.

From the interviews with the school principal participants, the researcher discovered that only five out of the sampled total of eleven schools had a functional finance committee. It is therefore crucial that capacity be provided for the schools in need of guidance so that they can also be capacitated to take the responsibility to ensure that funds are managed and administered in line with the legislative framework.

#### **4.4.1.5 Collaboration with stakeholders**

In paragraph 2.5.4 the process of budgeting was discussed and how this process should be approached democratically. In this regard stakeholder significance during the budget

process was emphasised; the importance of budgeting as a joint-decision-making process was explained; School Governing Body challenges in aligning the budget to the School Improvement Plans were highlighted; the correlation between School Development Plans and Academic Performance Improvement Plans were drawn up; and the importance of equitable allocations were stressed. With reference to this budgeting process discussion, all the eleven schools sampled reflected that their budgets were drawn up through a consultative approach, with the staff submitting their needs to the finance officer through their HoDs or heads of sub-committees. The finance officers of the respective research sites drafted a budget looking at the percentage prescriptions from the DoE, which provided the finance officers with a template for budget allocations and which they then presented to the finance committee for further input. The treasurer finally presented the draft budget to the School Governing Body for discussion after which a parent meeting was convened with 30 days' notice in advance.

The school principal of school D explained the process of budgeting at their school as follows:

*“Our finance committee drafts the budget taking into consideration the submissions from sub-committees, staff and School Management Team. It adheres to the departmental guidelines regarding percentage distribution for example, 60% goes to curriculum-related matters and 10% strictly to sports. The budget is approved by parents during an Annual General Meeting convened 30 days in advance. As a school we use local media sources like community radio stations, representatives of the QLTC, letters given to learners so that we could reach a quorum” (SP4).*

The school principal of school G responded as follows on the budgeting process at his school:

*“The School Governing Body draws a budget using the template provided by the circuit office and the needs submitted by various sub-directorates or sub-committees. Parents are called to a meeting to approve the budget. The school principal submits it to the circuit office for the deputy manager governance referred to as Deputy Manager*

*Governance (DMG) to check compliance with the prescripts, signs and return it to us then the school principal implements. The budget is monitored through the use of a finance policy that we have drawn” (SP7).*

It was revealed that schools used a variety of strategies to reach out to parents in order to inform them on the date of the general parent meeting for school budget approval. Strategies used to reach out to the parent community included local radio stations, members of the Quality Teaching and Learning Campaign who represented a variety of constituencies, such as the ward committee, religious leaders, traditional leaders, CIVIC organisations and political leaders, as well as education desks and letters given to learners. With reference to the practical drawing up of the budget, the finance officers allocated the needs against the budget items as per the template. Some were able to show the researcher their drafts, which reflected what the actual amount should be and the amount allocated in excess to the anticipated needs so that the members of the School Governing Body could be properly guided.

All the schools had evidence of budgets being adopted by parents by providing an attendance register for parents during the meetings. However, as in schools A, G and I, some did not indicate the name of the learner alongside that of the parent or guardian to guard against some attending whilst not being legal guardians of the learner.

With regard to the submission of the school budget to the School District Officer after the budget was approved by the parent community, only school B’s budget was returned, because it did not indicate a balance brought forward from the previous year. School principal SP2 explained their school’s budgeting process and the returning of the budget by the District Office as follows:

*“The finance officer drafts a budget from the needs submitted by various sections including the management for the finance committee to discuss and submit to the School Governing Body. The School Governing Body invites the parents to a budget discussion meeting for approval then I submit to the circuit. Our budget was returned for correction because it did not indicate the balance brought forward from the previous year and the*



*percentages were not correctly calculated. We corrected and resubmitted for approval before we could start implementing” (SP2).*

From the interviews with school principals it was clear that the circuit officers monitored compliance with the prescripts and they checked the school budgets before endorsing them.

#### **4.4.1.6 The entrepreneurial role of the school principal towards augmenting school resources**

In chapter two the researcher discussed the entrepreneurial role of the school principal based on democratic principles and relating to working closely with stakeholders, being market-orientated and creative, developing a high degree of human relations to build a good partnership, especially with the business community, and to adopt both the demands of the school and the learners in order to provide much-needed support. Blake and Mestry (2014) argue that the school principal must elicit the staff needs and locate them properly to provide the developmental support they need.

During the interviews conducted at the eleven schools, it was revealed that the state funding through Norms and Standards was not enough to meet the research sites' different needs. It was further clear, however, that very little effort was made by school principals to augment their financial resources. In this regard the situation at school E was explained as follows by the school principal:

*“Our norms and standards allocation is very little considering our needs. We have not been capacitated to fundraise and as a result we only rely on Casual and Valentines Days for fundraising. However, the contribution is R1-00 per learner and given our enrolment of 950 all pay we expect is R950 for each of the two Days. We have not established any partnership and nobody has adopted us since we never thought of requesting to be adopted and now I see it could assist us a great deal” (SP5).*

In school K, the insufficiency of resources and the incompetency to counter this insufficiency was reiterated as follows by school principal SP11:

*“The allocation given to us by the Limpopo Department of Education is insufficient for our needs. It is a pity we are not embarking on any initiative to fundraise due to lack of capacity and creativity. We have not established any partnership with businesses or non-governmental organisations or requested anyone to adopt us so that we could be assisted. Surely I never thought of that at any given moment. We have not even engaged our parents for assistance. Perhaps the Department should come in and provide capacity so that we can augment our little resources” (SP11).*

The researcher discovered that in all the eleven schools the school principals lacked competencies to engage in augmenting the little resources which they unanimously agreed were severely insufficient. They lacked business skills to market their schools, or to engage parents and businesses for adoption and fundraising. Schools relied only on Casual Day and Valentine’s Day for fundraising endeavours. There were a few schools, however, which used their buildings to rent out to the communities. Those schools which rented out their school buildings and chairs relied on the school principal to charge a reasonable fee for these renting-out initiatives which happened only occasionally and which is augmented by approaching the national lottery for financial assistance. In this regard school principal SP4 explained their school’s renting-out initiatives and approaching of the lottery as follows:

*“We rent out our school buildings to the local political parties, CIVIC organisations, local churches, irrespective of religion, and teacher unions. The School Governing Body mandated me to determine a fee which I also put in the logbook which is R400 per day which includes water and electricity. We have not partnered with any business or institution for help unfortunately and we only try National Lottery every year for donation” (SP4).*

From the following three responses it was evident that the same situation prevailed at all the research sites regarding the incompetency to properly organise additional funds to augment the money received from government:

*“We rent out our school buildings to churches; embark on Casual and Valentine’s Day although we have not formally agreed on a fee. We have not established any partnership or engaged parents and other agencies to assist us getting more funding” (SP1).*

*“We try lottery request every year but I think our challenge is on developing a business proposal that will attract donors. We encourage our communities to use our buildings. Our School Governing Body has not developed a policy and a rental fee to this effect” (SP3).*

*“We don’t have that experience to do any fundraising initiative like cultural day etcetera and I strongly believe I need induction in this regard” (SP8).*

Only five of the eleven research sites made efforts to raise funds, but it was clear that there was no creativity, well thought out tactics or strategies applied to raise funds on the part of the school principals. These findings confirmed the lack of entrepreneurial skills prevailing at the different research sites. In spite of the participant school principals’ lack of capacity and creativity to be market-orientated in order to engage various stakeholders who could adopt and fund their institutions, the state alone cannot afford to provide schools with all their needs, hence some schools still have mud buildings. School principals must therefore engage parents and other agencies to assist in fundraising so that they can provide the extended school and learner needs. The National Lottery and large companies fund some schools within the Mopani District, the Limpopo province and the country at large which serves as evidence that these schools’ principals engage in entrepreneurial activities and creative endeavours to augment their financial resources.

#### **4.4.1.7 Compliance with financial regulations**

The Limpopo Department of Education Prescripts for the Management of School Funds (DoE 2011) set out policy directives with which all schools must comply. The prescripts dictate that the composition should be as follows: School principal, School Governing Body chairperson as an ex-officio member, treasurer as a chairperson, finance officer as a secretary and five co-opted members from the parent component selected on the basis of their financial expertise. The researcher discussed the research sites’ compliances with the

composition of their finance committees and the duties and responsibilities fulfilled by these finance committees in paragraph 4.4.2. In summary again on the composition of the research sites' finance committees, schools A, C, D and K had five members selected according to the prescripts whereas school B's five members represented the school principal, School Governing Body chairperson, head of curriculum division, head of sports and the head of the support staff. The other schools had only three or four members. The fact that school B excludes the treasurer, finance officer and co-opted parents constitutes a violation of the prescripts and the SASA. As also indicated in paragraph 4.4.4, in schools G and I, the school principal chaired finance committee meetings. The chairing of finance committee meetings by school principals is a further violation of legislation due to ignorance on the side of the school principals and their treasurers, and a lack of monitoring and support of the functionality of the structure by the applicable circuit office.

The researcher established that adopted finance policies were only found in schools A, C, D, E, F and K. In this regard school principal SP1 confirmed their school's adopted finance policy as follows:

*“Our School Governing Body has adopted a finance policy which stipulates the travel rates to meetings as well as catering. Authorisation is done by the School Governing Body chairperson and approval by me as a school principal. We submit our finance books every year for audit by an external auditor. We ensure that parents receive reports on how school finances have been used before they could adopt a budget for the following year”* (SP1).

As was clear from the interviews with school principals, five of the eleven sampled schools did not have a finance policy. It was clear, however, that these schools had structures in place to pursue sound school financial management as far as possible. In this regard participants condoned their lack of a required finance policy as follows:

*“We are in the process of developing the finance policy. However, all our expenditures are done as per the budget which has been adopted by the majority of parents in a formal meeting”* (SP2).

*“I have inherited a system where funds were not managed properly. The school principal could issue cheques by himself and tell the finance officer what to record in the books. I have established through the consent of the School Governing Body a task team that must develop a finance policy using the two samples from our local schools. As soon as the finance policy is finalized it will be adopted by the School Governing Body and implemented accordingly. For now I use my knowledge as the union treasure to manage school finances” (SP10).*

*“We have a finance policy drawn and adopted by the School Governing Body. The rates are included within the policy. We submit our books for audit yearly; submit reports to both parents and the Circuit Manager who must take it to the district before the 30<sup>th</sup> June the following year. We run our finances in a transparent manner since we report quarterly to both School Governing Body and circuit office through quarterly bank reconciliation statements” (SP9).*

What also became clear from the interviews with school principals is that financial management monitoring and controlling actions are not consequently pursued at all the research sites. The researcher discovered that only schools B, C, D, E and K complied with submitting monthly reports to both the finance committee and School Governing Body as per the regulation. The other six schools, namely schools A, F, G, I and J, only submitted quarterly reports to the circuit office and they submitted audited financial statements only on an annual basis. Further, and as pointed out in paragraph 4.4.2, schools G, H and J did not comply with the prescripts regarding the procurement procedures and the issuing of cheques which represented another violation of financial management-related legislation.

What can be logically deduced from all these different non-compliances with finance management-related prescripts and legislation is a lack of monitoring and control of all financial management aspects on the part of the circuit office resulting in serious violations of prescriptive rules and regulations. In this regard the return of school B’s budget reflects the importance of monitoring on all policy matters where compliance is expected. Consistent reporting on financial management activities to ensure sound and transparent practice is crucial; hence the lack of regularly reporting to stakeholders is of major concern.

Stakeholders must be able to interrogate the finance report, especially interrogating the variances and causes for it, as well as strategies to avoid such variances to recur. Uncontrolled budget spending which leads to overspending is effectively controlled and countered through a budget and critical policy implementation.

#### **4.4.1.8 Demarcation of financial roles and responsibilities**

One of the prescriptions of the Limpopo Department of Education Prescripts for Management of School Funds in Public Schools (DoE, 2011) is the separation of duties and responsibilities between the school principal and the School Governing Body chairperson. As discussed in paragraph 2.4.2, the school principal is an accounting officer who must be held accountable for any contravention of the finance policy, the school principal must approve payments before expenditure can be incurred and account to both the School Governing Body and the Limpopo Department of Education on how the school finances are utilised. The school principal must appoint the finance officer, the petty cash officer and the asset register managers in writing in consultation with the School Governing Body, with duties and responsibilities for each stated in their letters (par 2.6.1). Section 18 of the prescripts also indicates that it is the responsibility of the school principal to ensure that all statutes regarding the management of school finances are adhered to by everybody, which must include avoiding fruitless, wasteful and unauthorised expenditure. The School Governing Body chairperson must authorise payments (par 2.6.2).

As was clear from the conducted interviews, all eleven schools had the school principal as the accounting officer who performed the functions as per the legislation. The school principals understood that they were accountable to the School Governing Body and the Head of the Limpopo Department of Education, and that should anything go wrong they were the ones to shoulder responsibility. This understanding was clear from the response by participant SP3 who complied fully with prescriptions from the SASA and the Limpopo Department of Education on the Management of School Funds. She confirmed as follows:

*“I am the accounting officer to the school finances. I act on the instruction of the School Governing Body on day to day administration of school finances. I also represent the Head of Education Department hence I advise the School Governing Body on policy and all the statutes on*

*matters of the management of school finances. I account to the School Governing Body since it is the one vested with the power through SASA to govern and manage school finances. I make sure that no authorisation, no payment, and there is no payment outside formal School Governing Body meetings” (SP3).*

With regard to an understanding of the separation of duties and responsibilities, the school principal of school G indicated as follows: *“I am the accounting officer of the school; the approval and the authorisation are done by the Finance Committee” (SP7).*

From the interviews with school principals it was clear that some schools followed the correct procedure regarding the authorisation and approval of payments like in School B where school principal SP2 explained as follows:

*“Both authorisation and approval are done in a formal monthly meeting of the School Governing Body. The chairperson authorises and I approve. The process is done after satisfying ourselves that the items requested are budgeted and that there has not been any overspending. The finance officer always advises us on budget through a spreadsheet which shows the amount left under each budget post” (SP2).*

Although complying with the authorisation and approval of payments, some schools, such as School B admitted an overriding of procedures, thus not complying with requirements. School principal SP2 explained procedures at their school as follows:

*“Surely we have been overriding the procedures. We have been workshopped to say before any cheque could be issued I must approve and the School Governing Body chairperson must authorise. I did not do that, I could tell the finance officer to issue cheques and then the signing be done later when I am free and the chairperson is available” (SP9).*

At school J, payments were not discussed, as required, in advance, in a well constituted meeting. School principal SP10 acknowledged this violation as follows:

*“The three of us, that is the treasurer, the finance officer and I as the school principal adjudicate on the items that need to be purchased. The treasurer issues a cheque and the finance officer records all the transactions in the requisition book. Our School Governing Body chairperson comes once per month to sign all the requisition forms. We report during governance meetings on how the money was spent” (SP10).*

Seven schools made payments in formal School Governing Body meetings, which are in compliance with the Limpopo Department of Education circular no. 102, dated 07/08/2014, which stipulates that payments must be made in a well constituted meeting and that the school principal's claims must be preceded by the Circuit Manager signing for the claims. The following represents the response of school principal SP1 who complied with the prescripts on payments made in a well constituted meeting:

*“All payments are done in a formal meeting after the School Governing Body shall have approved the payments. The finance committee adjudicates on the three quotations as per the requirements of the prescripts and submits to the School Governing Body for approval. The principal approves first then the School Governing Body authorises. We account to the School Governing Body and the circuit office through quarterly reports. The School Governing Body accounts to the parents during budget discussion meetings”.*

This code of conduct explained by participant SP1 was shared by participants SP3, 4, 5 and 11 confirming that at five of the eleven sampled schools procedures with payments were dealt with correctly.

The above findings clearly show that some schools comply with the prescripts relating to the handling of payments at school whereas others do not. Non-compliance does not only constitute an audit query, but also a violation of the policy on the management of school finances allocated to Section 21 schools. It is non-negotiable that approval for payment must be done by the school principal first and followed by authorisation by the School Governing Body chairperson before any cheque could be issued.



#### 4.4.1.9 Financial accountability

As discussed in paragraph 2.6.2 the School Governing Body must control and monitor the use of school finances and safeguard against their mismanagement. According to the prescripts (DoE 2011) and the SASA, Act 84 of 1996 (s.49-53), the School Governing Body is responsible for the administration, planning, and management of school finances and the control of school finances using a policy which they had developed and which is aligned to legislation. The School Governing Body must also receive monthly reports, discuss variances and inspect supporting documents in line with the prescripts and other Departmental directives. Of critical importance is the development of policy to control aspects such as spending on both travelling and catering and measures to avoid overspending, the frequency of the school principal's meetings with the finance officer to check accounts and adhere to the budget, and the implementation of strategies to utilise the budget on curriculum delivery for the benefit of learners.

In the interviews with school principals, the researcher wanted to establish if schools have adopted a finance policy and whether the developed policy had been implemented to achieve the schools' visions and missions. The Prescripts of the Limpopo Department of Education on the Management of School Funds places the responsibility for ensuring adherence to the policy on the treasurer, hence it was important to establish whether there were monthly meetings for reporting and checking adherence to the policy before further issuing of cheques to avoid overspending on the budgeted items.

From the interviews with the eleven school principals it was clear that six school principals used a finance policy adopted by the School Governing Body. These school principals further adhered to the budget to avoid overspending. Monthly meetings were held quarterly where the treasurer gave reports on how the money was spent for the period under review. Confirmation from school principal participants for this code of conduct was provided as follows:

*"We have a finance policy drawn through a consultative process. We adhere to the policy and the budget drawn by the School Governing Body and adopted by the majority of parents in an Annual General Meeting which we convened thirty days in advance. Our finance officer gives both*

*the FINCOM and School Governing Body a monthly report which is done in a spreadsheet which enables us to see where we have negative variance and request explanation for such a negative variance. Our policy has been endorsed by the circuit office” (SP3).*

*“We have a policy that was adopted by the School Governing Body. I ensure with the help of the treasurer who chairs all FINCOM meetings that we stick to the budget on any expenditure. I meet the finance officer bi-weekly to check if spending is on track and whether the records are in order. I do not approve nor does the School Governing Body authorise any request which was not budget for. We do not buy anything outside the meetings. Any request for spending is discussed first and advice is sought from the finance officer if we still have funds available. We have challenges though of emergence and uncoordinated Departmental meetings which cost us dearly” (SP5).*

*“Our travel rates are regulated through a finance policy adopted by the School Governing Body. It clearly directs us to meet monthly to receive financial reports from the treasurer subsequent to the finance committee meeting. No item which is not budget for is procured, no advance payments, no loan from the school funds and I have fortnight meetings with the finance officer to check that all financial transactions and records are in order because I am an accounting officer for anything that goes wrong. In God I trust but in man I check” (SP11).*

Like the researcher pointed out in paragraph 4.3.9, some schools did not have proper financial accountability systems in place. Approval and authorisation were not done as per the guidelines regulating the management of school finances by the Limpopo Department of Education. There was no finance policy in some schools. Finance report meetings on how money was spent per month or per quarter were not convened. How money is spent did not follow the budget adopted by the parents during the Annual General Meeting. Some school principals used their discretion to approve purchases which were not budgeted for which is contrary to the policy on the utilisation of school finances. Policy directs that there

must be a budget review done by the parents in case of emerging needs which were not in the budget by the time the budget was approved by the majority of parents.

Violation of these required arrangements pertaining to the effective management of the school's financial affairs were evident from the following responses:

*"We rely on the budget and in case there is emergency needs I approve based on my assessment. Members of the School Governing Body are given R50 for attending every meeting over and above catering which is organised at the school. Educators claim after attending the meeting or workshops. The finance officer gives the School Governing Body reports on a quarterly basis. We have no policy but make sure we spend properly"* (SP2).

*"The treasurer issues cheques for travelling on the day of the meetings. Money is provided for catering depending on the duration of the meeting and upon return the incumbent completes a claim form. Purchases for items are done as long as we have money and the item is viewed as important. The School Governing Body chairperson is informed telephonically on all emergency needs. The parents receive reports at the end of the year during the budget discussion event"* (SP9).

*"We depend on government tariffs for travelling. All needs are treated on merits ... we get the School Governing Body chairperson to authorise by signing the requisition forms"* (SP10).

From the above findings, it was clear that schools B, I and J did not follow proper financial accounting regarding the management of finances.

#### **4.4.1.10 Capacity building, skills and training received for effective and efficient financial management**

As discussed in paragraph 2.4.1, the transition from Section 20 to 21 status requires training for all school principals so that they can manage their schools' finances effectively in an increased decentralised scenario for the sake of quality teaching and learning within context. Lack of capacity can hinder effective functioning or performance of every person in a position of responsibility. Van Wyk (2004:53) maintains that the competence of members of the School Governing Body, of which school principals are members, directly relates to the amount of training received. The granting of Section 21 status to all schools in Limpopo necessitates intensive training if skills and competencies are to be enhanced for effective functioning, and lest quality teaching and learning be compromised. The training in this regard has to address aspects such as use of school funds, roles and responsibilities of role players in financial management, monitoring, control and reporting, establishment of school funds, policy development and implementation, sources of school funds and revenue, budgeting processes, governance and administration of school funds, procurement processes, establishment of a finance committee and its roles and responsibilities, and the obligations of the school principal and the School Governing Body as a collective towards augmenting school resources (par 2.5).

The school principal participants unanimously indicated a need for further training to acquire skills, knowledge and competencies to administer and manage school finances. Five participants indicated that they had conducted further studies in the financial management field, some having attended workshops conducted by the Department of Education in Limpopo, but they recommended an intensive workshop where the prescripts could be discussed. The majority of school principals complained about the knowledge of the facilitators of the workshops conducted in the past and the duration of less than four hours per session.

In this regard the following were the responses by some school principals:

*“Since I was appointed as a principal, I have never attended any training or induction on the utilisation of school finances. I rely on my experience as a Treasurer in SADTU and also as a member of the finance committee*

*in the Limpopo SADTU province. I induct my School Governing Body and finance committee members” (SP1).*

*“The training provided by the Department of Education regarding the management of school finances was not sufficient. The period was too short and the content was rushed over. The trainers were not adequately equipped to provide intensive induction; some were not sure of the subject matter. We should have a week training session” (SP2).*

*“There were training conducted but they did not help us much in terms of policy development, entrepreneurial skills as well as monitoring and support to the finance officer. The session was very short and conducted in English. Most of our School Governing Bodies chairpersons do not understand English very well” (SP5).*

*“The reason why the majority of our schools struggle with financial management, policy development and accounting procedures is due to the micro-waving sessions by the Department. We attend workshops but still come back blank because the facilitators give too much within a short period. We need a week long training session” (SP7).*

*“Our Deputy Manager Governance is not competent and clear about finance matters. He conducts workshops to us as he cannot respond to some of the questions appropriately and it is embarrassing. Workshops should be conducted by experts and the duration must be a week or so. We still have challenges of reconciliations and fundraising because these aspects were not unpacked adequately” (SP8).*

*“The training provided by the Limpopo Department of Education through Deputy Manager Governance lacked content that could equip one to effectively manage school finances. It was through my studies that I gained intensive knowledge on the management and administration of school finances. I inducted members of the School Governing Body at least four times a year. I suggest that a month long workshop instead of*

*staggering through five days be conducted by financial managers who have gone through the Train-the-trainer-session. Monitoring and support must also be conducted by the Circuit" (SP11).*

Exacerbating participants' need of training to manage their schools' finances effectively, in four schools, school principal participants indicated that they had received no training since they started working, hence their financial administration and management was poor. As is clear from the illustrated verbatim expressions, the other school principal participants indicated that, although they attended workshops on school finance management, the duration of these workshops was too short and the facilitators were not adequately competent to provide informative training. There was a common submission for the training to be conducted over a longer period by well trained and knowledgeable facilitators in order to be capacitated to manage the financial affairs of their schools effectively.

In summary with regard to the role of the school principal regarding the management of school finances, it was clear that the dysfunctionality of the finance committees, role confusion and a non-compliance with statutes regarding the approval and authorisation of payments were common to schools in which school principals indicated that they had received no training to capacitate them to manage the financial affairs of their schools effectively under a Section 21 dispensation.

#### **4.4.2 The finance officer**

The post of finance officer entails a number of features pertaining to appointment, responsibilities and challenges. These features are discussed next.

##### **4.4.2.1 Appointment of the finance officer**

As discussed in paragraph 2.6.3, the school principal is required by law to appoint a school finance officer in writing in consultation with the School Governing Body if the school has an administrative officer (DoE 2011:3). The responses of the finance officer participants were similar to those of the school principals, namely that the appointment of a finance officer is based on the criterion of the finance officer having financial knowledge and understanding of the prescripts. The finance officers in the eleven schools were appointed based on their

qualifications in financial management. With reference to applicable knowledge, eight of the schools' finance officers had qualifications relevant to financial management. The appointment of the finance officers in some schools were approved by the School Governing Body chairpersons. With regard to appointments based on applicable knowledge, the following responses from two participants confirm the relation between appointment and appropriate knowledge:

*"I have been appointed by the school principal in writing with duties clearly outlined. My appointment letter was duly signed by the School Governing Body chairperson. I think my appointment is based on my qualifications in Bookkeeping, Pastel and Certificate in Financial Management. My qualifications helped me to handle and manage school finances in line with the Provincial Regulations and other related statutes. I have nine years working experience"* (FO2).

*"I think the school principal appointed me based on my experience, qualifications in financial management, acquired from the University of South Africa and also Bookkeeping and Pastel Accounting from Damelin Business College. Our school has always received unqualified audited statements since I was working with school finances"* (FO4).

From the interviews with finance officers it was clear that in some schools, finance officers who had financial-related qualifications still had to share their financial management related responsibilities with the treasurer. These arrangements caused concern on the part of the finance officers that relate to taking responsibility for tasks not dedicatedly assigned to them and which impact on their effectiveness to carry out their finance management tasks effectively. In this regard finance officer FO8 commented as follows:

*"I do not know why and how I was appointed as a finance officer. The school principal makes me record the transactions in the finance books for the cheques issued by the treasurer. I have difficulties in working with finances that's why he sometimes does the work himself. I share the work with the treasurer who sometimes writes cheques without informing me when I think we should do that together. I have qualifications in financial*

*management but I do not use my knowledge. I am afraid I might get into trouble for the wrongs which may be done by the treasurer.” (FO8).*

Similar concerns were expressed by participant FO7:

*“I was told that I am the finance officer by the principal. I requested a letter but the principal told me it is not important. I think my appointment is due to my qualifications and knowledge of finances. The problem is that I am not operating as per the prescripts because we share the responsibilities with the treasurer and I have a problem with that. I am sufficiently capable and think I should not share the tasks with anyone” (FO7).*

In summary it was clear from the interviews with finance officers that in schools A, C, D, E and K the appointments of the finance officers were done in writing with duties clearly outlined. However, there were challenges whereby school principals made the treasurer and the finance officer share the responsibilities of managing school finances which resulted in ineffectiveness due to role conflict.

#### **4.4.2.2 Experience in working with finances**

The schools sampled had finance officers who had experience of the financial management of a school ranging from two to five years, except for school I, in which the finance officer had only six months experience of being part of the financial management team of the school. In relation to paragraph 4.4.2.1, six of the schools' finance officers did not have any formal qualifications related to the management of finances. Of these, three finance officers had not received any training from the Department of Education on the management of school finances; hence they were managing through 'hit and miss' tactics. This was in contrast with the suggestion by both the SASA and the prescripts that indicate that the Department of Education must provide training for the School Governing Body as an entity to perform its functions. The Department of Education had an oversight in terms of the provision of the Prescripts of Limpopo Department of Education on the Management of School Funds (DoE 2011:,19) that state that schools must be visited by the Departmental officials from time to time to inspect and peruse all financial records and activities. It was clear from the interviews with finance officers that a lack of monitoring and support from the



Education Department officials contributed to non-implementation of the provision of the statutes. Evidence for this lack of Departmental support and monitoring is clear from the following responses by participants:

*“I have been working as a finance officer for the past six years. I have an ACE in Management with financial management as one of the modules in my studies. I have attended several inductions conducted by the Department of Education but the content was shallow and lacked substance. One could not rely on that information to effectively manage school finances. We need constant support from the Circuit office to check if what we do is what they expect, but this support is lacking ...” (FO1).*

*“I have six years’ experience, with no formal qualifications in financial management. I have an advantage of my school principal who is highly financially literate. He conducts in-house workshops on finances to me once per quarter and monitors my work. I am more competent than those who attended workshops organised by the Department. They often complain of incompetency of the facilitators” (FO3).*

*“I only have six years’ experience. I have done bookkeeping and FDE in management. I have adequate knowledge to manage school finances. Like I indicated before, we share the work and that is problematic coming to accountability. The training provided by the Department of Education only complemented on what I knew already” (FO5).*

*“I am not experienced, only 1 year and six months working with finances. My advantage is that I studied financial management and also did a course in Bookkeeping with Lyceum College. I also attended training on financial management conducted last in 2014 by a team of officials organised by the Senior Manager Institutional Governance. The training was highly informative. The problem is that we do financial tasks being two which is contrary to what the prescripts say. The principal has been adamant to say he is an accounting officer hence he must do as he*

*wishes. There is no visit by departmental officials to check finance books”*  
(FO8).

From the interviews with finance officers it was clear that the majority of finance officer participants were experienced in financial management and were properly qualified to be part of their schools' financial management teams. They complained that the training that they attended did not assist them much due to the duration of the training and lack of skills from the trainers. The majority of finance officers also complained about a lack of monitoring and support from the circuit officer. Finally, it was also apparent that in some schools the effective operation and management of school finances was hampered by the school principals who made the finance officer and the treasurer share the tasks.

#### **4.4.2.3 Knowledge of financial roles and responsibilities**

The researcher wanted to establish whether the finance officers understood their roles and responsibilities and to ascertain if they were executing them properly and without interference. As indicated in paragraphs 4.4.2.1 and 4.4.2.2, some schools' finance officers' appointment letters did not specify the duties and responsibilities accompanying the post, and some participants had not undergone any training or received qualifications related to financial management. This contributed significantly to a lack of knowledge and understanding of the roles and responsibilities attached to the posts which finance officers were delegated to fill. The audit findings (DoE 2014) revealed that if duties and responsibilities are not clarified there will be non-compliance and an ineffective execution of tasks.

At three of the research sites the finance officers indicated that they were unsure what their roles were, since the treasurers were assigned certain financial responsibilities which in fact related to the job description of the finance officer and which was in opposition to what the prescripts suggested. This ambiguous situation was explained by finance officer participants as follows:

*“My work is to draw the budget and do some of the work mentioned. But Sir, I don't do this work since all the work is done by the treasurer. The school principal should approve payments first but he does not do it. The reason I am not doing this is that according to what I read form the book*

*since I never attended any training, the school principal should sign before but he does not do this. When I tell him to approve first he tells me to write the cheque. The treasurer writes cheques when I am not in” (FO9).*

*“I only record the requisition book and compile reports. The rest of the work is done by the treasurer. The cheques are issued without approval and authorisation. It frustrates because the letter I have does not state what I must do but in other schools their letters are detailed. When I tell the school principal, she tells me to wait for my time to come. I record something I do not have full knowledge of in the requisition book” (FO7).*

In one of the sampled schools the finance officer complained about the school principal causing her to perform duties that were against what she had studied and been trained for, especially on procedures for payments. Participant FO10 explained as follows:

*“The principal tells me when to make payments. He does not approve first and the School Governing Body chairperson comes to the school during month end to sign the requisition forms. When I ask the principal to approve first he just instructs me to issue cheques. Sometimes the treasurer issues cheques for the educators and the principal before they attend the meetings. I always give advice that we must follow the prescripts but the principal does not take my word” (FO10).*

Unlike this debilitating situation hampering the process of effective financial school management, it was clear from the interviews with finance officer participants that in five of the sampled schools the finance officers operated as per the prescripts. Evidence for this finding relates to the following responses by three finance officer participants:

*“All our payments are done at the end of the month in a formal meeting as per our finance policy. Principal’s claims are approved by the Circuit Manager and authorised by the School Governing Body chairperson. I issue cheques after completion of claim forms by the claimant, completion and signing of the cheque requisition forms. No advance payment and no payment of trip not known by the school principal and recorded in the travel log sheet which is signed by the school principal” (FO4).*

*“Everything regarding financial management and administration is done by the finance committee. It can be adjudication, appointment of service providers and approval of payments. The treasurer reports to the School Governing Body during their meetings” (FO9).*

*“Adjudications and approval of payments are done by the finance committee. The school principal comes with quotations many a times. We do not always use three quotations. Reporting to the meetings of the School Governing Body is done by the treasurer and the school principal” (FO10).*

At the research sites where the finance officers did not keep the cheque books or performed the duties as outlined in the prescripts, it was clear that this was caused by the fact that some of the finance officers’ appointment letters did not specify clearly the duties relating to the position. In other instances the lack of duty performance was caused by the ignorance and negligence of the school principals accountable for the sound management of school finances which implied proper communication and controlling of all financial management related tasks. School principals were expected to oversee the recording of transactions for the cheques issued by the treasurers. As determined in the interviews with finance officer participants, in five of the sampled schools the finance committee was responsible for both authorisation and approval of payments as explained earlier in this paragraph 4.4.2.3.

#### **4.4.2.4 Compliance with the prescripts and finance policy**

In terms of the statutes governing the management of schools, the School Governing Body must safeguard against mismanagement and abuse of finances, as discussed in paragraph 2.3. The SASA, Act 84 of 1996, and the prescripts (DoE 2011:12) stipulate that all schools must have a finance policy that governs how monies are administered. An important approach to counter the mismanagement of school funds is to ensure that educators’ claims are approved in advance in official financial management meetings and to ensure that the school principal does not instruct the finance officer to issue cheques before being approved. The legislation and policies of the Department of Education state that all payments must be made in formal School Governing Body meetings and without

authorisation or approval there will be no payment (par 2.6.4). The treasurer is tasked with ensuring that the financial management policy is applied in which these approaches that relate to the spending of school funds are included and monitored for adherence by all. Although the eleven sampled schools indicated that they had their own finance policies which guide the utilisation of their specific schools' school finances, some of the finance policies which the researcher perused had names of other schools from other circuits written on their cover pages. Those policies were not signed by the authorities at that school. It was evident that some school principals did not comply with what the prescripts directed regarding who should administer school finances, and when and how payments were to be made. These examples of mismanagement were confirmed by some of the finance officer participants who complained about their roles being shared with the treasurer resulting in the treasurer making payments without consultation with the finance officers or without authorisation and approval by the School Governing Body chairpersons, the school principals, or the circuit manager, the latter in the case of the school principal's claims. Cheque books were not rightfully kept in a safe and overseen by the finance officers, but were kept by the treasurer and/or the school principal who dealt with payments solely. In some cases the treasurer and the school principal were responsible for issuing cheques. This state of affairs representing the mismanagement of school funds in terms of sidestepping the important role which the finance officer must fulfil in engaging with school monies, and following ethically correct procedures, were admitted as follows by finance officer participants:

*“For the past years we had no policy guiding us on the utilisation and administration of finances. Most of our school finances were used for the principal's travel and School Governing Body claims during meetings. Each received R100 for attending a School Governing Body meeting and R200 for accompanying a learner to the trip. I am happy there is a team developing a finance policy hoping that there will be an improvement. Our school principal or the treasurer issue cheques interchangeably. I only record and reconcile finance records which is difficult since some payments do not have supporting documents” (FO2).*

*“The finance committee and the School Governing Body meet and decide on the appointment of the service provider. The school principal chairs*

*such a meeting, the treasurer writes cheques and I only record what is bought. We do not meet separately as finance committee” (FO7).*

*“Our school does not have a finance policy. The finance committee adjudicates and approves payment. Sometimes educators claim for trips they never undertook because there is no travel log sheet to control and monitor trips to workshops and meetings. We use Government travel rates for meetings and workshops which exhaust our school finances quickly” (FO10).*

*“Our school has no finance policy hence the school principal directs as he wishes. We do not have systems in place to safeguard the mismanagement of finances. The treasurer issues cheques and I record transactions. We have no systems to control educators travel claims which may subject the system to abuse. We have a budget adopted by the parents but that budget is not always followed” (FO8).*

As would have been predicted, it became clear from the interviews with finance officers and by perusing financial documents of each research site that most of the schools in which approval and authorisation were not obtained before payments could be made, overspending was common and there was not sufficient documentary evidence of payments. This was contrary to the provision of the prescripts (DoE 2011:20), which states that school principals must ensure that all statutory provisions, prescripts and departmental directives are observed by themselves and by their staff at all times. It was further a violation of section 45 of the PFMA that says that the school principal as the accounting officer must avoid fruitless, wasteful and unauthorised expenditure when expending school funds (par 2.6.1).

#### **4.4.2.5 Reporting and accountability**

In paragraph 2.8.2 it was pointed out that the best practice with regard to the management of school finances is to report and account on a constant basis to the relevant stakeholders on how finances are managed. This practice also ensures transparency. The prescripts assign responsibility for compilation of monthly financial reporting, bank reconciliations and

quarterly reports to the finance officer, who must report monthly to both the finance committee and the School Governing Body, which in turn must report quarterly to the circuit office and annually to the parents and the Head of the Provincial Department of Education (par 2.6.3; DoE 2011:12).

During the interviews with the finance officers, some finance officers indicated that they only present finance reports monthly to the finance committees, with none of the finance officers having presented reports to the School Governing Body, to accompany the drawn-up budget as per the provision of section 8.7.4 of the Limpopo Department of Education Prescripts. What was determined through interviewing was that school J has never presented a monthly finance report to the finance committee since 2012. In this regard finance officer FO10 explained as follows regarding reporting and accountability:

*“I have difficulty in doing bank reconciliation and I have raised that several times with the school principal but did not get any assistance. I do not give reports monthly to the finance committee because we do not hold regular monthly finance committee meetings. We submit reports to the circuit but never receive feedback whether what we did is correct or not” (FO10).*

Only school A presented reports to the School Governing Body meeting; however, since the beginning of 2014 even school A stopped reporting as regularly as prescribed by legislation.

The majority of finance officer participants indicated that in terms of being accountable for financial management and the spending of available monies, they consider their school principals who appointed them in their roles as finance officers to be the accountable persons. What became clear from the interviews with finance officers, however, is that some school principals do not do justice to their positions as accountable managers of their schools' finances. School principals' unethical, laissez faire approach to the spending of their schools' funds emerged as a pertinent concern to many finance officer participants. In this regard participant FO9 explained as follows:

*“I account to the school principal on how the finances have been utilised. My challenge is that he is the one who refuse to approve payments first*

*and allows the School Governing Body chairperson to come and sign cheque requisition form when she is free. To me the school principal is the cause for poor and ineffective financial management at our school. It is a pity there is no monitoring by the circuit office. We never meet for discussing the monthly finance report with the entire members of the finance committee. The school principal sends attendance register to members to sign masquerading as if we held a formal meeting” (FO9).*

At school G it was revealed that the finance officer did not give a finance report or any form of account to the school principal because the school principal was a member of the finance committee and it was therefore considered obsolete to inform the school principal about matters which were in any case known to him. Finance officer FO7 explained as follows:

*“I do reconciliation on a monthly basis and report to the finance committee. The principal only receives a report together with the rest during the meeting. We submit finance reports quarterly to the circuit office” (FO7).*

This conduct at school G was a violation of prescribed procedures as school principals should hold regular meetings with their appointed finance officers before the finance committee and School Governing Body meetings in order to check all finance records for correct recording and availability of documentary evidence that may be needed for inspection during the two meetings.

#### **4.4.2.6 Collection of school funds**

Paragraph 2.6.3 dealt with the roles and responsibilities of the finance officer regarding the collection of money. All the participants indicated that they collected monies and issued receipts immediately to the payee after receiving money. The banking was undertaken as per the policy. Most of the finance officers indicated that they did banking at the end of the month, unless the money collected exceeded R10,000 as per the stipulation in their finance policies. This is in compliance with the provision of the procedures as in the Prescripts of the Limpopo Department of Education on Management of School Funds (DoE 2011:8), which directs that the finance officer must issue a receipt after receiving money using the pre-printed Government receipt book appended with the school stamp, or issuing a



computerized receipt bearing the name of the school and approved by the relevant school circuit.

Section 8.4.4 of the prescripts (DoE 2011:10) directs that the school principal must ensure that the collected money is safeguarded before being banked (par 2.6.1). The majority of finance officers indicated they are responsible for the collection and the banking of the school funds. They indicated that all monies collected are receipted, recorded, checked by the school principals and banked. The abiding by these proper procedures in the handling of school money was explained as follows by the different finance officer participants:

*“I collect money and issue receipt at the same time. I do banking at the end of the month as per our policy unless the money collected exceeds R2000 then I check with the principal and bank. Educators also collect money for fundraising; issue receipts to learners and submit the record and money to me to issue them with a treasurer’s receipt. I check the number against the receipts before I could issue a receipt” (FO2).*

*“We do banking weekly after reconciling the money with the school principal. All the monies at the school are collected by me and every time I issue a receipt to the payee” (FO4).*

*“Our policy stipulates that banking must be done monthly regardless of the amount collected. I collect all the money at the school whether it is for replacement of lost book, trip, or fundraising. I issue receipt immediately to the payee. The school principal and I check the money together before I could request him to go and do the banking since he stays in town. This is done for cost effectiveness. He does claim for transport for this purpose” (FO11).*

What became evident at the one research site, however, was that the handling of collected money was violated by improper conduct in that educators collected money for school trips and used part of the collected money during school trip activities without declaring the used money or banking the money allocated for the specific school trip prior to the school trip. Participant FO7 explained as follows:

*“The educators collected the money without the appointment by the school principal. Part of the money was not banked but used for payment of accommodation and catering during the school trip. The learners were issued with receipts for the monies collected. Usually banking is done by the school principal and she only gives me the deposit slip for filing and recording like the treasurer does after issuing a cheque. We do not have a policy on how banking should be done” (FO7).*

From the interviews with finance officer participants it became apparent that in many instances there were a lack of proper monitoring and controlling systems in place at the different research sites. Although all the research sites had procedures in place for dealing with school monies, it became apparent that the school principal and finance officer participants lacked sound knowledge on the proper and meticulous procedures regarding the management of school finances. The prescripts of the Limpopo Province of Education, for example, prohibit the utilisation of school monies before it was not banked.

#### **4.4.2.7 Secretariat role within the finance committee**

As indicated in chapter two, paragraph 2.6.3, the finance officer must in terms of section 8.8.7 of the Prescripts of the Limpopo Department of Education on Management of School Funds (DoE 2011:12) provide a secretariat function for the finance committee. It is also stipulated according to section 8.9 of the Prescripts of the Limpopo Department of Education paragraph 2.6.5 that the finance committee must be chaired by the treasurer and not by the school principal. It transpired from the interviews with finance officer participants that in some schools the finance officers were not the secretaries of the finance committee, and they were unaware that they should be since their appointment letters had not specified their duties or responsibilities. In this regard two participants indicated that the treasurers are the secretaries of the finance committees with the school principals chairing the finance committee meetings. The chairing of meetings by the school principal, which need to be chaired by the treasurer, and the taking of minutes by the treasurer clearly reflected a lack of knowledge of the prescripts on role functioning with school finance management activities. Evidence for the violation of procedures regarding secretarial tasks and

chairperson positions in the finance committee was provided by two finance officer participants. They explained as follows:

*“The school principal chairs the finance committee meetings, treasurer takes minutes. I only record financial transactions” (FO7).*

*“The treasurer is the secretary of the finance committee which is chaired by the school principal. It is surprising because the prescripts stipulate that the treasurer must chair all finance committee meetings and I as a finance officer must serve as a secretary. Are there perhaps new prescripts that amend this provision?” (FO9).*

What was clear as explained by participant FO9 was that regardless of the fact that the finance officer had knowledge about the prescribed correct procedures and correct role functions in dealing with financial management tasks, this knowledge was not applied at all the research sites. However, unlike the improper conduct at some research sites, it was clear from the interviews with finance officer participants that, at some of the research sites, prescribed procedures were correctly implemented in that the finance officer performed secretarial duties and the treasurer chaired the finance committee meetings. This correct procedure was acknowledged as follows:

*“I am a member of the finance committee and serve as a secretary for all the meetings. Our meetings are always chaired by the treasurer” (FO5).*

*“I serve as a member of the finance committee doing all secretariat work. The treasurer chairs all our meetings and she does that with distinction” (FO11).*

#### **4.4.2.8 Obstacles to the management of school finances**

The majority of finance officer participants indicated that they did not have any challenges that needed to be addressed or that were hindering their effective functioning. It was revealed during the interviews that these finance officers who did not experience any problems with the carrying out of their financial management tasks were the finance officers

who had been appointed in writing with duties and responsibilities detailed clearly in their letters. Further, despite some not having received any training in financial management since their appointment, their financial management records and books were in good order. A contradiction, however, to the finance officers' proper bookkeeping was the fact that the majority of finance officer participants indicated that educators' trips, although communicated during the claiming period, lacked evidence of record keeping. Further, at times educators demanded advance payments for attending workshops and the school principals then issue a note to the finance officer to say that the educators be given cheques. Some school principals do not communicate these claims to the circuit manager for approval but combine with educators so that they themselves could approve. At some of the selected schools, meetings for the adjudication and approval of quotations for services are convened by the school principals and at some schools these meetings are convened by the School Governing Body chairpersons. In this regard the finance officers of schools B, G, I and J pointed out that the school principal convenes meetings for the adjudications of quotations and the approving of service providers and payments at the same meetings.

It was clear from the interviews with finance officers that there were some elements of manipulation of the finance management processes by some school principals. Participant FO9 explained as follows:

*"I am worried that the school principal allows the treasurer to keep the chequebook and issues cheques when I am made to record and reconcile what are not issued by myself. Although we do not have challenges of educators demanding advance payments I am concerned when at times I am instructed to issue cheques before the school principal could approve the requisition" (FO9).*

It emerged during the interviews that although some school principals were performing their financial management related task with care and dedication, some school principals were wittingly violating the provision of the both the SASA and the prescripts, and the finance officers did not know where to report the matter.

#### **4.4.3 The School Governing Body chairperson**

The chairpersons of the School Governing Bodies' profiles were checked to establish if their educational backgrounds played a role in the manner in which they managed school finances.

#### **4.4.3.1 Chairpersons' profiles**

The educational background and work experience of School Governing Body members play an important role in determining the effectiveness of governance in schools, since life and work-related knowledge is often regarded as powerful. Without proper understanding of the roles and responsibilities pertaining to school governance it may be difficult for the School Governing Body to contribute to the effective governance of the school (Heystek 2004:7). For parents to be able to read, write, interpret and develop school policy they need education related skills to fulfil their governance tasks (Van Wyk 2004:54). As is clear from table 3.1 in paragraph 3.4.2, the majority of School Governing Body chairperson participants had only grade 12 with three participants having only standard 5 (grade 7) qualifications which correlates with the view of Bisschoff and Mestry (2009) in paragraph 2.1 that School Governing Body members in rural schools are not well equipped for their governance functions due to low literacy levels. Regardless of the chairperson participants' relative low qualification levels, it was clear from the interviews with them that they did have a good understanding of school policies, could read and write, and their management functions were performed effectively and efficiently. Most School Governing Body chairpersons had experience of working with local structures and used that experience to manage their schools.

#### **4.4.3.2 Training in financial management for school provisioning**

As noted in paragraph 4.4.3.1 although most of the School Governing Body chairpersons did not have any formal qualifications in financial management, most had received some training conducted by the Department of Education (DoE) since being elected to office which was enhanced by them leading community structures which gave them an understanding of policies and procedures in working with finances. During the interviews with School Governing Body chairpersons they indicated that, although the DoE had arranged workshops in the past, they felt the duration of the workshops should be

increased to enable them to ask questions for clarity based on their day-to-day encounters in schools. Aspects such as procurement, collection of school funds, augmenting of school resources, monitoring and control and reporting of fraud and mismanagement were cited as requiring clarity in the workshops conducted by the DoE. It became clear from the interviews with chairperson participants that their training-related concerns and needs in terms of time and quality of provisioning were the same as those of the school principal participants as discussed in paragraph 4.4.1.10. The chairperson participants' responses to their training concerns and needs were the following:

*“Our circuit office conducts training to us every year to equip us to be able to manage school finances. The challenge is the duration of the training as well as the content delivered during the training. The time is very short and lots of information delivered in English which to some of us is problematic to comprehend” (SGBCP2).*

*“The problem with the training provided is lack of skills and content gap from our facilitators. They also feed us with lots of information at the same time in less than seven hours. It becomes difficult to understand and implement. One other challenge is lack of monitoring and support after the training. A week's training by well capacitated officials would be recommended” (SGBCP3).*

*“Yes training was provided. My concern is time, content and the language used during the training. The facilitators used a lot of English yet majority of the chairpersons did not go further with education. No booklets or manuals for reference. I relied on my background as a finance clerk at tribal. We sometimes attend other training provided by our sector department” (SGBCP11).*

It was clear that too many facts in too short a period in a foreign language by facilitators not as competent as was anticipated hampered proper training in order for School Governing Body chairpersons to be optimally capacitated for their school governance task.

#### **4.4.3.3 Financial management and accounting**

The researcher wanted to establish how money was managed at the selected schools, with the help of the School Governing Bodies, and it emerged from the interviews that the management was carried out differently. As indicated in paragraphs 4.4.2.5 and 4.4.2.6, at some schools finances were managed by the finance committee which reported to the School Governing Body either monthly or quarterly. At a second group of selected schools the finance committee was autonomous in that it took the final decision on procurement of goods, whereas in a third group of selected schools the finance committee and the School Governing Body met together to decide on whom to appoint as service provider, based on the quotations that were sought, in most cases, by the school principals.

As part of the third group of mutual input, the School Governing Body chairperson of school B explained as follows:

*“We have a finance committee where I sit to adjudicate on quotations. The problem is that the school principal does not inform me when things are to be bought. Our treasurer gives us reports during the formal meeting of the School Governing Body” (SGBCP2).*

Representative of the second group of functioning, the School Governing Body chairperson of school G, explained as follows:

*“I am not aware of the finance committee at our school. The principal, treasurer and finance officer take decisions on adjudication and payments. I am only requested to sign requisition forms. We rarely get reports during the School Governing Body meetings on how money has been used. As the chairperson I make sure reports are given to the parents during APM [annual parents meeting]” (SGBCP7).*

It was clear from the interviews with School Governing Body chairpersons that none of the schools complied fully with the provision of legislation regarding the composition of the finance committees as explained in paragraph 2.6.4, because the composition variously comprised between three and five members at the different schools. It was further

discovered through the interviews with School Governing Body chairpersons that no school gave reports to the educators on how school finances were being used.

#### **4.4.3.4 The School Governing Body's role in the appointment of the finance officer**

The interviews conducted with the School Governing Body chairpersons revealed that they knew of the appointment procedure of the finance officers by the school principals, but whether the educators had the relevant qualifications related to the management of school finances the School Governing Body chairpersons were not all sure of, only that the finance officers were qualified as educators to teach. Regarding the endorsement of appointment letters by the School Governing Body to be in line with the provision of the Prescripts of the Limpopo Department of Education (DOE, 2011:3), namely that the school principal must appoint financial officers in consultation with the School Governing Body, this was not done at many of the selected schools. However, the majority of chairperson participants indicated that, to their knowledge, their schools' finance officers were sufficiently capable and managed the school finances properly. Some of the chairperson participants explained their schools' financial officers' appointments and competencies as follows:

*"There is a finance officer appointed by the school principal in writing in consultation with the entire School Governing Body. She is highly qualified and capable in managing finances. She has been appointed by the Department based on her qualifications as the administration officer. One of her roles is to administer and manage school finances"* (SGBCP1).

*"Our finance officer transferred to another school and the school principal had to appoint another one in writing who is one year and six months old into the job. We endorsed the appointment and she holds relevant qualifications"* (SGBCP9).

*"The school principal in consultation with the School Governing Body appointed a teacher who has a B.Com qualification who specialized in Accounting and Business Economics to manage our finance records. The finance officer is capable and manages our finances very well. She inducts*



*us on finance management and the prescripts hence we do not have challenges with financial matters” (SGBCP11).*

Despite the responses given by the chairperson participants on the competency of their schools’ finance officers, it was clear from the interviews that payments were not made in formal School Governing Body meetings as required by the Limpopo Department of Education Circular dated 07/08/2014 (DoE 2014).

#### **4.4.3.5 Asset management and retrieval of learner support materials**

The researcher wanted to establish from the School Governing Body chairpersons if the schools had developed a policy to safeguard the loss and replacement of textbooks supplied by the DoE. It was clear from the interviews with chairperson participants that only a few of the selected schools had a policy on the distribution and retrieval of Learner Teacher Support Materials (LTSM) provided to learners. The majority of School Governing Body chairpersons indicated that their schools did not have policies to manage LTSM distribution, or the retrieval and recovery of lost resources. This was contrary to the provision of section 10.4 of the Prescripts of the Limpopo Department of Education (DOE, 2011:16) that calls for the school principal to ensure that an asset officer is appointed in writing to ensure that stocktaking is conducted annually during the last quarter of each year. The legislation states that all assets purchased from school funds, or donated or provided by the Limpopo Department of Education, must be recorded in the asset register. It was evident from the interviews with chairperson participants that the School Governing Bodies were not inducted on this, and as a result they may not be able to monitor or control the property donated, purchased or supplied by the Department. In this regard chairperson participants explained the situation with the management of their teaching and learning support materials as follows:

*“Our school does not have any policy adopted by the School Governing Body regarding the distribution and retrieval of textbooks. However, the school issues a form where all learners’ textbooks are recorded with their serial numbers. At the bottom there is a declaration that reads as thus: “I.....the parent of learner.....hereby undertake to replace any textbook lost or damaged by my child.” We have not agreed on the rental*

*fee through a policy for the use of our school resources but delegated the function to the school principal. We receive reports during meetings of activities that took place at the school and the amount paid with copies of receipts” (SGBCP3).*

*“Assets are managed by the office of the school principal. We have not been informed of any policy for us to adopt on how assets are to be utilised for fundraising purposes. That aspect was never explained during our training and I strongly believe is crucial since it was going to help us augment our school resources. I know of payments during Casual and Valentines Days where learners pay some moneys. However, I have never received any reports about collection and banking of such monies” (SGBCP8).*

*“We have no idea how assets and Learner Teacher Support Materials are managed at the school. We have no policy on this since we were never trained on financial management” (SGBCP11).*

In addition to the ignorance regarding teaching and learning material management and as was discussed in paragraph 4.4.1.6, the majority of schools did not utilise their resources for fundraising purposes, such as renting out chairs and classrooms. A few schools indicated that the school principal charged a fee for the use of these facilities. The researcher concluded that no induction through workshopping was provided in this regard.

#### **4.4.3.6 Budgeting and reporting processes**

Based on the process of budgeting as discussed in paragraph 2.4.1, it transpired during the interviews with the School Governing Body chairpersons that the budget was drawn up through a consultative process that started with the staff (and learners in high schools) submitting their needs to the finance officer who drafted and presented the budget to a formal meeting of the finance committee. The School Governing Body meets to discuss the budget and present the budget to the parents on the Annual General Parent Meeting which is convened 30 days in advance. As was indicated by school principal participants in paragraph 4.4.1.5, the majority of chairperson participants reiterated that they used letters

and local structures represented within the Quality Teaching and Learning Campaign sub-committee of the School Governing Body to cascade the message to the community for attending the budget discussion meeting. The chairperson participants further reiterated the school principal participants' explanations on the budgeting process at their schools as pertaining to collaboration endeavours amongst all stakeholders. Some of the chairperson participants explained as follows:

*“The finance committee drafts a budget and submits to the School Governing Body for discussion. We present the budget for approval to the AGM [annual general meeting] convened as per the SASA which says we must issue a notice 30 days in advance. We submit a signed budget to the circuit and report quarterly” (SGBCP6).*

*“The School Governing Body draws a budget, subject it to the parents for discussion and adoption. Once adopted it is signed and submitted to the circuit office with roll calls. On a quarterly basis we submit a quarterly finance report to the circuit office” (SGBCP7).*

*“Our budget is drawn through a consultative approach starting from school's sub-committees which submits their needs analysis to the finance officer. The finance committee drafts the budget and submits to the School Governing Body. When satisfied the SGB convenes a parents meeting 30 days in advance for adoption. An adopted budget is sent to the circuit office and once endorsed we start implementing. We submit reports quarterly to the circuit office and annually to parents” (SGBCP11).*

All schools indicated that the budget was finalised upon adoption by the parents and submitted to the circuit office for endorsement before any expenditure could be incurred. This was contrary to previous research findings which indicated that budgets were being imposed on the School Governing Body by the school principal due to members of the School Governing Body lacking applicable competencies. The literature finding that parents do not attend to budget discussion meetings (par 2.7) is not always sound since all the eleven schools indicated that the meetings were attended by the majority of parents and the research sites had attendance registers to prove it. However, in school B the parents

adopted a budget which did not have its balance brought forward, and in school H the budget discussion meeting was convened after the budget was adopted by the School Governing Body. Through an analysis of research site based documents, the researcher discovered that at school J there was an oversight regarding the date that must appear in the budget when the signing took place as a stamp of approval of the budget.

#### **4.4.3.7 Procurement and appointment of service providers**

With reference to the procurement and appointment of service providers as discussed in paragraph 2.6.4, it was important to establish whether School Governing Body chairpersons understood the process of procurement and whether they were complying with the provisions of the statutes that govern the appointment of service providers. As discussed in paragraph 2.6.4 legislation directs that three quotations be sought, that the finance committee adjudicates and recommends applicable service providers to the School Governing Body whereby a final decision is made followed by appointing the service providers in writing (DoE, 2011:11). Most of the School Governing Body chairpersons indicated that the finance committee sought three quotations which they adjudicated and submitted to the School Governing Body for a final decision. The School Governing Body was responsible for the appointment of the service providers and payment was made after the service was rendered. In this regard some chairperson participants explained the process of appointing service providers at their schools as follows:

*“All payments are done after approval and authorisation by the school principal and the School Governing Body respectively. Adjudication is always done in a formal meeting of the Finance committee and approval of the service provider is done by the School Governing Body. We comply with the directive that says all payments must be done in a formal meeting” (SGBCP1).*

*“All our procurement are done in a formal meeting of the School Governing Body. FINCOM adjudicates on the three quotations and the School Governing Body approves. Payments are done after approval and authorisation by the school principal and School Governing Body chairperson respectively” (SGBCP6).*

*“The information we got from the training indicated that three quotations must be sought, adjudication done by the finance committee and recommends to the School Governing Body for approval. The school principal must approve and the School Governing Body chairperson must authorise payments. I am worried that this is not always the case. Sometimes I am called to authorise payments after purchase have been done” (SGBCP8).*

Almost all School Governing Body chairpersons indicated that the school principal and chairperson sometimes were the ones who sought quotations. However, in two schools the School Governing Body chairpersons indicated that the school principals did transactions and informed them only later, and they always raised dissatisfaction about this operation of the school principals since they understood that it was not correct. In one school, the finance committee took the final decision on the appointment of a service provider. In this regard participant SGBCP10 explained the situation at his school as follows:

*“We are aware of the provision of the prescripts which says the finance committee must adjudicate on the three quotations and that the School Governing Body must approve and appoint service providers. Many a times our school principal buys things after seeking the three quotations himself. This is worrying me as I have raised my concern with him but he does not seem to be improving” (SGBCP10).*

It was evident that the majority of schools were implementing the policy on service providers correctly. However, at some schools deviations from prescriptions occurred, which calls for strict monitoring and corrective measures for those who deliberately violate the policy.

#### **4.4.3.8 The initiative of schools to augment school finances**

One of the allocated functions of the School Governing Body of a Section 21 school is the maintenance and improvement of the school’s property, buildings and grounds (par 2.2). In order to do this the government encourages schools to establish partnerships with other

stakeholders in line with the NEDLAC Accord, such as private companies. This is so primarily because government alone cannot provide quality education and all resources needed in schools due to financial constraints. To be able to raise money from private funders, skills to draw business funding through well-formulated proposals with clear motivation are needed.

It appeared during the interviews with the School Governing Body chairpersons that there was a lack of initiatives and capacity on the part of the School Governing Bodies to augment school resources. Most of the schools indicated that they relied on the R1-00 from each child for Valentine and Casual Days for fundraising. Section 4.4 of the Prescripts of the Limpopo Department of Education on the Management of School Funds (DoE, 2011:2) provides for engagement in commercial activities for fundraising. It appeared during the interviews that only two of the eleven schools embarked on fundraising initiatives, including seeking donations from the National Lottery and *MTN*, from which they received R100,000 and R250,000 each respectively. All these schools declared their donations and they were used for the purpose intended. The two schools had finance officers and School Governing Body chairpersons who were clear on writing business proposals for donor funding acquired through participation in local structures of the community.

Notwithstanding that the majority of the sampled schools had boreholes with ample water, they had no vegetable gardens in which crops and vegetables could be planted and funds generated. Three of the sampled schools had very large halls which could be used for gatherings such as funerals, church services, local political meetings, or for commercial purposes, but these opportunities were not used. It was clear from the interviews with School Governing Body chairpersons that the selected schools lacked entrepreneurial-related skills to plan successfully for fundraising initiatives in order to supplement existing sources. The lack of entrepreneurial-related initiatives to augment school resources was evident from the following responses:

*“We lack capacity in these aspects. We have not been trained and I believe the sooner the workshop, the better for us. We have a hall and a vegetable garden which could be used for fundraising purposes”*  
(SGBCP2).

*“Our school has never embarked on any initiatives to raise funds. I think we should be exposed to strategies of fundraising in order to add on the meagre resources that we have from the department” (SGBCP4).*

*“We depend on the school principal to raise money for the school by writing to donors. Despite his efforts we have not received any reports on any positive response” (SGBCP10).*

From these responses it was clear that most of the School Governing Body chairpersons relied on the school principals for fundraising initiatives to augment existing school resources.

#### **4.4.3.9 Training and developmental needs for effective functioning**

The researcher wanted to establish if there was any suggestion from the School Governing Body chairpersons that could help make them more effective in their financial management responsibilities regarding their schools. The majority of the School Governing Body chairpersons reiterated what the school principal participants said (par 4.4.1.10), namely that the training provided by the Department of Education was insufficient to equip them to be more effective. The majority of schools raised a need for training in aspects such as asset management, Learner Teachers Support Materials distribution and retrieval, and initiatives to raise funds in order to augment the existing school resources. The School Governing Body chairpersons proposed training that should last for two to three days so that they would be able to be taught matter that pertained to financial management and have time to ask questions. The training should be conducted by knowledgeable facilitators since the facilitators who had provided induction in the past proved to be lacking important knowledge in some areas.

The researcher has already reflected on the responses by some of the School Governing Body chairpersons on training (par 4.4.3.2). In addition to and as a reiteration of the training needs discussed in paragraph 4.4.3.2, the following responses emphasised the need for training to be constructively provided, in a reasonable period of time, by expert facilitators, and with quality ‘after-service’ support of a prolonged nature:

*“Like I said initially, we need to be trained on how to develop policy on assets management and all aspects related to financial management over a period of 5 working days. The training should be conducted by a team of experts in financial management. Monitoring and support must also be conducted after the training” (SGBCP3).*

*“We need to be trained on how to report deviations from the provision of the prescripts as is done by the school principal as I have indicated earlier on. Furthermore, we must be retrained on fundraising strategies and be provided with the training manuals for reference purposes” (SGBCP8).*

*“The department must conduct a finance management workshop again as soon as the new School Governing Body is elected. The content should among others cover topics such as asset management, policy development and implementation, reconciliation, budgeting, recording, reporting and accounting. The workshop must be followed by regular monitoring at least once per quarter” (SGBCP11).*

Despite the need for proper and prolonged training articulated by the School Governing Body chairpersons, there was evidence of good financial management in the majority of the selected schools. The School Governing Body chairpersons proved to have some form of skill and knowledge to govern their schools sufficiently in collaboration with the school principals. What they lacked, however, was competencies in augmenting existing school funds.

## **4.5 RESEARCH FINDINGS FROM THE DOCUMENTARY ANALYSIS**

Site-based, financial management-related documents were requested from the eleven schools through letters written to the School Governing Bodies (Appendix E). The documents were analysed in order to gain a better understanding of how schools were managing finances and complying with the finance management policy.

### **4.5.1 Appointment letters for the finance officers**



Seven schools (Schools A, B, C, D, E, F and K) had their finance officers appointed in writing by the school principals in consultation with the School Governing Body chairpersons, who duly signed them with the school principal. These letters contained detailed duties and responsibilities, in compliance with the provision of the Limpopo Prescripts on the Management of School Funds (DoE 2011).

In schools G, H, I and J, the school principal appointed a finance officer, but, although the appointment letter was signed by both the school principal and the School Governing Body chairperson, the letter did not include the duties and responsibilities accompanying the post. These omissions emphasised a lack of understanding and capacity on the part of the school principal regarding the legislative framework governing the management of school finances. It further emphasised a lack of monitoring of compliance by the circuit official who should have detected the omission and requested refinement. The risk attached to not including the duties and responsibilities of the finance officers in their appointment letters may result in the finance officers' duties not be known or not performed diligently and accurately.

#### **4.5.2 Audited financial statements**

The Limpopo Department of Education Prescripts on the Management of School Funds stipulate that audited financial statements be submitted to the Head of Department of Education before 30 June each year and that the School Governing Body appoint an auditor during the budget approval meeting (par 2.6.2). All the eleven schools' financial books were duly audited. However, none of the selected schools appointed an auditor in their budget approval meeting. This was an oversight on the part of the school principal and this oversight was not checked by the circuit official. Although an auditor was appointed at school B, members of the School Governing Body complained as per the minutes of the meeting on the audit report that the auditor was very expensive and they raised the question on the manner in which the auditor was appointed suggesting school principal nepotism.

In school J the audited statements reflected negative variances caused by expenditure on necessary items which were not budgeted for. These unbudgeted incidents pertained to items such as audit fees, post, rent, salaries and bank charges reflecting a lack of

competency to budget properly by the school principal in consultation with the School Governing Body. It again also reflects a lack of monitoring and checking of budgets by the circuit officer.

#### **4.5.3 Minutes of the finance committee meetings**

Although meetings were held, minutes of the finance committee meetings of six selected schools (Schools A, F, G, H, I and J) were not certified by the chairperson or secretary as a true reflection of the discussions and resolutions. This lack of certifying of what transpired at the meetings could result in resolutions taken at the meetings not being enforceable. In five of the selected schools (Schools B, C, D, E and K) the finance committee minutes were fully authenticated by the treasurer as the chairperson and the finance officer as the secretary making the resolutions enforceable and legally binding.

#### **4.5.4 Minutes of the School Governing Body meetings**

With reference to the eleven selected schools, the minutes of School Governing Body meetings of only six schools (Schools A, B, C, D, E and K) were authenticated by the chairperson of the School Governing Body and the secretary to indicate that the minutes were a true reflection of the proceedings and resolutions taken at the specific meetings. The minutes of School Governing Body meetings at Schools F, G, I and J were not authenticated by the chairperson and the secretary and at school H the minutes were signed and stamped by the school principal only. The lack of a proper and complete authentication of decisions taken at a formally conducted meeting, poses the risk of not being able to hold people accountable for the decisions.

A further important observation which also related to language barriers with training (par 4.4.1.10 and 4.4.3.2) was the fact that the minutes for schools C, F, G, H, J and K were written in African languages (Sepedi and Xitsonga) whereas at schools A, B, D, E and I the minutes were written in English, enabling more interested parties to read and understand what had been captured and resolved.

#### **4.5.5 Adjudication forms by the finance committees**

The Prescripts of the Limpopo Department of Education indicates that the finance committee serves as a bid adjudication committee for all services to be rendered at the school. The finance committee must seek three quotations, adjudicate, complete an adjudication form, sign an attendance register and make recommendations to the School Governing Body for final decision taking regarding the appointment of the service provider (par 2.6.4; par 4.4.1.8; par 4.4.2.3).

The adjudication forms were perused by the researcher for a deeper understanding of the process of procurement and appointment of service providers, so as to establish who makes the final decision on the appointment of service providers at the different research sites. Analyses of adjudication forms at the different research sites reflected the following:

Six schools (Schools A, B, C, D, E and K) had evidence of the three quotations being sought and an adjudication made in a formal meeting. The finance committee at these schools recommended who should be considered as the service provider for the various items which were needed at the time. In five schools (Schools F, G, H, I and J) there were no records of finance committee meetings to adjudicate on the three quotations for required services.

The situation with regard to the process of procurement and determining service providers at the six schools mentioned in the previous paragraph is an indication of ignorance and incompetence with regard to school finance management. This ignorance and incompetence need to be addressed by support and the monitoring of that support to ensure that teaching and learning are provided optimally within the specific schools' contexts.

#### **4.5.6 Bank reconciliation statements**

With reference to the perusal of bank reconciliation statements at the eleven selected schools, it was determined that in schools A, B, C, D, E and K the reconciliation statements were up to date for the period 2012 to 2014. At school G bank reconciliation statements for the period 2012 to December 2013 was up to date, but for 2014 bank reconciliation was only done for January with no clear reason for this incompleteness. At schools F, H, I and J no reconciliation for the previous three years had been made, due to ignorance and

incompetence on the part of the finance management officials. The lack of abiding to proper financial management conduct as it relates to the meticulous keeping of bank reconciliation statements could be attributed to mere oversight or ignorance and incompetence accompanied by oversight, ignorance and incompetence by the circuit officer. All these negative situations result in budget overspending hampering proper school functioning.

#### **4.5.7 Monthly financial reports**

From the eleven schools, five schools (Schools B, C, D, E and K) had their finance reports up to date and showed evidence that these reports were presented to the finance committee meetings. The reports reflected on the income and expenditure for each month, the amount budgeted for, the amount used and the balance. This practice helps schools to detect where overspending occurs in order to put mechanisms in place to stop overspending from happening. It also enables the finance officer to advise with regard to prioritising when needs arise, the cost of which would result in overspending.

The remaining six schools (Schools A, F, G, H, I and J) did not have any monthly finance reports with schools G, H and I not having a functional finance committee. At schools G, H and I the finance books were attended to by both the treasurer and the finance officer giving rise to role function conflict resulting in an inability to compile reports on where money was spent.

#### **4.5.8 Budgets**

The researcher asked schools to provide copies of their budgets in order to determine whether they were aligned to the 60% for curriculum-related matters, 10% for sporting activities, 17% for administration, 5% for travelling with no option for deviation, and 8% for ablution facilities (par 2.5.4). Of the eleven selected schools, eight had a budget which was in line with the Prescriptions of the Limpopo Department of Education. Alignment with the different budget allocations was easy because the Department of Education had provided a template in that regards which all schools were supposed to use. The budgets were submitted to the circuit office for endorsement when satisfied that schools had complied. School B's budget was returned from the circuit office accompanied by a note in pencil pointing out that the balance brought forward should be indicated and that allocations

should abide by prescriptions. Although the budget of school H was confusing and not aligned to the prescribed template and percentage prescriptions, the budget was approved by parents and endorsed by the circuit office.

In addition to determining the correctness of budgeting, the following findings were made with an analysis of each school's budget:

- Very little income was generated from fundraising.
- Fundraising pertaining to tuck shop and gardening sales were not included in the budget.
- Money spent as salaries for School Governing Body members was against policy directives.
- There was no budgeting for staff development purposes.
- Schools only calculated the 60% for curriculum and the 10% for sports and ignored the other percentages, including the amount expected from fundraising initiatives and trips.
- Some schools relied on the actual Norms and Standards to determine the amount to be allocated to each budget item.
- Some schools had not budgeted for items such as services, maintenance and repairs, post, rent, auditing or bank charges.
- Some schools allocated money for sundries yet the template did not provide for such.

The following became clear from an analysis of each school's budget:

- Some parents lacked capacity to calculate the amount to be allocated to each budget item hence most of the budgets were approved by parents despite obvious errors.
- Some school circuits do not scrutinise budgets for appropriateness and an alignment with the prescripts.
- Schools still do not differentiate between 5% for transport with no option of deviation and other transport that has to do with curriculum-related matters, such as

workshops for educators, school principal management meetings, and governance meetings.

- Schools are ignorant about the administration of donations that must be used for the purpose intended, hence these donations are included with the money for curriculum and sports purposes.
- Some schools do not comply with the National Circular that prohibits the hiring of personnel and pays them out of the Norms and Standards allocation. This goes unnoticed by the circuit officials who do not analyse and monitor the school budget in order to demand explanations from the school's School Governing Body.
- Some school principals deliberately operate outside the provision of the legislation in not helping the School Governing Body to constitute the finance committee properly. Some school principals further lack entrepreneurial skills to form partnerships with business communities to generate additional resources for their schools.

#### **4.5.9 Attendance registers for parents attending budget discussion meetings**

The researcher found that of the eleven schools sampled, eight had attendance registers signed by parents who had attended the parent meeting on the discussion and approval of the budget. Notices of meetings and agendas were kept in the file with minutes at these schools. Schools G, I and J did not have any evidence of an attendance register for the budget-approval parents' meeting. These schools claimed that their budgets were adopted by parents although their minutes did not prove this. In school G the budget had been signed some days before the parents' meeting took place, as evidenced by the notice of the meeting. This premature signing probably serves as an indication that the School Governing Body signed the budget after agreeing among themselves that they were satisfied with the draft. The budget was only shared with parents at the parents' meeting for the sake of formalities, and not for discussion or adoption purposes.

#### **4.5.10 Finance policy**

The researcher requested the finance policy of each sampled school for a deeper understanding of how each research site interpreted and applied the financial roles and

responsibilities of the school principal, the finance officer and the School Governing Body chairperson. These documents were requested from the schools through a letter before interviews were conducted (Appendix E). In order for each school to manage its finances effectively and efficiently a school finance policy must be developed, adopted by all relevant stakeholders and implemented accordingly (par 2.6.4). The policy must comply with available legislation, such as the South African Schools Act and should set direction and give guidance. The aim with perusing each school's finance policy was to analyse the policy against the four distinct components that should be identifiable within any policy:

- A statement of need for a policy.
- A statement of the values and principles that should be brought to bear on the need. Values and principles drive the policy. The policies were to be analysed against values such as transparency, democracy and honesty.
- A statement of the guide for discretionary action.
- A statement of expressed outcome.

Secondly, the researcher wished to establish if duties and responsibilities for the treasurer, the finance officer, the auditor, the finance committee, the school principal, and the others delegated for specific financial management-related tasks were included within the policy. Thirdly, the researcher wished to establish if the key control mechanisms were encapsulated, for example, cash receipts and cash payments; school fees; management of assets; stock-control; petty cash payments; and budgetary control.

It was deemed necessary to analyse the school finance policy to see if it clearly outlined how assets of the school were controlled or what the criteria for appointing the asset register manager and auditor were. The researcher also wanted to determine the presence of a demarcation and separation of the powers of the school principal, the finance committee, the School Governing Body, the finance officer, the petty cash officer, the treasurer and any other delegated persons who dealt with financial matters at the school.

It became clear that of the eleven sampled schools only six schools had adopted a school finance policy whereas the remaining five schools did not have any finance policy in place. It was further determined that although six schools had finance policies, these policies did not address values such as transparency, democracy, accountability and honesty, and did

not cover key aspects of control mechanisms such as mechanisms for stock and management of assets control. Although some of the schools' finance policies were well-formulated, the financial administration of these policies was not in order. It was clear that, in general, the monitoring and control of financial management activities at the selected research sites needed attention.

#### **4.6 CONCLUSION**

The research findings of this study, which was aimed at establishing whether the role players involved with the management of school finances are knowledgeable on their different roles and responsibilities and whether their competency levels with regard to the financial management of school funds were adequate, revealed the following:

- Some school principals contributed significantly to poor financial management at their schools due to, among others, manipulation of the systems, ignorance, non-compliance to financial regulations, poor monitoring of the constituted finance committee and the finance officer, poor entrepreneurial skills to augment school resources and negligent. This was evident where treasurers were still used to issue cheques and keep chequebooks, the sharing of financial management roles between the treasurer and the finance officer and the school principals not signing the requisition forms before the cheques could be issued. The unethical and laissez fair approach by using the finance committee to approve and authorise payments led to mismanagement and overspending in most schools.
- Lack of support and monitoring by the circuit officials of the school's financial management structures contributed to some schools operating with a finance committee which was not constituted properly. Overlapping of roles occurred with regard to approving, authorising, and appointing service providers. School principals did not take their claims to the circuit office for approval. The neglect of the monitoring role by the circuit officials led to some school principals deliberately violating policy on financial management by not approving payments before cheques could be issued.
- The majority of schools' failure to manage finances effectively is as a result of school principals' lack of knowledge and understanding of the roles and



responsibilities of the finance officer and the treasurer, lack of knowledge and understanding of departmental rules and regulations, and lack of sound knowledge on proper and meticulous procedures regarding the management of school finances. Some school principals deliberately chose not to comply with the departmental policies and directives due to lack of monitoring and support from the circuit office.

- Lack of a finance policy that could serve as a control measure to the utilisation of funds contributes to poor financial management in schools and reflects the capacity deficiency between the school principal, School Governing Body chairperson, the treasurer and the finance officer.
- Despite the literacy levels of the School Governing Body members, competency levels in the areas of fraud detection, reporting mismanagement and fundraising initiatives is still lacking in most of the selected schools.

## CHAPTER 5

### OVERVIEW, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

The aim of this study was to investigate the extent to which school principals, finance officers and School Governing Body chairpersons know their roles and responsibilities in managing the finances of their schools according to Section 21 school stipulations. A related aim pertained to developing guidelines to be applied to capacitate these role players for optimal functioning so as to improve the financial management of their schools for the sake of successful teaching and learning.

The study focussed on answering the research question formulated in chapter one which is: What are the constituents for managing the finances of Section 21 schools effectively?

In an attempt to attain the above-mentioned primary aim, the following secondary questions were pursued (par 1.4; par 3.1):

- What are the financial roles to be fulfilled by the school principal, the finance officer and the School Governing Body chairperson of a Section 21 School?
- To what extent does the National Department of Education ensure that Section 21 schools are capacitated to function in a plausible financial manner?
- How can Section 21 schools be guided to effective functioning to ensure optimal teaching and learning?

The research objectives for the study included the following (par 1.5; par 3.2):

- Clarifying the roles and responsibilities of the school principals, finance officers and School Governing Body chairpersons in Section 21 schools.
- Investigating the extent of financial capacity of school principals, finance officers and School Governing Body chairpersons to manage their schools' financial affairs effectively.

- Developing guidelines to maximize the management functionality of the school principals, finance officers and School Governing Body chairpersons of Section 21 schools.

The study was divided into five chapters.

The researcher focussed on establishing whether the role players are capable of executing their roles and responsibilities which was done by sampling eleven schools within the Mopani District. Individual interviews with the school principals, finance officers and the School Governing Body chairpersons were conducted with the intention of collecting responses on the questions formulated for each role player. All collected data were analysed and interpreted in order to answer the research question satisfactorily.

## **5.2 SUMMARY OF THE STUDY**

As indicated above, the dissertation comprised five chapters. A critical integration of the literature study findings and the empirical study findings is discussed next.

### **5.2.1 Literature study findings**

From the literature reviewed, and specifically as this literature pertains to the South African context, the poor financial management in schools is as a result of a lack of competency and the ignorance of elected parents to the School Governing Body who rely on the school principal for financial management (par 2.7). School finances are mismanaged because school principals are ignorant of policy governing proper financial management, and school principals fail to be accountable for proper monitoring and control of their school's financial systems (par 2.6.1; par 2.7). Schools fail to augment the resources provided to them by the state because school principals do not have entrepreneurial and leadership skills needed to manage finances in a collaborative manner (par 2.4.1). Fraudulent activities, mismanagement of funds and shortage of educational resources are caused by school principals who are not ready to change from the old way of managing finances. These school principals manage finances without consulting stakeholders, especially parents who should be the main decision-makers in budgeting (par 2.4.1; par 2.5.4).

## 5.2.2 Empirical study findings

The researcher discussed the objectives of the study in par 1.5 which relate to clarifying the roles and responsibilities of financial management role players; determining the capacity of these role players to manage finances effectively; and developing strategies for improved practice. The research findings concur with these aims. Intervention strategies and guidelines which were developed could assist Section 21 schools towards effective financial management to counteract the possibility of their Section 21 status being withdrawn.

The researcher collected, analysed and interpreted data from the eleven sampled schools (par 3.4). The data were collected via individual interviewing and document analysis (par 3.5). The data were analysed against the literature review findings to ascertain the validity of the findings as these findings relate to the management of finances in schools by the three role players, namely the school principals, the School Governing Body chairpersons, and the finance officers. From the empirical study it was clear that elected School Governing Body chairpersons were not illiterate and were capable of managing school finances. These School Governing Body chairpersons had undergone training in financial management. However, they rated their financial management training as insufficient (par 4.4.3.2). School principals never dominated School Governing Body meetings or dictated terms to the elected parent members. However, all School Governing Body chairpersons lacked understanding, information, knowledge, capacity and skills for managing assets and to engage in fundraising initiatives (par 4.4.3.5; par 4.4.3.9). Some School Governing Body chairpersons lacked the ability to endorse the appointment letters of the finance officers as these appointment letters should have included the roles and responsibilities of the finance officers properly detailed (par 4.4.1.4; par 4.5.1).

An inadequacy that prevailed at the researched schools was that, in general, no monthly meetings were held where treasurers reported to the School Governing Bodies on financial spending (par 4.4.3.6). The treasurers who were supposed to have chaired the monthly meetings of the finance committee hardly ever reported to the School Governing Bodies and therefore this has affected the reliability of the quarterly meetings negatively (par 4.4.1.2; par 4.4.1.4). The finance committees were not properly constituted and chaired and the committee members did not understand their roles and responsibilities (par 4.4.2.7). The misunderstanding of their roles and responsibilities was evident from the fact that the

finance committees adjudicated spending, approved quotations, and appointed service providers rather than only making recommendations to the School Governing Bodies who had the powers to carry out actions of adjudicating, approving and appointing (par 4.4.1.4; par 4.4.2.3; par 4.4.3.3). The school principals in the majority of schools lacked proper knowledge on policy matters which resulted in some chairing meetings of the finance committees, failing to appoint finance officers in writing and, where they did, the appointment letters of finance officers did not include detailed duties and responsibilities. Furthermore, as was said, the majority of school principals did not have the entrepreneurial and leadership skills needed to augment the school resources as is required within a Section 21, school-based governance dispensation (par 4.4.1.2).

Poor monitoring, a lack of proper control systems, a lack of accountability, a lack of proper delegation and supervision, and ignorance, in general, of the majority of school principals affected the effective financial management of schools. The incapacity of school principals resulted in financial statements' negative variances on spending which compromised the provision of quality teaching and learning (par 4.4.1.4; par 4.4.1.9; par 4.4.1.10). Some principals were found to be ignorant yet they knew what the policy said about the provision of the prescripts regarding the use of school funds. The ignorance resulted in payments out of the school funds made without their prior approval hence many requisition forms had School Governing Body chairpersons' signatures only. This was contrary to the provision of the prescripts (par 4.4.1.3; par 4.4.1.7).

As was clear from the analysed documents at the eleven sampled schools the minutes of School Governing Body and finance committee meetings were not authenticated by the School Governing Body chairperson and secretary, and the treasurer and the finance officer respectively (par 4.5.3; par 4.5.4). There was no evidence of adjudication forms by the finance committees and no bank reconciliation statements at some of the schools (par 4.5.5; par 4.5.7). Schools' adopted budgets that did not comply with the departmental prescription in terms of allocation for curriculum-related matters, transport, sports-related matters and sanitation. In many schools the budgets were poorly monitored which resulted in negative variances (par 4.5.8). At some schools attendance registers as evidence of budget discussion meetings with parents were not held (par 4.5.9). Due to the lack of adoption of a finance policy (par 4.5.10) and the absence of monthly financial reports at some of the sampled schools (par 4.5.7), unauthorised expenditure and the procurement of

unbudgeted items were common practice at some of the sampled schools (par 4.4.1.4; par 4.4.3.7, par 4.5.10).

It was clear that the majority of schools' financial management systems needed improvement if quality teaching and learning were to take place. The presence of ineffective financial management structures emphasised the need for role-players to be fully capacitated to know their roles and responsibilities. School principals in the majority of schools deliberately violated the prescripts whereas some were not well conversant with the content thereof (par 4.4.1.4). In some of the schools, the school principals were not conversant with the procedures of appointing the finance officers, the composition of the finance committees and the role that has to be played by the finance committees and that of the School Governing Body. The mere fact that adjudication and approval of services was done by the finance committees in schools and the payment of service providers not being done in a formal meeting of the School Governing Body, indicated ignorance and a lack of proper knowledge and skills on financial management on the side of the school principal (par 2.1; par 4.4.1.4; par 4.4.2.4). Some school principals could not differentiate between an accounting officer and the finance officer and referred in the appointment letter to the finance officer as the "accounting officer" (par 4.4.1.3). Some of the school principals perceived themselves to be accounting officers who account to the School Governing Body, the Department of Education and the Head of the Provincial Department of Education on how money was spent at their schools (par 4.4.1.8).

Some School Governing Body chairpersons were fully aware of their roles and responsibilities and were fully capable of managing finances in their schools. In these schools, the School Governing Body chairpersons ensured that the school budgets were adopted by the majority of parents in a formal parent meeting (par 4.4.1.5; par 4.4.3.6). The school budgets of these schools were submitted to the circuit office for endorsement as required by the prescripts of the Limpopo Department of Education and were fully authenticated. Some school principals of these schools with conversant School Governing Body chairpersons, however, manipulated procedures by requesting School Governing Body chairpersons to sign requisition forms long after purchases had been made (par 4.4.2.4). In other schools the level of capacity and knowledge of the School Governing Body chairpersons on the distinct roles and responsibilities of the finance committee and the School Governing Body were still inadequate. This was evident whereby the

adjudication, approval of service quotations and the appointment of service providers were done in a joint meeting of the School Governing Body and the finance committee (par 4.4.1.4; par 4.4.3.3). In many schools the School Governing Body did not meet monthly to inspect expenditure and discuss any variance as directed by the prescripts (par 4.4.1.2; par 4.4.1.4; par 4.4.3.3; par 4.4.3.6). In all the sampled schools, the School Governing Body chairpersons' incompetency to augment school resources pertained to an inability to manage school assets privately acquired or supplied to the school by the Department of Education (par 4.4.3.5; par 4.4.3.8; par 4.4.3.9).

At all the schools the finance officers were experienced, capable and some studied post-school courses related to financial management of schools (par 4.4.2.3). However, despite the finance officers having studied and also received training by the Department of Education, their operation was interfered with by some school principals who made them share roles and responsibilities with the treasurers (par 4.4.1.2). These finance officers raised their concern as they were conversant with the policy on finances. Similarly, finance officers in schools where school principals chaired the finance committee meetings also raised their concerns over the manipulation of the process by the school principals (par 4.4.1.2; par 4.4.1.4). The poor monitoring and control of spending which resulted in lots of variances at many of the sampled schools could be blamed on the school principal, the School Governing Body chairperson and the treasurer with the finance officers being conversant with their tasks (par 4.4.1.4; par 4.4.1.7; par 4.4.3.7; par 4.5.10).

The researcher discovered through the study that the financial role players surely lack some form of capacity and skills to effectively manage finances. It should be noted that the level of capacity differed from one research site to the other as indicated in the paragraphs above.

### **5.3 CONCLUSIONS OF THE STUDY**

From the literature study findings and findings from the empirical investigation it is clear that the school principals, the School Governing Body chairpersons and the finance officers lacked competencies, knowledge and skills relevant to the effective management of school finances. Although the lack of competency, knowledge and skills differed in intensity from one school to the other, the shortcomings with regard to the financial management of

school affairs represented pertinent inadequacies. The main conclusions from this study on financial school management as carried out within a rural area of the Limpopo province are discussed next.

- School principals lack the knowledge and understanding of legislation, such as the prescripts of the Limpopo Department of Education that govern the use and management of school finances. This lack of knowledge and understanding results in a lack of accountability for proper financial management pertaining to the poor monitoring of the school budget (par 2.1; par 2.6.1; par 2.7; par 4.4.1.4; par 4.4.1.7; par 4.4.3.7; par 4.5.9; par 4.5.10), the lack of presentation of monthly finance reports to both the finance committee and the School Governing Body for a discussion of expenditure variances (par 4.4.1.2 ; par 4.4.1.4; par 4.4.3.3; par 4.4.3.6), and the lack of clearly understanding the duties and responsibilities of the finance officer (par 2.4.1; par 4.4.1.4; par 4.4.3.3 ; par 4.5.1). The lack of knowledge and understanding underlying proper financial management also results in actions such as a general non-availability of monthly bank reconciliation statements and minutes of both the finance committee and the School Governing Body (par 4.5.3; par 4.5.4; par 4.4.5; par 4.5.7), the improper constituting of the finance committee (par 4.4.2.7), and the chairing of the finance committee by the school principal himself/herself (par 4.4.1.2; par 4.4.1.4; par 4.4.2.7).
- School principals, finance officers and School Governing Body chairpersons as a team responsible for the managing of school finances lack the competency to augment school resources. This incompetency pertains to experiencing challenges with fundraising initiatives and the forming of partnerships with the business community (par 2.4.1; par 4.4.1.6; par 4.4.3.8). The incompetency to augment school resources also relates to the mismanagement of Learner Teacher Support Material (LTSM) resources in that no asset and stock registers are kept due to the absence of an appointed asset manager to deal with goods procured and goods disposed on approval of the circuit manager (par 4.4.3.5; par 4.4.3.8; par 4.4.3.9).
- Ignorance prevails with the handling of school money. Payments of claims are not subject to prearranged formal financial meetings and the authentication by the circuit manager and actions claimed, such as trips to attend meetings, are not substantiated by documentation (par 4.4.1.3; par 4.4.1.7; par 4.5.3; par 4.5.4).



## 5.4 RECOMMENDATIONS

With consideration of the conclusions drawn, the following recommendations with regard to the financial management in Section 21 schools are made:

**RECOMMENDATION 1: A monitoring programme by the circuit office as support for financial management structure composition and compliance as this composition and compliance relates to finance committee and school governing body responsibilities (par 4.4.1.4; par 4.4.1.7; par 4.4.2.2; par 4.4.3.6; par 4.5.10).**

The circuit office should issue a circular for the formation of the finance committee based on clear stipulations for composition. The circuit office through the Deputy Manager Governance should develop a programme as a tool to monitor compliance. The monitoring tool should monitor aspects such as the size of the committee, the chairing, minutes taking, adjudication, record keeping, the appointment of service providers and the payment of claims based on substantiation. The circuit monitoring programme should also check for compliance with the appointment procedure and the appointment letter contents of finance officers. A quarterly report based on the findings of the monitoring programme should be presented to the circuit extended management meeting which should be attended by the school principals and the School Governing Body chairpersons. At this meeting, school principals should account for non-compliance.

The circuit office should also develop a programme to monitor and support the School Governing Body functioning. The District Governance Manager should require the Deputy Manager of Governance to draw up a support and monitoring programme and report on a monthly basis based on a specific tool designed for this purpose. Aspects of the monitoring tool to be checked at each school should include a meetings programme, records keeping, and compliance with financial regulations, policies and prescripts. The Provincial Prescripts should make provision for District Senior Managers to place schools that do not comply with functional school finance structures under partial curatorship in that their finances are controlled and managed at the circuit office for a specified period of time.

**RECOMMENDATION 2: Training for financial management role players with each term of office (par 4.4.1.2; par 4.4.1.4; par 4.4.3.2; par 4.4.3.5; par 4.4.3.8; par 4.4.3.9).**

Immediately after a new School Governing Body is elected the Department of Education should provide sufficient training to the school principal, the finance officer, the treasurer and the School Governing Body chairperson with this training be extended over a period of three to four days for the sake of thoroughness and completeness. In this regard each district should appoint a team of six Deputy Managers of Governance who are given intensive training in financial management and in the field of governance in order to conduct the training. One of the topics to be included in such a training session is fundraising and the skill of establishing of partnerships with the business community in order for schools to have the business communities adopting them and adopting needy learners for whom monetary support is needed.

The team of trainers should also conduct training with the other District Deputy Managers to assist with the monitoring and supporting of schools for proper financial management. The Provincial Department of Education should collaborate with the Provincial Department of Treasury to provide training the moment new developments on finance management are implemented. The team of District Deputy Managers should also be trained on fraud detection and the proper investigation of financial mismanagement at schools for speedy and effective correction to counter the hampering of teaching and learning.

**RECOMMENDATION 3: Specified criteria for the appointment of finance officers and a clarification of the roles and responsibilities of the finance officers (par 4.4.1.4; par 4.4.2.3; par 4.4.3.3; par 4.5.1).**

The prescripts on the management of school funds in public schools should be amended to include the qualifications for a person acting as finance officer. The prescripts on qualifications will ensure that persons appointed as finance officers have the relevant expertise needed to manage and administer school finances

**RECOMMENDATION 4: A compulsory monthly schedule for the monitoring of financial management activities to be applied at each individual school (par 4.4.1.2; par 4.4.1.4; par 4.4.3.3; par 4.4.3.6).**

The school principal, the finance officer, the treasurer and the School Governing Body chairperson should each develop a monthly schedule as a checklist approach for the

monitoring of their finance management-related tasks. Task compliance should be ascertained at a meeting held monthly which will ensure that important aspects pertaining to proper financial management such as the checking of income and expenditure against the budget, the curbing of audit queries, the authentication of minutes, and the general proper implementation of finance policy is adhered to by each role player according to the SASA, the PFMA and the prescripts.

**RECOMMENDATION 5: Quality assurance and training by the circuit office on the procedures with procurement and the appointment of service providers (par 4.4.1.3; par 4.4.1.4; par 4.4.1.7; par 4.4.2.3).**

The sound implementation of the circular is needed that prescribes the finance committee to be responsible for seeking quotations through the Internet and emails which could be cost- and time-effective.

**RECOMMENDATION 6: Monthly accountability sessions arranged by circuit managers for school principals to report on the implementation of the regulations on the management of school finances (par 2.6.1; par 2.7; par 4.4.3.3; par 4.4.3.6; par 4.5.5; par 4.5.7).**

As school principals do not account to anyone regarding spending in their schools other than submitting audited financial statements to the circuit before the 30th of June every year, such statements only serve as indicators for future allocations. For the sake of proper financial management, school principals should report on a quarterly basis to the circuit manager and the Deputy Manager of Governance on aspects such as the implementation of the prescripts, the monitoring and control of school finances and financial structures, the thorough reporting on financial activities, the procurement of goods and services, the way of processing claims, the management of assets including LTSM assets, and the implementation of the finance policy. For the sake of providing effective teaching and successful learning within context, school principals must be held accountable for how they manage school finances.

## **5.5 SUGGESTIONS FOR FURTHER STUDY**

Data for this study, which focused on the management of school finances, were collected from the three main role players with financial management, namely the school principal, the finance officer, and the chairperson of the School Governing Body. A broader perspective on stakeholder input into school finance management needs to be considered as this finance management pertains to secondary schools' staff and learners' involvement in budgeting processes. Staff and learners can provide meaningful inputs regarding creative ways of raising funds and determining core and critical priorities to advance effective teaching and learning. One important aspect for improved teaching and learning is staff development and a related suggestion for further study includes the way in which staff development is addressed with budget planning.

In this regard, answers to the following key questions can be investigated with further research:

- How do the schools address staff development during budget planning?
- Does the budget take into cognisance educators' developmental training needs to enhance skills shortage and capacity building in pursuit of providing quality teaching?
- To what extent do schools involve learners in determining core and critical priorities to advance effective and quality teaching and learning?

## **5.6 LIMITATIONS OF THE STUDY**

The researcher's methodology was qualitative employing individual interviewing. The approach focussed on individuals' social actions, beliefs, thoughts and perceptions pertaining to the financial management of Section 21 schools. The aim was not to generalize, therefore, the research sample was limited to eleven public schools comprising both primary and secondary schools. Apart from a limited sample, further limitations of the study are as follows:

- **Time frames to collect data from the research participants.** Some of the participants were not available on the agreed date due to some commitments, some beyond their control, ranging from Departmental meetings to personal

commitments. Some of the research participants had to be visited several times till they could be found and be interviewed even at their homes. The researcher could have collected more data from some of the participants if the participants were more readily available.

- **Suspicion by some research participants.** Some of the participants were suspicious that the activity was part of a Departmental initiated monitoring task and were not relaxed when responding to some of the questions. The researcher kept on assuring them that the activity was solely part of collecting data for his master's research and that the findings will be kept confidential and be used for the intended purposes only. However, the possibility exists that some participants withheld some information from the researcher.
- **The unavailability of documents.** Due to poor record keeping at some of the sampled schools, some documents were not readily available and the possibility exists that the delay could probably have been because of a reproducing of documents which then infringed on the true state of affairs with regard to finance management at some of the research sites.

## **5.7 CONCLUDING REMARKS**

Previous studies conducted on financial management concentrated on challenges regarding the training of the School Governing Body members, illiteracy challenges of some of the elected School Governing Body members, and the incapacity of some of the School Governing Bodies of schools to manage their schools' finances effectively. Some other studies focussed on the role of school principals in financial management, budgeting challenges and the role of the treasurer in policy formulation and implementation. A third group of studies linked teaching experience and academic and professional qualifications to financial management in a quest to curb financial mismanagement

This study on the management of school finances moved away from these aspects to exploring the financial roles and responsibilities of school principals, finance officers and School Governing Body chairpersons in the effective management of school finances. It was clear that no monitoring and support role is fulfilled by the Circuit Deputy Managers of Governance to ensure the functionality and effectiveness of the finance structures at

schools. Financial management at schools must satisfy all the regulations and statutes that govern the administration and management of finances and the role players must comply with these specifications in order to ensure that teaching and learning are optimally achieved within context.

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## APPENDIX A

### LETTER TO THE PROVINCIAL DEPARTMENT OF EDUCATION

Enq: Baloyi F.T

PO Box 4230

Giyani

0826

Tel: 0714759960

The Head of Education Department

133 Biccard Street

Polokwane

0700

Dear Madam

**Re: Requesting permission to conduct research on the financial management of Section 21 Schools in the Mopani District.**

The above matter refers.

I am currently registered for a Master's Degree in Education Management at the University of South Africa. The focus of my research is the management of school finances in Section 21 schools. I request permission to conduct interviews with school principals, School Governing Body chairpersons and finance officers at Section 21 schools in the Mopani District.

My focus will be on the eleven schools selected in Rakwadu, Klein Letaba, Mafarana, Motupa, Makhutswe and Groot Letaba. Interviews will be conducted during working hours, but after the normal school day to avoid any possible interference with instruction time.

I confirm to abide to the ethical conditions for conducting research such as anonymity, confidentiality and to provide participants with copies of the report.

I am kindly awaiting your positive response and trust that the research findings shall contribute to an amelioration of possible challenges discovered.

Thank you

Yours sincerely

FT Baloyi (Mr)

Researcher



**APPENDIX B**  
**LETTER TO THE SCHOOL PRINCIPAL**

Enq: Baloyi F.T

PO Box 4230

Giyani

0826

The Principal

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Dear Sir/ Madam

**Re: Request to conduct an interview on the financial management of Section 21 schools.**

I, Baloyi F.T., am currently registered at the University of South Africa for a Master's degree in Education Management. The focus of my research is the management of school finances in Section 21 schools as this management pertains to the roles and responsibilities of school principals, School Governing Body chairpersons and finance officers. I hereby request your permission to conduct research on this at your school.

I have selected your school to participate in the study by means of individual interviews at a date and time communicated with you in advance. The interview will be conducted on the school premises and will not last longer than an hour.

I therefore humbly request your participation. The interview will adhere to ethical conditions for conducting research which will be outlined before the interview commences.

For any additional information contact me at 0714759960 or the email above.

I am kindly awaiting your positive response and look forward to working with you.

Yours sincerely

Baloyi TF (Mr)

Researcher

## APPENDIX C

### CCONSENT FORM - INDIVIDUAL INTERVIEW

A qualitative investigation which pertains to semi-structured individual interviewing with the school principal, the school governing body chairperson and the finance officer in the Mopani District, Limpopo Province will be conducted. The focus will be on financial management in Section 21 schools. The study will be conducted in partial fulfilment for the requirements for the degree of Master of Education in the subject Education Management at the University of South Africa. The aim of the study is to investigate the roles and responsibilities of the school principal, school governing body chairperson and the finance officer as it pertains to the financial management of school finances in real terms. The anonymity of all the participants will be upheld and information will be kept strictly confidential. Your name or any other identifying details will therefore not be recorded at all. You do need to sign this communiqué to give me permission to conduct the interview. You may refuse to answer any of the questions and you may stop participating at any time during the interview. Your participation is highly appreciated, but entirely voluntary. You are welcome to state matters here which you consider relevant before signing the consent form.

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Informed consent

I, \_\_\_\_\_ hereby consent to participate in the interview on the management of school finances in Section 21 schools.

INTERVIEWER	DATE	INTERVIEWEE

## APPENDIX D

### INTERVIEW GUIDE FOR THE INDIVIDUAL INTERVIEWS

#### SECTION A: QUESTIONS TO THE SCHOOL PRINCIPAL

1. *Attitude on Section 21 schools.*

**How do you feel about being in Section 21?**

*Probe:*

- What advantages do you find being in Section 21, if any?

2. *Financial management structures*

**How are the finances managed at your school?**

*Probe:*

- Are there structures for management of school finances? if so, how are they constitute?
- What is the role of the structure in the management of finance at your school?

3. **Administrative responsibilities of the role of the school principal in managing school finances.**

To what extent do you delegate and monitor financial functions to other members of the staff?

*Probe*

- How did you appoint the finance officer?
- How are the duties and responsibilities clarified?
- How do you check and monitor the work of the finance officer?
- How often do you monitor the work of the finance officer?
- Is there an appointed asset manager?
- How often does s/he update the asset register?
- Are the school assets bar coded?

4. *Monitoring the functionality of the Finance Committee and adherence to statutes and regulations regarding the management of school funds.*

**Does your school have a functional Finance Committee?**

*Probe:*

- *Who constitutes your school Finance Committee?*
- Does it always adjudicate on the three quotations and submit recommendations to the school governing body for a decision on procurement and appointment of a service provider?
- How often does it report to the School Governing Body on the utilisation of funds?

5. *Collaboration with stakeholders*

*To what extent do you involve stakeholders in drawing up a school budget?*

*Probes*

- What is the procedure with drawing up a budget?
- How are departmental priorities addressed during the budget process?
- How are staff and learners involved in the drawing up of the budget?
- How do you go about consulting all stakeholders?
- How do you go about encouraging all staff to contribute to the drawing up of the budget?
- How do you ensure that parents attend the annual budget discussion meeting?

- How do you ensure that you budget according to the Departmental prescribed percentages?
6. *Entrepreneurial role of the school principal towards augmenting school resources.*

*Do you embark on some initiatives to assist the school generating more income and resources?*

**Probes**

- *Is the allocation from the Department of Education enough?*
- *How do you fundraise to increase to the state allocation and additional school resources?*
- *How do you go about establishing partnerships with the business communities?*
- *How do you ensure that businesses adopt your school and learners?*
- *How do you ensure that school buildings are used for commercial purposes?*
- *How do you engage parents and other agencies to assist you in getting more funding for the school?*

7. *Compliance to the financial regulations.*

*Does your school comply with the prescripts and the South African Schools Act in managing school finances?*

- Does your school have a finance policy, if yes, how was it drawn up?
- How are payments authorised and cheques issued?
- How often are your finance books audited?
- How often does your school submit annual audited statements to the Head of the Education Department?
- How do you ensure that there is transparency and accountability in the utilisation of school finances?

8. Demarcation of financial roles and responsibilities.

**Are there separation of duties and responsibilities between you and the School Governing Body regarding the management of school finances?**

**Probe**

- Who is the school's accounting officer in management of the school finances?
- Who do you account to regarding the management of school funds?
- Who is accountable to the parents regarding the utilisation of school finances?
- How is authorisation and approval of payments done when cost is to be incurred out of school funds?

9. *Financial accountability*

How do you control spending at the school?

**Probe:**

- How is travelling and catering of educators and School Governing Body members during meetings and workshops controlled?
- What do you do to ensure that spending is controlled?
- How often do you have financial meetings with the finance officer to check the records?
- What do you do to overcome financial stumbling blocks in the management of school finances?

10. *Capacity building, skills and training received for effective and efficient management financial management.*

**Did you undergo any formal training that is related to financial management?**

**Probe:**

- *How did the Department of Education help you to be conversant with the legal framework pertaining to the management of school finances?*
- *How would you rate the trainers for the workshops on financial roles and responsibilities if there was any?*
- *What is your opinion about the training provided, if any?*

## **SECTION B: QUESTIONS TO THE FINANCE OFFICER**

1. *Appointment as a finance officer*

**How did you become a school's finance officer and why you?**

**Probe:**

- How were you appointed to be the school finance officer?
- What do you think made you to be chosen as the finance officer?
- Do you have qualification related to financial management? If so, how does the qualification contribute to improved capacity? If not, do you think you are sufficiently capable for your tasks? Motivate.

2. *Experience in working with finances*

**How long have you been working as a finance officer?**

**Probe:**

- Since when have you been working as a finance officer?
- Do you have any formal qualification in finance management?
- Have you undergone any training conducted by the Department of Education on financial management? Was the training sufficient? Explain.

3. *Knowledge of financial roles and responsibilities*

**What are your duties and responsibilities as a school finance officer?**

**Probes**

- When do you make payments?
- Who approves and authorises?
- How do you deal with transport claims for educators and the school principal?
- What is your role during the budgeting process?

4. *Compliance with the prescripts and finance policy.*

**How do you safeguard school finances from being mismanaged?**

- Is there a finance policy? If yes, how was it drawn up?
- How does the school ensure that safe finances and school finance records are safe?
- Does someone issue a cheque in your absence? If so, who does that?
- How are educators' travels claims checked and approved on travel undertaken?

5. *Reporting and accountability.*

**How often do you update the school finance records and cash-flow?**

**Probe:**

- How do you do reconciliation and reporting to the Finance Committee?
- When you give reports to the school principal and the Finance Committee?
- How do often you submit financial reports to the circuit office?
- Who do you account to on financial matters?

6. *Collection of school funds.*

**How do you deal with the collection of school funds?**

**Probe:**

- How do you ensure that receipts on collection of money are correctly done to the payee?
- How do you ensure that funds collected are reconciled before they are banked?
- How often do you bank?

7. *Secretariat role within the Finance Committee.*

**Who is the secretary and who chairs the school Finance Committee meetings?**

**Probe:**

- Are you a member of the Finance Committee?
- Who takes minutes during the Finance Committee meetings?
- Does the treasurer chair the meetings of the Finance Committee?

8. *Problems and obstacles*

**What challenges do you encounter when administering school finances on a daily basis?**

**Probes**

- Are educators' trips to workshops and meetings communicated to you in time for recording purposes in the travel log sheet?
- Do educators demand advance payments to meetings and workshops?
- Does the circuit manager approve principal's claims on time?
- Is there anything the Department of Education should do to make you more effective?
- Does the treasurer convene meetings for adjudication of quotations at all times?

## **SECTION C:**

### **QUESTIONS TO THE SCHOOL GOVERNING BODY CHAIRPERSON**

**1. Kindly give me your brief profile.**

**2. Have you undergone any training on the management of school finances?**

**Probe:**

- Do you have any formal qualification regarding financial management?
- Have you attended any workshop on financial management?
- Did the workshop provide sufficient information on financial management?
- If the Department were to organize a workshop, what aspects would you want it to address?

**3. Financial management and accounting**

**Who manages the school finances?**

**Probe**

- Is there a Finance Committee?
- Who constitutes the Finance Committee?
- Is the Finance Committee accountable to the School Governing Body on the utilisation of school finances?
- How often does the Finance Committee give you report on how finances were spent?
- Does the Finance Committee take decision on behalf of the School Governing Body regarding appointment of service providers and procurement of goods and services?
- Do you give reports to the parents and educators on the utilisation of funds?

**4. How is your school finance officer appointed?**

**Probe:**

- Is there a finance officer?
- Does your finance officer have qualification related to financial management?
- Did the principal appoint the finance officer in writing?
- Did the school governing body ratify the appointment of the finance officer?

**5. Asset management and retrieval of learning support materials**

**Does your school take care of learning support materials and other resources?**

**Probe:**

- Does your school have policy on distribution and retrieval of books?
- Who drew it up?
- Were stakeholders like learners, educators and parents consulted?
- Do you rent out school resources to the public for commercial use, for example chairs and classrooms?

**6. How do you manage the process of budgeting and reporting at the school?**

**Probe:**

- Do you rely on the school principal for drawing the school budget?
- Who participates in the drawing up of the school budget?
- What is the School Governing Body's role in drawing the budget?
- Who adopts it?
- How often do you report to parents and circuit office on expenditure?

**7. How is procurement and appointment of service providers done at the school?**

**Probe:**

- Who seeks the quotations for the school?
- Does the Finance Committee adjudicate and recommend to the School Governing Body for the appointment of service providers?
- Does the Finance Committee seek three quotations?

**8. What initiatives does your school embark on to augment school finances?**

**Probe:**

- Do you ever embark on fundraising initiatives to augment the school resources, if yes how?

Training and development on management of finances

**9. What should the Department do to make you more effective?**

- Was training on financial management provided to you since elected into office?
- Was the training or induction provided on management of school finances enough?
- What would you suggest the Department of Education should do to help you understand management of finance function better?



## APPENDIX E

Enq : Baloyi F.T  
Tel : 0714759960

P.O. Box 4230  
Giyani  
0826

The School Governing Body Chairperson

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Dear Sir / Madam

### REQUEST FOR GOVERNANCE FINANCE DOCUMENTS

1. The above matter refers.
2. I wish to request permission to access School Governance records to be used during the study when interviews will be conducted on financial management of section 21 schools as per the attached letter.
3. The documents shall be used for study purposes and nothing else.
4. You are further reminded of the ethical conditions that I have to comply with as a researcher.

Thanking you in anticipation.

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BALOYI F.T  
Researcher