

Financial Accountability of Public Schools: Does the onus lie with those charged with Governance or the Department of Education?

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ABSTRACT

South Africa's education reform was focused on access, redress, and democracy. Policies like the South African Schools Act 84 of 1996 were introduced to address the imbalances in education. Legislation requires those responsible for governance within public schools to submit audited financial statements to the Department of Education. There is mounting pressure from the public on all levels of government institutions to be held accountable for their actions. The purpose was to assess if internal controls, which take the shape of policies and procedures, are present, pertinent, sufficient, running efficiently, and being monitored effectively. To further identify who shall be kept accountable with regard to the monitoring process. The article aims to evaluate the internal controls, accountability, and transparency in South African Public School's financial practices. To investigate whether South African public schools have internal controls to preserve and assure compliance with current legal standards governing accounting and auditing processes as outlined in the South African School Act 84 of 1996. The article will apply a qualitative document analysis approach to understand the public school spending and record-keeping phenomenon in-depth. Financial statements only show numerical data and do not indicate if proper accounting and auditing procedures were followed. The findings reveal the absence of internal controls; in cases where internal controls exist, they are ineffective. This article aims to contribute to assistance in clean school audit reports. The recommendation is that the Department of Education become more involved in managing departmental funds.

Keywords: Accountability; legislation; internal controls; public schools; governance

1. INTRODUCTION

South Africa's education reform was focused on access, redress and democracy. To address the imbalances in education, policies were introduced. One of these is the South African Schools Act 84 of 1996. Sections 34 and 35 of the Act mandate the state to redress historical imbalances and achieve equity to restructure the educational landscape towards realising social justice. Section 34 prescribes that the state should fund public schools from public revenue on an equitable basis to ensure a proper exercise of the rights of learners to education. Annually, schools receive a budget from the Provincial Department of Education. The intention and expectance are for those charged with governance to be accountable and to manage the budget appropriately.

Legislation requires those in the rudder of governance within government-funded schools (public schools) to ensure the submission of audited financial statements to the Department of Education. Hence, some schools, generally public schools, those charged with governance have become the

culprits of mishandling of school funds, stealing, swindling, embezzlement of funds, ill-advised control of funds, corrupted tender process, or invoices that have been overinflated with regards to the procurement of goods and service, the heart of accountability is auditing (Maama and Marimuthu, 2020). The Auditor General of South Africa's (AGSA) mandate was extended in 2019 to assist in enforcing consequent management for those charged with governance (TCWG) in the public sector. Accountability is defined in the business dictionary as a commitment by various role-players, being individuals or associations, to represent, account for, and accept responsibility for their activities and transparently disclose the results. This study aims to determine if internal controls exist and if they are relevant, adequate and effective within schools and the Department of Education. What are the internal control processes within schools and the Gauteng Department of Education, and who should be held accountable concerning the financial management of schools?

2. LITERATURE REVIEW

2.1 Defining Internal Controls

In accordance with Ngcoba and Malefane (2017), internal controls provide accountability, efficacy, efficiency, and responsiveness to beneficiary demands. The main forces behind internal controls are internal auditors. The likelihood that budgets will be used where they will have the greatest impact increases with effective management of internal controls. Accountability is also improved, asset loss is decreased, accounting records are prepared promptly and accurately, and financial information reports are reliable. Even though competently maintained internal controls may also help improve service delivery and avert unfavourable outcomes, their absence negatively impacts the audit results of public organizations. It presents opportunities for asset misuse, fraud, and corruption (Morehead, 2007).

Internal controls are all policies, plans, procedures, and organizational structures that managers in a public institution design and adopt to provide a reasonable level of assurance that objectives will be met and that unfavourable events will be avoided, identified, and corrected, according to the definitions given by Erasmus and Visser (2011). Romiuk (2011) asserts that the institutional goals must align with the three interconnected categories of internal control, namely effectiveness and efficiency of operations, accuracy of financial reporting, and compliance with applicable laws and regulations (COSO, 1994), to achieve good governance. The control environment, risk assessment, control actions, information, communications, and monitoring activities comprise internal control components.

2.2 Internal Controls and Accountability in Public Schools

The centralized control of school funds, for instance, by the School Governing Body, the finance committee, and the school principal, represents one of the major changes in educational management since 1994. As a result, there is more opportunity for schools to handle their own operations independently and for better financial management. Mestry (2011), advises that the function of principals and SGBs in managing schools' finances is problematic, the roles of principals and SGBs appear to overlap, frequently leading to conflict between them. Being very clear about who is responsible for what is the first and most crucial step in managing a school's finances, according to Clarke (2009). Due to the likelihood of dispute or "passing the buck" and no one taking responsibility, overlaps in responsibilities must be kept to a minimum. To support schools and resolve conflicts between different school stakeholders, the interpretation and

application of laws are frequently explained or clarified in circulars or memos sent to provincial departments of education.

Section 37 of the South African Schools Act, 84 of 1996, states that “the governing body of a public school must establish a school fund and administer it in accordance with the directions issued by the Head of Department”. All funds received by public schools, including tuition and other donations, must be deposited into the school fund pursuant to Section 3 of the South African Schools Act. According to Clarke (2012), a governing body's financial responsibilities are probably some of its most important duties. Creating and approving the yearly budget may be the most visible of these responsibilities. Still, there are several others that are equally important and that, if not properly carried out, may have detrimental financial and legal ramifications for the school and the members of the governing body.

According to SASA, the governing body shall assign daily operational financial management responsibilities to the principal and their staff. The governing body appoints a financial officer who serves as the school's "bookkeeper." Every organization must have a structure that demonstrates how management tasks are completed. The governing body may establish committees and subcommittees, such as a fund-raising committee, per Section 30 of the Schools Act, No. 84 of 1996. The treasurer, principal, teachers, parents (who need not be members of the SGB), and non-teaching staff may make up the financial committee (Circular 13/2000).

The Schools Act permits the governing body to establish and carry out a financial policy that will help monitor and control the procedure for receiving, holding, withdrawing, and spending money. The policy must specify in detail how fees, gifts, other sources of income, grants from the government, and expenditures are to be handled when it comes to money. In accordance with Mestry (2011), the principal and SGB should create a solid financial strategy that includes steps to prevent financial mismanagement and regular checks and counterchecks. The first step in organizing a school's finances is to create a budget. Bisschoff (1997) states that a budget is the school's financial mission statement. It works as a planning tool and a guide for making choices that will benefit the school's administration during the upcoming fiscal year and beyond. As a result, not only the principals but also the department and topic heads must learn how to handle the finances of their respective schools.

The school's accounting system includes the following accounting tasks (Bisschoff, 1997): Locating, assigning, analyzing, and interpreting financial data related to the institution; putting the school's financial policy into action; and informing all parties involved of the school's financial situation. It can be used to determine whether funds are being allocated to the school in accordance with the budget. According to Naidu et al. (2008), monitoring and control of the budget are crucial because they enable the SGB and finance committee to quickly take corrective action in the event that actual revenue and expenses materially deviate from projected income and expenses.

According to Mestry and Bisschoff (2009), except for providing funding and requesting a copy of the school's annual audited financial accounts, the state has minimal authority over the school's finances now that the SGB regulates all school financial problems. According to Mestry (2011), the governing body of a public school, not the principal, is ultimately in charge of managing the institution's finances. However, it is also the responsibility of the principal, who is a governing board member, to see that it is done. The South Africa Schools Act 84 of 1996 mandates that public

school principals prevent and report financial mismanagement. Public school principals are obligated by Section 16A (1k) to behave as good stewards of school funds and to carry out the following responsibilities: to take all reasonable steps to prevent any financial mismanagement by any staff member or by the governing body of the school.

This entails ensuring that the governing body manages the school's finances for the benefit of the pupils and in conformity with the SASA's regulations. To make the best use of resources for the benefit of students, the administrator should make sure that various school accounts and records are kept accurately in addition to the appropriate structures. The SGB will seek the principal for financial guidance in his or her capacity as a consultant. This is also evident in a case of Schoonbee and others vs. MEC for Education, Mpumalanga and another 2002 case no 33750/01(T), in which the principal of a high school in Ermelo was charged for embezzling school funds. Investigations showed that the principal had adhered to the guidelines or regulations issued by the governing body of the institution. The principal cannot be accused of financial irregularities because the school's governing council is said to manage the school's money. Due to this case, the principal's position and the governing body's duties have unquestionably assumed new dimensions.

Accountability entails reporting one's conduct in relation to required tasks to the appropriate parties (Van Westhuizen 2003). Therefore, being accountable means being trustworthy, clear about one's responsibilities, and responsible for one's deeds. As a result, the idea of school financial responsibility is derived from the idea that reporting on school finances to all relevant parties is what constitutes accountability. The appropriate financial accountability measures are emphasized in Sections 36 and 43 of the South African Schools Act, No. 84 of 1996 (as amended), to make sure that resources are used inside the school in a way that is effective, efficient, inexpensive, and transparent. To prevent any unapproved, irregular, meaningless, and wasteful spending, the appropriate measures should be adopted (Republic of South Africa, 1999).

The SGB is required to make the financial information and audited financial statements of a school available to interested parties in accordance with Section 43(6) of the South African Schools Act (1996). The Act also requires governing bodies to provide the Head of Department with a copy of their audited annual financial accounts no later than June 30th, six months following the end of the fiscal year. The Income Statement, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement, and any other statements that the Accounting Standards Board (ASB) may demand must all be included in the annual financial statements.

Due to difficulties the Department of Education was having, the South African Schools Act was changed in 2011 to make a distinction between registered accounts and auditors. Relevant stakeholders have continuously identified the following discrepancies in the work performed in the education sector by the members and firms of these professional bodies:

- The accounting officers performed dual duties, such as an auditor and accountant/bookkeeper who are not qualified to perform these functions;
- Accounting officers and auditors not registered with professional bodies and claim to be members of section 60 of the Close Corporation Act;
- The financial statements were not presented in accordance with accounting principles, such as generally accepted auditing standards (GAAS), generally recognized as accounting practice (GRAP), etc.; and

- Inaccurate and misstatements included in the financial statements.

National Departments of Basic Education referred misconduct cases to professional bodies to be handled. If found guilty schools will not be allowed to utilise these services from them.

2.3 Agency Theory

Public sector organizations like schools are built on agency theory. In agency theory, Jensen and Meckling (1976) and Sieger et al. (2013) define agency relationship as a contract in which one or more principals hire agents to perform some services for their benefit by delegating some powers of decision making to agents. Based on the agency theory the practice of financial reporting in public sector organizations is a concept based on agency theory. Three conditions necessitate its existence: one of the parties must be “the principal” and the other party “the agent”. Secondly, the existence of conflict between the goals of the principal and an agent's goals. Thirdly, distorted information between the principal and agent is possible. This happens where the principal cannot fully know about the actions or capabilities of the agent. If there is no potential of conflict of interest, then information asymmetry would be irrelevant. The principal need not be worried about anything because an agent can act according to the principal's interest. The government as principal, delegates teaching and learning to schools’ agents. Resources are allocated to schools and the government is interested in accomplishing those tasks.

2.4 Current Challenges in South Africa and Globally

The report that comes next makes it abundantly evident that improper financial responsibility can result in corruption, fraud, and mismanagement of funds. The previous principal, SGB chairwoman, and staff of Glenvista High School were all charged with crimes by Mr. Panyaza Lesufi, the Gauteng MEC for Education (Mail & Guardian, 2015). The following conclusions were listed in a forensic study that was published by the auditing company KPMG (Mail & Guardian, 2015). They learned that the SGB had violated section 38A of the Schools Act (SASA) by giving some teachers extra pay for specialized knowledge without the DoE's consent. Nepotism was also prevalent; without the SGB's approval, the principal employed his daughter as a coach. Staff members were appointed without adhering to the right procedure or acknowledging the SGB. The principal's home's carport was built with money from the school, and his personal flight tickets and house levies were also covered. Additionally, the main opened eight bank accounts, which SASA considers to be irregular.

Rangogongo, Mohlakwana, and Beckmann (2016) looked at the perceptions of various role players to study the causes of financial mismanagement. Their research showed a lack of legislative knowledge and expertise, poor monitoring and control of finances, the absence of financial regulations in schools, the exclusion of consequence management, and a lack of honesty and dependability. In order to deliver education, which is a fundamental human right, as stated in the constitution, a nation like South Africa needs accountable mechanisms.

The use of financial policies as tools for monitoring finances in public schools was the subject of a study by Naaidoo and Mestry (2017). The data analysis revealed three themes: fiscal responsibility, the involvement of school SGBs, and the application of the financial policy. It was determined that there was a direct connection between the school's finances and the teaching of the curriculum. In 2017, Moyo and Monkere looked into the Department of Education's auditing issues. They proved that management was well-versed in auditing frameworks including the PFMA

and the annual audit opinions of the AGSA. The department did not strictly follow the recommendations of the internal audit committee's audit conclusions.

Although internal controls are in place schools do not adhere to these measures according to Doussy and Doussy (2014), their results show inconsistencies in the financial reporting by schools. For statements to be trusted and transparent, they must follow accounting best practices and standards (Colditz, Van Rooyen, Mellet, Van der Merwe, Swemmer & Van der Bergh, 2017). According to Doussy and Doussy (2014), when generating their yearly financial statements, schools are not in compliance with SASA, IFRS, or generally accepted accounting principles (GAAP). Furthermore, they claim that the Education Department's failure to respond to financial accounts provided to schools and the fact that no legal procedures have been followed seem to support the idea that schools are permitted to operate beyond the bounds of the law (Doussy & Doussy, 2014).

When it comes to the misappropriation of public funds, South Africa is not alone; financial mismanagement issues also plague schools in Kenya and Zimbabwe. In Gucha District (Kenya), 47 instances of financial misconduct were documented between 2008 and 2010, according to Mobegi (2015). In Zimbabwe's Mashonaland East Province, school heads (principals) have also been charged with financial mismanagement and teacher incentives (Munge et al., 2016), which, according to Nyandoro et al. (2013), is a result of their failure to comprehend their legal obligations.

The issue of public-school financial management practices that lack transparency and accountability appears to be an international pandemic. According to Yasin and Mokhtar (2022), the primary cause of conflict among school principals was a lack of accountability and transparency in school finances, as well as a lack of assistance and oversight from district offices in the Malaysian Public Service. Similar to South Africa, there was an urgent need for principals, the finance committee, and elected employee representatives to receive training in financial management. This sentiment was echoed by Radzi et al. (2018) who indicated that principals frequently delegated their responsibility for managing the school's money to administrative clerks. According to Hussin et al., (2015), there is inconsistency in the monitoring of financial document records throughout school financial management system.

Governmental operations are dependent on transparency and accountability (Gabriel, 2017; Gabriel & Ong, 2018), they are instrumental in curbing corruption. Castillo and Gabriel (2020) assert that the practice of transparency gives both internal and external forces of governance access to, knowledge of, and some degree of control over government operations. Citizens are becoming more involved in government and governance as a result of transparency (Castillo & Gabriel, 2020). By requiring schools to set up a Transparency Board and posting the liquidation report of school money in prominent locations on the school grounds, the Philippine Department of Education encourages openness and accountability in school governance. The report must be concise, accessible, easy to read, and current.

One of the most corrupt organizations in the Philippines was the Basic Educational System of the Philippines (Reyes, 2007). Textbook Delivery, one of two programs, has failed to effectively combat corruption. According to Chua (1999, 2001), corruption results in an educational bureaucracy that is only just able to provide the 15 million public school learners in the nation with the most fundamental educational services. The Department of Education was singled out by the

Audit Commission in 2019 for having 1.9 billion in aging unliquidated financial advances (Gasper et al., 2022). According to a set of regulations that call for the mobilization of civil society organizations and the private sector as stakeholder's representatives to these committees, the Department of Education has strengthened campaigns against embedded corruption starting in 2022 (Gasper et al., 2022).

Gasper et al. (2022) evaluated how principals behaved when employing the financial resources of their schools according to the transparency and accountability standards. A higher level of accountability is compatible with a higher amount of transparency, according to both this study and one by Gabriel (2017). This is the most important step in fighting corruption, especially since managing public funds is one of the fundamentals of effective governance.

2.5 Internal Controls in Gauteng Department of Education

According to the organizational structure of the Gauteng Department of Education, the following departments oversee internal controls.

2.5.1 Chief Directorate: Compliance and Risk

This directorate is responsible for ensuring the implementation of all applicable laws and regulations. A strong system of internal controls and fraud protection is created, and stakeholders are contacted to perform forensic investigations. Under this principal directorate, there are three more directorates.

2.5.1.1 Directorate Internal Control

This directive is responsible to create, implement, and maintains a successful fraud prevention plan. It investigates irregularities and tract recommendations. It offers internal auditing services and communicates with other stakeholders, including the Auditor-General, Gauteng Audit Services, and the Provincial Treasury. It manages, facilitates and plans loss control. It oversees advocacy programs of clean audits and keeps track of financial compliance (GDE, 2013). It is also responsible for keeping the Department's donation registration up to date.

2.5.1.2 Directorate Enterprise Risk Management (DERM)

DERM streamlines policy and plan alignment and controls risk across the Department. The DERM committee receives the developed enterprise risk management strategy from it. This department oversees the facilitation of risk assessment and identification, and risk-reducing controls and control enhancements.

2.5.1.3 Directorate: Inspection of Compliance

This directorate performs forensic examinations, preliminary verifications. It communicates with all pertinent parties and safeguards information and the people. It encourages sound governance.

2.5.2 Chief Financial Officer of the Financial Management Services Branch (CFO)

The Financial Management Services department assists the Accounting Officer in carrying out the duties stipulated in Chapter 5 of the PFMA and the Annual Division of Revenue Act. Their responsibilities include ensuring administration, financial accounting, and management accounting practices are solid.

2.5.2.1 Chief Directorate: Corporate Finance

According to GDE (2013), this chief directorate's mandate is to ensure trustworthy financial administration, financial accounting, and management accounting services. The duties of this directorate include maintaining dependable school financing management procedures and offering financial accounting services. It also serves as a focal point for financial planning and administers the GDE's assets in line with the PFMA. This primary directorate is made up of the financial administration, school financing management, asset management, and financial planning and budgeting directorates. The objectives and responsibilities of each directorate are described below.

a) Financial Administration Directorate

This directorate's job is to keep the Department's financial records and accounts up to date and compliant with legal standards. It maintains accurate accounting and record-keeping procedures by creating monthly and yearly financial statements for each payment.

The three sub-directorates of this directorate are salaries and bookkeeping, revenue management, and payment processing. These three subdirectories all complement one another but provide various purposes, as shown below:

Payment processing: This sub-directorate handles all payment processing. Daily progress reports and tracking of all processed payments are also handled by the sub-directorate. It gathers all the payments and analyzes the accruals.

Revenue management: This department handles the effective and efficient handling of money it receives. It guarantees efficient petty cash management and consolidates its financial statements for reporting. Debtor reconciliations and accompanying papers are another duty of the sub-directorate.

Payroll and bookkeeping: This sub-directorate oversees approving personnel appointments and wages. It controls every aspect of payroll. Additionally, it completes monthly payroll control reports.

b) Directorate School Funding Management

It provides reliable services for managing school funding. Oversight role of financial management and compliance with schools' act. Two sub-directorates make up the directorate, namely:

School Financial Governance and Monitoring: Monitor how schools spend money. It tracks budget spending for Section 20 schools.

School Financial Management: Funding and subsidy payments are monitored monthly. It also establishes the standards and policies for student financial help and management of the school's finances. Calculating of subsidies for early childhood development (ECD), and further education and training (FET) institutions.

c) Financial Planning and Budgeting Directorate

This directorate offers managerial accounting and financial planning services.

2.5.2.2 Chief Directorate: Supply Chain Management

A procurement directorate, which is important to the internal control function, is part of this chief directorate.

Directorate: Procurement

Its two primary tasks are as follows:

a) Manage the development of school-based procurement processes and the acquisition of learning

and teaching support materials (LTSM) (GDE, 2013).

b) Provide services for contract management. Three sub-directorates that each serve a particular purpose make up this directorate as follows:

Goods and services: Services level agreements, procurement of goods and services for the Department, and policy formulation fall under the purview of this sub-directorate. Additionally, it functions as the Departmental Acquisition Committee's secretariat (DAC).

LTSM Procurement: It handles LTSM tenders, procurement deliveries, and order processing. The delivery of the LTSM is also reported on. **Contract Administration Services:** It must carry out three tasks: managing contracts, handling financial payments, and keeping an eye on the budget (GDE, 2013).

3. METHODOLOGY

Research methodology indicates how to solve a research problem systematically focusing on the research process researchers must take to execute the research project (Kothari and Garg, 2019). This article will consider how the research process will unfold in terms of the research approach, data collection, and data analysis.

A quantitative approach examines the relationships among variables by testing objective theories; contrary to the quantitative approach, the qualitative approach is used to investigate and understand the meaning individuals or groups attribute to a social or human problem. This approach is best able to provide an in-depth understanding of the research objectives as it applies a form of descriptive words; these words are scrutinized for meaning or patterns (Cassim, 2021).

The types of documents collected to be utilized for this research were documentation officially used by the schools, school governing body and departmental policies on finances. The use of documents in data collecting has the advantage that they are independent of human interaction and do not alter the environment the way that the researcher's presence frequently does. (Mbatsane, 2007).

This article will concentrate on public records and official documentation, such as South African legislation and policies. The following legislation that applies to the financial accountability of public schools has been collected as documented evidence for analysis:

- South African Schools Act 84 of 1996, Sections 42 and 43, Governs the responsibilities of the SGB
- Public Finance Management Act 1 of 1999, Section 45, Governs the responsibilities of officials responsible for managing school finance.
- Circular M1 of 2017 - Measures to improve management of school finances, preparation, and auditing of financial statements.

In the selection of the documentation, this article applied purposive sampling techniques. Purposive sampling is a qualitative research technique used to select specific documentation that can provide in-depth and detailed data regarding the phenomenon being researched (Kothari and Garg, 2019). Consistency determines reliability; throughout the study, we compared different legislation. The validity of the study was determined by comparing the interpretation results of existing theory and information gathered from various studies conducted.

3.1 Data Analysis

Document analysis, as explained by Bowen (2009), is a qualitative research method from which documentation is interpreted with the aim of the researcher giving a voice and meaning regarding the research topic, it is an analysis of content from written documentation to make a deduction based on the parameters of the study. Even though document analysis is frequently used to supplement other methods, some researchers use it as their only data analysis method. This method has strengths, being cost-effective, having fewer ethical concerns and being stable as the participants cannot be influenced, outweigh the weaknesses of this method, which we have also considered biased selectivity, limited or restricted information and authenticity of documents.

Data analysis is when data is transformed into finding by bringing direction, structure, and sense to the collected data, to understand data, reasoning needs to be applied; this is referred to as data analysis (Vos, Delport, Fouche, and Strydom, 2015). According to Creswell (2014), the data analysis process can be completed in six stages and has been demonstrated in Table 1 below

Table 1. Data Analysis Process

1. Organize data	Data organization was the first step in the process, which was based on the mode of analysis. Selected sections of the various government legislation were used to organize the data, and these sections were then used to analyze the sections that apply to financial accountability in public schools. Selective documentation included: Legislation: According to Kruger (2021), a legislative framework is a broad set of guidelines that directs and controls how decisions are made, agreements are made, laws are passed ect. *South-African Schools Act of 1996 - All public schools in South Africa are governed by the South African Schools Act (SASA) *Public Finance Management Act of 1999 – which addresses asset management and pertains to public schools Circulations are official letters normally issued by provincial education departs in addressing certain matters within the “Acts” and describing and explaining the application of legislation and ways to handle it. *Circular M1 of 2017 – indicates the management of funds mentioned in SASA Journal article –represents the majority of research carried out by experts in the field of study
2. Perusing and yet again perusing data to get a sense of the data and the overall meaning	By reading the legislation and contrasting it with the selected articles to identify the author’s different perspectives and opinions with regard to interpretation, the documentation was examined to find key themes. Also looked for viewpoints and what was common within the different articles and searching for consensus with regard to the procedures applied to ensure financial accountability. When reading the data for the first time and throughout the entire analysis, notes were taken. According to Creswell (2017), collecting notes during a process enables one to follow the evolution of concepts, which enhances the credibility of qualitative research. The purpose of reading and rereading critically is to look for parallels and discrepancies that support or refute literary theories.
3. Organizing data into segments	After reading and taking notes, the process continues to segmenting data. The segments were divided into two sections, namely, the financial responsibility of those in charge of governance (School Governing Body - SGB), where their accountability ends, and the financial responsibility of the Department of Education (DOE), where their accountability begins. The segments were derived from the significant features that were relevant to the research objective.

4. Identify categories to detect patterns and sought an association between and amongst the patterns	Financial accountability responsibilities pattern within the different sections and the connection between and amongst them need to be made. The segments are further divided into categories to assist in discovering patterns and seek associations between and among the patterns. The segments were identified to generate categories in order to condense the data making it easier to determine the patterns available. This step explains the various categories developed from the literature that the literature review identified. The basis for categories is the relationship between and among the various parts' financial accountability duties. These are the categories: Internal control and the concepts Internal control and accountability in Public Schools Internal control within the Department of Education Agency Theory
5. Presentation of the patterns	How the patterns will be selected and represented in the article. The patterns determined from the data need to be meaningful, clear, consistent and aligned with legislation. The pattern within the categories was the preparation of the financial statements according to the relevant financial policies, the quality and authenticity of the information used, the financial accountability, and the competence of the human resources. Identify categories to detect patterns and sought an association between and amongst the patterns – financial accountability responsibilities pattern within the different sections and the connection between and amongst them need to be made.
6. Interpreting data	Examining the relevant portions of the relevant legislation regarding who is responsible for financial accountability, the Department of Education or those charged with governance. Based on the information gathered and examined, an opinion from the perspective of the study was developed. The following section goes into further detail about the interpretation procedure.

Reference: Creswell (2014) adjusted

4. RESULTS AND DISCUSSION

According to the Schools Act no 84 of 1996 (RSA, 1996a), the school governing body (SGB) has a few roles and responsibilities, amongst others, creating and presenting a budget, creating and executing financial policies, maintaining financial records, raising money and developing funds, and keeping track of the payment of school finances (Letsapa, 2021). This article will only focus on the financial reporting roles of those charged with governance. The findings and discussion will be discussed in two sections.

4.1 Assess if internal controls, which shape policies and procedures, are present, pertinent, sufficient, and running efficiently and are being monitored effectively.

According to Letsapa (2021), the goal of an internal control system is to reduce the likelihood of mismanagement and fraud, to shield school employees from accusations of mismanagement and fraud, and to make sure that the money spent by the school is solely used for educational reasons. Dibete (2015) contends that thorough internal controls must be implemented to minimize the danger of fraud and corruption. Having control measures in place to identify signs of fraudulent behaviour is crucial. Wangechi (2020) defines the different purposes of the different controls, the first being preventative control, the aim is to discourage errors or irregularities from occurring through proactive actions; the second is detective control, which is designed to find the mistakes or irregularities after they have occurred, the intention is to find a company's problems within their

processes once they have occurred. Lastly, corrective control is designed to correct errors or irregularities that have been detected.

Chapter 4 of SASA gives clear guidelines and expectations from the Department of Education to SGB on how to manage the funding they receive. SGB needs to establish systems of control that will protect the school finances from misuse or theft. SGB can obtain this following a process according to legislation.

- In accordance with SASA section 30(1), the finance committee. Consisting of individuals with strong accounting and financial backgrounds. According to S30(b), the SGB has the legal authority to nominate non-SGB members to the finance committee based on their experience in the school of finance. Still, the chairperson of the finance committee should be an SGB member. SGB may delegate the day-to-day financial management to the finance committee. According to Hlongwane (2019), finance committees are essential for managing school finances because they advise the SGBs on financial concerns.
- A school finance policy is a crucial document that the SGB must implement (Hlongwane, 2019). Furthermore, just like creating a school budget, creating a school finance policy involves specific abilities. According to Mestry and Bischoff (2009), a solid financial policy is necessary for schools to manage their finances effectively and efficiently since it will set forth standards for important elements of handling money and allocating resources in a sensible manner. The procedures to be followed in terms of procurement and the usage of school finances will also be outlined in such a policy (Letsapa, 2021).

It is clear that there are internal controls that take the shape of policies and procedures; SGB, principle with the assistance of the finance committee, can set up additional internal controls that suit their school, meaning the internal controls are present, pertinent, sufficient, and can running efficiently when is it monitored effectively. Letsapa (2021) explains monitoring promotes accountability and transparency in a school's financial management, and control is carried out through an internal auditing process that may be internal.

Monitoring and controlling school funds are daily tasks that entail regular checks. This is a very important activity in the school's financial management as it enables both the finance committee, as the advisory body to the SGB, and the SGB itself to take corrective measures, especially when significant expenditure deviations occur from that projected budget. Results from a study by Naidoo and Mestry (2017), when monitoring controls are normally neglected, especially in township schools, it often results in overspending or underspending. In short, a lack of monitoring and controlling of funds will almost certainly result in the mismanagement of finances, a threat that all schools must strive to avoid at all costs.

The oversight and management of school finances are ongoing duties that require frequent audits. This is a crucial function in the school's financial management since it enables the SGB to take corrective action, especially when there are major expenditure deviations from the expected budget, as well as the finance committee, which serves as the SGB's advisory body. According to a study conducted by Naidoo and Mestry (2017), when monitoring controls are normally neglected, especially in township schools, it frequently leads to either overspending or underspending. In other words, a lack of monitoring and control over funds will almost likely lead to financial mismanagement, a risk that all schools must work tirelessly to prevent. The sole purpose of

monitoring and controlling is to protect public monies from misuse, fraud and theft by those entrusted to handle such funds. Schools may put in place both the internal and external control of funds.

Each school is free to create its systems for keeping an eye on and managing cash because every school has different needs. The SGB may designate someone inside to carry out the monitoring on its behalf, such as the accounting officer, or otherwise, the SGB may outsource this duty as permitted by law.

4.2 Identify who shall be kept accountable with regard to the monitoring process. The scope of the article concentrates on the SGB, principal, accounting officer and auditor; therefore, we will only discuss the roles and responsibilities of these key players.

According to SASA's Section 16(1), the SGB is given control over school governance. In other words, the SGB is in charge of the public schools' financial accountability. This suggests that because SASA legally requires the SGB's financial actions, they must account for them. According to Xaba and Ngubane (2010), accountability is a legal obligation imposed on a person to explain how funds provided to them have been spent. Accountability entails two responsibilities: the first is carrying out certain acts, and the second is giving an account for these actions. Letsapa (2021) concurs with Xaba and Ngubane (2010). For accountability reasons, the school must be run by well-resourced structures that are furnished with rules that are aimed toward the improvement of the school, as the school manages its own money and is governed by the SGB. This guarantees that financial resources be used in schools in an effective, efficient, and transparent way. There will be no unlawful, irregular, or extravagant expenditure of school funds when the structures adhere to norms and laws. An investigation by Dibete (2015) found that SGBs often confuse sections 16(1) and 16(3) of the SASA when they are not aware of their roles and responsibilities in school finance management. The SGB is given authority over the school's governance under Section 16(1) of the SASA, while the principal oversees the institution's professional management under Section 16(2). It is crucial to remember that the principal is a member of the SGB and that, in accordance with SASA Section 16(A), the principal should only serve in a supporting and assisting capacity within the SGB (Letsapa, 2021). Mestry and Bisschoff (2009) claim that the dual role of the principle and SGB in managing a school's finances is contrary to S16 of SASA since it can lead to conflict because the roles of the principal and SGB may overlap. According to studies cited by Ditabe (2012), overlapping tasks and responsibilities are frequent in South African schools.

The SGB, not the principle, is in charge of appointing the accounting officer, and S43 makes it plain that this appointment must be made in writing. The appointment must be made in writing, and the chosen candidate may be a parent representative on the SGB or a teacher at the institution. The letter of appointment must explicitly state the duties and responsibilities of the accounting officer.

Auditor The Public Accountants and Auditors Act of 1991 clearly states that the SGB auditor is required to audit the records and financial statements and to produce the results in a report that expresses an audit opinion regarding the true and fair view of the state of the school and operations for the relevant period. Auditing is a thorough examination conducted by a qualified individual from outside an organization that has a relationship to external financial control and external

control. According to the law, the SGB must also make sure that external monitoring is carried out through the audits required by SASA (42 and 43) and PFMA 38(a)(i).

The accounting officers are responsible for implementing and monitoring controls and the auditor needs to test the controls to determine their efficacy. It has been determined that the accounting officers should be kept accountable concerning the monitoring process seeing that the auditor is a third independent party. The existence, relevancy, and adequacy of the internal controls is the responsibility of the auditor as the auditor is responsible to test that the controls do exist and that they are relevant and adequate.

5. CONCLUSION

In conclusion, based on the assessment of internal controls, which take the shape of policies and procedures, are present, pertinent, sufficient, running efficiently, and being monitored effectively. Identify who shall be kept accountable with regard to the monitoring process. The document analysis method has been applied to analyze the documentation. The following are the major findings.

- Officials with accounting training and expertise are needed to carry out financial management duties and ensure accountability, especially given the state's significant financial investment in education. This may require that accountant-qualified individuals be appointed to fill this position in schools. Alternatively, short courses on financial management should be introduced to improve SGB members' knowledge, abilities, and awareness of financial matters.
- Expanding the responsibilities of district and provincial development and support officials is necessary. The Independent School Officer (IDSO) must be aware of the financial situation of the schools in order to throw light on why they cannot carry out their mandate. Building the capacity of the administrators to create, support, and oversee school operations is advantageous. To detect shortcomings in areas that need support, capacity-building thus seems to be an essential feature even for departmental employees in terms of monitoring skills, document research, and trend analysis.

The implications when the existing internal controls are monitored effectively and efficiently accountability would be evident, and clean audit reports will be possible. Considering revising responsibilities at both the school and departmental level to enforce compulsory and equal accountability to all stakeholders involved in the school fund to enhance the quality of education. Further recommendations are that The Department of Education should ensure that each school has an effective financial management system; this will ensure more accountable management of funds. This could be achieved by ensuring funds granted are used for the intended purpose to reduce the misappropriation of funds. There should be consequences for individuals in charge of governance who mismanage school funds allocated that are not in accordance with the submitted and approved budget.

To aid schools with a clean audit, the level of accountability and transparency must be decreased to a satisfactory level. Suggestions are that the school's financial information should be made available to the public and displayed. The private sector, in collaboration with business specialists, should be involved. This can give multiple advantages, including expertise and knowledge from several domains; diverse viewpoints and experiences can be beneficial; accountability can be

ensured by the professional, increasing the likelihood of a clean audit report; a network of contacts and resources is available; and learning opportunities for all parties concerned, as well as knowledge, experience, and expertise exchange, can help to improve governance procedures and increase effectiveness.

Further studies, the Department of Education will benefit and save in the long run when they invests in setting up a section within the Department that will only concentrate on monitoring the internal controls, ensuring school funds are accounted for. All parties involved in the school funding are kept accountable from the Department of Education to those charged with school governance.

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