

MANAGING SCHOOL FUNDS IN SELECTED SECONDARY SCHOOLS IN
GAUTENG PROVINCE

by

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DECLARATION

I declare that this research report is my own unaided work. It is submitted in fulfillment of the Degree of Master in Educational Management at the University of South Africa, Pretoria. It has not been submitted before for any degree or examination in any other university.

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ABSTRACT

Financial management remains a challenge in many schools because most managers lack proper training. Schools are still unclear on the features and functions of a school's budget. The implementation and control of the budget and evaluation remain problematic. According to Mestry (2004: 26), there are many Principals and School Governing Body (SGB) members who lack the necessary financial knowledge and skills and are placed under tremendous pressure because they are unable to work out practical solutions to the financial problems of the school. In many instances it has been reported that principals and SGBs have been subjected to forensic audit by the Department of Education due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of financial records.

The South African Schools Act no. 84 (SASA) prescribes how the school should manage their funds. It also provides guidelines for the SGB and the principal on their roles and responsibilities in managing the finances of the school. SGB must perform all functions as stipulated in section 20 of the Schools Act (South Africa, 1996).

The study has will find that the SGBs in township schools have a challenge in the management of funds in schools. This is due to the fact that parents in the SGBs of the selected township schools lack of knowledge and expertise making it difficult for them to contribute meaningfully in governance. The Department of Education trains SGBs on roles and responsibilities, but it seems as if training is not effective. The budget is drawn up efficiently and finance records are well managed in some township schools in some township schools.

The researcher in some township schools recommends that the treasurer of the SGB should be someone with expertise in accounting or financial

skills. This will reduce the administrative duties that are performed by the principal on behalf of the parents in the SGBs. The Department of Education should strengthen the training given to the SGBs so that they can perform their duties efficiently and effectively. All stakeholders should be consulted when the budget is drawn. Schools should foster good working relations between the SMTs and the SGBs

KEY TERMS

School Governing Bodies; School Management Team; learners; school fees; governance; finance organization; financial management; financial control; financial auditing; exemption; educators; appeals; public education; school budget; administration; expenditure; finance policy; accounting skills; payments; reporting

DEDICATION

I would like to dedicate this research report to my mother, my sister and my sons, Madali and Ntsieni, who were very kind and supportive throughout this study.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Financial management remains a challenge in many schools because most managers lack proper training. Schools are still unclear on the features and functions of a school's budget. The implementation and control of the budget and evaluation remain problematic. According to Mestry (2004: 26), there are many principals and school governing bodies (SGBs) members who lack the necessary financial knowledge and skills and are placed under tremendous pressure because they are unable to work out practical solutions to problems. In many instances it has been reported that principals and SGBs have been subjected to forensic audit by the Department of Education due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of school funds.

According to Circular 13 of 2000, the SGB, the principal and members of the finance committee shall keep records of funds received and spent; and of its assets, liabilities and financial transactions. They must also ensure that the school fund is administered in accordance with these directives and any other directives as may be issued by the Head of Department (Gauteng Department of Education, 2000).

1.2 BACKGROUND

The South African Schools Act no. 84 (SASA) (South Africa, 1996) prescribes how the school should manage their funds. It also provides guidelines for the SGB and the principal on their roles and responsibilities in managing the school funds. The SGB must perform all functions as stipulated in section 20 of the Schools Act

The SGB gained more power and responsibilities during the 1990s when South Africa moved towards decentralized school governance. According to Motimele (2005: 1), the SASA of 1996 is concerned with inclusivity and decentralization. Inclusivity means the participation of parents, educators, non-teaching staff, learners and other people who are willing and able to make contribution to the school. Decentralisation of power in this study means that decisions ought to be made by the people that are closest to the situation and these are; parents, educators, non-teaching staff members and learners of a particular school. Clase, Kok and Van der Merwe (2007) argues that, governing bodies have extensive powers entrenched by legislation, while the powers of the board of education at regional, provincial and national level are limited to advice and consultation.

The South African School Act (South Africa, 1996) has mandated the establishment of democratic structures of school governance which provide the basis for decentralized governance between education authorities and the school community. The rationale for the establishment of the representative school governing bodies is essentially to ensure that educators, parents, learners and non-teaching staff actively participate in governance and management of their schools with a view of providing better teaching and learning environment.

1.3 SIGNIFICANCE OF THE STUDY

This research will be of value to the Department of Education and the schools that will be used as case study as the recommendations made will be handed to them. Recommendations will also be handed to the Department of Education so that the research can assist other schools that might be experiencing challenges in the management of funds.

As an official of the Department of Education dealing with different issues in various institutions that fall within public education in the Gauteng province, I am interested in the management of school funds. The issue of management of funds is mainly a serious challenge in the previously disadvantaged schools with few parents who have expertise on the subject.

The study will provide schools and their communities with knowledge that will enable them to manage funds in a correct manner. Findings will be analysed based on Educational Policies with the view of equipping the SGBs and other stakeholders with the knowledge and skills on controlling and managing the school funds effectively.

1.4 RESEARCH PROBLEM AND RESEARCH QUESTIONS

The problem in most schools in South Africa is that the SGB members lack knowledge and skills in school funds management. Most schools are classified as section 21, which means that they have to manage their own funds.

The main research questions are:

- What is the role of the school finance committee?
- How are school finances audited internally by the school finance committee?
- What are the roles of the school governing bodies (SGBS) and school management teams (SMTs) in the administration of finances?
- Are schools implementing the Department of Education's policies in organizing and managing funds appropriately?

1.5 RESEARCH AIMS AND OBJECTIVES

1.5.1 Research Aims

The aim of this research is to establish how school funds are managed in secondary schools as guided by the South African education policies.

1.5.2 Objectives of the study

The following are specific objectives of this research:

- To establish whether the SGBs are managing funds in the schools in terms of rules and regulations
- To describe the role of the principals in the management of funds in the schools.
- To establish if the SGBs are involved in the drawing of budgets and whether expenditure in schools is informed by budget plans.

1.6 RESEARCH METHODS AND DESIGN

The researcher will use interviews and document analysis in this research. Qualitative research design will be used in this study because it incorporates people's motivation, emotions, prejudices and incidents of interpersonal cooperation and conflict (Gray 2009: 166).

Qualitative research describes and analyses people's individual and collective social actions, beliefs, thoughts and perceptions. The researcher interprets phenomena in terms of the meaning that people assigns to them (McMillan & Schumacher 2006: 314).

In qualitative research, it is believed that the world is made up of people with their own assumptions, intentions, attitudes, beliefs and values, and that the way of knowing reality is by exploring the experiences of

others regarding phenomenon (Nieuwenhuis 2007: 55). Qualitative research acknowledges an interactive relationship between the researcher and participants as well as participants and their own experiences and how they have constructed reality based on those experiences. These personal experiences, beliefs and value laden narratives are biased and subjective, but this kind of research accepts them as true for those who lived through the experiences (Nieuwenhuis 2007: 55).

The qualitative research designs that will be used for this study are phenomenology. The researcher collects data on how individuals make sense out of particular experiences or situation. Phenomenology allows the researcher to conduct interviews with informants directed towards understanding their perspective on lived experiences. A case study is embedded in phenomenology and it examines a case over a period of time using multiple sources of data found in the setting. A case can be selected because of its uniqueness or to illustrate an issue (McMillan & Schumacher 2006: 26).

1.6.1 Sampling

Sample comprises elements of a population considered for inclusion in a study (Strydom 1998: 193). Nieuwenhuis (2007: 78) argues that sampling refers to the process used to select a portion of the population for study. Qualitative research is based on non-probability and purposive sampling because it seeks to obtain insights into particular practices that exist within a particular location, context and time (Gray 2009: 180). Purposive sampling means that the participants are selected because of some defining characteristics that make the holders of the data needed for the study. Purposive sampling will be used for this study (Nieuwenhuis 2007: 179).

According to McMillan and Schumacher (2006: 319), purposive sampling is done to increase the utility of information obtained from small samples. Samples are chosen because they are likely to be knowledgeable and informative about the phenomenon that the researcher is investigating. Sample decisions are made for the purpose of obtaining the richest possible source of information to answer the research questions (Nieuwenhuis 2007: 78).

The study will be conducted at two secondary schools in Gauteng townships; i.e. one from the Johannesburg North District and the other from Gauteng East District. The two schools chosen are both found in townships and also previously disadvantaged. The two schools have been chosen to illustrate the issue of finance management in previously disadvantaged schools. The SMT, the SGBs and finance committees of the two schools that will be used for the study will be interviewed. The groups that have been identified are selected with the understanding that they will be able to give information on management schools funds.

1.6.2 Data collection instruments

Data will be collected through analyzing and interpreting official **documents** such as quotations, minutes of meetings and financial records. Documents are compiled by individuals with first hand experience of events (Clarke 1999: 33). Official documents and non-personal documents are compiled and maintained on a continuous basis by large organizations such as government institutions (Strydom and Delpont 1998: 317).

Unstructured interviews will be conducted. Unstructured interviews are also referred to as in-depth interviews (Greef 1998: 292). Unstructured interviews allow the researcher to ask questions and follow up probes are generated during the interview itself. Unstructured interview is

completely open-ended in character and differs from other approaches in that it allows the interviewee to give definition of a situation, thereby facilitating a greater understanding of the subject's point of view (Clarke 1999: 73).

At the root of unstructured interviewing is an interest in understanding the experiences of other people and the meaning they make of the experiences. It is focused, discursive and allows the researcher and participants to explore an issue. It is used to determine individuals' perceptions, opinions, facts and forecasts, and their reactions to initial findings and potential solutions (Greef 1998: 293). It will be important to use unstructured interviews for this study because it allows the interviewees to answer questions using their opinion, without being guided on the kind of answers to provide.

One-to-one interview with the principals of the schools, the chairpersons of the School Governing Bodies and some members of the finance committees of the two schools will be conducted. **Focus group interview** will also be used as a method of collecting data, where different groups will be interviewed with a view of understanding the phenomenon of financial management. Focus groups usually include six to ten participants. Groups of this size will allow everyone to participate, while still eliciting a range of responses. Smaller groups of four to six people are preferable when participants have a great deal to share about a topic or have intense or lengthy experiences related to the topic of discussion (Greef 1998: 305)

Focus group interviews are an efficient way of collecting data particularly when the investigator wants to gain insight into the attitudes and opinions of groups rather than acquiring specific information about individuals. Focus group interviews provide the researcher with the opportunity to directly observe the social processes and dynamics of

group interaction (Clarke 1999: 77). Focus group will give an indication of how the groups work with each other at schools.

1.6.3 Data analysis and interpretation

Qualitative data analysis is an iterative approach aimed at understanding how participants make meaning of the phenomenon under study (Niewenhuis 2007: 99). It tries to establish how participants make meaning of a specific phenomenon by analyzing their perceptions, attitudes, understanding, knowledge, values, feelings and experiences in an attempt to approximate their construction of phenomenon (Niewenhuis 2007: 99).

According to Gray (2009: 494), analytical induction, principles and practices of coding, the place of secondary data and reflexivity are approaches that can be followed in analyzing qualitative data. Gray (2009: 495) further argues that, induction involves the collection and analysis of data from a range of individual cases in order to identify patterns from them with a view of developing conceptual categories. Coding involves transcribing data; collecting and coding; familiarization; review and generating theory. On the other hand secondary data analysis is concerned with the documents and other resources where data has been collected by others. Reflexivity is a concept used to describe the relationship between the researcher and the object of research. It has mainly been applied to the collection of qualitative data usually through interviews (Gray 2009: 498).

Due to the fact that data will be collected using interviews and documents analysis, reflexivity and secondary data analysis will be used as analytical approaches.

1.6.4 Validity and reliability

Reliability and validity are crucial aspects in quantitative research. In qualitative research the researcher is the data gathering instrument.

1.6.4.1 Validity

According to McMillan and Schumacher (2006: 324), validity refers to the degree of congruence between the explanations of phenomena and the realities of the world. It rests on data collection and analysis techniques. Qualitative researchers use a combination of strategies to enhance validity of the design. Validity of qualitative design is the degree to which the interpretations have mutual meaning to both the researcher and the participants (McMillan J & Schumacher S, 2006: 324). A combination of document analysis, one-to-one interviews and focus group interviews will be used in this study to ensure the validity of the explanations.

1.6.4.2 Reliability

Reliability refers to the consistency of measurement (McMillan & Schumacher 2006: 183). These scholars further note that, “a good level of reliability means that the research instrument is due entirely to variations in the thing being measured” (Denscombe 1998: 300). Denscombe (1998: 1990) also argues that the impact of the interviewer and of the context means that the consistency and objectivity are hard to achieve since data collected are unique owing to the specific context and specific individuals involved. Denscombe further indicates that the criterion for reliability is whether the research instruments are neutral in their effect or would measure the same result when used on other occasions.

The researcher will use multiple data collection techniques so that results can be reliable. The researcher will use interviews (both one-to-

one and group interviews) and document analysis in gathering data from multiple data gathering tools.

1.6.5 Limitations to the study

Clarke (1999: 85) argued that data derived from documents have their limitations which need to be recognized and that documentary material requires careful handling. Documents do not reflect a straightforward, objective description of social reality, but by presenting a particular interpretation of events, they help in constructing a version of reality. It should not be assumed that documents constitute independent, records of events or circumstances. The researcher must understand the process by which a document is produced and the social and political context at which it is embedded. Case notes are highly selective accounts with a strong subjective element. (Clarke1999: 85).

The setting and location of interviews can have a significant influence on the success of the interview. Different settings are likely to induce and constrain talk of a particular kind (Clarke 1999: 85). The researcher will use different kinds of interviews; namely one-to-one and group interviews so as to mitigate the limitation in this study. Interviews will have to be conducted at schools and/or the interviewees' homes depending on where they will feel comfortable.

1.7 CONCEPTS CLARIFICATION

The following terms that will be utilized in this study will be discussed in order to clarify their meaning.

1.7.1 School governing body

School Governing Body (SGB) refers to a democratically elected body charged with the governance of the public school. The SGB is the official

mouthpiece of the parents of learners, educators and learners of the school in all matters besides those that relate to the management of the school (Mahlangu 2008:10)

1.7.2 Financial administration

According to Van der Westhuizen (1995: 371), financial administration refers to “the execution of financial activities by a person in a position of authority for the purpose of achieving effective education”. Bisschoff (1997: 79) argues that financial administration is an art of obtaining funds needed and making optimal use of these funds once obtained. The school can ensure that this happens by adhering to the policies that deal with management of funds.

1.7.3 Financial management

Financial management refers to the financial activities undertaken by stakeholders such as the SGB and the SMT in order to achieve a common objective for the school (Bisschoff 1997:137).

1.7.4 Finance policy

According to Mestry (2006:131), finance policy is a document that spells out how funds/assets of the school are controlled. Mestry (2006:131) further argues that the finance policy outlines rules and regulations of handling assets of the school and the control mechanism of funds.

A good policy must spell out the rules and regulations of handling the money/ assets of the school. The procedures for handling school fees, donations, post dated cheques, authorization for cheque payments, signatories to the bank account and every aspect related to the school's finances should be included in the school's finance policy (Mestry: 2004: 131).

1.7.5 Representative council for learners

According to section 11 of the SASA (1996), the Representative Council of Learners (RCL) is established at every public school enrolling learners from Grade 8 and higher, and it is a recognized and legitimate body at school.

1.7.6 School Management Team

Christie, Butler and Potterton (2007: 75) describe the School Management Team (SMT) as a body that lead and manage the school. It is made up of the principal and the Head of Departments (HODs)

1.8 ETHICAL CONSIDERATION

According to Mestry (2006: 30), the participants or interviewees should be informed of the purpose of the research and the research methods. The anonymity and confidentiality of the participants should be assured. According to Silverman (2010: 155), the participants must be informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks are involved. The confidentiality of information supplied by the research subjects and the anonymity of the respondents must be respected. Silverman (2010: 155) further argue that the participants must participate in a voluntary way, free from any coercion. Bless, Higson-Smith and Kagee (1988: 141) indicated that the research participants have the rights to privacy and to protection from physical and psychological harm.

Consent was sought from all participants; that is the principals, SMT and the SGB members. They were informed of the purpose of the study, the demands and risks of the study and were given all information that influenced their willingness to participate. The research participants

were informed that they were free to withdraw from the research study at any time without penalty.

Participants were assured that their identities, their responses and the names of their schools will not be mentioned or revealed in this research study. As the primary researcher of this study I take full responsibility for the ethical standards to which this study needs to adhere to.

1.9 CHAPTER DIVISION

This study will have 5 chapters. **Chapter 1** contains the **introduction and the background** to the investigation, problem statement, aims of the study, description of the research design and methods that have been used for this enquiry.

Chapter 2 gives a **review of the literature** that has been consulted to give a theoretical background to the study. It also outlines the background and description of the SGBs in South Africa. In addition, the functions of the SGBs are described with reference to the management of funds in schools. The management of funds is informed by the South African education policies.

Chapter 3 explores the **research design and the collection of data**. Various methods have been used in collecting data such as interviews, focused group discussion and document analysis. Data was analysed and interpreted so that research questions can be answered.

Chapter 4 presents **findings** obtained from analysis and interpretation of data generated in the investigation of the study.

Chapter 5 serves as a **synthesis** of the summary of all the chapters as well as the conclusion with reference to the problem statement. The general recommendations of the study are discussed with specific

recommendations for future research, taking into consideration the limitation of the study.

1.10 CONCLUSION

The introductory chapter outlines the problem to be investigated and the aims of the research. The purpose of this study is to establish whether schools are managing finances as stipulated in the policies of the Department of Education.

The chapter also explains the research design which will be used, which is qualitative. It also highlights the research methods to be used such as documentary analysis, individual and focus group interviews and how population for the study will be sampled. The study will be conducted in two secondary township schools the Gauteng province.

The chapter also shows the limitations of the study which include understanding of the documents, time constraints, lack of trust and the intimidation of SGB members by the school managers. It also provides the content of the chapters that will be covered.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The researcher will review literature on the management of finances in schools in the form of books, articles, Department of Education policies regarding management of school finances and Acts regarding the management of funds in government departments. The chapter will first explore the composition of the SGB, its office bearers and functions. Challenges faced by the SGB in terms of school fees management will also be explored. Financial management will be reviewed in terms of the funding of schools, school budget, financial organization, financial reporting and recording, and financial auditing in relation to SASA of 1996 and the National Norms and Standards for school funding of 1998.

2.2 SCHOOL GOVERNING BODY

The SGB is a governance of the school established in terms of SASA of 1996. It is mandated to set policies and rules that govern the school, and monitor the implementation of rules. According to Motimele (2005:2), the SGB gets its mandate from different members of the community such as parents, learners, educators and other community members that have been co-opted.

According to Squelch (1999: 137), the SGB acts on behalf of the school because it is a juristic person. As a juristic person, the school has rights and duties that have nothing to do with the members of the governing body. This means that the school can enter into a legal contract and the SGB may act on its behalf. The SGB exists independently of its members, which means that even if all members resign, the SGB may be held

responsible for all contracts entered into on behalf of the school (Squelch 1999: 137).

The SASA (1996) states that the governing body stands in a position of trust towards the school, which means that there is a relationship of trust towards the governing body and the school. According to Coetzee (2006: 48), to be in a position of trust means that the governing body must act in good faith; carry out its duties and functions in the best interest of the school; not disclose confidential information that may harm the school; not engage in any unlawful conduct; and not compete with school's interests and activities. The SGB should always work in the best interest of the school. This would mean that members of the SGB cannot work against each other or against the principal. The SGB should abide by SASA document in managing school funds and uphold all the rules and regulations governing the management of funds.

2.2.1 Composition of a school governing body

According to the General Notice of the Department of Education 1457 of 1997, the SGB is made up of the parents of learners at the school; principal of the school; educators at the school; non-teaching staff member and learners at a secondary school. Co-opted members (who are community members interested in the well being of the school) can also serve in the school governing body.

The SASA (South Africa, 1996) states that a parent who is employed at the school may not represent parents on the SGB. The interests of the parent who works in the school will be that of an employee than that of representing parents. The SASA further indicates that parents in the SGB must be in the majority of all the components. A parent who is elected into the SGB must have a child or children at the school and may not be employed at the school. Parent includes a person who is the

child's guardian, or who is legally entitled to the custody of the child, or who has undertaken to fulfill the obligations of a parent or guardian towards the child's education. The Principal and educators cannot serve as the chairperson in the SGB.

Parents must form the majority of members on the school governing body. The SASA states that the number of parents in SGB must be at least half plus one of the total combined numbers of members with voting rights (South Africa, 1996). Motimele (2005: 5) indicates that anyone who has an interest in education or has special knowledge or skills that could be of use to the school can be co-opted to the SGB. Co-opted members of the SGB do not have voting rights. Cotzee (2006: 49) indicates that learners who are elected in the SGB should be in grade 8 or higher at a secondary school.

Parents are the ones that are supposed to be governing the school with the assistance of other component members. In this study any person who have interest in education or have knowledge of the management of funds or other expertise may be co-opted to the SGB. Learners that are in grade 7 and lower cannot be part of the SGB as they cannot take assist in taking decisions on governance of the school.

Chapter 4 of the General Notice 1457 of the Department of Education of 1997 indicates that office bearers in the SGBs must include a chairperson, treasurer and a secretary. SGB members are required to elect office bearers amongst themselves. The members of the SGB may not hold more than one office. Only a parent member of the SGB who is not employed at the school can serve as the chairperson of the SGB. An office bearer ceases to hold office if he or she ceases to be a member of the SGB. The chairperson of the SGB shall convene and chair meetings, and in his or her absence the members of the SGB shall appoint a member to chair the meeting.

Representatives of parents, educators and non-teaching staff may serve the SGB for a period of three years. After three years they can stand for re-election or they can allow being co-opted. Learner representatives can only serve on the SGB for a period of one year. Learner representatives are also allowed to be re-elected after a term is completed.

2.2.2 Functions of the school governing body

According to SASA document in Section 20 (South Africa, 1996) of the SGB of a public school must:

- Promote the best interest of the school and strive to ensure its development;
- Adopt a constitution (SGB constitution);
- Adopt the mission statement of the school;
- Adopt a code of conduct for learners at the school;
- Support the principal, educators and other staff members in performing their professional functions;
- Determine times of the school day consistent with any applicable conditions of employment of the staff at the school;
- Administer and control the school's property, buildings and grounds which include school hostel;
- Encourage parents, learners, educators and other staff at the school to render voluntary services to the school;
- Recommend to the Head of the Department the appointment of educators at the school;
- Allow reasonable use under fair conditions of the facilities of the school for educational programmes not conducted by the school at the request of the Head of the Department;
- Discharge all other functions given to the governing body by the South African Schools Act; and

- Discharge functions that are set out by the member of the executive council.

Section 21 of the SASA (South Africa, 1996) includes the following functions that may be allocated to the SGB by the Head of the Department:

- To maintain and improve the school's property, buildings and grounds;
- To determine the extra-curriculum of the school and the choice of subject options according to the provincial curriculum policy;
- To buy textbooks, educational materials or equipment for the school; and
- To pay for the services of the school

School governing bodies have been given more control over a number of school matters. Governing bodies are given greater control over financial matters, school buildings and general school policy and school improvement (Squelch 1999: 141).

The SGB must govern the school in terms of the functions tabulated above. Amongst the functions they have to perform, they are supposed to manage school funds. They must keep all records of funds received and spent by the school and its assets, liabilities and financial transactions.

Beckmann (2002:81) stipulates that,

SGBs are creatures of law, created to give expression to the notion of a partnership between the state on the one hand and parents, educators and learners on the other. SGBs have the rights (authority and powers) and duties (obligations and responsibilities) vested in them by law, in particular SASA. It is obvious that the

SGB carry out their functions within the framework of state authority.

Vandeyar (2002:102) argues that the ultimate goal of the Department of Education with respect to financial obligations is that schools become self-managing institutions. By this it is implied that the state withdraws as a major role player; by only giving the school its calculated annual budget as its obligation.

The Department of Education should train SGBs so that they can be able to handle their funds. It also becomes easier for schools to procure goods when they are managing their own funds. It is difficult to procure goods for schools that are section 20 (schools with funds that are managed by the Department of Education). Schools should become self-managing institutions if they have the capacity to do so and if they can abide by the rules and regulations governing the management.

2.2.3 Challenges in school funds management

Vandeyar (2002:103) stipulates that most SGBs have parents who have little or no financial knowledge and skills. Vandeyar (2002:103) further indicates that most SGBs do not have the required capacity to manage school finances. Mngoma (2009:2) argues that the inability of schools to manage their funds could not necessarily be attributed to lack of training; other reasons could be poor working relationship between the principal and the SGB.

The researcher concurs with Vandeyar and Mngoma in that most SGBs do not have the necessary capacity to manage school funds. In some institutions the SGBs do not have good working relations with the principal or staff members. Lack of training on the side of the SGB and

poor working conditions between the principal, staff members and the SGB may lead to the mismanagement of funds in schools.

2.3 MANAGING SCHOOL FINANCES

According to Mestry and Bisschoff (2009: 2), financial management is the performance of management actions connected with financial aspects of the schools with the aim of achieving effective education. Mestry and Bisschoff (2009: 2) further argue that, financial management is an integral part of resource management. It ensures that expenditure is directed towards achieving good value for money through appropriate acquisition and allocation of resources. This section will outline school funding, school budget, finance organization, finance accounting and recording, and auditing.

The sections outlined in the paragraph above will be discussed so as to clarify how finances are supposed to be managed as stipulated in the departmental policies and circulars.

2.3.1 The funding of schools

Simkins (1997: 123) indicates that countries like England and Wales use a concept of self- management in schools which involves a mixture of centralizing and decentralizing management elements. The major focus of decentralization of power to schools has been in the area of resource management. Schools are provided with a block budget (total budget for the year) designed to meet all recurrent expenditure. Schools are free to supplement this budget through their own income generation activities and the budget is established by the Local Education Authority and the central government. The responsibility to manage this budget is with the school governors (Simkins 1997: 123). The government controls local authority expenditure through block grant, setting standard spending

assessments for each area. Each Local Education Authority allocates a share of its education budget to schools (Russel 1997: 15).

In South Africa, schools are allocated their budget a year by the provincial Department of Education. The allocated budget is transferred to the schools' accounts. Each school controls its allocated funds and report to the department through their Institutional Development Support Officer (IDSO). Schools are expected to report to the parents and submit the audited financial statement each year to the provincial department of education through their districts.

Guthrie, Garms and Pierce (1998:75) stipulate that the responsibility of managing public education in the United States is decentralized and diffused. Guthrie, et al further argued that states generally delegate majority responsibility for operating and financing public schools to local schools districts. These local schools districts are a basic unit in the organization of schools and are a means through which local communities control their schools.

In South Africa, the Public Finance Management Act of 1999 was passed to regulate finance management in the national government, to ensure that all revenue, expenditure, assets and liabilities of that government are managed effectively and efficiently (South Africa: 1999). The provincial government and legislature decides on the amount to be allocated to the Education Departments annually. The provincial government makes appropriations available to their education departments from the total revenue resources allocated to their province (Kruger 2003: 235). The state must fund public schools from the revenue on an equitable basis in order to ensure proper exercise of the right of a learner to education and to redress past inequalities in education. The state should always allocate more money for learners from disadvantaged communities (Makhubela 2005: 14).

According to SASA (South Africa: 1996) in section 34, the state must fund public schools from public revenue on an equitable basis in order to ensure proper exerciser of rights of learners to education and redress of past inequalities in education.

Singh (2005: 2) argues that SGB should raise funds for their schools to supplement state funds that are inadequate in order to uplift the image of the school. SGBs are mandated to take responsibility of collecting funds and donations in order to resource their schools, and to ensure the development of the school by providing quality education for all.

In Reviews of National Policies for Education (2008: 90), the mechanism intended to address inequalities in education financing is the National Norms and Standards of School Funding (1998). This came into effect in January 2000 and it requires that the provincial department rank all schools from poorest to least poor by first weighting them according to the physical conditions, facilities and overcrowding as well as the poverty level of the community around the school. The ranking of schools is referred to as quintiles. This ranking has further been specified and differentiated according to the income and the dependency ratio of the school's surrounding community.

The schools that the researcher will be conducting the study on are ranked between quintile 1 and 3. Schools that are under quintile 1 and 3 do not pay school fees.

According to SASA (South Africa, 1996), the Department of Education has divided schools into section 21 and non-section 21. The allocation for section 21 schools is paid directly to the school's bank account, while the allocation for non-section 21 is kept by the Department of Education. Non-section 21 procures their goods and services through the department. Section 21 schools are allocated lump sums and obligated to

spend this in terms of the budget approved by the parent body that is administered by the SGB (Mngoma 2009: 8).

2.3.2 School budget

South African Schools Act (South Africa, 1996) indicates that to ensure effective implementation of a school budget, the head of the school, teaching and non-teaching staff, the members of SGB and learners from grade eight to twelve should be consulted when a school budget is drawn. The purpose of consulting all stakeholders is to ensure that the finance committee and the SGB properly control resources that are to be allocated. The effective control of the school finances would ensure that the needs and the objectives of the school are catered for. The needs of the school would not be realized if the correct budgetary procedures are not followed (Makhubela 2005: 16). This means that the budget of the school is drawn in relation to the needs of the school. The needs of the school are submitted by all stakeholders in the school, but the control of funds is done by the SGB and the finance committee.

Kruger (2003) has indicated that the planning of school finances usually begins with the drafting of a budget. Bischoff as cited by Kruger (2003: 236) describes the budget as the mission statement of the school expressed in monetary terms. Van der Westhuizen as cited by Makhubela (2005: 13) describes the budget as a planning instrument, which contributes in a constructive way towards preventing the disruption of educational programmes as a result of insufficient or exhausted resources. Blandford (1997: 115) define the budget as a statement of resources matched to intentions. The Department of Education (2002: 51) in National Norms and Standards of Funding – training Manual 2, describe budget as a plan of expenditure and income activities for the next year. The researcher will look into school budget as a plan of expenditure and activities for the following year.

The SGB should prepare a budget that will guide and inform school expenditure. The chairperson of the SGB or the principal drives the budget setting process (Mngoma 2009: 13). In section 38 of SASA (South Africa: 1996), it is indicated that the SGB must prepare budget each year according to guidelines determined by the Member of the Executive Council (MEC), which shows the estimated income and expenditure of the school for the following year. The researcher is of the opinion that the budget of the school should be drawn by the SGB with the assistance of the principal who should advise the SGB in carrying this role.

According to the Department of Education (2002: 53) in National Norms and Standards for School Funding – Training manual 2, the finance committee should start preparing the budget of the following year in the third term of each schooling year. It is further indicated in the National Norms and Standards of School Funding that the finance committee should ask the SMT to distribute special budget preparation forms to each department in the school and to activity heads. All subject departments and sub-committees should come with suggestion on budgetary requirements for their departments. Their suggestions should be submitted to the SGB so that they are included in the school's budget.

It is advisable for the principal to develop a whole school approach to the drafting of a budget, which means that everyone who is involved in implementing the budget should be involved in drawing it up. Educators who head certain activities or learning areas in a school should automatically be involved in the drawing up the budget (Kruger 2003:236). The drafted budget should be presented to the parent body (all parents of the school) for review and acceptance. It should receive the support of the majority of the parent body who has attended the Annual General Meeting (AGM) (Makhubela 2005: 13). Once the budget is approved by the parents it must be minuted and becomes the budget of

the following year. The budget may be amended in the light of government subsidy, number of learners enrolled and the level of exemptions (the number of learners who are exempted from paying school fees) before the 31st January of the following year (Department of Education 2002: 53).

The budget has a controlling influence over the whole cycle of school affairs. Budgetary control is a continuous process in which the schools reviews and adjust budgetary targets during the financial year (Harris: 1996).

2.3.3 Finance organization

Financial organization is an activity aimed at combining all means available for rendering a service regarding finances of an organization or institution. The SGB create structures that will facilitate effective and efficient management of school funds (Mestry and Bisschoff 2009: 68). The finance committee and school finance policy will be discussed in the sections that follow.

2.3.3.1 Finance committees and sub-committees

The SGB, in terms of section 30 of the SASA (South Africa, 1996), is allowed to set up a finance committee and sub-committees such as fund raising committee, tuck shop committee or school fees committee. The SGB may delegate the responsibilities of managing finances to the finance committee. The SGB may appoint people who are not members of the SGB to serve on these committees. These people are appointed on the grounds of their expertise in a particular field. The chairperson of every committee and subcommittee must be a member of the SGB.

Mestry (2004: 131) argues that some of the most important functions of the finance committee are to develop and implement a finance policy, to

construct a budget and keep control of it, monitor and approve all expenditure and ensure that all procurement (purchasing of goods and services) is done through correct quotation and tendering process.

It is clear that the finance committee of the school plays a pivotal role in managing the finances. It is recommended that where members of the SGB have little or no financial knowledge, then the SGB can solicit the services of an expert. It is also important for this committee to conduct regular meetings to discuss financial matters and the members should be committed to carry out their responsibilities. Decisions relating to financial matters taken by the finance committee must always be ratified by the SGB (Mestry 2004: 131). It has been observed that the finance committee together with the principal takes decisions relating to finances. Sometimes decisions taken are not ratified by the SGBs.

Mestry (2004: 129) highlights that:

Some of the most important functions of the finance committee is to develop and implement a finance policy, to construct a budget and keep control of it, monitor and approve all expenditure and ensure that all procurement (purchasing of goods and services) is done through correct quotation and tendering procedures.

The Department of Education (2002: 12) in National Norms and Standards of School Funding –Training Manual 2, indicates that the finance committee should appoint the finance officer. This finance officer is delegated to be responsible for money matters on day-to-day basis. She or he records all transactions and provides reports on monthly basis. She or he keeps the Principal, the Treasurer and Finance committee fully informed about the finance matters. Finance committee must meet regularly (usually once a month) and in each and every meeting the Principal, the Treasurer and the Chairperson of the SGB must be present.

2.3.3.2 School finance policy

A school finance policy can be seen as a tool outlining how funds are to be managed in a specific school. An effective finance policy will guide school managers to control and regulate the process of managing the funds with regard to receipting, withdrawing and expending funds (Mestry and Bisschoff 2009: 39).

In order for the school to manage finances effectively and efficiently, a school finance policy must be developed and it must be adopted by all relevant stakeholders and implemented accordingly. Finance policy must comply with the SASA and it should set direction and give guidance. The finance policy may eliminate or reduce the mismanagement of school funds (Mestry 2004: 131).

It is important for schools to have the finance policies and also implement them. The school finance policy is a document with guidelines on how funds are handled at school. It is worth noting that the finance policy can eliminate the mismanagement of funds because it will require that receipts are made available for all the expenditure in the school.

According to Mestry and Bisschoff (2009: 39), the finance policy should provide a clear guideline of the responsibilities of the SGB, various committees that are responsible for school funds, treasurer, finance officer and the SMT. Mestry and Bisschoff (2009: 39) further argues that a policy should be drafted according to the needs of the specific school.

Schools have financial policies, but their officials are not very clear on how to manage finances. The finance committees are not adequately equipped with the necessary financial skills or knowledge to manage or administer finances. The finance committee should also audit finances internally either weekly or monthly. School management teams and

educators do not know how to draw budget or do not have an influence in the drawing of the budget (Mestry 2004: 131).

The finance policy of the school should clearly stipulate the roles and responsibilities of the SGB, SMT, finance committee and finance officer. The finance policy should reflect the needs of the school and be implemented to avoid mismanagement. The officials responsible for the management of funds in the school should have the necessary capacity so that they become competent in the roles they are expected to carry out.

2.3.4 Financial accounting and reporting

In terms of section 20 of SASA (South Africa: 1996), the SGB has the power to administer and control the school's property, and buildings and resources occupied by the school. Mestry (2004: 127) stipulates that the SGB delegates various financial tasks to the principal and holds the principal accountable. The problem with the delegation of the duties is that the principal is generally better informed with regard to the delegated duties than the SGB.

Mngoma (2009: 2) stipulates that efficient planning and management of funds in schools call for the correct record keeping. Each school has to keep records of all financial transactions that were effected, which are to be made available to the Department of Education on request.

Accounting is an important aspect of managing the school funds. The school's bookkeeping may be delegated to a capable member of the staff who has the knowledge of accountancy. The principal and the SGB remain responsible and accountable for financial management of all the money that is collected and paid out by the school (Kruger 2003: 241).

Although the principal is accountable for the accuracy of financial books, the managing of funds is the primary function of the SGB, of which the principal is a member (Hansraj 2007: 2). According to Bisschoff and Mestry (2003: 5), the school principal is accountable to the provincial head of the department (HOD), the SGB and parents of learners attending the school as an accounting officer.

The SGB is responsible and accountable for the management of funds of the school. The principal must facilitate, support and assist the SGB in the execution of its statutory functions relating to the assets, liabilities, property and other financial management issues (Mestry 2004: 130).

Financial management emphasizes transparency and information sharing among all stakeholders. Accountability has become a collective responsibility which should include all stakeholders. The Principal and the SGB must deal with funds in a responsible manner and are accountable to the parents, learners, the community and the Department of Education. The principal should see to it that monthly and quarterly statements are kept. A final report on the income and expenditure for the financial year must be submitted to the SGB for approval. Parents should also be invited to comment on and acknowledge the annual report (Kruger 2003: 243).

It should be noted that financial accounting and reporting are important aspects in the management of school funds. Though accounting can be delegated to a staff member who has book keeping skills, the principal and the SGB are accountable for all the income and expenditure at school. There should be consultation and transparency in the manner in which funds are utilized at school. The systems of controlling and

recording funds in the school should be clear as it informs the auditing of finances.

2.3.5 Auditing

Every public school in South Africa is required by law to have its books audited every year. The purpose of auditing is to ensure that the school is recording and controlling its finances in terms of its own financial policy; and to ensure that the school is meeting the legal requirements of SASA of 1996 and national Norms and Standards for School Funding of 1998 (Department of Education 2002: 179).

The SASA stipulates that the SGB should appoint an independent, qualified person who is not a member of the school staff or governing body to audit the books annually (South Africa, 1996). The auditor needs to check documents such as minutes of meetings, attendance register and departmental letters so as to perform proper auditing service (Department of Education 2002: 182)

Auditing of finances at schools should be done at the end of each financial year as prescribed by the law. A financial audited statement should be drawn from the monthly or weekly financial statements and it should be presented to the parents in an annual general meeting. The audited financial statement is supposed to be submitted to the Department of Education annually.

2.4 CONCLUSION

This chapter provided a review of literature on the management of school funds. The management of school funds is within the competence of the SGB. The SGB as managers of school funds were described in terms of their composition, functions and challenges that they experience in school funds management. The chapter further discussed financial

management in schools in terms of school funding, school budget, financial organization, financial reporting and recording, and financial auditing. The chapter noted the role that the SGB should play in the management of school funds. The principal, the finance committee and finance officer also has to play their roles in the management of school funds. Accounting on school funds can be done by chosen personnel in the school, but it remains the competence of the principal and the SGB.

The research methodology will be discussed in chapter three for the researcher to explain the research method that will be used to reach reliable conclusion.

CHAPTER 3

RESEARCH METHODOLOGY AND RESEARCH DESIGN

3.1 INTRODUCTION

This chapter is concerned with the description of the research methodology and the research design which will be used for this study. According to McMillan and Schumacher (2006: 9), research methods are a way in which one collects and analyses data. McMillan and Schumacher further argue that, these methods must be systematic, reliable and the process followed must be valid and purposeful. The section that follows will describe the qualitative research method and design.

According to Nieuwenhuis (2007: 51), qualitative research is concerned with understanding the process and the social and cultural contexts which underlie various behavioral patterns and mostly concerned with exploring the why questions. Nieuwenhuis (2007: 55) further argue that qualitative researchers believes that the world is made up of people with their own assumptions, intentions, attitudes, beliefs and values, and that the way of knowing reality is by exploring the experiences of others regarding phenomenon. Paton (1989: 57) agrees with Nieuwenhuis on the fact that the experiences, opinions, feelings and knowledge of people are used to formulate reality. Fouche and Delpont (1998: 74) argue that qualitative research rests on the assumption that valid understanding can be gained through accumulated knowledge acquired at first hand.

A research design describes how the study was conducted (McMillan & Schumacher 2006: 23). These scholars further argue that the purpose of the research design is to specify the plan for generating empirical evidence that will be used for answering research questions. The

qualitative research designs that will be used for this study are phenomenology and case study. Phenomenological study describes the meanings of lived experience. The researcher collects data on how individuals make sense out of particular experiences or situation. Phenomenology allows the researcher to conduct interviews with informants directed towards understanding their perspective on lived experiences. A case study on the other hand examines a case over a period of time using multiple sources of data found in the setting. A case can be selected because of its uniqueness or to illustrate an issue (McMillan J & Schumacher S, 2006: 26).

The researcher will use the qualitative research design and methodology for the study as it allows her to study a group of individuals and a use of multiple methods. The researcher will interview a number of people at the chosen schools in order to understand how they manage funds in their schools. The researcher will not just use face to face interviews, but also focus groups and document analysis.

The general aim of this research is to establish how school funds are managed in secondary schools as guided by education policies.

The following are specific objectives of this research:

- To establish whether the SGB is managing funds in the school in terms of rules and regulations
- To describe the role of the principal in the management of funds in the schools and his role in relation to the role of other stakeholders.
- To establish if the SGB is involved in the drawing of the budget and whether expenditure in schools is informed by the budget.

The chapter will also provide the data collection techniques that will be utilized and the sampling procedure in the study. Reliability and validity, data analysis and limitations of the study will also be discussed.

3.2 RESEARCH METHODOLOGY

Research methods can be classified into three categories; i.e. quantitative, qualitative and mixed methods. The study will be conducted using qualitative research method; therefore this section will explore this method.

Qualitative research is based on constructionism, which assumes that multiple realities are socially constructed through individual and collective perceptions or views of the same situation (McMillan & Schumacher 2006: 12). It focuses on how individuals or groups view and understand the world and constructs meaning out of their experiences (Nieuwenhuis 2007: 50). Nieuwenhuis further argue that qualitative research attempts to collect rich descriptive data in respect of a particular phenomenon or context with the intention of developing an understanding of what is being studied.

The researcher will try to understand the meaning that participants assign to their school situations and how funds are supposed to be managed through face to face, focus groups interviews and document analysis.

In qualitative research, the researcher cannot understand human behaviour without understanding the framework within which subjects understands their thoughts, feelings and actions (Nieuwenhuis 2007: 49). Qualitative research is inquiry which enables researchers to collect data in face-to-face situations by interacting with selected persons in

their settings. It describes and analyses people's individual and collective social actions, beliefs, thoughts and perceptions (McMillan & Schumacher 2006: 315). The researcher will select people that have the knowledge and working with funds at schools that have been sampled for the study. The participants perceptions, thoughts and believes will be explored more during interviews.

The goal of qualitative research is to gain in-depth, holistic perspective of groups of people, environments, programs, events, or any phenomenon one wishes to study by interacting closely with the people one is studying (Houser 2009: 61). The researcher will try to gain in-depth views of participants in their environment. Their social actions and views on the subject will be analyzed and interpreted.

Nieuwenhuis (2007: 51) stipulates that qualitative method focuses on describing and understanding phenomena within their naturally occurring context with the intention of developing an understanding of meanings as imparted by the respondents so that the phenomena can be described in terms of the meaning they have for the actors or participants. The researcher will interview the respondents at school or their own homes and in their own languages so that she understands the meaning that they ascribe to issues pertaining to school funds.

Qualitative research seeks to take into account subjectivity in data analysis and interpretation (McMillan & Schumacher 2006: 13). Leedy and Ormrod (2005: 133) stipulate that qualitative researchers believe that the researcher's ability to interpret and make sense of what he sees is critical for understanding social phenomena. They further argue that some qualitative researcher believe that there is no single, ultimate truth to be discovered. There may be multiple perspectives held by different individuals, with each of these perspectives having equal validity or

truth. The researcher believes that there may be multiple perspectives on how funds should be managed at schools, but there should be a basis on how they should be managed as dictated by the departmental policies and regulations.

According to Nueman (200: 99), the major advantages of qualitative research are that it enables the researchers to study human experiences depth; the method stays closer to the experiences of the participants; and it also gives the people who will read the findings a deeper understanding of what was discovered.

Houser (2009: 63) stipulates the advantages of the qualitative research methodology as follows:

- It is able to obtain a detailed understanding of a person, event or phenomenon;
- It allows for flexibility in responding to events or phenomenon;
- It does not require extensive resources to conduct;
- It is helpful in understanding unusual or exceptional situations and;
- It is also helpful in the initial exploration of individuals, events or phenomenon.

The researcher will utilize qualitative research methods to understand human experiences through the views that will be expressed by the participants in interviews and also through analysis of documents. This method has been considered to be good for this study because it allows for flexibility in responding to events. It also does not require a lot of resources. The researcher will not need extensive resources as responses to interviews will be recorded on field notes. Documents will be analysed and findings will be recorded in the researcher's field notes.

According to Harley, Bertram and Mattson (1999: 29), the disadvantages of qualitative research are that it is time consuming, therefore only few participants can be studied; it is not always possible to make comparisons and draw general conclusions, and mathematical and statistical procedures cannot be used to process findings. These disadvantages will not compromise the study because it is targeting only two schools and a few respondents have been selected for interviews. The researcher is neither interested in drawing general conclusions nor using statistical procedures in processing findings, but give explanations on how funds are managed in the two schools selected.

Houser (2009: 63) argued that the disadvantages of the qualitative method are the following:

- Limitations in generalizing the results to the larger population;
- It has potential for bias in interpreting data;
- It lacks consistency in method of collecting data and ;
- It also has potential for loss of privacy for individuals studied because of intensive description of individual cases.

The goal in this study is not to generalize the results but to give explanations on how schools manage their funds. The fact that qualitative research method has a potential for biasness in interpreting data will be dealt with through using a number of tools in collecting data. The tools that will be used in data collection are document analysis, face to face interviews and focus groups. The respondents' names and their schools will not be mentioned in the research report. The participants in this study will be sampled from two schools. The principal, members of the SGB and the finance officers will be interviewed individually and as a group. Finance documents from the schools will also be analyzed.

3.3 SAMPLING

Nieuwenhuis (2007: 78) argue that sampling refers to the process used to select a portion of the population for study. A sample comprises elements of a population considered for inclusion in the study (Strydom 1998: 193). Fox and Bayat (2007: 52) argue that any group of individuals, events or objects that share common characteristics and represent the whole or sum total of cases involved in the study is called a universum or population.

Quantitative research uses random sampling which is presumed to represent population. This is used when inferences are supposed to be drawn about the entire population (Leedy and Ormrod 2005: 145). Leedy and Ormrod (2005: 145) further argued that qualitative researchers are intentional in their selection of data sources. Their sampling is purposeful. They select those individuals or objects that will yield the most information about the topic under investigation.

According to Punch (2006: 51), qualitative sample sizes are small, with no statistical ground for guidance. The sample size is usually a function of the purpose of study in the light of its sampling frames and of practical constraints. Qualitative research usually involves smaller sample sizes than quantitative research studies. Sampling in qualitative research is flexible and often continues until no new themes emerge from the data collection (Leedy and Ormrod 2005: 145).

The researcher have chosen a small sample that comprise of principals, the chairpersons of the SGB, the treasurers' and the finance officers of the two schools selected for the study. The schools that will be involved are found in Gauteng province and they are both found in the townships. The two schools sampled are both previously disadvantaged. One school

was selected from the Johannesburg North District and the other from Gauteng East District based on the accessibility to the researcher.

3.3.1 Purposive sampling

According to McMillan and Schumacher (2006: 319), purposive sampling is selecting information-rich cases for in-depth study when one wants to understand something about those cases without needing or desiring to generalize findings. Samples are chosen because they are likely to be knowledgeable and informative about the phenomena under investigation. Babbie (2008: 97) agrees with McMillan and Schumacher as he also argues that, purposive sampling is selecting information rich cases for in-depth study when one wants to understand something about those cases without desiring to generalize to all cases. The researcher then searches for information-rich key informants, groups, places or events to study. Samples are chosen because they are likely to be knowledgeable and informative about the phenomena the researcher is investigating.

Bless, Higson-Smith and Kagee (2006: 106) argue that purposive sampling is based on the judgment of a researcher regarding the characteristics of a representative sample. Bless, Higson-Smith and Kagee further argue that a sample is chosen on the basis of what the researcher considers to be a typical units and it relies heavily on the subjective considerations of the researcher than on objective criteria.

According to Welman and Kruger (2001: 63), the researchers rely on their experience, ingenuity and/or previous research findings to deliberately obtain units of analysis in such a manner that the sample they obtain may be regarded as being representative of the relevant population.

Purposive sampling was considered more appropriate for the study because few respondents will be considered for the study. The researcher will interview the principals of two schools, the treasurer, the chairperson of the SGB and also the financial officers. The researcher will also interview the SGB in groups to establish their perceptions and understanding on issues of school funds management (i.e. focus group interviews will also be conducted) and to corroborate ideas that will emanate from one-to-one interviews.

3.4 DATA COLLECTION

According to Leedy and Ormrod (2005: 143), data collection in a qualitative study takes a great deal of time. The researcher should record any potential useful data thoroughly, accurately and systematically using field notes, audiotapes, sketches, photograph or any other suitable means. Leedy and Ormrod further argue that as qualitative researchers collect data they also begin jotting down notes about their initial interpretations of what they are seeing and hearing.

Different techniques will be used for this study. According to Arksey and Knight (1999: 21), the use of different techniques in exploring a research question is called triangulation. Arksey and Knight further argue that the basic idea of triangulation allows data to be obtained from a wide range of different and multiple sources, using a variety of methods.

Triangulation is a strategy that is used to overcome problems of validity and bias (Punch 2006: 157).

The researcher will use three types of data collection; one-to-one interviews, focus group interviews and documents analysis. Interviews will assist the researcher in understanding the perceptions the interviewees have on management of funds in schools. Focus group

interviews will assist the researcher in corroborating ideas expressed in one-to-one interviews in a sense that the respondents will be given a chance to agree and disagree on how funds are managed at schools whilst the researcher will be facilitating the discussion. Invitation to meetings and agendas, minutes of meetings and financial records are the documents that will be analyzed in this study. These data collection tools will be explored in details in the next section. The researcher believes that using these methods will help eliminate the element of bias in the study.

3.4.1 Interviews

The interview is the most prominent data collection tool in qualitative research. It is a good way of assessing people's perceptions, meanings, and definitions of situations and construction of reality. It is also a powerful way of understanding others (Punch 2009: 144). Greef (2005: 287) agree with Punch as she also argues that interviewing is the predominant mode of data or information collection in qualitative research.

An interview is a two way conversation in which the interviewer asks participants questions to collect data and to learn about the ideas, beliefs, views, options and behaviour of the participants. The aim of qualitative interview is always to obtain rich descriptive data that will help the researcher to understand the participant's construction of knowledge and social reality (Nieuwenhuis 2007:87). Interviews will be conducted in this study with the aim of understanding the knowledge and perceptions of the participants or respondents on issues of management of school funds.

Interviews may be classified into unstructured (open ended), semi-structured or structured interviews. The researcher will use semi-structured interviews in this study because they don't take too much time. Even though questions are predetermined, semi-structured interviews allow probing and clarification of answers which will be important for this study.

According to Nieuwenhuis (2007: 87), semi-structured interviews are commonly used to data emerging from other data sources. It seldom spans a long time and usually requires the participants to answer a set of predetermined questions. It does allow for probing and clarification of answers. It is easy to be sidetracked by trivial aspects not related to the study, but the researcher need to guide the participants back to the focus. Gray (2009: 373) indicated that semi-structured interviews are mainly used in qualitative studies and that they allow for additional questions to be asked, including some which were anticipated at the start of the interview, as new issues arise.

According to Neuman (2000: 126), the major advantages of using interview approach is that are that it gives the researcher and the participant a chance to get to know one another and the participants can clarify the misunderstandings on the problem studied. Greef (2005: 299) on the other hand indicated that interviews are a useful way of getting large amounts of data quickly and they are effective in obtaining depth.

Neuman (2000; 127), argue that the disadvantage of using interviews is that the participants might be frightened and fail to answer the questions asked. Greef (2005: 299) argue that the limitations of the interviews are that participants may be unwilling to share information and the researcher may ask questions that do not evoke the desired responses from participants.

Participants will be encouraged to act freely during the interview process. The participants will be encouraged to speak in their languages if they are not comfortable speaking English during interviews. Questions will be simplified so as to obtain desired responses from the participants.

3.4.2 Classification of interviews

3.4.2.1 Personal interviews

According to Fox and Bayat (2007: 100), personal interviewing is a technique in which an interviewer visits the respondents and administers the questionnaire in a face-to-face setting.

Rosnov and Rosenthal (1996: 112) argue that one-to-one interviews provide an opportunity for the researcher to establish a rapport with the participants and stimulate the trust and cooperation that is needed to probe sensitive areas. Rosnov and Rosenthal (1996: 112) further indicate that one-to-one interviews also provide an opportunity to help the participants in their interpretation of questions; and also allow flexibility in determining wording and sequence of questions by allowing the researcher greater control over the situation.

Fox and Bayat (2007: 101) also indicated the following advantages that are related to personal interviews:

- It provides the opportunity for feedback to the respondent.
- There is an opportunity to reassure the respondent in case he is reluctant, and the interviewer can also clarify certain instructions or questions.
- The interviewer can supplement answers by recording his or her own observations.

- Failure to answer a question is far likely to occur in personal interviews.

One-to-one or personal interviews will be conducted with the principals of the school, chairperson of the SGB and the finance officers of the schools under study. These will give the researcher an opportunity to understand the respondents view and perceptions before focus group is conducted. The respondents will be interviewed at school or at their own homes to allow them to be free in their own settings.

3.4.2.2 *Focus group interviews*

Focus group interviews are an efficient way of collecting data particularly when the investigator wants to gain insight into the attitudes and opinions of groups rather than acquiring specific information about individuals. Focus group interviews provide the researcher with the opportunity to directly observe the social processes and dynamics of group interaction (Clarke 1999: 77).

Nieuwenhuis (2007:90) stipulate that focus group interview strategy is based on the assumption that group interaction will produce a wide range of responses, activating forgotten details of experience and releasing inhibitions that may otherwise discourage participants from disclosing information. Nieuwenhuis (2007: 90) further argues that many researchers argue that focus group interviews produce data rich in detail that is difficult to achieve with other research methods, but it may happen that other participants experience focus group as threatening.

According to Punch (2009: 146), the role of the researcher in group interview is more of a moderator or a facilitator, and less of an interviewer. Punch (2009: 147) further argue that the researcher facilitate, moderate, monitor and record group interaction.

The distinguishing features of focus group is that the discussion is focused on a particular topic, that debate and even conflict are encouraged, and that group dynamics assist in data generation. Group dynamics become an important dimension of what will be analyzed as part of data generated (Nieuwenhuis 2007: 90).

According to Leedy and Ormrod (2005: 146) to conduct a focus group, the researcher gathers several people to discuss issues for one or two hours. The researcher should make sure that no one dominates the discussion. Groups of five to 12 people can form a focus group (Nieuwenhuis 2007: 90). Bless, Higson-Smith and Kagee (2006: 122) indicated that focus group consists of between four and eight respondents who are interviewed together.

Leedy and Ormrod (2005: 146) also indicated those focus groups are useful in terms of the following:

- When time is limited;
- People feel more comfortable talking in a group than alone;
- Interaction among participants may be more informative than individually conducted interviews; and
- The researcher is having difficulty interpreting what he or she has observed.

Focus group in this study will be utilized after the one-to-one interviews have been conducted. This will be done so as to

facilitate a discussion amongst members of the SGB on the subject of school funds management. The discussion will allow members of the SGB to agree or disagree on certain issues in their interaction. It is believed that these discussions might unearth some of the ideas that the members of the SGB might have on their roles and responsibilities pertaining school funds management.

3.4.3 Document analysis

Birley and Moreland (1998: 53) indicate that document analysis is a common approach which allows for the analysis of various types of documents. Birley and Moreland further argue that these documents can either be official, semi-official or non-official. McMillan and Schumacher (2006: 357) argue that data can be gathered from official documents such as memos, minutes of meetings, working papers and draft proposals. These documents describe functions and values and how various people define the organization. Internal documents can show the official chain of command and provide clues about leadership style and values. Documents used for external communication are those that are produced for public consumption such as newsletters, brochures, reports, public statements and news releases.

Punch (2009: 158) indicated that documents are rich source of data for education and social research. Punch (2009: 158) also indicated that documents that might be used by the researchers include diaries, letters, essays, personal notes, biographies, institutional memoranda and reports, government pronouncement and proceedings, and [policy documents.

Documents in this study will be in a form of circulars, policies and financial records. This will allow the researcher to compare responses

from the interviews and the information from the documents. The purpose of using document analysis in this study is to eliminate bias and compare responses from one-to-one and group interviews. Minutes of the SGB meetings where finances were discussed, minutes of the finance committee meetings and financial records will be analyzed in this study.

3.5 RELIABILITY AND VALIDITY

Validity and reliability are crucial aspects in quantitative research. In qualitative research, the researcher is the data gathering instrument (Nieuwenhuis 2007:70). Bless, Higson-Smith and Kagee (2006: 150) argue that measurement in social sciences is not perfect. Bless, Higson-Smith and Kagee further argue that it is important that researchers always evaluate the measures that they use.

The criteria such as trustworthiness and authenticity have been developed as viable standards for measuring validity and reliability by qualitative researchers. The accuracy of the account and replicability of the research are considered as scientific evidence of scholarly research (Fox and Bayat 2007: 107).

3.5.1 Validity

Validity refers to the degree of congruence between the explanations of the phenomena and the realities of the world (McMillan and Schumacher 2006: 324). According to Nieuwenhuis (2007: 80), it is generally accepted that engaging multiple methods of data collection, such as observation, interviews and document analysis will lead to trustworthiness. The researcher will triangulate the methods of data collection as three methods will be used in this study.

Merriam (1998:198) defined validity as the trustworthiness of research results. Glesne (1999: 32) indicated that validity pertains to the trustworthiness of the research design as well as in the midst of data collection.

Validity of research is the interpretation of the research results with confidence and the manner in which results can be generalized. It involves the extent to which the results can be accurate and the extent to which the results can be generalized to the population and prevailing conditions (Wiersma 1991: 239).

The researcher will use qualitative research design in the study; therefore multiple strategies will be used to ensure validity in the study. Methods of data collection that will be used are one-to-one interviews, focus group interviews and document analysis. The methods selected are expected to yield truth on the phenomena under investigation.

There are two types of validity; namely internal and external validity. Internal validity refers to the extent to which the phenomenon studied relates to the realities of the world (McMillan and Schumacher 2006: 325). External validity is concerned with the extent to which the findings of the study can be applied to other situations and also how the findings can be generalized (Wiersma 1991: 242).

The researcher will rely on internal validity as the purpose of the research is not to generalize findings, but to relate findings of the phenomenon under investigation to the realities of the world.

3.5.2 Reliability

Bailey (1989: 70) refers to reliability as consistency of measurement whilst Wiersma (1991: 274) sees it as the extent to which an instrument gives similar results for the same individual at different times.

Another way of conceptualizing reliability is to determine the extent to which measures are free from error. If the instrument has little error, then it is reliable, and if it has great amount of error, then it is unreliable (McMillan and Schumacher 2006: 183). Fowler (1993: 258) argued that reliability is related to the researcher's interaction, which could lead to biasness. Fowler also argued that reliability refers to consistency. To eliminate the element of biasness, the qualitative researcher uses a range of strategies aimed at cross referencing findings and interpretations.

To eliminate the element of biasness, the researcher will use different data collection strategies such as recording interviews through tape recorder, writing notes during one-to-one interviews, focus group interviews and analyzing documents.

3.6 DATA ANALYSIS AND INTERPRETATION

De Vos (2007: 335) indicated that data analysis in a qualitative inquiry necessitates two-fold approaches. The first involves data analysis at the research site during data collection; whilst the second involves data analysis away from the site, following a period of data collection. According to Marshall and Rossman (1999: 151), data collection and analysis go hand in hand in order to build a coherent interpretation of the data. According to McMillan and Schumacher (2006: 364) data analysis is an ongoing, cyclical process that is integrated into all phases of qualitative research. Through the use of inductive analysis, categories

and patterns emerge from the data, rather than being imposed on them prior to collection. Nieuwenhuis (2007: 100) stipulated that qualitative data analysis tends to be an ongoing and iterative process, implying that data collection, processing, analysis and reporting are intertwined and not merely a number of successive steps. Data analysis in this research will go hand in hand with data collection.

Nieuwenhuis (2006: 99) stipulated that qualitative data analysis tries to establish how participants make meaning of specific phenomena by analyzing perceptions, attitudes, understanding, knowledge, values, feelings and experiences in an attempt to approximate their construction of phenomenon. Nieuwenhuis further argue that this is best achieved through a process of inductive analysis of qualitative data where the main purpose is to allow research findings to emerge from the frequent, dominant or significant themes inherent in raw data without the restraints imposed by a more structured theoretical orientation. McMillan and Schumacher (2006: 363) argued that qualitative data analysis is primarily an inductive process of organizing data into categories and identifying patterns among the categories.

Glesne (1998: 130) describe data analysis as a process that involves organizing what you have seen, heard and read, so that it can make sense of what you have learned. According to Phelps et al (2007) qualitative data analysis involves a dynamic, intuitive and creative conceptual process of inductive reasoning, thinking and theorizing.

According to McMillan and Schumacher (2006: 364), qualitative analysis is a relatively systematic process of coding, categorizing and interpreting data to provide explanations of a single phenomenon of interest. Most researchers have learned that there is no set of standard procedures for data analysis or for keeping track of analytical strategies. Making sense

of the data depends largely on the researcher's intellectual rigor and tolerance for tentativeness of interpretation until the entire analysis is completed.

Phelps et al (2007) indicated that descriptive or interpretative approach seeks to gain insight into the human phenomenon or situation under study and to provide a systematic and illuminating description of the phenomenon, but don't aim to generate theory. Kumar (2005: 241) also indicated that the process of qualitative data analysis will involve identifying themes; assigning codes to main themes; classifying responses and integrating themes and responses into the text of the report. De Vos (1995: 334) also agree with Kumar in a sense that data he argues that analysis of data will follow a process of generating categories, patterns or themes; coding the data; testing emergent understanding and writing the report.

In this study, analysis of data began during the literature review and it will continue when data is collected in schools through one-to-one interviews, focus group interviews and analysis of documents. Data will be analysed using the descriptive or interpretative approach with the hope of constructing themes that will emerge from one-to-one interviews, focus groups and documents analysis. The researcher will identify themes, assign codes, classify responses and then integrate responses into the text. Descriptive approach will allow the researcher to explain how funds are managed in the sampled schools.

3.7 CONCLUSION

This chapter has provided an overview of the research method and design that will be used in the study. Qualitative research method as an applicable method to this study has been discussed fully. Data collection

methods, sampling, reliability and validity were discussed. The one-to-one interviews, focus group interviews and document analysis were outlined as methods of data collection. Population for the study has been sampled using purposive sampling procedure because the sample utilized will be small. The researcher will make sure that results of the study are reliable through triangulation of data. The descriptive or interpretative process of analyzing data was also highlighted.

Chapter 4 will discuss analysis and interpretation of research findings.

CHAPTER 4

4.1 INTRODUCTION

The focus in chapter 3 was on the research design and research methodology for the study. This chapter will examine the data collected from selected sampled secondary schools in order to assess financial management of schools in Gauteng.

Therefore, the findings regarding the management of funds in two selected secondary schools will be represented and thereafter discussed. The two secondary schools are both found in the Gauteng townships. They also fall under quintile three and no fee paying schools. Data was received from the SGB members, the finance officers and some SMT members. Interviews and focus groups were conducted. Documents from the selected schools were sought and analysed.

De Vos (1998: 333) indicates that data analysis is a process of bringing order, structure and meaning to the mass of collected data. According to McMillan and Schumacher (2001:461), qualitative data analysis is primarily an inductive process of organizing the data into categories and identifying patterns among the categories. Most categories emerge from the data prior to data collection. In this study data emerged prior to data collection; that is during the literature review phase.

4.2 PRESENTATION OF DATA

4.2.1 Data obtained through interviewing SGBs

4.2.1.1 SGB meetings

School A held a minimum of four SGB meetings a year for all the members. However, the executive of the SGB held meetings every month.

In each meeting the SGB of school A has a slot to discuss the finances of the school.

School B on the other hand holds meetings four times a year and also when the need arises. Different issues are discussed in each meeting depending on what is seen as priority at that time. Finance expenses are also discussed.

4.2.1.2 The relationship between the SGB and the SMT

The selected schools staff members are working well with their SGBs as cited from Coetzee (2006: 49) in chapter two; where he indicates that the SGB must carry its duties and functions in the best interest of the school. In school A and B, the principal and the SGB have good working relations. The SGBs support the SMTs and the staff fully.

The principal of school A indicated that parents in the SGB do not have expertise in financial management. This was seen as a “downfall on the side of the SGB”. The principal is expected to keep on guiding the parents on issues of finances. The principal of school B indicated that the parents in the SGB are not sure of their roles, even though they are committed to supporting the school. The supporting staff that is the grounds men and administrative staff exacerbate the challenge of having SGBs that do not know their roles by nominating the cleaners to represent them in the SGB. Most cleaners do not hold a grade 12 qualification, which add to the problem in understanding the functions of the SGB.

4.2.1.3 Budgeting

The staff at school A starts their budgeting plan in the third term and complete it before the 31st November every year. All stake holders (parents, educators, learners and community members) are involved in the drawing up of the budget. This starts with committees and

departments compiling their draft budgets. Draft budgets are then submitted to the finance committee which prioritize budgeted items, then provide a draft to the SGB. The SGB approves the budget before it's submitted to the Department of Education's District office. The principal of this school indicated that the Department of Education's District office receives the budget every year and do not give feedback to the school. The SGB also presents the final budget of the school to the parents in an Annual General Meeting (AGM).

School B asks all the departments and the committees in the school to submit their individual budgets. These are later compiled into the budget in a meeting of the SMT. Thereafter; the budget is then taken to the parents' meeting where it is endorsed. Once it's endorsed, it is then submitted to the Department of Education's District office. The Deputy Principal of school B indicated that the budget is not done properly because most parents do not understand how it should be done. The principal also mentioned that the budget is not used fully because the Department of Education deposits the allocation given to schools late in the year which is around May. Most of the money is used for paying electricity and water usage which are not the same every month.

4.2.1.4 Management of school funds

In school A, the SGB controls the funds with the guidance of the Head of the school. The school has three signatories; the Chairperson of the SGB, the Treasurer and the Principal as prescribed in SASA document.

Circular 13 of 2000 (Gauteng Department of Education) stipulate that the SGB will mandate the finance officer to control the petty cash, write cheque requisitions, reconcile income and expenditure and also do banking for the school. The SGB will then authorize the payments to service providers. The principal is expected to account for all the funds acquired and disbursed in the school.

In school B, the SGB also controls the funds with the guidance of the Head of the school. The school has three signatories are the Chairperson of the SGB, the Treasurer and the Principal as prescribed in SASA document. The finance officer keeps the cheque requisition file and reconciles income and expenditure as stipulated in circular 13 of 2000 (Gauteng Department of Education). The Deputy Principal controls the petty cash, which is not in line with policy. This was done because in 2008, there was a receipt that could not be accounted for. The matter was reported to the Department of Education at District level for investigation. Nobody was found guilty. The principal gave the responsibility of petty cash and collection of funds to the Deputy Principal after the incident. The school mainly encourages parents to make payments at the bank to avoid the so-called challenges. The finance committee, headed by the treasurer of the SGB manages funds and present monthly statements to the SGB. Finances are discussed in quarterly meetings by the SGB.

4.2.1.5 Raising funds in the school

Both school A and B raise funds for various school activities. School A rely on donations from companies; civvies (where learners put on their clothes instead of wearing uniform and pay an amount that goes into school funds); selling soft drinks, tea and cakes during parents meetings; rentals of classrooms for church activities by community members; tuck shop and through raffles.

However in school B, funds are raised per department. The Deputy Principal controls the fund raising activities and teachers hand over the money after collection. Churches that rent the use classrooms in the school premises and Grade 12 learners who have to pay for their

banquet, deposit the money into the bank and bring receipts to the school. This is done to avoid funds handling in the school.

4.2.1.6 Procurement processes

The process of procurement in school A start with a need analysis before quotations are submitted for everything that has to be purchased. The three quotations are submitted to the SGB for selection by the appropriate committee. The best service provider is selected by the SGB based on its quotation. Once that is done, an order is then placed. The service provider selected will then deliver goods purchased. After delivery of goods purchased, the SGB authorizes payment.

The Deputy Principal of school B indicated that the procurement process starts with a need analysis, and then the three quotations are submitted to the SGB for the selection of a suitable quote by the committee. The quotations may be accompanied by samples. The best service provider is chosen based on its quotation. Once that is done, an order is then placed. After delivery of goods purchased, the SGB authorizes payment. The challenge noted by the school is that the SGB looks at the price than at the quality of the goods to be purchased when choosing a suitable service provider.

4.2.1.7 Training of the SGB

The chairperson of the SGB at school A indicated that they are trained by the Department of Education (by the District Education office) during their term. They attended six training sessions on all functions of the SGBs. They also had a two days training on finance management. The Principal also indicated that the SGB was trained after its inception. It was indicated that even though they were trained, they still lack expertise in finance management. The Principal further indicated that voting for SGB members talks of choosing parents and not experts. This is seen as posing a challenge on the principal who has to keep on guiding

the parents in their roles at all times and that new parents come in at the end of each SGB term.

The chairperson of the SGB at school B indicated that they were trained on all their SGB functions. The Principal argued that the training is not adequate because it is done in English and mainly done at times that are not suitable for parents. This indicates that the chairperson of the SGB is comfortable with the training provided by the Department of Education.

4.2.1.8 The audited financial statement

According to SASA (South Africa: 1996), every public school in South Africa is required by law to have its books audited every year. The purpose of auditing is to ensure that the school is recording and controlling its finances in terms of its own financial policy; and to ensure that the school is meeting the legal requirements of SASA of 1996 and the National Norms and Standards for School Funding of 1998.

SASA further stipulates that the SGB should appoint an independent qualified person who is not a member of the school staff or SGB to audit the books annually. Finances of the two schools are audited by qualified auditors as stipulated in SASA document. The principal and SGB members of both schools has indicated that their books are audited every year and there were documents presented as evidence to support their statements. The audited financial statements for both schools A and B are presented to the parents in the first quarter of the year.

4.2.1.9 Reporting of SGB activities to educators

The educator representatives at school A and B do not report issues that emanate from discussions in SGB meetings to the staff as it is not their area of expertise. The SGB rely on giving the educators a quarterly

report. Educators who have better information and understanding of finances are those that are in the LTSM and maintenance committee. The principal of school A said, “*It is not in the competence of the educators to report on SGB activities*”.

4.2.2 Data obtained through focus group interviews

The researcher facilitated discussion for both schools where they debated how certain functions are conducted on issues of finances.

4.2.2.1 SGB meetings

The SGB of school A agreed on the fact that they meet once a month and that their relationship with the SMT and the principal in particular is very good. There was a disagreement at school B on how often the SGB meet. The principal indicated that they meet four times and when the need arises whilst the chairperson of the SGB indicated that they meet monthly.

4.2.2.2 Raising funds

The SGB of school A agreed on issues of raising funds and the methods to be used. They indicated interchangeably that they use civvies days (where learners are allowed to come to school wearing their own clothes and not the school uniform), donations from companies, tuck shops, payment of civvies and payment of rentals from churches.

School B indicated that they used the tuck shop, payment of rentals by churches and vendors who sell food to learners in the school. Funds raised are mainly used for transport purposes when educators attend workshops. The money raised is not used directly for teaching and learning, but indirectly for the development of educators.

4.2.2.3 Drawing the school's budget

According to Kruger (2003: 236), educators who head certain activities or subjects in the school should be involved in drawing up the budget.

School A indicated that committees and departments meet and discuss their priorities, then submit their proposed budgets. The SGB then draws a comprehensive budget for the whole school. This is taken to the parents' body for approval in an Annual General Meeting. Once the budget is approved by the parent body, it is then submitted to the department of Education's District office.

At school B, the parents indicated that the departments and committees within the school submit their budgets which are used to draw a draft budget by the SGB. The budget is then presented to the parent body together with audited financial statement. The parents indicated that the budget is implemented to some extent. The principal indicated that it is difficult to implement the budget as is because allocation from the department is deposited late. The principal also indicated that it affects the budget as the financial year of schools starts in January and end in December. This forces the school to reduce expenses towards the end the year so as to accommodate the first two quarters of the following year.

4.2.2.4 The management of school funds

The members of the SGB of school A indicated that the funds are well managed; however there is a need for improvement especially in fundraising. They also indicated that they need to raise funds so that they can budget beyond the allocation given by the Department of Education. All transactions effected can be accounted for by both the principal and the SGB and records are well kept by the finance officer.

The chairperson of the SGB of school B also indicated that funds are well managed, despite a draw back that happened in 2008 when there was a receipt that could not be accounted for. The school is now safe guarding itself by encouraging parents to deposit money straight at the bank. All transactions can now be accounted for by the SGB, the Deputy Principal and the SGB. The finance officer does not handle payments that are made directly to the school.

4.2.2.5 Procurement process

When it comes to the procurement of LTSM, members of the SGB for school A indicated that the school will submit three quotations to the district. The district will then choose the one that should be used for purchasing books. When it comes to maintenance three quotations are to be considered for a job that will need more than two thousand rand. If a job does not exceed two thousand rand, a person in the database of the school is called. This mainly happens when there is an emergency.

There was an agreement amongst the SGB members on the process of procurement for school B. They agreed that procurement will start with three quotations for whatever that needs to be purchased as long as it exceeds two thousand rand. When it comes to LTSM, service providers will also submit their samples. These make it easy for the SGB and staff to choose books they need.

4.2.3 Data obtained through analyzing documents

Documents that were analyzed in this study are audited financial statements for 2010; minutes of the SGB meetings; finance policies of the two schools; income and expenditure files; quotations submitted for procurement processes; and cheque requisition forms and cheque counter foils.

4.2.3. 1 Financial audited statement

The two schools have their finances audited as regulated. They both have auditors that are auditing their finance books. Their audited financial statement are presented to the parents in an AGM as evident from the minutes of the SGBs and submitted to the district as per instruction.

4.2.3.2 Minutes of the SGB

Both school A and B have four standing SGB meetings as stipulated in SASA document. The executive of the SGB at school A hold meetings every month and once a quarter for all the members of the SGB. In each meeting the finances of the school are discussed based on the monthly finance statements from the bank and academic or curriculum progress. Copies of the minutes of these meetings are filed every month.

Minutes of the SGB for school A show the agendas for all the meetings held and the minutes were signed to indicate that they were adopted by the SGB itself.

School B's SGB hold meetings four times a year and also when the need arises. Different issues are discussed in each meeting; namely curriculum progress, admissions, and duties performed by different committees. Minutes of the SGB for school B were also signed and adopted by the principal and the chairperson of the SGB.

4.2.3.3 Finance policy

School A and school B have financial policies. The finance policies indicate the legal framework for the policy and the role of the SGB members in particular the finance committee. The finance policy of school A indicates the roles of the SGB, the principal, the finance committee and the finance officer. The finance policy of school B indicates the roles and responsibilities of the SGB, the office bearers in

the finance committee and their roles, authorization of payments, petty cash and the control of it, budget, financial reporting and the audited financial statement.

4.2.3.4 Income and expenditure

The finance officer at school A is responsible for depositing money that is paid directly to the school. The income and expenditure has the description of what has been paid for and the receipt number column. The finance officer also controls the petty cash. The petty cash records show the description, the venue, amounts and balance. Money that is collected or raised at school is banked the same day or in two days after it has been counted.

At school B, the finance officer controls the income and expenditure file. The finance officer neither controls the petty cash nor handles money that is collected at the school. Parents are encouraged to make payments directly to the bank. The Deputy Principal has been tasked with the control of petty cash and also keeps the petty cash file.

4.2.3.5 Procurement processes

The procurement files reviewed and analyzed for this study are those that are done for the purpose of purchasing Learner and Teacher Support Material (LTSM). The reason for looking at the LTSM files is that, LTSM is ordered every year either in “topping up” books that are available, stationery or buying new textbooks.

At school A, the procurement for LTSM is handled by an HOD, who is the coordinator of LTSM. The file reflects three quotations that are submitted by service providers and the most suitable is chosen will be part of the three. School B’s coordinator of LTSM is the Deputy Principal, who also handles all the documents that pertains to the procurement of LTSM.

LTSM requisition file of this school reflects the three quotations for each an every purchase of books that has to be done. The Deputy Principal also keeps records of the LTSM allocation as she is responsible for curriculum.

4.2.3.6 Cheque requisition

Cheque requisition file for both schools A and B are controlled by the finance officers. Cheque requisition files for both schools A and B indicate what had to be purchased, amount required for payment and the cheque written for payment of goods.

4.3 DISCUSSION AND INTERPRETATION OF FINDINGS (DATA GENERATED)

It is likely that the findings that have been identified in this study of management of funds in the two selected secondary schools in Gauteng would also be evident in many other schools that are found in the townships throughout the Gauteng province. It is clear that schools are implementing SASA and all the policies of the Department of Education in managing their school funds. There could be some challenges in some instances on recording and accounting for the expenses incurred in the schools.

4.3.1 Data Generated through interviewing the SGB

4.3.1.1 SGB meetings

According to SASA (1996) schools should hold at least four SGB meetings a year (one meeting each quarter). The principal of school A said that, *“the SGB hold four meetings annually, but the executive meet every month so as to validate financial statement from the bank and to take discussions on different issues at school as they progresses”*.

The SGB of school B also held four meetings a year, but discusses different issues at different meetings (See section 4.2.1.1).

Finances fall within the competence of the SGB (See section 2.2.2), therefore it would be advisable to discuss finances in each and every meeting as income and expenditure are to be recorded and accounted for all the time.

4.3.1.2 The relationship between the SGB and the SMT

Mngoma (2002: 103) argues that the inability of schools to manage their funds could not necessarily be attributed to lack of training; other reasons could be poor working relationship between the principal and the SGB. The principal of school A indicated that “*the SGB is positive and constructive at all times*”. The SGB chairperson also strengthened the motion passed by the principal on relations by saying that, “*we have a very good relationship with the SMT and all the members of the staff.*” The principal of school B said that, “*parents in the SGB are very supportive, but they are not sure of their roles.*”

The principals of the two schools are enjoying healthy working relationships with their SGBs even though understanding their roles is a challenge (See 4.2.1.2).

4.3.1.3 Budgeting

Kruger (2003:236), as cited in chapter two, indicated that planning of school finances usually begins with the drafting of the budget. Makhubela (2005: 16) stipulated that the effective control of the school finances would ensure that the needs and the objectives of the school are catered for. The needs of the school would not be realized if the correct budgetary procedures are not followed.

The two schools involve all the stakeholders in drawing the budget of the school as argued by Kruger (2003:236) when he indicated that, it will be advisable for the principal to develop a whole school approach in drafting of a budget. Budgets are drawn by the SGBs with the assistance of the principals. However, the principal of school B indicated that “*parents do not add value to the budgeting process because they do not participate fully*”.

There is a need for the Department of Education to give feedback to the schools on the budget submitted to them (See 4.2.1.3).

4.3.1.4 Management of school funds

SGBs have been given greater control over financial matters, school building, general school policies and school improvement (Squelch 1999:141). According to the National Norms and Standards of School Funding training manual 2, the finance officer is delegated to be responsible for money matters on day-to-day basis. The finance officer should record all transactions and provide reports on monthly basis. The finance officer keeps the principal, the treasurer and finance committee fully informed about the financial matters.

The SGBs of the two schools are controlling funds with the assistance of the finance committees. The finance officer of school A assists adequately as per the requirements of policies. The finance officer of school B assist to a certain extent because of the incident that was reported to the district office as mentioned above. The Deputy Principal is assisting with petty cash and procurement of LTSM (See 4.2.1.4).

4.3.1.5 Raising funds in the school

Singh (2005: 2) argues that the SGB should raise funds for their schools to supplement state funds that are inequitable in order to uplift the image of the school. Singh further indicated that the SGBs are mandated to take responsibility of collecting funds and donations in order to resource their schools, and to ensure the development of the school by providing quality education for all. The two schools under study raise funds for different activities (See 4.2.1.5).

4.3.1.6 Procurement process

According to SASA (South Africa, 1996), one of the functions allocated to the SGB is to buy textbooks, educational materials or equipment for the school. The Principal of school A said, *“the school always source three quotation before a service provider is chosen to supply goods needed by the school”*. The Deputy Principal of school B said, *“the school source three quotations for all LTSM that are purchased”*. The two selected secondary schools are following the procurement procedures as stipulated in the SASA document when it comes to rendering services (See 4.2.1.6).

4.3.1.7 Training of the SGB

According to Vandeyar (2002: 102), the ultimate goal of the Department of Education with respect to financial obligations is that schools become self-managing institutions. This implies that the state withdraws as a major role player; by only giving the school its calculated annual budget as its obligation. The Department of Education is supposed to train SGBs so that they can carry out their responsibilities as expected.

Despite the training offered by the Department of Education, principals are still not content with the expertise that elected parents have thereafter. They indicate that they still have to give guidance to the parents in the SGBs.

From the findings, it is evident that the SGBs in the townships do not have the necessary expertise in managing funds in the schools. This has increased the administrative duties of the principals as they have to guide the SGB in their financial roles. It should also be noted that the Department of Education through their district offices are training the SGB on their roles, but it seems as if training is not adequate and effective. The principal will keep on guiding parents because new parents come in at the end of each SGB term (See 4.2.1.7).

4.3.1.8 The audited financial statement

The principals and the SGBs are accountable for all income and expenditure at school. The systems of controlling and recording funds in the school should be clear as it informs the auditing of finances. The chosen schools for this study are adhering to policies of the Department of Education in auditing their finances (See 4.2.1.8).

4.3.1.9 Reporting of SGB activities to educators

The representatives of the educators in the SGB do not report regularly to their constituents as mandated by SASA (See 4.2.1.9). It seems as if they are not sure what to report or they are never given a chance to report what transpired in the SGB to other staff members (See 4.2.1.9).

4.3.2 Data generated through focus group interviews

4.3.2.1 SGB meetings

School A and B have four meetings for all the members of the SGB per year as stipulated on SASA. However, the executive members of the SGB of school A meet every month to discuss developments in curriculum, finances and other urgent issues that cannot wait for a meeting that is

held once a term. School B discusses different issues at different meetings (See 4.2.2.1).

4.3.2.2 Raising funds

There has been an indication in both schools under study that there is a need for the SGB to improve fund raising techniques so as to augment on the funds received from the Education Department (See 4.2.2.2).

4.3.2.3 Drawing the school's budget

Educators of school A and B draw up budgets for different learning areas and departments. These are later used to compile the budgets for the schools (See 4.2.2.3).

4.3.2.4 The management of school funds

Mngoma (2009: 2) has stipulated that efficient planning and management of funds in schools call for the correct record keeping. Each school has to keep record of all financial transactions that were effected, which are to be made available to the Department of Education on request (See 4.2.2.4).

4.3.2.5 Procurement process

The SGB members of the selected schools also agreed that they always source three quotations before they can purchase anything for the school. The choice of the service provider depends on the most suitable quotation (See 4.2.2.5).

4.3.3 Data generated through analyzing documents

4.3.3.1 Financial audited statement

As stated under data generated through interviewing the SGB, the audited financial statements of both schools under study are audited annually as stipulated in SASA (See 4.2.3.1).

4.3.3.2 Minutes of the SGB

It is evident that the two schools hold meetings four times annually as stipulated in SASA and minutes of these meetings are kept in the SGB files.

The SGBs of the two schools hold meetings per prescripts of the SASA. It would be advisable for the Department of Education to give guidance on issues to be discussed in meetings. School A discusses finances and curriculum matters in each SGB meeting. However, school B discusses different issues in SGB meetings. Quarterly financial expenses and curriculum issues should be discussed in each of the four SGB meetings (See 4.2.3.2).

4.3.3.3 Finance policy

Mestry and Bisschoff (2009: 39) stipulated that the school finance policy can be seen as a tool outlining how funds are to be managed in a specific school. An effective finance policy will guide school managers to control and regulate the process of managing the funds with regard to receipting, withdrawing and expending funds. Mestry further argue that the finance policy may eliminate or reduce the mismanagement of school funds.

The two schools have finance policies which are guiding the management of finances. The finance committee and the finance officers perform their duties in school A, whilst the finance officer in school B does certain

duties and leave the rest for the Deputy Principal. The finance records in both the two schools are efficiently controlled (See 4.2.3.3).

4.3.3.4 Income and expenditure

The finance officers of the two schools keep the income and expenditure files and updates them regularly (See 4.2.3.4).

4.3.3.5 Procurement process

Mestry highlighted that “...*procurement (purchasing of goods and services) is done through correct quotation and tendering procedures.*” Procurement of goods and services is managed well in the two schools; in a sense that quotations are submitted to the Department of Education’s district Education’s office) and service providers are then appointed before goods are ordered or the service is rendered.

The two schools are following procurement procedures as stated in SASA with the guidance of their principals (See 4.2.3.5).

4.3.3.6 Cheque requisition

The two schools have files where cheque requisitions and cheque counter foils are kept. Cheque requisitions in both the schools is accompanied by description of what was purchased. This makes it easy to understand the bank statement of the school in relation to the cheque requisition file. Monthly bank statements are also filed (See 4.2.3.6).

4.4 CONCLUSION

This chapter focused on the findings based on interviews, focus group interviews and document analysis conducted by the researcher regarding the management of funds in secondary schools in Gauteng. Interviews, document analysis and focus group interviews were carried out at the

two schools on different days at specific scheduled times. The main opinion revealed in this study is the lack of understanding of roles and responsibilities by SGB members on the management of funds.

The SGBs, the principals and finance officers gave their views on management of funds in their respective schools during interviews and focus group discussions. The minutes of meetings held by the SGBs, finance policies, audited financial statements and finance records such as cheque requisition files and income and expenditure files were analysed and interpreted.

The following chapter will include summary of the previous four chapters, conclusions based on findings made and the recommendations regarding what can be done to ensure that the management of funds are effective and efficient in schools.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides a general overview of the summary of the previous chapters, findings of the research and the recommendations based on findings of the study. According to Mestry (2004: 26) as indicated in Chapter One, financial management remains a challenge in many schools because most managers lack proper training. Schools are still unclear on the features and functions of a school budget. Mestry further indicated that the implementation and control of the budget and evaluation remain problematic. The findings of this study attest to that (See section 2.3.3.1).

The aim of this study was to investigate the management of funds in selected secondary schools in Gauteng as guided by the educational policies. The problem in most schools in South Africa is that the SGBs lack knowledge and skills in school funds management (See 2.3.3.2) Most schools are section 21, which means they have to manage their own funds. The objectives of the study were

- to establish whether the SGBs are managing school funds in terms of rules and regulations of the Department of Education policies;
- to describe the role of the principals in the management of funds in the schools and their roles in relation to the role of other stakeholders;
- to establish the involvement of the SGB in the drawing of the budget and whether expenditure is informed by the budget.

Chapter 1 deals with the research problem, the aims and objectives of the study, definition of terms as well as the research design and research methodology for the study. It also provides the background on the functions of the SGBs.

Chapter 2 addresses the composition of the SGBs, the office bearers and their functions. The section further discusses the issues of school funding, budgeting, and financial accounting and auditing. It was necessary to explore some issues on finances from SASA, National Norms and Standards on School Funding and also from the policies issued out by the Department of Education such as circular 13 of 2000. Circular 13 of 2000 outlined how funds should be administered at schools by the SGBs with the assistance of the principal and the finance committee. Currently schools seem to struggle to manage their finances as expected by the Department of Basic Education (See 2.3.3)

Chapter 3 deals with the research design and the research methodology used in the study. Qualitative research design was used for this study. Interviews, focus group discussions and document analysis are the research techniques used in the study. The three methods were used in order to eliminate the element of biasness and to ensure validity and reliability of the results in the study. Although the sample seems to be small compared to the number of schools in Gauteng, when compared with the number of schools in this particular district of township schools, the sample seems valid. However, the researcher cautions that the findings cannot be generalized, but can be used as an indication of some of the challenges schools encounter in the process of budget management.

Chapter 4 deals with the presentation of data and the interpretation of findings. Data presented was obtained through interviews, focus group

discussions and document analysis. The researcher interviewed members of the SGBs, the principals and the finance officers in order to obtain data. Data obtained was discussed and interpreted leading to the findings of the study.

The aim of the research was to obtain in-depth understanding of the perceptions and knowledge that the participants have on financial management in selected secondary schools. Data was recorded through field notes during interviews and focus group discussions.

5.2 FINDINGS AND CONCLUSIONS

It is clear that the schools are implementing SASA and other Departmental policies in managing funds in schools. However, there are challenges experienced in the management of the school funds as found in this study.

- The study has found that the SGBs in township schools in Gauteng have a challenge in the management of funds in schools. Lack of knowledge and expertise among parents in township schools make it difficult for them to make meaningful contributions in governing their schools. This occurs because of the low level of literacy of the parents in the township schools. This has increased the administrative duties of the principals as they have to regularly guide the SGBs in their roles (See 4.2.1.2).
- The Department of Education train SGBs on their roles through their district offices, but training is not efficient and effective. The principal keeps on guiding the SGBs because new parents join the

SGBs at the end of each SGB term (The term of the SGB is three years) (See 4.2.1.7).

- Despite the lack of expertise on the side of the SGBs, the principals of the schools under study enjoy healthy working relationships with the SGBs. The SGB hold meetings as per prescripts of SASA. Four SGB meetings are held a year, whilst the executive of the SGB meet monthly. Issues that are discussed in the SGB meetings differ per school. There is a need for finances and curriculum issues to be discussed in each meeting so as to map progress at all times by school A and B (See 4.2.1.2).
- The study also found that the budget in some schools is drawn up better other schools. School A involves all stakeholders in the drawing up of the school budget and attempt to make it a working document. School B involves stakeholders, but do not see the budget as working document. The Department of Education expects the budgets to be submitted to them, however, feedback by the Department of Education is not given, in order for schools to make changes that will ensure effectiveness in schools. (See 4.2.1.3).
- The principals, treasurers and SGB chairpersons are signatories on the schools' bank accounts as stipulated in circular 13 of 2000 and also in the SASA document. The three personnel are responsible for authorizing payment of services and goods in the school. The financial policies of the two schools used in the study also indicate the three personnel mentioned above as signatories in the schools bank account (See 4.2.1.4).

- Finance records in the two schools are efficiently managed and organised. The finance officers are performing their duties. It is evident that the finance officers experience challenges in the collection of funds where certain funds can not be accounted for as in school B. The Deputy Principal in school B performs certain activities that should be done by the finance officer. The two schools studied prepare their financial statements monthly, which are included in the compilation of the audited financial statement that is submitted to the Department of Education (See 4.2.1.4 and 4.2.1.8).
- The two schools are 'no- fee' paying schools. They depend on the allocation from the Department of Education, but they augment their funds through fund raising. They fund raise through Civvies days, renting the tuck shops, renting the classrooms to local churches and also get a percentage of money from the sale of the school uniform. Petty cash is kept at a minimum at both schools in the study. Petty cash is controlled by the finance officer at school A and by the Deputy Principal at school B (See 4.2.1.5).

5.3 RECOMMENDATIONS

There seems to be a challenge in the management of funds in secondary schools in the townships in Gauteng. Parents are chosen to serve in the SGBs and also become the treasurers without any consideration of the expertise relating to Financial or Accounting skills.

- The treasurer of the SGB should be someone who has the expertise in Accounting or Financial skills. This will eliminate a problem of lack of skills and knowledge on the side of the SGB. It will also

reduce the administrative duties that the principals have based on the fact that the treasurer does not have the necessary expertise.

- It is evident from the interviews and focus group discussion conducted that the training received by the SGBs is not sufficient. SASA (South Africa: 1996) repeatedly emphasizes the necessity for training, supporting and monitoring the SGBs. It has been shown that the training received by the SGB from the Department of Education is aimed at equipping them with the necessary skills to perform their duties. The Department of Education should strengthen their training to an extent that the SGBs are equipped with the skills that will benefit them in performing their duties, especially the management of funds in schools.
- Schools should foster good working relations between the SGB and the SMT as this will assist in the smooth running of the institutions. A school that has the SMT and SGB that are working well together will be easy to manage and govern.
- According to circular 13 of 2000 (Department of Education), the bank account of the school have three signatories; the Principal, the Chairperson of the SGB and the Treasurer. These are the people who have the authority to sign cheques for payment of services and goods required by the school.
- The budget should be drawn after consultation with all the stakeholders in the school. The SGB should authorize the budget and also make all the parents aware of it in a parents meeting. The budget should be a working document that can be revisited regularly as funds are spent. There is a need for the Department of

Education to give feedback to schools after they had drawn their budgets. This will help ensure that schools know whether their budgets are acceptable or not. If the budgets are not acceptable, schools can be given guidance by the Department of Education.

- There must proof for every payment made at school in a form of receipt. Proper records must be kept to ensure proper administration and accountability for all the money paid at school. Petty cash should be controlled by one person chosen by the SGB and preferably the finance officer as (s)he better control of money handled. Petty cash should be properly recorded with a record of what the money was used for.
- Fund raising is one of the responsibilities of the SGB as stipulated in National Norms and Standards for School Funding (Department of Education: 2002). Schools should raise funds to add on to the income available so as to assist with other activities that will be necessary for its development and progress of the learners. It will be necessary for SGBs to research other means of fund raising and implement them.
- The SGB should establish and administer school fund as contemplated in section 37 of SASA. Financial statements should be prepared monthly and be submitted to the SGB for reporting purposes for financial accountability to be possible. The financial statements should be checked regularly so as to ensure that there is coherence between income and expenditure. This should either be done by the treasurer or a member of the finance committee.

5.4 RECOMMENDATIONS FOR FUTURE

The management of school funds is a serious function in schools and it is the responsibility of the SGB. The lack of expertise on the side of the SGBs in township schools might be a serious concern that needs to be investigated. The following issues need to be researched relating to the functionality of the SGBs:

- The criteria used in electing SGBs in schools.
- The programmes used in training the SGBs by the Department of Education.
- Monitoring and evaluation of the performance of SGBs.
- The commitment of the educator component in the SGB.

5.5. LIMITATIONS TO THIS STUDY

- The setting and location of interviews can have a significant influence on the success of the interview. Different settings are likely to induce and constrain talk of a particular kind (Clarke 1999: 85). It was difficult to get all the members of the SGBs to gather for focus group interviews. Focus group interviews were held with fewer members of the SGBs in both schools.
- Documents that were used in this study are minutes of SGB meetings, income and expenditure files, requisition of cheques files and the audited financial statements. Clarke (1999: 85) argued documents do not reflect a straightforward, objective description of social reality, but by presenting a particular interpretation of events, they help in constructing a version of reality. It should not be assumed that documents constitute independent, records of events or circumstances.

5.6 CONCLUSION

It is concluded that financial management plays a very important role in schools. Proper financial management and accountability will enhance the smooth running of schools and also strengthen the achievement of outcomes on the side of the learners. This will be possible if we acknowledge that there are challenges facing the SGBs in township schools around Gauteng relating to the implementation of policies on issues of functions allocated to SGBs. Allocated functions enable the school to manage their funds, but the challenge is that not all schools can implement policies well.

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APPENDICES

Appendix 1

INTERVIEW QUESTIONS FOR THE PRINCIPAL

1. What is the quintile ranking of the school?
2. Is your school on section 21?
3. Are you getting any support from the parents in the SGB as the principal?
4. How is your working relationship with the parents in the SGB?
5. How often does the SGB meet?
6. Who are the signatories in the school's finance account?
7. Do parents in the SGB understand aspects of school governance?
8. Who is accountable for the management of school funds?
9. Does your school have a finance policy?
10. What is the role of the SGB in the drawing of the school's budget?
11. Does your school provide financial statements to the parents in an annual general meeting?

Appendix 2

INTERVIEW QUESTIONS FOR THE SGB CHAIRPERSON

1. What is your term of office as the SGB?
2. How often do you meet?
3. Do you have a policy?
4. How are parents informed of SGB meetings?
5. What are the key aspects discussed in SGB meetings?
6. Have you received training or workshops on financial management?
7. Who are the signatories in the school's financial account?
8. Do you conduct fund raising for the school? If yes, how?
9. Are you involved in the drawing of the school's budget?
10. How are SGB activities reported to the educators?

Appendix 3

INTERVIEW QUESTIONS FOR THE FINANCE OFFICER?

1. What are your duties as the finance officer?
2. Who appointed you to this position?
3. What is your role in the collection of funds for the school?
4. Who is responsible for banking?
5. Who controls petty cash and records payments?
6. Who keeps finance records?
7. Who authorizes cheque payments?
8. How does the school conduct fund raising?

Appendix 4

DISCUSSION QUESTIONS FOR FOCUS GROUPS

(PRINCIPAL, FINANCE OFFICER AND SGB MEMBERS)

1. How often do the SGB meet?
2. What are the methods that are used for fund raising?
3. Describe how the school budget is drawn.
4. Describe how goods are procured in the school (procurement process).
5. Are finances well managed in the school? Discuss how finances are managed in the school.

Appendix 5

The minutes of the SGBs, finance policies of the two schools and SGB policy were not removed from the school. Analysis was done at the sites.