

**THE EFFECTIVENESS OF FINANCIAL MANAGEMENT IN SCHOOLS IN THE  
LEJWELEPUTSWA EDUCATION DISTRICT**

**by**

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## **DECLARATION**

I declare that this research study:

**THE EFFECTIVENESS OF FINANCIAL MANAGEMENT IN SCHOOLS IN THE  
LEJWELEPUTSWA EDUCATION DISTRICT**

is my own independent work, and that all of the sources used or quoted have been indicated and acknowledged by means of complete references.

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**T.E MPOLOKENG**

DATE: 28 November 2011

## DEDICATION

This study is dedicated to the following:

- my late parents, Stephen Moete Mpolokeng (2006) and Moretlo Dorah Mpolokeng (2007);
- my wife, Moroesi Mirriam Mpolokeng;
- my brother, Geelbooi Jacob Mpolokeng;
- my sisters, Elen Pulane Mpolokeng; Rachel Mamonana Mpolokeng and Tselane Alinah Mpolokeng;
- my late cousin Petjo Thahakadu Abraham Mpolokeng;
- my late friend, N Tsunke;
- ms P Kellerman, and
- to all my friends who helped and assisted me.

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- Participants who made this study possible by sharing their experiences, views and expert

## **ABSTRACT**

Financial management is fundamental to the improvement of the efficient and effective use of finances in schools. If principals and SGB chairpersons are well trained on their roles and responsibilities regarding financial management, they will be able to effectively deal with financial matters of schools. Financial management is an integral part of efficient and effective financial management in schools.

This study provides a literature discussion on funding provided to schools by the government, as well as the essences of financial management in the school setting. The study also sought to scrutinize the impact of related Acts and policies on financial management in schools. The fieldwork sought to determine the extent of possible problems that schools experience regarding financial management and aimed at providing possible solutions for efficient and effective financial management in schools.

Principals and SGBs chairpersons made up the sample of this study. Questionnaires were used to determine the views and opinions of these participants regarding the efficiency and effectiveness of financial management in their schools. The data gathered through the open-ended questionnaires were analysed and reported on qualitatively.

The key findings were that principals and the SGBs chairpersons wish to play an important role in financial management in schools, but lack financial management skills to do so. The lack of financial management skills was more evident on the side of the SGB chairpersons. The result of this lack of financial management skills has the effect that other types of financial problems arise at schools.

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## **CHAPTER 1**

### **INTRODUCTORY ORIENTATION**

#### **1.1 INTRODUCTION**

The South African Schools Act (Act No. 84 of 1996) (Schools Act) prescribes how schools should manage their funds. It also presents guidelines for the school governing body (SGB) and the principal on their roles and responsibilities in managing the finances of a school. There are many principals and SGB members who lack the necessary financial knowledge and skills and are placed under incredible pressure because they are incapable to find practical solutions to practical problems. The management of school finances can be one of the most challenging of principals' responsibilities, because for many it is an area in which they have little or no training or expertise. It is also likely that the elected members of the SGB may be equally ill equipped for the task (Clark, 2008: 278).

#### **1.2 BACKGROUND OF THE STUDY**

Prior to 1994 various systems in education lacked both financial and management accountability and can be ascribed to the problem of over centralisation of control and limited legitimacy of the provincial education authorities (Thurlow & McLennon, 2003:3). The last ten years have seen major changes in the nature of governance of schools. As a result of new legislation in South Africa, such as the Schools Act, considerably more authority and responsibility for decision-making has been devolved to the school level than was previously the case. There is a move towards self-managing schools regarding authority and responsibility to make decisions related to the allocation of resources, including finances. Mestry (2006:27) states that, according to the Schools Act, the governance of a public school is vested in the SGB that stands in a position of trust towards the school.

However, the decentralised model of school governance is not without problems. According to South Africa Yearbook 2010/11 (2011:151), at 20% of the total state expenditure, South Africa has one of the highest rates of government investment in education in the world. In 2009 there were approximately 12 million learners in 24 693 public schools in the country. In 2010 the National Treasury allocated R6.16 billion to Basic Education – of this R4 800 million is paid directly to schools via the Norms and Standards for School Funding.

The post-apartheid school funding policies of South Africa views every school as a cost centre and each public school principal, as a responsible manager, is expected to accept accountability for the investment that the state makes in his or her school. The study's significance revolves around principals embracing their role of responsibility manager, assisted and supported by their school governing bodies, tasked with leading their schools towards self-reliance.

Chisholm, Motal and Vally (2003:246) state that although decentralisation allows school stakeholders to participate at a level in which they can have direct impact on matters that concern them, it also allows different capacities and inequalities of power and influence at that level to be expressed more strongly. According to Mestry (2006:28), management of school finances is an integral part of effective school management and it is essential that school principals and members of the SGB are trained to deal with these financial issues.

### **1.3 PROBLEM STATEMENT**





There are SGB members and principals who have little knowledge of the contents of the Schools Act with regard to the financial aspects therein, with the result that too many schools are falling victim of mismanagement or misappropriation of funds in the form of embezzlement, fraud and theft.

The problem to be investigated focuses mainly on the possible lack of financial management skills of SGB members and/or principals, which result in an inability to control the funds of the school properly. The Schools Act states that although the Department of Basic Education provides training for SGBs in financial management, problems in many schools have not abated and in instances where financial problems have been taken up with school districts in the Department of Basic Education, many of these problems remain unresolved.

Mestry (2003:26) states that many school principals and SGB members are placed under tremendous pressure to manage their school finances. They are unable to construct practical solutions to financial problems, mostly on account of their lack of financial knowledge, skills and expertise. In many instances it has been reported that school principals and SGBs have been subjected to forensic audits by the Department of Basic Education due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of financial records (Samayende & Arnstein, 2003:8; Khumalo & Mbanja, 2002:1; Khangale, 2002:13).

### **1.3.1 Research questions**

Research questions that emanate from the research problem include:

-  What are the essences of financial school management?
-  What is the impact of policy related documents on the financial management in schools?
-  What are the possible problems experienced regarding the management of school finances?
-  What possible solutions with regard to financial management in schools can be brought forward?

## 1.4 AIM AND OBJECTIVES OF THE STUDY

The aim of this study is to establish the effectiveness of financial management in schools in the Lejweleputswa education district.

In order to reach this aim, the following objectives should be realised by the study:

- to ascertain the essences of financial school management;
- to investigate the impact of related policies on financial management in schools;
- to determine the extent of possible problems that schools experience regarding financial management; and
- to determine possible solutions for ineffective financial management in schools.

## 1.5 PRELIMINARY LITERATURE REVIEW

Mestry (2006:27) states that major changes in the nature of governance of schools have been proposed and implemented in South Africa. As a result of new legislation, such as the Schools Act, considerably more authority and responsibility for decision-making has been devolved to the school level than was previously the case.

According to Campher, Du Preez, Grobler, Loock & Shaba (2003:36), the financial management of a school must be organised if it is to be effective. An organisational structure must be put into place if one does not already exist. It is also wise to re-educate existing structures, particularly in the context of the many changes that have occurred in the South African education system. A school must function within such an organisational structure. This implies that there must be an understanding of authority in the school as well as a delegation of authority. The concept of authority goes hand in hand with the concept of responsibility. Responsibility means that people will carry out given duties to the best of their ability.

Mestry (2006:28) asserts that the Schools Act prescribes how schools should manage their funds. Guidelines for the SGB and the principals on their roles and responsibilities in managing the finances of the school are also provided in the Schools Act. According to Section 20 of this Act, the SGB must be involved in all the financial functions of the school. The mandatory functions include policy issues such as adopting a constitution, drafting a mission statement, drawing up policies such as an admission policy and relevant to this study, also a financial policy.

According to Schreuder and Landley (2001:39), schools obtain finances from three main sources: government funding, school fees and special fundraising campaigns. Provincial education authorities divide funds according to the National Norms and Standards for the funding of schools and each school's share is calculated on the basis of the physical condition of the school, the relative poverty of the community (social economic factor) and the relative poverty of the school. In calculating the allocation made to a school, social-economic factors and the relative poverty of a school are each given a weighting of 50%. The SGB is given full responsibility of managing these funds allocated to the school, such as establishing school fees, preparing an annual budget, collecting and administering school fees, keeping the financial records, appointing an accountant and supplementing the school resources (Landley 2001:39).

A school is therefore part of a system. Financial school management is thus not simply economics and accounting as applied to schools. It is a broad field of study that touches on many disciplines as part of the education system. In order to understand and apply school financial management, it is necessary to have an understanding of the school context, basic accounting procedures, economic policies, the law relating to education and schools, as well as management skills such as planning, reporting procedures and leadership (Campher *et al.*, 2003:2).

According to Dunn (2005:70), internal controls are an integral part of careful financial management in every school setting. Internal controls provide a system of checks and balances to detect financial errors and irregularities in a timely fashion. Most internal

controls are designed and used as measures to prevent mistakes from occurring or to correct operational or recording errors. Financial accounting is an essential component of the financial management of a school. A school needs to process, analyse and interpret financial data and information in order to function effectively (Campher *et al.*, 2003:2).

## **1.6 DELIMITATION OF THE STUDY**

The research study will be based in the field of Educational Management and will be conducted in the Lejweleputswa education district.

## **1.7 LIMITATION OF THE STUDY**

This study will not include other education districts in the Free State province.

## **1.8 CONCEPT DEFINITIONS**

### **1.8.1 Financial efficiency**

Financial efficiency refers to the allocation of financial resources to the school in such a way that the allocated resources, once deployed, will match the financial needs of the school (Mahishane & Botha 2004:96).

### **1.8.2 Assets and liabilities**

Assets, which are possessions, are the resources controlled by an organisation (such as a school) and from which future benefits are expected (Kerdachi, Kriel & Viljoen, 2005:11). In the context of the school environment, examples of assets would be Cash in the bank, class and office furniture and equipment, textbooks and vehicles.



Kerdachi *et al.* (2005:11) further define liabilities as the obligations of a school arising from past events. They have to be paid, which result in an outflow of resources from the organisation. Examples are loans from banks, bank overdraft and accounts held by the school at shops or suppliers (creditors).

### **1.8.3 Financial planning (budgeting)**

Campher *et al.* (2003:19) explain that financial planning is normally done for the period known as financial planning year. A budget is a document showing the estimated income for a specific financial year and everything that must be financed with that income.

## **1.9 CONCLUSION**

A background information on the factors that lead to the research was provided. The problem to be investigated was stated, as well as the research questions derived from the problem. The aim and objectives to drive the study were given and the research design and methods to be used were provided.

The next chapter focuses on extensive literature review on financial management in schools.

## CHAPTER TWO

### LITERATURE STUDY: FINANCIAL MANAGEMENT

#### 2.1 INTRODUCTION

According to Gitman (2003:4), finance is the art and the science of managing money and is concerned with the process, institutions, markets and instruments involved in the transfer of money among individuals, institutions (including schools) and governments.

The directive of the Free State Department of Basic Education (FSDoBE) (Five year Strategic plan) (2005-2010:11), is to contribute to the overall strategy of the Free State by putting more emphasis on priority to invest in the development or improvement of the community. This strategic plan and the South African Schools Act (SASA), (Act No 84 of 1998), state that provision is made for a standardised system for the institution, governance and financial support of the school. This system promotes quality and democratic supremacy and aims to ensure that all learners have right of access to quality education without discrimination. The FSDoBE (2005-2010:1) further states that the SASA provides for two types of schools, namely self-governing schools (private schools) and public schools - and the provision in the SASA for school governance and administration through the School Governing Body (SGB) is in place in all public schools. School funding and norms and standards outlined in SASA prioritise, rectify and target poverty with regard to the allocation of funds for the public schooling system.

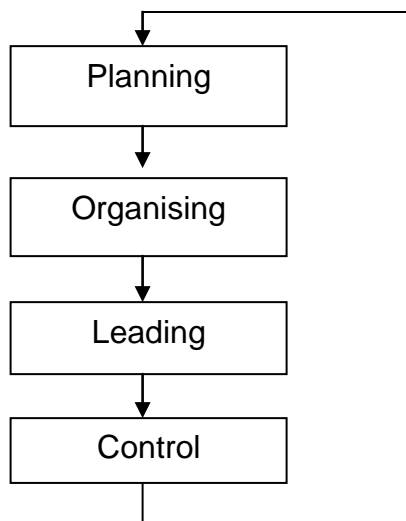
The literature for this chapter begins with a short discussion of general management concepts deemed necessary in the running of all organisations and institutions (such as schools).

## 2.2 GENERAL MANAGEMENT CONCEPTS

According to Hellriegel, Jackson and Slocum (2005:7), management includes the tasks and activities involved in directing an organisation or institution. General management rests on four main pillars, namely; planning, organising, leading and controlling. Hellriegel *et al.* (2005:8) further mention that management involves designing and carrying out plans, getting things done and working effectively with people. Viba and Brevis (2002:3) concur when stating that the term management refers to getting things done, effectively and efficiently, through and with other people. The “things” include utilising the resources of the institution in such a way that the school can achieve its goals.

De Beer and Rossouw (2005:4) agree that management is the process of utilizing an organisation’s resources to achieve specific objectives through the functions of planning, organizing, leading and controlling. Management is seen as a process, which is depicted in the next figure.

**Figure 2.1: The four fundamental management tasks**



Source: Du Toit (2007:130)

Management is therefore a dynamic process, consisting of ongoing, related activities and tasks. The four main pillars of management are now discussed in short.

### **2.2.1 Planning**

Planning is the starting point of the management process. It is that basic element of management that determines in advance what the organisation wants to achieve and how this goals/objectives can be attained. Planning involves all those management activities which deal with setting the organisations goals/objectives and determining how these can be achieved (De Beer & Rossouw, 2005:10). In the context of this study it relates to the planning of financial matters of a school.

According to Nel (2000:160), planning is the most important element of any activity and without it there will be no goals towards which the staff can work. Planning is thinking ahead and anybody who plans anything (also school finances) must ask questions such as why, what, when, where, who and how. The answers to these questions will then determine the way forward.

### **2.2.2 Organising**

According to Strydom (2009:77), organising means coordinating activities so that objectives can be achieved. As a management task, organising is mainly concerned with the classification and allocation of activities to divisions, the creation of posts within these divisions, and the determination of an employee's duties, responsibilities and authorities.

Hellriegel *et al.* (2005:9) further mention that organising is the process of deciding where decisions will be made, who will perform what jobs and tasks and who will report to whom. Smit and De J Cronje (2004:191) state that the organising process involves dividing the work of the organisation; allocating it logically to business units, departments and sections; delegating authority and establishing coordination, communication, and information systems to ensure that everyone is working together to achieve the goals of the organisation. The task of dividing the work, allocating responsibility, is referred to as the design of the organisational structure.

According to Smit and De J Cronje (2004:191), organising is the process of creating a structure for the organisation that will enable its people to work effectively towards its vision, mission and goals. Organising school finances adheres to the above as structures such as financial committees are put in place in order to fulfil the organising task of financial management of the school.

### **2.2.3 Leading**

Lewis and Goodman (2004:7) assert that managers must be capable of leading their subordinates towards the accomplishment of the organizational goal. To be effective leaders, managers must understand the dynamics of individual and group behaviour, be able to motivate their subordinates, and be effective communicators.

Leadership is a crucial success factor and determines the future of an organisation such as a school. The leadership style that the leader adopts will determine the climate, values, growth and development of staff members. For principals to be effective leaders in schools, they must develop their own leadership practice and brand of leadership, because schools are unique (Moloi, 2005:78). Similarly, the chairperson of the SGB plays a leading role in terms of the leadership provided in the financial affairs of the school. Part of being a good leader is to be able to delegate, which is now discussed.

#### **2.2.3.1 Delegation**

One of the most challenging skills that successful managers must have is the ability to delegate effectively (Lewis & Goodman, 2004:265). According to Corwin (2005:27), delegation is an essential strategy that many new administrators, such as principals, have difficulty putting into practice, yet it is an effective way to save time and enhance leadership capacity at all spheres within the school.

Delegation refers to the process of transferring the responsibility for a specific activity or a task to another member of the organization and empowering that individual to accomplish the task effectively. The financial aspect of a school is normally handled by the financial committee as a delegated committee of the SGB.

To be able to be a successful leader good communication is necessary.

#### 2.2.3.2 Communication

Van Deventer and Kruger (2003:156) explain that communication can be described as a message conveyed by a sender to a recipient either verbally or non-verbally, with regard to activities, management tasks, and/or relationships between staff, parents and learners and the school. Van Deventer and Kruger (2003:156) further explain that if one looks at communication from a management point of view, it may be seen as the primary method by which the education leader can influence groups and individuals and convince them to do their best for the school.

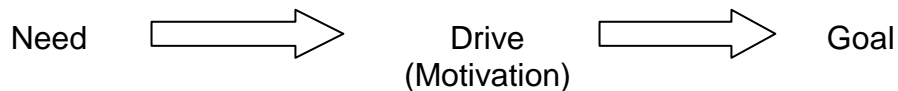
Campher (2003:32) indicates that the main aim of communication is the exchange of ideas and the interpretation of messages. Communication is an essential managerial instrument that educational leaders (also SGB chairpersons) use to inform, interpret, explain, express feelings, exchange ideas, give orders and solve problems. The last aspect of being a good leader to be discussed in this section is motivation skills.

#### 2.2.3.3 Motivation

According to Van Deventer and Kruger (2003:148), motivation may be defined as the influencing of a subordinate to achieve the aim that the manager wants him or her to achieve. Schreuder and Landey (2001:100) state that the term motivation is derived from the Latin word “movere”, which means to move or set in motion.

According to Bisschoff and Mestry (2007:153), motivation is the management task involving the use of all the forces that will influence personnel to act willingly towards achieving the school's objective.

### Figure 2.2: Motivation process



Source: Van Deventer and Kruger (2005:149)

According to Van Deventer and Kruger (2005:149), the motivation process consists of three interdependent elements:

**Need:** In the context of this study this can relate to a financial need of the school.

**Drive (motivation):** People (such as teachers and parents) need motivation (or drive) to achieve an aim (i.e. the fundraising projects as planned by the SGB).

**Goal:** The achievement of the goal. This is a future state or condition that contributes to the fulfilment of the organization's mission (as drawn up by the SGB of the school). The last of the four pillars of management to be discussed is control.

#### 2.2.4 Control

Nel (2000:37) explains that control is the function of making sure that activities and instructions are carried out according to plans and standards, while dealing with any deviations that need remedial action. Control is undertaken at different stages and it is a continual process to ensure that things are still on track as planned. Control is exercised when management ensures that its plans and instructions are carried out. A management function system is used to check on and measure employees'

performance, and to compare this performance with the set standards and objectives (De Beer & Rossouw, 2005:12).

A principal as leader, as well as the SGB as body, needs to employ all these management principles in order to successfully manage the finances of a school. Funding of schools by the government and financial management in schools are looked into in the next sections.

### **2.3 SCHOOL FUNDING**

According to Bischoff and Mestry (2007:20), public schools are funded by the state according to the SASA. The authors further mention that the state must fund public schools from public revenue on an equitable basis in order to (1) ensure the proper exercise of the rights of learners to education and (2) the redress of past inequalities in education provision. The state must, on an annual basis, provide sufficient information to public schools regarding the funding referred to in Sub-section 1 of the SASA to enable public schools to prepare their budgets for the next financial year.

Van Deventer and Kruger (2003:234) assert that education is mainly funded by the following two sources:

- Private or individual funding: this includes school fees contributed by parents and various costs paid by learners and parents, e.g. transport, textbooks and school uniforms; and
- Public funding: This refers to the responsibility of the state to fund public schools from public revenue on an equitable basis.

Joubert and Prinsloo (2001:50) explain that the state bears primary responsibility from the funding of public schools out of public revenue. Public funding refers to the responsibility of the state to fund public schools from public revenue on an equitable basis. Anderson and Lumby (2005:9) state that in attempting to build a national system



for schools, the South African government is confronted by two challenges in particular, in respect of school funding:

- there is a pressing need to effect redress and equity, with the aim of progressively improving the quality of schooling, especially with regard to those schools that have been substantially disadvantaged as a consequence of past policies; and
- although the government subscribes to the aim of free education for all, it is forced to acknowledge that such provision is beyond its means.

One of the key points set out in the SASA is that all stakeholders in education must accept their responsibilities concerning the organisation, governance and funding of schools (Joubert & Prinsloo, 2001:19). A further basic aim of the SASA is that the quality of education of all learners must be improved by way of better facilities, better trained educators, and better methods of teaching, as well as better school conditions (Bisschoff & Mestry, 2007:19). To address better conditions for schools, the norms and standards of school funding were generated and are discussed in the next sub-section.

### **2.3.1 Norms and standards of school funding**

Chisholm (2003:473) mentions that the funding norms are divided into six categories which is: new construction, immovable capital, improvements, recurrent cost and non teaching personnel cost. Chisholm (2003:506) further mentions that the Department of Basic Education passed the National Norms and Standards for School Funding (Government Gazette no 19347) as part of SASA (Act No. 84 of 1996) and the National Education Policy Act (Act No. 27 of 1996). Through the resource targeting of schools, the new funding policy is part of the social context in which schooling occurs and acknowledges the reality that most of this happen in impoverished settings.

This policy document sets out the national norms and minimum standards for school funding in terms of the SASA and it also deals with the procedures to be adopted by the

provincial education departments in determining resource allocation to their schools. Bisschoff and Mestry (2007:47) state that these norms and minimum standards deal with:

- the public funding of public schools in terms of Section 35 of SASA ;
- the exemption of parents who are unable to pay school fees, in terms Section 39(4) of the Act; and
- public subsidies to independent schools in terms of Section 48 (1) of the Act.

According to Weber (2002:278), norms and standards have aimed at ensuring that in recurrent cost allocation, a very small percentage of the total budget will target resources on the basis of need. The amended National Norms and Standards for School funding (2004) state that schools serving the poorest communities in South Africa are declared “no fee paying schools”. In these schools, school fees cannot be charged. The criteria for the pronouncement of no fee schools are determined and amended by the minister from time to time and are based on the poverty level of communities and the level of state funding. Automatic exemptions will apply to learners who receive poverty linked social grants i.e. the child support grant.

As funding for schools change, the management of funding also changes. Decentralisation of school funding is discussed in the next sub-section.

### **2.3.2 Decentralisation of school funds**

Marishane and Botha (2004:96) state that educational reform in a democratic South Africa has been highlighted by the introduction of the SASA of 1996 (Act No. 84 of 1996). Section 21 of this Act provides for the establishment of self managing schools by permitting schools to apply for some of the functions that were traditionally carried out by the state. These functions include maintaining school property, purchasing learning support materials (LSM) and equipment, paying for services and determining extramural activities.

According to Anderson and Lumby (2005:138), many countries have devolved considerable power to schools. This often leads to a view that increasing autonomy should be matched by a greater emphasis on accountability. Glatter (2002:233) joins Wohlstetter and Sebring (2000:174) in saying that school level participants trade in increased autonomy for increased accountability. It is evident that self-management of schools in South Africa has led to enhanced accountability, and added pressures for principals and SGBs.

Marishane and Botha (2004:1) mention that decentralisation of financial management to School-Based Management (SBM) has become an important strategy aimed at school improvement. The deployment of the strategy stems from the view that when decisions about financial control are devolved to the school, better decisions regarding the upliftment of learners can be made. In addition, Van Deventer and Kruger (2003:235) state that SBM is an approach whereby public schools are redesigned to provide educational stakeholders (educators, parents, learners and the community at large), the opportunity and power to improve and develop their schools.

Transferring financial power to the school is not enough to bring about desirable improvements. More supportive efforts on the side of the government are needed. In their study of SBM in the United States of America (USA), Wohlstetter, Lovemore and Brummer (2007:45) found that the task of financial management involves monitoring or controlling the financial position of the institution. This monitoring and controlling can be divided into three main functions, which are analysing the financial position of the school, managing the asset structure of the school and managing the financial structure of the school.

According to Bush and Heystek (2003:127), there has been a major shift to self governance for schools in many countries during the past two decades. This trend encompasses England and Wales, Australia, Canada, New Zealand, Portugal, Spain, parts of the USA and South Africa. The authors further mention that there is a

considerable diversity in the forms of self governance adopted in these countries, but they are generally underpinned by ideas of democracy and school effectiveness.

Decentralisation of financial control to SBM has become an important strategy aimed at school improvement in South Africa (Marishane & Botha, 2004:95). Van Langen and Dekker (2001:381) add that decentralisation is designed to bring decision-making closer to the learner and the learning environment of the classroom. Decentralisation brings with it the possibility of extreme inequalities – the possibility that local communities, including parents and educators, may not have the knowledge and resources to adequately protect the quality of education provided to their children.

According to Veriava (2007:188), the amendments to the Norms and Standards of School Funding include a new method for measuring the poverty levels of schools. Previously two equally weighted factors were used to rate the school. The first was the physical condition, facilities and crowding of the school. The second was the relative poverty of the community around the school. The amendments now include quintiles to categorise schools in terms of funding to be received. These quintiles are discussed in the next sub-section.

### **2.3.3 The quintiles**

Bush and Heystek (2003:130) state that schools are divided into five categories or quintiles - with the poorest schools receiving seven times more funding per learner than the richest schools. This approach is justifiable to address historic inequalities, but it also increases pressure on the SGB of the schools in the top two quintiles to replace the lost income through fees or other fundraising activities.

According to the Public Policy Guide (no date), the National Department of Basic Education (DoBE) indicates that schools in each province are therefore classified into five groups from the most poor to the least poor. For example: Quintile 1 is a group of schools in each province catering for the poorest 20 % of schools. Quintile 2 caters for

the next poorest 20% of schools, while Quintile 5 schools represent the least poor. Schools receive money from government according to the quintile they are listed in. Quintile 1 schools receive the highest allocation, while quintile 5 schools receive the lowest.

Quintiles are currently still used to determine whether schools may charge school fees or not. It is also used to differentiate the amount of funding allocated to schools in a pro-poor manner. The following are the 2011 national quintile amounts: Q1 = R 960 per learner; Q2 = R880 per learner; Q3 = R 880 per learner; Q4 = R480 per learner; Q5 = R165 per learner. These amounts are a considerable improvement on the quintile amounts in previous years (Moshega, 2010).

The National DoBE should provide each school with the following information in writing by 30 September of each year:

- which quintile the school is in;
- what the target amount per learner is for that quintile for the next year;
- what the total school allocation for the next year for that school will be;
- how this has been calculated.

According to the Public Policy Guide (no date), the parents and the entire school community must know in which quintile their school resort and the amount of money the school will receive. Provincial offices should communicate this information through their district offices to schools in writing. Should parents and the SGB think that they were not classified under the right quintile they have the right to lodge a dispute. The provincial and district offices must inform parents and schools of the dispute procedures to be followed (Public Policy Guide, no date).

Van Deventer and Kruger (2003:235) mention that in South Africa the provincial governments and legislature decide on the amount to be allocated annually to their education departments. The provincial governments make appropriations available to

their education departments from the total revenue resources allocated to their provinces. According to the National Norms and Standards for School Funding (2004), the school allocation is the amount of money provided yearly to each public ordinary school. This allocation is used by the school to buy the necessary textbooks, stationary and equipment and to pay for photocopies, electricity, telephone bills, photocopying, sanitation and water.

Van Deventer and Kruger (2005:235) assert that the funding of schools occurs within the following two cost allocation categories:

- capital cost allocations: These include allocations for new classrooms and other building constructions (SASA, 1998:25).
- recurrent cost allocations: These include the following categories:
  - immovable capital improvement and repair cost, which relate to maintenance and repairs to buildings.
  - easily reparable recurrent costs, which include supplies and services to the school.
  - other recurrent and small capital equipment costs, including learning materials to learners (books, stationery.)
  - hostel costs, where the recurrent cost allocations (transfer payments) are targeted as far as possible on the basis of need. This is determined on the basis of the physical condition, facilities and crowding of the school, as well as the relative poverty of the community around the school.

A principal as leader of the school needs to employ all the management functions and principles in order to properly manage the funding received by his/her school. Financial management in education now follows.

## 2.4 FINANCIAL MANAGEMENT IN EDUCATION

According to Oosthuizen (2003:213), financial management in education is the distribution and use of money for the purpose of providing educational services and producing learner achievement. Financial management in contemporary education management aims to:

- 🎬 estimate the needs of local educational training;
- 🎬 obtain finances in accordance with the estimated needs;
- 🎬 administers the finances thus obtained in a legally correct manner.

In order to facilitate the above, Owen (2006:54) mentions that financial numeracy is a core skill for all managers. Most financial management skills involve the allocation of resources and the setting of targets, expectations and priorities. The core financial skills required by all managers allow them to successfully:

- 🎬 set budgets;
- 🎬 manage budgets;
- 🎬 manage costs.

According to the FSDoBE (2005:21), the role of the SMT as the body that manages the day-to-day activities of curriculum delivery at the school, is to support the SGB in financial management. Bisschoff and Mestry (2007:154) explain that internal communication on financial school management matters is important to ensure that all internal stakeholders know when to make their submissions and how to spend funds allocated to them. The budget, in conjunction with the financial policy of the school, is the most important medium for carrying messages relating to financial school management to the internal stakeholders (Bisschoff & Mestry, 2007:154). Financial managers applying financial management principles in their schools as Khumalo (2001:1) states, make use of general management functions such as planning and controlling.

Bisschoff and Mestry (2007:3) mention that financial management in education is the performance of management actions (regulatory task) connected with the financial aspects of schools, with the main aim of achieving effective education, and carried out by a person in a position of authority. Financial management is a process of several activities, such as identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information (both financial and operational). Financial management at a school is a process of ensuring that the SGB and the SMT (with the principal as head) plan, organise, delegate and control the funds of the school in such a way that it achieves its goals.

According to Campher (2002:2), financial management in education is economics and accounting as applied to schools, as well as a broad field of study that touches on many disciplines as part of the system. All school financial decisions should be made with the school's best interest in mind. The principal, as well as the SGB has an integral role to play in school finances. The next three sub-sections deal with this aspect.

#### **2.4.1 The role of the principal as financial manager**

Urba and Brevis (2002:4) state that during the course of their daily work, principals typically fulfil several roles. A role is a set of expected patterns of behaviour associated with a given position in an organisation or a school. According to Hellriegel *et al.* (2005:4), the principals under the direction of their district, take a leadership role in the daily operation of a school. Principals are responsible for the organisation and management of individual schools.

Mestry (2004:128) mentions that in terms of financial matters, the principal should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefit of learners in consultation with the appropriate structures. The principal sees to the day-to-day management of the school and has to implement many directives and policies formulated by the DoBE and the SGB.



Functions of the financial manager, such as the principal, are:

- to make sure that they adhere to correct procurement procedures which is fair and transparent;
- to put in place a system or structure that will coordinate the assessment of all big capital projects correctly, preceding a final decision that is made on the project;
- to accept responsibility for the effective, well-organized reasonably priced and translucent use of the assets and funds of the school; and is also accountable to gather all money that is owed to or payable to the department; to stay away from unofficial, unbalanced, unrewarding and wasteful expenditure and losses resulting from illegal behaviour.

The principal as accounting financial officer is liable for the supervision, including the safeguarding and maintenance of the resources, and for the administration of the liabilities of the school, and also to administer accessible working capital efficiently and economically. When a learner is admitted to a public school, the principal must notify the parents of the following (Government Gazette, 2006: No.29311):

- the amount of the annual school fees to be paid and procedures for applying for exemption;
- the fact that the parent is liable for the payment of school fees unless he or she has been exempted from the payment thereof;
- the SGB must treat as confidential all information that a parent provides in support of his or her application, and may not reveal such information to a third party without the consent of the parent, except the HOD or his or her delegate.

Apart from the principal, the SGB of a school has foremost authority regarding the finances of a school.



## 2.4.2 The role of the school governing body (SGB)

According to Bush and Heystek (2003:127), the democratic motivation for the SGBs is at its most powerful in South Africa. Governance is only one dimension of a commitment to democratic institutions influenced by an understandable reaction to the injustices and iniquities of the past. Bisschoff and Mestry (2007:46) mention that in order for the educational authorities to maintain consistency as well as to ensure basic standards, guidelines have to be set for every SGB to adhere to.

Bush and Heystek (2003:132) add that one of the most important functions of SGBs is the provision to set a budget and to recommend school fees as part of the budgeting process. Mabasa and Themane (2002:111) assert that whereas school governance used to be characterised by authoritarian and exclusive practices, the SASA requires broad and democratic participation by parents, teachers and learners in the life of the school through the medium of SGBs.

Although the SASA is discussed as a sub-section in this chapter, it is inevitable that some overlapping occurs regarding the SASA and the role of SGBs. According to Mestry (2004:128), Section 37 of the SASA states that the SGB must establish a school fund and administer it in accordance with the directions issued by the provincial head of department. The SASA provides guidelines for the SGB and the principal on their roles and responsibilities in managing the finances of the school.

Mestry (2004:130) also states that the SGB must ensure the existence of and the effective execution of a sound, firm financial policy and also management procedures. Subject to the SASA, the SGB may apply to the Head of Department of the province, in writing to be allocated any of the following functions:

-  to maintain and improve the schools property, and buildings and grounds occupied by the school, including school hostels, and where applicable;
-  to purchase textbooks, educational materials or equipment for the school; and

to pay for services to the school.

Mxuma (2006:24) asserts that the duty of the SGB is to exercise the power detailed in the articles of government to support the efficient conduct, development and welfare of the individual school. In the exercise of their duties the SGB is to be accountable for:

- the local education authority which may require reports from the SGB and has the power to take steps which may be necessary to prevent the breakdown of discipline or to ensure effective financial management in the school; and
- the parents to whom the SGB is required to present an annual report to be discussed at the annual parents meeting.

SGBs of public schools are also required to:

- take all reasonable measures within their means to supplement the resources supplied by the state, with the objective of improving the quality of education provided for the learners (SASA, Section 26);
- establish a school fund into which all monies received by the school must be paid. The school funds must be administered in accordance with directions issued by the DoBE (Joubert & Prinsloo, 2001:50).

Goniwe (2005:24) states that financial management is a sensitive issue and it is thus important that the SGB remember the following values:

- openness and transparency;
- responsibility;
- accountability.

Oosthuizen and Botha (2002:207) state that the SGB must endeavour to obtain additional funds (SASA, Section 36) to improve the quality of education in the school. This section therefore leaves room for SGBs to devise strategies to obtain additional

funds from parents, the community and private institutions to benefit the learners. Karlsson (2002:331) agrees that the SGB of a public school must take all reasonable measures within its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners at the school.

The SASA emphasises a partnership between the parents and the government, and aim ultimately to devolve maximum decision making and power from education departments to SGBs. The full control of funds in schools has become the responsibility of the SGB, while the state, apart from requiring a copy of the school's annual audited financial statements, has very little influence on the school finances (Bisschoff & Mestry, 2007:16).

#### 2.4.2.1 The composition of the SGB

Joubert and Prinsloo (2001:45) indicate that the SGB is a constitutional (legal) body of people who are elected to govern the school and they represent the school community. The SGB of a public school is made up of three groups of people, namely:

- members who are elected;
- the school principal (ex-officio member); and
- members who are co-opted, but not elected.

Anderson and Briggs (2001:99) mention that the actual size and composition of the SGB of a publicly funded school are usually laid down in legislation and are dependent on the size and type of school. For example, in publicly funded schools in South Africa, parents must be the majority group of governors with voting rights, and in secondary schools learners may also be represented. In addition, SGBs comprise of educators, the principal and co-opted members (who do not have voting rights).

The FSDoBE (2008:20) mentions that all members of the SGB, except learner members, are expected to be in office for three years. A learner may not serve for longer than one year in the SGB unless he/she is re-elected.

### **2.4.3 School finances - the link between the SGB and the principal**

Van Deventer and Kruger (2003:242) state that an important characteristic of the present approach to education management in general and financial management in particular, is the emphasis on transparency and information sharing among all stakeholders. For the school principal and SGB this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the DoBE. Van Deventer and Kruger (2003:243) mention further that to be able to provide a clear picture of the state of a school's finances, the principal should see to it that monthly and quarterly statements are kept.

According to the FSDoBE (2008:27), the SGB needs to monitor the budget of the school during the year. This means that they need to check that expenditure and income stay more or less in line with the budget. A good way to ensure that this happens is for the treasurer to prepare a budget control statement for each meeting of the SGB. Mestry (2006:35) states that the SGB and principal must be trained in financial management by the School Management and Governance Developers (SMGD) or external service providers. There is a correlation between sound financial management and efficient and effective SGBs. Training in financial management is very important in preparing and capacitating school principals and Finance committee members of the SGB with financial skills (Bush *et al.*, 2004). Where the provincial DoBE is unable to provide training due to financial constraints, schools can take the initiative by forming a partnership with higher education institutions or may use external service providers that offer training in financial management to train all members responsible for the finances of the school. Such training should enable the SGB to be responsible and accountable for funds that have been received and utilized for the attainment of specific school

objectives. It must also capacitate them to make a contribution towards the improvement of the overall quality of teaching and learning.

According to Bisschoff and Mestry (2007:3), for a school to function economically (that is, using resources carefully to avoid expenditure above a reasonable level) and efficiently (that is achieving the best possible results relative to spending), school financial governance through the SGB must be knowledgeable regarding:

- 🎬 the amount of money in the bank account;
- 🎬 the money that is still needed and why it is needed;
- 🎬 how and where will it get the money it still needs; and
- 🎬 how the money will be spent.

The FSDoBE (2005:2) states that before handling finances, the SGB should be aware of the following principles:

- 🎬 a working knowledge of all the relevant legislation, such as SASA and the PFMA (Public Financial Management Act).
- 🎬 working knowledge of guidelines such as departmental circulars;
- 🎬 understanding of the purpose of a budget;
- 🎬 the necessity of policymaking;
- 🎬 setting up of necessary structures e.g. Finance Committee, to take charge of finances;
- 🎬 understanding and monitoring of dates important for different processes; and
- 🎬 putting monitoring mechanisms in place and reporting to parents.

In addition Anderson and Briggs (2001:1) state that the SGB and principal are likely to be involved in some, or all, of the following activities:

- 🎬 preparing a budget for the school;

- considering and controlling the costs of certain educational activities;
- deciding resource allocation within the school or department;
- securing additional funding and/or resources for the school through entrepreneurial activities;
- responding to the needs and concerns of parents;
- developing and maintaining links with local business, industry and commerce;
- preparing and implementing a marketing strategy for the school; and
- accountable for delegated spending and demonstrating values for money.

Khumalo (2001:1) asserts that all decisions made by financial managers have financial implications and therefore the financial manager or the principal as the accounting officer has to consider whether the decisions made are realistic with regard to the size of a school. At the same time, progress or improvement should not be delayed by budget problems.

#### **2.4.4 The school finance committee**

Bisschoff and Mestry (2007:36) mention that a Finance Committee should be formed to assist the SGB in handling the financial matters of the school. Campher (2002:52) states that according to Section 30(1) of the SASA, the SGB may establish committees including a finance committee and executive committee, appoint persons who are not members of the SGB to such committees on the basis of their expertise, and each committee must be chaired by a member of the SGB.

Mestry (2004:131) mentions that where members of the SGB have no or little financial knowledge, the SGB should ask for the services of an expert with sound financial knowledge from the parent community. It is vital for this committee to conduct regular meetings to discuss financial matters and its members must be committed to carrying out their responsibilities

The KZNDobe (no date:iv) states that the finance committee helps the school by providing a range of “high level” functions: The finance committee will:

- 🎬 keep overall control of school money.
- 🎬 draw up the budget each year.
- 🎬 approve all expenditure - if it fits the budget.
- 🎬 advise on ways of fundraising.
- 🎬 assist in drawing up annual financial statements.
- 🎬 check financial records internally.
- 🎬 suggest who should be appointed as the auditor.
- 🎬 advise the SGB on amount of school fees.
- 🎬 advise the SGB on exemptions on school fees.

According to Bisschoff and Mestry (2007:65), the composition of the finance committee may consist of the treasurer, principal, educators, parents (not necessarily from the SGB), and non teaching staff. It is advisable that at least eight members make up this committee, with a SGB member as chairperson. Mxuma (2006:26) states that the treasurer must keep accurate records of all transactions and prepare document for the auditors.

#### **2.4.4.1 The role of the school finance committee**

According to Goniwe (2005:20), the finance committee is responsible for monitoring income and expenditure in a school. This committee should ensure that:

- 🎬 records are kept;
- 🎬 there is accountability and responsibility for all funds/fundraising activities;
- 🎬 there is an independent audit; and
- 🎬 the SGB is informed and approves of the financial statements.



The role of this committee will be made much easier with the existence of a financial policy at the school. This financial policy may differ from school to school, but should be used as the guideline for all financial matters at the school (Mestry, 2006:35). A good financial policy identifies and articulates the values and the basic principles to be applied to specific needs in schools. A financial policy should not only set direction, but should also give direction. It is therefore essential that all stakeholders involved in the financial matters of the school to be directly involved in the drafting and implementing of the school's financial policy.

According to Bisschoff and Mestry (2007:126), the financial policy is seen as a document that may be changed over time. The starting point of a financial policy lies with the mission statement of the school. The formulation of rules and regulations for controlling the money or the assets of the school must be stated clearly in the financial policy of the school.

Decentralising financial management in schools is driven by certain legal aspects. Some of these are discussed in the next section.

## **2.5 LEGAL ASPECTS OF FINANCIAL SCHOOL MANAGEMENT**

As previously mentioned, some overlapping may occur in the discussion of the SASA as legal framework guiding school finances and the role of the principal and SGBs (discussed earlier). This is however kept to the minimum.

### **2.5.1 Legal frameworks**

School finances are mainly guided by the SASA, but Mkhize and Ajam (2006:761) mention that the promulgation of the Public Financial Management Act (PMFA) (Act 29 of 1999) was seen as a milestone of budget and financial reform in South Africa.

The main aims of the PFMA are:

- to regulate the financial management in the public sector;
- to ensure that all revenue, expenditure, assets and liabilities are managed effectively and efficiently; and
- to provide for the responsibilities of persons entrusted with financial management.

According to Oosthuizen and Botha (2002:206), the legal requirements regarding management activities (apart from the PFMA), particularly those related to financial management, are found in a number of sections of the SASA.

- Section 12(1) determines that the provincial minister must provide public schools for the education of learners out of funds provided for this purpose by the provincial legislature.
- Section 20(1) determines that the SGB of the school must administer and control the property of the school as well as the buildings and grounds occupied by the school, including the hostels were applicable.
- Section 20(2) determines that the SGB may allow the reasonable use of facilities of the school for community and social purposes as well as for school fee collection.
- Section 34 determines that the state must fund public schools on an equitable basis, while Section 35 state that the Minister of Education, after consultation with the Council of Education Ministers, the Finance and Fiscal commission and the Minister of Finance, must determine norms and minimum standards for the purpose of funding of public schools.
- Section 44 determines that the financial year of a public school commences on the first day of January and ends on the last day of December of each year.

According to Joubert and Prinsloo (2001:15), the Constitution (Act 108 of 1996) took effect on 4 February 1997. South Africa has a long history of Apartheid and other forms

of unfair discrimination in education. In the past, there were differences and unequal school and education systems based on ethnicity, race and colour. One of the basic aims of the SASA is to transform education by creating and managing a national school system in South Africa. This system must, as far as reasonably possible, give everyone an equal opportunity to develop the talents of all learners (Joubert & Prinsloo 2001:19). Campher (2003:40) mentions that the main aim of the SASA was to introduce a system that would, inter alia, promote democratic change in the community, integrating various school models into one model that should be acceptable to all and grant equal opportunities to all. Campher (2003:40) further mentions that the SASA protects the diversity of culture and language, as well as the rights of learners, parents and educators.

According to Joubert and Prinsloo (2001:19), the general purpose of the SASA is:

- ❏ eliminating poverty through proper education;
- ❏ establishing a human rights culture to advance the democratic transformation of society;
- ❏ ensuring respect for and protection and advancement of various cultures and languages; and
- ❏ establishing a partnership between all stakeholders who have an interest in education, i.e. the state, parents, learners, educators and other members of the community in the vicinity of the school.

Van Deventer and Kruger (2003:236) further explain that the SASA makes provision (by means of Article 21), for public schools to become more responsible for managing certain functions themselves. Managing of school finances is discussed in the next sub-section.

## **2.5.2 Managing school finances**

This sub-section discusses various aspects of the management of school finances.

### 2.5.2.1 Financial recordkeeping and control

According to Oosthuizen (2003:214), the SGB has the responsibility to keep a comprehensive record of funds received and spent and of assets, liabilities and financial transactions. Bischoff and Mestry (2007:37) mention that, according to Section 42 of SASA, schools must keep financial records and statements. The SGB of a public school must:

- keep a record of funds received and spent by the public school and its assets, liabilities and financial transactions; and
- as soon as possible, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with certain guidelines.

According to Marishane and Botha (2004:105), in budget reporting the school-based management structures (SBMS) gathers, processes and supplies detailed financial information. Financial information is communicated in the form of short term and long term financial statements and reports and it indicates the school's revenue and expenditure. Xuma (2006:36) states that the SASA places a duty on the SGB to keep written record of everything that has to do with money or property of the school. This means that all the money that the school receive must be written into financial statements or recorded or entered into the computer. There must be an asset register in which all the property that belongs to the school is written down. This will contain a list of everything of which the school is the owner of. If the school buys or receives something new, it must be entered into the record immediately.

The KZNDobE (no date:iv) states that the overall responsibility for the control of school money lies with the SGB of the school. Usually the principal of the school is the "accounting officer". According to Van Deventer and Kruger (2003:242), financial control includes the following tasks:

- drawing up criteria to ensure that the school's resources are mobilised effectively;
- monitoring and evaluating the school's financial progress;
- initiating corrective action if needed;
- determining financial procedures;
- collecting money;
- financial reporting; and
- accountability.

Conradie and Fourie (2002:9) put forward four steps in financial control, which are:

- determining performance criteria, i.e. drawing financial budget and planning what should be done;
- measuring the actual performance or the concrete results, i.e. setting up a bookkeeping system, with regular reporting outputs; and
- comparing the expected with the actual performance.

Van Deventer and Kruger (2003:242) mention that monitoring entails keeping a check on the difference between the planned financial status at any given time and the actual financial status at that time. Monitoring and control involves the following:

- drawing up a plan (for the revenue and spending) for the whole year, and identifying positive and negative differences;
- checking expenditure against the budget allocations;
- evaluating and reorganising if and where necessary;
- noting if there is a surplus or shortage at the end of the year and whether there is any possibility of building reserves;
- controlling and checking expenditures by means of monthly statements, quarterly statements and the annual report.

Campher *et al.* (2003:40) state that there has been a shift in emphasis from external reporting and accountability to transparency and information sharing amongst all stakeholders. In keeping with the concept of sharing information amongst all stakeholders, the following things must be done:

- 🎬 the area of accountability for school finances must be increased. Staff, learners, parents, the business community and the community in general must be included.
- 🎬 staff, learners and learners' parents should be made aware of the financial control process, so that they are informed of what is happening in the school. This will allow them to utilise the school resources for the maximum benefit of the school rather than trying to achieve only efficient resource utilisation.
- 🎬 decision-making should be done more collectively rather than only at management level. Cooperative financial school management will lead to collective leadership and practices involving all stakeholders.
- 🎬 there must be a trusting and cooperative relationship amongst all the stakeholders as opposed to an atmosphere of mistrust, division and exclusion. A new type of relationship must be established by means of consultation and ongoing discussion so that an agreement can be reached.
- 🎬 Financial information should be made available to all stakeholders.

Campher *et al.* (2003:41) further mention that for a budget to have value and be effective as a financial management tool, it must be controlled. Budget control should include the following functions:

- 🎬 comparison between the amount budgeted and the results achieved;
- 🎬 analysis and interpretation of discrepancies;
- 🎬 auditing and calculations;
- 🎬 accounting and reporting; and
- 🎬 implementation of corrective measures.

Bisschoff and Mestry (2007:168) assert that poor management of cash at school can cause considerable unhappiness amongst the role players and neither the state, nor the donors or the parents want to see their hard-earned money being mismanaged.

#### 2.5.2.2 Cash management

According to Westerfield and Firer (2001:30), cash flow is the difference between the number of rands that came in and the number that went out. Cash resources of a school include money, such as coins and notes and negotiable instruments such as cheques and postal orders as well as funds held at banking institutions.

Bisschoff and Mestry (2007:168) state that for effective cash management at school, the SGB must receive regular reports on:

- the cash flow position on a monthly basis;
- unexpected and sudden changes in the cash flow and the precautionary balances; and
- projections of the expected cash requirements and the cash flow.

Goniwe (2005:129) portrays guidelines on the handling of cash and petty cash. Schools must have an agreed policy for handling the receipt of cash payments. There must be a person responsible and a system for issuing receipts/controlling the money. Security for the handling and banking of money must be in place and monitored. Schools should keep a small amount of money in cash to pay for cash expenditures i.e. travel, cash purchases, etc. A certain amount of cash is kept at the school in a safe place (locked) and is used to pay for accounts that are too small for cheque or internet payments. A major part of the management of any finances is the drafting of a budget for the school.

## 2.6 BUDGETING

According to Van Deventer and Kruger (2005:237), a budget can be regarded as a management tool or mechanism by which the management team and the SGB can estimate and plan, as well as utilise, coordinate, monitor and evaluate the allocated resources of the school in financial terms. Brimley and Rulon (2008:294) state that a budget is a fiscal plan that involves at least four elements namely: planning, receiving funds, spending funds and evaluating results – all performed within the limits of a predetermined time, thus, budgeting is defining priorities and needs and receiving and spending funds over a particular period, usually a year for schools. The evaluation aspects cover examining previous budgets in order to build better budgets for succeeding periods.

Campher (2003:19) sees a budget as a document showing the estimated income for a specific financial year and everything that must be financed with the income. According to the KZNDoBE (2005:51), budgeting is an estimate of the school's income and expenditure for the following year. Budgets are management tools and plans that involve a process, and control and are indicators of performance. Thus budgets are performance management tools, their purpose being to allocate limited resources to unlimited demands. Budgets are financial indicators of activities for the year ahead and indicate strategic priorities for that period (Tassiopaolos, 2005:160). Picciano (2006:106) mentions that without an understanding of the available financial resources, an educational leader will have difficulty moving the school forward.

According to Nieman (2006:103), the operating budget is a statement of estimated income and expenses over a specified period of time. It is essential that items in the operational budget be calculated with care, as this is the area where miscalculations can have serious consequences for the school during a financial year. Another important aspect of the budget is the cash flow budget. Nieman (2006:103) states that the cash flow budget is a statement of estimated cash receipts and expenditure over a



specified period of time. Erasmus (2008:90) mentions that budgets are part of the planning process, but also a very important controlling feature.

Bush and Heystek (2003:132) explain that the budget cannot be finalised unless it is approved by the majority of parents present and voting at a meeting. Campher (2003:53) mentions that before a budget can be approved by the SGB, it must be presented to a general meeting of parents convened on at least 30 days notice, for consideration and approval by a majority of parents present and voting. Bush and Heystek (2003:132) state that the parents must be consulted about whether school fees should be charged and on the level of such fees.

**Table 2.1: Structuring a budget**

<b>BUDGET ITEMS</b>	<b>Previous budget</b>	<b>Previous actual</b>	<b>Current budget</b>	<b>Current actual</b>
<b>Income</b>				
Funds allocated by state				
School fees				
Donations				
Fundraising projects				
Investments				
Hiring of facilities, etc				
<b>Total income</b>				
<b>Expenditure</b>				
Personnel				
Administration				
Stores				
Equipment				
Buildings/grounds/maintenance				
Transport				
School departments, etc.				
Total expenditure				
<b>SURPLUS/DEFICIT</b>				

Source: Van Deventer and Kruger (2005:240)

The budget items are listed on the left and include all income and expenditure items of the budget. This allows one to determine whether the school made a surplus or deficit during a particular year. In the next column figures of the previous year's budget are reflected. The second column portrays the actual amount spent last year. The third

column indicates figures of the current year's budget and the fourth column the actual income or expenditure incurred for the current year to date. At the bottom of the structure the surplus/deficit is indicated.

According to Anderson and Briggs (2001:27), budgeting is done because:

- 🎬 resources are “scarce” – one cannot do everything one want to;
- 🎬 accountability is easier to put into effect regarding the funding received;
- 🎬 it ensures the things that need to be done are properly resourced; and
- 🎬 it allows to plan ahead.

Anderson and Briggs (2001:27) also mention that internal or departmental budgeting within an educational organisation is one of the most important activities in the resource management cycle. The budget is the tool for ensuring the resources required for the educational activities that lead to the achievement of educational objectives are made available. The budget is much more than a spreadsheet indicating income and expenditure under different heading sections. It should be used as a means of expressing school aims and educational proprieties in financial terms.

Anderson and Lumby (2005:69) state that the budget process begins with the review or audit phase, which builds on an evaluation of the previous cycle. In the South African context this analysis begins around September in preparation for the next financial year in January. Brimley and Rulon (2008:294) state that translating educational needs into a budget can follow the pattern of:

- 🎬 identifying needs;
- 🎬 establishing goals;
- 🎬 organising objectives;
- 🎬 building a program in meeting those objective and
- 🎬 providing a budget to fund those programs.

According to Lesley and Lumby (2005:73), there are various approaches to budgeting, such as incremental budgeting, line item budgeting, programme budgeting, rolling budgets, fixed and flexible budgeting and zero-based budgeting.

- **Incremental budgeting:** This is the most common technique used in preparing the school budget. It is one of the two main rational approaches to resource allocation. Incremental budgeting means the building of the yearly budget on the previous budget. According to Ntseto (2009: 51), an incremental budget involves an approach that uses the previous year's expenditure as the basis from which to make adjustments. The previous year's budget is not challenged, but attention is given to minor adjustments in the financial spending. The next school year is assumed to be very much like the current year. School principals are expected to project the needs for the next year on the formula that is most often based on the number of learners anticipated to be enrolled.
  
- **Line-item budgeting:** This budget focuses on cost item of expenditure as the unit of analysis, authorisation and control. This approach is more specific as each line item in the budget receives separate consideration. Line-item budgeting is also a common feature in many schools in South Africa (Business Dictionary, no date).
  
- **Programme budgeting:** This budget approach focuses strategically on the school plans, identifies programmes to achieve its objectives and determines the cost of each programme. Programme budgeting facilitates and recognise the ways in which school activities are done and this budget system is related and interdependent (Asantewa, 2003:14).
  
- **Rolling budget:** A rolling budget operates within a system whereby the 12 months budget of targets and resources is divided into quarterly periods (Zach, 2002:20). In this system, principals can transfer resources from one part of the

budget to the other without the typical problems of ownership and demotivation found with other budget systems.

■ **Fixed and Flexible budgeting:** Fixed budgets are designed to remain unchanged. Flexible budgets (or variable budgets) are designed to show how budget figures change with levels of activity. This provides a meaningful comparison for the purposes of cost and a budget allowance based on the same level of activity (Asantewa, 2003:14).

■ **Zero-based budgeting:** Zach (2002:19) states that zero-based budgeting is founded on the concept that each budget starts from zero when a new budget is prepared. Previous expenditure in this budget system is ignored.

Third stream income (not from government subsidy or school fees) may be needed to ensure that schools can function effectively. It may happen that a school embark on fundraising projects to ensure that the budget effectively addresses the objectives of the school (Tassiopaolos 2005:192).

## 2.7 FUNDRAISING

Karlsson (2002:331) indicates that a SGB of a public school must take all reasonable measures within its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners at the school. According to Schreuder and Landey (2001:52), each fundraising project is a once-off attempt to raise money for a particular purpose. Once the activity is over, no more funds come from this source during a particular year. Various factors such as good or bad marketing and the attitude of the community mean that it is not always possible to predict how much money will be raised in a fundraising drive.

Anderson and Lumby (2005:52) assert that schools in many countries have traditionally generated additional income through occasional activities in conjunction with parents,

associations, friends of the school or community groups. Such events not only raise funds, but also encourage parents and the local community to be involved with the school, celebrate it and gain understanding of it and its achievements. They also enable relationships between children, parents, staff and neighbours to develop in a positive atmosphere. In effect, such events tend to rely on people who support them because they wish to support the school.

Oosthuizen (2003:217) mentions that schools may employ a variety of methods to supplement their finances. Some may include school functions, admission and subscription fees for sporting events, and the leasing of the school facilities (tennis courts, swimming pool and classrooms) after hours to learners and parents. Bisschoff (2004:85) states that effective management forms an integral part of any fundraising effort made by a school. All school fundraising programmes consist of four basic elements:

- a firm belief in the mission of the school, as well as in the cause earmarked for fundraising.
- effective fundraising techniques.
- effective organisation.
- effective administration.








According to Jeremiah and Palmer (2005:43), success depends on the extent to which fundraising is viewed as part of the institution's overall community relations effort, the ways in which fundraising tasks are assigned and coordinated, and the strategies used to ensure the returns on investment in fundraising campaigns. Anderson and Lumby (2005:44) mention that beyond the obvious reason of obtaining more funds in order to purchase additional educational resources lies more challenging issues on the principal.

### 2.7.1 Fundraising committee

The task of raising funds will be that of the fundraising committee. According to Campher (2003:62), the members of the fundraising committee must have interest in the school and their nominations are received from the SGB, educators and parents. The SGB oversees the functions and the performance of the fundraising committee.

Van Deventer and Kruger (2003:240) state that the organisation of fundraising projects is an important aspect of organising school finances. The task of fundraising can be allocated to a fundraising committee who would then be responsible for coordinating all the school's fundraising efforts. Activities need to be well organised and the procedures for collecting money should be well planned for easy monitoring and control. The community and other sponsors will be more willing to pledge support when they notice good organisation, this would be an indication that funds collected will ended up benefiting the school (FSDoBE, 2005:9).

According to Anderson and Lumby (2005:52), the following are examples of fundraising projects that have become synonymous with schools in South Africa:

-  dance evenings (sokkie jol);
-  firework displays;
-  sports day;
-  spelling competitions;
-  Mr and Miss (school's name) evenings with guests artists;
-  staff concerts;
-  learner concerts.

Certain control measures should be brought into place to ensure successful fundraising. Schools should have strict systems of control of the money collected on behalf of the school to:

- ensure the public that each request is a genuine one; and
- ensure that all funds reach the school's fundraising committee (FSDoBE, 2005:9).

To prove that the finances of the school are managed correctly, effectively and efficiently and to make sure that they are not mismanaged, auditing the financial records is essential.

## **2.8 AUDITING**

Auditing is an evaluation of a person, organization, systems, process, enterprise, project or product by either an internal or external auditor. According to Mxuma (2006:37), it is not enough for the governing body to draw up the financial statements. The statements must be audited by an external auditor to make sure that they are in order. The person appointed to check the financial records of the school must be independent and must not be involved in any affairs or business of the school.

According to Brimley and Rulon (2008:331), an audit is a systematic process or procedure for verifying the financial operations of a school to determine whether property and funds have been or are being used in a legal and efficient way. The SGB of a public school must appoint a person registered as an Accountant and Auditor in terms of the Public Accountants and Auditors Act (Act No. 80 of 1991), to audit the records and financial statements of a school (FSDoBE, 2005:7).

## **2.9 CONCLUSION**

This chapter reviewed literature regarding general management, the funding received by schools from government and the manner in which school finances should be managed.

Under general management, the four pillars of management were discussed as well as some elaboration on motivation and communication as part of leading. The funding from government essentially explained the new format of school funding in the form of various quintiles. The aim is to provide more funding to schools situated in poor communities.

The management of school finances was discussed as this is still a contentious issue in many schools. Although some research in South Africa has been done on this problem, solutions have not yet been reached and the finances of many schools seem to still be in disarray. Decentralising school finances by the government has empowered and given the SGB the authority to manage and administer the finances of the school. The SGB and the parents must be involved where they can make a meaningful contribution, for example in the finance committee and through fundraising endeavours. It is clear that the financial statements of schools need to be audited on a yearly basis to ensure its authenticity.

In the next chapter the research methodology employed in this study is discussed.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

The preceding chapter dealt with the literature study on the financial effectiveness of schools as well as the role of the principal and the SGB in enhancing effectiveness of financial management in schools. The literature review revealed that there are steps to be followed and tasks to be carried out to ensure effective financial management in schools.

In order to establish the contribution of the principal and the SGB towards ensuring financial management in schools, an ethnographical study was undertaken in schools in the Lejweleputswa district, Free State province. This chapter starts with the explanation of research and the research methodology employed in this study.

#### **3.2 WHAT IS RESEARCH?**

According to White (2003:63), research can be defined as a systematic process of collecting and logically analysing information (data) for some purpose. Research methodology is systematic and purposeful. Hendricks (2009:1) states that educational research is conducted to advance our understanding of a variety of issues and can focus on basic knowledge – such as the way the brain processes information – or on more applied concerns geared towards determining the effectiveness of certain actions (i.e. teaching or discipline strategies). Hendricks (2009:1) further states that in education, research is used to develop theory, test hypotheses based on theory, study relationships among variables, describe educational phenomena and determine whether actions result in desired outcomes.

According to Kitchin and Tate (2000:1), research is the process of enquiry and discovery. Research is a process through which new knowledge is discovered.

Theories, such as a theory of motivation or development or learning for example, help us to organise this new information into a valid body, a set of related ideas that explain events that have occurred and predict events that may happen (Salkind, 2006:3).

Salkind (2006:3) further mentions that high quality research is characterised by many different attributes, where many tend to be related to one another and also tend to overlap. High quality research:

- 🎬 is based on the work of others;
- 🎬 can be replicated;
- 🎬 is based on some logical rationale and tried to theory;
- 🎬 is do-able;
- 🎬 generates new questions or is cyclical in nature;
- 🎬 is incremental; and
- 🎬 is an apolitical activity that should be undertaken for the betterment of the society.

Similarly, Leedy and Ormrod (2005:2) mention that research is a systematic process of collecting, analysing and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned. They further mention that although research projects vary in complexity and duration, research typically include most of the following characteristics:

- 🎬 research originates with a question or problem;
- 🎬 research requires clear articulation of a goal;
- 🎬 research requires a specific plan for proceeding;
- 🎬 research usually divides the principal problem into more manageable sub-problems;
- 🎬 research is guided by the specific research problem, questions or hypothesis;

■ research requires the collection and interpretation of data in an attempt to resolve the problem that initiated the research.

The next section addresses the research design and methodology of the study.

### **3.3 RESEARCH DESIGN AND METHODOLOGY**

It is important at this stage of the study to discuss the design and methodology to be followed in this research study.

#### **3.3.1 Research design**

According to White (2003:42), research design refers to the plan and structure of the investigation used to obtain evidence to answer research questions. The design describes the procedures for conducting the study, including when, from whom and under what conditions the data is to be obtained. In other words, design indicates how the research is set up, what happens to the participants and what methods of data collection are used.

The design followed in this study is qualitative in nature. Qualitative research is social or behavioural science research that explores the processes that underlie human behaviour using such exploratory techniques as interviews, surveys, case studies and other relatively personal techniques (Salkind, 2006:201). Leedy and Ormrod (2005:133) are of the opinion that the term qualitative research encompasses several approaches to research that is, in some respects, quite different from one another. Yet all qualitative approaches have two things in common. First, they focus on phenomena that occur in natural settings that is, in the “real world” and secondly, they involve studying those phenomena in all their complexity.

The term qualitative research can mean different things to different people. White (2005:81) states that qualitative research is concerned with the understanding of social

phenomena from the perspective of the participants. According to Fraenkel and Wallen (2009:422), qualitative research investigates the quality of relationships, activities, situations or materials. Qualitative research is both exciting and important. It is a highly rewarding activity because it engages the researcher with things that matter, in ways that matter. Through qualitative research, researchers can explore a wide range of dimensions of the social world, including the texture and weave of everyday life, understandings, experiences and imaginings of the research participants, the ways that social processes, institutions, discourses or relationships work and the significance of the meanings they generate (Mason, 2002:1).

Qualitative studies are more controlled, using instruments in which verbal and iconic data are captured in the format of the instrument, such as an observation schedule, interview or open-ended questionnaire. This type of study elicit data that are treated qualitatively as there is not necessarily any use of statistical methods (Henning, 2004:4).

Qualitative inquiry is a research form, approach or strategy that allows for a different view of the theme that is studied and in which the participant have a more open-ended way of providing their views and demonstrating their actions. Thus, qualitative research denotes the type of inquiry in which the qualities, the characteristics or the properties of a phenomenon are examined for better understanding and explanation. Although researchers who use qualitative methods set out with different purposes as they conduct their studies, the general purpose in qualitative research is to understand and interpret phenomena as they occur in natural settings (Hendricks, 2009:3).

This study uses the qualitative approach, as the views and opinions of participants are sought in a natural setting. The researcher seeks to make meaning from the information gathered for the purpose of simply understanding the settings and not to generalise findings beyond it. Thus, in qualitative studies, those who are studied are normally chosen purposively rather than randomly (Hendricks, 2009:2).

### 3.3.1.1 Advantages of qualitative research

Mateev (2002:1) mentions the following advantages of qualitative research:

- 🎬 In qualitative research the information received or data obtained from people is taken as correct and believable reports of their opinions and experiences.
- 🎬 It investigates, for instance, the relationships and patterns among factors or the context in which the activity happens.
- 🎬 It is concentrated on understanding the full multi-dimensional picture of the subject of investigation.

### 3.3.1.2 Disadvantages of qualitative research

According to Silverman (2004:343-363), the following are disadvantages of qualitative research:

- 🎬 Researcher bias is built in and unavoidable.
- 🎬 It is more difficult to determine the validity and reliability of linguistic data.
- 🎬 “Data overload” – open-ended questions can sometimes create lots of data, which can take a long time to analyse.

The researcher is aware of these disadvantages and it should be made clear that these disadvantages does not necessarily make the data less valuable, it is just more difficult to determine the influence of the researcher on data.

## 3.3.2 Research methodology

In table 3.1 below, the major types of research methods are indicated.

**Table 3.1: Major types of research methods**

Quantitative		Qualitative	
Experiment	Now experimented	Ethnographic	Analytical
True Experimental	Descriptive	Participant Observation	Concept Analysis
Quasi-experimental	Correlational	Ethnographic Interview	Historical Analysis
Single subject	Survey	Document and artefacts analysis	Legal analysis
	Ex post facto		

Source: McMillan and Schumacher (1997:35)

The ethnographic approach is used in this study. The rationale behind adopting this method is that it allows the researcher to study the behaviour of people and the way they perceive and do things. According to White (2005:104), ethnography can therefore be regarded as a description of behaviour of people. The ethnographic approach is characterised by obtaining data and the description of behaviour of a small number of cases (as is discussed in 3.3.3).

In addition, Jonson and Christensen (2004:46) maintain that ethnography is one of the most popular approaches to qualitative research in education. The word ethnography literally means “writing about people”. Ethnography is a form of qualitative research focused on describing the culture of a group of people. Burke and Larry (2004:46) are of the opinion that when ethnographers conduct research, they are interested in describing the culture of a group of people and learning what it is like to be a member of the group from the perspective of the members of that group. They are interested in documenting things like the shared attitude, values, norms, and practices, patterns of interaction, perspective and language of a group of people.

### **3.3.3 Population and sampling**

Bauer and Gaskell (2000:361) define population as the complete collection of items or persons who are the target of the research. Population is a statistical term that refers to the collection of persons, groups, events or things that the research will focus on. The population of this study include principals and chairpersons of SGBs of primary and secondary schools in the Lejweleputswa District. The rationale for choosing these participants is related to the SASA which states that the management of school finances is a function of the SGB, of which the principal is a member.

Qualitative researchers view sampling processes as dynamic and suitable for specific situations. While there are statistical rules for probability sample size, there are only guidelines for purposeful sample size. Mason (2010:1) states that a number of issues can affect sample size in qualitative research; however, the guiding principle should be the concept of saturation. This has been explored in detail by a number of authors, but is still hotly debated, and some say little understood. Charmaz (2006:114) suggests that 25 participants are adequate for smaller research projects, while Ritchie, Lewis and Elam (2003:84) state that qualitative samples often lie under 50. Green and Thorogood (2009:120) state that the experience of most researchers is that in qualitative studies little that is 'new' comes out of transcripts after you have analysed the data from 20 or so people.

A sampling method is necessary for all research studies. This study employs the purposive sampling method, which is discussed in the next sub-section.

#### **3.3.3.1 Purposive Sampling**

According to Cresswell (2005:596), purposive sampling is a qualitative sampling procedure in which researchers intentionally select individuals and sites to learn and understand the central phenomenon. White (2003:65) mentions that purposive sampling is based entirely on the judgement of the researcher, in that a sample is composed of

elements which contain the most characteristics or representative of attributes of the population. Burke and Larry (2004:215) assert that in purposive sampling the researcher specifies the characteristics of a population of interest and then tries to locate individuals who have those characteristics.

According to Kruger and Mitchell (2006:69), purposive sampling is the most important type of non-probability sampling. In purposive sampling researchers rely on their experience 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. Kumar (2005:179) mention that the primary consideration in purposive sampling is the judgement of the researcher as to who can provide the best information to achieve the objectives of the study. The researcher selects those people who in his or her opinion are likely to have the required information and be willing to share it.

The decision on sample size in qualitative studies was mentioned earlier. The sample for this study comprises of 20 principals and 20 SGB chairpersons. The total sample is therefore 40 people. Gay and Mills (2009:136) state that no hard or fast rules specify a correct number of participants in a qualitative study. Qualitative studies can be carried out with a single participant or with as many as 60 or 70 participants representing multiple contexts. Gay and Mills (2009:136) further mention that qualitative studies with more than 20 or so participants are rare and many studies will even have fewer. The qualitative researcher's time, money, participants' availability, participants' interest, and other factors will influence the number of participants to be included in the research sample. In qualitative research, more participants do not necessarily mean that the study or results will be more reliable or more useful. When the researcher begins to hear the same thoughts, perspectives, and responses from most or all participants, additional participants are not needed, at least for that particular topic or issue. Mason (2010:2) asserts that this point is commonly known as data saturation.



## **3.4 DATA COLLECTION INSTRUMENTS**

The questionnaire as data collection instrument is discussed in this section.

### **3.4.1 Questionnaires**

A questionnaire is an instrument with open- or closed-ended questions or statements to which a participant must react. Different kinds of questionnaires can be distinguished, such as mailed or posted questionnaires or a group questionnaire. (White, 2003: 66).

White (2003:66) further says that for many good reasons the questionnaire is the most widely used technique for obtaining information from participants. A questionnaire is relatively economical, has the same questions for all participants, can ensure anonymity, and contains questions written for specific purposes. Questionnaires can use questions or statements, but in all cases the participants are responding to something written.

According to Kumar (2005:110), a questionnaire is a written list of questions, the answers to which are recorded by participants. In a questionnaire the participants read the questions, interpret what is expected and then write down the answers.

#### **3.4.1.1 Open-ended questionnaires**

According to Kumar (2005:132), an open-ended questionnaire is constructed in such a way that the possible responses are not given. The participants write down the answers in their own words. Open-ended questionnaires are used for seeking opinions, views, attitudes and perceptions from participants. White (2003:68) mentions that in open-ended questionnaires, the participants can respond with any information relevant to the question. Open-ended questionnaires are normally used for complex questions that cannot be answered in a few simple categories but require more detailed information and discussion.

Martin (2004:83) concur that open-ended questions allow the participants to supply any appropriate answer. With an open question participants may provide different answers to a single question. Babbie (2007:212) states that open-ended questions are questions for which the participant is asked to provide his or her own opinions, beliefs and viewpoints. In-depth, qualitative interviewing relies almost exclusively on open-ended questions.

According to White (2003:68), the following are some of the advantages of open-ended questionnaires:

- it can be used when the researcher would like to see what the participants' views on certain issues are.
- they allow the participant to answer adequately, in all the details he/she likes and to qualify and clarify his or her answer.
- they are preferable for complex issues that cannot be condensed into a few small categories.
- they allow more opportunity for creativity or self expression by the participant.

The following are disadvantages of open-ended questionnaires that should be kept in mind (White 2003:68):

- it may lead to the collection of worthless and irrelevant information.
- data is not standardised from person to person, making comparison or statistical analysis difficult.
- they require good writing skills, better ability to express ones feelings verbally, and generally a higher educational level than do closed ended questionnaires.
- open-ended questionnaires generally requires much more of the participants' time.
- it requires more paper and let the questionnaire look longer, possibly discouraging the participants who do not wish to answer a lengthy questionnaire.

Open-ended questionnaires are used in this study as it allows participants to elaborate on their answers. In this way, in-depth data can be obtained from the purposefully selected sample.

### **3.5 ANALYSIS OF DATA**

Holiday (2002:99) indicates that data analysis is the process of making sense of sifting, organising, cataloguing, selecting, determining themes and processing of data. The aim of analysis is to understand the various constitutive elements of the data through an inspection of the relationships between concepts or variables, and to see whether there are patterns or trends that can be identified or isolated, or to establish themes in the data. Babbie (2007:246) is of the opinion that responses must be coded before they can be processed for analysis, where this coding requires the researcher to interpret the meaning of responses.

Analysing data usually involves two steps: first, reducing to manageable proportions the wealth of data that one has collected or has available, and second, identifying patterns and themes in the data (Mouton, 2002:161). According to Bauer and Gaskell (2000:355), data analysis is any approach, qualitative or quantitative, to reduce the complexity in the data material, and to become a coherent interpretation of what is and what is not the case. Hendricks (2009:127) mentions that the analysis of data is an ongoing process that should occur throughout the study rather than at the end of it. Mouton (2002:108) states that data analysis involves “breaking up” the data into manageable themes, patterns, trends and relationships.

Henning (2007:127), Huberman and Miles (1994) and Silverman (1997:200) have identified the following appropriate principles for most types of qualitative research analysis:



qualitative analysis takes place through the data collection process;

- an analysis commences with reading all the data and then dividing the data into smaller and more meaningful units;
- data segments or units are organised into a system that is predominantly derived from the data, which implies that the analysis is inductive;
- the researcher use comparisons to build and refine categories, to define conceptual similarities and to discover patterns;
- categories are flexible and may be modified during the analysis;
- the result of an analysis is a kind of a higher order synthesis in the form of a descriptive picture, patterns or themes or emerging or substantive theory.

It is important for any qualitative researcher to follow the above principles. In this study the researcher aimed to include all these principles during data analysis. The data in this study has first been reduced to manageable patterns, after which certain themes and patterns have been identified and reported on. Qualitative analysis is a method for examining social research data without converting them to a numerical format.

### **3.6 MEASURES TO ENSURE TRUSTWORTHINESS**

Lincoln and Guba (1985:29) propose four criteria for judging the soundness of qualitative research and explicitly offered these as an alternative to more traditional quantitatively-oriented criteria. They felt that their four criteria better reflect the underlying assumptions involved in qualitative research. Their proposed criteria and the "analogous" quantitative criteria are listed below.

**Table 3.2: Criteria for judging quantitative and qualitative research**

Traditional Criteria for Judging Quantitative Research	Alternative Criteria for Judging Qualitative Research
internal validity	Credibility
external validity	Transferability
reliability	Dependability
objectivity	Confirmability

### **3.6.1 Credibility**

According to De Vos, Strydom, Fouche and Delport (2005:346), the credibility criteria involves establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research. Since from this perspective, the purpose of qualitative research is to describe or understand the phenomena of interest from the participant's eyes, the participants are the only ones who can legitimately judge the credibility of the results. To have ensured that credibility of the study was maintained, clear parameters for the study were set. Only participants who can provide in-depth data regarding the phenomenon at hand were included in the study. The researcher also presented the planned proposal at the Faculty Research Committee of the institution.

### **3.6.2 Transferability**

Transferability refers to the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings. From a qualitative perspective transferability is primarily the responsibility of the one doing the generalizing. The qualitative researcher can enhance transferability by doing a thorough job of describing the research context and the assumptions that were central to the research. The context of this study is mentioned in the literature study, as well as in the reporting and findings sections. The person who wishes to "transfer" the results to a different context is then

responsible for making the judgment of how sensible the transfer is (De Vos *et al.* 2005:346).

### **3.6.3 Dependability**

The traditional quantitative view of reliability is based on the assumption of replicability or repeatability. Cohen, Manion and Morrison (2007:434) state that essentially it is concerned with whether the same results would be obtained if the same thing could be observe twice. But the argument is that the same thing can actually not be measured twice, because by definition if we are measuring twice, we are measuring two different things. The idea of dependability, on the other hand, emphasises the need for the researcher to account for the ever-changing context within which research occurs. The research is responsible for describing the changes that occur in the setting and how these changes affected the way the research approached the study. In this study, the experiences of participants were meticulously analysed and accurately described or interpreted.

### **3.6.4 Confirmability**

Qualitative research tends to assume that each researcher brings a unique perspective to the study. Cohen *et.al* (2007:435) state that confirmability refers to the degree to which the results could be confirmed or corroborated by others. There are a number of strategies for enhancing confirmability. The researcher can document the procedures for checking and rechecking the data throughout the study. Another researcher can take a "devil's advocate" role with respect to the results, and this process can be documented. The researcher can actively search for and describe and negative instances that contradict prior observations. And, after the study, one can conduct a data audit that examines the data collection and analysis procedures and makes judgements about the potential for bias or distortion. An audit trail was followed for this study where participants were given the opportunity to comment on the data they provided.

### **3.7 CONCLUSION**

The research design and methodology adopted in this study have been discussed in detail in this chapter. The methods as well as processes which are followed as part of designing this study was discussed to provide a detailed account of those processes and methods. Qualitative research, as well as its disadvantages and advantages were highlighted. The population of the study and the target sample were given. This chapter outlined the research instruments chosen for this study and included the advantages and disadvantages of questionnaires. Lastly the methods to determine trustworthiness were elaborated on. The next chapter provides the data reporting of this study.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND REPORTING**

#### **4.1 INTRODUCTION**

This chapter discusses in detail the results of the collected data. A study to obtain these data was conducted at 20 schools in the Lejweleputswa district. The instrument used in obtaining data was an open-ended questionnaire. Analysis of data obtained from questionnaires was done through identifying common themes and responses. The relevant information is broken into sentences or phrases which reflect a single or specific thought. Two questionnaires were used to gather information (one for principals and one for chairpersons of SGBs). The similar and different opinions identified from the data are used to develop an overall description as seen by the participants.

##### **4.1.1 Description of data**

Section A of the questionnaire consisted of questions requiring the biographical information of the participants, as well as their academic qualifications and level of seniority and occupation. This data provided information on how experienced the participants are in their current positions.

#### **4.2 ANALYSIS AND REPORTING OF DATA**

In this section the data collected from the questionnaires are reported on. The data in this study has first been reduced to manageable patterns, after which certain themes and patterns have been identified and reported on. Geographical data is presented in numbers, but data obtained from open-ended questions is reported on in a narrative way as is characteristic in qualitative reporting. The relevant information is broken into sentences or phrases which reflect a single or specific thought. The different meanings



identified are used to develop an overall description as seen by the participants. Opinions, views, feelings, perceptions and attitudes of participants were captured.

Biographic information: due to the nature of the biographical data, this section is reported on in numerical format. The reporting of data is done in accordance with the sequence of the questions on the questionnaire.

#### **4.2.1 Biographic information (Principals)**

The following questions are asked to gather information regarding the gender, age and experience of principals participating in this study. The qualifications of the participants are also sought as it may have an influence on the opinions provided by them. The principal play an important role in managing the finances (with the SGB) within the school.

**Table 4.1: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>%</b>
Male	18	90
Female	2	10
<b>Total</b>	<b>20</b>	<b>100</b>

The above outlines the biographic information of the participants with regard to the gender of the principals. The study reflects that males formed the majority with 18 (90%) with females constituting only 2 (10%). This information still reflects the current trend that female principals are by far in the minority in schools.

**Table 4.2: Age**

<b>Years</b>	<b>Frequency</b>	<b>%</b>
30-40	2	10
41-50	8	40
51-60	10	50
60+	0	0
<b>Total</b>	<b>20</b>	<b>100</b>

Only 2 (10%) of the participants are between the ages of 30 and 40 years. 18 of the participants are above 40 years (90%), with 10 of these between 51-60 years. This is an indication that most principals are senior people in education. It also reflects the trend where principals seem to stay at a particular school for long periods of time, and that younger principals are in the minority.

**Table 4.3: Experience as principal**

<b>Years</b>	<b>Frequency</b>	<b>%</b>
1 – 5	8	40
6 – 10	1	5
11 – 15	6	30
16 – 20	3	15
21 – 30	1	5
31 – 40	1	5
Above	0	0
<b>Total</b>	<b>20</b>	<b>100</b>

Eight (40%) principals have between 1 to 5 years experience as a principal, which is normally not considered as very experienced. The rest (60%) have been principals for more than 6 years and 11 (55%) of these has experience as principal of more than 10

years. One could thus deduce that most of the principals in this study are not novice principals.

**Table 4.4: Academic qualifications**

<b>Qualification</b>	<b>Frequency</b>	<b>%</b>
Matric	0	0
Degree	3	15
BEd Hon	13	65
Masters	4	20
Doctorates	0	0
<b>Total</b>	<b>20</b>	<b>100</b>

The academic qualifications of the principal participants are outlined above. 13 (65%) participants have furthered their studies and completed a BEd Honours degree. 4 (20%) principals have completed a Masters degree. Although this table shows that 3 (15%) participants have only a degree as academic qualification, one must keep in mind that this qualification is followed by a professional teaching qualification.

**Table 4.5: Professional qualifications**

<b>Qualification</b>	<b>Frequency</b>	<b>%</b>
Primary Teachers' Diploma	5	25
Secondary Teachers' Diploma	8	40
Higher Diploma in Education	5	25
University Education Diploma	2	10
<b>Total</b>	<b>20</b>	<b>100</b>

All teachers need to be in possession of a professional teaching qualification. The manner in which these are obtained may differ, as some enter into a professional teacher's qualification from the start and others may first complete an academic type

qualification (degree or diploma) and then cap that with a professional teaching qualification. The principals in this study obtained their professional qualifications in the following manner: 5 (25%) principals obtained a PTD; 8 (40%) enrolled for a STD; 5 (20%) obtained a HDE and 2 (10%) of principals obtained an UED.

**Table 4.6: Qualifications in finance**

<b>Qualification</b>	<b>Frequency</b>	<b>%</b>
Qualification in finance	3	15
No qualification	17	85
<b>Total</b>	<b>20</b>	<b>100</b>

The above outlines some form of formal qualification of participants in financial management. Only 3 (15%) principals have obtained some form of formal qualification in finances. The majority of principals do not have any qualification in finance. A formal finance qualification does not necessarily mean that principals will experience no financially related problems at their schools, but it may assist them in understanding the fundamentals of finance.

The following questions were asked to gain data regarding the specific quintile the school resort under and to determine the types of schools that are involved in the study.

**Table 4.7: Quintiles**

<b>Quintile</b>	<b>Frequency</b>	<b>%</b>
Q1	4	20
Q2	7	35
Q3	3	15
Q4	-	0
Q5	6	30
<b>Total</b>	<b>20</b>	<b>100</b>

The above information outlines the quintiles

of the schools participating in the study. 14 (70%) schools in this study resort under Q1-Q3, which are considered to be the schools in need of most financial assistance from the DoBE. The rest of the schools (30%) are Q5 schools who receives the least funding from the DoBE. Normally, schools in the lower quintiles (Q1-Q3) struggle with funding by means of school fees, fundraising projects and resources.

**Table 4.8: Type of school**

<b>School</b>	<b>Frequency</b>	<b>%</b>
Primary	10	50
Intermediate	1	5
Secondary	6	30
Combined school	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

Ten (50%) of the schools are primary schools (Grade R-7), 1 (5%) is an intermediate school (Grade R–Grade 8), 6 (30%) are Secondary schools (Grade 8 – Grade 12), while 3 (15%) are combined schools (Grade R–Grade 12). The type of school may play a role in the nature of budgetary items necessary for that specific school.

The next sub-section provides the reporting on the responses received from principals. This section follows the qualitative pattern of narrative reporting where themes emerging from the data are reported on.

#### **4.2.2 Responses from principals**

The following questions are reported on in the narrative as is the norm in qualitative reporting.

##### ***Question 1***

### ***What would you consider to be good financial management?***

Most of the participants responded that good financial management is where there is transparency, accountability responsibility and where openness serves as a norm. The following are types of responses received from these participants:

- Where the school is abiding by all norms and standards of the Public Finance Management Act.
- Where there are sound mechanisms and instruments in place to prevent any possibility of fraud.
- Where all the stakeholders work strictly according to the budget and are accountable for income and expenditure.
- Where finances are managed according to the South African Schools Act and financial policies as set out by the DoBE
- Management of finances that intends to disclose all discrepancies and mismanagement of funds.

From the various responses one could state that principals in general have an understanding of what good financial management is. The major points link to transparency and accountability where school finances are managed according to the South African Schools Act, financial policies as set out by the DoBE and keeping to budgets. According to the literature (cf. 2.4), it is mentioned that financial management in education is the distribution and use of money for the purpose of providing educational services and producing learner achievement. Although the principal is accountable for the accuracy of the books, the managing of school finances is a primary function of the SGB, of which the principal of the school is a member.

### ***Question 2***

***Comment on your ability to manage the financial responsibilities of your school?***

Most of the participants mentioned that a finance committee (as sub-committee of the SGB) is established at their schools and that this committee strictly adheres to the correct execution of the budget. The auditors assist where uncertainties arise. Measures are taken together with the SGB with resources provided by the DoBE and parents to improve the quality of education.

Some of the participants indicated that their ability to manage the financial responsibilities of their school is very good because of self-development of financial skills that they have acquired through financial management training. They manage financial responsibilities of their schools by depositing money paid at the bank daily and by signing authorization forms that are filled before any payment can be made.

A few participants mentioned that they have the ability to manage the financial responsibilities of their school because of their knowledge of the finance policy that they have at their school and by aligning themselves with the principles of the PFMA.

To manage the financial responsibilities of the school effectively and efficiently, the school must have a functional finance committee that is constituted correctly. The finance committee must develop a very good finance policy and must adhere to that policy. The school must have a finance committee that is transparent, open and that involve all relevant stakeholders on whatever it does.

***Question 3***

***Who do you think should be responsible for the training of principals in terms of their new financial responsibilities?***

Most of the participants are unanimous that it is the responsibility of the district office to conduct training on finances for principals, but they differ on who (the people) should conduct that training. The following people were mentioned: Section officials from the

district office; the District financial head; Chief Financial Officer (CFO) and the Deputy Director and officials of the procurement section of the education district.

A few participants mentioned that the DoBE must consider using independent service providers to train principals, as some of the trainers from the DoBE have little financial knowledge or experience and as a result provide inadequate financial training.

From the responses of the participants above it appears that principals are of the opinion that their financial training is the responsibility of the district office, even if they differ with regard to whom within the district office should be tasked with that. That financial training is essential for principals is agreed upon when scrutinizing the responses; the differences came in when the responsible people to deliver that training is chosen.

#### **Question 4**

***According to you, what should be covered in the training of financial school management for principals?***

Participants mentioned different items that should be covered in the training of financial school management for principals. As a wide variety of items were mentioned, they are listed underneath:

- budgeting, authorization of cheques, reconciliation and drafting of financial statements.
- the manner in which bank statements should be analysed, training in the financial programme available (SA Sams) and training regarding the various responsibilities of the finance committee.
- proper control of registers and records, basic accounting principles, management and monitoring skills, reporting and fundraising.
- spending and relevant Acts must be covered, for instance:
- legal requirements pertaining to finances.



- the South African Schools Act (Act 84 of 1996).
- the Labour Relations Act (Act 66 of 1995).

The above list covers a variety of needs brought forward by principals. All these principals mentioned in Question 2 that they have the ability to manage the finances at their school. The above responses indicate that there are certain areas of school financial management that they would like to be included in a training programme, such as budgeting, drafting and reconciliation of financial statements, as well as the finance committee and the responsibilities of its members. The participants also felt that proper control and records of all relevant financial documents, fundraising and reporting should also be covered. It almost seems as if all areas of financial management was mentioned, which gives rise to the question of whether all these principals really experience no problems with school finances.

### **Question 5**

#### ***What would you want to gain from a training programme?***

Most of the participants indicated that they want to gain knowledge regarding the principles of budgeting and budgeting systems. Various other preferences were also mentioned, which are listed underneath:

- to gain knowledge of basic financial management - including terminologies used, such as debtors, liabilities, trial balance and cash flow statements.
- to have knowledge of utilising finances effectively as well as to gain more knowledge regarding fundraising efforts.
- to be able to translate strategic objectives into action plans – and to link these with funding, to have the skills to delegate responsibly without neglecting important responsibilities and to have knowledge of the PFMA.
- to properly review the budget monthly with regard to income and expenditure in order to improve the financial system in use at their schools and to gain the ability to manage all funds of the school on a daily/monthly/yearly basis.

■ to gain the capacity to keep pace with financial demands when the financial resources of the school is limited.

Participants have provided a number of issues. Principals seem to have a general knowledge of financial management (Question 2), but seem to lack more specific financial skills to ensure ultimate financial management of their schools.

### **Question 6**

***Who is ultimately responsible for the drawing up of the school budget and what is your role function in drawing up the budget?***

Most of the participants stated that the SGB is ultimately responsible for drawing up the school budget and that their role as principals is to provide guidance and advice to the SGB. It is the responsibility of the public and all stakeholders (e.g. principals, elected members of the SGB, co-opted members of the SGB, parents, educators, non educators and learners) to draw the school budget and their responsibility as principals is to reconcile it.

Some of the participants said that it is the responsibility of the finance committee to draw up the school budget. Legally it is the responsibility of the SGB to draw up the school budget, but due to the level of literacy of the parents' component of the SGB, budgeting is being done by the principals and the educators.

A few participants said that the school budget must be drawn up by the staff members, the school management team (SMT) and the finance committee. The role of the principal is to assist with the needs to be catered for by the budget and to ensure that the budget is drawn up according to the policy (SASA and PFMA).

From the responses it is clear that most participants have similar views on who should draw up the budget of the school. Although some mentioned that it is the duty of the finance committee, this committee still reports to the full SGB. According to the

literature (cf. 2.6), a budget can be regarded as a management tool or mechanism by which the management team and SGB of the school can estimate and plan, as well as utilise, coordinate, monitor and evaluate the allocated resources of the school in financial terms. Financial management is a sensitive issue and it is thus important that the SGB remember the following values: openness and transparency; responsibility and accountability.

### **Question 7**

***Legally it is the function of the SGB to manage the school budget. What role does the SGB play in this regard at your school?***

Most of the participants stated that the finance committee, as a sub-committee of the SGB, must meet quarterly to check whether the expenditure incurred and income received was according to the budget. The SGB draw up, approve, manage and implement the budget and review it every six months. The SGB also approves the purchases made by the school. The SGB drafts the budget from the information they obtained from different stakeholders and table it during the annual general parents' meeting for approval.

A few participants stated that each year the principal together with the finance committee must appoint a person who should manage the approved budget portfolios, i.e. stationary, sports, cultural activities, hostels and workshops.

A few stand-alone responses were also received and they are listed here:

- The SGB monitors the application of the budget, verify the correctness of all payments and negotiate with relevant service providers on standard of service that has to be observed.
- The SGB controls the use of funds, compares quotations with purchases, scrutinise the requisitions and also updates parents regarding finances.

- It is the responsibility of the finance committee to control financial records and the executive committee of the SGB sees to the day-to-day duties of the SGB in this regard.

The participants understand that legally it is the function of the SGB to manage finances and to draw up the school budget. One could assume that, although they have given different responses, they understand the procedure for drafting the school budget and handling of funds received and spent.

### **Question 8**

#### ***Comment on the procedure of budgeting at your school?***

Most of the participants mentioned that inputs and needs are collected from all stakeholders, such as HODs, teachers, learners and parents and through the finance committee. The budget is compiled and presented to the SGB after which the majority of parents present at the annual parents' meeting should approve it. Recommendations made regarding the needs that are consolidated, reports are given to all the stakeholders.

A few participants mentioned that each time when an item is to be bought, the budget is consulted for the centre code and is translated into the school budget to correlate with the departmental budget.

From the responses it seems as if all stakeholders are involved, consulted and their recommendations are taken into consideration when the school budget is drawn up and approved by parents at the general meeting. The budget will not be finalized unless the majority of parents present and voting at a meeting. A budget must be presented to the general meeting of parents convened on at least 30 days notice, for consideration and approval by a majority of parents present and voting.

### **Question 9**

#### ***How do you monitor the budget at your school? Explain***

Most of the participants indicated that the finance committee meets at the end of each month to draw the income and expenditure statement for the previous month and to compile a cash flow budget for the next month and compare income and expenditure against the budget. They discuss the financial reports from time to time and check the allocation made and the demands that need serious attention. The budget manager receives a copy of the budget as allocated to him/her on which accurate records must be kept of each and every amount spent with regard to the respective allocated budget.

Some of the participants mentioned that the budget is monitored monthly and when resources are to be purchased the budget is consulted regularly. The expenses are paid electronically or by cheque. The cheque is signed by the principal and two members of the SGB. They monitor that expenditure in each item does not exceed the budgeted amount to avoid overspending. Overspending can be curbed if all payments are authorized according to policy.

A few of the participants stated that the financial programme that they use is Pastel and it assists them to check the availability of money in a specific sub-budget before any payment can be made. Quotations are requested for all items budgeted for and payments are made for goods delivered. The budget is also monitored by the principal together with the finance committee.

One of the participants mentioned that the finance committee discusses projections, variations and monthly financial reports and quarterly reports are provided culminating in the annual audited financial statements.

From the responses above the school needs to monitor its finances continuously. Monitoring the school budget entails keeping a check on the difference between the planned financial status of the school at any given time and the actual financial status at the time.

**Question 10**

***Comment on your success to keep to the budget? You may mention any budgeted items that cause problems in this regard.***

Most of the participants stated that they are generally successful in keeping to the budget. They have measures in place to keep to the budget and that they also adhere to the financial policy of the school, but non-payers make it difficult to generate the income that is budgeted for. Any item which has not been budgeted for, is not purchased. They use a template, which shows the amount paid for the item and the amount of money that was budgeted for those items.

Some of the participants mentioned that different budgeted items hamper their successful adherence to the budget. The problematic budgeted items mentioned are: repairs and maintenance of buildings and grounds, touring, unbudgeted workshops, transport, and telephone.

A few participants said that as quintile 3 schools they experience a lack of finances. They find keeping to the budget a very challenging process and made a plea that the department must assist them in this regard. .

Principals responded that they keep to the budget as a general principle. From personal experience, the researcher knows that some schools work on a 'bottom-line' budget, where money is juggled around amongst the budgeted items, as long as the total budgeted funds on the budget is not exceeded.

**Question 11**

***Does a finance committee exist (is it properly constituted) and what is your role in the finance committee?***

Most of the participants indicated that the finance committee is established and that their role in the committee is to train, control, and advise the SGB in managing the finances of the school. They provide records in the form of reports. In many cases the principal chairs the finance committee meetings and provide leadership and guidance to the finance committee. The role of the finance committee is to exercise control over all expenditure and purchases, as well as the asset register. These participants stated that the finance committee is constituted correctly and compose of parents, educators and the finance clerk.

A few participants mentioned that they as principals must make the decisions, as members of the finance committee sometimes do not attend the meetings. They then call the chairperson of the finance committee or the SGB chairperson to sign documents.

The composition of the finance committee may consist of the treasurer, principal, educators, parents (not necessarily from the SGB) and non-teaching staff. It is advisable that at least eight members make up this committee, with a SGB member as chairperson. It is a worrying factor that in some instances such meetings do not occur and that the principal is left with the decision making powers.

It is clear from the above that the finance committee exists at schools and is constituted correctly. The chairperson of the finance committee is appointed by the SGB in writing. The finance committee must draw the financial policy and must adhere to it to ensure accountability, openness and transparency. In some cases it seems as if the principal makes the decisions of the finance committee and merely get the signature of the chairperson as a rubber stamp.

### **Question 12**

***What measures do you have in place to ensure that transparency, accountability and responsibility, in terms of your schools finances, are adhered to?***

Most of the participants stated that reports on receipt books, deposit books, analysis books and chequebooks must be made quarterly to the SGB. The schools have external auditors who check the school financial records annually. The correct accounting procedure is adhered to. These procedures contribute to transparency and accountability.

A few participants indicated that records are kept and there is constant reporting to all stakeholders i.e. parents and educators. All stakeholders' involvement contributes to transparency and accountability.

Other participants provided similar opinions, but added more information:

- All requisitions are in writing and support materials are provided when needed. Invitations of quotations, receipts and invoices should serve as proof of purchases and they must be reviewed by the SGB. No blank cheques should be handled and cheques must be authorized by the chairperson and the treasurer.
- Control measures for income, expenditure and petty cash are in place.
- Even though finance committee meetings sometimes do not occur, all other procedures are followed by the principal.

The important characteristic of the present approach to education management in general and financial management specifically, is the emphasis on transparency and information sharing among all stakeholders. For the school principal and the SGB this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the DoBE.

### **Question 13**

***Are you able to delegate any of your financial role functions to your senior management team, if so, what functions are you able to delegate?***



Most of the participants stated that they do not delegate financial role functions, as financial issues are the responsibility of the principal. Their role is to exercise control over all expenditure and purchases and asset register. These participants said that they could not delegate because the school has a finance committee and this committee must work closely with the principal. Arrangements are made if they are absent and when there are urgent matters that need attention.

Some of the participants stated that they sometimes delegate certain financial aspects to their senior management, but they differed on the aspects that are delegated to the senior management team of the school:

- the deputy principal is responsible for signing cheques in an event where the principal is absent.
- the deputy principal compiles the budget and controls all expenditure to ensure adherence to the budget. A comment such as this may be problematic as principals who delegate most of their financial authority may run into serious problems at some stage.
- the senior management team (SMT) are delegated powers by the principal to facilitate mini-budgets from sub-committees or different departments.
- the SMT is delegated powers by the principal to authorize payments of SGB employees.
- SMT members are delegated by the principal to do verification and recommendations of school funds to facilitate financial management of NSNP (National School Nutrition Programme) and, excursions, as well as ordering. The participant did not mention more detail.
- the SMT are also delegated to control receipts and bank deposits, compare them with bank statements and control receipts and expenditure in petty cash. In most cases this is done by the bookkeeper.

Delegation is a sub-management function. The principal must make the decision as to what type of functions can be delegated. It is important to keep in mind that responsibility can never be delegated. Although duties may be delegated principals will still be accountable for the school budget. The principals must make sure that they check whether the accounting practices are adhered to even if they have delegated some of their financial responsibilities.

#### **Question 14**

##### ***Who oversees the financial records of the school?***

Most of the participants agreed that they, as principals and accounting officers, together with the finance committee (as part of the SGB) oversee the financial records of the school.

Other participants agreed with the above, but added other parties as well. These other parties include the financial clerk, a cashier, finance committee, the School Management and Governance Developer (SMGD) and independent auditors.

According to the literature study (cf. 2.4.1), it is indicated that in terms of financial matters, the principal should have various school accounts and records kept properly and should make the best use of funds for the benefits of learners in consultation with the appropriate structures. It seems as if principals know who should oversee financial records of the school. It should be mentioned here that increasing the number of people involved with financial records, may open up more opportunities for mismanagement of funds.

#### **Question 15**

##### ***In your opinion, what are some of the problems or obstacles that you encountered in fulfilling your financial management role?***

Many participants indicated that the SGB is ill informed about the extent to which they are involved in the day to day running of the school, including the finances. The SGBs often have a lack of fundraising strategies to supplement the departmental allocation in order to improve the quality of education that is provided by the school. Poor financial procedures and control is one of the obstacles that they have encountered in fulfilling their financial control role. The lack of financial support by the parent community and the department is another problem they encountered.

A few of the participants mentioned that they requested training on financial management issues from the district office in writing, but that their request was turned down (the reason for this was not provided by the participants).

Collated comments of participants are mentioned here:

- a lack of knowledge of financial management skills by most members of the SGB, especially the parents component who sometimes want to deviate from the budget without thinking of the control measures that are in place.
- delays with money (funding) receivable from the Department. Budgeted items cannot be dealt with prior to the receipt of funding. Schools then struggle to execute plans as per their budgets.
- the non-availability of proof of payments.

From the responses above it is clear that most of the participants did not encounter any problems regarding the execution of their financial role. Lack of fundraising strategies, poor financial procedures by the SGB is a problem. Lack of financial support by the community is also a problem. It is also clear that some of participants encountered problems with regard to their financial management role.

#### **Question 16**

***What level of cooperation do you receive from your SGB regarding financial matters of your school?***

Most of the participants indicated that they receive cooperation from the SGB. The SGB is always supportive, as functional as possible and someone from the SGB is always available to discuss problems in case of an emergency. Some of these participants said that not all the members of the SGBs at their schools are knowledgeable about the finances. These SGB members do not understand the financial records and can make no contribution when these records are checked and discussed each quarter. They rely on what the principal or other SGB members tell them.

Some of the participants indicated that the support they receive from the SGB is satisfactory and concurred with the above group in mentioning the lack of financial knowledge many SGB members have.

Another issue raised by most of the participants is the struggle for the SGBs to raise funds for the school. The community surrounding their schools is not financially strong, and as a result the school cannot raise much more funds through this avenue.

Other issues raised by participants were:

- The SGB members help them to keep to the original financial planning, and although they sometimes differ in opinion, they reach an agreement in the end.
- The SGB wants to dictate the decisions taken, but they are not always fully conversant with what is expected of them. SGB members should know what their role is and what the role of the principal is.

The level of cooperation that principals receive from their respective SGBs differs from school to school. It is good to see that in some schools the principals and SGBs work together to the benefit of the school. In some cases principals perceive the cooperation from the SGB as below standard.

### **Question 17**

***What level of continual support (if any) do you receive from the District Office with regard to financial management?***

Most of the participants indicated that they receive continual support from the district office regarding financial management. They stated that the district office organizes workshops that assist them in the financial decisions they need to take or discuss with the SGB. The SMGDs are their first link with the District office and seem to be the person they gain most knowledge from. The District office also provides workshops for the treasurer and the chairperson of the SGB.

Some of the participants stated that they do not receive any continual support from the District office with regard to financial management. They only receive the grant payable every month to their school.

It is clear from the responses above that participants mostly receive continual support from the district office from different stakeholders with regard to financial management, although it seems that this support is not sufficient as some still lack the necessary financial knowledge. Information provided also indicates that the District office sometimes seems unwilling to support individual principals that need assistance. It is unsure why the SMGD allocated to the school does not assist in such a case.

***Question 18***

***What impact did decentralization of funds to schools have on you as financial manager of the school?***

Some of the participants indicated that the decentralization of funds to school level has had a positive impact on the management of finances of the schools. Participants made comments that it has improved their purchasing power and efficiency and as a result proper and timeous delivery of books and stationary has occurred. Decentralization encourages stakeholder participation, as decisions regarding finances need to be made by the SGB. Some of these participants indicated that it has a positive impact on them

as the financial manager of the school, because they are now able to purchase resources for themselves unlike before where it was done by the Department. That in itself enables them to manage the funds accordingly and it also enables them to grow in terms of their financial knowledge. The schools obtain goods ordered in time and under-spending is limited. Schools are now able to buy the things they need and do not have to make space for unnecessary equipment bought by the District for the schools like it was done before.

Some participants stated that decentralization of funds has just increased their workload and they see this as a burden. Suddenly they have to spend a lot of time on planning what to do with their funds. The paperwork has increased a lot and they indicated that this distracts them from their normal management tasks at the school. Some of these participants mentioned that they have more arguments amongst staff, as everyone wants some of the money for their subjects or programmes.

A few participants indicated that decentralization did not have any impact on them, as their school is a Section 20 school where the Department manages most of the funds of the school.

Most responses of the participants above indicate that decentralization has a positive impact on them. Decentralization encourages stakeholder participation regarding financial decisions that must be made by the SGB. Principals have now become more accountable about financial decisions that must be made. In some instances the principals feel that decentralization has increased their workload, without necessarily alleviating their financial problems.

***Question 19***

***Are there any other comments you would like to share regarding the financial management of the school?***

The participants provided various responses that are listed here:

- Some mentioned that their success regarding the financial management in the school is getting better. They still have much to learn, but as time goes on they will become more confident with managing the finances at their schools.
- The finance committee and SGB approve items in advance and according to the auditors report, everything is in order and as a result their school financial management is very good.
- They are able to account on actual purchases made rather than complaining about outstanding orders because of their correct financial practices and procedures.
- The day-to-day payment or administration is well done as methods of payment are being strictly followed and adhered to. All principles of financial administration and better record keeping is also maintained.
- There is an improvement on recording and timeous finance reporting to stakeholders, and training on finances must be arranged by the school itself.
- One of the participants mentioned that they attributed their success to the financial clerk of their school because of hard work and as a result other schools are copying from them.

The responses from principals indicated that although steps in the right direction are made in terms of sound financial management at schools, certain areas still need attention. For schools to really function effectively, SGBs should be in a position to assist the principal in all financial endeavours.

In the next section the questionnaire responses from SGB chairpersons are reported on.

#### **4.2.3 Biographic information (SGB chairperson)**

##### **Table 4.9: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>%</b>
Male	15	75
Female	5	25
<b>Total</b>	<b>20</b>	<b>100</b>

15 (75%) of SGB chairpersons are males and 5 (25%) of the SGB chairpersons are females. It is not clear why more males are elected to this position. It is perceived in some cultures that the leader should be a male. This may have an effect on the given numbers.

**Table 4.10: Age**

<b>Years</b>	<b>Frequency</b>	<b>%</b>
30-40	3	15
41-50	12	60
51-60	4	20
60+	1	5
<b>Total</b>	<b>20</b>	<b>100</b>

Three (15%) of SGB chairpersons are aged between 30 and 40 years. 12 (60%) of SGB chairpersons are between 41 and 50 years. Only one (5%) SGB chairperson is older than 60 years. The majority of the SGB chairpersons are between 41 and 50 years old. The SGBs in this study are chaired by reasonably senior people.

**Table 4.11: Experience as member of SGB**

<b>Years</b>	<b>Frequency</b>	<b>%</b>
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1 – 5	9	45
6 – 10	5	25
11 – 15	3	15
16 – 20	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

9 (45%) of SGB chairpersons have between 1 to 5 years experience, and five (25%) SGB chairpersons have 6 to 10 years experience. Three (15%) of the SGB chairpersons have 11 to 15 years experience and 3 more (15%) have 16 to 20 years experience. Most of the chairpersons seem to have experience as SGB members. It would probably be to the benefit of a SGB chairperson to have some experience prior to election as chairperson. This may provide more confidence once elected as chairperson.

**Table 4.12: Quintile**

<b>Quintile</b>	<b>Frequency</b>	<b>%</b>
Q1	8	40
Q2	4	20
Q3	5	25
Q4	-	0
Q5	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

8 (40%) of the schools in this study are quintile 1 schools, while 4 (20%) are quintile 2 schools. Five (25%) schools are quintile 3 schools, with 3 (15%) schools being quintile 5 schools. Quintile 1-3 schools receive most (if not all) of their funding through allocated grants from the Department. The funds of Quintile 5 schools are generated through school funds, projects and a small grant from the Department.

**Table 4.13: Type of school**

<b>School</b>	<b>Frequency</b>	<b>%</b>
Primary	10	50
Intermediate	1	5
Secondary	6	30
Combined school	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

10 (50%) of the schools are primary schools and 1 (5%) an intermediate school. 6 (30%) of the schools are secondary schools, while only 3 (15%) are combined schools. These figures are important as it may play a role in the type of budget that should be drafted by the school. Primary schools may have different financial needs and/or expenditure than secondary schools for instance.

**Table 4.14: Academic qualifications**

<b>Qualification</b>	<b>Frequency</b>	<b>%</b>
Not Matric	6	30
Matric	10	50
University	2	10
Other	2	10
<b>Total</b>	<b>20</b>	<b>100</b>

10 (50%) of the SGB chairpersons have only a matric qualification, while 6 (30%) of the SGB chairpersons did not complete secondary school. Only 2 (10%) have a university qualification with another 2 (10%) other qualifications. It is interesting to note that such a high number of chairpersons either did not complete their secondary schooling or only completed it. Academic qualifications do not necessarily make for a better chairperson, but it may play a role in the way they are perceived by other qualified members of the SGB or even the principal and teachers on the SGB.

**Table 4.15: Experience as Chairperson of SGB**

<b>Years</b>	<b>Frequency</b>	<b>%</b>
1-5	14	70
6-10	4	20
11-15	2	10
16-20	0	0
<b>Total</b>	<b>20</b>	<b>100</b>

14 (70%) of SGB chairpersons have 1–5 years experience as Chairperson, while 4 (20%) has between 6 to 10 years experience. Only 2 (10%) have more than 11–15 years experience as SGB Chairperson. Most chairpersons have been elected for less than two terms – which is two terms of three years. One can suppose that experience as a chairperson is a positive aspect, which in many cases it could be. Care should however also be given to the fact that complacency can creep in and that growth be hampered at a school if the same person chairs the SGB for too long.

The second part of the reporting deals with written responses received from questionnaires completed by SGB chairpersons. A few of the questions are the same as were asked to principals in order to determine the perceptions of both parties to similar questions. These are commented on when they are discussed.

#### **4.2.4 Responses from the SGB chairpersons**

##### ***Question 1***

***What would you consider to be good financial management?***

Various responses were received and are listed:

- 🎬 knowledge of financial matters, good record keeping and proper control of the budget
- 🎬 fruitful expenditure and transparency where financial records are audited and all stakeholders provided with financial reports.
- 🎬 where all expenditure and income is supported by valid documents.
- 🎬 where the school and the SGB manage finances in adherence to the SASA, the Public Finance Management Act and comply with financial regulations.
- 🎬 when the financial policies of the Department and guidelines of the South African Auditors Association are adhered to.
- 🎬 where a proper and informed budget is drafted and kept to during the financial year.

The participants know what good financial management entails. They state relevant aspects, but the real proof is in the execution of all the things mentioned here.

## ***Question 2***

### ***Who is responsible for the finances of your school?***

Various answers were given by the participants and some of the answers overlap.

- 🎬 The financial clerk of the school, the SGB and the principal are responsible for the finances of their school.
- 🎬 The SGB, the finance committee the deputy principal, the book-keeper and all other stakeholders including the principal as the accounting officer are responsible for the finances of the school.
- 🎬 The finance committee, finance clerk, principal, the SGB chairperson and treasurer are responsible for the finances of the school.
- 🎬 The SGB of Section 21 schools are responsible for the finances of the school.

- The SGB, finance committee, treasurer, finance officer, the principal and other members appointed by the SGB are responsible for the finances of the school.
- In addition to this participants also mentioned that the book-keeper, the treasurer and the financial clerk are responsible for the finances of their school.

The participants mentioned all the people who may have a role to play in school finances, but the SGB (with the principal as member) is responsible for the financial management at the school.

### **Question 3**

***Briefly describe the role that the principal, treasurer or other members play in the management of schools funds?***

Various responses were given by the participants and some of their responses overlap. Here is a list of their responses.

- The principal, the treasurer, the finance committee and the SGB plays a very important role in the management of school finances.
- The role of the principal in the management of school funds is to monitor adherence to finance policy and the school budget.
- The principal as the accounting officer plays a very important role in managing the finances of the school by authorizing payments and other members of the SGB approves it.
- The principal, the treasurer and other members of the SGB play a very important role in the management of school funds by ensuring proper handling of funds, keep the correct records of how funds have been used and draw up records of income and expenditure.
- The role of the principal, the treasurer and other relevant stakeholders in financial management is to compile monthly financial reports, to draw the budget and to help with the implementation of the budget.

- The principal, the treasurer and other members of the SGB play a very important role in management of school funds by checking the requisition that has been made.
- The principal as ex–officio member plays a very important role in managing school funds by liaising with the treasurer to execute the expenditure as agreed upon by finance committee which is the sub-committee of the SGB.
- In addition to that the participants mentioned that the SGB plays a very important role in managing school funds by appointing a finance committee that will be responsible for proper control of finances, to safeguard all financial related documents against loss, theft or fire and to advise the SGB on finance related matters and to keep minutes of the finance committee.
- In addition to that the participants also mentioned that the principal as a professional manager becomes part of the financial committee and in that way plays a very important role in the management of school funds.
- The principal, treasurer and other members of the SGB sign cheques and give financial reports to all relevant stakeholders.
- The principal, the treasurer and other members of the SGB prevent the misuse of funds and prepare annual financial statements for presentation to all stakeholders, which is a positive sign of good financial management.
- The role of the treasurer is to receive all money that is paid to the school, the principal control income and expenditure and other members of the SGB discuss and approve financial reports and draw the budget that is approved by the parents and that is in itself good financial practices..

It is clear from the responses of the participants above that the principal, the treasurer and the chairperson of the SGB plays a very important role in the finances of the school.

#### **Question 4**

***What is your opinion regarding funding received from the department for your school?***

Most of the participants indicated that the amount of money that they receive from the department is not enough as they are Section 20 schools and a no-fee paying school. In addition to that the participants added that the fund they receive from the department is inadequate. In addition to that the participants also added that the funds they receive is not enough, because the Department allocate funds according to the number of learners in the school and do not consider learners who are exempted from paying schools fees. They also mentioned that they sometimes receive the funding late, which hampers their execution of financial planning. They stated that the funding grants must be increased as it is essential that the learners from poor family backgrounds be assisted more.

Some participants added that their budget income can be increased if those parents who are able to pay school fees are allowed to do so in the no-fee schools. Some of these participants also added that the funds they receive from the department helps a lot as the school is able to execute its financial obligations, but that it is not enough

It is clear from the responses from the participants above that the funds they receive from the department are not enough. Funding that is received from the department must be enough and in time to buy educational resources like, textbooks, stationary, photocopy paper and equipment for learners.

### ***Question 5***

#### ***What do you think are the financial functions of the SGB?***

Most of the participants mentioned that the financial function of the SGB is to draw up the budget and make sure that money is used for what it has been budgeted for. The SGB must make sure that the expenditure is in line with the budget that has been agreed upon. The financial function of the SGB is to present the budget to the parents for approval and to give the financial report to them on a quarterly basis. The financial function of the SGBs is to set up and administer school funds, to appoint the finance committee, keep minutes of all SGB meetings, implement financial policies and

procedures and prevent misuse of funds. It was also added by some of these participants that the SGB should support all activities of the school to the benefit of the learners and to make agreements with companies.

A few of the participants added that the financial function of the SGB is to collect funds and use that profitably. The financial function of the SGB is to control, plan and manage money that has been allocated by the department to the school. The function of the SGB is to raise funds to supplement resources from the department, to manage school funds and to prepare annual financial statements.

In addition to that some participants said that the SGB raise funds to supplement the resources that are supplied by the state in order to improve the quality of education provided by the school to all learners.

From the responses it is apparent that financial management is the prerogative of the SGB. This is a positive feedback. This indicates that SGBs are now becoming aware of some of their roles and they understand them.

### **Question 6**

***Who do you think should be responsible for the training of SGBs in terms of their financial responsibilities?***

Most of the participants indicated that the department of education is responsible for the training of the SGB, but they differ on who must conduct that training. A few participants mentioned that experts in financial management from outside the department could also be roped in. In addition to that some participants indicated that the school itself is responsible for the training of the SGB in financial matters. Accounting teachers could be asked to assist in this regard.

The following are officials of the Department of Education and experts whom they think must conduct the training of the SGB:



- the SMGD together with the principal;
- the financial experts within the department;
- the finance section officials of the district, especially the deputy director of finance.

According to the SASA, the Head of the provincial education department should establish a programme that provides training for newly elected SGB members. Provincial funds are appropriated for this action. The people tasked with this training should be well versed in financial matters for such training to be effective.

### **Question 7**

***When should financial management workshops for SGB members be presented and who should present it?***

Most of the participants mentioned that training of SGBs must be conducted as early as possible after the election and must be presented by departmental officials who are responsible for finances. Some responded that training must be conducted between the time of the election and the time when budgets should be submitted.

A few participants stated that it must be conducted after working hours and more than once a year. Weekends were mentioned as possible times as most of the SGB members work during the week. Some of these participants stated that SGB workshops must be presented by the principals together with the SMGDs.

It is clear that financial management workshops of SGBs must be conducted immediately after the SGB have been elected and that follow-up workshops are needed after that. It seems essential that training be done prior to the annual budget be drafted. Mention was made that these workshops should be considered for weekends to ensure that most SGB members are able to attend. When policy changes come into effect, SGBs should be informed and trained again on new policies.

### **Question 8**

***According to you, what should be covered in the training of financial school management for SGBs?***

The participants differ on what should be covered in the training of financial school management for SGBs and here is a list of their responses:

- budgeting;
- the finance policy, sound financial management practices and procurement;
- planning and spending;
- Public Financial Management Act, the South African Schools Act and fundraising;
- recordkeeping of financial documents;
- procedures for managing school finances, budget management, purchases and asset register;
- monitoring and control of school funds; and
- the role of the SGB in developing and executing a finance policy.

Responses show that participants want many aspects to be covered in financial management training. It seems as if SGB members are less knowledgeable than what they want to admit and that most of them need training in some of the fields of financial management. Almost all aspects of financial management at schools were mentioned.

### **Question 9**

***What would you want to gain from such a training programme?***

Most of the participants indicated that they want to gain knowledge of how finances should be managed. The participants want to gain knowledge on how to handle financial statements and sound generally accepted financial practices. The participants

want to understand the SASA in terms of finances. Some of these participants also indicated that they want to gain knowledge of how to audit the finances of the school internally prior to sending it to the external auditors. It was also indicated that they want to know how to interpret reports that are written by external auditors.

Some of the participants were more specific and stated that they want to gain knowledge of how to use the analysis book, how to draw the budget and how to know how much funds should be allocated to different items on the budget. In addition to that a few participants added that they want to know how to work with journals, cash flow statements and reconciliations. This will allow them to understand the flow of money through the school.

One can deduce that participants have a need to gain knowledge on various issues during training. Important aspects were mentioned and if SGBs are to function efficiently, they need to gain the knowledge mentioned through proper training programmes.

### ***Question 10***

#### ***Comment on the use of English only in current training material for SGBs?***

Most of the participants indicated that the use of English only in current training materials for SGBs is not fair. They added that training should also be done in the mother tongue of the SGB members. If a school has a bilingual policy, then training should be provided in both languages. They also added that the training material should be written in the language that all the participants will understand. The rationale provided is that they have difficulty with financial terminologies as it is, but that mother tongue material may assist them in grasping some of the concepts easier.

Some participants added that the level of education of SGB members must be taken into consideration when the training manual for SGBs is compiled. Not all SGB

members have a high level of academic training and training material should link to the level of the SGB members.

A few participants added that some members of the SGB resign because of the use of English in their training. A few other participants indicated that most of the members of the SGBs do not understand English and they depend on the principal for explanations. The participants added that as a result of that corrupt principals take advantage of that and abuse school funds.

From the responses the researcher derives that the use of English only in the current training material of SGBs disadvantages some of them. The participants felt that other languages must be used as many of the SGB members are not conversant enough in English to understand financial concepts. It was brought to the fore that the SGB training material should be written in the language that they all understand.

#### ***Question 11***

***Legally it is the function of the SGB to manage the school budget. What role(s) does the SGBs play in this regard at your school?***

Most of the participants indicated that the role of the SGB is to draft the budget and present it to other stakeholders for comments, questions, contributions and approval during the general parents meeting. The role of the SGB is to control expenditure and income as well as the budget. The role of the SGB of a public school is to prepare a budget each year according to guidelines determined by the member of the executive council which shows the estimated income and expenditure of the school for the following year. The SGB is to draw up the budget based on the needs that are identified by the educators and the principal.

Some of the participants stated that the role of the SGB at their school is to see to it that the school stays within the budget. The SGB is to check from time to time whether the

school does not exceed the budget during the year. They must monitor, mandate and approve payments and purchases according to the budget.

A few participants said that the role of the SGB is to legally govern the school in partnership with all stakeholders. The role of the SGB is to establish committees, to buy books and minor items and also to monitor and control funds. It was also mentioned that in some cases the principal and staff draft the budget and then present it to the SGB. This in itself is not necessarily incorrect, but SGBs should be able to spend time on a drafted budget to familiarize themselves with its contents prior to signing it off.

It is evident from the responses above that the drafting and controlling of the budget is an important role of the SGB. It is also clear that legally it is the responsibility of the SGB to draw up the school budget, but in most cases due to a lack of financial information it is done by the principal and the staff and then presented to the SGB.

### ***Question 12***

***Does a finance committee exist (is it properly constituted) and what is the role of the SGB in the finance committee?***

All of the participants indicated that a finance committee exists and that it is properly constituted at their school. In most cases, the finance committee is constituted of the principal, SGB chairperson (or vice-chairperson), an educator member and the treasurer. These participants indicated that the role of the SGB is to keep overall control of the school funds through the finance committee and for this committee to provide quarterly reports to SGB meetings.

It appears from the responses of the participants above that the schools have a fully functional finance committee that is correctly constituted and appointed by the SGBs. According to the literature (cf. 2.4.4), it is mentioned that it is possible and highly recommended that a finance committee should be formed to assist the SGB in handling the financial matters of the school.

### **Question 13**

#### ***Comment on the necessity of the fundraising committee at your school?***

Most of the participants agreed that a fundraising committee is necessary, as it raises additional funds that can be used to meet some of the financial needs of the school. Some of these participants said that the fundraising committee is necessary because it raises funds for items that are not budgeted for. The fundraising committee should ask the parent community to assist in raising funds. Many of these participants also mentioned that raising funds in their community is a difficult task as parents do not have any reserve funds to provide to the school.

Another participant mentioned that there is no fundraising committee in their school and that they have different committees in the school that aim to raise funds for the school.

It is clear from the responses of the participants that the fundraising committees have the responsibility of taking measures to supplement resources provided by the state. Fund-raising is an important aspect of organising and adding to school funds. SGBs have the responsibility of taking measures to supplement resources supplied by the state to improve the quality of education provided by the school to all learners at the school. The SASA indicates that SGBs should think creatively of other means of supplementing their financial resources.

### **Question 14**

***What measures are in place to ensure that transparency, accountability and responsibility in terms of the school finances, are adhered to?***

Most of the participants indicated that to ensure transparency, accountability and responsibility are adhered to, there are authorization forms and request forms that are signed by three members of the SGB. The cheque book must be signed by two signatories to ensure that transparency, accountability and responsibility is adhered to. Some of these participants stated that the school budget is always communicated to staff members and parents and they are allowed to provide inputs. The finance committee monitors the budget and issue quarterly reports to the SGB. Proper documents and records are made available to all stakeholders.

Another participant mentioned that the principal reports regularly to the finance committee and the finance committee report back to the SGB. The SGB reports to the parents at least once a year to ensure transparency.

An important characteristic of the present approach to education management in general, and financial management specifically, is the emphasis on transparency and information sharing among all stakeholders. For the school principal and SGB, this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the Department.

### ***Question 15***

#### ***Comment on the need and appointment of an external auditor for your school?***

All the participants stated that the appointment of the external auditor is discussed at the final SGB meeting of each year. They stated that it is important to appoint a neutral person not attached to the school, which will ensure that no conflict of interest occurs. The participants added that an accredited auditor/accountant needs to audit the financial records of the school annually. Regular auditing ensures consistency, compliance and sound financial practices.

Responses indicate that there is a need to appoint an independent auditor or accountant, who is neutral and who is not involved in any affairs or business of the

school. Such an independent auditor's report should verify that the financial reports compiled by the SGB and principal fairly presents the financial inflow and outflow, and reflect the financial position of the school at a given time. There is compliance to this section of the SASA by all participants.

### **Question 16**

***In your opinion, what are some of the problems or obstacles encountered by the SGB in fulfilling their financial management role?***

Most of the participants indicated that a lack of knowledge of financial management acts, policies and expertise by many members of the SGB is a problem. Some of these participants elaborated and mentioned that many SGB members do not want to confront the financial decisions taken, as their lack of knowledge may be exposed. This allows decisions taken by the principal to be implemented unopposed.

Some of the participants linked to the above and mentioned that some principals take advantage of the ignorance of the SGB to benefit their own agenda at the school. The lack of formal schooling of some SGB members is also an obstacle, as they basically make up the numbers and vary rarely contribute to meetings and financial decisions.

A few participants stated that in some cases they sign blank cheques on the request of the principal, as certain things have to be bought. They indicated that they trust the principal to buy the items as discussed, but that they do not always follow up to verify what was bought with the cheque.

One of the participants said that the day-to-day running of funds is not possible for many SGB members as they have their own work to do.

The responses vary, but indicate that many SGB chairpersons clearly are not conversant with all the financial policies that guide the role of the SGB. It is therefore no surprise that some principals take advantage of this situation. SGB chairpersons should



not be that involved in the day to day running of finances, but should ensure that they are regularly kept abreast of financial issues of the school.

**Question 17**

***What level of cooperation do you receive from the principal regarding financial matters of your school?***

Most of the participants stated that the level of cooperation that they receive from the principal is excellent. The principal always consult, workshop and guide the SGB with regard to financial management issues. The principal cooperate with the SGB and advise them on the correct use of funds.

Another participant stated that the principal did not cooperate before because the principal used to do things alone, but fortunately that has been stopped.

One of the participants mentioned that this is not applicable to him. This was a strange response, as the principal and the SGB chairperson should have a very close relationship with regard to financial matters of the school.

It appears from the responses of the participants that they receive cooperation from the principals. The researcher deduced from the responses that SGB chairpersons are almost led by principals in the decision making process. What SGB chairpersons may perceive as assistance and advice on how to spend funds, may actually be principals controlling the money of the school.

**Question 18**

***What level of continual support (if any) do you receive from the District Office with regard to financial management?***

Most of the participants indicated that the district office provides support in terms of workshops regarding financial management of the school. They also indicated that this

is not a continual process. No real continual support is received, as the district office leave the SGBs in general to continue with their work. They do want some documents at various stages during the year, but that cannot be considered as real contact. The SMGD is linked to a school to assist with governance and management matters, but links more with the principal than with them as chairpersons. Any issue can however be taken up with the SMGD if the need arises.

A few participants stated that the district office does not provide them with continual support, but only wants the SGB to report on how they manage the finances of the school. These participants stated that they normally do not ask for too much support as their principals are capable of managing the finances of the school. It was mentioned by one of the participants that the district office is only interested in the auditing process at the end of the year.

Another participant said that support they receive from the district office is in the form of subsidy grants for the learners only.

Responses indicate that support is provided in the form of training, but that this is not a continual process. It seems as if SGBs mostly rely on what the SMGD assist the principal with, as they as chairpersons do not have much contact with the SMGD. No other type of support was mentioned, except that the schools also receive funding from the district office. It seems as if SGBs are mostly left on their own devices and allow the principal to be the link with the district office.

### **Question 19**

***Are there any other comments you would like to share regarding the financial management of the school?***

Most of the participants mentioned that all financial stakeholders should know their roles and responsibilities. The SGBs must be actively involved in the daily management of

finances in the schools. They stated that the Department should also offer more workshops for SGBs and that these workshops should cover all aspects of financial management at the school. It was indicated by some of these participants that these workshops should be practical in nature – they as SGBs should be given “real world” scenarios at these workshops to solve.

Some participants stated that when SGB members are elected one of the criteria should be a certain financial qualification or capacity, especially members that serve on the finance committee. This will allow them to scrutinize financial documents with knowledge and they will be able to actively participate in financial meetings.

SGB chairpersons seem to want to be more involved in the financial matters of their schools. They need more confidence and as a result want the training they receive to be more comprehensive and practical. It is essential that the financial matters of schools be in the hands of SGBs, and not with principals. A mutual co-operation should exist between them. It is not always possible to elect a member to the SGB who has financial knowledge, but that reiterate the fact that continual training in this regard is essential.

### **4.3 CONCLUSION**

This chapter reported on the data gathered from the participants in this study. Views and opinions were reported on in the narrative.

In general, principals seem more comfortable with their financial role than the SGB chairpersons. It appears as if SGBs are not always playing a leading role with regard to financial management at the schools, but allow principals to take the lead in many instances.

The next chapter provides the findings and recommendations of the study.

## **CHAPTER 5**

### **FINDINGS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This study wanted to ascertain the role played by the chairperson of the SGB and the principal in financial management of the school. The literature study, which forms the foundation of this research study, has been used to create principles and guidelines for effective financial management in schools by identifying facts that have been found to be important in managing finances of the school. In this chapter findings are reported and recommendations are made.

## **5.2 SUMMARISED FINDINGS OF THE STUDY**

The findings are discussed in two fold. Findings from the literature study will be discussed first, followed by the findings derived from the questionnaires completed by principals and the chairpersons of SGBs.

### **5.2.1 Findings from the Literature study**

These findings aim to answer the following research question:

#### **What are the essences of financial school management?**

- The four main pillars of management which is organizing, planning, leading and controlling, is essential in the management of school finances (cf. 2.2). Delegation refers to the process of transferring the responsibility for a specific activity or a task to another member of the organization and empowering that individual to accomplish the task effectively (cf. 2.2.3.1).
- The task of financial management involves monitoring and/or controlling the financial position of the school and it can be divided into three main functions, which are analyzing the financial position of the school, managing the asset structure of the school and managing the financial structure of the school (cf. 2.3.2). A principal as a leader of the school needs to employ all the management

functions and principles in order to properly manage the funding received by his/her school (cf. 2.3.3).

- Financial management in contemporary education management aims to:
  - estimate the needs of local educational training;
  - obtain finances in accordance with the estimated needs;
  - administers the finances thus obtained in a legally correct manner (cf. 2.4).

The following research question is addressed in the next section:

### **What is the impact of policy related documents on the financial management in schools?**

- Public schools are funded by the state according to the SASA. The state must fund public schools from public revenue on an equitable basis in order to (1) ensure the proper exercise of the rights of learners to education and (2) the redress of past inequalities in education provision. The state must, on an annual basis, provide sufficient information to public schools regarding the funding referred to in Sub-section 1 of the SASA to enable public schools to prepare their budgets for the next financial year (cf. 2.3).
- Section 21 of the SASA provides for the establishment of self managing schools by permitting schools to apply for some of the functions that were traditionally carried out by the state. These functions include maintaining school property, purchasing learning support materials (LSM) and equipment, paying for services and determining extramural activities. Decentralisation brings with it the possibility of extreme inequalities – the possibility that local communities, including parents and educators, may not have the knowledge and resources to adequately protect the quality of education provided to their children (cf. 2.3.2).

- Schools are divided into five categories or quintiles - with the poorest schools receiving seven times more funding per learner than the richest schools. This approach is justifiable to address historic inequalities, but it also increases pressure on the SGB of the schools in the top two quintiles to replace the lost income through fees or other fundraising activities (cf. 2.3.3).
  
- In terms of financial matters, the principal should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefit of learners in consultation with the appropriate structures. The principal sees to the day-to-day management of the school and has to implement many directives and policies formulated by the DoBE and the SGB (cf. 2.4.1).
  
- One of the most important functions of SGBs is the provision to set a budget and to recommend school fees as part of the budgeting process. Whereas school governance used to be characterised by authoritarian and exclusive practices, the SASA requires broad and democratic participation by parents, teachers and learners in the life of the school through the medium of SGBs. The SGB must ensure the existence of and the effective execution of a sound firm financial policy and also management procedures (cf. 2.4.2).
  
- An important characteristic of the present approach to education management in general and financial management in particular, is the emphasis on transparency and information sharing among all stakeholders. For the school principal and SGB this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the DoBE. Training in financial management is very important in preparing and capacitating school principals and finance committee members of the SGB with financial skills (cf. 2.4.3).

- A finance committee should be formed to assist the SGB in handling the financial matters of the school. According to Section 30(1) of the SASA, the SGB may establish committees including a finance committee and executive committee, appoint persons who are not members of the SGB to such committees on the basis of their expertise, and each committee must be chaired by a member of the SGB (cf. 2.4.4). The role of this committee is made much easier with the existence of a financial policy at the school. This financial policy may differ from school to school, but should be used as the guideline for all financial matters at the school. A good financial policy identifies and articulates the values and the basic principles to be applied to specific needs in schools. A financial policy should not only set direction, but should also give direction. It is therefore essential that all stakeholders involved in the financial matters of the school to be directly involved in the drafting and implementing of the school's financial policy (cf. 2.4.4.1).
  
- The SASA makes provision (by means of Article 21), for public schools to become more responsible for managing certain functions themselves (cf. 2.5.1). The SASA places a duty on the SGB to keep written record of everything that has to do with money or property of the school (cf. 2.5.2.1).
  
- The budget cannot be finalised unless it is approved by the majority of parents present and voting at a meeting. Before a budget can be approved by the SGB, it must be presented to a general meeting of parents convened on at least 30 days notice, for consideration and approval by a majority of parents present and voting (cf. 2.6).
  
- The SGB of a public school must take all reasonable measures within its means to supplement the resources that is supplied by the state in order to improve the quality of education that is provided by the school to all learners at the school (cf. 2.7).



- The SGB of a public school must appoint a person registered as an accountant and/or auditor in terms of the Public Accountants and Auditors Act (Act No. 80 of 1991), to audit the records and financial statements of the school. Auditing of the financial records is essential to prove that the finances of the school are managed correctly, effectively and efficiently and to make sure that they are not mismanaged (cf. 2.8).

The above section provided the major findings derived from the literature study. The next section deals with the findings gained from the questionnaire responses of principals and SGB chairpersons. These findings are cross referenced to the questions of the questionnaires.

## **5.2.2 Findings from Questionnaires**

The findings regarding the responses from principals are provided first, followed by the findings regarding the responses from chairpersons of SGBs.

### **5.2.2.1 Responses from the principals**

The following findings address the research question:

#### **What are the possible problems experienced regarding the management of school finances?**

- Males still form the largest percentage of principals. A formal finance qualification does not necessarily mean that principals will experience no financially related problems at their schools, but it may assist them in understanding the fundamentals of finance (cf. 4.2.1).
- Good financial management is regarded as management where transparency, accountability, responsibility and openness serve as a norm (cf. Question 1).

- Most schools have a finance committee as a sub-committee of the SGB. This committee drafts a financial policy that should guide the financial matters of the school. The principals form part of the finance committee. Principals seem reluctant to comment on their own ability to manage the finances at their schools (cf. Question 2).
- Principals seem to have a general knowledge of financial management , but seem to lack more specific financial skills to ensure ultimate financial management of their schools (cf. Question 5)
- A lack of fundraising strategies, poor financial procedures by the SGB is a problem perceived by principals. The lack of financial support by the community is also seen as a problem impacting on the teaching and learning delivery of the school (cf. Question 15).
- The level of cooperation that principals receive from their respective SGBs differs from school to school. It is good to see that in some schools the principals and SGBs work together to the benefit of the school. In some cases principals perceive the cooperation from the SGB as below standard (cf. Question 16).
- Principals mostly receive continual support from the district office with regard to financial management, although it seems that this support is not sufficient as some still lack the necessary financial knowledge. Information provided also indicates that the District office sometimes seems unwilling to support individual principals that need assistance (cf. Question 17).
- In some instances the principals feel that decentralization has increased their workload, without necessarily alleviating their financial problems (cf. Question 18).

- Principals indicated that although steps in the right direction are made in terms of sound financial management at schools, certain areas still need attention. For schools to really function effectively, SGBs should be in a position to assist the principal in all financial endeavours (cf. Question 20).

The next sub-section provides the findings on the questionnaire responses of SGB chairpersons.

#### 5.2.2.2 Responses from chairpersons of SGBs

The following findings address the research question:

#### **What are the possible problems experienced regarding the management of school finances?**

- Males form the largest percentage of SGB chairpersons. It would be to the benefit if a SGB chairperson has some SGB experience prior to election as chairperson of the SGB. This may provide more confidence once elected as chairperson (cf. 4.2.3).
- It is interesting to note that a high number of chairpersons either did not complete their secondary schooling or only matriculated. Academic qualifications do not necessarily make for a better chairperson, but it may play a role in the way they are perceived by other qualified members of the SGB or even the principal and teachers on the SGB (cf. 4.2.3).
- Experience as a chairperson is a positive aspect in terms of being a successful SGB. Care should however also be given to the fact that complacency can creep in and that growth be hampered at a school if the same person is chairperson of the SGB for too long (cf. 4.2.3).

- The funds that schools receive from the department are not enough. Funding that is received from the department must be increased and must be received in good time to buy educational resources such as, textbooks, stationary, photocopy paper and equipment for learners (cf. Question 4).
- Financial management workshops of SGBs must be conducted immediately after the SGB have been elected and that follow-up workshops are needed after that. It seems essential that training be done prior to the annual budget be drafted. Mention was made that these workshops should be considered for weekends to ensure that most SGB members are able to attend. When policy changes come into effect, SGBs should be informed and trained again on new policies (cf. Question 7).
- SGB chairpersons want various aspects to be covered in financial management training. It seems as if SGB members are less knowledgeable than what they want to admit and that most of them need training in some of the fields of financial management. Almost all aspects of financial management at schools were mentioned as a need for training (cf. Question 8).
- SGB chairpersons want to gain knowledge of how finances should be managed. They want to gain knowledge on how to handle financial statements and sound generally accepted financial practices. The SASA was indicated as an Act that should guide them in terms of finances. The interpretation of financial reports seems to be a major problem area for SGB chairpersons (cf. Question 9).
- The use of English only in the current training material of SGBs disadvantages some of them. Other languages must be used as well as many of the SGB members are not conversant enough in English to understand financial concepts. It was brought to the fore that the SGB training material should be written in the language that they all understand (cf. Question 10).

- The drafting and controlling of the budget is an important role of the SGB. It is also clear that legally it is the responsibility of the SGB to draw up the school budget, but in most cases, due to a lack of financial information on the part of the SGB, it is done by the principal and the staff and then presented to the SGB (cf. Question 11).
  
- Fund-raising is an important aspect of organising and adding to school funds. SGBs have the responsibility of taking measures to supplement resources supplied by the state to improve the quality of education provided by the school to all learners at the school. The SASA indicates that SGBs should think creatively of other means of supplementing their financial resources (cf. Question 13).
  
- There is a need to appoint an independent auditor or accountant, who is neutral and who is not involved in any affairs or business of the school. Such an independent auditor's report should verify that the financial reports compiled by the SGB and principal fairly presents the financial inflow and outflow, and reflect the financial position of the school at a given time (cf. Question 15).
  
- Many SGB chairpersons clearly are not conversant with all the financial policies that guide the role of the SGB. It is therefore no surprise that some principals take advantage of this situation. SGB chairpersons should not be that involved in the day to day running of finances, but should ensure that they are regularly kept abreast of financial issues of the school (cf. Question 16).
  
- SGB chairpersons receive cooperation from the principals. The researcher deduced from the responses that SGB chairpersons are almost led by principals in the decision making process. What SGB chairpersons may perceive as assistance and advice on how to spend funds, may actually be principals controlling the money of the school (cf. Question 17).

- Support to SGB chairpersons is provided in the form of training, but this is not a continual process. It seems as if SGBs mostly rely on what the SMGD assist the principal with, as they as chairpersons do not have much contact with the SMGD. No other type of support was mentioned, except that the schools also receive funding from the district office. It seems as if SGBs are mostly left on their own devices and allow the principal to be the link with the district office (cf. Question 18).
- SGB chairpersons want to be more involved in the financial matters of their schools. They need more confidence and as a result want the training they receive to be more comprehensive and practical. It is not always possible to elect a member to the SGB who has financial knowledge, but that reiterate the fact that continual training in this regard is essential (cf. Question 19).

The next section provides the recommendations to this study.

### **5.3 RECOMMENDATIONS**

This section addresses the research question:

**What possible solutions with regard to financial management in schools can be brought forward?**

On the basis of the findings obtained from the questionnaires of the principal and the chairpersons of SGBs the following recommendations are made:

- Both the principal and the SGB chairperson must be trained on financial management by the SMGD, or someone appointed by the DoBE. External service providers or Higher Education Institutions (HEIs) also offer an option to be involved in basic financial training. A short course can be developed by the DoBE in conjunction with HEIs and offered to principals SGB members.

- School communities must ensure that people with the necessary skills are elected to SGBs. This should include a person with sound financial skills, who could be chairing or co-opted to the finance committee. Relevant people with skills who are parents should be headhunted to serve on the SGB.
  
- The principal and the SGB (through the chairperson) must devise strategies to obtain additional funds from the parents, the community and private institutions to benefit the learners. Such strategies can be discussed at a parents meeting where each grade could be asked to organize one project for the year to raise funds.
  
- The principals and the SGB chairperson must ensure that all the funds that are received by the school are controlled and used properly. This means that all the money that the school receives must be written into journals or books of first entry. This can be done either manually or electronically. The DoBE should consider buying and downloading Accounting software for each school in the district. Designated people per school should receive training to capture financial information on such a software programme.
  
- Principals and SGB Chairpersons must have sound mechanisms and instruments in place to prevent fraudulent transactions and misuse of funds. Not only should a finance committee be in place, it should be chaired by an SGB member with sound financial knowledge.
  
- The SGB should take the lead during the discussion on financial matters. The principal may be most knowledgeable regarding how funds should be distributed, but SGBs should not be bullied into making decisions due to a lack of financial knowledge.

- There must be openness, transparency, trust and communication in financial management processes in schools. A close relationship between the principal and the SGB chairperson is of the utmost importance to ensure proper financial management at the school.
  
- The current SGB training material must be written in the language that all SGB members understand. South Africa is a multilingual country and school governance is too important an issue not to ensure that members of SGBs are trained to the level that they can positively contribute in meetings.
  
- Education related policies change often. Continual training is necessary to keep SGBs on par with the changes that affect the budget of the school.
  
- The school must form partnership with audit firms or financial companies with good financial standing to assist them with their financial records. This can be a community project for such firms and companies. The school can also be assisted by HEIs – the DoBE should take the initiative to make contact with these institutions. Part of the corner stone of HEIs is community service and this may be an excellent opportunity to form a lasting partnership.

#### **5.4 SUGGESTIONS FOR FURTHER RESEARCH**

- The improvement of financial management of dysfunctional schools through co-opting principals of functional schools to assist with financial management.
  
- The possible effect of poor financial management on appropriate curriculum delivery in secondary schools.

#### **5.5 CONCLUSION**



This study dealt with financial management in schools in Lejweleputswa District. The study aimed to establish the understanding the principals and the chairpersons of the SGBs have on financial management in schools. The researcher's concern was whether financial management policies and practices were implemented properly in the schools.

The development of financial skills and the training needs of the principals and the SGBs chairpersons were also of great concern. Before the investigation was undertaken, literature was reviewed to gain insight into financial management systems. Responses from principals and SGB chairpersons lead the researcher to provide the findings and recommendations of this study. These were linked to the research questions to ascertain whether the study successfully answered these research questions. It is the view of the researcher that these research questions were successfully answered.

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**ANNEXURE A**

33 Falstaff

TEL :0794997980

Street

Fax: 057 5443

Bedelia

The District Director

**WELKOM**

Department of Education

9460

Lejweleputswa District

18/05/2010

**WELKOM**

Dear Sir

**RE: PERMISSION TO CONDUCT A SURVEY**

I hereby wish to request permission to conduct a research study around the schools in your District. In order for me to be able to conduct study I will need your permission to use principals of and the chairpersons of the SGBs of the schools.

The research topic to be studied is titled: The effectiveness of financial management in schools in the Lejweleputswa district.

The relevant areas to be covered include:

The research is done under M.ED: with CENTRAL UNIVERSITY OF TECHNOLOGY.

The Programme supervisor is Professor G.J.V Schlebusch and his contact number is (0579103778).

I will appreciate if you can give me permission to conduct this study around the schools in your District.

I thank you in advance for your cooperation.

Yours faithfully

**TLALE ESSAU MPOLOKENG (MR)**

**ANNEXURE B**



**ANNEXURE C**  
**Letter to principals**

Tel: (057) 3532901

Fax: (057)3575443

33 Falstaff Street

Bedelia

**WELKOM**

9460

18 MAY 2010

The Principal

.....  
.....

Dear Sir/Madam

**RE: PERMISSION TO CONDUCT A SURVEY**

I hereby wish to request permission to conduct a research study in your school. The research topic to be studied is titled: The effectiveness of financial management in all schools in the Lejweleputswa Education District.

In order for me to be able to conduct this study I will need your permission to use you as the principal and your SGB chairperson for the administration.

I am of the opinion that the findings of this research will lay the foundation for the effectiveness of financial management in schools in the Lejweleputswa District.

I will appreciate if you could complete the questionnaire as fully as possible. The information will be treated in strict confidentiality and will be used for the purpose of research only.

Thank you in advance for your cooperation.

Yours faithfully

**TLALE ESSAU MPOLOKENG (MR)**

**ANNEXURE D**

Tel: (057) 3532901

Fax: (057)3575443

33 Falstaff Street

Bedelia

**WELKOM**

9460

For attention : .....

Dear Sir or Madam

**RE: REQUEST TO PARTICIPATE IN THE RESEARCH**

I am conducting research in Education Management with my main focus on the effectiveness of financial management in schools in the Lejweleputswa district. The study that I am pursuing requires that the Chairperson of the School Governing Body and the principal to help by completing the questionnaire. I am humbly requesting your cooperation and participation in this study as you have been selected as part of the sample.

The research will guarantee anonymity and confidentiality to all respondents and their institutions.

Your cooperation will be highly appreciated.

Thanking you in advance

Yours faithfully

**TLALE ESSAU MPOLOKENG(MR)**

**ANNEXURE E**

**CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE  
SCHOOL OF TEACHER EDUCATION**

**QUESTIONNAIRE FOR PRINCIPALS ON FINANCIAL MANAGEMENT OF SCHOOLS**

**INSTRUCTIONS TO PARTICIPANTS/RESPONDENTS**

- Please note that there is no *right or wrong* responses to the items or questions in this questionnaire. Your opinion is valuable to me.
  
- Also note that through your responses you will be making a valuable contribution to the study.
  
- Please answer all the questions.

**YOU COMPLETE THIS QUESTIONNAIRE ANONYMOUSLY**

**SECTION A:** Biographic information of participants.

Please furnish the following biographic information:

1 Gender:

M	F
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2 Age: \_\_\_\_\_

3 Qualifications: \_\_\_\_\_

4 Type of school: \_\_\_\_\_

5 What is the quintile of your school? \_\_\_\_\_

6 How long have you been a principal? \_\_\_\_\_

7 Any formal qualification in finances? \_\_\_\_\_

**SECTION B**



1 What would you consider to be good financial management?

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2 Comment on your ability to manage the financial responsibilities of your school.

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3 Who do you think should be responsible for the training of principals in terms of their new financial responsibilities?

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4 According to you, what should be covered in the training of financial school management for principals?

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5 What would you want to gain from such a training programme?

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6 Who is ultimately responsible for the drawing up of the school budget and what is your role function in drawing up the budget?

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7 Legally it is the function of the SGB to manage the school budget. What role does the SGB play in this regard at your school?

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8 Comment on the procedure of budgeting at your school?

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9 How do you monitor the budget at your school? Explain.

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10 Comment on your success to keep to the budget. You may mention any budgeted items that cause problems in this regard.

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11 Does a Finance Committee exists (is it properly constituted) and what is your role in the Finance Committee?

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12 What measures do you have in place to ensure that transparency, accountability and responsibility, in terms of your school's finances, are adhered to?

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13 Are you able to delegate any of your financial role functions to your senior management team, if so, what functions are you able to delegate?

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14 Who oversees the financial records of the school?

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15 In your opinion, what are some of the problems or obstacles that you encountered in fulfilling your financial management role?

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16 What level of cooperation do you receive from your SGB regarding financial matters of your school?

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17 What level of continual support (if any) do you receive from the District Office with regard to financial management?

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18 What impact did decentralisation of funds to schools have on you as financial manager of the school?

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19 How would you describe your success with regard to the day-to-day financial administration at your school?

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20 Are there any other comments you would like to share regarding the financial management of a school?

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## ANNEXURE F

### CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE SCHOOL OF TEACHER EDUCATION

### QUESTIONNAIRE FOR SGB CHAIRPERSON ON FINANCIAL MANAGEMENT OF SCHOOLS

#### INSTRUCTIONS TO PARTICIPANTS/RESPONDENTS

- Please note that there is no *right or wrong* responses to the items or questions in this questionnaire. Your opinion is valuable to me.
  
- Also note that through your responses you will be making a valuable contribution to the study.
  
- Please answer all the questions.

#### YOU COMPLETE THIS QUESTIONNAIRE ANONYMOUSLY

**SECTION A:** Biographic information of participants.  
Please furnish the following biographic information:

1 Gender:

M	F
---	---

2 Age: \_\_\_\_\_

3 Qualifications: Mark one box with X

No Matric	
Matric	
University	
Other college	

4 Type of school: \_\_\_\_\_

5 What is the quintile of your school? \_\_\_\_\_

6 How long have you been

6.1 a member of the SGB? \_\_\_\_\_

6.2 chairperson of the SGB? \_\_\_\_\_

**SECTION B (Please provide comprehensive answers)**

1 What would you consider to be good financial management?

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2 Who is responsible for the finances of your school?

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3 Briefly describe the role that the principal, treasurer or other members play in the management of the school's funds.

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4 What is your opinion regarding funding received from the department for your school?

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5 What do you think are the financial functions of the SGB?

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6 Who do you think should be responsible for the training of SGB's in terms of their financial responsibilities?

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7 When should financial management workshops for SGB members be presented and who should present it?

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8 According to you, what should be covered in the training of financial school management for SGB's?

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9 What would you want to gain from such a training programme?

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10 Comment on the use of English only in current training material for SGB's.

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11 Legally it is the function of the SGB to manage the school budget. What role(s) does the SGB play in this regard at your school?

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12 Does a Finance Committee exist (is it properly constituted) and what is the role of the SGB in the Finance Committee?

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13 Comment on the necessity of a Fundraising Committee at your school?

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14 What measures are in place to ensure that transparency, accountability and responsibility in terms of the school's finances, are adhered to?

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15 Comment on the need and appointment of an external auditor for your school.

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16 In your opinion, what are some of the problems or obstacles encountered by the SGB in fulfilling their financial management role?

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17 What level of cooperation do you receive from the principal regarding financial matters of your school?

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18 What level of continual support (if any) do you receive from the District Office with regard to financial management?

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19 Are there any other comments you would like to share regarding the financial management of a school?

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20 What are the factors that impact negatively on the role of the SGBs with regard to the management of school finances?

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Thank you for your participation!!