

**THE FINANCIAL MANAGEMENT ROLE OF SCHOOL PRINCIPALS IN NGAKA  
MODIRI MOLEMA DISTRICT**

**BY**

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Research proposal submitted in partial fulfilment for the degree of Masters of Business Administration (MBA) at the Graduate School of Business and Government Leadership in the Faculty of Commerce and Administration, North- West University, Mafikeng Campus.

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## DECLARATION

I, Keolebogile Babsy Mothibi, hereby declare that this mini dissertation for the Master's in Business Administration at the Graduate School of Business & Government Leadership, Faculty of Commerce and Administration, Mafikeng Campus of the North – West University has not been previously submitted by me at this university or any university, that it is my own work and all the sources used or cited have been indicated and acknowledged by means of a complete reference.

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KEOLEBOGILE BABSY MOTHIBI

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## **Abstract**

The South African School Act 84, of 1996 gives a prescription on the manner in which schools should manage their funds. The Act also provides guidelines on the roles and responsibilities of principals and of the School Governing Body. However, various stakeholders dispute the manner in which principals play their financial management role; this is due to overlapping of responsibilities and lack of accountability when problems regarding school finances arise. This hinders progress with regard to transparency and information sharing among stakeholders. The aim of this study is to investigate the role of the principal with regard to efficiently and effectively managing school finances; it also aims to establish whether principals have the necessary financial management skills necessary to perform their roles effectively and efficiently. Quantitative data was collected through conducting a survey. A questionnaire was distributed to school principals in selected schools. The results revealed that although the School Governing body is responsible for school finances as stated in the South African schools Act, accountability for financial management in schools lies with the school principal.

**List of tables**

Table 3.6.1.....39  
Table 4.2.2.....44

**List of Figures**

Figure 3.5.1.....36  
Figure 4.2.2.....44  
Figure 4.2.3.....45  
Figure 4.2.4.....45  
Figure 4.2.5.....46  
Figure 4.2.6.....47  
Figure 4.2.7.....48  
Figure 4.2.8.....49  
Figure 4.2.9.....50  
Figure 4.2.10.....51  
Figure 4.2.11.....52  
Figure 4.2.12.....52  
Figure 4.2.13.....53  
Figure 4.2.14.....54  
Figure 4.2.15.....54  
Figure 4.2.16.....56

## TABLE OF CONTENTS

	Declaration	ii
	Acknowledgements	iii
	Abstract	iv
	List of Tables	v
	List of figures	v
	<b>CHAPTER 1 OVERVIEW OF THE STUDY</b>	
1.1	Introduction	1
1.2	Background to the research problem	2
1.3	Statement of the problem	3
1.4	Research Questions	3
1.5	Objectives of the research	4
1.6	The purpose of the research	4
1.7	Area of study	5
1.8	Definition of concepts	5
1.9	Research Methodology and design	6
1.9.1	Population	7
1.9.2	Sample	7
1.9.3	Respondents	8
1.9.4	Data analysis	8
1.10	Ethical consideration	9
1.11	Chapter outline	10
	<b>CHAPTER 2 LITERATURE REVIEW</b>	11
2.1	Introduction	11
2.2	School Management prior to the introduction of the South Africa School Act	11-12
2.3	The South African School Act	12
2.4	The Ngaka Modiri School District	12
2.5	The role of the principal	12-13
2.6	The role of the school governing body	17-18
2.7	The role of the finance committee	18-19
2.8	The school financial planning	19-21

<b>TABLE OF CONTENTS</b>		
2.9	Types of budgets	21
2.10	Changing role of the principal with regard to accountability and responsibility	21-23
2.11	Effective school financial management practices	23-24
2.12	The school financial policy	24-25
2.13	Financial accounting in schools	25
2.13.1	Financial records	25-26
2.13.2	Reporting and analysis	26
2.13.3	Auditing	27
2.14	Comparison with other countries	27-28
2.15	Conclusion	28-29
<b>CHAPTER 3 RESEARCH METHODOLOGY</b>		
3.1	Introduction	30
3.1.1	Research Methodology	30
3.1.2	Research design	31
3.2	Types of research	31
3.2.1	Quantitative	31
3.2.2.1	Advantages of quantitative research design	32
3.2.2	Qualitative	32
3.2.2.2	Advantages of qualitative research design	32
3.3	Method used and reasons for using the method	33
3.4	Data collection	33
3.4.1	Questionnaire	33-34
3.4.1.1	Advantages of a questionnaire	34
3.4.1.2	Disadvantages of a questionnaire	34
3.4.2	Construction of the questionnaire	34-35
3.5	Sampling design	36
3.5.1	Defining the target population	36-37
3.5.2	Selecting the sample techniques	37-38
3.5.3	Determining the sample size	38

<b>TABLE OF CONTENTS</b>		
3.5.4	Determining the sample elements	38
3.6	Trust worthiness of the research	39-40
3.7	Ethical consideration	40
3.7.1	Permission to conduct research	40-41
3.8	Conclusion	41
<b>CHAPTER 4 PRESENTATION AND INTERPRETATION OF RESULTS</b>		
4.1	Findings from the literature review	42
4.2	Findings from the questionnaire	43
4.2.1	Biographical data	43
4.2.2	Gender	44
4.2.3	Years of experience	45
4.2.4	Age	45-46
4.2.5	Race	46
4.2.6	Qualification	47
4.2.7	Financial Knowledge	48
4.2.8	School finance policy	49
4.2.9	Individuals responsible for formulating the finance policy	50
4.2.10	Authorising of expenditure	51
4.2.11	Individuals responsible for drawing the budget	52
4.2.12	Day to day financial management	53
4.2.13	Problems on drawing up the budget	54
4.2.14	Problems on formulating finance policy	55
4.2.15	Training needs	56
4.3	Conclusion	57
<b>CHAPTER 5 CONCLUSION</b>		
5.1	Introduction	58
5.2	Findings from the study	58
5.3	Finding from the literature	58-59
5.4	Answers to research questions	59

TABLE OF CONTENTS		
5.5	Recommendations	60-61
5.6	Limitations	61
5.7	Suggestion for further research	61
5.8	Conclusion remarks	62
6	REFERENCES	63-70
	ANNEXTURE 1	71
	ANNEXTURE 2	72
	ANNEXTURE 3	73
	ANNEXTURE 4	74-76
	ANNEXTURE 5	77

# CHAPTER 1

## 1.1 INTRODUCTION

The role of principals in public schools has changed since the introduction of the South African Schools Act 84 of 1996. The Act provides for a uniform system for the organisation, governance and funding of public schools. The South African Schools Act 84 of 1996 also provides guidelines for different role players in school financial management. Since the implementation of the South African Schools Act (Act 84 Of 1996), financial management is now an important duty for school principals and School Governing Bodies (SGB). School principals and SGBs members without the necessary knowledge, skill and experience to perform the financial management function often experience a lot of difficulties in their schools (Clarke, 2007:278). In addition, some schools do not have adequate financial policies to give a clear direction on how to utilise funds and resources. SGB Members needs to develop financial policies for the institutions in accordance with directions issued by the Head of Department. The challenge is the absence of the necessary knowledge and “know how” on the development, adoption and implementation of financial policies (Lekalakala, 2006:17). These and other duties (as stated in the South African Schools Act) require relevant experience and high level of literacy. This study will look at the person accountable for finance management in terms of the South African School Act; it also investigates the financial management roles of school principals. According to Van Der Westhuizen (2003:73), the financial management of school principals cannot be separated from the schools activities and management action since they are interactive. He continue by stating that the principal create a climate to ensure an effective smooth education in the school (Van Der Westhuizen, 2003:73). The South African Schools Act, 84 of 1996 states that the governing body is responsible for school governance; however it further states that it does not mean that the SGB must manage the school on a daily basis. Principal have to take a lead in planning of school finances (Lekalakala, 2006:42). In light of the above, the school principal plays an important role when coming to school finances. They are there as ex-officio in the School Governing Body (Mestry, 2004:129). They are the people with knowledge of educational issues to be able to assist in forming reciprocal linked to realise the financial

education objective. School principals are the accounting officers of the school (Hansraj, 2007:2).

## 1.2 Background to the research problem

Prior to 1994, the South African educational system was complex and the introduction of the SASA (1996) brought about certain changes to management of schools. The new reform introduced School governing bodies in public schools. This reform initiative rests on the assumption that participation of educators, learners and parents can enhance the achievement of the desired transformation (Mosoge & van der Westhuizen 1998:73). The introduction of new school reforms also meant that schools currently have greater financial and managerial responsibilities in respect of physical facilities, staff, learners and the community than in the past (Hansraj, 2007:20).

The introduction of SGBs in schools was done to ensure that there is transparency and parental involvement in the running of schools. With regards to financial management, the SASA (1996) is clear that the administration of school funds must be done according to rules set out by the Department of Education. This is the reason that decision making regarding school finances is delegated to those who use them. School principals share the responsibility of taking care of monitoring and guarding school funds. In fact, in order for a school to survive, it depends on how financial resources are managed. This additional financial management load has in no doubt added the principal's responsibilities and tasks that they have not been prepared for in many instances (Ntseto, 2009:1).

Mestry (2004:128) states that the core duties and responsibilities as set out in the Employment of Educators Act 76 of 1998 require that principals be held responsible for the professional management of the school. He continues to state that in terms of financial matters, the principal should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefit of learners in consultation with the appropriate structures.

According to Kruger (2003:33), the principal is the key figure at the school. Kruger states as a financial controller the principal must ensure that the person who performs financial functions does the right thing. In order for a person to be regarded as a financial controller he/she must have the necessary financial knowledge and training. To many principals,

educators and parents the question of who is ultimately responsible and accountable for school finances remains unclear (Mestry, 2004:128). Based on this background the study is conducted to try and understand the role that principals play in the financial management of public schools.

### **1.3 STATEMENT OF THE PROBLEM**

The Schools Act (SA, 1996) prescribes how schools should manage their funds. It also provides guidelines for the school governing body (SGB) and the principal on their roles and responsibilities in managing the finances of the school (Mestry, 2004:126). According to (Mokoena, 2013:8), SASA does not give principals specific responsibilities with regards to finance, however there is a perception that school principals are responsible for financial management in schools. There is however a conflict between the roles of the school principal; this conflict is brought out by the fact that the principal is also a member of the SGB. The problem that this research seeks to address is the conflicting roles between the school principals and the School Governing Body. The problem is some school principals are likely not to understand what their roles are with regard to school financial management (Mestry, 2004:125).

### **1.4 Research Questions**

The statement of the problem is summarised by the following questions:

- What is the financial management role of the school principals?
- What aspects of school finances are principals involved in?
- Who is accountable for financial management?
- How can principals be assisted with performing their financial management duties?

### **1.5 OBJECTIVES OF THE RESEARCH**

The purpose of this research will be to investigate the financial management role of school principals. The research seeks to answer the following questions:

- To establish the financial management role of school principals.

- To determine in which aspects of finances are principals involved.
- To establish who is accountable for financial management in public schools.
- To determine how principals can be assisted in performing their financial management duties.

## 1.6 The purpose of the research

The study will contribute towards providing more information on the roles which school principals play in school financial management. This is because the South African School Act is interpreted differently with regards to school financial management. There is a contradiction between the school principal's roles and the role of the SGB. In most cases, SGB members are illiterate and delegate some powers to the school principal. The danger in this is that the principal may use this opportunity to pursue his or her own objectives at the expense of the school. This implies that the principal is in a position of wielding power when the members of the SGB are either illiterate or have insufficient knowledge when dealing with school financial matters (Mestry 2004:127-128). A Study conducted in Gauteng by Bush and Hysteck (2006:12) revealed that many principals consistently demonstrated their anxiety about carrying out the financial management function and their need for additional training to do so effectively. Other similar findings were also noted by McLennan (2006:12) in her study on governance and management. The Study also aims to identify training needs necessary for adequate financial management in public schools.

Financial management thus forms an integral focus of school governance and management since it covers all activities of a school's overall financial performance mosaic. Although a school may have sufficient financial resources, such resources will not contribute to the attainment of educational goals and objectives if these resources are not efficiently and effectively managed (Bisschoff & Sayed 1999: 311).

The above-mentioned information has provided the stimulus to undertake this study. The finding may benefit the Ngaka Modiri Molema district office in identifying and planning for future training for school principals and SGBs on financial management.

## 1.7 AREA OF STUDY

This mini-dissertation will focus on the financial management role of school principals in Mafikeng area office of the Ngaka Modiri Molema district. Ngaka Modiri Molema is one of the four districts in the North-West Province. The district office consists of nine Area offices namely, Coligny, Ditsobotla, Kgetleng, Kgetleng River, Lichtenburg, Mahikeng, Ramotshere Moiloa, Rekopantswe and Zeerust. This study focuses on public schools both primary and secondary schools falling under section 21.

## 1.8 DEFINITION OF CONCEPTS

### **Financial school management**

Clarke (2007:312) describes financial school management as an act of performing management task related to the financial aspects of schools. Its aim is to achieve education which is effective and is carried out by an authorised person. Financial management within the school context is, according to (Naidu, Joubert, Mestry, Mosoge, & Ngcobo 2008:164), the performance of management actions related to the finance of schools with the main aim of achieving effective education. Financial management, a crucial function of school governance, can be defined as the performance of financial management actions of schools with the main aim of achieving effective education (Mestry, 2004:165). Financial management is a process consisting of various activities that identify measure, accumulate, analyse, prepare, interpret and communicate information. In this study, management of school finances refers to the management of funding from the state, school fees and money raised from fundraising activities in all sampled schools.

### **Accountability**

Lewis (2003) describes financial accountability as an explanation of how funds, equipment or authority given by third party have been used. Kogan (in Watt, Richards, & Skelcher, 2002) defines accountability as being "answerable to one's clients (moral accountability), liable to oneself, one's colleagues (professional accountability) and responsible to one's employers (contractual accountability). Accountability is the state of being accountable, liable and responsible for certain actions or decisions (Watt *et al*, 2002). Therefore accountability refers to giving an account of actions taken and being held accountable for these actions.

### **School governing body**

In terms of section 16 of (SASA, 1996) a school governing body is the structure set up by law, which consist of people responsible and accountable to the community.

### **School finance policy**

(Kani 2000:10) defines school policy as an official action taken by the school for the purpose of encouraging or requiring consistency and regularity. The school policy should be related to the vision and mission statements of the school. According to (SASA, 1996) the SGB is expected to develop policy.

### **Public school**

It is a school falling under the authority of a provincial or national Department of Education, enrolling learners in more than one grade (SASA, 1996).

## **1.9 RESEARCH METHODOLOGY AND DESIGN**

Jankowicz (2005) defines research methodology as a systematic and orderly manner of collecting and analysing data in order to obtain information from the data. Babbie and Mouton (2002:234), defines methodology as a process and decisions that have to be taken by the researcher to execute the project. According to Creswell (2008:59) a research design is a detailed procedure which involves the last three steps of the research process: data collection, data analysis and report writing. Cooper and Schindler (2011) further argue that research design provides the basic direction for carrying out a research project so as to obtain answers to research questions.

In this study, a comprehensive literature review on school financial management was conducted with the aim of gathering more information on how principals manage school finances. A quantitative method of research was deemed fit as it will allow the researcher to detect the respondents' understanding of their roles and responsibilities and how they implement the knowledge for effective financial management in schools in Ngaka Modiri Molema. The use of a questionnaire enabled the researcher to quantify the number of school principals who understood their role in financial management in schools. The researcher was able to quantify data obtained from school principals. The researcher also facilitated, analysed and interpreted numbers obtained from the measurement of characteristics from variables. Responses were also

displayed in tabular and graphical form. The researcher used a structured questionnaire as a data collection tool. Quantitative research uses statistics as a method of determining facts and interpretation of numbers obtained from measuring the perceptions of respondents. This method of research allowed the researcher to assign numbers to observations by counting and measuring the current state of affairs regarding the views of school principals about their role in the financial management in schools (May, 1997:172 -173). A non-experimental research design, namely descriptive research was also used in this study. In a non-experimental design the researcher cannot manipulate conditions. The researcher attains measures from respondents to define an event. This type of research describes achievement which already exist, attitudes, behaviours or other characteristics of a group of respondents. A descriptive study reports things exactly the way they are. In descriptive study more focus is on the present and does not manipulate the independent variables (McMillian & Schumacher 1993:266). (Hair, Bush & Ortinau 2002:57) argue that the researcher should choose a design that will, firstly, provide the information on the research questions and secondly, will do the job most efficiently. Therefore the research design chosen is appropriate as it will allow the researcher to be able to answer the research questions posed. The research method and design is explained further in chapter 3 of the study.

### **1.9.1 Population**

When a group of individuals have the same characteristics, they are referred to as a population (Creswell, 2008: 151). Welman and Kruger (2004:26-47) argue that population is study objects which include individual groups, organisations or conditions in which they are uncovered. The population for this study consists of 384 public school principals in Ngaka Modiri Molema district.

### **1.9.2 Sample**

A sample consists of some participants selected from the population (Sekaran, 2000:226). Brynard and Hanekom (2006) further indicate that a sample of population is used to simplify the research, as it is easier to study a representative sample of a population than to study the entire population. The sample size used is 120 public schools, consisting of primary schools and secondary schools. Convenient random sampling technique was employed for this study.

This technique was chosen for the study as it was not possible for the researcher to reach all schools in Ngaka Modiri Molema district, as the district is widely spread. Convenience selection involves choosing the nearest individuals to serve as respondents and continuing the process until the required size has been obtained (Strydom & Venter, 2002:207). The sampling technique is explained in detail in chapter 3 of the study.

### 1.9.3 Respondents

Primary data was collected from school principals by using structured questionnaires. Questionnaires are generally used as a method in finding information from respondents (McMillan & Schumacher 1993:238). The questionnaire was designed to draw information to meet the objectives of this study. In total 112 respondents took part in the study. Structured questionnaires will be based on the theory as discussed in chapter two. Permission to conduct this research at the schools had been sought from the Superintendent General of the department of Education and the District director of Ngaka Modiri Molema District through a letter (refer to Appendix A).

### 1.9.4 Data analysis

According to Guba and Lincoln (2005:85) for data to be useful, it must be organised in a way that results in logical conclusions. Maree *et al* (2012:37) argue that the researcher needs to plan well in advance how the data will be analysed, since the data collection instrument should be constructed accordingly. In this research design responses to questions contained in the questionnaire are displaced in tabular order to report statistics obtained from the research instrument as well as graphs and pie charts. Data was analysed using micro soft excel 2010.

## 1.10 Ethical consideration

All ethical measures were taken into consideration through this study. These measures included:

- Consent

Informed consent was sought from all school principals who participated in the study. The purpose of the study was explained to them on the letter accompanying the questionnaire. The instructions on how to complete the questionnaire were stated in order for them to be willing to participate in the study.

- Confidentiality and anonymity

A guarantee was given to the respondents that their identity and those of their schools will not be made public. In addition the data was analysed on an aggregate basis without outlining any particular school or respondent.

- Ethical clearance from North West University Ethics committee

The researcher completed an ethical clearance form which was submitted to the North West University Ethical committee. The North West University approved and gave the ethical clearance certificate that allowed the researcher to conduct the study.

## 1.10 CHAPTER OUTLINE

This research consists of five chapters and scrutinised the following:

### **Chapter 1: Introduction**

Chapter one provides the introduction of the study. Furthermore, the problem statement, the purpose of the research, aims and objectives of the study are discussed as well as a brief of the methodology employed. Possible anticipated limitations of the research are also indicated.

### **Chapter 2: Literature**

A literature review on the financial management of school principals was undertaken. , Responsibilities and roles of various stakeholders are discussed. Comparatives between South Africa and other countries are discussed.

### **Chapter 3: Research Methodology**

This chapter outlines the research method utilised when conducting the study. Chapter three comprises a detailed discussion of the research design and research methodology than offered in chapter one.

### **Chapter 4: Findings**

Chapter four gives a report on the findings of this study and in this chapter, findings are analysed, interpreted and discussed.

### **Chapter 5: Conclusion**

The final chapter constitutes an overview of the research and conclusions. Recommendations for further research are provided.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

Chapter one provided an introduction to the study, the purpose of the study, the aims and objectives of the study and definition of concepts. This chapter reviews the relevant available literature on the financial management role of school principals in public schools. The role of the principals prior to the introduction of the South African School Act, of 1996 will be discussed and the changes brought on by the introduction of the Act will also be discussed.

The literature review form the framework on which the research is based as it helps to develop a good understanding and insight into relevant previous resources and emerging trends (Saunders, Lewis & Thornhill, 2000:44).

According to McMillan and Schumacher (2006:75) a literature study is essential for the improvement of the problem identified; it introduces the concept or academic orientation; it advances the importance of the study; identify the limitation of the methods that are to be used; it recognise any contradictions between results; it improves and develop research questions or hypotheses and assist in acquiring new ideas.

### 2.2 School Management prior to the introduction of the South African Schools Act

Prior to the introduction of (SASA, 1996), schools activities were largely unregulated and this had a detrimental effect on the culture of teaching and learning (Andreson & Lumby, 2005). This implies that neither the central government control or devolution to provincial level can be effective without a set of guidelines nor regulation on how schools should be managed (Bisschoff & Mestry, 2003).

Schools were governed according to the principal's handbook (Naidoo, 2006). This approach used a top "down approach". Chapter H of the handbook prescribed how financial difficulties of the school must be dealt with. The handbook specified the rigorous financial control procedures which the school had to adhere to. The principal could delegate some financial duties; this had to be done in writing. The official receipts (2371) were used when money was collected by the school (Naidoo, 2006). The handbook had stringent rules and procedures on how to manage school finances.

School governance in general is not a new idea and practice in South Africa, under the old political dispensation; Parent, Teacher and Student Association (PTAs) existed in various schools. PTAs did not have much power or authority in the management of the school. Their role was to assist the principal in running the school. Their roles were limited to signing cheques and contracts of newly appointed teachers and accompanying learners on school trips (Mkhonto, 1998:8). PTAs were not involved in the financial management of schools; this function was mainly performed by the principal.

### 2.3 The South African school Act

The South African Schools Act was formulated to provide guidelines to the School Governing body in the management and control of public school finance and the implementation of the finance policy. The Act seeks to provide for a uniform system for the organisation, governance and funding of schools; to amend and repeal certain laws relating to schools; and to provide for matters connected therewith (SASA, 1996). It gives unprecedented responsibilities to school governing bodies (SGBs) by regarding all schools as equal and making parents primarily responsible for the education of their children.

The constitution of South Africa (1996) is the other legislation that is responsible for recent changes in school financing. The South African School Act, together with the National Norms and standards for public school financing (1998), has given authority and responsibility for decision making to schools as compared to previously.

### 2.4 THE NGAKA MODIRI SCHOOLS DISTRICT

Ngaka Modiri Molema district is situated in the North-West Province in South Africa. North-West Province consists of four districts, namely Ngaka Modiri Molema, Dr Kenneth Kaunda, Dr Ruth Segomotso Mompati and Bojanala. The District is the second largest in terms of population and size. In terms of schools, the district is also the second highest in connection with the number of schools; it has a total of 384 schools (Department of Education, 2014).

SASA (1996) differentiate between two types of schools namely a section 21 and section 20 school. Section 21 schools are those schools which are self-reliant or self-managing schools.

Section 20 schools are those schools where the department of education pays for its electricity, water, textbooks and other educational material (SASA, 1996). According to Regenesys (2004:36), the following are some of the criteria that must be met in order for a school to be allocated section 21 status: The school must have a democratically elected School Governing Body (SGB), the SGB must be functional in terms of regulatory measures and meetings, implementation of decisions; there must be provisions made in the school budget for improvement of buildings of grounds and maintenance, etc. A section 21 school receives an allocation from the department of education twice a year; the first transfer is transferred to schools in April and the second transfer in September (Department of education, 2012). This money together with all other funds from fundraisings and donations must be managed effectively and efficiently.

## **2.5 The role of the principal**

The principal plays an important role in the finances of the school. According to Davies and Ellison (1997:180) any mistake that is made by educators in a school is undoubtedly aggravated by poor management. To be more exact, if the school finances are not properly managed, the principal usually is the person to blame. Ntseto (2009:26) contends that principals must be in the position to efficiently and effectively manage resources in order to reach the goals of the school. The principal is the accounting officer and therefore agrees to be responsible for the daily management of the school (Davies & Ellison 1997: 190). Bisschoff (2002:92) agrees that school principals have to draw up the financial management directives in order to accomplish proper daily financial management operations of the school. According to Davies and Ellison (1997:190) school leaders and managers (principals) have to be aware of the outside pressures which they face daily when dealing with school finance; particularly, they should be in a position to communicate expenditure incurred by the school to parents and other stakeholders who need to know how and on what money is spent. In order to realise this, Blanchard, Lovell and Ville (1989:92) and Hourigan (2000:1) stress that principals should enhance their skills so that they have a variety of management skills and competencies which their predecessors did not need in the past. In other words, the modern education system demands continuous professional development of principals in order to keep up-to-date of the changing needs of education today, particularly in dealing with financial resources effectively.

The most important aspect of the management of school finances is to have clarity about the responsibility of all involved (Clarke, 2007:280). Responsibilities which are overlapping must be minimised, as areas overlapping mostly because of conflict and no one will want to take accountability. There must be drawn, a fine line of authority; this will ensure that everyone is clear about who is accountable when difficulties arise. The school principal plays an important role in school financial management. Principals have to ensure that financial management tasks are performed effectively with the limitation and provisions of legislation (Van Deventer & Kruger, 2003:234). They have a huge responsibility on their shoulders regarding financial management. According to Shale (2009:17) if the school finances are poorly managed, it is the school principal who takes the responsibility. According to Clarke (2007:280) management of the schools' expenditure is normally the responsibility of the school principal and that the school governing body is responsible for strategic and oversight function, even if he or she does not have the task of maintaining the financial records on a regular basis, the principal has the responsibility for ensuring that financial records are accurate Hansraj (2007:2). The principal is the accounting officer of the school; this means that he/she is responsible for financial accountability. In order for school principals to be able to play their role effectively and efficiently, it is important that they acquire and be equipped with skills and competencies in financial management (Shale, 2009:20). Financial management skills and Basic accounting principles are important elements of a schools administration (Ntseto, 2009:17). Sharp and Walter (2005:4) agrees that proper accounting practices are no longer applicable or something that must be practiced by businesses; they are a necessity and recognised as part of a school's operations procedures. According to Hourigan (2000:1) school principals differ with regards to financial management knowledge and skills. He further states that, while some principals require guidance to improve their financial management, some lack training.

The following basic skills are required by principals in the management of school finances:

- They must have the ability to interpret whether financial systems and the financial terms used are valid.
- They must have the ability to improve the school's integrated budget for financial performances, cash flows and financial position.
- They must have the ability to operate with limited budget and regularly report the progress against the budget to the SGB.

- They must have the ability to put into place systems which will allow a close check on financial matters. This means that they must be able to analyse and interpret financial statement results and trends and make correct projections.
- They must have the ability to make decisions on financial allocation to reflect important needs including priorities in the strategic plan.
- The ability to ensure financial systems is highly functional and complies with acceptable standards.

The Public Finance Management Act, of 1999 state accounting officers:

- Must ensure that the system of financial management and internal control established for that public entity (School) is carried out within the area of responsibility of that office.
- Is responsible for the effective, efficient, economical and transparent use of financial and other resources within that officer's area of responsibility.
- Must take effective and appropriate steps to prevent, within that officer's area of responsibility any irregular, fruitless and wasteful expenditure and any under collection of revenue.
- Must comply with the provision of the Public finance Management Act applicable to that officer; this includes any delegation and orders in terms of section 56 of the Public Finance Management Act.
- Is responsible for the management and safeguarding of the assets and management of the liabilities with that officer's area of responsibility.

The South African School Act, 84 of 1996, stipulates that the principal must undertake a professional management of the school. This means that the principal has been delegated powers to organise and control teaching, learning and associated activities of the school effectively. According to Portgieter, Visser, Van der Bank, Mothata and Squelch (1997:14) professional management of the school principal are as follows:

- Manage personnel and finances;
- perform departmental responsibilities prescribed by the law; and
- Decide on text book, educational materials and equipment to be bought.

Mestry (2004:128) states that the core duties and responsibilities as set out in the Employment of Educators Act 76, 1998 require that principals should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefits of learners in consultation with relevant structures. The principal must ensure that when staff members perform their tasks, they do so in accordance with the strategic directions of the school (Sallis, 1996:90).

Financial management of the school's expenditure and assets in accordance with the provisions of the schools budget is normally the responsibility of the principal (Clarke, 2007:280). He further goes to say that, the principal is responsible for ensuring that members of the school governing body are aware of their responsibilities and of the conditions and limitations imposed by the South African Schools Act. The budget must be ideally suited for planning the school finances. The budget is putting the task of school business management into practice. The school principal should guide and activate people and ensure that proper communication takes place. Jackson (1994:52) states that budgeting should be an integral part of the whole school planning and decision making process.

According to Bishoff (2002:99) leadership in financial management boils down to three aspects, namely sound relationships, motivation of all the people concerned with school finances and communication with all the stakeholders, internal and external.

According to Van de Venter and Kruger (2003:238) in order for the principal to effectively lead the school finances, he/she must be familiar with the proper procedure used in schools for the following financial activities:

- How to handle the school fund account.
- How to receive, record and the administration of school finances.
- How to perform basic school financial accounting.

The Principal has to ensure that the financial management task is performed adequately. They must also ensure that stakeholders are empowered in financial management. The literature review indicated the financial management role carried by principals and it is clear that the principal has an important role to play in school finances; they must ensure the effective, efficient and economic management of resources.

In order for principals to effectively and efficiently play their roles in school finances, they need to have relevant skills in financial management. Principals differ with regard to financial management knowledge and skills. Some only need guidance to improve systems in their schools, while some, especially new ones, do not have proper training to develop systems in the schools.

## 2.5 The role of the school governing body

School governing body is established in terms of SASA 1996 (Thenga, 2010:28). The role played by the school governing body includes, amongst others, to ensure that the best interests of the school is promoted and strive to ensure that schools are developed and provide quality education. They must develop the school's mission statement, the constitution and adopt the learners' code of conduct; offer support to the principal, educators and other stakeholders in the performance of their functions. The school governing body should work in the best interest of the school. This means that members of the governing body cannot work against each other or against the principal (Thenga, 2010:29).

According to section 43 of the South African School Act:

1. The school governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and auditors Act, No. 80 of 1991, to audit the records and annual financial statement of the school.
2. If it is not practical to perform the audit referred to above, the school governing body may appoint a person to inspect and prepare a report on the financial records and statement of the school. This person must be:
  - Qualified to perform duties of an accounting officer in terms of section 60 of the Close corporations Act No 69 of 1984.
  - Approved by the member of the Executive council for this purpose.
  - Any person having financial interest in the affairs of a public school must not be appointed as a member of SGB.
  - If the member of the Executive council deems it necessary, he or she may request the Auditor General to undertake an audit of the records and financial statement of a public school.

- Within six months of the end of each financial year, the SGB must submit a copy of annual financial statements to the head of department.

The following challenges are faced by the school governing body when they have to perform their duties (Mestry, 2004:126). School governing bodies lack the essential financial management knowledge and skills and consequently the ability to come up with solutions to problems. Mestry (2004) continues by pointing out that there is a lack of collaboration between the principal and other SGB members with principals not willing to share responsibilities for school governance as they are losing power. Van Wyk (2004:51) states that School governing bodies, often lacks confidence and are not sure of their duties. Illiteracy among School governing body members also contributes the inefficiency. Most School governing body members, especially those in rural and previously disadvantaged areas are not competent to perform their responsibilities.

## 2.6 The role of the Finance committee

In terms of SASA s (30(1) a finance committee is established by the SGB as a subcommittee. The section further states the role of the finance committee, includes the management of finances, assets and property on behalf of the SGB. The finance committee should comprise of the following people, the principal, the finance officer, the SGB treasurer and additional members who each have their own functions and tasks within the committee. The financial management tasks of the finance committee must be delegated by the SGB in writing to the finance committee. The finance committee must occupy the office for a period of one year.

The following are the functions that are performed by the committee:

- Planning

Planning includes developing and implementing a school finance policy, to be adopted by the SGB. The policies developed must give a framework of the role of each member of the finance committee and subcommittees (Ntsele, 2014:38). The finance committee must have knowledge of the relevant sections dealing with financial matters in the Schools Act (1996); these sections must be applied to planning.

- Leading

The finance committee must advise on ways of how the school can raise funds.

- Organising.

According to Ntsele (2014:38), when the school is preparing the budget, the finance committee must advise the SGB on the amount of school fees, school fees exceptions and how the collection of school fees is enforced. They must form various subcommittees and co-ordinate all the activities of these committees. They must also offer assistance in drawing up annual financial statements.

- Control

Controlling include keeping overall control of school money as well as monitoring and approving all expenditure. Ensure that the school does not overspend (Ntsele, 2014:38).

## 2.7 The school financial planning

The main objective of financial planning and controlling in an organisation is to offer support to that organisation. This function is the most challenging and interesting, compared to other functions of the financial manager. It involves planning and control of the sources of funds and the effective use thereof. There are two different types of planning that can be selected by a school, short term and long term planning. Short term planning relates to plan for a short period of time, e.g. one year. Long term plans relate to plans that can take up to 5 years. The amount of money required depends on term of the plan. Large projects normally requires large amounts of money, hence they should be planned as long term. Schools need to prioritise needs in order to pay all expenses. The budget is usually the first part of a financial plan. According to Bisschoff (2002:65), a budget is the school's mission statement stated in financial terms. This view is supported by Naidu et al (2008: 174), who further stipulates that when drawing up the budget, principals must develop a whole-school approach, which means that all stakeholders involved in the implementation must also be involved in the drafting of the budget. A budget is a tool used by the school's management to make estimations and plans and in the evaluation of the resources of the school in financial terms (Oosthuizen, 1998:300). It (the budget) is regarded as a financial management planning tool (Van Der Westhuizen 2003:375). According to Hôgye (2002), the budget is a policy statement, declaring the goals and specific objectives an authority wishes to achieve by means of the expenditure concerned. Applied to a school, this means that a budget should be

a scheduled plan which indicates estimated future income and expenditure which, in addition, serves as an important mechanism used in ensuring financial accountability and enables an individual to establish at any stage whether expenditure exceeds the budgeted amounts and to take timely remedial steps. Taking into account the responsibilities, it is the job of the school governing body to prepare a budget that will guide and inform school expenditure. According to Section 38 of (SASA, 1996), the governing body cannot approve the budget it has prepared on its own; the governing body must first refer the budget to an Annual General meeting of parents at school. The budget cannot be finalised unless the majority of parents are present and the budget has been approved by a majority vote (Anderson & Lumby, 2005). The budget of the public school must reflect specifically those items that adhere to the requirements format and it is important that all parents must understand this when considering the budget for the school for approval.

According to Bisschoff (2002:67), the budget can assist the school in:

- Systematic planning to guide the activities of an academic financial year;
- Qualifying objectives and identifying priorities. The school needs are prioritised by focusing on activities that may lead to the realisation of the vision and mission of the school. The principle of value for money will apply in all expenditures incurred.
- In co-ordinating activities and communicating plans within the organisation;
- Encouraging and increasing the accountability of middle management;
- Authorising expenditure and activities within an institution.
- Monitoring and analysing expenditure; and
- Assessing performance at the end of each financial year to ascertain whether the budget objectives and priorities of an organisation have been achieved or not.

The estimated income and expenditure of the school for the financial year must be indicated on the budget. In order to enable governance of school finances, budgeting needs to be geared to cycle and provide for the system to absorb and respond to new information (Anderson & Lumby, 2005).

The chairperson of the SGB or the principal drives the budget setting process (Mngoma 2009:13). It is advisable for the principal to develop a whole school approach to the drafting of a budget, which means that everyone who is involved in implementing the budget should be involved in drawing it up (Thanga 2012:38).

This process of monitoring the budget is an on-going process that goes on throughout the year (Glover 1996:3). Budget monitoring involves checking expenditure against what was allocated, checking variances between what was planned for at a given time and the actual figures at a particular time and checking whether resources are mobilised effectively and re-organising where necessary.

## 2.7 Types of budgets

As stated by Van Deventer and Kruger (2003:237), the following types of budgets are used by most schools:

- The daily activities of keeping the school's actions in alignment with set standards and aims are covered in the operating budget. This includes materials, stationery and repairs.
- Curricular as well as extracurricular programmes that the school offers are dealt with in an activity/departmental budget. This includes sports, science and humanities departmental budgets.
- Larger projects such as the erection of new buildings, planting grass on the sports pitches as well as painting school buildings that are planned by the school are covered in the project budget.
- The purchase of certain assets for the school is covered in capital budget. This include, transport and gardening equipment.

## 2.8 Changing role of the principal with regard to accountability and responsibility

Lewis (2003) defines financial accountability as a moral obligation usually placed on individuals or a group, as an obligation to give details on how funds, equipment are to be utilised. Watt *et al* (2002) defines accountability as being "answerable to one's clients (moral accountability), liable to oneself, one's colleagues (professional accountability) and responsible to one's employers (contractual accountability). Being accountable, means that a person gives an account of actions taken as well as being held responsible for taking those actions. According to Hansraj (2007), the South African School Act places the responsibility

of school finances on SGBs. The principal must ensure that policies and procedures put in place by the governing body are communicated to the staff and adhered to. This means that the principal cannot make any financial decisions without communicating or informing the school governing body.

The South African School Act stipulates that the principal is responsible for the professional management of the school. However, it is a norm that principals should be responsible for the funds of the school. The governing body should ensure that there is monitoring and control of funds on a regular basis.

Prior to 1994, school principal's exercised autocratic style of leadership; the South African School Act promotes collaborative and participative style of leadership. This is where all stakeholders are made to be and forms part of financial decisions.

According to Clarke (2007:258) the Personnel Administration Measures (PAM) has formulated duties and responsibilities for principals; they include the professional management of the school. The principal should ensure that the school has various accounts and that it keeps records that make the best use of funds for the advantage of learners in consultation with the appropriate structures. The following additional financial roles and responsibilities of the principal have been clearly defined in Education Laws Amendment Act:

- To monitor income and expenditure related to the budget;
- To report irregularities to the SGB;
- To execute duties in accordance with sound accounting principles and controls as required by the SGB;
- To liaise with the finance officer on financial matters;
- To determine whether financial record are the accurate; and
- To ensure that expenditure of the school are paid on time.

The school principal is responsible to the following authorities:

- The provincial Head of Department of Education

- The school governing body
- Parents and learners attending the school

## 2.9 Effective school financial management practices

According to SASA, effective financial management practices must cover the following:

1. Making a budget to be approved by the majority of parents.
2. Opening a bank account.
3. Managing funds through a school fund under directives issued by the Head of Department.
4. Using funds for educational purposes as per school budget (tabled priorities), having them audited by professional auditors and being able to account and report financial statements to parents.

SASA section 30.1 (a) and (b) allows the SGB to establish committees on finance, management, fundraising, resources, etc. The finance committee is one of the committees, which assists the principal and the SGB. According to Mokoena (2013), the finance committee has the following functions:

- The overall control of school the money.
- To annually draw the school budget.
- To offer assistance in preparation of annual financial statement.
- To ensure that financial records are checked internally.
- Advising the SGB on the amount of school fees as per school development plan, which is aimed at improving the quality of teaching and learning in the school.

The school development plan includes the developing of a long-term shared vision for the school, drawing up a mission statement and an action plan. The school development plan should strike a balance between maintenance and development planning.

- Developing a financial policy, the processes and rules are for dealing with money in the school and providing a clear understanding of the responsibilities of the treasurer, finance officer, the principal and other persons delegated for specific jobs.

According to SASA, section 37, the overall responsibility for the control of school money lies with the SGB. During the year, the SGB needs to monitor the budget, i.e. check that expenditure and income stay in line with the budget. It is also important for the “cash flow” of the school to be good, i.e. that there are sufficient funds at the times when they are needed. This can be done through using a budget control statement, which assists in overseeing whether any items are being overspent or underspent or whether any items need to be re-allocated.

## 2.10 The school financial policy

There is a need for school managers to equip themselves with management skills and to be competent in finances in order for them to make an impact in improving the overall output of the school (Bisschoff & Mestry, 2003:5). In order for schools to be both effective and efficient, there must be a school policy that is well structured and that defines guidelines on the management of financial resources. Schools need to formulate finance policies in order to promote good finance administration and management practices that will assist in co-ordinating financial advice and to provide processes that must be adhered to when dealing with school funds.

There are various aspects that must be covered by the finance policy. According to Van Rooyen (2007:141-143), a finance policy must include the following:

- The school’s mission and vision.
- The organisational structure for financial management.
- Requisition for payments.
- Approval and authorisation of expenditure.
- Record filing.
- Issuing of receipts.
- Petty cash.

- Providing feedback and auditing.

Mestry (2004: 131) highlights the need to spell out the rules and regulations of managing the money and assets of the school in the finance policy. The processes for the management of school fees, donations, post-dated cheques, authorisation for cheque payments, signatories to the bank account, trust accounts, recording transactions, documentation and every aspect concerning to the school's finances should be included in the school's finance policy. The school financial policy is not static and should be reformulated and adapted and continuously updated as the school undergoes changes. It is imperative for the school governing body and the principal to manage school's finances in a sound, effective and efficient manner so that maximum responsibility and accountability is present all times (Naidoo:2006). This can be achieved if the school has a water tight financial policy.

## 2.11 Financial accounting in schools

Financial accounting is an administrative medium by which full and systematic reports on financial matters are given expression (Niemann, 1997:379). Sound financial management is dependent on an accurate system of recording financial transaction (Bisschoff 2002:25). On the other hand, Niemann (1997:379) argues that organisational structure of school finance is dependent on, and closely linked to accounting process.

### 2.11.1 Financial records

Financial records are the day to day records of all financial operation in the school administration.

They are important for decision making on financial matters and for reporting purposes. They assist in tracking growth or decline in the school's asset and liabilities. They serve as guidelines to indicate the school's financial position.

The following are important documents that must be kept by the school for proper financial management:

- Receipt books- They are used to record all money received by the school. Each time money is paid to the school a receipt must be issued.

- Bank documents- They include cheque books, deposit books and bank statement.
- Cash book- The cash book is used to record all payments made.

The documents above should be kept by the school and the accounts below are all accounts with which the principal, the SGB, senior management team of the school have to deal with.

- Asset –Are resources controlled and owned by the school. They are divided into two categories, current assets and non-current assets.
- Liabilities- They are debts on which an amount is owed (Bisschoff, 2002:2). They are divided into current liabilities and non-current liabilities.
- Income- Is money received by the school either by donation, school fees or allocation from the department of education.
- Expenditure- It is an amount spent by the school to run the daily activities of the school.
- Capital- It is the net income of the income statement.

#### 2.11.2 Reporting and analysis

The income and expenditure of the school must be analysed and reported on monthly. This report must be tabled at the school governing body meeting. The report must show the amount per cost centre, each cost entity within a cost centre against the actual income or expenditure of the cost centre and any variances.

According to Levacic (1995:28), the report is used for:

- The Co-ordination and controlling the current events of the school and to initiate corrective action should the need arise.
- Evaluating the operating performance of the various departments.
- Evaluating programmes and if not at their optimum, revising both budget programmes.

### 2.11.3 Auditing

Section 43(b) of (SASA, 1996), states that annual financial statements of the school must be prepared within 3 months of the financial year. The section further states that they must be audited and submitted to the department of education within 6 months of the financial year. In South Africa public schools it is required that in terms of law financial books are audited annually. Auditing is done to ensure that the school is recording and controlling its finances in terms of its own financial policy and that the school is meeting the legal requirements of SASA of 1996 and national Norms and Standards for School Funding of 1998 (Department of Education 2002:179).

According to (SASA, 1996) the auditor must be registered and independent. Documents such as minutes of meetings, attendance register and departmental letters must be checked in order to perform a good audit service (Department of Education 2002:182).

### 2.12 Comparison with other countries

In Kenya the management of education is done by different bodies at different levels. For instance, at the institutional levels, school management committees (SMC) manage primary schools; while a board of governors (BOG) manage secondary schools and tertiary institutions and at the university levels university council manage universities (Kindiki, 2009). In Kenya PTA just came into existence in 1980 by a Presidential Directive but have no legal status (Kindiki, 2009). PTA members are volunteers who through various means attempt to assess the quality of education offered in schools and then voice their views. Unfortunately in Kenya neither the school head nor the BOG ever provide them with necessary information or documentation to enable them do their job, especially to monitor finance and have an idea how money is spent. Lack of access to information and documents makes it very difficult for PTA to hold the school head accountable.

In Ethiopia PTA replaced SMC and are very powerful such that it is within their power to evaluate teachers and even dismiss those who cannot deliver. Further review reveals that teachers are not comfortable with the powers given to PTA and unanimously argue that “the giving of this authority is very bad because most of the PTA members are uneducated and very poor. The educated cannot be evaluated by the uneducated”.

In Lesotho, the administration and management of schools is performed by principals. Principals must also perform financial management in their schools. According to Section 21 of the Lesotho Education Act, the principal have the following responsibilities:

- is responsible to the management committee or school board for the control and use of school funds; is the chief accounting officer of the school;
- is responsible for the maintenance of records of income and expenditure of the school;
- is responsible for the preparation of the school budget for a school and ensuring that it is approved by the board; and
- is responsible for the submission of financial statement to the school board annually.

The execution of school financial management is executed by a person holding a position of authority and who has the sole purpose of ensuring that the school achieves effective education (Niemann, 1997: 372).

The principals in Lesotho have to carry out financial management. Parents have to be assured that the finances are managed properly at the schools under their custody, since payment of school fees is obligatory at all secondary and high schools.

In Lesotho, the appointment of principals is done on the basis of their experience as teachers and they must have academic and professional qualifications (Mosoeunyane, 1999). Appointment as a principal is not only limited to training in or having a working knowledge of financial management (Kotele 2001). Consequently, principals in Lesotho often lack the necessary management skills and specifically financial management skills. The Ministry of Education has made various efforts to restore the ineffectiveness of principals with regard to management. The efforts made are workshops designed to improve knowledge, skills and attitude of principals (Mosoeunyane 1999).

### 2.13 Conclusion

In keeping up with the international trends, South African schools have also moved towards decentralisation and more powers concerning school governance has been devolved to schools (Mestry & Grobler, 2007:176). This has also been asserted by Squelch (1999) that democratic school governance is now initiated and formalised through statutory intended to exact compliance with regulation regarding the election, composition and function of

governing bodies. The literature points the financial management role of school principals and the SGB out. It also discussed the various aspects of financial management. The literature also indicated how the introduction of the South African School Act (1996) changed how schools are managed and the involvement of the governing body in the management and controlling of public school finances and the principal's responsibility for professional management. The literature also revealed what is required for effectively managing school finances. In spite of all, there seems to be a conflict between school principals and governing bodies. It is important for the parties to co-operate for the school to be effective. The chairperson and the governing body are important people in the school as an organisation; they have a common purpose which is to achieve quality education.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Introduction

The preceding two chapters outlined the background to the research. In chapter one an orientation to the study was provided, the literature review on the role of the principal as a finance manager in the school was provided on chapter two. The focus of chapter three is on the quantitative research methodology and research design as well as a questionnaire as a data collection tool. The last section of this chapter deals with how data was analysed.

#### 3.1.1 Research methodology

The word methodology is derived from the word method; it simply refers to a procedure or a way of doing things in an orderly manner (Makhubela, 2005:4). According to Welman and Kruger (2004:2), research methodology refers to “the application of various methods, techniques and principles in order to create scientifically obtained knowledge by means of objective methods and procedures within a particular discipline”. Whereas in Brynard and Hanekom, (2006:36) research methodology is defined as the process of research and decisions that the researcher has to take to execute the research project. Research methodology therefore refers to the method used to collect and analyse data. According to McMillan and Schumacher (1993:27), the methods must be systematic, reliable and the procedures followed must be valid and purposeful. According to (Cooper & Schinder, 2011:153), research methods are various procedures, schemes, algorithms used in research. They continue by stating that methods are essentially planned, scientific and value-neutrals and also include theoretical procedures experimental studies, numerical schemes and statistical approaches (Cooper & Schinder, 2011:153).

### 3.1.2 Research design

Research design is the plan for choosing subjects for the research, location for the research and data collection processes to answer particular research questions. The design indicates which people will be studied and when, where and under which circumstances they will be studied (McMillan & Schumacher 1993:157). In Mouton (2002:55) a research design is described as a plan or blueprint of how you (as the researcher) intend conducting the research. Madibana (2010:12) agrees that research design is a blueprint for conducting study, maximising control over factors that could interfere with the validity of the finding, guiding the planning and implementation of a study in a way that is more likely to reach the set goals. Therefore a research design is simply how the researcher plans to conduct the study in order to gain evidence that will be useful in answering research questions.

## 3.2 Types of research

### 3.2.1 Quantitative

Quantitative research is defined as a formal, objective and systematic process where data is used to obtain information about study phenomena (Stubbs, 2005). The quantitative method, aims at exploration of the phenomena in question. This method is supported by a positivistic approach which focuses on positive facts and phenomena, excluding speculations on causes and origins (Le Roux & Jacobs 2006: 9). When carrying this method, laws and principles are established and models are constructed for explaining and predicting the social phenomena. The social reality is codified by the researcher and data is acquired quantitatively through appropriate indicators to recognise the fundamental financial management practices of managers (Walliman 2005:168) in the schools. A quantitative design in a form of a survey was used, responses from respondents were coded, categorised and reduced to numbers to allow the researcher to analyse them.

### 3.2.2.1 Advantages of quantitative research design

According to Cooper and Schinder (2011), the following are some of the advantages of quantitative research: In quantitative research a large sample can be covered, both mixed and single methods can be used; it is reduced to numbers or codes and makes analysis by using computer easy, it maintains a clear distinctions between facts and judgements and rarely has direct or indirect contact with respondents.

Sauders *et al* (2000), gives the following advantages of quantitative research: It provides estimates of population at large, indicates excessiveness of attitudes held by people, provides results which can be condensed for statistics, allows for statistical comparison between different groups.

### 3.2.2 Qualitative

McMillan and Schumacher (1993:372) define qualitative research method as a naturalistic enquiry which involves the use of non-interfering, data- collection strategies to explore the flow of events and process on interpretation by participants.

#### 3.2.2.2 Advantages of qualitative research design

##### Advantages of qualitative research method

- It provides more details and looks deeper than analysing ranks and counts by recording attitudes, feelings and behaviours.
- It allows openness, allow people to expand responses and be open to new areas initially considered.
- It gives a detailed picture about people's reactions and feelings.
- It explains reasons for particular responses.

### 3.3 Method used and reasons for using the method

In this study, the researcher used a quantitative approach as the researcher believed that it will make it easier for data analysis using statistical software or excel to analyse data. The researcher also compared the two methods relative to data collection method and the research questions. The quantitative method allowed the researcher to present data in graphical form and frequency tables

### 3.4 Data collection

#### 3.4.1 Questionnaire

The information gathered through the literature review was used to develop a questionnaire. This questionnaire will be administered to principals sampled in Ngaka Modiri Modiri Molema district offices. Principals were required to complete the questionnaire to reflect the present situation regarding financial management in their schools. Principals were requested to give their biographical information, namely gender and experience. Respondents were asked questions related to financial management in their schools and had to indicate statements which they agreed to, the extent to which various stakeholders could provide valuable contribution to financial management, the degree to which respondents encountered problems in performing financial management guidelines and policies and consequently, the training needs of principals.

The questionnaire was found to be the appropriate technique used in this study because the participants were given time to think and respond to the questionnaire (Brynard & Hanekom, 2006: 46). Lancaster (2005:139) indicates that the questionnaire should be short, have logical structure, have questions which are simple, avoid ambiguous questions and avoid leading questions. The researcher used a questionnaire as an appropriate tool to obtain some of the relevant data for the study with as little interfering with respondents as possible to achieve objectivity.

A questionnaire allowed the researcher to achieve a high response rate which otherwise time and financial constraints would make unfeasible. According to Schnetler *et al* (1989:19) “suspicions concerning anonymity can influence the validity of responses, particularly when

research of a sensitive nature is undertaken”. In this research, no sensitive information had to be disclosed and the names of respondents and of schools were not disclosed.

#### 3.4.1.1 Advantages of a questionnaire

- When a questionnaire is used, respondents are assured that responses will be confidential. This will result in respondents being honest as compared to when an interview is conducted, in particular when they have to discuss issues relating to money (Leedy & Ormrod 2005:197).
- Measurement of responses from a questionnaire may be standard (Babbie & Mouton 2001:52); this renders them subject to a wide variety of statistical analysis.

#### 3.4.1.2 Disadvantages of a questionnaire

- Unwillingness, inflexibility and lack of control as limitations in the use of questionnaires (Mantlana 2006:85). This means that some capable respondents may decide not to provide information on account of how sensitive they find such questions.
- It makes it impossible to stimulate more specific answers if the respondent’s answers need probing because the researcher would be detached from the respondent.
- A questionnaire makes it difficult for the researcher to check honesty of the responses.

#### 3.4.2 Construction of the questionnaire

**Section A** provided the respondents’ biographical information which covered, gender, years of experience as a principal, age, race and academic qualification. The aim of questions in this section was to gather biographical information of respondents. This information is essential for the researcher to gain more information in order to understand the background of each respondent. The biographical section also enabled the researcher to identify the background of each respondent as this was critical in relation to how they responded to questions in Section B. For example:

##### **Gender**

The Gender will allow the researcher to quantify how many males and how many females took part in the study and also whether male school principals understand their roles better than their female counterpart.

### **Years of experience**

The years of experience will help the researcher determine if lack of experience has contributed on how principals deal with financial management issues in their schools.

**Section B** consisted of open ended questions. The aim of this section was to gather information on the role that principals plays with regard to financial management in their schools. This information will enable the researcher to determine if school principals are aware of what should be happening with regards to school finances, what documents they need to keep and what their responsibility is etc.

Question 6: Finance knowledge and skills: The purpose of this question was to establish whether principals have the necessary knowledge and skills in finance. This will enable the research to recommend training if necessary as this will improve financial management in schools.

Question 7: School finance Policy: The aim of this question was to identify if the school has a finance policy and it will determine if school principals are aware of such a policy.

Question 8: Individuals involved in the formulation of the finance policy: The aim of this question was to identify who is responsible for the formulation of policies in public schools.

Question 9: Responsibility of authorising of school expenditure: The aim of this question was to establish the person responsible for authorising school expenditure.

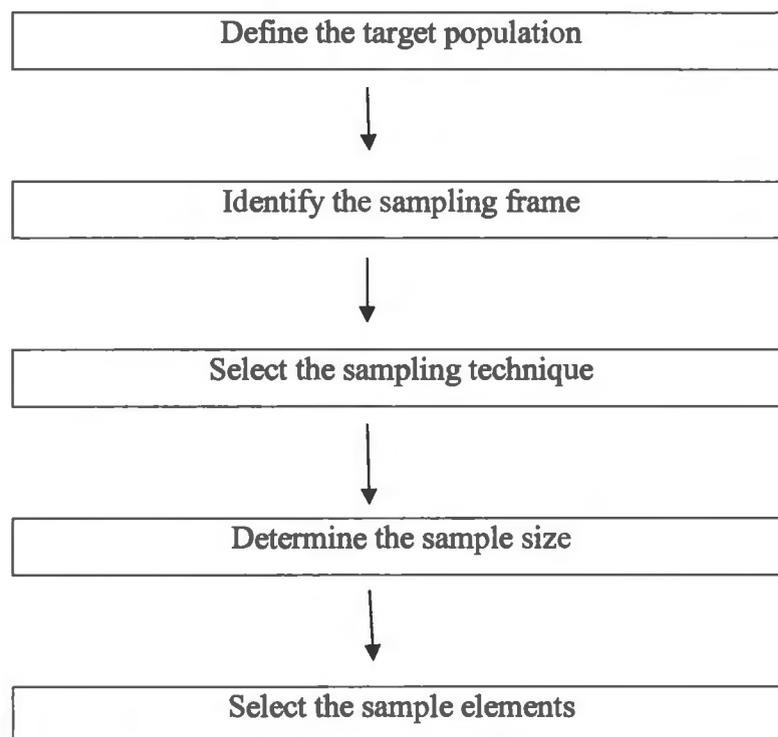
Question 10: The aim of this question is to identify the person responsible for drawing up the School budget.

**Section C** dealt with the degree to which respondents came across problems with regard to executing financial management activities and procedures. This section also aimed at identifying training needs. This section included open ended questions which were to get the respondents' views on other roles they play that were not addressed in the questionnaire. This information will assist in determining the intervention that can be done to assist school principals in execution of their financial management role.

### 3.5 SAMPLING DESIGN

Sampling is the process of drawing a sample from a population. The primary goal of sampling is to get a representative sample or a small collection of units or cases from a much large collection or population, such that the researcher can study the smaller group and produce accurate generalisation about the larger group (Neuman, 2003:210). According to Malhotra and Birks (2004:358) there are certain processes that can be followed when drawing a sample from a population. The steps are sequentially reflected in Figure below and are then discussed within the context of the current study.

**Figure 3.5.1: Process to follow when drawing a sample from a population**



**Source: Malhotra and Birks (2004:358)**

#### 3.5.1 Defining the target population

A population is a group of elements whether individuals, objects or events, that follows a specific criteria and from which we intend to generalise the results of the research (McMillian

& Schumacher (2006:165). This means that a population should be comprised of elements that meet certain criteria to be included in the study. The population for this research will be 384 public schools' principals in Ngaka Modiri Molema Municipality. The appropriate population would be school principals in the Ngaka Modiri Molema district. This district was selected as it is easily accessible to the researcher, characterising the sampling procedure as convenient. There are 384 schools in Ngaka Modiri Molema. A letter requesting permission to conduct the study was sent to the Superintendent General of the Department of Education and to the Ngaka Modiri Molema District manager.

### 3.5.2 Selecting the sample technique

There are two types of sampling techniques that can be used, non-probability or probability sampling. The use of non-probability sampling allows researchers to rely on their judgement, while the use of probability sampling allows the researcher to rely on chance (Malhotra & Birks, 2004: 360).

Convenience, volunteer, purposeful and snowball sampling are non-probability sampling techniques that can be used (Best & Kahn 2006:18). Purposive and convenient sampling techniques will be used for this research. The reason for using these techniques is because principals are considered to be knowledgeable in the field of finance management and are easily accessible. After permission was granted, the researcher acquired a list of all schools from the provincial department of Education Officers where the researcher was previously employed.

According to Macmillan and Schumacher (2006:128), the following are the advantages of purposeful sampling method:

- It usually assures high participation.
- It is to administer.
- It is less costly and time consuming.
- It assures receipt of needed information.

McMillan and Schumacher (2006:128) further indicate the disadvantages as follows:

- When purposeful sampling is used, there is greater probability of error.
- Purposeful sampling makes generalising to other subjects difficult.

- Purposeful sampling is less representative of identified population.
- In purposeful sampling the results are dependent on unique characteristics of the sample.

### 3.5.3 Determining the sample size

According to Webb (2002:59) the sample size is dependent on the amount of accuracy that is required, *i.e.* the sample must be representing of the population with respect to the characteristics/variables of interest. The author further re-iterates that the accuracy depends upon two characteristics of the population namely:

- The degree of variability in the population: Heterogeneous populations require a large sample size as compared to homogenous.
- The presence of population subgroups: In order for an analysis to be valid, the sample size must be large.

Zikmund (2003:519) states that the determination of the sample size is usually subjective, intuitive and the researcher can use past study results since that sample size formulas are often not used appropriately for non-probability samples. This means that the researcher can make his/her own judgement when selecting the sample size. A total number of 120 principals were randomly selected to participate in the research. This size of sample was also based on the idea of Best and Kahn (2006:18) who suggest that the use of a samples above 30 is usually considered adequate and those with fewer than 30, small samples.

### 3.5.4 Selecting the sampling elements

A person or an organisation or any document can be used as a sampling element, it is defined as a unit of analysis in a population (Neuman 2003:224). The sampling process requires a detailed specification of how the sample design decisions with respect to the population, sampling unit, sampling frame, sampling technique and sample size are to be applied. In this study, the researcher identified all the relevant principals in the eighty seven schools as sampling elements.

### 3.6 Trust worthiness of the research

According to Huff (2009:32) there are four criteria to be considered by qualitative and quantitative researchers in pursuit of a trustworthy study:

Table 3.6.1: Criteria to be considered in pursuit of a trustworthy study

CRITERION	QUALITATIVE	QUANTITAVE
Truth value	Credibility	Internal validity
Applicability	Transferability	External validity
Consistency	Dependability	Reliability
Neutrality	Conformability	Objectivity

Source: Huff (2009:32)

In this study a quantitative approach will be discussed: Internal validity, external validity, reliability and objectivity will be discussed in relation to the study.

For any research to be considered effective, it must be valid. A research will be regarded worthless if it is not valid (Cohen *et al*, 2000:105). The ability of an instrument to measure what is supposed to measure is defined as validity (Brynard & Hanekom, 2006:47). They further state validity criteria that can be used to test the validity of a tool. They are content validity, criterion related validity, construct validity, face validity and external validity.

**Content validity:** usually refers to the correctness and appropriateness of the questions included in a test or questionnaire (Brynard & Hanekom, 2006:48). Content validity in this study was tested by giving the questionnaire to 5 retired school principals in order for them to answer. All irrelevant questions were removed and this ensured that only relevant questions are addressed by the questionnaire.

**Criterion-related validity:** involves testing whether or not an instrument (A) selected for data collection measures what it is expected to measure and whether or not it can be compared to another instrument (B), which is known to be valid (Brynard & Hanekom, 2006: 48). Criterion validity was not tested as the researcher only used one instrument of collecting data and this data could not be compared with data from another instrument.

**Construct validity:** refers to the degree to which a measurement technique uncovers the information which it was designed to uncover (Brynard & Hanekom, 2006:48). The purpose of this study was to investigate the financial management role of school principals in schools, therefore the content and the type of question posed ensured that they is construct validity.

**Face validity:** is concerned with the way an instrument appears to the participants (Brynard & Hanekom, 2006:48). To ensure face validity, the researcher use simple language that could be understood by the respondents and the length of the questionnaire made it possible for the respondents to answer.

**External validity:** refers to the applicability to similar problems of the conclusions drawn from the research, provided that the sample is representative and that the study is a simulation of the real world and real-life situations (Brynard & Hanekom, 2006:48). External validity was tested by ensuring that the sample selected is a representative of what is happening in schools and the sample size represented school principals in Ngaka Modiri Mole District.

Reliability refers to consistency and correctness of measures taken (Brynard & Hanekom, 2006:48). To ensure reliability, the researcher ensured that the questionnaires are given to the school principals and only they complete the questionnaire.

### 3.7 Ethical consideration

It is important that a researcher complies with the ethical standards set by the North-West University ethics committee. These standards include permission from authorities to conduct research, respondents information be treated with confidentiality and anonymity of participants.

#### 3.7.1 Permission to conduct research

Before conducting research, approval for conducting research must be given by the relevant authorities before data is collected (Mc Millan & Schumacher, 2006:195). In this study, the researcher wrote a letter to the Head of Department of the Department of Education and after

approval by the HOD, a copy was sent to the District director of Ngaka Modiri Molema, making him aware of such study being conducted in his district.

The questionnaire was accompanied by a covering letter detailing the aims of the study. This letter also gave adequate information regarding the study.

When conducting research, a researcher must do so in a responsible manner at all times, thoughtful to the dignity of human beings (Mouton, 2008:243). McMillian and Schumacher, (2006:142) supports this by stressing that information of respondents should be treated with confidentiality. In this study, the researcher did not disclose the school's name or the name of the principals who took part in the study.

### **3.8 Conclusion**

Chapter 3 outlined the research methodology and the design that was employed in collecting data for the study. It started with the methodological approach which is the quantitative one. The researcher explained the research design, the different types of research and clarification was given as to why a quantitative method was followed. The other research methods were explained to show an understanding of methods that can be utilised when conducting research. The researcher discussed the sampling method as well as the population and sample size for the research. The data collection tool was discussed and the researcher also explained how data will be analysed and interpreted with an overview of trustworthiness of the research. Lastly the researcher emphasised the issue of reliability and trustworthiness of the research as well as ethical measures to be taken into consideration when conducting the research.

## CHAPTER 4: PRESENTATION AND INTERPRETATION OF RESULTS

This Chapter discusses the presentation, analysis and interpretation of data. The research data were gathered by means of a literature review and a questionnaire (Appendix A). The discussion is divided into the following distinct areas: findings obtained from the literature review and questionnaire. Findings from the questionnaire will be analysed using tables, graphs and charts and described qualitatively.

### 4.1 Findings from the literature review

Principals are important role players in the financial management of schools. Therefore it is important that they are knowledgeable and understand their roles in order for the school finances to be in order. It was noted from the literature review that principals have a huge responsibility on their shoulder with regards to managing school finances. This is due to the fact that the school principal is the accounting office at the school; he/she is accountable for financial management. The principal plays dual roles, as *ex officio* member of the SGB on the one hand and on the other, as employee of the Department of Education. This means that the principal is not only answerable to the SGB but also to the Department of education. It is evident from literature that there are still principals who lack financial management skills and this causes mismanagement of funds. The SASA gives the SGB controls of the school and state that the SGB can delegate functions to the school principal. This is often done as most SGB's are not financially literate.

The literature review also reveals that schools need proper budget planning in order for financial management to be effective; the school must have long term and short term plans in place. The school must have a finance policy which will ensure sound financial management. There are also important documents that must be kept by the school to ensure proper financial recording. All income and expenditure of the school should be reported on a monthly basis and financial statements must be audited by registered auditors and submitted to the Department of education each year.

The literature review also looked at the comparison between roles of school principals between South Africa and three other countries, Kenya, Ethiopia and Lesotho.

In Kenya, unlike in South Africa whereby the principal can be held accountable for financial mismanagement and schools are governed by the SASA which explains the roles of each stake holder. In Kenya principals cannot be held accountable as the PTA do not have legal status and in most cases are not provided with access to information. There is a huge difference between financial management roles between South Africa and Kenya based on the literature.

A comparison between South Africa and Ethiopia revealed that there is a similarity between the two countries. In Ethiopia the PTA have power just like SGBs.

In Lesotho financial management in schools is the responsibility of the principals. They are given authority to carry out financial management. In order for a person to be appointed as a principal in Lesotho, he/she must have financial management knowledge.

#### **4.2 Findings from the questionnaire**

The data is analysed and summarised to come to a particular conclusion. Data analysis is done to compare and examine relationships forecast, test the hypotheses; construct concepts (Walliman, 2005:253). The data was analysed using Microsoft excel and frequency tables, bar graphs and pie charts are used to show the results clearly.

##### **i. Review of respondents**

The questionnaire was prepared and 120 copies were distributed to principals. Out of 120 questionnaires which were distributed, 112 questionnaires were returned. This means that the response rate was 93%.

##### **4.2.1 Biographical data**

The biographical information provided the researcher with an understanding of the respondents. This will also enable the researcher to be able to make similarities and differences amongst respondents.

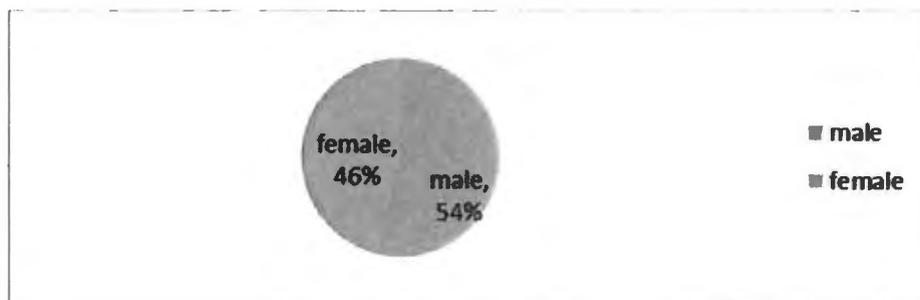
## 4.2.2 Gender

Table 4.2.2 and figure 4.2.2 shows the gender of respondents that took part in this study.

**Table 4.2.2: Gender**

Gender	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Male	60	54%	60	54%
Female	52	46%	112	100%
Total	112	100%		

**Figure: 4.2.2: Gender distribution**



From the total of 112 respondents 52 (46%) were female and 60 (54%) were male. Figure 4.2.1.1 indicates that Ngaka Modiri Molema has more male principals than female. This implies that the majority of principals sampled are male. Research has shown that, in general women tend to lead in the teaching profession but when coming management positions they are still the minority (Celikten, 2005). Generally, males are often in leadership positions as compared to female.

### 4.2.3 Years of experience

Figure 4.2.3

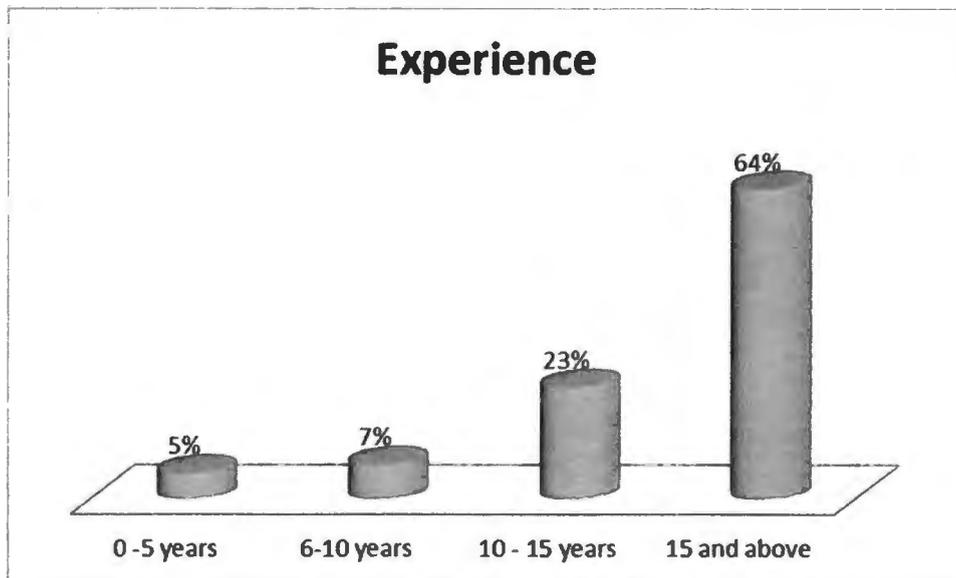


Figure 4.2.3 shows that 64% of respondents have more than 15 years' experience, 23 % have between 10 and 15 years' experience, 7% have between 6 and ten years' experience and 5% have less than 5 years' experience. This implies that the majority of the respondents are highly experienced as principals. They should be understanding their roles as financial managers in schools and be in a position to make sound financial decisions.

### 4.2.4 Age

Figure 4.2.4

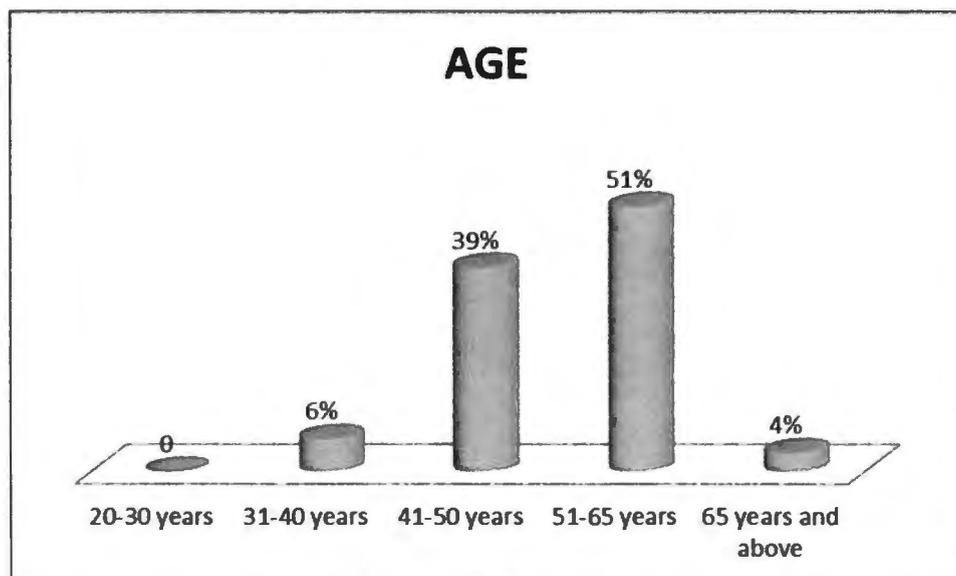


Figure 4.2.4 shows that a majority of principals are between 51 and 65 years, 39 % are between 41 and 50 years, 6 % are between 31 and 40 years, 4 % are above 65 years. This data indicate that the majority of principals are at ages that could be considered ready for retirement followed by those in middle Ages. This could be linked to lengthy service periods in the teaching profession.

#### 4.2.5 Race

Figure 4.2.5

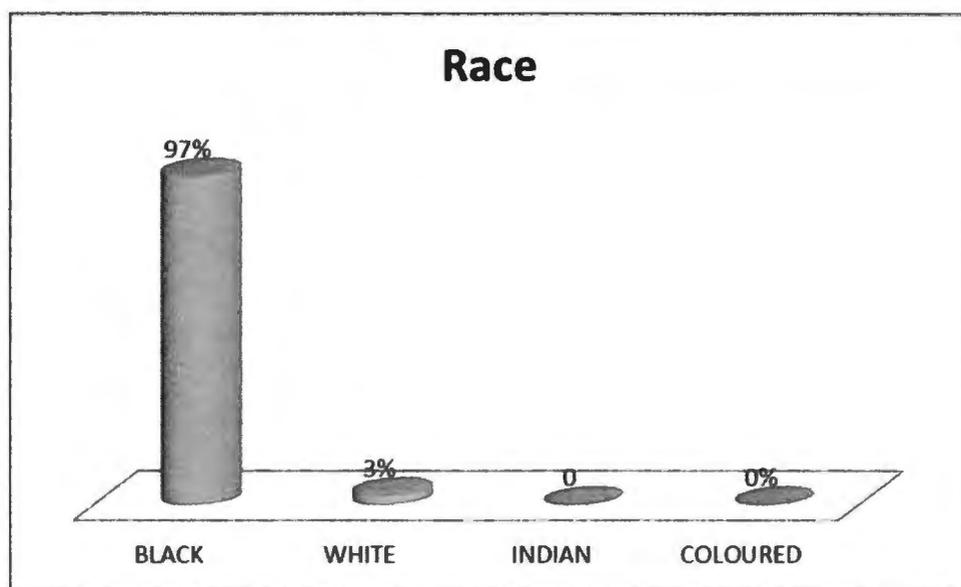


Figure 4.2.5 shows that the majority of respondents (97%) involved in the study are black, while 3% are white, no Indian and coloured took part in the study. According to Statistics South Africa census 2011, the majority of Ngaka Modiri population is black; as a result that could be the reason that most school principals are black.

#### 4.2.6 Qualification

Figure 4.2.6

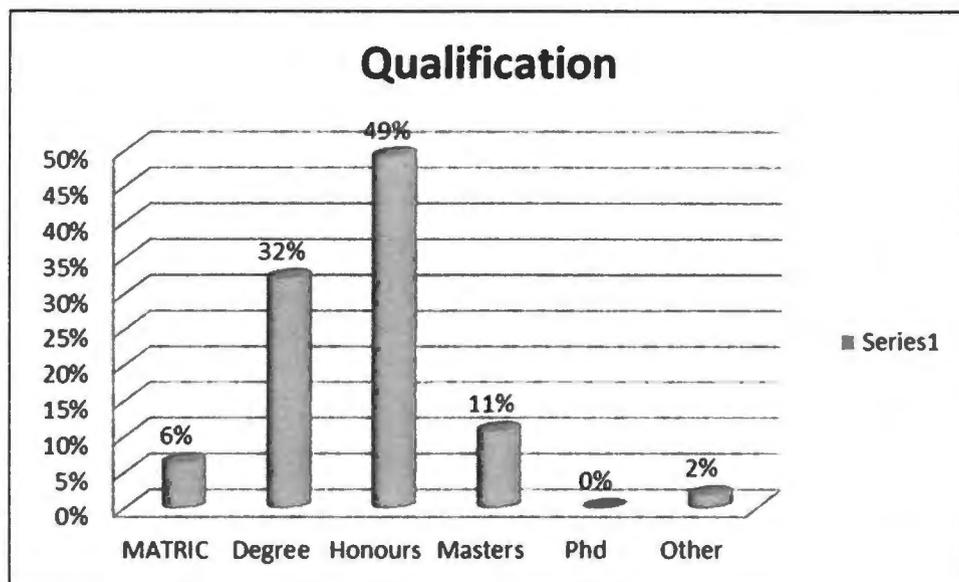


Figure 4.2.6 shows that the majority of school principals (49%) have honours degrees followed by 32 % with bachelor’s degrees, 11 % with masters degrees and only 6% has matric. The high number of honours degrees is due to the Department of Education introduction of bursaries and ACE qualification which allowed more educators to further their studies.

#### 4.2.7 Financial Knowledge

Figure 4.2.7



Figure 4.2.7 shows that 50% of school principals say they are knowledgeable about financial management and have the necessary skills to manage school finances. On the other hand 50% say they lack the necessary skills. The inclusion of the principal in the school governing body is supported by the SASA (Act 84 of 1996) which, according to Mestry (2004:129), prescribes principals has the responsibility to assist SGBs in executing of their duties that include the management of finances. Principals are accounting officers and resource persons for the SGB and must therefore have advanced knowledge on financial matters so that they can advise the school governing bodies appropriately. This is supported by, Bisschoff and Sayed (1999: 310-315) that one of the obstacles, encountered in fulfilling financial school management functions, was the lack of relevant knowledge and information amongst parents, governing body members and principals.

#### 4.2.8 School finance policy

Figure 4.2.8

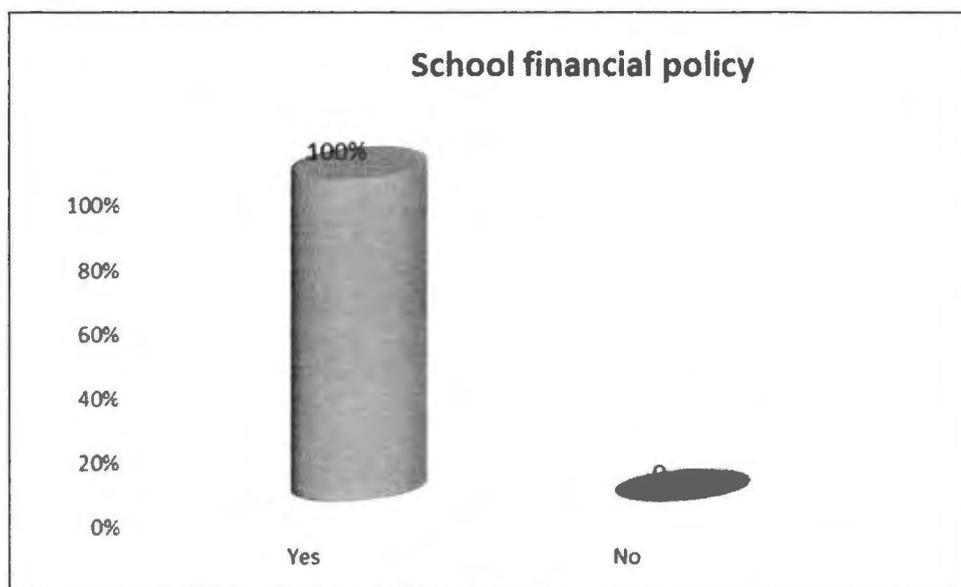


Figure 4.2.8 shows that 100% of the school sampled have a finance policy. This is in accordance with the SASA, which state that all public schools should have a finance policy. The school finance policy is a control procedure which establishes how transactions are managed and provides for internal checks, the delegation of responsibility and a system of authorisation (Marishane & Botha, 2004:84). Schools without the finance policy may not easily achieve fair judgment on their performance in this regard.

#### 4.2.9 Individuals responsible for formulating the finance policy

Figure 4.2.9

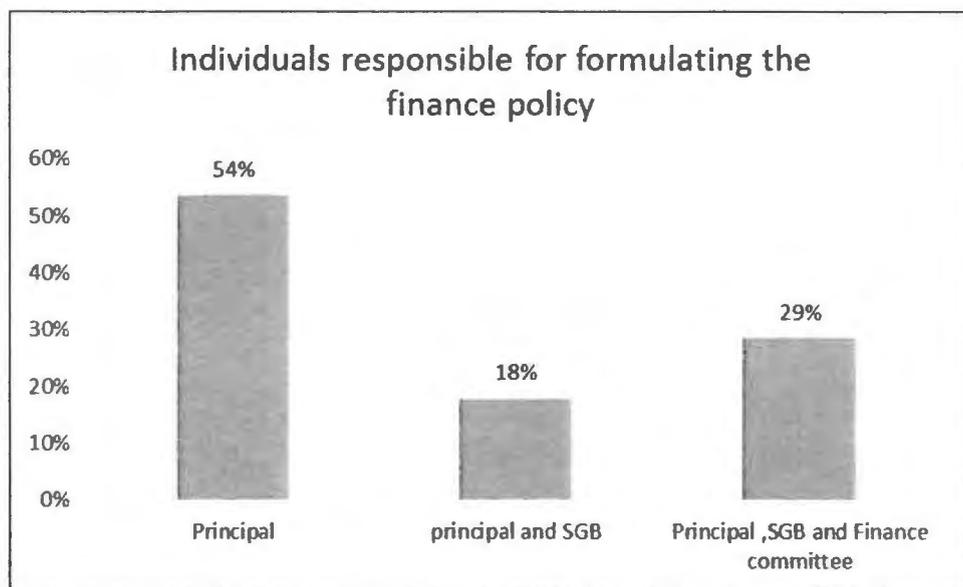


Figure 4.2.9 shows that 54% of respondents believe that the principal is responsible for formulating the finance policy, 29% are saying the principal, SGB and the finance committee should be formulating the finance policy while 18% say that only the principal and the SGB are responsible for formulating the finance policy. According to Marishane, (1999:84), who is supported by (Gallagher 1992:28), SGB are responsible for drawing up the policy, however this calls for sound knowledge of schooling, good writing skills and the ability to verbalise the content to others in an effective manner - skills which many school governors do not have. This might be the reason why 54% of school principals in the study are formulating the policy as stated by the two authors. SGB often do not have the necessary knowledge and skills to formulate policies.

#### 4.2.10 Authorising of expenditure

Figure 4.2.10

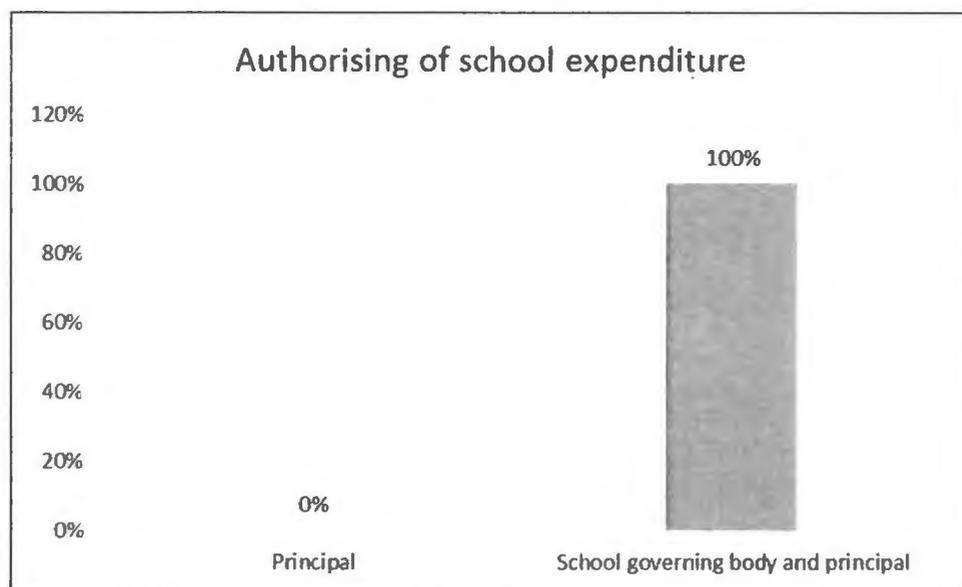


Figure 4.2.10 shows that 100% of respondents say that the SGB and the school principals are responsible for the authorising of expenditure. According to Van Rooyen (2007:141-143), the school's finance policy must consist of the following aspects: the school's vision and mission statement, organisational structure for financial management, approval and authorisation of expenditure. It has been already identified in figure 4.2.2.3 that all schools sampled has a finance policy, therefore one can conclude that the policy clearly state who exactly should authorise expenditure. This is supported by (Mestry: 2004: 131), who agrees that for a policy to be considered good, it must contain rules and regulations of handling the money/assets of the school. The processes of how school fees is handled, donations, post-dated cheques, authorisation for cheque payments, signatories to the bank account and every aspect related to the school's finances should be included in the school's finance policy. In most cases, there must be three signatories to the bank, the SGB chairperson the treasurer and the school principal.

#### 4.2.11 Individuals responsible for drawing the budget

Figure 4.2.11

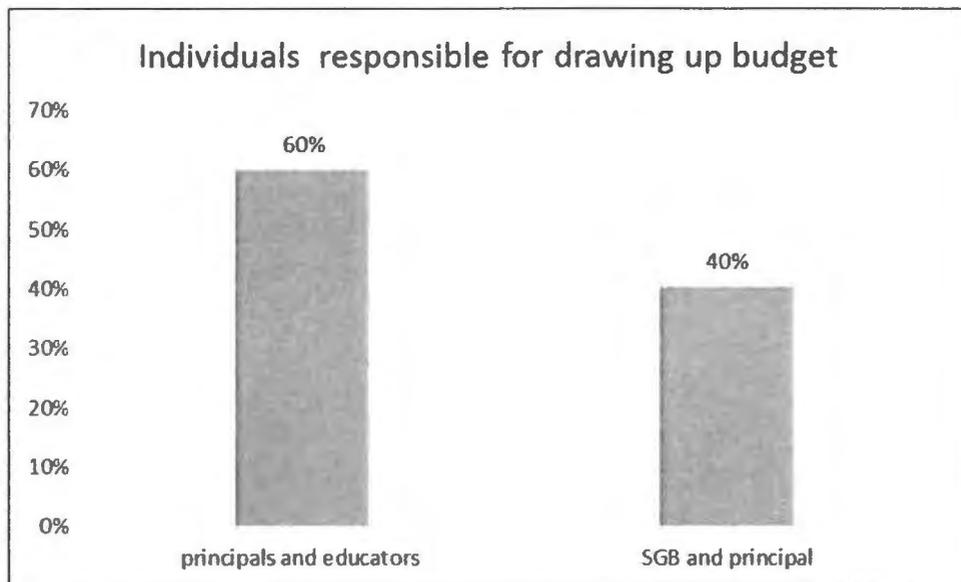


Figure 4.2.11 shows that 60% of school principals draw up the school budget with the assistance or contribution of the educators. While 40% draw up the school budget together with the SGB. This links to the findings made by (Bush & Hysteck, 2006:13), where it was noted that “there is ambiguity that surrounds the budgeting process”. According to Mestry (2004:127) the SGB is required in terms of SASA to prepare an annual budget that is planning the school finances for the next year. This statement is also supported by Levacic (1995:3), who states that SGB and principals must manage the budget of the school and the finances of the school. The principal is an ex officio member of the SGB; therefore he is part of the people responsible for drawing up the budget. The principal must then present the budget to the parents at the school AGM. The assumption made by the researcher is that the majority of the schools involve educators in the formulation of the budget as they believe that they are more financially literate than SGB.

#### 4.2.12 Day to day financial management

Figure 4.2.12

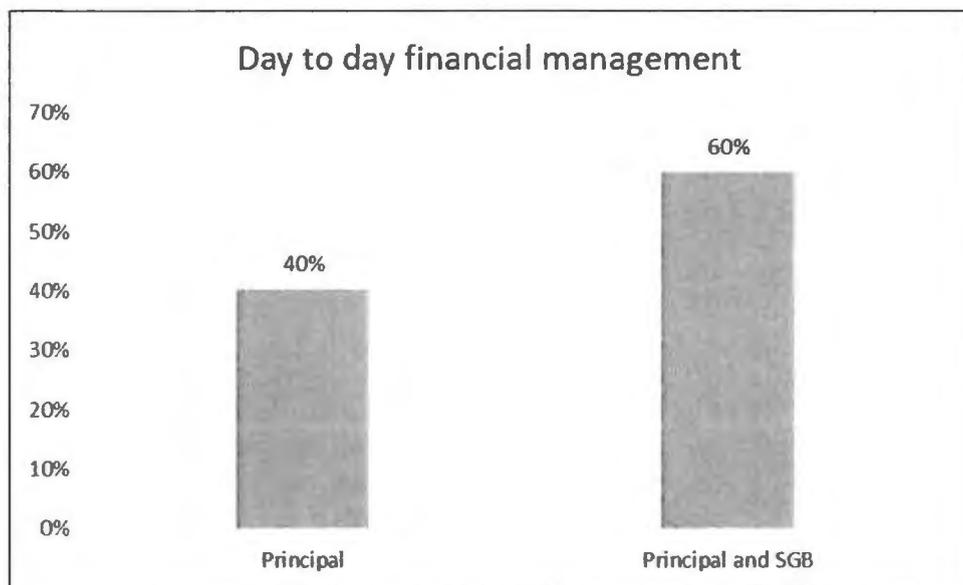
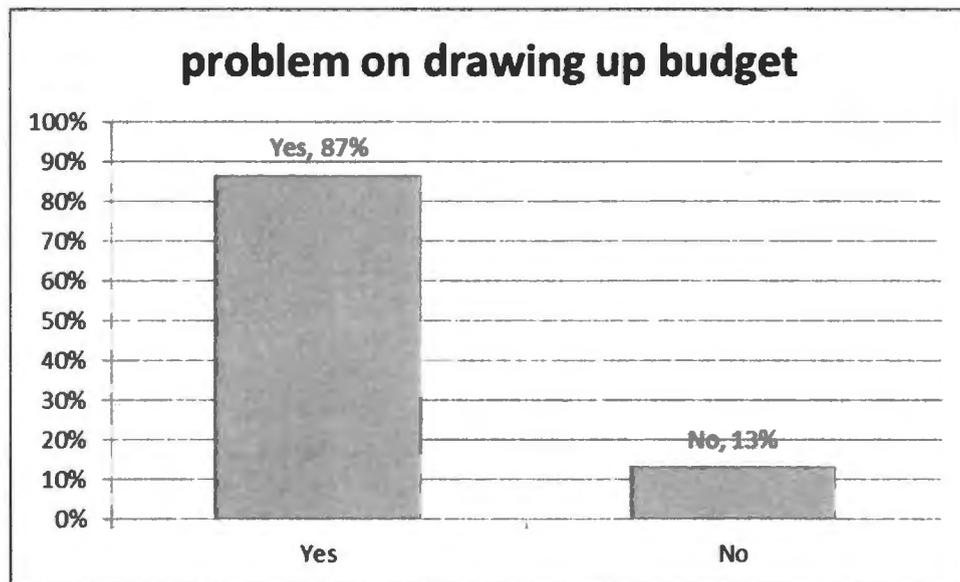


Figure 4.2.12 shows that 60% of school principals believe that they together with the SGB are responsible for the day to day management of financial management, while 40% are saying they are responsible for the day to day financial management of the school. The assumption is that the principal who involves the school SGB are not given delegation by the SGB, therefore they consult with the SGB chairperson before making any decisions. According to Mestry, (2004:128), the principal is responsible for the daily management of the school and has to implement the many directives and policies formulated by the Department of Education and the school governing body.

#### 4.2.13 Problems on drawing up the budget

Figure 4.2.13



Regarding problems with drawing up the budget, 87% of school principals indicated that they are experiencing problems with drawing up the budget and 13 % are competent in drawing up a budget. This may have a negative impact on the school finances and may result in the school not spending as per their budget and therefore overspending or under spending. These findings are in similar with the findings made by (Bush & Hysteck, 2006:13) which revealed that principals often do not know what proportion of notional fee income will actually be received and this makes it difficult to construct an appropriate budget.

#### 4.2.14 Problems on formulating finance policy

Figure 4.2.14

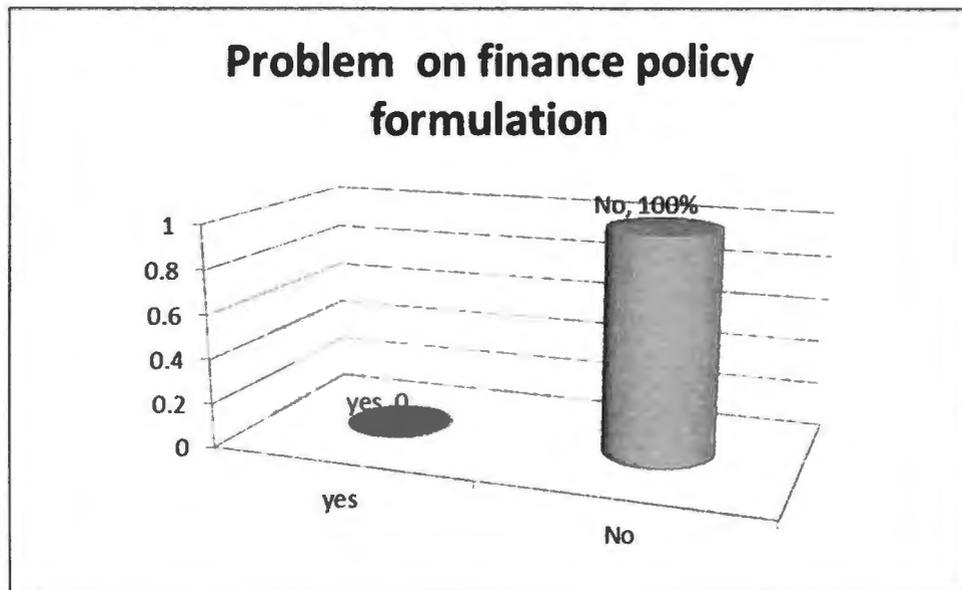


Figure 4.2.14 shows that 100% of schools sample do not have any challenges with the formulating of the finance policy. This is because that all the school sampled have the finance policy formulated.

#### 4.2.15 Training needs

Figure 4.2.15

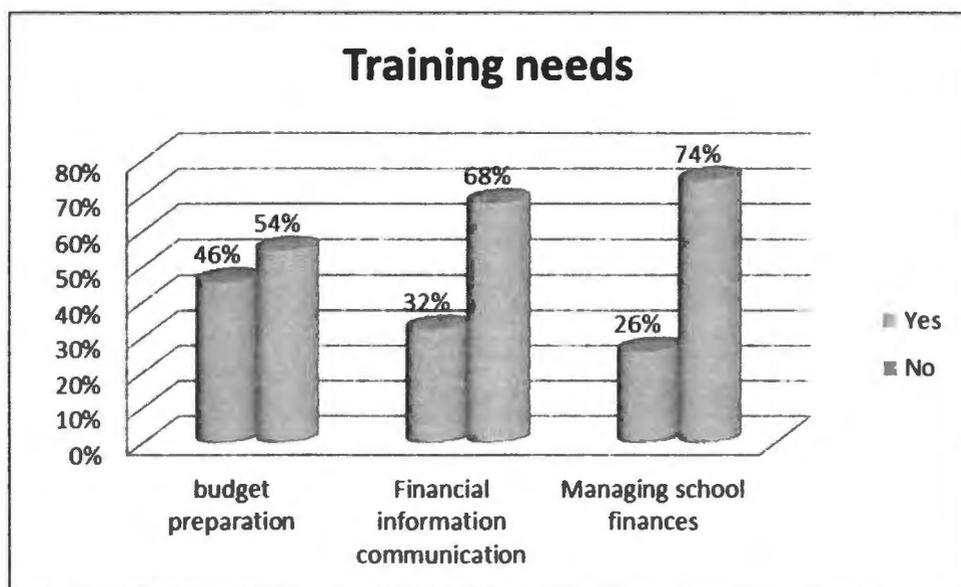


Figure 4.2.15 shows that 54% of respondents agree that they require training on budget preparation, while 68% agrees to require training on communicating financial information and 74% requires training on managing school finances. Section 19 of the South African Schools Act stipulates that the Head of Department should provide introductory training for newly elected governing bodies to enable them to perform their functions. They should also be provided with continuous training to promote the effective performance of their functions or to enable them to assume additional functions. Continuous training must also be provided to school principals to ensure that they are well equipped to perform their financial management functions. Mestry (2004: 126) has found that there are many principals and SGB members, who lack the necessary financial knowledge and skills, are placed under tremendous pressure, because they are unable to work out practical solutions to problems. Mestry (2004) has further reported that “in many instances principals and school governing bodies have been exposed to forensic audits by the department of education due to the mismanagement of funds through misappropriation, fraud, theft and improper control of financial records.

### **4.3 Conclusion**

This chapter detailed the results of the study. Graphs and figures were used to display the results and supported by literature from other sources and researches. The chapter also provided a detailed discussion of all data collected through the use of a questionnaire. The researcher gave a comprehensive discussion and analysis after each graph.

The results showed from the sampled schools, Ngaka Modiri Molema have more male as school principals as compared to the female counterparts. The majority of school principals are experienced as principals and have honours qualification. Even with their experience and qualification, the finding showed that their knowledge in finances is not enough as they indicated that they still experience problems with drawing up the budget and communication of financial information with stakeholders.

## **CHAPTER 5: CONCLUSION**

### **5.1 Introduction**

The aim of this study is to determine the financial management role of school principals in Ngaka Modiri Molema District. Quantitative data was collected from a total of 120 school principals. Conclusion, recommendations and limitations encountered while conducting the study are discussed in this chapter.

### **5.2 Findings from the study**

Results from the study revealed that financial management is an important part of school management and it forms an integral part in management. The results showed that most school principals are male as compared to female. The results also show that there are those principals who are not knowledgeable about financial management and they will need to be trained to improve their skills. From the results is also clear that in most schools some aspects relating to finances such as drawing the budget and formulating the finance policy are handled by the school principal alone without consultation with the SGBs. There must be collaboration between school principals and SGBs in order for the efficient management of finances. The result shows that training in financial management is required in order for principals to perform their financial duties effectively and efficiently.

### **5.3 Finding from the literature**

Hansraj (2007:2) in his research stated that the principal has the responsibility to ensure the accuracy of financial records, even if he/she does not have the task of maintenance of the financial records on a regular basis.

Mestry (2004:131) gives a highlight of the need to give out the rules and regulations of managing the funds and assets of the school in the finance policy.

The school principals have to establish whether financial management tasks are performed adequately within the limits and provisions of legislation (Van De Venter & Kruger, 2003:234).

In terms of Section 20 of the South African Schools Act SGBs are given the power to administer and control the school's property and buildings and resources occupied by the school (Mestry, 2004:127). The school governing body in most cases delegate various financial tasks to the principal and thus holds the principal accountable.

Marishane and Botha (2004:98) indicated that in order for all school-based financial managers to contribute to improving school efficiency and effectiveness, they needed training in such matters as forecasting, purchasing and monitoring (Audit Commission 2000:23).

#### **5.4 Answers to research questions**

The findings found out that the school principal as manager is accountable for the financial management in schools. It also revealed that the school principal plays two roles, as ex office member of the School Governing Body and on the other hand as employee of the Department of Education. It revealed that principals have a very important role to play in the financial management of the school. From the data collected, it shows that although the School governing body are involved in every aspects of school finances, the school principal as an ex official, is always there to guide and advice, this is mainly due to lack of financial background by most members of the School Governing Body. The principal must ensure that the school has a finance policy, draw up the budget and also ensure the day to day functioning of the school. It is important to note that all these tasks are the responsibility of the SGB but as a member of the SGB, the principal must ensure that they are performed. The department also holds the principal accountable for the management of school funds. The principal must have the necessary knowledge and communication skills in order for him/her to be able to present the school budget to the parents.

The finding revealed that principals are involved in every aspect of the school finances. All the sampled schools have a finance policy, which serves a guideline for the school with regards to stakeholder's duties and responsibilities. Principals are also involved in the formulation of the policy; they do not leave it to the SGB to draft the policy. Principals are responsible for authorising expenditure together with SGB; this means that they are aware of all the expenditure incurred by the school. They are involved in drawing the school budget and presenting it to parents. The principal, by virtue of his/her position as professional manager and ex-officio member of the school governing body (of which the principal is a

member) has a very important role to play in the financial management of the school (Mestry, 2004:129) .

## **5.5 Recommendations**

### **Recommendation 1**

There must be collaboration between the school principal and SGB in managing school finances. This is due to findings that SGB are mandated by the SASA to govern schools, while principals must provide professional management to the schools. Therefore the parties must be in a position to work together to realise the goals and objective of their schools.

### **Recommendation 2**

Principals have indicated that they lack financial training. Partnerships between the university and the department will be very helpful if the department can recommend to the higher learning institutions that one of the compulsory courses for educators should be financial management. Principals should be encouraged to enrol for courses on financial management. There must be induction programme for new appointed principals and SGB members to capacitate them on the management of school finances.

### **Recommendation 3**

The majority of school principals indicated that they are responsible for formulating the school finance policy, as established from literature, the finance policy is an important document for a school, therefore it is recommended that all stakeholders be involved or be consulted when formulating policies. This will lead to more commitment and effective implementation of policies.

### **Recommendation 4**

The finance policy must be reviewed annually to ensure that changes are incorporated and that it is aligned with departmental changes or changes within the school.

## Recommendation 5

Principals are faced with many responsibilities, both administrative and management, therefore it is recommended that the department must appoint permanent, knowledgeable officials with financial knowledge to ease the burden on school principals.

In addition to the above recommendations, The New Zealand Ministry of Education (2007:06) published a handbook which suggests that a team of six financial advisers be established per district. The advisors will provide guidance, advice, and support to schools. The following are some of the services they can make available to schools, assisting principals and SGBs when the schools face financial problems, assisting schools to develop financial policies and finance systems and guidance on the preparation of school budgets.

### **5.6 Limitations**

This study was conducted in only one district in the North-West Province, the majority of schools based in Mafikeng Area office. Further research can be undertaken in other districts and other provinces to examine the sensitivity of the findings in those areas.

The study was also limited to school principal's views excluding the views of employees of the department of education and SGBs.

Financial constraints were also a limitation as other areas within the district were not covered.

### **5.7 Suggestion for further research**

This study was conducted in only one district in the North-West Province, the majority of schools based in Mafikeng Area office. Further research is therefore required in other districts and in other provinces.

## **5.8 Conclusion remarks**

The aim of the study was to investigate the financial management role of school principals in Ngaka Modiri Molema District. The study revealed that there are financial aspects that principals do not understand, for instances drawing up a budget and communicating financial information. There was also an indication that there is lack of collaboration between school principals and SGBs whereby financial aspects which must be performed by both the principal and the SGB are performed by the principal alone. Respondents from the study showed that they lack financial management skills, which may result in financial mismanagement. This problem can be addressed by the Department of Education providing training on finances and induction programmes for new principals and SGB members.

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ANNEXTURE 1

TO : HEAD OF DEPARTMENT  
: NORTH-WEST DEPARTMENT OF EDUCATION  
: Dr I.S MOLALE

FROM : KEOLEBOGILE MOTHIBI  
: RESEARCH STUDENT AT NWU (MAFIKENG CAMPUS)

DATE : 01 SEPTEMBER 2015

**SUBJECT: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN NGAKA MODIRI MOLEMA SCHOOLS.**

I am a former employee of the Department of Education, previously appointed at the FMS Directorate, Sub-Directorate: Budget Planning (Learning Institutions). I left DOE on a promotional transfer to Statistics South Africa. During my employment with DOE, I enrolled for a Masters in Business Administration at the North West University (Mafikeng Campus); I did my research proposal on the topic: The financial management role of school principals in Ngaka Modiri Molema District. I am now in my second year of studies and part of the requirements is to complete my mini dissertation.

Kindly allow me to conduct research in schools under your department for the purpose of fulfilling the requirements of the Masters in Business Administration.

The research will be based on schools in Ngaka Modiri Molema districts.

The respondents' information will be treated with the utmost confidentiality and I'll ensure that when collecting information, teaching is not interfered with. If so requested, your office will be provided with the completed research findings.

I remain very confident and optimistic that this request will be approved.

Yours faithfully

Miss Keolebogile Mothibi

083 312 6817

[KeolebogileM@statssa.gov.za](mailto:KeolebogileM@statssa.gov.za)



**Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sport Ontwikkeling  
Lefapha la Thuto le Tihabololo ya Metsameko  
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**OFFICE OF THE SUPERINTENDENT-GENERAL**

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Inq: Mphiliso Tyatya  
Tel: 018 388 3071  
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**To: Ms S Mogorosi  
o.b.o Ms K Mothibi  
North West University: Mafikeng Campus  
School of Business and Governance Leadership**

**From: Dr. I.S. Molale  
Superintendent General**

**Date: 29 September 2015**

**REQUEST TO CONDUCT RESEARCH: MS K MOTHIBI**

Reference is made to your letter regarding the above matter. The content is noted and accordingly, approval is granted to your kind self to conduct research as per your request, subject to the following provisions: -

That you contact the relevant District Manager of your target schools about your request and this letter of permission. In this regard you have my consent to contact Mr B. Monale at 018 388 3383.

- ❖ Considering that your research will involve both Educators and Learners, the general functionality of the school should not be compromised by the research process.
- ❖ That participation in your project will be voluntary.
- ❖ That the findings of your research will be made available to the NW Department of Education & Sports Development upon request.
- ❖ That the principle of confidentiality will be observed in its strictest terms in relation to information sourced from such research.

With my best wishes

Thanking you.

**DR. I.S. MOLALE  
SUPERINTENDENT-GENERAL**

CC: MR. B Monale  
District Director: Ngaka Modiri Molema

## ANNEXTURE 3

The school Principal

I am an MBA student at the North West University, Mafikeng Campus. One of the components of this course is to complete a mini dissertation. The topic for my mini dissertation is: **“The financial management role of principals in Ngaka Modiri Molema public schools.”**

In lieu of the above, I hereby request you to complete the attached questionnaire. The completion of this questionnaire will enable me to come up with meaningful results that may be used in future or that may stimulate further research on the topic.

If you have any queries regarding this project you could contact me on this number 083 312 6817.

The information provided will be treated confidentially.

The questionnaire consists of three sections and will take less than 15 minutes of your time.

Kind Regard

Keolebogile Mothibi (Ms.)

ANNEXTURE 4  
**QUESTIONNAIRE**

**SECTION A**

**The following information will be used for statistical purposes only.**

**Please indicate your answer with a cross(X) in the block provided.**

1. Gender

Male	
Female	

2. Years of experience

0-5 years	
6-10 years	
11-15 years	
16 years and above	

3. Age

20-30 years	
32-40 years	
42-50 years	
52-65 years	
66 years and above	

4. Race

Black	
White	
Indian	
Coloured/Mixed Ancestry	

5. Academic qualification

Matric	
Degree	
Honours	
Masters	
Doctorate	
Other	

SECTION B: Please select more than 1 box if necessary.

6. As a principal do you have the knowledge and skills to manage finances effectively?

Yes	
No	

7. Does your school have a financial policy?

Yes	
No	

8. Which of the following individuals formulate the finance policy?

Principal	
HOD/Deputy principal	
School Governing Body	
Parents	
Educators	
Other	

9. According to your school finance policy who is responsible for authorising expenditure?

Principal	
HOD/Deputy principal	
School Governing Body	
Other	

10. Which of the following individuals draw up the school budget?

Principal	
HOD/Deputy principal	
School Governing Body	
Parents	
Educators	
Other	

11. Who is responsible for the day to day financial management activities at your school?

Principal	
HOD/Deputy principal	
School Governing Body	
Treasurer	
Admin Assistant	
Other	

### SECTION C

12. Does your school experience problems with regard to the following?

12.1 Drawing up the school budget?

Yes	
No	

12.2 Formulating the finance policy?

Yes	
No	

13. Do you need training on the following?

13.1 Preparation of the budget?

Yes	
No	

13.2 Communicating financial information to stakeholders?

Yes	
No	

13.3 Managing school finances?

Yes	
No	

THANK YOU FOR TAKING THE TIME TO COMPLETE THE QUESTIONNAIRE

**STEPHANUS POSTMA**

TRANSLATOR / EDITER  
BA UED  
REGISTERED AT SATI  
(NR 1001334)

Tel 018 4687680  
Cell 083 4096252

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2570

P O BOX 6716  
FLAMWOOD  
2572

11 November 2015

I confirm that I have done a language editing of the following  
Dissertation:

**Keolchogile-Mothibi:**

THE FINANCIAL MANAGEMENT ROLE OF SCHOOL PRINCIPALS IN  
NGAKA  
MODIRI MOLEMA DISTRICT

I am registered at SATI (South African  
Translation Institute) Nr 1001334.

  
S Postma