

## **Financial management of schools in the Ekurhuleni North District in Gauteng Province**

**Buti Clement Lekonyane,**  
Department of Public administration and Management,  
University of South Africa, South Africa.  
**Email:** [Lekonbc@unisa.ac.za](mailto:Lekonbc@unisa.ac.za)

**Frans Madimetja Maja,**  
Department of Education,  
Bokamoso Secondary School, South Africa.  
**Email:** [metja.maja@gmail.com](mailto:metja.maja@gmail.com)

---

### ***Abstract***

*The paper investigates how schools' finances are administered and managed at township schools in the Ekurhuleni North District in Gauteng Province. This paper addresses the issue of capacitating School Governing Bodies (SGB) in terms of financial management. The results of these investigations may assist in developing SGBs in terms of training, which will enhance skills and knowledge. The South African Schools Act makes provisions, through a school's governing body, of which the principal is a member, to obtain funds from the community. Therefore, the acquisition and spending of such funds has to be managed effectively and efficiently. Reference is made to similar situations of principals and SGB members of schools in the United States, England, Australia and certain developing countries. A qualitative research method was used to elicit the perception of School Governing Body members and principals.*

---

**Key Words:** *School Governance, Financial Management, Skills, Training, Management, Capability, Budget, Control and Accountability.*

## **1. Introduction**

The South African Schools Act (Act 84 of 1996, Section 34(1)) states that the State must fund public schools using public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision (Republic of South Africa, 1996:24). Bischoff and Sayed (1999:310) indicate that although the State has legislated its intentions of funding public schools from public revenue, it is also, however, bound by other financial considerations. Some of the other financial considerations that the State has to take into account are the equitable distribution of funds to all government sectors, such as Health, Welfare and Housing.

The purpose of this study is to investigate how schools' finances are administered and managed at township schools in the Ekurhuleni North District in Gauteng Province. One of the factors that prompted the researcher to carry out this study is an ongoing conflict between the school managers (SMs) and School Governing Bodies (SGBs). Many times, school managers and SGB chairpersons utilise school finances unilaterally without full participation of all members of the SGBs, and this leads to infighting within the SGBs. As a result, effective teaching and learning becomes sacrificed, and this hampers the development of disadvantaged African learners and their rights – *the right to education* as enshrined in the Constitution of Republic of South Africa, 1996.

The researchers have explored the roles of SGBs and schools executives under principals' leadership and how they managed school funds. Guidelines for the SGBs and principals, as references, have been developed to guide the SGBs and principals to manage the school funds effectively and efficiently.

### **1.1 Background and Stimulus for the Research**

Prior to 1994, education in South Africa was differentiated by race (whites, Indians, coloureds and blacks). According to the Review Report on School Governance (2004:26) (Review Report 2004), there were up to 15 education departments. The different education departments used different approaches to school governance, which took the form of school committees, school boards or management councils. Disparity was evident as schools in townships were poorly resourced both in people management (Human Resources) and financial management, as the per capita expenditure was highly unequal (Mothata, 2002:2).

After the first democratic elections in 1994, the restructuring of the education and training system has been one of the many priorities of the government. Prior to this era, South Africa did not have a comprehensive national system of education and training.

The Constitution of Republic of South Africa (RSA) No. 108 of 1996 has come up with one education system for all, under the Department of Education (DoE). Furthermore, an enactment of South African Schools Act, 1996 (Act 84 of 1996:34) provides that the State has

to fund public schools from public funds/revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision. In terms of the new dispensation, townships and rural schools that were generally classified as “poor” received larger departmental budgets than those in towns and suburbs (Bush and Heystek, 2003:47).

In an attempt to build a just and equitable system, the Department of Education and Training (DET) published numerous policy documents with the aim of restructuring the South African education system. Such policies were in congruence with the stipulations of the Constitution of the Republic of South Africa, 1996. These policy documents are referred to in the next paragraphs.

The White Paper on Education and Training of 1995 (Education White Paper 1) (Mothata, 2000:6) was the predominant official policy document on education published by the ANC-led government. White Paper 1 set out the policy direction, values and principles for the education system in accordance with the Constitution. The document emphasised an integrated approach to education and training; an outcomes-based approach; lifelong learning; access to education and training; and equity and redress in transforming the legacies of the past.

The Education White Paper 2 was published in 1996. It was titled “Organisation, Governance and Funding of Schools” and was based on proposals set out in the Hunter Report (1995:42). It built on the principles that were set out in White Paper 1. In essence, parental rights; the governance policy of public schools; roles and responsibilities of public school governing bodies; employment of teachers; the definition/structure of public and independent schools; and learners with special education needs were included in this White Paper. White Paper 2 formed the cornerstone of the South African Schools Act, 1996 (Act 84 of 1996). Within the broader educational paradigm, the Act came into effect on 1 January 1997. The main objective of this Act is to provide for a uniform system of the organisation, governance and funding of schools.

With regard to the funding of public schools, this Act, inter alia, provides , “... the state must fund public schools from revenue on an equal basis in order to ensure the proper exercise of the rights of learners to education and the redress of the past inequalities in educational provision” South African Schools Act, (Act 84 of 1996 Section 34(1)).

This Act also categorises schools into Section 20 and Section 21 schools.

Section 20 schools are schools that do not receive an allocation in cash but are required to draw up a budget to the DoE, and purchases are then made against the budgeted items. The Provincial Departments of Education and Training will then procure goods and services on

their behalf, according to existing departmental arrangements. In other words, the DoE administers the budget allocation on behalf of Section 20 schools.

Section 21 schools are schools that receive an allocation in cash and are required to perform the following functions:

- To maintain and improve the school's property, buildings and grounds.
- To purchase textbooks, educational materials or equipment for the school.
- To pay for services to the school.

Section 21 of the legislation is all about the school's capacity to manage itself effectively in finance, and the Provincial Education Department (PED) is required by this Act to determine whether each school has the necessary managerial capacity to do so (Department of Education and Culture, 2002:17).

Since the funds received from the State are presently insufficient to compensate for the past backlog, schools are required to supplement their funds through fundraising, donations, sponsorships and school fees. In accordance with Section 21 of this Act (SASA), schools may apply to the Head of Department (HOD), who may allocate additional functions such as purchasing learning support material, paying for services such as water and electricity, and seeing to the maintenance of the premises. The annual resource allocations for the Section 21 schools are deposited into the schools' bank accounts and the SGBs are then required to spend these monies as prescribed by the Head of Education of the Provincial Government (Bischoff and Thurlow, 2005:11).

In accordance with the new system, schools need to monitor and control income and expenditure regularly. This has to be done as part of a monitoring tool by using the budget as a yardstick of ensuring that they spend according to a planned budget by trying to avoid overspending and working towards the achievement of set goals.

However, there are SGBs and SMs that have little knowledge of the contents of the Act or are simply interpreting it incorrectly. These shortfalls may lead to many schools' finances being mismanaged or funds being misappropriated in the form of fraud and theft (Mestry, 2004:126).

Since the implementation of the South African Schools Act, 86 of 1996 (SASA), financial management has become a key responsibility for school principals and SGBs. Dealing with financial management has created several difficulties for school principals and members of SGBs who do not have the necessary financial knowledge, skills and expertise to perform this function.

In addition, many schools do not have appropriate finance policies to provide clear guidelines on how to use funds and resources (Mestry, 2004:1). Members of SGBs are expected to develop, adopt and implement financial policies for the institutions in accordance

with directions issued by the HOD. These and other duties as stated in the SASA for SGBs require high levels of literacy and relevant expertise (Naidoo, 2010:3).

SASA has shifted financial responsibility from the HOD to the SGBs; now the question is who is responsible for financial management in schools? The responsibility for the accuracy of the financial records lies with the principal, even if he or she does not have the task of maintaining the financial records on a regular basis. The principal is required by regulations to make numerous and frequent monthly and weekly checks on the income and expenditure status of the school (Department of Education and Culture (2002:9).

In terms of the requirements of the South African Schools Act, 1996 (Act 84 of 1996), it is asked: What are the capabilities of selected township schools' finance committees as arms of SGBs to perform their functions as custodians of school funds? *This brings in the question of whether the SGB members have capabilities, skills and knowledge on how to run the school funds effectively without favour or to enrich themselves.* It is noted that most schools in townships are situated in the communities that are not well equipped with training in the fields of finance. As was mentioned in the previous paragraph, many SGBs, especially in township schools, lack the skills and competence to manage school funds at their disposal for one or more of the following reasons: illiteracy of parent members; mistrust and conflict between the parents members and the school principal; inadequate training of governors; adherence to autocratic management styles; and general apathy amongst parent members (Bush and Heystek, 2004; Ngidi, 2004; Mabasa and Themane, 2002).

SGBs have enormous financial responsibilities including budgeting (planning the school's finances for the following year), managing devolved funding from provincial departments, and raising additional funds to improve the quality of education in the school. Furthermore, their other financial responsibilities include maintaining all the financial records of the school; purchasing educational materials, equipment or textbooks for the school; and controlling and maintaining school property, buildings and playgrounds. Considering that financial management of schools is a relatively new concept in most South African schools and that many members of SGBs do not have the necessary capacity, experience and competence to carry out all the above-mentioned financial responsibilities, there is an urgent need for research in this field in order to improve the current financial management situation in schools.

## **2. Conceptualization of School Governance**

School governance is conceptualised on the basis of school governance roles and functions as outlined in the Schools Act. According to section 20(1) (a) of the Act, the major role of the SGB is to promote the best interests of the school and to strive to ensure its development through the provision of quality education. Squelch (2001:140) states that the

school governing body, standing in a position of trust towards the school, must furthermore act in good faith and not engage in any unlawful conduct or conduct that may jeopardise the interests of the school. This implies that all SGB members must synergise their operative efforts towards the provision of quality education for learners.

Serving and promoting the best interest of the schools also find expression in roles detailed in Section 20(e-j), which include supporting the principal, educators and other staff of the school in the execution of their professional functions. This includes roles and functions such as administering and controlling the school property, buildings and grounds occupied by the school, including school hostels, and recommending the appointment of non-educator staff at the school to the Head of Department, subject to the Public Service Act, Proclamation No. 103 of 1994, and the Labour Relations Act, No. 66 of 1995.

In addition, the Schools Act stipulates functions allocated to SGBs. According to Section 21 of the Schools Act, these are functions given to SGBs when they apply for them and only if the Head of Department is satisfied that the SGB can perform them (Department of Education, 1997:32). The Schools Act stipulates allocated functions as the SGBs' ability to maintain and improve the school's property, to determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy, to purchase textbooks, educational materials or equipment for the school, to pay for services to the school or other functions consistent with the Act and any applicable provincial law. These functions factor in an important skills-based and expertise-based requirement of financial management and accountability. This implies that, since they receive public funds, SGBs must disclose to all stakeholders plans showing where the funds come from, what they were intended for, what they will be used for and when and how they will be used. It must also be disclosed how and when the funds were used and who benefited from such utilisation (Republic of South Africa, 1999). Therefore the requirements attendant on the execution of Section 21 functions seem to present an enormous challenge for SGBs in that they require expertise.

The researcher has worked closely with members of the SGB in the Ekurhuleni North District of the Gauteng Department of Education and Training for several years. During this interaction with these members of the SGB, the researcher realised that parent governors often experience problems such as a lack of understanding and knowledge of their roles, responsibilities and liabilities, inadequate or no basic educational background, mismanagement of finances, lack of confidence to deal with the challenges in education and to enter into partnership with other stakeholders.

### **3. Research Problem**

The following research problem was identified

The core problem is that the members of the SGB lack the necessary knowledge and “know-how” to develop, adopt and implement financial policies.

### **3.1 Research Approach and Methodology**

To address the research problem, the qualitative approach, therefore, was selected because of its effective description of social problems. This approach allows for the exploration of certain subtleties of the policy implementation process and the understanding of the effects of the new policy (Marshall and Rossman, 1995:11-12). The case study method was selected using a convenient sampling method, whereby nine secondary schools in the Ekurhuleni North District were selected to be studied. These secondary schools represented *ALL* types of secondary schools in the Ekurhuleni North District. Sampling will be done because of the reasons that follow. Sampling has an advantage of shortening the period of the research. By shortening the time of conducting the study, the costs will be reduced. It will have an advantage of obtaining information in a quick way. Kannae (2004:51) supports this by stating that a “sampling method is used because it is impractical to cover the entire population.

#### **3.1.1 Setting**

##### **Participant selection**

In the context of this study, “people in particular settings” refers to the SGB members (chairpersons, treasurers, finance officers and principals as ex-officio to SGBs – these members of SGBs will be interviewed and asked to fill in questionnaires) of the formerly disadvantaged township secondary schools in Ekurhuleni North District in Gauteng Province. Not only the aforementioned persons but also other members of the SGBs will be researched using questionnaires. In line with this assertion, and as a result of purposeful considerations, participant selection dimensionally targeted 36 respondents namely: 9 school principals, 9 chairpersons of SGB’s, 9 treasurers, 9 finance officers, all from secondary schools in the area. The selection, however, was sequential and was determined by saturation and informational considerations (Strydom & Delpont, 2002:336). For the sake of convenience, the interviews were conducted at schools, after school hours. All interviews were conducted in English.

##### **Data gathering**

The study was conducted using a number of methods, amongst which included survey questionnaire, face-to-face interviews, and observations. The methods varied on the type of audience. The targeted audiences are the principals as ex-officio to the SGBs and other 10 members of SGBs of all nine selected secondary schools.

##### **i) Questionnaires**

The questionnaire was considered appropriate for the study, as it was designed according to the objectives of the study in order to obtain information through a written response from

the participants on a particular subject. The questions were presented in a consistent manner, as this allows less opportunity for biasness than in the interview. For this study, a self-administered questionnaire was developed, which is “structured and standardized” (Parahoo, 2006:55).

To achieve a “standardized set of questions, the researcher concentrated on simple, short, unambiguous, and understandable questions” (Brink, 2000:156). The purpose is to obtain information about financial management practices in selected public secondary schools. The literature study served as the basis for financial management issues and processes from which the questionnaire was developed. For the purpose of this study, the questionnaire was developed to gather data from 10 members of SGBs, including the principals from selected public secondary schools in Ekurhuleni North District.

Questionnaires were sent to nine public secondary schools in Ekurhuleni North District. This study made use of purposive sampling. The criteria for the sample were fourfold: the selected schools were public schools; they were secondary schools; they were black township schools; and they were located in the Ekurhuleni North District under Gauteng Department of Education.

## **ii) Semi- interviews**

Semi-structured interviews were conducted to explore the SGB members’ perspectives and experiences, particularly when sensitive topics such as the management of school finances were being explored. According to Schulze (2002:60), interviewing is the most common method of data collection in qualitative research. Face-to-face interviewing helps the researchers to understand the closed worlds of others. Goode and Hatt (1952:194) observes that the interview will vary depending on the type of interview.

From each of secondary schools, four participants (Principal, Finance Officer, SGB Chairperson and Treasurer), were interviewed using a questionnaire in this study. The method has been chosen because it can assist to reduce the amount of questionnaires to be produced. The method have allowed the researcher to ask supplementary questions for clarity on certain information.

The researcher conducted 32 40-minute individual interviews. A common interview schedule was used for all the participants regardless of their constituency. In each governing body the following categories of governors were interviewed: a chair of governors; principal; two teaching staff governors; one non-teaching staff governor; two parent governors, and two learner governors.



### **iii) Observation**

Robson (2002) contends that by using observation, a researcher gets a real-life experience in the real world. This method was fore-grounded as a method of data collection. The researcher used two methods of observations: participatory and non-participatory observations.

A participant observer is somebody attempting to assume the role of the individuals under study in order to experience their thoughts, feelings and actions (Wiersma, 1991:229). Under this observation, the researcher attended a finance committee meeting at Bokamoso Secondary School, where he participated in discussions over finance matters. During this meeting, the researcher was able to gather information based on what actually happens during the processes.

#### **Non-Participatory Observation**

Walliman (2009:287) states that observation is a method of recording conditions, events and activities through non-inquisitorial involvement of the researcher. The researcher attended one meeting (Finance Committee Meeting) to observe how meetings are conducted. This data gathering technique, when combined with interviews, will enable the researcher to record both verbal and non-verbal behaviors. Under this observation, the researcher attended a finance committee meeting at Boitumelong Secondary School, where he merely observed and listened to the participants while they were discussing finance matters.

## **4. Data Analysis**

Data were organised into smaller units in the form of main concepts, sentences and words, which involved a verbatim transcription of tape-recorded data and noting the tones of voices, emphases used, pauses and silences and unclear or indecipherable responses (cf. Cohen, Manion & Morrison, 2000:282). Finally, data were arranged in categories denoting how SGBs executed their roles and functions in historically disadvantaged schools, which then culminated into the writing of the research report. Direct quotes were used to capture what the participants themselves articulated. This, combined with the narrative form of the report, allows the participants, as it were, to "speak" for themselves.

The whole interviewing process was done with due consideration for ethical aspects in qualitative research, during which participants' informed consent was obtained and their right to privacy and anonymity was respected. Consequently, pseudonyms are used in the report. Because this study did not intend to conduct a comparative analysis of schools, no reference is made to the schools to which participants are attached.

## **5. Findings and Discussion**

Financial management in any organisation involves decisions about a strategy to be followed on how financial activities (revenue collection, expenditure according to a plan, liabilities and assets) are recorded, controlled and managed. Therefore, financial management

encompasses all the activities that apply to finances within an organisation, utilising an accounting system to record transactions and summarizing how funds were spent.

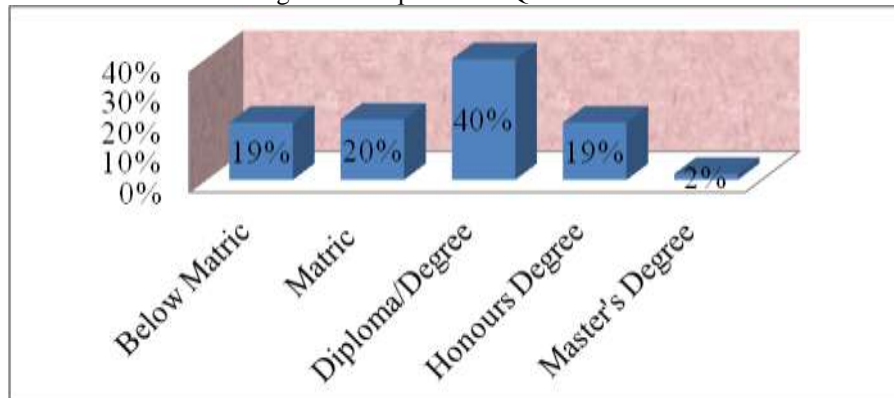
### **Questionnaires**

Questionnaires were sent to nine public secondary schools in Ekurhuleni North District. This study made use of purposive sampling.

A total of ninety questionnaires were sent out to public secondary schools in the Ekurhuleni North District. Of the questionnaires that were distributed, eighty-five were returned and properly completed.

#### **1. The SGB's highest level of education**

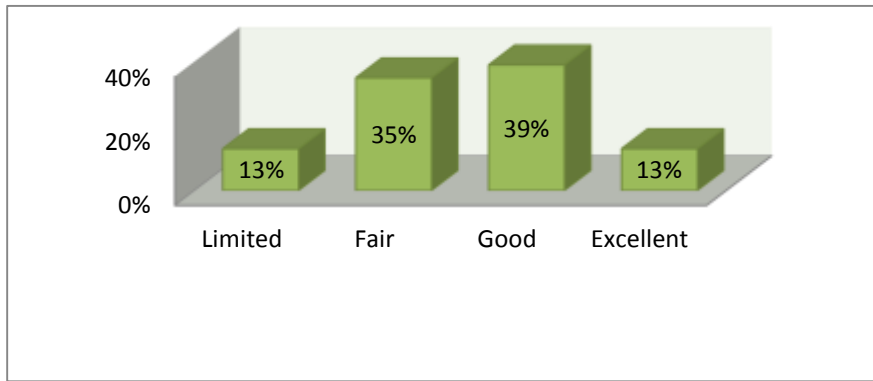
Figure 1: Respondents' Qualifications



Findings from the survey suggested that 19% of the respondents only possessed qualifications below matric level, whereas 20% of the respondents acquired only matric certificates. Forty per cent of the respondents possessed diploma and degree qualifications, while 21% of the respondents possessed postgraduate qualifications. Though a lower percentage of the respondents possessed qualifications below matric certificates, the majority of these respondents occupied chairperson and treasurers' positions in the SGBs. What is more, this opens a gap for principals to maneuver the situation in the financial management of the school. Similar findings have been made by Segoati (2006:36), who found that parents cannot contribute to financial management of the school because of a lack of skills, knowledge and training. This view was also supported by Motha (2006:37), who found that SGBs experience difficulty in managing funds because of a lack of experience and training.

#### **2. Respondents' Understanding of Financial Management**

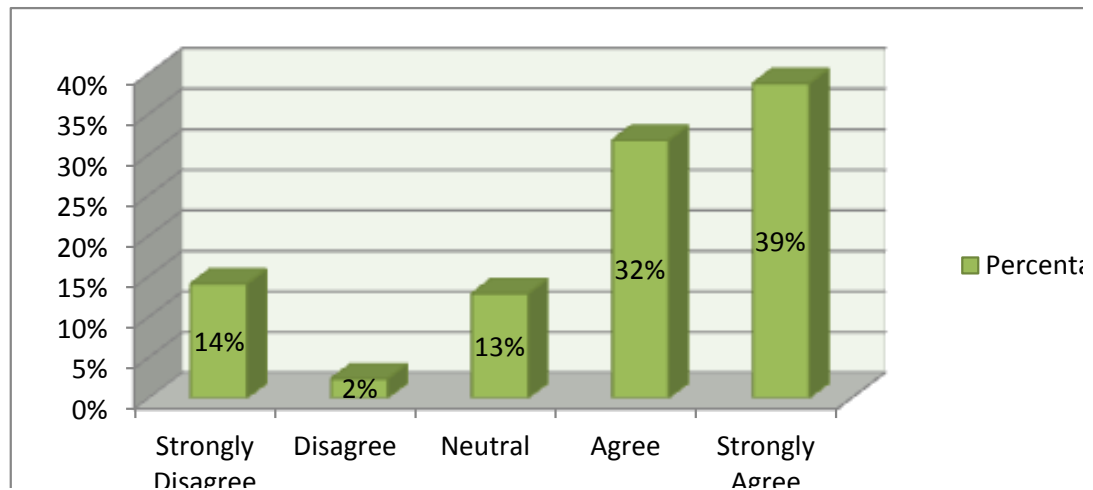
Figure 2: Respondents' understanding of financial management



Findings from figure 2 below revealed that 52% of the respondents have a good to an excellent understanding of accounting/finance. In addition, 48% of the respondents consider themselves to have a limited to fair understanding of financial management. In the past researches, Bischoff and Sayed (1999:310-315) have noted that one of the obstacles encountered in fulfilling financial school management functions was the lack of relevant knowledge and information amongst parents, governing body members and principals.

Indeed, most functions prescribed by the Schools Act require highly skilled functionaries with specialised knowledge in areas such as, inter alia, financial accounting, facilities maintenance and policy development and formulation.

Figure 3: School budget is presented annually to a general parents meeting for consideration



In figure 3, it is indicated that 71% (32% + 39%) of the respondents have agreed to the notion that the school budget is presented annually at a general parents' meeting for consideration. Thirteen per cent chose to be neutral to the statement. Also, 16% of the respondents have shown disagreement to the statement, implying that the SGBs ignorantly overlooked this exercise and may cause dissatisfaction amongst the parents' community.

### ***Financial Management***

Figure 4: The SGB manages the finances of the school

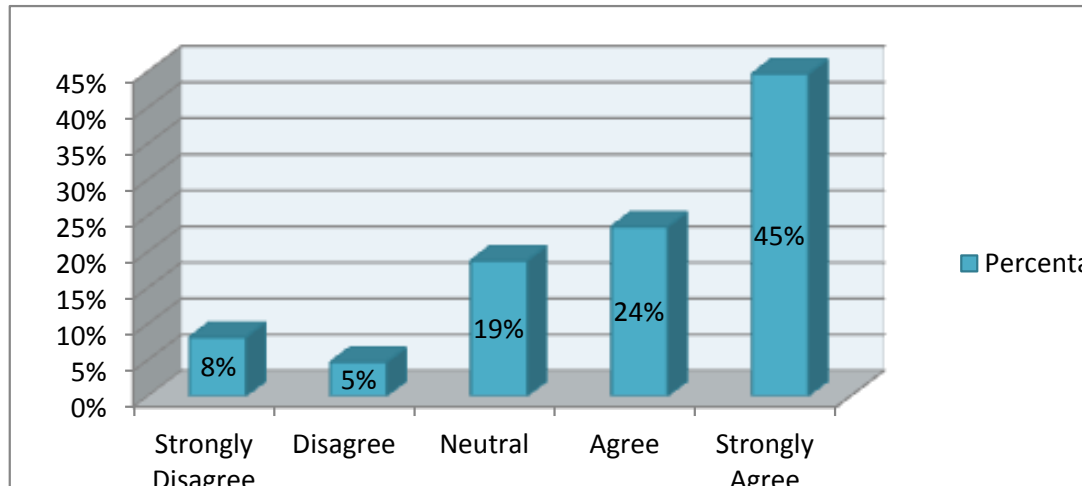


Figure 4 highlights that the majority of the respondents, 69% (24% + 45%), in the survey concurred with the notion that the SGBs manage the finances of the schools. There is, however, a small percentage (13%) of ordinary public schools where this is, indeed, not the case. A possible reason for this could be that members of the SGB at these schools are oblivious of their responsibilities. 19% per cent of the respondents did not provide a response to this statement.

Figure 5: The duly elected finance committee exists and is effective

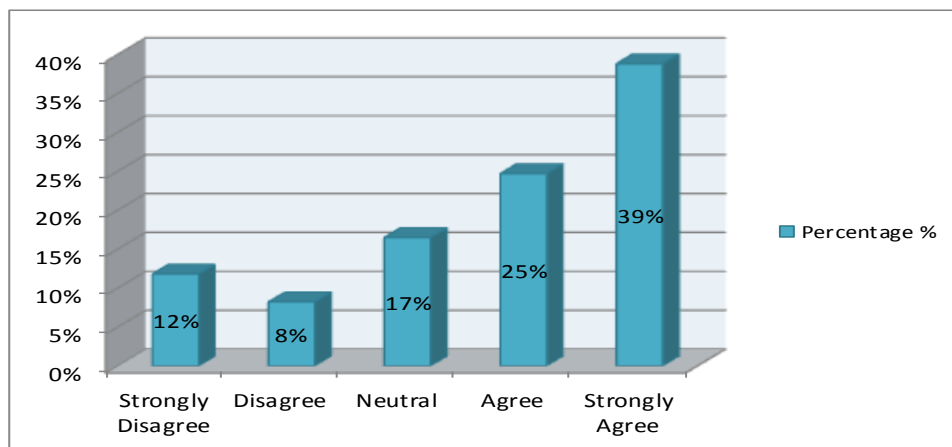
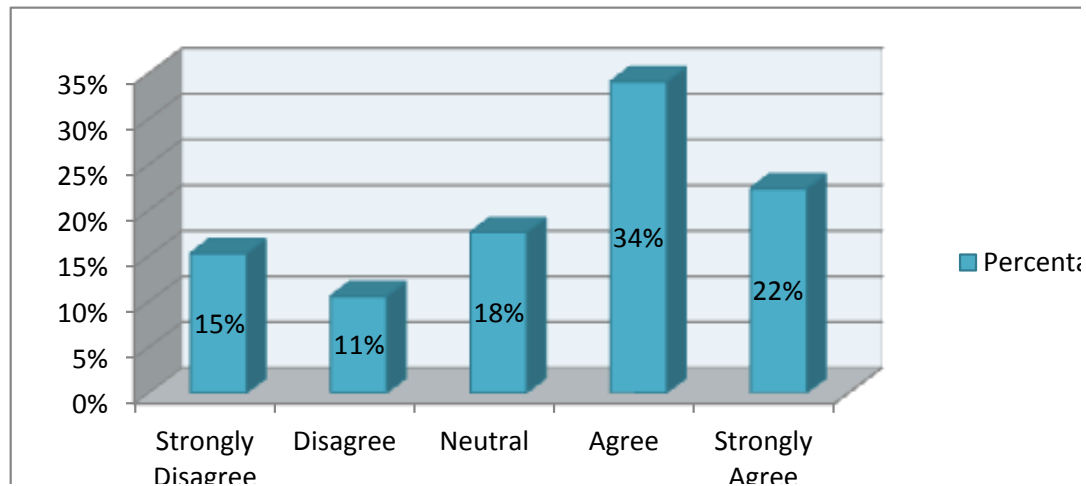


Figure 5 shows that the majority of the respondents, 64% (25% + 39%), agreed that the schools in the survey have elected finance committees which are effective in managing the finances of the schools. 20% (12% + 8%) of the respondents have shown that duly elected finance committees are non-existent at some schools. A few respondents (17%) did not provide a response to this statement and remained neutral.

Figure 6: The financial policy was drawn up in consultation with all stakeholders



According to the figure 6, 56% (34+22) per cent of the respondents in this survey have agreed that all stakeholders were consulted during the time of drawing up the financial policy. 26% (11% + 15%) of the respondents in this survey have indicated that the financial policy may have been drawn up without the involvement of all stakeholders. 18% of the respondents did not provide a response to this statement, thus indicating a neutral stand. The challenge is the interpretation and efficient implementation of the financial policy at schools identified.

### Interviews

Nine secondary schools were selected to participate in the research, only seven of them have participated in interviews. Furthermore, two schools declined to take part in the survey. From the seven schools, only four members of the finance committee, namely, the principal, finance officer, treasurer and chairperson were interviewed. Questions for the interviews were divided into five categories, as followed hereunder.

### Understanding of Financial Policy governing schools

*Existence of Finance Policy: Ninety-six per cent of the participants indicated that finance policies do exist in most of the schools the only concern was the understanding and interpretation of policy by SGB's..*

The challenge relates to difficulties in policy development, formulation and implementation. Sadly, this was attributed mainly to parent-governors' low education levels and lack of knowledge regarding the implementation of policies. In this regard, the principal and educators raised the concern that is the level of parents' education always, it ends up being them (the principal and educators) managing the schools activities

### Training on Finances

Findings revealed that 56% of the interviewees have cautioned that most schools lack the capacity to train individuals on finances; hence, the expertise of the department is needed in this regard. 44% of the interviewees have confirmed that either the principals or commerce

HODs have advanced tertiary training in finances and therefore are able to assist in finance-related fields. Otherwise, it was recommended that the department should organise training of some sort to deal with this kind of hindrance.

*Educators also cited parents' lack of knowledge as making it difficult to develop policies that were a product of all school stakeholders. Typical comments included the following: "Educators are the ones who are actively involved in drawing school policies and the parent component is passive. Our parent component is not conversant with SASA and the Constitution*

#### **Electing of school governing bodies at schools especially from educators side**

Contrary to promoting the best interests of the schools seems to relate to the constituency base of SGB members. Educators felt that their constituencies often put them under pressure to support them (the constituencies) even when this was against the best interests of the schools. This, they claim, is because they were elected by the constituencies. For instance, one educator stated that because educators had elected them, they expected their support regardless of issues under consideration, which happened mostly with cases of appointments to promotion posts and when educators had to be identified for redeployment purposes due to low enrolments or changing curriculum needs of the school.

#### **Record keeping of finances**

Interviews revealed that all schools have 100% record keeping of finance books and are kept in a safe place and are made available per request. Schools maintain a fixed asset register, 81% of the respondents confirm that schools do keep fixed asset registers as required by policy.

A major challenge mentioned by all participant governors in terms of school property and facilities pertained to burglary, theft and vandalism. This necessitated regular routine and corrective maintenance, but in light of the shortage of maintenance funds, schools often had to prioritise those facilities that were essential. The following remarks aptly highlight this challenge:

"... We repair this, it is broken. We install security equipment, they still manage to break in. The damage is big. The money we get for maintenance is so little. It simply does not cover all the maintenance needs of the school. For example, some things remain unrepaired because there are other priorities".

It must be stated that there were numerous positive aspects of the execution of governance functions mentioned by different participants. However, for the purposes of this paper, the report focuses on challenges mentioned in order to answer the research question(s).

#### **4. Observation**

Findings from observation revealed that the finance committee from school A was there in the true sense of the word and tremendously effective. The committee had a chairperson to the committee who was also a treasurer of the SGB. This chairperson has full knowledge of finance matters and also the policies guiding the financial management of the school. Members from the committee participated fully regarding every item tabled on the agenda, and the meeting was fruitful. Looking at the faces of the SGB members, everybody was quite sure of exactly what was happening in the meeting and balanced decisions were taken without compromise

#### **4.1 Areas of concern regarding SGBs and the managing of school finances**

The following concerns were realised when SGBs and finance committee meetings were observed.

In both schools, the principals tended to take the leadership role in chairing meetings while the chairpersons were there. They came in as if they were giving some advises, but at the end, they “took over” the chairpersonship. Yes, at some stages, they were reminded about their roles in committees.

In both schools, it was clear that the formulation of budgets as a route to school development and improvement was done by a few individuals in the committees and not by the SGBs as required by Section 38(1)(2)(3) of SASA.

#### **4.2 Areas of concern regarding Financial Records of both schools (A and B)**

It was evident from both schools that finance records were available and kept safe, but the information was not enough; for example, three quotations were not found on any purchases exceeding an amount of R2 000, and in some cases, cheques drawn were different from the invoices attached thereto. In other words, names appearing on cheques were different from names written on the invoices. In this case, it was not clear whether the person or company paid was the very same person or company that rendered the services. In some cases, those quotations were available, but some of them were bogus quotations, because there were no letterheads or logos or company registration number on them. One might conclude that they (the quotations) were prepared to block any suspicions from any observer and also to satisfy the requirements or law during auditing.

The fact that school governors did not really have financial management knowledge and skills was expressed in frustrations about numerous factors. The first relates to the budgeting processes and the implementation of the budget. An educator expressed frustration over nonadherence to the budget. She stated: "Our budget exceeds the allocated funds. It does seem we fail or do not know how to budget". The second relates to conflicts in the SGBs regarding finances. One participant, an educator, stated: "They (educators) demand to do things their own way. They force deviations from the budget. They actually make everybody

uncomfortable in the SGB. As a result, it is difficult to exercise proper financial control", while a parent also remarked:

"Accounts on financial management depict a bleak state of affairs regarding financial management at schools. Even more important is the realisation that with the disbursement of large sums of money to Section 21 schools, proper financial management is quintessentially a must".

It appeared also that schools generally fell short of proper school facilities maintenance. The major reason in Section 21 schools appeared to be the small financial allocation for maintenance, while in Section 20 schools the reason seemed to be the department's inability or failure to carry out maintenance projects at schools. Consequently, SGBs often failed to ensure well-kept and maintained facilities. In addition, a principal of a Section 21 primary school reasoned that they could not maintain the school properly because Section 21 funds were deposited late at the school and that the allocated funds were far lower than the maintenance requirements.

#### **4.3 Findings drawn from the literature -document analysis**

It is clear that financial autonomy and decision-making powers for SGBs are derived from the South African Schools Act (Act No. 84 of 1996). The Act upholds the rights of learners, parents and educators, and promotes their acceptance of responsibility for organising, governance and funding of schools in partnership with the State (see section 1.1).

Section 21 of the South African Schools Act (Act No. 1996) devolves additional functions to SGBs and provides these governors with greater autonomy and decision-making powers on school finances and property. School principals are only required to assist and support SGBs in the execution of their statutory functions (see section 1.1). However, it was established that the majority of SGBs regard principals as the accounting officers with respect to school finances (see section 4.3.1.2).

The operations of SGBs in some of the township schools are largely frustrated by various problems. Some are the result of a lack of resources, high levels of illiteracy and the dearth of financial management skills. The study confirmed that SGBs encounter serious problems in the execution of their functions (see section 4.3.1.2). These barriers contribute to insufficient funds for the poorest schools, of which the SGBs are unable to supplement with funds (see section 1.1).

The introduction of the "no fee" policy has also brought about a situation in which SGBs are unable to effectively supplement school funds because some business people have become reluctant to assist state-funded "no fee" schools (see section 4.3.1.1). It is imperative for SGBs to ensure that their schools have adequate funds to deliver the national curriculum.



Therefore, effective financial management, which provides the tools to deliver the curriculum in a safe and pleasant school climate, must first be achieved (see section 2.5).

The only way for SGBs to supplement the only state grants given would be through sponsors and donors, of which these exercises require SGBs to have the necessary negotiating skills and expertise to make this dream a reality. Even if there are schools with “no fee” school status, financial management would always be there because funds received from the State would need to be managed.

#### **4.4 Findings drawn from the empirical study**

Although the majority of SGBs and principals acknowledged that the introduction of the South African Schools Act (Act 84 of 1996) has improved the cash flow budgets of their schools from the paltry amounts they had raised in the past through the collection of compulsory fees, the participants firmly believed that the funds allocated to schools are inadequate in addressing the needs of their respective schools (see section 4.3.1.1). This finding confirms the assertion by several teachers and principals that state that allocations will not sufficiently address their financial needs (see section 1.2).

From the study, it was evident that the majority of SGB members and principals are not yet empowered in terms of financial management although their schools have already assumed Section 21 status. This became evident when financial practices were not followed during the process of financial management.

Many principals do not trust their SGBs in terms of financial management; hence there were more interferences in control and management of school funds though the autonomous of financial management was given to the SGBs under the leadership of the treasurer.

With regard to financial management pertaining to records, the study revealed that almost 90% of the schools do keep records for finances, though the contents of files were not satisfying due to lack of evidence in some cases.

Most schools, according to findings, seemed to be having good policies such as finance policy and LTSM policy. Nonetheless, the practical evidence proved otherwise, because many times, records suggested differently, e.g. lack of quotations where necessary.

Lack of in-service training on finances to the SGBs had posed a serious challenge to the department to expedite this exercise. Most schools were heavily depending on the expertise of the Department of Education to provide this training and cautioned that the department has neglected this vital task.

## **5. Discussion**

The misunderstanding of school governance roles versus professional matters and the lack of capacity to develop policies and govern the management and usage of resources, both physical and financial, are manifestations of, on the one hand, poor training of school

governors and on the other, the nature of school functions. Indeed, most functions prescribed by the Schools Act require highly skilled functionaries with specialised knowledge in areas such as, inter alia, financial accounting, facilities maintenance and policy development and formulation. For instance, devolution of decision-making to schools requires SGBs to execute several responsibilities, including school-based budgeting, local interpretation and application of national policies (such as language and religious policies), maintenance of school sites and facilities, and the power to recommend the employment of educators and employ additional staff (Dieltiens, 2005:9).

Interpreting national and provincial policies and translating them to school policies require knowledge of and skill in policy development and formulation. In this regard, Grant-Lewis and Naidoo (2004:112) argue that the bureaucratic listing of SGB roles and responsibilities requires that SGBs be trained to understand the legalese, be familiar with the Constitution, the Schools Act and various provincial education Acts, as well as departmental regulations and circulars. They furthermore need to understand regulations outside of education such as labour laws and regulations related to procurement. This also applies to issues pertaining to financial management and accountability. As a result of poor ability in this regard, most governance functions are deferred to educators and principals, which in itself creates tension from other governors being dominated and acting as "rubber stamps" of decisions taken without their full understanding and involvement (Grant-Lewis & Naidoo, 2006:423).

## **6. Recommendations and Conclusion**

The recommendations which follow that are presented as guidelines for SGB members, principals of secondary schools as well as education authorities should be understood within the context of the findings of the research study. The guidelines are intended to assist in the management of school finances and also enhance support for educational programmes at these secondary schools.

- **Membership of SGBs**

Parents should be encouraged during lobbying for SGB posts to choose parents, particularly retired professionals and newly appointed educators who just joined the schools in schools' affairs, who can dedicate their effort and time to the schools and who understand finances. These parents may assist in developing sound policies to make South African schools run better; this can ensure that children are in class and that learning is taking place. These parents should have a spirit of volunteerism and willingness to serve the school community without compensation but with the knowledge that they are there to improve the quality of education and promotion of education for the country.

Continuous service of SGB members should be monitored. Sometimes it is advantageous for a school to have members of SGBs who have vast knowledge in terms of school governance; however, this could encourage stubbornness, especially from the treasurers and chairpersons. As a result, these members may use their knowledge and experience to mismanage school funds without being noticed. If a willing parent is interested to continue as a member of the SGB, that should be endorsed by the majority of parents during the lobbying period. This endorsement must not be done by principals alone and his/her qualifications and knowledge and expertise, but must be made known to the community of the schools. Furthermore, such member should declare his intention to assist in improving the quality of education at that particular school.

- **Empowering of Members of SGBs**

Where provincial departments are unable to provide training to every member because of cost implications, schools should form partnerships with tertiary institutions or other service providers that offer training in financial management. The training should enable the SGB to be responsible and accountable for funds that have been received for the attainment of specific school objectives. The training will also equip them to make a contribution towards the improvement of the overall quality of teaching and learning at the school. Alternatively, schools may form partnerships with one another and develop an itinerary for meetings where knowledge and expertise may be exchanged, and this may enhance skills of members to a certain degree

- **Training of School Governing Bodies in Financial Management**

From the findings of the research, training offered by the Department of Education should be reviewed to ensure that SGBs are well capacitated to comply with legislative framework requirements dealing with finances, including provincial financial prescripts. Organisations such as Sector Education and Training Authorities (SETAs) should be involved in the training of the SGBs, and the right institutions with proven track records and that focus on quality training should be chosen for the in-service training.

Parents who are chosen to serve on the SGBs should be competent, experienced and knowledgeable about governance and, in particular, about finance. The PED should bear in mind that an investment in the training of SGBs is an investment to their empowerment and decentralisation of finances to public schools. Well-trained SGBs could render a better service in managing public finances. In-service training should be targeted to where it is most needed. Treasurers, principals, chairpersons and finance officers should be targeted as they need in-depth training on how to detect fraud, mismanagement, misappropriation and embezzlement of funds at an early stage. Once-off three-hour or one-weekend inductions should be done away with. The training should enable the SGB to be responsible and accountable for funds

that have been received for the attainment of specific school objectives. It will also equip them to make a contribution towards the improvement of the overall quality of teaching and learning at the school.

- **Formation of Committees and Sub-committees by the SGBs**

According to Section 30 of SASA, the SGB may form committees and sub-committees. SGBs may delegate various financial functions to committees, especially ones that are set up to manage aspects of the school's finances. They may also delegate these functions to individuals who have the necessary expertise, specialised knowledge or skills in the school's finances. It is essential, however, that the finance committee should coordinate the activities of the various sub-committees. Good communication structures are also essential. Feedback from the SGB to the finance committee and various sub-committees and backwards is critical for the effective management of the school's finances.

The finance committees have a pivotal role to play in managing the finances of the schools. Mestry (2006:36), therefore, recommends that where members of the SGB have little or no knowledge regarding financial matters and procedures, they should solicit the services of an expert with sound financial knowledge from the community, or co-opt someone with the necessary knowledge and expertise from outside the parent community. Where schools cannot co-opt members with the necessary financial knowledge and skills to assist in managing the funds of the school, the Department of Education should provide the necessary support to the SGBs of these schools.

Mestry (2006:36) further reiterates that it is vital for the finance committee to conduct regular meetings to discuss financial matters. Decisions relating to financial matters taken by the finance committee must always be ratified by the SGB, as this body is accountable for the school funds even though most of the financial functions may be delegated to the finance committee.

- **Monitoring and Support from the Department of Education**

Apart from providing training to schools, the GDE has the responsibility of monitoring the proper and efficient use of school finances in schools and taking action when there is a problem. This translates into monitoring of the school budgeting process, and the budgets themselves, as well as ensuring that schools follow proper financial management and accounting procedures, and not to engage in wasteful or fruitless expenditure through, for instance, a failure to preserve the existing stock of goods. The prevention of fraud and corruption is also crucial in this regard. The monitoring function is determined by the PFMA, and the PED financial prescripts, and can be expected to increase in importance as schools assume more financial management responsibilities. Serious consideration should be given to internal control measures of school finances. A list of criteria to be met by all public schools

should be drawn up. Schools should be provided with finance officers who will assist in the monitoring of the utilisation of money allocated to schools.

Regular meetings between the PED and treasurers, finance officers and principals to discuss financial matters should be conducted. Workshops, awareness campaigns and regular meetings are desperately required to enhance the effective and efficient management of finances in schools. Empowerment programmes in the form of lectures, seminars, workshops and other similar programmes should be put in place for the proper implementation of the school's financial policy. Thoroughly trained and experienced trainers or governance managers from the PED, who can render the necessary ongoing support and guidance in financial management, should visit schools on a regular basis to monitor the progress of schools with regard to financial management.

In addition to the above recommendations, a very practical and useful recommendation regarding financial management in schools has been made by the Ministry of Education in New Zealand. A handbook by the Ministry of Education in New Zealand (2007:06) suggests the establishment of a team of approximately six financial advisers per district, who are able to provide guidance, advice and support to schools. This financial advisory service should be available to all schools, and the following are examples of the type of services that should be provided by the team:

- Assisting principals and SGBs when the schools face financial problems
- Assisting schools to develop financial policies and finance systems.
- Guidance on the preparation of school budgets.
- Provision of "best practice" examples.
- Providing technical accounting advice to schools that require it.
- Facilitating financial management workshops.
- Producing training material for schools.
- Producing self-review material for schools.
- Facilitating contact between schools and their auditors and accounting service providers.

The financial advisers should be available by phone and email and should visit schools to discuss any problems that the schools are experiencing. Instituting this team of financial advisers per district will alleviate many of the financial problems experienced by schools, as this will ensure that schools can get the necessary financial guidance and assistance as and when required.

There is still a need to empower members of SGBs with skills and knowledge in financial management. Regarding the recommendations derived from the conclusions of this study, it is clear that much emphasis should be placed on training, development and awareness of

financial management in developing the necessary management knowledge and skills of members of SGBs.

Further evidence in the research study confirms that SGBs require effective training in school financial management in order to ensure that school funds are managed and utilised to support educational programmes. Effective training will enable SGBs to acquire the requisite financial management skills that will empower them to exercise greater decision-making on issues such as the procurement of essential and relevant educational materials and equipment for the delivery of the national curriculum, which is the first priority of every school.

The overall conclusion on the current state of financial management in selected public secondary schools leads to the development of a training programme for future implementation. This study also indicates that, while school governing bodies do not really succeed in dealing with the challenges of their roles and responsibilities, these challenges are not only located in their functional abilities, but are inherent in the specialist and skills-based nature of the prescribed functions themselves. While these findings cannot be generalised to all governing bodies in the country, and even to all historically disadvantaged SGBs, the findings of this study provide some valuable insights into the challenges of school governance in South Africa.

## **References**

- Bischoff, T. and Sayed, D. 1999. *Data warehouse: Practical advice from experts*. Alexander: Prentice-Hall.
- Brink, H.I. 2000. *Fundamentals of Research Methodology for Health Care Professionals*. Kenwyn.
- Bush, T. & Heystek, J. 2006, Leadership and Management. In: Bush, Glover, Bischoff, Moloi, Heystek & Joubert. *School Leadership, Management and Governance in South Africa: A Systematic Literature Review*, 2:4-21
- Cohen L, Manion L & Morrison K 2000. *Research methods in education*. London: Routledge Falmer.
- Dieltiens V 2005. Transformation of the South African schooling system: The Fault-lines in South African School Governance: Policy or People? Braamfontein: CEPD.
- Goode, W. and Hatt, P. 1952. *Series in Sociology and Anthropology*. New York.
- Grant-Lewis S & Naidoo J 2006. School governance and the pursuit of democratic participation: Lessons from South Africa. *International Journal of Educational Development*, 26:415-427.
- Hunter, A.P. (1995). Report of the Committee to Review the Organization, Governance and Funding of Schools. Pretoria

- Kannae, L.A. 2004. *Research Skills Capacity Building for National Teachers' Organizations & Training Manual*. Lom Togo: Utdannings Forbundet.
- Mabasa, T. and Themane, J. 2002. 'Stakeholder Participation in School Governance in South Africa', *Perspectives in Education*, 20(3).
- Marshall, C. & Rossman, GB. (1995). *Designing qualitative research*. London: 154
- Mestry R 2004. Financial accountability: The principal or the school governing body? *South African Journal of Education*, 24:126-132.
- Mothata, S. 2000. Developments in Policy and Legislation in the Education and Training.
- Naidoo, B. 2010. *Financial Management in Selected Public Primary Schools in Gauteng*.
- Naidoo, P. 2006. *The Design and Effective Implementation of a Financial School Policy for School Improvement*. University of Johannesburg
- Ngidi DP 2004. Educator's Perceptions of the Efficiency of School Governing Bodies. *South African Journal of Education*, 24:260-263
- Parahoo, K. 2006. *Nursing Research – Principles, Process and Issues*. 2<sup>nd</sup> ed. London: Palgrave MacMillan.
- Patton, M.Q. 2002(a). *Qualitative Research and Evaluation Methods*. Newbury Park, London: SAGE
- Republic of South Africa. 1995a. White Paper on Education and Training in a Democratic South Africa: First steps to develop a new system. Government Gazette, Vol 357, No. 17579. Pretoria.
- Republic of South Africa. 1996a. The Constitution of the Republic of South Africa. Pretoria. Government Printer.
- Republic of South Africa. 1996a. The South African Schools Act 84 of 1996. Pretoria. Government Printer.
- Republic of South Africa. 1999. Public Finance Management Act 1 of 1999. Pretoria. Government Printer.
- Republic of South Africa. 2008. Review of National Policies for Education. South Africa. OECD.
- Robson C 2002. *Real World Research*. 2nd edn. Oxford: Blackwell.  
SAGE
- Schulze, S. 2002. Research Methodology. Study Guide 2 for MESEM2 – R. Pretoria: University of South Africa
- Segoati, M. 2002. School Governance. In: Bush, Glover, Bisschoff , Moloi, Heystek & Joubert. *School Leadership, Management and Governance in South Africa: A Systematic Literature Review*, 2:22-46

Squelch J 2001. Do school governing bodies have a duty to create safe school? Perspectives in Education, 19:137-149.

Strydom H & Delpont L 2002. Sampling and pilot study in qualitative research. In: AS De Vos (ed.). Research at grass roots for the social sciences and human service professions. Pretoria: Van Schaik.

UNISA. Pretoria.

Walliman, N. 2009. *Your Research Project*. Los Angeles: Sage Publications.

Wiersman, W. 1991. *Research Methods in Education*. 5<sup>th</sup> ed. Boston: Allyn & Bacon.