

THE MANAGEMENT OF FINANCES IN PUBLIC SCHOOLS
WITH SPECIAL REFERENCE TO THE CENTRAL REGION
MAFIKENG AREA PROJECT OFFICES.

BY

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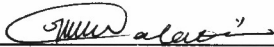
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DECLARATION

I, NGOAKO PHINEAS MALATJI hereby declare that the dissertation for the degree of Master of Business Administration (MBA) with the university of North West is submitted, has not previously been submitted by me for any degree at this or any other university, that it is my own work in design and execution and all the materials contained in this research has been acknowledged.

A handwritten signature in black ink, appearing to read 'Malatji NP', is written over a horizontal line.

Signed: MALATJI NP

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ABSTRACT

This study investigated the management of finances in public schools in the Mafikeng Area Project Offices. The purpose was to evaluate the systems that are in place to assist the financial committees to take efficient and effective financial decisions.

The approach used in the study was quantitative in that the primary instrument of data collection was a questionnaire. The target population was school managers, financial committees and school governing bodies. Copies of questionnaire were distributed to 124 respondent and 110 out of were returned.

The data was presented in tables and analysed using basic statistic. The findings revealed financial committees and School managers did not have adequate training in financial management and Financial policies need to be developed at schools to assist managers, financial committee members and SGB's with proper financial control. The provincial Department of Education need to conduct a skill audits at schools to establish the gabs that might exist in schools particularly with regard to financial management, so as to design suitable training that will assist financial committees and school managers to be able to manage funds effectively and efficiently. Management of school finances is one of the most important areas in school management. Financial control ensures that transactions are recorded accurately. Therefore school managers together with financial committees need to be conversant with various approaches of financial control and record keeping.

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CHAPTER ONE

1.1 ORIENTATION

Management of school's finances is one of the most important areas in school management. In the post apartheid South Africa a number of changes have been implemented with the aim of improving the quality of education and raising accountability within the system. Provision of resources as one of the crucial element in the education system, is now administered at school level. It is expected that the school should work towards clear objectives and achieve value for public money.

The South African School's Act, Act of 1996 imposes a responsibility on all public schools to do their utmost to improve the quality of education, by involving all stakeholders i.e. school governing bodies, learners, educators, parents, non-governmental organisations and school management teams. All those stakeholders are to take part in the smooth running of schools. School governing bodies and school managers are tasked to take control of school financial affairs as stated in the Gazette (Republic of South Africa 1999:2B-35).

Section 379 (1) of the South African School Act states that school governing bodies of public schools must administer school fund in accordance with the direction of the head of department of the province. Following from this stipulation, the North West Department of Education drafted financial regulations which state that its (department) purpose is to set minimum requirements for financial management and control in public schools (North West Department of Education, 1998). This implies that the school governing bodies should be in charge of the finances of the schools, this includes managing all income, expenses, assets and liabilities.

Financial management is a process of ensuring that continuous direction and control is maintained over all funds. This means that a financial system as an information system comprises of one or more applications that is used for any of the following: collecting, processing, maintaining, transmitting and reporting about financial data, financial events supporting financial planning or budgeting activities, accumulating and reporting cost information, or supporting the preparation of financial statement (Libby and Short 1998). This process can be enhanced by computer bookkeeping systems such as Pastel Programme and ACCPAC (can be used).

School Managers lead in managing school funds, which means that they should give direction on how to administer school finances. The school manager may delegate these duties to financial committee of which he/she is a member. School governing bodies should prepare budgets annually which inform the income to be collected and expenditure for the following year. This should be done in line with the prescribed procedures and guidelines which are outlined in the South African Schools Act, Act 84 of 1996 and the Generally Accepted Accounting Practice (GAAP). A financial committee of school should have knowledge of appropriate financial systems, which are budgeting, recording in the appropriate cash journals, drawing financial statements, reconciling banks accounts and processing the general ledger. This includes prioritising financial allocation according to needs and availability of funds.

A budget is an estimate or a guess about income and expenditure of cash resources and it is a drawn plan of financial activities of an organisation for specific future period. This plan is expressed in terms of money and it's based on forecast of amounts going out and coming in. In a school the budget reflects the expected cost of implementing

educational programmes and activities. (Black and English, 1986: 201). There are three types of budget i.e. capital budget e.g. fixed assets, operational budget (day to day expenses) and cash flow budget.

A financial committee of a school is expected to have knowledge and skills for implementing the budget and fundraising skills. There are certain aspects or methods (procedures) of financial control that role players should be conversant with, this includes cash flows, financial statement, budget and keeping accounts for a school, even bank reconciliation, handling of petty cash and auditing (Hart, 1993:69).

School managers and financial committees should be in a position to apply all accounting procedures and policies that are followed when compiling a budget, drawing financial statements, doing reconciliation and fundraising. Financial management starts when drawing budget or forecasting, implementing budget, drawing financial statement and even reconciliation. Role players should understand that a financial management can only be effective when all activities are well planned.

Planning cannot be in isolation from likely funding levels since it is conceivable that cost plans may exceed the available funding. In such cases, activities will have to be re-thought until a final agreed upon budget is arrived at. This is a sensitive process, which will require schools to make decision on priorities. Agreed changes should reflect the overall objectives of the school (Daft, 1995:546)

Sound financial management at school level depends on skill or knowledge that the financial committees have. This can be achieved by following the stipulated guidelines in the South African Schools Act and the Generally Accepted Accounting Practise (GAAP).

It is necessary for schools to act according to certain policies, especially in financial matters. Sound financial policy can make an outstanding contribution to the effectiveness of a school. Without a financial policy governing bodies might have an insufficient framework seeing the implication, alternatives and consequences involved in key decisions. A school's finance policy direct role players to act in a prescribe manner in handling school finances. All financial policies are to be developed with the participation of the staff, however it is authorised by the governing body and the Provincial Department. School managers are accountable for the interpretation and application of financial policies of their school (Donnelly, Gibson and Evangelic, 1984: 116).

It is evident that the financial committees together with School Governing Bodies have an important role to play in the financial management of schools. They have to establish a school fund and administer it in accordance with directions issued by the provincial head of the department. Financial policies thus become important governing body tools for implementing plans once these have been accepted by those who must carry them out.

Financial committees and school governing bodies should have financial skills and knowledge that will enable them to handle financial matters of the school.

1.2 PROBLEM STATEMENT

Current debates suggest that some schools do not implement the government policies on financial management adequately and uniformly in accordance with the departmental guidelines as a result school managers are faced with a problem of embezzlement of school finances. Similar accusations are also made in the North West

Province. Such a state of affairs can greatly hamper the successful management of finances at school level. If the Provincial Department of Education is not aware of the nature of the problems that may occur in this regard, it will not be able to take the necessary steps to remedy the situation. There is however also an indication that national and provincial guidelines are regarded as inadequate to guide inexperienced financial role players in the financial management process.

The above problem gives rise to the following:

- Do the financial committees at schools have the necessary financial skills and knowledge to manage finances of the school?
- Do the financial management processes at schools take place in accordance with departmental policies?
- What can be considered as adequate training for the implementation of sound financial management at school level?

1.3 Aims and Objectives

The aim of this research was to describe or explore financial management in public schools. In order to achieve this aim, the following objectives were identified:

- To evaluate systems that are in place for assisting financial committees, to take effective and efficient financial management decisions that will assist in proper management of debtors and creditors at schools.
- To investigate to what extent school committees understand drawing budgets, keeping of financial records, control over school

funds, distribution of funds and monitoring expenses in accordance with procedures prescribed by the South African Schools Act and the Generally Accepted Accounting Procedures.

- To suggest training that can be adequate to implement sound financial management
- To study literature in order to gain perspectives on the principles of financial management in public schools and financial control.
- To determine the necessary skills required for achieving effective financial management.

1.4 Research design and methodology

1.4.1 Research design

Research design refers to a plan for selecting subjects, research sites and data collection procedures to answer the research questions. The design shows, which individuals will be studied, when, where and under which circumstances they will be studied (Schumacher and McMillan, 1993: 157)

To allow the researcher access to information on and insight into the actions and perceptions of a relatively large sample of role players on the topic researched, a quantitative non-experimental design with emphasis on the survey mode of inquiry was deemed most suitable for this study. A survey in questionnaire form with purposeful, non-probability sampling yielded data on present educational condition regarding the harding of school funds (Schumacher and McMillan, 2001: 33-34).

1.4.2 Sampling

Thirty One (31) high schools i.e. all high schools in the Mafikeng Area Project Office were chosen for the study so as to reflect diversity in secondary schools in terms of location, organisation and learner composition. A total of 124 questioners were being distributed to schools. Four officials namely school manager, deputy site manager, treasurer and fourth person such as signatory of cheques or school governing body's chairperson. Of the 31 schools participated on a voluntarily basis in the project and completed copies of questionnaire.

1.4.3 Data collection

The two primary data collection in this study was the questionnaire and literature.

(A). Questionnaire

A questionnaire was compiled to evaluate financial management systems that were in place at schools. The format of open and close responses was followed. The closed response format gave the respondents the opportunity to explain the procedures followed in financial management in their respective schools and comment on the training provided by the Provincial Department of Education. Additional open-ended questions gave the respondents a wide scope in presenting their answers and evaluated the financial management situation.

(b). Literature review

This exercise was not to reproduce but to pursue both secondary and primary sources that have a bearing in this study. A number of literature

studies pertaining to the topic were consulted in order to understand the problems under investigation and to realise the extent of the work already covered, concerning the problem. Therefore books, journals, newspapers and educational policies were reviewed.

1.4.4 Data analysis

Data obtained from the questionnaire to evaluate financial systems and were analysed manually and presented statistically by means of percentages and table (significant comment grouped into categories).

1.4.5 Validity and reliability

a. Validity.

The validity of the test result refers to the degree to which they succeed to reflect that which they are supposed to reflect. In other words, test results must fulfil their purpose to be valid. To ensure valid result, it is imperative that the content of the test instrument must be representative of the body of knowledge of scientific field that it covers (Schumacher and McMillan, 1993:319).

b. Reliability.

It refers to the consistency of measurement, i.e., the extent to which the result is similar over different forms of the same instrument or occasion of data collection. Making the results more reliable is important to ensure greater representatively of opinions and increase the generalisability of the findings (Schumacher and McMillan, 2001:244).

1.5 Demarcation and limitation

The study falls within the field of management in education and relates more specifically to financial management field in public schools.

The investigation was limited to schools in Mafikeng areas and which were representative of the Mafikeng Area Project Office (District). The research design and methodology will contribute positively to validity and reliability of the findings.

1.6 Significance of the study

The significance of the study lies in the fact that it is important to know whether financial management in school is in accordance with the stipulation of the South African Schools Act ,act 84 of 1996 (Republic of South Africa, 1996c) and the Generally Accepted Accounting Practice.

The findings of the study once published, would encourage the educational leadership to remedy the situation by developing an appropriate training that will assist school financial committees.

1.7 CHAPTER OUTLINE

The study is organised in five chapters and they are:

- Chapter 1 Orientation and Research methodology
- Chapter 2 Literature review
- Chapter 3 Methodology and Data Analysis
- Chapter 4 Findings and Interpretation of Data
- Chapter 5 Conclusion and Recommendation

The following chapter focuses on literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The focus of this chapter is on both primary and secondary literature for this study. The primary sources of literature provided the researcher with first hand information while the secondary sources of literature provided supporting information. This shows that the researcher explored all the avenues to get relevant information related to this problem. The primary sources are seen as eyewitness (Gay1976:1)

Management of school's finance is one of the most important areas in school management. In this chapter an overview is given of school financial policies on fundraising, financial planning, financial budgeting and financial control. The several approaches to financial management are also discussed.

2.2 Financial Policy.

Allen (1964:155) states that as a school or organisation, it is necessary to act according to certain policies especially in financial matters. The school financial policy, direct role-players to act in a prescribed manner when handling school finances.

Acherman and Brous (1989: 19) indicate that clear guidelines give the role player a basis for orientation to select the sounder over less sound courses of action. Without the guidance that policy can provide, the intricate implication of one approach to the solution of the problem, in contrast with others, can be quite unclear. Furthermore, in absence of sound policy, departments or schools facing essentially the same

decision are likely to reach contradictory solutions or they may fail to take the necessary action.

The school financial policy has strong relations with overall school policy. Financial management has to create all the financial conditions for academic survival. In the administration of school finances, one of the most important tasks is to formulate a financial policy.

Berliner and Mclarney (1974:202) state that a school financial policy is broad, precedent setting decision that becomes standard management practice , guides subsequent management decision making and clearly grows out of the school objective and serves as benchmarks in planning, but it is also useful in guiding current operations.

School managers and financial committees should interpret new or modified financial policies as soon as possible after they have been communicated to them. As soon as they have been informed about a new policy that applies to the finances of the school, it is their responsibility to request the definite information required. When plans are intended to be rather permanent in a school, the school governing body develops policies to implement them. financial policies usually are written statements that reflect the basic objectives of the plan and provide guidelines for selecting actions to achieve them. They become important governing body tools for implementing plans once these have been accepted by those who must carry them out. (Hart, 1993: 69 and Thorn, 1991:67).

Effective policies exhibit the following characteristics (Donnelly, Gibson and Ivancevich, 1984:116):

- ❖ **Flexibility:** Conditions change and policies must change accordingly. On the other hand, some degree of stability must prevail if order and a sense of direction are to be achieved.
- ❖ **Coordination:** A policy must provide for coordination of the various departments whose actions are interrelated. Without coordinative direction provided by policies, each department is tempted to pursue its own objectives.
- ❖ **Clarity:** A policy must be written clearly and logically. It must specify the intended aim of the action which it governs, define the appropriate methods and action and delineate the limits of freedom of action permitted to those whose actions are to be guided by it.

Sound financial policy can make an outstanding contribution to the effectiveness of a school. Without a sound policy, the governing body may have an insufficient framework for seeing the implications, alternatives, and consequences involved in key decisions.

Acherman and Brous (1989:19) argue that clear guidelines give the role player a basis of orientation to select the sounder over less sound courses of action. Without the guidance that policy can provide, the intricate implications of one approach to the solution of a problem, in contrast with others, can be quite unclear. Furthermore, in the absence of sound policy, departments of the school facing essentially the same decision are likely to reach contradictory solutions or they may fail to take necessary action. A policy provides governing bodies a framework with confidence taking intelligent action. The school financial policy has strong relations with the overall school policy. Financial management has to create all the financial conditions for academic survival. In the administration of school funds, one of the most important tasks is to

formulate a financial policy. The task of planning and the determination of school financial objectives become effective when expressed in a policy form.

Appleby (1981:45) states that a policy is also a guide in the action or decision-making of people. A financial policy is an expression of a school's official attitude towards finance. Policy formulation may begin at any level of management. Financial policy for the school is usually formed by:

- ❖ The school governing body and the principal, who determine the main policies;
- ❖ being passed up the chain of command until someone takes responsibility for making a decision; and
- ❖ external influences, e.g. government may force a policy change

The financial policy of a school will arise from the conditions under which its primary functions may be carried out. Policies will cover the sources from which the school intends to procure capital, the learners which it desires to attract and the policies designed to protect the right of every child to education.

2.3 Budgeting

A budget is an estimate, an educated guess about income and expenditure or inflow and outflow of cash. Budget is a financial control technique as well as a plan. It sets out predetermined goals, which can be compared over time with actual performance, which can be used also as a guide to the future (Black and English, 1986:201). Shim and Siegel (1983:79) regards to the school budget as basically an annual financial plan.

From the foregoing discussion it is evident that financial budgeting is a formal statement of expected values of the financial variables of the school over a future period. Apart from providing a financial overview of the school, it serves as the instrument that reflects the cost and income of every project. The budget is clearly a facility which stimulates sound financial management and places it on a scientific and rational basis. A budgetary procedure needs to be such that a resulting budget plan expresses the amount of money that a school is willing to spend in the light of the kind of educational programme it wishes to support (Schall and Haley, 1980: 475).

The budget is an aspect of forecasting and the key to financial planning. A system of budget fosters sound management, bringing out the consequence of different courses of action open to the school (Page and Connaway, 1996; Fitzgerald, 1992:260).

2.3.1 The purpose of budgeting

The preparation of a detailed budget imposes a discipline on management. The consequences of decisions are shown up, and the effect of contradictory plans by different departments is revealed well in advance. The budget is a master plan which defines and correlates the departmental interests and coordinates them within the general objectives. The data in the budget form a yardstick of performance against which to measure the operations and the results of operations as they occur.

2.3.2 Approaches to budgeting

There are several approaches to budgeting. Such as zero-based budget, Role players need a basic understanding of some of these

approaches in order to manage school finances effectively and efficiently are as follows:

(a) Zero Based Budget (ZBB)

The primary purpose of a zero-based budget is to exert greater control over budgets, by requiring justification for every proposed expenditure, beginning theoretically from a base of zero. This includes current expenditures, as well as proposed new expenditures. Zero-based budgeting was designed to prevent a practice of simply increasing allocations to each item in a previous period's budget. It is a budget technique that requires managers to justify budget request for a zero starting point rather than adding to previous allocations (Daft, 1995:553).

Dubrin, Irellent and Williams (1989: 481) states that through this technique, an amount budgeted for currently is not acceptable as a starting point. In contrast, the process begins with the assumption that zero rand will be allocated to each activity. Managers are asked to prepare a decision packaged for each activity for evaluation and comparison with other activities under their control. Each package includes an analysis of costs, purposes, alternative course of action, measure of performance, consequences of not performing the activity and expected benefits.

The focus of zero-based budget is on devising the decision packages and ranking them in order of decreasing benefit to the school. Funding decisions are then made according to the rank-order of the packages. Allocation of the school's resources is based on the contribution of each activity to the accomplishment of educational objectives.

Jordan, McKeown, Salman and Webb (1985:176) argue that Zero-Based Budgeting has been criticized because the technique requires a massive amount of paperwork, data and time. It demands more time and energy than conventional budgeting because it forces management to abandon traditional budget practices. Top management should thus develop a consensus among role players that a zero-based budget will have a positive influence on both the school and staff.

(b) The Planning Programming Budgeting System (PPBS)

Henke (1988:557) regards PPBS as a process for evaluating the probable efficiency and effectiveness of new programmes. It subjects the programmes to systematic analysis before they are undertaken. It is a procedure for relating anticipated benefits to their costs. PPBS is a means of helping responsible officials to systematically evaluate the benefits likely to result from a proposed programme, along with its probable costs, as they make programme implementation decisions.

Levacic (1989:83) and Jordan, *et al.* (1985:176) states that PPBS is an attempt to link all the allocations of resources needed to support a particular programme. PPBS focus on choices among programmes, outputs, total costs, and the relationships between resources and goals. Criticisms of PPBS relate to the difficulties of measuring outcomes and objectives, establishing measurable objectives and developing definitions of the various programmes.

Cave and Wilkinson (1990:43) argue that this system encourages staff to examine their activities and to decide on priorities (thereby enabling the role players to consider the activities and to decide on priorities) thereby enabling the role players to consider the activities of the school as a whole.

(c) Incremental budgeting

Jones (1984) states that incremental budgeting serves as convenient method for adjusting the budget to reflect changing circumstances. The previous year's allocation is considered as adequate and appropriate. Attention is devoted to the size of incremental change to that base. This implies that the different departments will have their allocation increased every year in accordance with their needs.

The budget is left unchanged and unchallenged in that the budget holder is not required to justify the reasons for carrying out various departmental activities, unlike in the SBB approach where the various departments should give reasons for increases.

Cave and Wilkinson (1990:42) states that this approach is one that is frequently used because:

- ❖ It introduces a measure of stability into the school;
- ❖ It limits debate and discussions. Given that budget holders and decision makers are busy people for whom time is a scarce commodity, this is an important factor;
- ❖ It reflects a situation in which power in a school is relatively diffuse where decision-making is highly consensual.

This approach to budgeting has a number of shortcomings. It tends to neglect problems that occur over a period of time. It is also not sufficiently forward-looking. If the problem facing schools are changing rapidly, then incrementalism is not a sensible way to attempt to budget and manage strategically.

(d) The bottom-up approach

This approach begins with estimates of the component activities of the school. Each department establishes its budget and then different budgets are added together to provide a total financial plan for the school. The school governing body may develop a general plan based on goals it has established. Forecast of the school's activities are then made, added together and then compared with the general plan. This dual procedure provides information on aspects of the school's operation that must be given more attention. In addition it tells the governing body whether the original goals are realistic (Schall and Haley, 1980: 476).

2.4 SCHOOL BUDGET MANAGEMENT

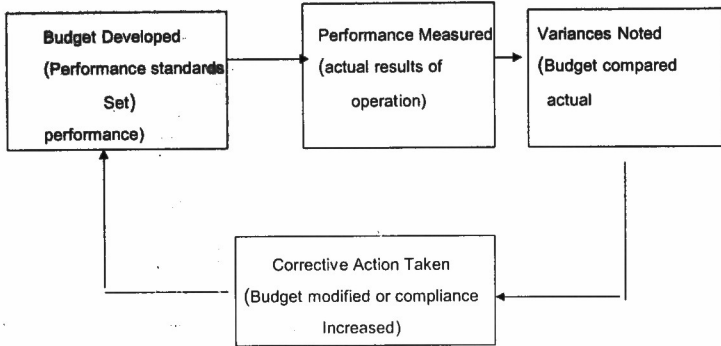
2.4.1 Overview of budget management

In recent years, budget management has assumed greater importance in education. Budget management implies that it is neither wise nor prudent to spend money until it has been determined precisely for what it is expect to be spent. A school is spending money on the public's behalf and should account for expenditure in a way which ensures propriety and value for money. Whilst powers for official funds are delegated to the governing body, the control of non-official monies remains with the school manager. Controlling the budget and monitoring it are the interlinked facets of budget management. Budget monitoring is the process which is used to check whether spending reality conforms to spending plans. The basic data will come from two reports, firstly, a summary of expenditure to date and secondly, a list of transactions undertaken since the last report (Hart, 1993:68).

After developing and selling a budget plan, there is a need to implement or to operate within the plan. Once the allocation is accepted or adjusted, the monthly budgetary accounting procedure begins. Changes may be indicated at the outset or at any time during the fiscal year. It is essential that such flexibility be allowed in a budgetary accounting system. While wholesale deviations from the budget plan should be avoided in order to maintain the credibility of the document, creative changes to get the best fit of resources to programme goals must be accommodated. Generally, such transfers require some approval of the governing body (Friedland, 1978:44).

Budgetary control concerns itself with total costs for each department, where each variance is the responsibility of the official in charge of the department in which it arises. The official must therefore explain the variance and take action to stop its recurrence. Budget control is a system of controlling costs which includes the preparation of budgets, coordinating the departments and establishing responsibilities, comparing actual performance with that budgeted and acting upon results to achieve maximum results (Appleby, 1981:141). Figure 2.1 reflect a presentation of budgets as managerial controls.

Figure 2.1: Budgets as Managerial Controls

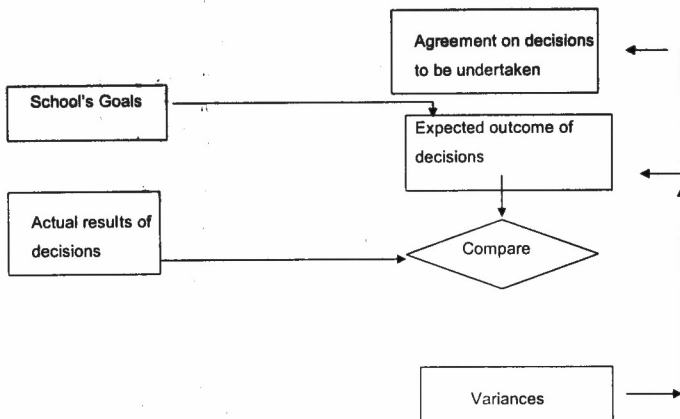


Adopted from Daft, 1995:545

Differences between budgeted and actual performance are termed variances. These variances will be useful both as a spur to immediate remedial action if actual performance is less than expected.

Budgeting **starts** with a given or forecast finding allocation and seeks to divide all the total resources available in a detailed breakdown between the various departments which the school manages. It should therefore be evident that a budget can only be prepared correctly after considering the planned activities of each department for the coming year. The plans must span all the activities of the school and should take into account any rules imposed by the government. Planning cannot be considered in isolation from likely funding levels since it is conceivable that cost plans may exceed the available funding. In such cases, activities will have to be re-thought until final agreed budgets are arrived at. This is a sensitive process which will require school to make decisions on priorities. Agreed changes should reflect the overall objectives of the school are indicated in Figure 2.2 (Daft, 1995:546):

Figure 2.2: The control process in budget management



Budget management thus implies the drafting of an annual budget which will be uniquely adapted to the specific situation and circumstances of each school. Budgets do not control anything, people control costs by using a budget. The lack of sufficient budgetary connections to educational programmes in most school budgets denies the governing body any effective means of supporting good programmes and weeding out bad ones.

2.5 Financial management in perspective

Financial management needs integration with the activities of other functions. If it is isolated, there is danger of inter-departmental confrontation. Although most of management functions concerning finances are taken care of by the principal and financial committee, educators are also closely involved with the financial matters of the

school e.g. sports committees, catering committee and prize giving committee. They are involved in planning and controlling certain aspects of the schools budget or finances at all times. currently schools demand more and more money from parents as well as other resources, these monies have to be accounted for and therefore every educator should have a basic knowledge of financial management (Hill and Rockley, 1990:9, Bardenhorst, 1987:102)

According to the South African School's Act (1996: B-34) the school manager of the school takes responsibility of ensuring that the school funds are administrated correctly. For the purpose of the total administration of the school's finance, an effective organisational structure which should include administration and accounting components must be developed according to Generally Accepted Accounting Practice.

2.6 Fund-raising

Fund-raising is an integral part of life for most schools for a variety of reasons, from government cutbacks in educational spending to increased expectations on the part of learners, educators and parents. The delegation of financial management to schools has made managers of its uneven effects on different schools (Fosket, 1992:196).

Individual members of staff or committees, with little overall co-ordination or planning, traditionally launch fundraising efforts in schools. Often this result in failure or causes aggravation to the staff and the parents. It is vital to set clear objectives for any fund-raising effort. People like to know that their monies are being used for a specific and worthwhile purpose (Fosket, 1992:198). This implies that it is important to use the funds which have been fund-raised properly according to the

initial plan. Warwick (2000:17) says that research consistently shows that nowadays donors truly demand accountability. They want more financial information, clear statement of the organisations purpose and they want to know what it has accomplished. Accountability is merely one aspect of involvement.

Barlow (2002:39) states that most organisations raise far more money an annual report when their supporters are active and committed, so there are inherent advantages in promoting donor involvement:

- The most stand-offish private foundation almost always appreciate an occasional gesture of accountability i.e. an annual report for example, or face to face meeting with key staff or perhaps just a letter spelling out the impact of a project it supported. Most individual donors regardless of how modest their gifts are think that something's gone awry unless they receive periodic updates on the progress of an organization they have supported.
- Over time, individuals are kept steadily informed and offered opportunities to learn firsthand about the organization's work. Open houses periodic donor briefing and such can provide the means, or at least convey the impression that opportunities are there for taking, if donors wish.

2.6.1. Strategic planning

Barlow (2002:132) argues that strategic planning should not be simply a mechanism process. The author believes that an organization's strategic thinking is not inspired and visionary, it will find it hard to implement its plan with true conviction. It is the organization's its passion for its cause and its dedication to it that will be the strongest influencing factors in all its dealings with potential donors. So while the

planning process must be logical and based upon what is realistic, the finished plan also motivates and inspire.

2.6.2. Assessing the current situation

Organizations needs to know what are the existing sources of income delivery and how much more is required. They need to know what resources are available to them in terms of budget, manpower, skills and equipment. This is the point at which an organisation can use the findings of strength, weakness, opportunities and threats (SWOT) analysis to the point key opportunities and to highlights particular areas of strength (Schaff and Terry 1996:101).

2.6.3. Setting aims and objectives.

Rosso (1997:49) states that the aims and objectives are those priorities that an organisation want or need to achieve from its fundraising activities. The organisation may have one simple overall aim to reach a specific financial target perhaps to raise R10000, 00 for a new play structure of a play ground. The important thing is that each of your aims and objectives should be clear, realistic and measurable.

2.6.4. Methods

The method spell out on how your organization propose to meet their aims and objectives it needs to have some creative and strategic thinking to consider the range of different fund raising methods and should meet requirements. Bearing in mind the current levels of expertise and resources that might be most appropriate to fundraising, the most effective strategy will combine a number of different

techniques which tap income from a range of sources (Barlow 2002:134).

2.6.5. Fundraising Plan

As the organisation selects methods or techniques likely to meet its objectives and aims, it has to define a programme of work that will be required. This will be the plan of campaign that the organisation puts into action to meet the fundraising targets. The organization may find that it needs to produce a plan for each type of fundraising activity (Schaff and Terry 1996:104).

2.6.6. Time Frame.

Warwick (2000:257) states that time frame plays a special important role because it clearly informs the plan and organisation, the duration and target dates. Every part of the plan should have a deadline by which it must be complete, if the organisation need to realise their goals. It should make sure that it is realistic and that it takes into account the time that others will take to supply the necessary resources (Barlow 2002:134).

2.6.7. Costs and Resources.

All fundraising carries a cost in money or kind so the organisation should clearly plan for this. It should outline in its plan for going to incur costs or which resources are they going to be used. The organisation should also consider if the resources need to be purchased or not. All of these should be carefully budgeted for and compared with fundraising target to make sure that spending is in reasonable proportion to the income expected (Dropkin and La Touche 1995:81).

2.6.8. Review.

Every good strategy should include a mechanism for reviewing progress and renewing the process of strategic planning when time comes. An organisation should build in a system for weekly, monthly or possibly quarterly assessment of where it stands in relation to their targets. There may be a need to modify parts of the plan (Warwick 2000:277).

2.7 The role of the School Governing Body (SGB)

The South African Schools Act (SASA) imposes a responsibility on all public schools to do their utmost to improve the quality of education by involving governing bodies to raise additional resources to supplement those, which the state provides from public funds (RSA 1999:2B-35).

Fund-raising by parent includes sponsorship, fee income and any other funds that can be collected to uplift the funds of the school, so as to enable teaching and learning to continue. All public SGBs are obliged by the act to support their school financially. It is to the governing body that the school budget is delegated, and it is from the governing body that the department of education will take that power if the budget is mismanaged. The governing body therefore, ensures that arrangements are put in place. It will probably establish a financial committee, interlinked with the school educators, reserving decision making to the governing body as in the Education Law and Policy Handbook (RSA 1996:33).

The Education Law and Policy Handbook indicates that the parents at public schools carry serious responsibility with respect to the determination of a school's budget, its source of revenue, and the level of fees and the condition of exemption of parents from paying school

fees. The school principal and the financial committee provides the governing body with assurances that the accounting system are factual and also sufficiently comprehensive to provide the detailed financial data that will be needed for future planning.

It is inevitable that these power-relationships needed to be worked out on a school-by-school basis as governing bodies may find that new demands placed on, then draw, then move and move closely into the internal regime of the school. Delegated systems of management are based on the claim that if decisions about resource allocation are taken as close as possible to the operational part of the process, better quality decisions will emerge. The meaning behind the idea is that by involving people in the running of the school finances, through giving some autonomy in making their own decisions within the constraints of a predetermined budget, an incentive will be provided to improve efficiency and effectiveness (Cave and Wilkinson, 1990:34).

Beckett, et al (1991:45) states that governing bodies are made accountable to parents. Parents require the governing body to produce a statement of annual running costs and capital expenditure for the school. The duties of the governing body and the principal are to ensure the welfare and efficiency of the school. The purpose of the annual report from the governing body is to account to parents of the school.

2.8 The School manager

The school manager is accountable to both the department and parents for managing the school's funds according to stipulated regulations. The principal as the representative of the department has discretion over the

finances of the school. He /she is responsible for the collection and budget funds (Pierce, 1977:12, Faul, et al, 1991:217)

The school manager exercises control over all cash transactions, together with the financial committee and also encompasses control regulations over cash transactions. The system must be such that it ensures accuracy and honesty, school principals should be accountable for their own finances. Principals are thus required to be efficient to make economical use of the resources at their disposal to accomplish the goals of the school.

Harris and Dawes (1988: 184) argue that in budgeting the principal must give guidance in accordance with a mutually agreed plan of operations. The school principal clearly has a vital role to play in the governing body. A poor relationship between the principal and the governing body can affect the running of the school. The school manager should accept responsibility of ensuring that the school fund is administered correctly. For the purpose of the total administration of the school's finance, an efficient organisational structure, which should include administrative and accounting components must be developed (South African School's Act of 1996).

The school manager should compile a policy document and manual on the procedures to be followed by each member of the staff who needs to handle money. A capable member of the administrative staff with the knowledge of accountancy should do the school's bookkeeping.

According to Ntseto (2001:26) a school's bookkeeping system should comprise of the following:

- ❖ A registered receipt book

- ◆ A registered order book.
- ◆ A deposit book
- ◆ A cheque book
- ◆ A registered requisition book.

It is sound practice to submit a report on a monthly basis to the governing body concerning the various incomes and payments of the school funds. Regular reports to parents on the expenditure of the school funds create trust in the management of the school (DoE, 2000: 53).

2.9 The school financial committee

The governing body appoints a financial committee that will be responsible for the control over the financial affairs of the school. The financial committee consists of the principal and two members of the governing body, namely the treasurer and the secretary. Meetings of the financial committee take place quarterly.

The Free State Department of Education, FSDoE (1998:4) and Greenhalg (1978:1) indicate the following functions of the financial committee:

- ◆ The translation of plans into financial implications.
- ◆ The development and application of measures to aid in the allocation of funds.
- ◆ The determination of the appropriate means for raising funds.
- ◆ Safeguarding all financial and related documentation against loss, theft or fire.
- ◆ Implementing proper acceptable controlling measures.

- ❖ Ensuring that all expenditure and income is authentic and is reflected in the financial records.
- ❖ Advising the governing body on financial matters.

2.10 Financial control

Financial control refers to procedures established by the school presented at appropriate intervals. To ensure that its transactions are recorded accurately and financial position is correctly (Pidgeon, 1971: 1, Greenhalgh, 1978:61)

There are certain important aspects of procedures of financial control that financial managers at schools level need to be conversant with. These include cash flow and financial statements, the keeping of school fund account and procedures such as bank reconciliation, handling of petty cash, auditing etc. (Buckley 1996:37) states that Information about the performance of an organization in particular its profitability, is required in order to assess potential changes in the economic resources that it is likely to control in future. The author also argues that it is also useful in forming judgments about the effectiveness with which the organisation might employ additional resources.

Income and expenditure statement are described in simple terms as the statements that reflects the income and expenditure of a particular financial year. It answers questions such as how much the organization has collected and how much they have spent (Buckley 1996:40).

Income may be received in the form of cash or paper budget, in school learners are expected to pay certain amount of money which have been agreed with the parent's budget, school also receive cash from donors or fundraising activities. Schools can be classified in two ways, one is a

Section 20 school, and the other one is Section 21 School. Which means that a section 20 receive cash directly from government and section 21 schools, receives paper budget, at which all this shall be recorded as income for the year (Ntseto 2001:46).

2.11 Financial Statements

Financial statements are used by management as a means of exercising control over the financial position of the school. The school principal needs to understand three key financial statements (Wert and Prether, 1975: 29):

- ❖ **Income statement** - The income statement provides a financial summary of the school's operating results during a specific period.
- ❖ **Balance sheet** - The balance sheet presents a summary statement of the school's financial position at the given point in time.
- ❖ **Cash flow statement** - A statement of cash flow provides a summary of the cash flow over the period of concern, typically the year-end. A cash flow is a summary of all items of cash received and paid out during the period. A bank statement for example, is a detailed form of cash flow statement, discriminating each item received by the account holder and each cheque drawn.

The Department of Education North West (NWED/ot3 (E) (no date) outlines the following control procedures:

- ❖ The original copy of the income and the original copy of the expenditure must after balancing on the last day of every month be torn out and forwarded to the area manager before the 7th of the month. The duplicate remains in the books at schools.
- ❖ The following should be secured attached to: Income Sheet

- (i). Duplicate of teacher treasurer/Clerk receipts.
 - (ii). Duplicates of class teachers' receipts.
 - (iii). Duplicate of Deposit slips.
- ❖ If no transaction has taken place during the month a NIL return must be submitted (income and expenditure)
 - ❖ Income Sheet.
 - (i) Under column "Receipt No" the number of the Teacher treasure / receipt must be written in.
 - (ii) Under column "Total" the full amount of the receipt must be written in. After this it may be subdivided into the appropriate columns.
 - ❖ Expenditure Sheet.
 - (i) Under column "Cheque no" the Cheque number must be written in.
 - (ii) Under column "Tctal" the full amount of the Cheque must be written in. After this it may be subdivided into the appropriate column.
 - (iii) All payments must be covered by fully detailed voucher (attaching invoices, pay sheets etc. These vouchers must be numbered from "no.1" . Consecutively to the end of the financial year .i.e. to the end of December and must be filled numerically.
 - ❖ Banking
 - (i) Deposit slip must be filled in triplicate
 - (ii) The Bank retains the original and returns the two copies.
 - (iii) The first copy of the Bank Deposit slip must be forwarded at the end of the month.
 - (iv) The second (Book) copy of the Bank Deposit slip must be retained for record purposes.
 - (v) When the money is banked, the amount banked must be entered under the column "Bank" on the "income "sheet.

- (vi) Receipt comprising a deposit should be written on the face of deposit slip before depositing at the bank.
- (vii) Deposit must be numbered from no.1 and consecutively each year.

2.12. Financial Instrument for managers

2.12.1 School fund account

The governing body has to open and maintain a cheque account in the name of the school at any registered bank. All the money that belongs to the school should be deposited into this account. Nobody may keep the school's money under his/her personal control unless it is for immediate use for the approved expenditure. Furthermore, nobody may deposit the school's money into the bank account other than the one which exists in the name of the school as mentioned in the South African Schools Act (RSA 1996 c: 45 and Badenhorst 1987: 103).

The school fund should be administered and applied to furthering the general and educational interests of the school. The sensible use of a school's available funds to the benefit and in the interests of the learners brings about a positive attitude towards the school among the parents and the community in general (Faul et al. 1991:221).

2.12.2 Bank reconciliation statement.

According to Aboobaker, Ramsamy, Naidoo and Vallabh (2001:52) the term reconciliation means to come to agreement, or to rebuild. It often happens that two sets of figures, which are supposed to agree, do not. One of these situations, which come frequently, is the difference between cash and bank balance as it appears in the books of the

school and the balance as per bank statement. This does not necessarily mean that the school makes errors although errors cannot be completely discounted), but that there is a difference, which has to be counted for in other words reconciled.

According to Faul et al (1991:231) reasons for differences between the bank statement and cashbook may be the following:

- ❖ Deposit not yet recorded/credited by the bank. In practice, a deposit is often made after the bank's accounts for the month have already closed.
- ❖ Bank fees and interests on overdrawn accounts: usually the school only takes note of these when the bank statement is received.
- ❖ Stop orders: these are indicated on the bank statements and usually the entries are only made in the school's cashbook after receipt of the bank statement.
- ❖ Unpaid cheques, which are normally, caused by insufficient funds.
- ❖ Direct deposits to the school's account.
- ❖ Errors made in either the records of the school and/or the bank.

2.12.3 Petty cash

A school may find it necessary to pay certain small amounts in cash. Such as, postage, telegrams and envelopes. In such cases most schools make use of petty cash funds. The funds are provided by issuing a cheque for a certain amount and cashing this cheque. This is known as petty cash imprest (Faul et al, 1991: 223).

The school should have petty cash policy which clearly indicates how the cash is spent and accounted for, even the recording procedures that are followed (Nieto, 2001:35).

2.12.4 The analysis of a cashbook

A cashbook is a book with various columns for the various cash payments or incomes, for example, purchase or sales. If a payment does not occur it is entered in the sundries column with a description in the column alongside it created for that purpose. The cashbook shows amounts received and amounts paid during the period, as well as the balance of cash/opening balance and closing balance (Tronc, 1977:15).

Information from the duplicate copies of receipt book is used to enter the transaction on the receipt side/the left hand side of the cashbook. Receipt numbers should be listed consecutively in the cashbook. When a receipt is cancelled, it should be shown as cancelled in the cashbook. Information from the cheque butts is used to enter the transaction in the payments side/the right side of the cashbook.

2.12.5 Auditing

Auditing is a final act in the school of protecting the school funds. An audit is a systematic process or procedure for verifying the financial operations of a school to determine whether or not funds have been or are being used in a legal and efficient way. Auditing of accounts by an outsider agency is a necessary function of all schools. Audit serves many purposes - one important purpose is to determine whether or not the financial operations were proper and legal in agreement with accepted accounting practices (Burrup and Brimely, 1982:348).

Auditors appointed by the governing body for a school should verify that authorities have made proper arrangements to secure economy, efficiency and effectiveness in the use of school monies. An auditor is called upon to give an expression on the fairness of the presentation of

the financial statement. The major purpose of the audit process is to obtain the greatest possible degree of confidence about the absence of material errors and irregularities that if undetected would affect the fairness of presentation (Sarah and Trafford, 1990:97; Correia).

The auditor as an independent person who provides SGB's with information concerning the financial report that was prepared in a proper fashion, and accurately represents the true state of affairs of the school. It is not a guarantee that the school is doing well. Rather, it merely confirms/or not, as the case may be that proper accounting procedures were followed in the preparation of the accounting statement that is attached (Oster et al, 1997:54)

A school's internal auditors have their tasks to ascertain that the school's finances are in place, test whether the government's procedure make difficult the improper application of the school's funds, appraise whether the governing body's policies are uniformly and properly applied, and test the efficiency of the school's procedures. The objective of this function is to protect the school fund and improve the efficiency with which finance and control tasks are performed. Performance is acceptable when there are no shortages or misapplications of funds (Flyn et al, 1995:175).

Porter, et al (2002:2) state that the practice of audit commenced on the day that one individual assumed stewardship over another property. In reporting on his stewardship, the accuracy and reliability of that information would have been subjected to some sort of critical review. Audit is a Latin word meaning 'he hears'.

2.12.5.1. The public sector audit.

In contrast to private sector audit, where the scope and objectives of the audit are indicated in an engagement letter, in a public sector audit the audited entity is not a client relationship with the auditor. The powers and duties of the auditor-general and his office are laid down in legislation, and the auditor has to discharge the statutory mandate freely and impartially in forming audit opinions, conclusions and recommendations and owing no responsibility to the management of the audited organization for the scope or the nature of the audits undertaken (Puttick 1999:658).

2.12.5.2. Performance audit

Performance auditing encompasses an independent and objective review of financial and operational performance to determine whether or not the control measures which have been introduced ensure that available resources are utilized economically, efficiently and effectively. It should be noted that regularity audit may be entirely satisfactory, yet a performing audit of the same organization could well reveal unsatisfactory aspects (Woolf, 1997:304).

Because a public sector organisation makes use of public funds in order to achieve public objectives, it is important to ensure control of public funds by legislature, and public accountability in the financial affairs of the public sector entities (Porter, Simon and Hatherly, 2002:102).

2.12.5.3. The auditor's report.

When an auditor is unable to design or carry out procedures to obtain sufficient appropriate audit evidence as to the completeness and accuracy of the accounting records, this may constitute a limitation on the scope of the auditors work. Schools should supply all evidence so that unqualified report can be prepared (Puttick, 1999:655). The audit report should, however, follow the principles for auditors' report, which are down in generally accepted auditing standards.

2.13 Generally Accepted Accounting Practice (GAAP)

GAAP may be defined as the body of knowledge, consisting of the written and unwritten rules of concepts which guide accountants in their financial reporting duty. This body of knowledge has been built -up over the years and has been changed in nature in order to adapt to changing needs of society and the economy. Indeed, GAAP is still in a state of flux, with Institute of Chartered Accountants worldwide constantly adding to it through the issuing of statements of accounting practice, which dictate or at least, recommend, the method to be adopted by accountants in certain situations. (Aboobaker, et al, 2001: 209).

As the business world becomes more sophisticated over the years, a financial management become more complex and important. Various business or organizations will prepare their financial reports in a variety of ways, which made comparison between different organisations extremely difficult. The purpose of GAAP is to make financial statements more:

- ❖ Understandable, Useful, Relevant, Reliable timely, Verifiable, Neutral, Comparable and consistent.

Faul, et al (2000:9) state that the Generally Accepted Accounting Practice (GAAP) basically constitutes agreed procedures to follow when communicating accounting information. If the business enterprises were free to present accounting information in any way would they choose the ability of users to make valid comparison between enterprise and of the same enterprise in different financial period would be seriously impaired. To help to overcome this problem the accounting profession has given some accounting practice the special status of being generally accepted accounting practice.

The Generally Accepted Accounting Practice represents the consensus at any time as to which economic resources and obligations should be recorded, how the recorded assets and liabilities and changes in them should be measured, when these changes should be recorded, what information should be disclosed, how it should be disclosed and which financial statement should be prepared (Jones and Pendlebury 2000:81).

Accountants, auditors, chief financial officers and treasurers should have a thorough knowledge of the GAAP in order to prepare and attest to financial statements. Users should be familiar with the GAAP so that they understand the nature limitation of the information presented in financial statements. In some ways, the GAAP principles are similar to statutory in that business enterprises must use such principles when they prepare financial statement for internal and external users (Gillespie, et al 2000:14).

The basic requirements for financial statements is that of fair presentation which is required by section 286(3) of the company's Act .Ac 101 (Paragraph 11) states that appropriate application of GAAP statements with additional discloser where necessary, will result in such

fair presentation in virtually all circumstances. Ac 101 is based on the International Standards, IAS1. It was possible for IAS1 to make the same statement to the effect that compliance with the GAAP statement would ensure fair presentation.

Where the organisation's financial statements comply with GAAP statements, this should be stated. Conversely, the financial statement should not be described as complying with GAAP statements unless they comply with all requirements of each applicable statements and each applicable interpretation (Ac 101, Paragraph.12).

2.14 Training managers as main role players in financial management

In terms of whose responsibility training is Armstrong Michael (1996) suggests that managers be responsible for training in financial management. Senior management must create a learning organisation in which managers recognise that the training of financial management and development are key parts of their role and one on which their performance will be assessed. The role of a specialised training function is generally to provide advice and guidance to managers of their training in financial management responsibilities. Often in organisations trainers act as internal consultants to many organisations.

Davis and Davis (1998:57) state that the job description for trainers no matter how it is written is to facilitate learning. Many organisations, even those with model structures for training, are thinking what they are doing about training. This is not always an easy task, however, because sometimes training gets caught up in large reengineering efforts, figuring what to do about training is a key part of the organisational problem.

2.15 Pastel Accounting Software.

The soft line pastel product range provides flexible and feature- rich accounting and business management software solutions from small, single user start-up operation right through to larger entities with multiple companies and several hundred concurrent users, Softline pastel has the right sized solution for any organisation (www.pastel.co.za/Accounting.c.html).

Sage pastel accounting express is perfect for businesses and organisation that operate a single accounting environment. Whether an organisation is a start-up, small business or even large turn-over operations, it does not need to have a high level skill in accounting to be able to use. It is intuitive, user friendly accounting solution that lets an organisation manage the numbers with ease and confidence (www.pastelsoftware.co.nz/pastel_products.htm).

Running a business is no easy task. So many different things to worry about, that the last thing a manager wants to worry about is probably the reason he or she are in business in the first place. Pastel accounting express is quick and easy to set up and even easier to use. It helps managers they to manage your accounts and finalize them easily, so that you can get on with the job of their organisations (www.sambus.com/products/pastel.htm).

Accpac is described as the simple accounting which enhance user interface, it redesigns account reconciliation, enhance reporting, is data sensitive, inventory reports, enhanced integration between financial statements and excel, increased flexibility on aged reports, automatic lookup and adjusting entries in payments and receipts and it outlined outstanding debts (www.simplyaccounting.com/sa).

2.16 Conclusion

In this Chapter it became evident that sound and careful financial management will prevent mishaps and will safeguard the school against accusations of fraud, especially for school principals. Every school has its own policy on financial matters, and should use it in conjunction with departmental policies. With a basic knowledge of the financial aspects, a principal should be able to have a safe and secure system of financial management in the school. This also includes knowledge of the process of financial control in schools.

The following chapter therefore focuses on the research methodology.

CHAPTER THREE

RESEACH DESIGN

3.1. INTRODUCTON

This chapter outlines the research methodology used in the study. It explains broadly the rationale behind the methodology, how data collected, interpreted and analysed. The empirical investigation was meant to examine the management of finance in public schools in Mafikeng Region.

3.2. Data collection instrument

The questionnaire was used as the primary instrument in this study a because of its reliability.

3.2.1. Questionnaire

The questionnaire is the most important device that enables respondents to answer questions. It is a means of communication between the respondents and the researcher (Legotlo 1996). It is mostly used in surveys. It contains a selected group of questions chosen due to its relevance. Thus, the questionnaire is carefully worded for clarity. The questions that are asked should be able to produce the data required for the study. A good questionnaire must create a feeling of importance on the part of the respondent, a sense of relevance and that their-co-operation is of significance (Teu 1997).

3.2.1.1. Advantages of a questionnaire

In comparison with the use of an interview procedure, the questionnaire has the following advantages:

- ❖ Distribution of questionnaire is cost effective in terms of time, money and travelling.
- ❖ A broader sample of people can be reached, in a way ensuring an extensive spectrum of views, thus minimising generalisation of the study,
- ❖ Standardised instructions are given to all respondents and the appearance and mode of conduct of the investigator do not influence the result.
- ❖ Confidentiality of information given can be maintained since in the questionnaire, the identity of the respondent is anonymous (Babbie 1983: 03).

3.2.1.2. Disadvantages of a questionnaire

Since questionnaires are commonly used in research, some respondents could have a negative attitude towards them, thus contributing to a high rate of non-response. Like other strategies for data collection, questionnaire has some disadvantages and these are:

- ❖ Respondents may not respond to important points or emphasized aspects, which are of importance to the investigator.
- ❖ The danger of misinterpretation of questionnaire exists, as it is very difficult to formulate questions, which convey almost the same meaning to all respondents.
- ❖ Unavailability of address of the respondents may also pose a problem if follow-ups are needed (Teu 1997).

Despite these disadvantages, the mail questionnaire is commonly used to collect data. Researchers have identified a number of factors and several aspects of design and layout in securing a good response rate to questionnaires and these are:

- ❖ Contents of the questionnaire should be arranged in a way that it will maximise co-operation from the respondents.
- ❖ Contents of the questionnaire should be arranged in a way that it will maximise co-operation from the respondents.
- ❖ The language must be accessible and clear, bearing in mind that what may be clear to you, may be a jargon to another person.
- ❖ The way a questionnaire appears is visually important; it has to look easy to answer (Borg and Gall, 1989: 430).

3.2.2. Questionnaire construction

3.2.2.1. Development of questionnaire items

According to Molale (1999:83), an ideal questionnaire possesses the same properties as a good law. It is clear, unambiguous and uniformly workable. Legotlo (1996) also states that the questionnaire as a measuring instrument used to collect data has the greatest influence on the reliability of the collected data. It is of significance that care must be taken when designing a questionnaire because questionnaires that are not properly constructed can lead to respondents missing questions and confusing them. The implication here therefore, is that design must minimise potential errors from respondents. A well-designed questionnaire boosts the reliability and validity of data to an acceptable level of tolerance (Borg and Gall, 1989).

The following is an outline basic rule for constructing a questionnaire as identified by Borg and Gall (1989:430).

- ❖ Distribution of questionnaire is cost effective in terms of time, money and travelling.
- ❖ Short items are preferable
- ❖ Clarity, items should mean the same to all respondents.
- ❖ Negative items should be avoided.
- ❖ Double-barrelled items, which require the subject to respond to two separate ideas with a single answer, should be avoided.
- ❖ Biased questions are to be avoided.

Gill and Johnson (1991) identify the following steps in questionnaire construction as important:

- ❖ Writing a first draft of questionnaire.
- ❖ Deciding what the problem really is and what information is required to provide answers.
- ❖ Deciding what type of questions to use: fixed or open.
- ❖ Piloting the draft questionnaire with a sample of respondents.
- ❖ Revising the questionnaire on the basis of criticism.
- ❖ Administering the questionnaire.
- ❖ Analysing and interpreting the returned questionnaire and
- ❖ Writing the final report of the inquiry.

There are several pitfalls that Moroane (2000) has identified that need to be considered, these are:

- ❖ Questions ought to be clearly worded and in simple language.
- ❖ Questions should not be too long as it may bore the respondents.
- ❖ Ensure that questions are important and that the respondents possess the knowledge to give an answer,

- ❖ Avoid loading questions or items, as these will tend to produce biased responses.
- ❖ Ensure that fixed responses, alternative answers are balanced and
- ❖ Ensure that the items follow a natural logic order.

3.2.2.2. Content and format of the questionnaire

The questionnaire used in this study consisted of three parts, namely Part A (Question 1.1-5.6), Part B (Questions 6.1 -6.7) and Part C (Question 7.1-7.5), Part D (8.1-8.7) and Part E (9.1-9.3)

Part A (Questions 1.1-5.6) the purpose of these questions was to gather biographical and demographic information of the respondents. The information was essential to understand the background information of the respondents.

Part B (Questions 6.1-6.7), Part C (Question 7.1-7.5), Part D (8.1-8.7) and Part E (9.1-9.3)- The purpose of these questions was to assess the skills and knowledge, which members of the financial committees had in financial management and the training needed.

Part C (Question 7.1-7.5) the purpose of these questions was to identify aspects that financial committees thought of importance and needed to be addressed by the Provincial Department of Education so that finances could be properly handled or managed at schools.

The questions were rated on a four-point scale from 1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree.

3.2.3. Pre-testing of the questionnaire

Even though much care is taken into consideration when designing data collection instruments (the questionnaire in this particular case), there is always a possibility of error. It is therefore, imperative to avoid making mistakes, such as an ambiguous question, or one that respondents cannot answer, and consequently there is a need to pre-test the questionnaire in full and /or in part (Babbie, 1983: 159).

According to Teu, (2002:54), a pilot study is a small-scale preliminary investigation designed to acquaint the researcher with the flaws and problems that needed attention before the major study. It offers the researcher an opportunity to pre-test the instrument. The primary purpose of a pilot study is to detect the problems that must be solved before the major study is conducted.

With the view to determining any flaws, problems and ambiguity, the questionnaire was pre-tested using a sample of six educators. The respondents were asked to complete the questionnaire and to indicate items or point that might need to be considered to improve the instrument (Teu, 2002:54). The pre-test results were checked and the suggestions made by respondents were taken into consideration to improve the questionnaire.

3.2.4. Final questionnaire

The final questionnaire was administered to 124 participants (31 principals, 31 deputy principals or financial committee members, 31 treasurers, 31 chairpersons of SGB's).

3.2.5. Covering letter

The covering letter is a tool employed to introduce the questionnaire to the respondents. This letter should be carefully and thoughtfully structured and it should also address the concerns of the receiver of the letter. Cohen and Manion (1985:110) suggest that the letter should indicate the aim of the survey in order to convey its importance to respondents, assure them of the confidentiality of their responses and encourage their participation.

3.3. Administrative procedures

Permission for access to schools was secured from the Mafikeng Area Project Manager. A list of schools was obtained from the Area Project Office (APO). From the information provided about the location of schools the researcher, and then delivered the questionnaires to the schools. Access to schools was achieved without any difficulties.

3.4. Follow-up

Follow-ups were made to schools, which did not return the questionnaire in order to encourage them to bring back the completed copies.

3.5. Population sampling

High schools in Mafikeng Area Project Office (31 high schools) were selected. Out of 124 questionnaires distributed to sampled schools, 110 were returned which contributed 89%.

3.6. Statistical techniques

A computer-aided statistical analysis was employed to compute the descriptive data for each respondent in the study. The programme includes the following tools, frequency distribution, frequency percentages, histograms and pre-chart, mean scores and standard deviation.

3.6.1. Descriptive data

Computation of frequencies, frequency percentages and graphical representation was employed effectively to determine the results of the study envisaged by the researcher.

3.6.2. Quantitative data

Statistical analysis such as frequencies, frequency percentages, and the pre chart, graphical representation, mean scores and standard deviation was used to determine the results of the study.

3.7. Conclusion

The questionnaire was used as the main tool for collection of data for this study. Assistance to analyse data was received from the North - West University Statistical Studies Division. A statistical package for Social Sciences (SPSS) for performing frequencies and frequency percentage and graphical representation, mean, standard deviation and +- test was used carefully to determine the results of the study. Descriptive statistics was employed to verify skill and knowledge possessed by school principals in financial management. The following

chapter reflects analysis and interpretation of data collected using statistical tool SPSS.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter focuses on the results of the empirical investigation conducted on the management of finance in public schools in the Mafikeng. The empirical data collected through a questionnaire are summarised and discussed in this chapter.

4.2 Review of the subject

Of the total subjects 124, 110 (88, 71%) respondents returned the questionnaire and only 11, 29% copies of the questionnaire were not returned.

4.3 Part A of the questionnaire

Table 4.1 reflects the demographical characteristics of the respondents. Such information helped the researcher to have insight about the respondents in the study.

Table 4.1: Location of the school

Category	Frequency	Percentage
Urban	40	36.36
Suburban	16	14.55
Rural	54	49.09
TOTAL	110	100

Table 4.1 reflects that 40 (36.36%) of the respondents were in urban areas, 16 (14, 55%) of the respondents were in suburban areas and 54 (49, 09%) and 54 (49, 09%) of the respondents are in rural areas. The implication is that most of the respondents were from rural areas.

4.4: Background of committee members concerning education and experience.

Fifty five members of the financial committee (50%) possessed Matric + three year Diploma in Education, 24 (21,81%) possessed Matric + four year degree in education, 21 (19,09%) of the respondents possessed Matric + B.com degree in education majoring in Accounting Business Economics and Economics, about 7.09% of the respondents did not have Matric, they only had Std. 8. The implication is that most members of the committee possess education qualification with whole 19, 09% have B.com degree.

Table 4.2: Working experience in years

Category	Frequency	Percentage
No response	0	0
0 – 5 years	2	1.18%
6 – 10 years	12	10.91%
11 - 15 years	70	63.63%
16 – 20 years	20	18.18%
21 and above	6	5.45%
Total	110	100

Table 4.2 shows that the experience of respondents were as follows, between zero and five years 1,18% (2) had this experience, 12 (10.91%) of respondents had between 6 and 10 years working

experience, 70 (63,63%) of the respondents had between 11 and 15 years working experience, 20 (18,18%) of the respondents had between 16 and 20 years of working experience, 6 (5,45%) had 21 years and above in working experience. Data in Table 4.3 indicates that the majority of respondents had between 6 and 10 years of working experience.

Table 4.3: The rank of committee members in the school.

Category	Frequency	Percentage
No response	0	0
Educator	25	22.73
Deputy Principal	4	3.64
Principal	27	24.55
Treasurer	29	26.36
SGB Chairperson	25	22.73
Other (specify)	0	0
TOTAL	110	100

Table 4.3 shows that 25 (22, 73%) of the respondents were educators, 4 (3, 64%) were deputy principals, 27 (24, 55%) were principals (school managers), 29 (26, 36%) were treasurers, 25 (22, 73%) were school governing body's chairperson. This implies that the majority of the financial committee members were educators (this includes deputy principals).

Table 4.4: Previous position

Category	Frequency	Percentage
No response	0	0
Educator	04	3.63
Deputy Principal	23	20.91
Principal	0	0
Student	48	43.64
Head of Department	25	22.73
Other (specify)	10	9.09
TOTAL	110	100

Table 4.4 reflects that 04 (3.63%) of the respondents previously were educators, 23 (20.91%) were deputy principals, 48 (43,64%) were students, 25 (22.73%) were had of the department and ten of the respondents reflected they had never had a formal job, most of the time they worked as casual workers on the farm. The information in Table 4.5 implies that most of the participant was students, which indicates that they do not have financial management experience.

Table 4.5: Committee members need support and guidance in financial management.

Category	Frequency	Percentage
No response	00	00
Strongly disagree	00	00
Disagree	05	4.54
Agree	25	22.73
Strongly agree	80	72.73
TOTAL	110	100

Table 4.5 shows that of the total respondents, five (4.54%) disagree with the statement made, 25 (22.73%) did agree with the statement, 80 (72, 73%) of the respondents strongly agreed that committee members needed support and guidance on financial management from the department, the implication of table 4.6 is that 105 (95.45%) stated that the department should give them support in financial management.

Table 4.6: Strategic and quality financial planning play an important role in determining sound financial management.

Category	Frequency	Percentage
No response	3	2.73
Strongly disagree	0	0
Disagree	2	1.82
Agree	60	54.54
Strongly agree	45	40.91
TOTAL	110	100

Table 4.6 shows that three (2.73%) of the respondents did not respond to the question, two (1, 82%) of the respondents disagree with the statement, 60 (54, 54%) agreed with the statement and forty five (40.91%) they strongly agreed with the statement. The majority of respondents agreed that strategic and quality financial planning played an important role in determining the sound financial management.

Table 4.7: Department should offer frequent training in financial management.

Category	Frequency	Percentage
No response	00	00
Strongly disagree	00	00
Disagree	00	00
Agree	16	14.54
Strongly agree	94	85.46
TOTAL	110	100

Table 4.7 reflects that 16 (14.54%) of the respondents agreed that the department should offer frequent training in financial management, 94 (85, 46%) strongly agreed with the statement, the implication is that all respondents stated that the department should offer frequent training in financial management.

Table 4.8: Committee members dealing with finances at your school possess any financial qualification or experience

Category	Frequency	Percentage
No response	13	11.82
Yes	18	16.36
No	79	71.82
TOTAL	110	100

Table 4.8 shows that of the 110 respondents 13 (11, 82%) did not respond to the question, 18 (16.36%) says that their financial committee members possess financial qualification or experience, 79 (71, 82%) stated that their financial committee members did not possessed a financial management qualification or experience. The data shows that

the majority of financial committee members do not have financial management qualification or experience.

Table 4.9: Does your school have an independent auditor to audit books?

Category	Frequency	Percentage
No response	14	12.72
Yes	47	42.73
No	49	44.55
TOTAL	110	100

Table 4.9 states that out of 110 respondents 14 (12.72%) did not respond to the question, 47 (42, 73%) of the respondents are stated that their schools had an independent auditor, 49 (44, 55%) are stated that they did not had an independent auditor. The implication is that majority of schools did not use private auditors; this could mean that they are using government auditors.

Table 4.10: The training provided by the department is adequate for schools in financial management.

Category	Frequency	Percentage
No response	05	4.45
Yes	06	5.456
No	99	90
TOTAL	110	100

Table 4.11 indicates that five (4.45%) respondents did not respond to the question, six (5, 45%) agrees that the training provided by the department is adequate, while 99 (90%) says that the training is not adequate, The implication is that majority of respondents did not agree

with the statement, which implies that the training provided by the department is not adequate.

Table 4.11: Does your school have a full time treasurer?

Category	Frequency	Percentage
No response	02	1.82
Yes	01	0.91
No	107	97.27
TOTAL	110	100

Table 4.11 shows that of the total respondents on this question 2 (1.82%) did not respond to the question, one (0.91%) respondent had stated says that they do have a full time treasurer, while 107 (97,27%) stated their schools did not have full time treasurers. This means that the majority of the respondents did not have full time treasured at their schools.

Table 4.11: The financial policy provides sufficient guidelines to draft financial statements at school

Category	Frequency	Percentage
No response	00	00
Strongly disagree	15	13.64
Disagree	73	66.36
Agree	13	11.82
Strongly agree	09	8.18
TOTAL	110	100

Table 4.11 show that 15 (13, 64%) respondents strongly disagreed that financial policy provided sufficient guidelines to draft financial

statements at school, 73 (66, 36%) disagreed, 13 (11, 82%) agree with the statement and nine (8, 18%) strongly agreed that the financial policy provided sufficient guidelines to draft financial statements. The implication is that majority of the respondents disagreed with this statement which means that financial policy did not provide sufficient guidelines to draft financial statements.

Table 4.13: The policy guidelines on keeping of financial records are adequate.

Category	Frequency	Percentage
No response	02	1.82
Strongly disagree	13	11.82
Disagree	63	57.27
Agree	12	10.91
Strongly agree	20	18.18
TOTAL	110	100

Table 4.13 shows that two (1, 82%) respondents did not respond to the question, 13 (11, 82%) strongly disagreed with the statement that says the policy guidelines on keeping of financial records are adequate, 63 (57, 27%) disagreed with the statement, 12 (10, 91) agrees that policy guidelines on keeping of financial records were adequate, 20 (18, 18%) they strongly agrees that this policies are adequate. This implies that the majority disagreed with the statement.

Table 4.14: The policy guidelines on control over school finances sufficient for schools to have proper control.

Category	Frequency	Percentage
No response	05	4.55
Strongly disagree	27	24.55
Disagree	39	35.46
Agree	13	11.82
Strongly agree	30	27.27
TOTAL	110	100

Table 4.14 shows that five (4.45%) of the respondents did not respond to the question, 27 (24.55%) of the respondents strongly disagreed with the statement, 39 (35.46%) disagreed with the statement that says the policy guidelines on control over school finances sufficient for schools to have proper control of funds, 13 (11,82%) of the respondents agreed with the statement, 30 (27,27%) strongly agreed with the statement that says the policy guidelines on control over school finances is sufficient for schools to have proper financial control. The majority of the respondents disagreed with the statement.

Table 4.15: The policy guidelines on the distribution of available funds are adequate to eliminate over spending.

Category	Frequency	Percentage
No response	07	6.36
Strongly disagree	27	24.55
Disagree	54	49.09
Agree	09	8.18
Strongly agree	13	11.82
TOTAL	110	100

Table 4.15 shows that seven (6.36%) respondents did not give a response on the question, 27 (24, 55%) strongly disagreed that the policy guidelines on the distribution of available funds were adequate to eliminate overspending, 54 (49.09%) of the respondents disagreed with this statement, nine (8.18%) agreed with the statement, 13 (11.82%) strongly agreed with the statement that says the policy guidelines on the distribution of available funds were adequate to eliminate over spending. The implication is that majority of respondents disagreed with the statement that says the policy guidelines on the distribution of available funds are adequate to eliminate over spending.

Table 4.16: Your school uses policy guidelines on budgeting to monitor spending and to have proper control of funds.

Category	Frequency	Percentage
No response	00	00
Strongly disagree	36	32.72
Disagree	60	54.55
Agree	10	9.09
Strongly agree	04	3.64
TOTAL	110	100

Table 4.16 shows that four (3,64%) strongly agree that their school uses policy guidelines on budgeting to monitor spending and to have proper control of funds, ten (9.09%) agreed with the statement, 60 (54.55%) disagreed with the statement, 36 (32.72%) strongly disagreed that their school uses policy guidelines on budgeting to monitor spending and to have proper control of funds, the implication is that majority of respondents disagreed with the statement that says school uses policy guidelines on budgeting to monitor spending and to have proper control of funds.

Table 4.17: Does your school prepare income and expenditure statements monthly?

Category	Frequency	Percentage
No response	0	0
Yes	11	10
No	99	90
TOTAL	110	100

Table 4.17 shows that 11 (10%) of the respondents agreed with the statement that says their school issue monthly income and expenditure statements, 99 (90%) disagreed with the statement, which means that their school did not issue income and expenditure statement monthly. The implication is that majority of respondents did issue statements of income and expenditure on monthly basis.

Table 4.18: Does your school draw-up budget every year that informs spending the following year.

Category	Frequency	Percentage
No response	0	0
Yes	105	95.45
No	05	4.55
TOTAL	110	100

Table 4.18 shows that of the total respondents 105 (95.45%) of the respondents stated that their school drew budget every year that informs spending the following year, five (5.55%) says that their school did not prepare budget every year to inform spending the following year. The implication is that majority of respondents agreed that their schools prepare budget every year to inform spending the following year.

Table 4.19: Are parents, learners and educators informed of any funds raised / donated to the school?

Category	Frequency	Percentage
No response	0	0
Yes	40	36.36
No	70	63.64
TOTAL	110	100

Table 4.19 shows that of the total respondents on this question 40 (36.36%) stated parents, learners and educators were informed of any funds raised/donated to the school, 70 (63.64%) are saying that parents, learners and educators are not informed of any funds raised/donated to the school. The implication is that majority of the respondents are not informing parents, learners and educators of funds raised or donated to school.

Table 4.20: Do your school keep all records of funds collected and spend.

Category	Frequency	Percentage
No response	09	8.18
Yes	95	86.36
No	06	5.45
TOTAL	110	100

Table 4.20 shows that of the total respondents on this question nine (8.18%) did not respond, 95 (86.36%) agreed that their school keep records of funds collected and spend, six (5.45%) stated that they did not keep records, the implication is that the majority of the respondents did not agreed that they kept records of funds.

Table 4.21: Does your school do bank reconciliation every month.

Category	Frequency	Percentage
No response	03	2.72
Yes	04	3.64
No	103	93.64
TOTAL	110	100

Table 4.21 show that of the total respondents three (2.72%) of the respondents did not respond to the question, four (3.64%) stated that their school do bank reconciliation statement every month, 103 (93.64%) stated that their schools did not prepare bank reconciliation every month; the implication is that the majority of respondents did not prepare bank reconciliation every month.

Table 4.22: Does your school issue statement to learners every month?

Category	Frequency	Percentage
No response	01	0.91
Yes	29	26.36
No	80	72.73
TOTAL	110	100

Table 4.22 shows that of the total respondents on this question one (0.91%) did not respond to the question, 29 (26, 36%) agreed with the statement that says their school issue monthly statements to learners, 80 (72.73%) did not issue monthly statements to learners. This means that majority of respondents did not issue monthly statements to learners.

Table 4.23: Does your school prepare a variance statement (to confirm actual spending with the budget).

Category	Frequency	Percentage
No response	25	22.73
Yes	20	18.18
No	65	59.09
TOTAL	110	100

Table 4.23 shows that of the total respondents on this question 25 (22.73%) did not respond, 20 (18.18%) stated that their school prepares variance statement, 65 (59.09%) says that they did not prepare a variance statement to confirm actual spending with the budget. The majority of respondents did not prepare a variance statement to confirm actual spending with the budget.

SUMMARY

This chapter outlines the findings of the empirical investigation conducted on the management of finance in public schools with special reference to Mafikeng Area project office.

The respondents were also asked to make an input in the form of comment on what can be done to improve the financial situation at schools. They outlined that the government should do skills audit in schools to evaluate the knowledge or skill that financial committees have and come up with a programme that will assist them to become good financial managers, even the policies they have, they cannot interpret them because they lack the necessary training.

Majority of respondents listed the following:

- They need to have a proper financial training.
- Schools should appoint a full time treasurer.
- SGB should be empowered as they are the engine of the school.
- Cash cheques made at schools cannot be accounted for.
- Departments should appoint a qualified accountant so as to assist schools.
- Most school managers are signatories of the cheque, which creates a problem of accountability.

CHAPTER FIVE

Summary, recommendation and conclusion

5.1 Introduction

The purpose of this chapter is to give a summary, to recommend suggestions in some of the issue and to come to a conclusion. An area of further research is also highlighted.

5.2 Summary of the study

Chapter 1: Outlines the statement of the problem and the rationale behind the study. In an attempt to search for ways that will assist in enriching the knowledge and skills of school managers in financial management.

Chapter 2: The second chapter focuses on the literature survey for the study; management of school finance is one of the most important areas in school management. Financial control ensures that its transactions are recorded accurately and its financial position is correctly presented at appropriate intervals. The South African's School's Act requires of the public school to plan their annual budget. The budget serves as an instrument that reflects the expenditure and income of school.

School managers and financial committees need to be conversant with the various approaches to financial control and record keeping. This will assist school in having an effective financial management. South African School's Act (SASA) has delegated financial management to the school governing body.

The SGB's need to ensure that arrangement is in place for effective and efficient financial management. It must take all reasonable measures to supplement the

resources provided by the state in order to improve the quality of education provided by the school to the learners.

The School Governing Body is required by the SASA to elect the financial committee that must be composed of the school principal who is the accounting Officer, treasurer and secretary.

School managers need to be conversant with the aspects or procedures of financial control, namely financial statements, school fund account, bank reconciliation statement, petty cash fund, analysis of cash book and auditing. The focus is on effective and efficient management of financial resources. School managers are accounting officers; this implies that they are held accountable for financial transactions and accounting procedures that take place during a given fiscal period in their schools.

Chapter 3: Discusses the development of the questionnaire for principals, deputy principals, SGB chairpersons and treasurers. A total of 124 questionnaires were distributed to 31 high schools in Mafikeng Area Project Office (District) from the total number of distributed questionnaire only 110 copies were returned, which means that 88.71% respondents returned questionnaire.

Chapter 4: Deals with the interpretation and analysis data. The chapter also highlights the discussions and interpretation of the findings from the empirical investigation. The survey brought up very interesting perspectives and a better understanding of the problem of role players in the school financial management process. It is evident that a rather significant percentage of those involved in finances of the school experience certain problems and frustrations that hinder the successful implementation of the guidelines on financial management.

These problems mostly relate to the lack of financial management skills. This gives an indication that more training and workshops of controlling of school finances is needed for the schools to do their financial management correctly. This implies that the government should provide training to the personnel that handle funds so as to eliminate or minimise errors regarding the recording and control to the school money. The respondents have indicated that the government should arrange with financial institution to adopt public schools and to offer assistance on financial management to the schools. This would improve the management of finance in public schools and at the same time equip the officials with the much-needed skills. This can be regarded as a very important perspective and a suggestion that needs further consideration.

5.3 Research Findings

In order to address the main aim of the study the findings are discussed in conjunction with the aims of the study in Chapter 1. Thus this section will focus on each of the findings for all stated aims.

5.3.1 Finding of aim one (1)

- ❖ To evaluate systems that are in place for assisting financial committees, to take effective and efficient financial management decisions that will assist in proper management of debtors and creditors at schools.

There are factors that delay the process of control in schools such as lack of financial management skills and knowledge. The findings revealed that learners or parents as main debtors of the school are not supplied with monthly statements which serve as a reminder to parent, so that they can settle or update their accounts.

5.3.2 Findings on aim two (2)

- ❖ Regarding aim 2 namely, analysis and/evaluation of financial policy. The response shows that most of the schools had the policies, but they have difficulties in implementing these policies. As most respondents suggested that there was a need to have a proper training in interpretation of policies.

5.3.3 Findings on aim three (3)

- ❖ Regarding aim 3 namely, evaluation and analyses of financial management.

The respondents indicated that their schools did not prepare income and expenditure monthly, as this creates a problem to schools because the schools could not account to parents how the funds collected were spent.

Schools also issue statements to learners on monthly basis, issuing of statement monthly create this problem of control over debtors. It shows that most of schools did not know how many accounts are outstanding, because there is no proper control over accounts. Most people dealing with finances at schools do not have any financial management qualification, if they have any qualification, most of them are commercial teachers who are not qualified as bookkeepers.

5.4 Recommendations

5.4.1 Recommendation 1

Consultation and involvement of stakeholders

All stakeholders, educators, parents, learners and the Department of Education should be involved in all aspects that involve finances of the schools, as this will assist in accountability and transparency in the use of school finances.

Stakeholders should be encouraged to take part in the implementation of any activities that take place at schools and involve funds.

5.4.2 Recommendation 2

Training needed

Several of the respondents indicated that there was a need to have proper training in financial management. Therefore the Department of Education together with all stakeholders that are involved in education should do skill audit at school so as to identify the gap that exists in schools particularly in financial management. After audit they should design a programme that will assist schools in proper financial management, this includes workshops, seminars and financial courses with institutions of higher learning.

This training should be aimed at equipping schools with skill and knowledge that will assist schools to manage finances effectively and efficiently.

5.4.3 Recommendation 3

Financial accountability

Schools should keep record of all funds that have been received at schools. They should be able to follow all procedures that on control of funds. The school should also clearly state financial procedures that should be followed, they should submit their books to auditor so that, they (auditor) prepare unqualified statements, should the school not afford the auditor. Department of Education should provide qualified personnel to do the job. Financial policies and procedures need to be reviewed every year to keep to date with the necessary legislature or policies.

5.4.4 Recommendation 4

School annual report

The school should prepare annual report that indicates the following-:

- ❖ Summary of income by clearly indicating its source.
- ❖ Summarise expenditure by activity.
- ❖ Explain any significant variations between planned and actual income and expenditure.
- ❖ Describe the end of year financial position of the school including a breakdown of the funds to be carried forward.
- ❖ Clearly identify targeted income.

5.4.5 Recommendation 5

Budgeting

Schools managers need to be conversant with the various approaches to budgeting, namely zero based budget, planning programming budgeting and bottom-up approach. Insight into these various approaches will assist schools in choosing the one appropriate approach for their needs.

The school governing bodies need to ensure that arrangements are in place for effective and efficient financial management. It must take all reasonable measures to supplement the resources provided by the state in order to improve the quality of education provided by the schools to the learners as required by SASA..

5.4.6 Recommendation 6

Financial control

The financials need to be conversant with the aspects or procedures of financial control, namely financial statement, school funds account, bank reconciliation, petty cash fund, analysis of cash book and auditing. The focus should be on effective and efficient management of financial resources. The principals in the schools are the accounting officers, this implies that they are held accountable for financial transactions and accounting procedures that take place during a given fiscal period in their school.

5.4.7 Recommendation 7

Financial policy

Schools should draw financial policies that will assist them in dealing school with finances, a financial policy should be developed with the participation of all stakeholders, however the policy should be authorised by the governing body and Provincial Department of Education.

The policy should be drawn in line with the guidelines and procedures stipulated in the South African School's Act Of 1996.

Financial policy should include the following:

1. Procurement

- Authorisation limits.
- Purchase order.

- Documentation requirements.

2. Receipts

- Maintain receipt book.
- Deposit reconciled regularly.

3. Disbursements

- Check expenses are properly authorised.
- Ensure original documents.
- Expenses are properly allocated and captured.
- Documents are cancelled once paid (with word paid).

4. Bank accounts

- Safekeeping of cheques.
- Reconciled monthly.
- Reconciliation items are followed up promptly.
- Two signatories should sign the cheques.

5. Petty cash

- Cash counts performed regularly.
- Ensure adequate supporting documents.
- Limited access to cash box.

6. Daily financial record keeping

- Recording expenses.
- Report Income.

5.5 CONCLUSION

Sound financial management at school level, depends on sound financial principles. Employing the stipulation of the South African School Act and accompanying provincial guidelines can achieve this. If schools do not implement the policy on financial management adequately, the successful management of finances at school level can be greatly hampered.

The implementation and management of policy on financial affairs in public schools in the North West Province was thus investigated in this study. It was found that many of those involved in school financial management experience certain problems that hinder the successful implementation of the policy. These problems are mostly related to the lack of financial management skills. More training and workshops are needed for the sound financial management at school level.

Further study should focus on management of finance in public schools in North West province.

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QUESTIONNAIRE

This questionnaire is aimed at learning about the background; knowledge and skills that school managers have in financial management. The survey is sent to secondary schools in Mafikeng Area Project office (District). The result of the survey will be summarised. The study is to be used to improve management of finances to school managers.

The information will be treated confidentially and no direct references will be made to you or your school. Respondents are requested to answer all questions and be honest.

Part A

Kindly answer the following questions by crossing (X) on the appropriate box.

1.	LOCATION OF THE SCHOOL	
1.1	Urban	
1.2	Suburban	
1.3	Rural	

2. What is the background of the committee members in the school concerning education and experience?

2.1 Committee Members 1.....

2.2 Committee Members 2.....

2.3 Committee Members 3.....

2.4 Committee Members 4.....

3.	WORKING EXPERIENCE IN YEARS	
3.1	5.10 to 5	
3.2	6 to 10	
3.3	11 to 15	
3.4	16 to 20	
3.5	25 and above.	

4.	Your rank / post level	
4.1	Educator	
4.2	Deputy principal	
4.3	Principal	
4.4	S .G. B Chairperson	
4.5	Treasurer	
4.6	Other (specify).	

5.	PREVIOUS POSITION	
5.1	Educator	
5.2	Deputy principal.	
5.3	Student.	
5.4	Head of department	
5.5	Other (specify).	

Part B

Listed below are some views on financial management as revealed by literature. Please read through list and cross (X) the block that express your view in each item. Use the rating scale to express your view.

Key: Strongly Agree -4
Agree -3
Disagree -2
Strongly disagree -1

6.	ITEM	4	3	2	1
6.1	Committee members need support and guidance on financial management from the department.				
6.2	Strategic and quality financial planning play an important role in determining the sound financial management.				
6.3	The department should offer frequent training in financial management.				

6.4	Committee members dealing with finances at your school posses any financial qualification or experience (formal / informal)	yes	no
6.5	Does your school have an independent (private) auditor to audit your books?	yes	no
6.6	The training provided by the department is adequate for schools in financial management.	yes	no
6.7	Does your school have a full time treasure / bookkeeper?	yes	no

PART C

7. Analysis / evaluation of financial policy.

To what extent do you agree/ disagree with the following with the following.

Key: Strongly Agree -4

Agree -3

Disagree -2

Strongly Disagree -1

7.	ITEM	4	3	2	1
7.1	The financial policy provides sufficient guidelines to draft financial statement at school.	4	3	2	1
7.2	The policy guidelines on keeping of financial records are adequate.	4	3	2	1
7.3	The policy guidelines on control over school finances are sufficient for schools to have proper control.	4	3	2	1
7.4	The policy guidelines on the distribution of available funds are adequate to eliminate over spending.	4	3	2	1
7.5	Your school uses policy guidelines on budgeting to monitor spending and to have proper control of funds.	4	3	2	1

PART D

8. Evaluation and analyse of financial management.

Kindly answer the following question by crossing (X) on the appropriate box.

8.1	Does your school prepare income and expenditure statement monthly.	Yes	No
8.2	Does your school draw-up budget every year that informs spending the following year.	Yes	No
8.3	Are parents, learners and educators informed of any funds raised / donated to the school?	Yes	No
8.4	Do your school keep all records of funds collected and spend.	Yes	No
8.5	Does your school do bank reconciliation every month.	Yes	No
8.6	Does your school issue statement to learners every month?	Yes	No
8.7	Does your school prepare a variance statement (to confirm actual spending with the budget).	Yes	No

9. Briefly answer the following questions.

9.1 What do you think can be done improve the financial situation at schools?

9.2 Any further comment/s

THANK FOR YOUR COOPORATION.

GRADUATE SCHOOL OF BUSINESS & GOVERNMENT LEADERSHIP

POSTGRADUATE PROGRAMMES

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Email: graduateschool@uniwest.ac.za

The District Manager
Department of Education
Mafikeng

RE: PERMISSION TO CONDUCT RESEARCH

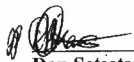
This letter serves to request that Mr. N.P. Malatji, a registered student in the MBA/MPA programme at the Graduate School of the North West University, be afforded the full cooperation of the department of Education in the completion of his research project.

Mr. Malatji research project is a partial requirement for the fulfillment of his Masters Degree in Business Administration, and his field of study is concern with the management of finances in public finances.

Mr. Malatji requires permission to distribute research questionnaires to various high schools throughout the district, and your assistance in this regard will contribute to the successful completion of his project.

Please forward your written responses directly to Mr. N.P Malatji, in order to aid his logistical planning.

Your cooperation is highly appreciated.



Dan Setsetse
Programme Director

