

CHAPTER 5

FINANCIAL AND PROPERTY MANAGEMENT

5.1 INTRODUCTION

The preceding chapters have dealt with what can be termed the "human resources" of the state-aided school. However, these resources can only be fully utilized if the school has a sound financial policy.

According to Botha (1992:56) one of the most important aspects of the management of the state-aided school is the "...proper planning and control of funds to provide for the financial needs of the school...".

Niemann (1990:386) as supported by Odden and Picus (1992:1), in defining the specific task of financial education management, draw attention to the management of the financial aspects of the (state-aided) school by a person (governing body) in a position of authority, with the sole purpose of realising effective teaching (education).

Oosthuizen et.al. (1993:182) describe the financial management of the state-aided school as that area of education management wherein the manager (governing body) functions in order:

- to budget for the anticipated needs of the local education programme;
- to obtain finances according to those needs;
- to administer the finances responsibly and in a juristically accountable way.

Therefore, in order to achieve effective education through the proper control, planning and administration of finances, the governing body, according to the Manual for State-aided Schools (1992:9) has certain responsibilities and powers:

- the investigation of all sources of financing (private sector, local government, communities, parents, private households) in order to make up the difference between the subsidies from the State and the money needed to run and develop the state-aided school including the provision of all educational and extra-mural needs and equipment;

- the need to maintain and develop existing and additional amenities and facilities i.e. effective property management;
- the need to establish educational and development funds;
- the determining and levying of school fees;
- the canvassing of a sponsoring body, gifts, donations;
- the obtaining of state subsidies for needy parents;
- the economic management of hostels and transport schemes;
- the striving for the greatest financial autonomy;
- the control and decision making concerning fund-raising by parent bodies or through specific functions;
- the establishment, if so desired, of a finance committee on which the parents and staff are represented but under the chairmanship of a governing body member;
- the vetting and approving of all decisions and proposed fund-raising projects;
- the investing to best advantage of moneys not required for immediate needs;
- the efficient administration of finances and systems;
- the control of all stock and of movable consumable and non-consumable stock;
- the development of an effective budgeting system.

5.2 PROPERTY MANAGEMENT

In terms of Regulation 6(1) of the Regulations relating to Governing Bodies of State-aided Schools "A governing body shall manage the property of a state-aided school and shall, subject to the provisions of the Act, exercise control over the state-aided school and its activities".

Section 31A(1) (a) of the Act (70/1988) states that from the date of declaration of a state-aided school all the movable and immovable property shall be owned and controlled by the state-aided school concerned on such terms and conditions as determined by the Minister but that, in terms of section 30 (2) of the Act, the state-aided school "...shall not without the approval of the Minister let, sell or otherwise alienate its immovable

property or grant to any person any real right therein or servitude thereon...".

The governing body as representative of the state-aided school as juristic person will, under its patrimonial powers provided for in section 31(2) of the Act (70/1988), ensure the following with regard to movable and immovable property as set out in an information document of the Department of Education and Culture (ANON 1992:7-10):

- That an audited report on the condition of the movable and immovable property be submitted annually to the education department within 3 months of the end of the financial year;
- That it does not effect any structural changes to fixed structures related to immovable property nor erect new buildings on the property without the prior approval and permission of the Head of Education;
- That the immovable property is maintained at its own cost to the satisfaction of the Head of Education and subject to periodic inspections. Such inspections could result in the governing body being instructed in writing to have certain maintenance done or have it carried out on its behalf at the expense of the state-aided school concerned;
- That the property, both movable and immovable is insured against possible damage or loss;
- That it understands that the education department concerned will accept responsibility for the repairing of fixed assets which are damaged as a result of natural disasters;
- That in terms of section 31A(3) of the Act (70/1988) the deeds office where the immovable property is registered will endorse the property transferred to the state-aided school on the title deed register;
- That in terms of section 31A(5)(a) as amended by government notice No. 139 of 1993, the State shall be

liable for the payment of any notes which a local authority may levy upon the value immovable property of the state-aided school concerned. Section 31A(5)(b) states that the state-aided school shall be deemed a governmental institution as defined in section 1(1)A the Rating of State Property Act (79 of 1984).

- That in terms of circular minute 33 (TED, 1993:1) the immovable property may not be registered in the name of the governing body who have no legal personality, but in the name of the state-aided school concerned which is a corporate body;
- That in terms of section 31A (1)(a) of the Act (70/1988) the ownership of the property shall without payment of compensation by the State "...revert to the State if the property in the opinion of the Minister is not being utilized in the interest of education". This implies according to a publication of the Department of Education and Culture (ANON 1992:10) that the movable and immovable property of the state-aided school concerned is utilized for educational purposes, that the standard of education is satisfactory and that the number of pupils enrolled in the state-aided school justifies its continuation as a school;
- That non-consumable movable property be maintained for as long as it is usable at own cost;
- That the writing off or transfer of non-consumable movable property shall be done in consultation with the education regional office concerned;
- That consumable movable property is replaced at own cost.

5.2.1 Maintenance, control and supervision of property and stock

According to the Manual for State-aided Schools (1992:19) the governing body should consult all the relevant parties concerned in its management

responsibility of the property and stock of the state-aided school.

In terms of maintaining and improving the physical facilities at a state-aided school, the governing body shall ensure that any major and minor maintenance or projects conform to prescribed norms and standards. When deciding on the appointment of consultants, the awarding of contracts and the signing of agreements, particular care must be exercised.

Governing bodies must consult the physical planning section of the education department concerned for professional advice when undertaking any capital projects with regard to the physical facilities or the grounds of the state-aided school.

It should be noted as stated in circular minute 62 (TED, 1993:6) that with the implementation of the system of state-aided schools, "... a great responsibility devolved upon governing bodies of schools in that the state-aided school itself became a body corporate as represented by the governing body". This means that the governing body assumes full responsibility for the maintenance and utilization of the buildings.

5.2.2 Hiring out of physical facilities

Subject to the provisions of section 30(2) of the Act (70/1988) the governing body of the state-aided school may make available to outside bodies, either free of charge or for a fee the physical facilities of the school such as the school hall, the gymnasium or the sports fields. Any income derived by hiring out facilities may be retained in the account of the school. Use of the physical facilities by outside bodies is dependant on the condition that there be no encroachment upon the normal education programme of the state-aided school concerned.

Governing bodies are advised to draw up a contract of detailed conditions for the use of physical facilities

by outside bodies, which should be signed by the applicant concerned.

5.3 APPROPRIATION OF MONEY AND OTHER GOODS

In terms of section 30(3) of the Act (70/1988) the state aided school as juristic person and as represented by the governing body "... shall appropriate money or other goods donated or bequeathed to or received in trust by that school". The appropriation must however be in accordance with the conditions of the donations, bequest or trust concerned.

The governing body should be aware in such a case, as put by Bothma (1992:15) of its fiduciary duties by acting in good faith towards the state-aided school as juristic person. It must be aware of the trust and confidence placed in it as representative of the state-aided school.

5.3.1 Subsidies and loans to state-aided schools:

It is necessary to distinguish between loans to state-aided schools as provided for in section 33 of the Act (70/1988) and subsidies to state-aided described in section 32 of the Act (70/1988).

5.3.1.1 Subsidies

Subsidies to state-aided schools is money appropriated by the House of Assembly for the education budget. This appropriation is essentially money granted for the salaries and allowances of the staff (all teaching and auxiliary service staff, hostel staff, administrative staff and general assistants) in subsidized posts at state-aided schools. Such salaries, allowances and salary scales are determined by the Minister as in section 97 (2) (a) (i) of the Act (70/1988).

Circular 158 (TED, 1992:3) expands on the matter of subsidies by quoting the Minister on the basis and conditions of the granting of a subsidy to a state-aided school. Apart from the payment of subsidized salaries to the staff of state-aided schools, subsidies are also granted for:

- all resettlement expenditure of staff who are promoted within the approved establishment of the education department concerned;
- the resettlement expenditure of persons at retirement;
- the resettlement expenditure of a person's family in the event of his/her death;
- the transport costs of a person's household and belongings on his first appointment in education.

Subsidies will also include such grants as:

- school fee subsidy to the parents of pupils who are unable to afford the school fees, but who qualify for such subsidies according to the current income scales and limitations that are applicable;
- subsidies for boarding fees, transport scheme fees, music fees, art fees and ballet fees;
- study grants to teachers for certain categories of further study.

While the granting of subsidies to state-aided schools is not the direct financial management responsibility of the governing body in that such subsidies are determined by the Minister in terms of section 32 of the Act (70/1988), it is the conditions subject to which the state-aided school will be granted a subsidy that is of concern to the governing body. These conditions as set out in circular 158 (TED, 1992:3-4) are as follows:

- The principal (and by implication the governing body) shall be the accounting officer of the school:
- Pupils who in terms of section 53 of the Act (70/1988) are subject to compulsory school attendance should be permitted to attend the nearest school to their home if so desired. This means the school which is geographically nearest to the permanent home address of the pupil concerned, along the shortest public route and which makes provision for the relevant education phase, language medium and where applicable the

sex of the pupils;

- Schools may not levy excessively high school fees and expect parents who cannot afford it, to pay such fees;
- Parents, on admission of the child shall be informed of the amount of the compulsory school fee;
- Pupils whose parents do not pay the compulsory school fees, may not be excluded from the (state-aided) school for this reason and there shall not be any discrimination against such pupils;
- If additional educators are appointed (in non-subsidized posts) over and above those on the approved staff establishment (in subsidized posts), governing bodies shall enter into a written contract with such educators;
- If a teacher who is appointed by the governing body in a non-subsidized post so wishes, he may request the teachers' association of which he is a member, to negotiate on his behalf with the governing body concerning his conditions of service.

If any of the above-mentioned conditions are not complied with by a state-aided school (and by implication the governing body as representative of the state-aided school as juristic person) "...the Minister may cancel the subsidy to such a school", according to circular 158 (TED, 1992:4).

The implications of the above conditions for a subsidy to a state-aided school as quoted by the Minister in circular 158 (TED, 1992:3-4) are far-reaching. These conditions for a subsidy should be read together with the following:

- Section 37 of the Act - as this concerns the

withdrawal of the declaration of the state-aided school if the conditions of the subsidy are not complied with.

- Section 49 of the Act and regulation 6(5) of the Act - as these concern the admission of persons to state-aided schools and the admission policy of the governing body.
- Regulation 6(6) of the Act - as this concerns the levying of school fees;
- Regulation 6(7) of the Act - as this concerns the creation of non-subsidized posts and as explained in the Manual for state-aided schools (1992).

5.3.1.2 Loans

Loans to state-aided schools may be granted by the Minister in terms of section 33 of the Act (70/1988).

Loans are granted for the purposes of:

- the erection of buildings and the acquisition of equipment of a permanent nature;
- the acquisition of land, including land on which buildings have been erected, or rights to or interests in land and for the payment of any survey and transfer costs involved;
- the payment of capital expenditure on the fencing and improvement of the land of the state-aided school; and
- the repayment of any loan lawfully raised by the state-aided school, for any of the purposes mentioned above.

The governing body may in terms of section 33(2) and (3) of the Act (70/1988) apply in writing to the Head of Education for a loan, stating fully the purposes of the loan. Estimates, plans, specifications, returns and any other documents or information should preferably accompany the application. Inspections could also be called for before the Head of Education will determine whether the application should be granted for the purpose requested.

The governing body is responsible for the repayment of any loan granted to the state-aided school, on the terms set out in section 34 of the Act (70/1988) and as determined by

the Treasury and the Minister of Finance prior to the granting of the loan.

Security conditions for the repayment of a loan are set out in section 35(1) of the Act (70/1988). This security is represented by movable and immovable property of the state-aided school concerned. Furthermore the provisions contained in section 35(2) of the Act (70/1988), set a limit on the amounts owing in respect of the loan, in relation to the value of the security.

5.3.2 School fees as a source of income

Regulation 6(6) of the Regulations relating to Governing Bodies of State-aided Schools provides for the governing body to "...levy school fees and enforce payment thereof".

School fees according to the Manual for State-aided Schools (1992:10) is the most important source of income for the state-aided school. Governing bodies should be thorough in their research in an effort to determine school fees, (together with other sources of income) which will be equitable in the eyes of the parent community. As noted in circular 158 (TED,1992:4), governing bodies should not "...levy excessively high school fees and expect parents who cannot afford it, to pay such fees". Essentially, what governing bodies need to take into detailed account when setting school fees are, according to the Manual for State-aided Schools (1992:10) the following:

- Expenses with regard to materials and equipment normally needed by the various subjects, centres, workshops, laboratories, physical education, sports activities, sports facilities, specialized subjects such as art, music, ballet, extra-curricular centres, cultural activities and the media centre;
- Special fees or levies connected with the

teaching of subjects eg. laboratory fees, centre fees...;

- Specialist or expensive equipment eg. microscopes, workshop machinery, photo-copying machines, ovens....;
- The need to build up contingency funds, development funds and reserve funds;
- The number of pupils whose parents would not be able to afford all of or portion of the school fees, boarding fees, transport fees and other additional expenses, offset by subsidies granted by the State towards these expenses e.g. school fee bursaries;
- the salaries of staff appointed by the governing body in non-subsidized posts;
- hiring of equipment;
- subsidies that are likely to be paid by the school eg. towards transport costs.

Although regulation 6(6) provides the governing body with the legal right to enforce the payment of compulsory school fees, Van Buuren (1992:4) quotes the Minister as saying that governing bodies need to handle the matter of the non-payment of school fees by parents who do not qualify for the State subsidy for needy parents, with sensitivity. There is a need to investigate all possible means to persuade parents to pay school fees before resorting to court action which should be "...regarded as a last resort..." to enforce payment.

Governing bodies are further reminded by Van Buuren (1992:4) that the Cape Supreme Court ruled that a school in Claremont be ordered not to prevent a standard 7 child attending school in 1993 because school fees had not been paid in 1992. The school and

governing body were also forbidden to withhold teaching material and aids from the pupil concerned.

5.3.3 The sponsoring body as a generator of income

The management, control and executive power vested in the governing body of a state-aided school in terms of section 31 (1) of the Act (70/1988) implies the responsibility of the governing body of the state-aided school to ensure the future development of the school as opposed to merely maintaining the status quo.

In terms of the governing body's educational financial management responsibility therefore, it would be expected to generate income from sources other than from school fees.

In terms of the definition contained in Regulation 1 of the Regulations Relating to Governing Bodies of State-aided Schools, a "sponsoring body" is a body or a group of persons approved by the Executive Director as delegated by the Minister (circular minute 189, TED, 1992:1). This body or group of persons would be involved with the state-aided school, and be prepared to assist it financially.

Applications as envisaged in Regulation 1 above, are to be addressed, according to circular minute 189 (TED, 1992:1) to the Executive Director of the education department concerned and must be accompanied by a separate constitution outlining the activities of the sponsoring body.

Once the Executive Director has approved the application for a sponsoring body, the governing body must apply to the Director of Fundraising, (Department of Health and Population Development) to be registered as a fundraising body as stipulated by the Fund Raising Act, 1978 (Act 107 of 1978).

Regulation 2(1)(c) of the above-mentioned Regulations provides for the designated representation of the sponsoring body on the governing body. The number of

representatives is determined by the Executive Director of the education department concerned, but which would be less than half the total membership of the constituted governing body. The names and addresses of such representatives shall, in terms of Regulation 17 be given to the Executive Director and the principal (and by implication the governing body) in writing by the sponsoring body concerned.

According to circular minute 189 (TED, 1992:2) the Executive Director will approve a maximum of three additional members to be nominated by the sponsoring body and appointed to the governing body. These additional members are not elected as are the other members. This means that the governing body will, in practice, consist of eleven members and the principal, if the state-aided school concerned has a sponsoring body.

The sponsoring body, according to the Manual for State-aided Schools (1992:8), would, through various means and by involving the community be helpful with the partial or total funding of the running and developmental costs of the state-aided school. It could, by virtue of its representative membership on the governing body, bring "...efficiency, effectiveness and accountability..." expertise into the proper financial management of the school.

However, the Manual for State-aided Schools (1992:8) points out that there are particular Acts that are relevant to the canvassing of sponsors/funds/donations by the governing body or sponsoring body, namely:

- * the Fund Raising Act, 1978 (Act No. 107 of 1978) which stipulates that no organisation or persons, who intends to supplement funds from the community concerned, may collect funds if it/he is not authorized to do so by this Act. According to Oakes (ed) (1992:118) the Fund Raising Act of 1978 requires that a collector (of funds) must have in his possession a document (from the state-aided school concerned) which authorizes him to collect on that person's

(state-aided school's) behalf. Failing to have such a document is an offence and is punishable by a fine or imprisonment or both. The state aided school concerned would also be required to register with the Director of Fund raising in order to collect contributions from the public.

- * Section 18A(2)(6) of the Income Tax Act, 1962 (Act No. 58 of 1962) permits tax deductions for donations to an approved educational fund (and not an ordinary school fund) or secondary (state-aided) schools. These contributions should only be voluntary donations, up to the greater of R500 or 2 % of the taxable income.

- * Section 21 of the Companies Act, 1973 (Act No. 61 of 1973) makes provision for the registration of an organisation as a non-profit-making association which is exempt from both income and donations taxes. A governing body may therefore appoint persons either from its own members or from outside to act as a sponsoring body. Registration is required in terms of the Companies Act, in order to negotiate funds for the state-aided school on a constant basis. However, in terms of circular minute 189 (TED, 1992:2) the governing body itself may not act as the sponsoring body of the state-aided school concerned.

Governing bodies may canvass more than one sponsoring body and are able to co-ordinate sponsorships in areas where there are several schools.

5.3.4 Other sources of income

Income according to Bolton (1992:7) can be derived from a variety of less reliable sources such as sales of goods produced by the school, concerts, fetes, functions, interests on investments and the like, and are usually fund-raising projects initiated by parent committees. What governing bodies should note however

is the restriction placed by section 21(1)(a)-(d) of the Children's Act, 1960 (Act No. 33 of 1960) on children under the age of twelve years being used to collect donations or contributions for the school (Manual for State-aided Schools, 1992:11).

The Manual for State-aided Schools (1992:25) and as supported by Schroeder (1989:5), makes note of a very important function of the governing body of the state-aided school, namely that of "marketing and public liaison". It is stated that the following areas should receive serious attention especially in view of the limited financial support schools receive from the State:

- a sound public liaison programme including such actions as : the creation and promotion of a positive image, liaison with community bodies, educational marketing, public appearances and presentations, press/media liaison.
- a sound public relations strategy which includes: establishing favourable relationships with the public and other important role-players; projecting a positive image of staff, pupils; generating goodwill; convincing communication;
- a sound marketing strategy which includes: preparing a detailed plan of action for the school; publicising the good elements of the educational function of the school and other such factors as geographical accessibility, career-applicability of courses, cost-effective financial management, extra-mural facilities and programmes, post-school study and development, community orientation and support, the opportunity for personal development.

Each state-aided school needs to achieve success. In order to achieve this success a marketing vision is required in order for the state-aided school to be competitive within its community and to meet the future successfully.

5.4 THE BUDGET OF THE STATE-AIDED SCHOOL

According to the Manual for State-aided Schools (1992:13) the "...preparation and approval of the budgets for the following year is effected by the governing body taking into consideration the inputs from all the parties concerned". The budget must be prepared and finalized before the beginning of the established financial year as envisaged in section 36 (1) of the Act (70/1988) so that parents may be informed in advance of what school fees are payable (Botha, 1992:57). The governing body when preparing a budget should call for various sub-budgets from all the parties concerned (Botha, 1992:59). For example the sponsoring body, the various departments in the state-aided school, sport sections, maintenance groups, the finance committee, cultural groups, the parents and any other person or group of people who are responsible for estimating expenditure. The purpose of extended input according to Botha (1992:58) is for the governing body to ensure a "...realistic budget..." so that all estimated expenditure is accommodated by an accurate estimation of income from all available sources. The budget will also take into account the medium- and long-term capital development planning. It will also impose, according to Niemann (1990:388), economic discipline in the management of the finances of the state-aided school. The budget will also take into account the financial realities of the community. If a hostel is attached to a state-aided school it is preferable, according to Botha (1992:59), that a separate account be operated for the hostel which is budgeted for separately. The budget of the state-aided school, once approved in consultation with all parties concerned, remains subject to constant control, analysis and revision so that it can be constantly adapted and brought up to date with prevailing circumstances - in other words, the budget is to be regarded as a dynamic and operational document, as supported by Berkhout and Berkhout (1992:51).

5.5 THE HANDLING OF MONEY AND THE RELATED BOOKKEEPING

According to Botha (1992:65) the governing body should appoint the principal of the state-aided school as "...the

accounting officer ..(who)... must account for all monies received by the state-aided school and for all the payments made". Transport schemes and the hostel also fall under the accountability of the principal. Prescribed guidelines and procedures with regard to the handling of State funds are determined by the Executive Director of the education department concerned and must be adhered to strictly.

The Manual for State-aided Schools (1992:13) sets out certain issues relating to the handling of money:

- * the income of the state-aided school is to be deposited in the name of the school concerned in an account at a registered banking institution;
- * state money is to be dealt with as prescribed by the Executive Director of the education department;
- * two separate books may be kept - one for State monies and one reflecting the income and expenditure generated by the governing body;
- * the transport of money should be strictly controlled, be included in the insurance cover of the school and include safety measures for the staff transporting the money;
- * daily petty cash needs are determined by the governing body and the monthly balancing of the books carried out;
- * the methods and practices of the financial systems should always reflect the due state of affairs;
- * necessary information regarding such things as statistics, cash flow statements, budgeting and the like should be easily extractable from the accounting system;
- * hostels should have their own set of books and banking account;
- * at least two signatures are necessary for all cheque payments with the governing body determining the maximum amount for which a signatory may sign without the prior approval of the governing body;
- * staff funds are kept separately from the school accounts;
- * the governing body determines the policy with regard to school fee payments by pupils who leave school during the year;

- * no expenditure which has not been provided for in the budget may be incurred without the prior approval of the governing body.

5.6 GUIDELINES FOR THE EFFECTIVE ADMINISTRATION OF FINANCES

Botha (1992:69) lists certain requirements which must be met by the governing body in its responsibility in respect of the independent administration of funds of the state-aided school:

- * financial administration must be managed in a systematic and orderly manner with a checks-and-balances control in place;
- * receipts must be issued immediately and correctly;
- * money must be kept and handled safely;
- * money must be deposited immediately;
- * internal financial control (auditing) must be exercised on a regular basis, eg. verification of the cash book;
- * bank overdraft facilities should be avoided, and if necessary only with the permission of the Minister;
- * strict economy measures should be applied;
- * any shortages must be dealt with in terms of the budget and steps taken to rectify the problem;
- * detailed accounting records of all transactions must be kept for the purposes of drawing up the necessary financial statements for auditing.

5.7 FINANCIAL YEAR, RECORDS AND ANNUAL FINANCIAL STATEMENTS OF STATE-AIDED SCHOOLS

5.7.1 Financial year

Section 36(1) of the Act (70/1988) determines that the financial year in which the state-aided school will operate its books shall terminate on the 31st December each year.

5.7.2 Records

The governing body shall, in terms of section 36(2)(a) of the Act (70/1988) and in accordance with the instructions of the Executive Director of the

education department concerned, keep records of the monies received and spent by the state-aided school concerned as well as of the assets, liabilities and financial transactions of the state-aided school.

Botha (1992:72) notes that the governing body of the state-aided school may computerize the accounting system of the school. It should consult with the auditors of the records and financial statements in order to determine the acceptability of the particular computer programme.

5.7.3 Financial statements

Section 36(2)(b) of the Act (70/1988) stipulates that the governing body shall draw up annual financial statements which indicate "...with suitable particulars, monies received and expenditure incurred by the state-aided school during, and its assets and liabilities at the end of, the financial year concerned", and that this be done not later than three months after the end of each financial year. According to the Manual for State-aided Schools (1992:14) the governing body will make the annual financial statements available to the head office of the education department concerned once the statements have been compiled.

5.7.4 Auditing

The records and the annual financial statements shall in terms of section 36(3) of the Act (70/1988) be submitted for audit by the governing body of the state-aided school concerned. The auditor shall be a person who in terms of the Public Accountants' and Auditors Act, 1951 (Act 51 of 1951) be registered as an accountant and auditor, and shall be appointed by the governing body. Once the governing body has approved the audited reports they must be signed by the chairman of the governing body. In terms of section 31(4) of the Act (70/1988) a copy of the auditor's report must be submitted to the Head of Education not later than six months after the end of the particular financial year concerned.

The Manual for State-aided Schools (1992:14) notes that any contributions from the State (such as maintenance services, loans, payments of subsidies for needy parents) as well as all other sources of finance and the purpose for which they were used must be able to be ascertained from the financial statements.

5.8 WITHDRAWAL OF DECLARATION OF STATE-AIDED SCHOOL

Section 37 of the Act (70/1988) has bearing on the subsidy granted to the state-aided school under section 32(1) of the Act (70/1988). If in the opinion of the Minister, the conditions of granting a subsidy are not complied with, the Minister may, at any time by notice in the Gazette, withdraw the declaration of the educational institution as a state-aided school. The Minister may however, give the governing body concerned an opportunity to make representations in this regard, before withdrawing the declaration.

5.9 SUMMARY

The acquisition of funds and the proper planning, control and administration of such funds is essential to provision of quality education in the state-aided school.

The governing body of the state-aided school is not only bound by the legal stipulations regarding the handling of and accounting for financial resources, but it also has a fiduciary duty of good faith towards the state-aided school.

On a base of sound financial management, the governing body can consolidate the roles of all the other partners in the state-aided school and thereby achieve the desired educational success of the school concerned.