INVESTIGATION OF FINANCIAL MANAGEMENT PRACTICES IN SELECTED MAFIKENG SCHOOLS

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DECLARATION

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

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DEDICATION

This work is dedicated to my mother, Lorraine Bosch, who inspires me, to this day through her unselfish prayers, love, and complete support and dedication. Thank you, Mom.

ABSTACT

The purpose of this study is about the investigation of financial practices in selected Mafikeng schools. The financial management of public schools is constantly developing in terms of the financial problems currently facing schools. The school manager and other stakeholders such as School Governing Bodies (SGB) are responsible for financial accountability by improving the school's accounting systems.

It has been observed that school managers and SGB's are not skilled to manage financial resources of schools. The problem of this research is that school managers and SGB members are not trained in school financial management practices. As a result, there are no sound operational and accounting systems in place. It is against the stated problem that literature was surveyed. In reviewing literature, different themes related to the problem were explored by quoting them, paraphrasing them, and relating them to the research problem.

This research used questionnaires for collecting data. The sample was selected from 10 schools in the Mafikeng district. Data analysis gave rise to a set of findings, which mainly revealed a lack of skills in school financial management. The findings are that school managers and the SGB's were not trained in financial management. The study also revealed that most schools do not have financial policies, which is very essential for efficiency and effectiveness in school financial management.

The conclusion drawn from the study show that training in financial management for school managers and SGB's was necessary. It is also important that the findings of the research be implemented to improve the accounting systems and overall financial management accountability.

TABLE OF CONTENTS

Chapter Three: Problem Definition and Research Questions

Chapter Four: Research Design and Analysis

Chapter Five: Presentation and Analyses of Data

Chapter Six: Findings Summary and Recommendations

CHAPTER ONE: OVERVIEW

1.1 INTRODUCTION

Effective planning, budgeting and financial management is at the core of achieving a school's development. The creation of annual school budget brings together the plans and school programmes and seeks to provide a single framework in which these can be realized. Given the importance of the process, it requires transparency and consultation, careful co-ordination and collaboration at a range of levels. Accordingly, improving financial management continues to be firmly focused on improving service delivery and transformation in public school's functions and systems. The challenge in this study is to investigate selected school's financial management practices.

The school managers and other stakeholders such as the School Governing Body (SGB) are responsible for financial accountability by improving the school accounting system. The question that raises concern in public school's financial management is, does financial management make a school successful? Perhaps not on its own, but not denying the fact that it does help to retain good learning environment and provide better support for the administration of the school. The ability to manage linked resources successfully is a key requirement in educational roles today.

The financial management of public schools is constantly developing in terms of the financial problems currently facing schools. For instance, in some schools educators and learners have a negative attitude towards financial management problems that affect the smooth functioning of the school. It therefore becomes difficult for school managers to manage and implement financial development changes in their schools. This result in bad financial management and calls for remedial action.

1.2 OBJECTIVES OF THE STUDY

This study attempts to establish whether there are effective financial management practices in Mafikeng schools. This study seeks to asses whether school managers have the necessary financial management expertise, and whether school finances are used in accordance with school needs.

The study aims to achieve the following objectives:

1. To determine the nature and scope of financial managers of schools
2. To identify the problems related to poor financial management systems at selected schools
3. To determine the role of the SGB in financial management

1.3 THE IMPORTANCE OF THE STUDY

The Department of Education in the North West Province strives to improve the quality of education by introducing various intervention strategies in the schooling system. The results of this study will become essential for the department so that it can decide whether there is a need to improve its financial management, and if so, in which area and how.

Through this study policy makers will become aware about issues centered on financial management at schools. It is anticipated that through the results of this study, school managers will be assisted to be more effective in financial management. The study will further contribute a body of knowledge to all stakeholders in the schooling system for greater and informed accountability of funds.

1.4 THE SCOPE OF THE STUDY

The study focuses on financial management practices in selected Mafikeng schools. The population of the study is comprised of school managers, members of senior management and the SGB as they are tasked with financial management in schools.

1.5 THE STUDY ENVIRONMENT

The study environment of this research is the school. The following Table 1.1 demonstrates the functions of school's management team. This is where the focus of research and data collection was.

Table: 1.1 Functions of Schools Management Team

Management	Responsibilities
1. The school manager	Management of school activities
2. The SGB members	School governance
3. The head of subjects (HODs)	School manager support

The following Table 1.2 illustrates how the research organization is.

TABLE: 1.2: The School Establishment

RANK/DESIGNATION	JOB DESCRIPTION	LEVEL OF REPORTING
a. The School Manager	• Planning, organizing and control, implementation of school's administrative and academic functions. • Extra curricular issues • Teaching	• Reports to the: - • SGB & the Circuit Manager.
b. The Deputy Principal	• Planning, organizing and control, implementation of school's administrative and academic functions. • Extra curricular issues • Teaching	• Reports to the school manager
c. The Subjects Head	• Responsible for different subjects. • Planning, organizing, control & implementation of all activities related to a particular subject.	• Reports to the Deputy Principal
d. Educators	• Responsible for core & • Extra curricular issues e.g. Teaching & other learners activities.	• Reports to the subject heads.
e. Support staff	• Offer support duties e.g. • Clerical, handy-man functions, cleaning, or garden duties	• The School Manager/ Deputy
f. Learners	• They are taught	• Receive instructional guidance

1.6 LIMITATIONS OF THE STUDY

The limitation of the study is that the study will focus only on financial management in schools. What the study does not cover is that though, there are other aspects within the organization that contribute either positively or negatively towards education, for example teaching and teacher's skills development programmes. The results of the study may therefore not be reflective of the situation in other schools elsewhere in the province.

Seaman (1987: 134) asserts that limitations establish the parameters that are the boundaries of the research. It will be wrong for this study to generalize the findings. This research is confined to investigation of financial management in selected Mafikeng schools. Other schools have own unique realities, which might not be applicable to others elsewhere. Therefore the findings of this study may not be generalized.

1.7 PLAN OF THE STUDY

The study focuses initially at the literature review and theoretical foundation of the problem. The literature review will be based on various books and literacy materials on financial management, as well as government policies on transformation in the department of education.

The first chapter introduces the study and serves as the study proposal. Chapter 2 will be a literature review and theoretical foundation. Chapter 3 will cover the problem definition and formulation of questions Chapter 4 will cover the research design and analysis. Chapter 5 will reflect the findings and interpretation thereof. Chapter 6 will focus on discussions, conclusion and recommendations.

1.8 CONCLUSION

This chapter outlined the statement of the problem, the aims of the study and brief orientation were provided. The main aim of the study was the investigation of the financial state of affairs of the selected schools in the Mafikeng District. The following chapter reflects the literature reviewed for this study.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 INTRODUCTION

This chapter serves to review literature. The literature review will be tightened to the research aims and objectives.

Hart (1998: 13) defines literature review as:

> The selection of available documents (both published and unpublished) on the topics, which contain information, ideas, data, and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic , and how it is to be investigated, and the effective evaluation of these documents in the relation to the research being proposed.

Hart (1998: 18) further reveals the aim of literature review as being:

> To demonstrate skills in library searching; to show command of the subject area and understanding of the problem; to justify the research topic, design and methodology.

The conceptual framework of this research will start with the definition of the main terms.

2.2 DEFINITIONS OF TERMS

2.2.1 FINANCIAL MANAGEMENT

Lovemore and Brummer (2003:7) state that the task of financial management involves the monitoring of an organisation's financial position. This task is three fold:

- Analyzing the orginisation's financial position
- Management of the asset structure
- Management of the organizations financial structure

Lovemore and Brummer (2003:7-8) further argues that the above three mentioned tasks in financial management in terms of the financial position is that of analyzing the firms financial position to ensure its soundness, such as monitoring its liquidity and profitability. Secondly the asset structure entails that the firm has the funds to acquire the right kind and quality of equipment to carry out production processes as efficiently as possible. The management of the organisation's financial structure means creating and maintaining the optimum proportion between shareholders funds and long-term and short-term loans.

Financial management includes the broad areas of organization, management and staffing of the financial management function, planning and budgeting, accounting/internal control and payroll, internal and external auditing and tax collection. (http://www.window.state.tx.us)

The role of the school manager is not only limited to the financial function. A school manager is also managing human resources, research and development, and public relations, Smit (2002:14) further explains that management includes the acquisition, utilization and control of the money the organization needs to finance its objectives and to buy materials and equipment.

2.2.2 Accounting process

The accounting process entails the recording and reporting of transactions affecting the financial status of an organization. The accounting process ensures that an organization must be able to provide meaningful financial data whenever this is required by stakeholders. Meaningful financial data can only be produced when a mechanism to capture, record, review, summarize, and report information is in place (Smith, (2000:284).

In the case of Non Governmental Organizations (NGO's) they are generally expected to produce financial reports for various interested parties including the board of directors, the NGO's appointed auditors and donors. These reports generally include a balance sheet and a statement of receipts and disbursements. The balance sheet provides a picture of the assets, liabilities and capital reserves of an NGO at a given point in time. The statements of receipts, payments indicated and the amount of revenue accrued, how this money is paid out and any money leftover for a given period of time (http://www.global.net.pg).

The accounting process entails that full and proper records of the financial affairs of the department, trading entity or constitutional institution must in accordance with any prescribed norms and standards. Financial statements must be prepared and submitted within two months after financial year end. Public Finance Management Act...No 1 (1999)

2.3 THEORETICAL FOUNDATION

The theoretical framework is the foundation of any study. It is a blueprint to help managers build their institutions and also a road map to guide them towards the achievement of organizational goals and objectives.

In view of the above, a theoretical framework is useful to the study of effective and efficient school financial management practices. It is grounded on the reality that ensures the achievement of institutional goals. The theoretical framework for the study of school financial management practices at schools is based on the systems theory. This theory suggests that organisations utilise four basic kinds of inputs or resources, from their environments. The resources include; human, monetary, physical and information.

Human resources include managerial expertise and leadership. Monetary resources are the financial funds and income used to sustain ongoing and long-term operations. Physical resources include office facilities such as computers. Information resources are very important and are policies and procedures documents.

A sound financial system and managerial expertise is important because it enables managers to co-ordinate the above mentioned resources to achieve the institution's objectives and goals through basic financial managerial functions. The functions within the financial management system include, planning, decision making, organising leading and controlling

The theoretical framework of a school financial management system includes the following components: Close system, open system and synergy. These components encourage interaction. A sound financial management system has synergy with other sub-systems of school management.

2.4 SOUTH AFRICA SCHOOLS ACT 84 OF 1996 (SASA)

The purpose of the SASA is to provide for a uniform system for the organisation, governance and funding of schools, to amend and repeal laws relating to schools, and to provide for matters connected therewith.

The SASA is the superceding schools Act, giving a legal background to almost all functions within the South African Schools. It states that whereas the achievement of democracy in South Africa has consigned to history the past system of education which was based on racial inequality and segregation; and whereas this country required a new national system for schools which will redress injustices in educational provision,

provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all our people's talent and capabilities, advance the democratic transformation of society, combat racism and sexism and all other forms off unfair discrimination and intolerance, contribute to the eradication of poverty and the economic well being of society, protect and advance our diverse cultures and language, uphold the rights of learners, parents and educators and promote their acceptance of responsibility for the organization, governance and funding of schools in partnership with the state. South African Schools Act No 84 (1996)

2.4.1 The School

According to SASA, the law views a school as a juristic person. This means a school is an invisible entity which exists separately from the people involved in it. However, the purpose of the school is obviously not to make money but to provide high quality education to all its learners. The school may perform the functions given to it by the SA Schools Act. A public school is an "organ of state" which performs a public function in providing education to certain members of the public.

2.4.2 The School Governing Body (SGB)

The SGB is the highest decision making body at school level. The SGB is comprised of all stakeholders of the school. Stakeholders include learners, educators, parents and the business community. The school's governing body can perhaps be compared with the directors of a company. Just like the directors of a company, the governing body is charged with making decisions concerning the school's "business", as well as managing the school to offer high quality education to all learners.

The research may assume that the SGB of a public school makes decisions about the functioning of aspects of the school. It represents the school when it communicates with the provincial Department of Education (DOE) and also represents the school in its interaction with the outside world, fore example by entering into a contract on behalf of the school with someone to provide goods or services to the school

The SASA imposes a responsibility on all public school governing bodies to do their utmost to improve the quality of education in their schools by raising additional resources to supplement those which the state provides from public funds. Schools on the section 21 list will receive a lump sum, per learner, transfer for the payments for which they have responsibility, in accordance with the Resource Targeting Table.

Financial transfers of section 21 will be smaller for better-of schools than for poorer schools. The SGB may allocate the transferred amount to the purchase of other educational items. SGBs may vary the proportion of the funding devoted to such goods and services according to their own perception of education needs, taking provincial policy into account and such expenditure must of course be accounted for.

SGBs that are on the section 21 list as mentioned above may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures. The must keep documents as evidence of correct dealing with such suppliers and contractors , and records of how the materials and services were used, and produce such documents or records at the request of officials from the Provincial Education Department (PED) and for audit purposes South African Schools Act (1996)

2.4.3 Financial tasks of the SGBs

The SASA has a provision that the SGB must take control of the school finances and transaction, and says that:-

- A governing body of a public school must take all responsible measures within its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners.
- The governing body must establish a school fund and administer it in accordance with the directions issued by the H.O.D.
- The governing body must open a banking account.
- The school fund and all proceeds thereof and any other assets of the public school must be used only for educational purpose, at or in connection with such a school
- A governing body must prepare a budget each year, which shows the estimated income and expenditure of the school for the following financial year.
- The governing body must keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions.

The government's proposals for financial delegation to SGB'S have two main objectives. These are:

- To ensure that parents and the community know on what basis the available resources are distributed in the area and how much is being spent in the school.
- To give the SGB's freedom to take expenditure decisions which match their own priorities, and guarantee that their schools will benefit.

In the United Kingdom the School Standards and Framework Act No 6 of 1998 requires Local Education Authorities (LEAs) to prepare the financing of schools by:

- Having formal responsibility for the running of the school.
- Together with the head teacher, draw up and carry out a development management plan for the school.
- Approve and monitor the school's budget.
- Report to parents annually on its stewardship of the school's finances.
- Consider the extent to which it wishes to delegate its financial powers to the head teacher and to record in its minutes. (http/www.hants.gov.uk)

2.5 BUDGETING

According to Pettinger(1997:317) the budget is a plan (with sub plans), that constitutes part of the process of managing the organization, department, and project initiative. It aims to provide an accurate picture of where resources are being used, the speed and frequency of this, and the basis for making future judgments on the levels of finance required to meet particular targets in terms of volume, quality and time.

Mullins (1999:790) points out that budgets are accounting techniques designed to control cost through people. De Beer, Rossouw, Moolman and Le Roux (1998:69) state that a budget is a powerful planning instrument and indicates which activities are important and what resources are required to perform these activities. Managers must be involved in this planning instrument.

David (2005:296) argues that financial budgeting is a method for specifying what must be done to complete strategic implementation successfully and that financial budgeting should not be thought of as a tool for limiting expenditures but rather as a method for obtaining the most productive and profitable use of an organisation's resources. Schools must prepare a complete annual school budget within its total resources and must not plan to overspend. Budget preparation and administration are important aspects of overall district operations.

2.5.1 Requirements for budgeting

When a budget is compiled a number of questions should be asked, these include the following:

Does the school's budget planning process provide for an adopted budget development timeline or calendar which is published and disseminated that alerts the board to ongoing activities that must be performed to create the budget?

Does the school district have board-approved budgeting policies?
Are there budget procedures that are published and disseminated to appropriate staff and committee members?

Do the budgeting procedures of schools identify roles and responsibilities in the budget process including the Board of Trustees, superintendent, directors and supervisors, principals, teachers, staff, site-based decision making team, the community, budget committee (if one exists)?

Are schools having an established procedure for collecting community input to the budget including public hearings, program advisory committees and campus committees?

Is there a school budget advisory committee? If so, is the representation appropriate and effective? Does the budget advisory committee provide recommendations to the superintendent? In what form are recommendations made?

Does the school's budget process provide for long-term (three to five years) budget planning including, but not limited to:

- Staffing requirements
- Facility needs
- Staff development
- Transportation needs
- Maintenance needs
- Capital expenditures for equipment and vehicles
- Income projections
- Revenue collections

Does the school district engage in an annual planning process to improve budgeting procedures such as?

- Evaluation of procedures used to determine improved goals?
- Evaluation of procedures used to establishing priority goals?
- Evaluation of procedures used to establish hardware, software and staffing needs?
- Evaluation of procedures used to establish training needs of budget staff and personnel involved in budget development and control?
- Evaluation of the budget preparation process including the budget manual, all forms, the submittal process, the adoption schedule, public input?
- Does the school district use multi-year budgeting? Could multi-year budgeting assist the board or administration to realize the long-term impact of decisions?
- Does the school district have a memorandum of understanding or interlocal agreement for providing any planning and/or budgeting services?

There also needs to be some form of budget reporting required from a managerial point of view to enable judgment on the effectiveness of this form of resource allocation and utilization to be made.

2.5.2 Forms of Budgeting

Pettinger (1997:318) asserts that there are two forms of budgeting which should be noted. These are:

- Historic budgeting: where the previous years budget is taken as a starting point for current allocation of resources.
- Zero-based budgeting: the opposite of historical budgeting and assures that a fresh approach and consideration is required for current and future activities and periods.

Without performance reports, the meaning and purpose of the budget would be lost. Performance reports allow activity managers to remain accountable to the budget and can be designed specifically to facilitate internal management control, (Bisschof, 2002:48). Figure 2.1 demonstrates how budget allocations can be made.

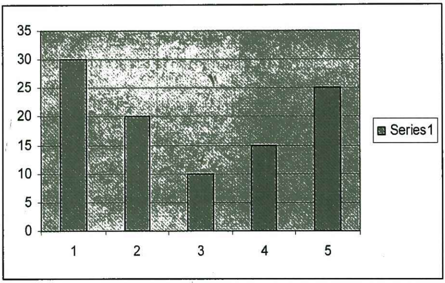

Figure 2.1: BUDGET 2004 ABC SECONDARY SCHOOL

Adopted from Bisschoff (2002:49). Budget allocation

From Fig.2.1 of the above histogram it is clear that ABC Secondary School budgeted for the following expenditure:

1. 30% to administration of the school
2. 20% to the maintenance of the school
3. 10% to cultural activities, such as the choir
4. 15% to sports activities, such as soccer, netball etc.
5. 25% to academic activities.

2.6 FUND RAISING

All non-profit organizations are in the fund raising business. Smith (2000:97) states that whether you undertake a capital campaign to raise funds for building or to create an endowment, organize a community barbeque to underwrite a specific project, or solicit corporations for contributions to an educational foundation, fundraising is an essential element for your nonprofit organizations continued viability and success.

Fund raising must have a purpose, an identifiable and quantifiable need and nonprofit organizations will be increasingly judged by their effectiveness in meeting stated goals and their efficiency in the use of donor funds

2.7 MANAGEMENT

2.7.1 MANAGERIAL SKILLS

Smit & Cronje (2002:17) stipulate that there are three skills regarded as prerequisites for sound management as:

- Conceptual skill, which refer to the mental ability to view the operation of the organization and its part holistically.
- Interpersonal skill, the ability to use knowledge or techniques of a specific discipline to reach goals.
- Technical skills, the ability to use knowledge or techniques of a specific discipline to reach goals. (Smit and Cronje.2002:17)

Table: 2.1 Managerial skills needed at various managerial levels.

Managerial skills needed at various managerial levels

Top Management	Middle Management	Lower Management	Non-Managers (Workers)
Conceptual	Conceptual	Conceptual	Conceptual
Interpersonal	Interpersonal	Interpersonal	Interpersonal
Technical	Technical	Technical	Technical

Source: Smit, 2003. Management Principles (3/e)

As illustrated in Table 2.1 Smit (2002:80) argues that the major difference between non- managers and managers is the shift in focus from technical skills to interpersonal and conceptual skills. Because of this, new managers often mistakenly continue to rely on technical skills rather than on interpersonal skills, which involves motivating employees and building teams. This scenario warrants management education and training. Three skills are indispensable for effective management, but their relative importance depends to a large extent on the specific position the manager holds.

Cronje,Du Toit, Marias & Motlala (2004:) state further that every manager must fulfill a specific role irrespective of the managerial level or area occupied. A manager performs functions, meets certain needs and assumes responsibilities for the business. Hellriege, Jackson, Slocum, & Staude (2004:7) define a manager as a person who plans, organizes, directs, and controls the allocation of human, material, financial, and information resources in pursuit of the organization's goals.

Naylor (1996:6) defines management as the process of achieving organizational objectives, within a changing environment by balancing efficiency, effectiveness and equity, obtaining the most from limited resources, and working with and through other people. SGB's therefore needed to assess this expertise in its appointment of a principal. The SGB has to ensure that the appointed principal is able to think strategically, plan and communicate with people.

2.7.2 Core duties of a School Manager

The SASA defines a school principal as an educator appointed or acting as the head of the school. The school manager, according to SASA:

has the responsibility for making educators and learners aware of the economic aspects of a school's task.

should inspire educators, support staff and learners to carry out tasks requiring the use of school funds, as effectively as possible with regard to the material and economic aspects

must actively draw external stakeholders into the school's activities and encourage support of these activities.

must provide feedback on a continues basis to the external and internal stakeholders

In the United Kingdom the Headteacher here known as the principal has the following financial duties:

- manage the school's financial position at a strategic and operational level
- have the responsibility for the day-to-day running of the school, effective systems of internal control and other financial issues
- ensure financial statements are properly presented and adequately surported

In essence the Headteacher has overall executive responsibility for the school's activities, of which finances are clearly a crucial part. (http://www.hants.gov.uk).

2.7.3 Effectiveness and Efficiency of School Managers

Mullins (1999:233) defines efficiency: as "doing things right" and relates to the inputs and what the manager does. Effectiveness is concerned with "doing the right things" and relates to output of the job and what the manager actually achieves. Effective and efficient management practice is equally important in smaller business as well as non-profit organizations such as schools, universities and sports clubs. (Smit 2000:23).

Managerial training and development for any organisation is essential for a variety of reasons, for example to play a greater role in the economy and to increase the capabilities of black managers and entrepreneurs.

Robins (2001:5) argues that management refers to the process of getting things done effectively and efficiently through and with other people and with both attaining goals effectively and doing so as efficiently as possible.

2.8 AREAS OF MANAGEMENT

2.8.1 PUBLIC FINANCE MANAGEMENT ACT 1 of 1999 (PFMA)

The purpose of the Act entails the following:

- Regulate financial management in the national governments;
- Ensure that all revenue, expenditure, assets and liabilities of governments are managed efficiently and effectively;
- Provide for matters connected therewith.

2.8.2 Financial Management

Lovemore and Brummer (2003:7) state that the task of financial management involves the monitoring of a firm's financial position, and this task may be divided into three main functions, namely analyzing the organisation's financial position, managing the assets, and managing the financial structure

Kroon (1998:6) argues that financial management deals mainly with the raising, allocation and control of the business capital, and is confined by the return on investment (ROI), liquidity and solvency of capital. The overall task of the financial management includes investment decisions and financing decisions.

Cronje (2004:294) states that financial management is responsible for the efficient management of all facets of the financial function and, within the broad framework of the strategies and plans of the business, has as its objective to make the highest possible contribution to the objectives through the performance of the following tasks:

- Efficient financial analysis, reporting, planning and control
- The management of the acquisition of funds, also known as the manager of the financing of capital structure
- The management of the application of funds, also known as the manager of the asset structure.

The PFMA states that the accounting officer must take effective and appropriate steps to:

- Collect all money due to the department, trading entity or constitutional institution
- Prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct
- Manage available working capital efficiently and economically
- Accounting officer's may not commit a department, trading entity or constitutional institution to any liability for which money has not been appropriated.

In nonprofit organisations the same principle applies to the financial manager. Not only should he or she fully understand the income and expense statements, but he or she must have a thorough knowledge of the overall financial health of the organization.

2.9 NON PROFIT ORGANISATIONS (NPO)

Non-profit seeking organizations such as schools, though they may not have to be profitable to attract investors, must employ sound management principles if they wish to survive and achieve their goals. Smit (2000:24) further states that South Africa, with its desperate need to overcome poverty and improve the standard of living of its citizens, can only be successful if it improves its level of management skills and accepts the challenges that face management in all its organizations.

Smith 2000:123) argues that in the nonprofit world, educational programmes are often the backbone of an organisation's services to its constituencies. Non-profit organisations have to pay special attention to some basic rules of good marketing, planning, evaluation and the need to understand about the budget.

2.10 FINANCIAL RESOURCES AND CONTROL

Pettinger (1997:310) asserts that financial resource and control is the background to a manager's position in relation to the financial resources available, and how they are to be used. Organisations have to generate enough income to survive and remain profitable and viable. There is thus a general pressure on managers to contribute to this by ensuring a steady flow of quality outputs that their customers and clients aspire for.

Financial resources and abilities are vital to the success of the organization and are at the heart of the control process, and the control of financial resources is central to the control of other resources in the organisation, Smit (2000:401).

Robins (2001:7) states that if there are any significant deviations, it is the manager's responsibility to get the organization back on track and this method of monitoring, comparing, and correcting is what is referred to as the controlling process.

2.11 FINANCIAL MISCONDUCT

According to the PFMA a charge of financial misconduct against an accounting officer or an official referred to in section 82 or 83, or an accounting authority or a member of an accounting authority or an official referred to in section 82, must be investigated, heard and disposed of in terms of the statutory or other conditions of appointment or employment applicable to that accounting officer or authority, or member or official, and any regulations prescribed by the Minister in terms of section 85.

If the accounting authority is a board or other body as in the case of a school where the SGB is accountable, every member is individually accountable for any financial misconduct of the accounting authority. Financial misconduct is a ground for dismissal or suspension and is liable to conviction, to a fine, or to imprisonment for a period not exceeding five years.

2.12 ACCOUNTABILITY OF SCHOOL MANAGERS

Accountability is interpreted as meaning ultimate responsibility and cannot be delegated (Mullins, 1999:576). Managers have to accept "responsibility" for the control of their staff, and for the performance of all duties allocated to their departments/sections within the structure of the organization and for the standard of results achieved.

The concept of accountability is therefore an important principle of management. The manager remains accountable to a superior not just for the work carried out personally, but also for the total operation of the department. Accountability is the evaluation of how well individuals meet their responsibility and managers are accountable for everything that happens in their departments or sections.
The PFMA confers the following specific responsibilities on accounting officers:

- the operation of basic financial management, including internal controls in departments and by any entities they control;
- to ensure that departments do not overspend their budgets;
- to report on a monthly and annual basis, including the submissions of annual financial statements two months after the end of a financial year end; and
- to publish annual reports in a prescribed format which will introduce performance reporting. Accounting officers who are negligent and make no effort to comply with these responsibilities will face strict disciplinary sanctions including dismissal.

According to the Act, every department and every constitutional institution must have an accounting officer. Subject to subsection (3), the head of a department must be the accounting officer. When an accounting officer is absent or during vacancy, the official acting in the place of that accounting officer must perform the function of accounting officer.

Hellriegel (2004:214) states that accountability is the expectation that employees will accept credit or blame for the results of their work. Accountability is the point at which authority and responsibility meet and is essential for effective performance.

2.13 FINANCIAL FEEDBACK TO STAKEHOLDERS

Bisschof (2002: 100) states that planning and organizing school finances require the guidance of the school manager.

The principal should cultivate healthy relations on financial matters with the internal stakeholders as well as the external stakeholders. The principal must provide feedback to all stakeholders, as this is in financial terms nothing less than a form of accountability. According to Hellriegel (2004:64) feedback is information about a system's status and performance. In an organization feedback may take the form of marketing surveys, financial reports, production reports, and performance appraisals among others.

Hellriegel (2004:256) further asserts that regular feedback also encourages periodic reexamination of goals to determine whether they should be adjusted or not.Van der Waldt (1997:122) notes that decision making, control and evaluation also depend mainly on effective information and feedback. Feedback therefore is the check on how successful we have been in transferring our message as originally intended, and determines whether understanding has been achieved.

2.14 THE IMPORTANCE OF FINANCIAL PLANNING

Robins (2001:80) defines planning as the organization's objectives or goals, it also involves establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities. It is concerned then, with ends (what is to be done) as well as with means (how it is to be done).

Correira (2003:1-4) states that financial management does not take place in a vacuum, it occurs in the context of a specific national and international economy. In financial planning, the scarce resources are financial capital and therefore the financial manager is tasked with the responsibility of making the best use of this resource and his success in this responsibility is measured.

Financial planning is useful for providing information regarding the future. Financial planning works towards target figures yet needs to retain the flexibility to react to unforeseen circumstances and to take advantage of opportunities. Also very important is that these targets should be clearly defined, and should be at the forefront of managerial decision making. Financial plans are only truly meaningful if they are integrated and interrelated with the other plans of the organization.

In this regard financial planning should form part of the strategic plans of the organization. The financial manager and the organisation operate in a complex environment and decisions must take cognizance of the environment. Therefore planning gives direction to an institution in that it helps formulate objectives and shapes plans that indicate how to achieve objectives. (Correira 2003:20-9)

The key similarities of the definitions of financial planning all indicate:

- The starting point of the management process
- The various goals to be formulated
- The plan which describes how the goals should be achieved.

To implement the plans, the tasks and activities must be organized and leadership must be applied to achieve these goals.

2.15 CONCLUSION

This was the theoretical foundation of the study. This study presented literature relevant to the problem. Literature review was presented through different themes and sub themes related to the problem.

The theoretical foundation of this study was formulated by the use of factors from the problem, research objectives, aims, research questions, and more importantly research suppositions.

Literature demonstrated (scientifically) how schools should operate regarding financial management. As demonstrated by deferent authors, the school is a juristic person, and therefore needs to abide by the formal organizational laws, rules, procedures and policies. The theories explored also demonstrated the link between non-profit making organizations and the stakeholders. That is the level of accountability of both, which maintains continuity of organizations.

The following chapter will deal with research methodology and will cover aspects such as data gathering techniques, research design, and data analysis techniques.

CHAPTER THREE: PROBLEM DEFINITION AND RESEARCH QUESTIONS

3.1 INTRODUCTION

The Department of Education in the North West Province strives to improve the quality of education by introducing various intervention strategies in the schooling system. The SASA has a provision that the school manager and SGB must take control of the school finances and transaction, and must take all responsible measures within its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners.

This study attempts to establish whether there are effective financial management practices in Mafikeng schools. The researcher seeks to asses whether school managers have the necessary financial management expertise, and whether school finances are used in accordance with school needs.

This chapter defines the problem and formulates the questions. It also sets in detail the strategy for satisfying the purpose of the study and answers the research questions.

3.2 THE RATIONALE TO THE PROBLEM

This study focuses on the investigation of financial management practices in schools. Management of finances is one of the key problems that need attention in the current education system. In his 2003 key note address, KwaZulu-Natal minister of Education Mr Narend Singh, stated that he dismissed the appeals of nine officials, including two principals, who had been found guilty of financial misdemeanors. Singh also pointed out that many of the School Governing Bodies (SGB) is desperately in need of training and advice in financial management (www.info.gov.za/speeches)

Further that SGBs, being unaccustomed to such responsibilities, often fall totally under sway of the school manager, which defeats the purpose of the system. It is also significant to ensure that as the education system within South Africa intends to balance the norms and standard in education, it should also include the administrative and management plan to equate the balance.

It is very crucial for this study to determine whether sound school financial management systems are implemented and functional. Through this study, the researcher will determine whether:

- There are proper financial regulations within the school's operational systems
- Financial accountability to schools stakeholders is questionable.
- The extent to which schools financial mismanagement if any, will have on the economic, political and social factors.

This research study will focus on the investigation of financial management practices in particular in selected Mafikeng schools. The significance of such an investigation lies in the quest to determine whether school funds are properly administered as guided by the financial policy of the department of education

3.3 DEFINING THE PRIMARY PROBLEM

The lack of proper school financial management skills has a negative impact on the financial conditions of the school. This situation can lead to the demise of the school. Therefore in view of the above, does the school managers and SGB's have the necessary financial expertise.

3.4 RESEARCH QUESTIONS

This research study should establish whether the school financial management has the necessary financial expertise to manage school funds in a sustainable manner. This study will therefore determine whether:

- School managers and SGB's are trained in school financial management practices
- There are proper accountability of funds at schools
- School finances are used in accordance with school needs
- Schools experience financial mismanagement

The questions posed above will be instrumental in determining whether school management is ably skilled in school financial management.

3.5 CONCLUSION

In striving to develop a financial system, schools must always find ways of improving their financial system's and develop the action plan, make plans to achieve their vision, and improve the facilities of dealing with financial problems confronting it.
The above questions will be verified in chapter 4. A testing will be conducted, that is, a decision will be made on the correctness of each answer based on the information obtained from the respondents. As a result only in chapter 4 will the questions and answers either be confirmed or rejected. The data obtained from the questionnaire will also be analysed in chapter4.

CHAPTER FOUR: RESEARCH DESIGN AND ANALYSIS

4.1 INTRODUCTION

This chapter outlines a description of the empirical research, which was undertaken to investigate the practices of financial management in schools in the Mafikeng district. Steps were followed in the design of data collecting instrument as an attempt to validate the research study.

Research methodology is "… how you will go about finding a solution or solutions to your problem, and what steps are necessary to do so." Goddard, et al. (2001: 16). De Vos (2002: 271) asserts that for the terms strategies, methods, traditions of inquiry and approaches, he prefers to use the term methods – when discussing the way a researcher goes about developing insights.

4.2 RESEARCH TOOL

4.2.1 Questionnaire

According to Molale, (1999:81) research tools are the means by which different approaches to research are operationalised. In this investigation, the hand-delivered questionnaire was employed as a means of data collection. The essence of a questionnaire is that it is in the hands of the respondent, and is completed by him or her, usually not under supervision of the researcher.

4.2.1.1 Advantages of using the questionnaire

In comparison with the use of an interview procedure, the questionnaire has the following advantages (Babbie: 1983):

- Distribution of questionnaires is cost effective in terms of time, money and traveling:
- A broader sample of people can be reached, in a way ensuring an extensive spectrum of views, thus maximizing the generalization of the study;
- Standardised instructions are given to all respondents and the appearance and mode of conduct of the investigator do not influence the results;
- Confidentiality of information given can be maintained since in the questionnaire, the identity of the respondent is anonymous.

4.2.1.2 Disadvantages of the questionnaire

Since questionnaires are commonly used in research currently, some respondents could have a negative attitude towards them, thus contributing to a high rate of non-responses.
The following disadvantages of using a questionnaire have been identified as (Legotlo, 1996:30):

- Respondents may not respond to important points or emphasized aspects which are of importance to the investigator;
- The danger of misinterpretation of questionnaire exist as it is very difficult to formulate questions which convey almost the same meaning to all respondents;

According to Borg and Gall, (1998:430), researches have identified a number of factors and several aspects of design and layout in securing a good response rate to questionnaires. These factors include:

- Contents of questionnaire should be arranged in a way that it will maximize co-operation from the respondents

- The language must be accessible and clear, bearing in mind that what may be clear to researcher may be a jargon to another person
- The way the questionnaire appears is visually important, it has to look easy and to answer

4.2.1.3 Format and content of the questionnaire

The questionnaire used in this study consisted of three sections, namely Section A (Questions 1-4), Section B (Questions 5-7) and Section C (Questions 7-7.4). The purpose of the questions in Section A was to gather biographical information about each respondent. The information was essential in understanding the background of the respondents

The objective of the questions in Section B was to assess school management and financial administration as performed by management. For each item the respondents were asked to reflect, on a four point scale, their opinion about financial management practices (SA= strongly agree; A= agree; D=disagree; SD = strongly disagree).

The objective of the question asked in Section C was to determine the SGB and general school financial management issues. The respondents were asked to reflect, on a four point scale, their opinion about the SGB and financial management

4.2.1.4 Final Questionnaire

The final questionnaire was administered to 50 School Managers, senior management team members and SGB members in various schools in the Mafikeng district.

4.2.1.5 Covering Letter

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

4.3 POPULATION

The population consists of 10 selected schools in the Mafikeng district

4.4 SAMPLING TECHNIQUE

Saunders (2000: 150) states that sampling techniques provide a range of methods that enables a researcher to reduce the amount of data he needs to collect by considering only data from a sub-group rather than all possible cases or elements. Simple random sampling was used in this study because Bless and Higson-Smith (2000) observed that the use of random numbers is very reliable and the techniques are simple.

A total of 50 questionnaires were distributed to selected schools in the Mafikeng district. The questionnaires were distributed to school managers, senior management and members of the SGB, and those that were duly completed and returned for analysis were 50.

4.5 STATISTICAL TECHNIQUES

Descriptive statistics were used to analyse the data collected

4.6 CONCLUSION

In conclusion, the questionnaire was used as the main tool for collecting data for this study. The following chapter reflects analisys and interpretation of data collected through the use of SPSS.

CHAPTER FIVE: PRESENTATION AND ANALYSIS OF DATA.

5.1 INTRODUCTION

This chapter presents the analysis of the findings of the investigation conducted to determine the financial management practices of selected schools in the Mafikeng District. The qualitative and quantitative data that was collected through the inquiry are summerised, analysed and discussed.

5.2 REVIEW OF THE RESPONDENTS

All in all 50 respondents returned the questionnaires, which indicated a 100% return rate. The participants were drawn from all stakeholders of financial management at the selected schools in the Mafikeng District, namely, school managers, senior management team and the SGB.

This chapter presents the analysis and interpretation of data collected. Presentation and analysis of data is done by presenting tables of data clusters, followed by critical analysis thereof. It is deemed necessary to present data in a sequence followed by the questionnaire to avoid confusion of analysis. Certain factors will be analyzed by presenting them in statistical form of percentages.

5.3 BIOGRAPHICAL DATA

The biographical data and background information reflected in Table 4.1 was drawn up to gain a picture and profile of the respondents. This information was elicited from participants to have insight into the age of school managers, senior team members and SGB members, qualification and the positions held at the school.

Table 5.1: Age of respondents

1

Age	Frequency	Percentage
22 -27	6	12
28 -32	11	22
33 -37	24	48
38 and above	9	18
Total	**50**	**100**

Most of the respondents were found to be of the age group 33 -37 and these were 24 (48%) , for the age group of 32 and below these were 11 (22%), for the age group 38 and above these were 9 (18%), and the age group of 27 and below were 6 (12%) . This indicates that the majority of the respondents were not close to retiring age.

Table 5.2: Gender of respondents

Gender	Frequency	Percentage
Male	24	48%
Female	26	52%
Total	**50**	**100**

The respondents were then asked to state their gender. There were more females (52 percent) than males who only accounted for 48 percent of the respondents. The gender of the respondents is illustrated in Figure 4.1. This trend is not common among high schools in the Mafikeng district. Usually in high school's males dominate in the senior positions.

5.3.1 Qualifications

Participants were asked to state their academic qualifications. This part of section A of data collection was administered to both educators and the SGB members. The aim of the data cluster was to determine the extent to which schools management teams are capacitated to deal with schools financial management. Educational qualifications play a vital role because financial management procedures, rules, regulations and policies require a formal education background.

Table 5.3: Educational Qualifications

Educational Qualifications	Number	Percentage
Diploma	10	20 %
Degree	12	24 %
Honours and Above	08	16 %
Others	20	40 %
TOTAL	**50**	**100 %**

Table 5.3 revealed that 12 (24%) have degrees (probably in the relevant discipline, that is teaching). Most SGB members (40%) indicated that they have other qualifications. The 40% which indicated that have other qualifications could be attributed to the parent component of the SGB as they form the majority.

The 'appointment' to the SGB does not require any formal qualification. Members of the SGBs have been elected from the parent's body, irrespective of educational qualifications they hold.

Table 5.4: Position in School

Position	Frequency	Percentage
School Manager	10	20%
School Management Team	15	30%
School Governing Body	25	50%
Total	50	100

Participants were asked to state their position is schools. Table 5.4 reflects that most participants 25 (50%) were members of the SGB. Only 10 (20%) were school managers and 15 (30%) were school management team members.

5.4 DESCRIPTIVE ANALYSIS

Section B of the questionnaire was intended to reveal the school management team's financial practices. The respondents were asked to reveal to what extent they agree or disagree with financial management practices at their schools.

5.4.1 SCHOOL MANAGEMENT FINANCIAL ADMINISTRATION

The respondent's answers are summerised in Table 5.5

TALE 5.5: School Management Financial Administration

ITEM	SD		D		A		SA		TOTAL	
	f	%	f	%	f	%	f	%	f	%
1.1 The school governing body is trained in financial management	46	92%			4	8%			50	100%
1.2 Financial mismanagement is prevalent at my school	18	36%	10	20%	12	24%	10	20%	50	100%
1.3 The management gives proper feedback to all stakeholders	44	88%					6	12%	50	100%
1.4 Managers rest the entire financial management on the SGB	25	50%	15	30%	5	10%	5	10%	50	100%
1.5 The financial policy is full implemented and functional at my school	10	20%	20	40%	15	30%	5	10%	50	100%
1.6 Financial needs are planned by all stakeholders			20	40%	20	40%	10	20%	50	100%

KEY: SD=Strongly disagree, D=Disagree, A=agree, SA=Strongly agree

Item 1.1 The SGB is trained in financial management

Most of the respondents 46 (92%) strongly disagreed to the statement that the SGB members are trained in financial management. Only 4 (8%) agreed with the statement. According to Smith (2000: 284) financial management needs skills like capturing records, reviews, summaries and preparing financial reports. The SASA further asserts that the school is a juristic person, and is therefore liable to guidelines and rules laid down in the PFMA. It is therefore important that SGB members and school managers be exposed to financial management training.

Item 1.2 Financial mismanagement is prevalent at my school

It has been found that 10 (20%) of the respondents, agreed and 12 (24%) strongly agreed that they suspect school financial mismanagement in their institutions. While 10 (20%) of respondents agreed and 18 (36%) strongly disagreed with the statement. The 56% of respondents that indicated that there is no financial mismanagement contradicts the finding on feedback. 88% of respondents strongly agree that there is no feedback to be able to argue that mismanagement is not prevalent, constant feedback has to be a regular feature in financial management.

Item 1.3 The school management gives proper feedback to stakeholders

The majority of respondents 44 (88%) strongly disagreed that school management does not give proper feedback to stakeholders. Only 6 (12%) agreed with the statement. This could be attributed to the fact that the SGB and management are not properly trained in financial management as indicated by 92% of the respondents.

Item 1.4 Managers rest the entire financial management on the SGB

Respondents 15 (15%) disagreed and 25 (50%) strongly disagreed and 5 (10%) agreed and 5(10%) strongly agreed that principals should not rest the entire financial responsibility on SGB members. Most comments asserted that it would not be wise to cede all financial responsibility to SGB members because:

- The term of office of SGB members expires after three years. Therefore it would be frustrating for the system.
- School principals have nothing to assure them that SGB members have the necessary financial management skills.

Item 1.5 The financial policy is implemented and functional

The 60% of respondents that indicate that the schools do not have a financial policy imply that there are no basics of financial management at schools. Elhers (2000:148) defines policy as:

> A clear and ambiguous management statement for the guidance of management. It leads to consistency in standards and ensures equitable conduct and a policy should be described in a written document.

Schools do not have financial policy statements which should clearly define correct lines of financial operations. The policy could be derived by considering:-

- PFMA
- Schools financial needs broad guidelines
- SASA 84, 1996.

It has also been observed through data that schools do not observe the tendering processes when procuring services. Schools are like any other company and should follow the broad prescribed financial policy prescripts.

Item 1.6 Financial needs are planned by all stakeholders

The 10(20%) of respondents strongly agreed and 20(40%) agreed while 20(40%) disagreed that school financial needs are planned by the Area Project Offices (APOs). According to section 21 of SASA, the APOs of schools also cater for schools based on the following criteria:-

- If schools have demonstrated (through track record) a capacity of running finances properly, the school is classified under section 21. Once identified to be not falling under section 21, the APO would then determine financial allocation of that particular school.

The findings on school financial management needs raise the following questions to the researcher:

- How deep does the APO go into establishing schools eligibility to fall under section 21 or other?
- What criteria inform the APO for allocating the schools budget?
- Does the APO have effective mechanisms of ensuring that the money allocated is used for intended purposes? Have the APO ensured about proper resources for administering allocated funds (e.g. computers and other resources)

In conclusion data interpretation therefore suggests that school financial needs are not determined by the school's stakeholders. .

5.5 FUND RASING

Fundraising is an essential element for your nonprofit organizations continued viability and success. Fund raising must have a purpose, an identifiable and quantifiable need and an organisation will be increasingly judged by their effectiveness in meeting stated goals and their efficiency in the use of donor funds

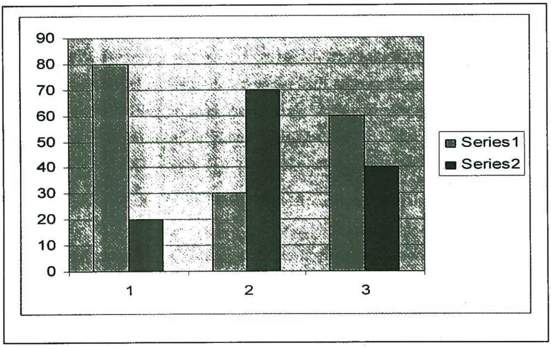

FIGURE 5.1: Fund raising Projects

Key = Blue- Yes   Red- No

1= Are fundraising projects not known by the Circuit or Area Project Officials.

- Yes 80%
- No 20%

2 = Are fundraising projects planned for at the beginning of the financial year.

- Yes 30%
- No 70%

3 = Is fundraising income used for intended purpose.

- Yes 40%
- No 60%

The majority of respondents as illustrated in figure 5.1 informed this study that most of the fund raising projects of schools are not known by the schools district officials. Eighty percent (80%) indicated that even the SGB members sometimes do not know about some fund raising projects. Parents only know when the school embarks on a massive project that will call for parent's participation.

It is also raises concern to find that 70% indicate that fund raising projects are not planned for at the beginning of the year. Schools need to adopt corporate management systems like holding strategic management planning sessions at the beginning of the year. The sessions should look at all major and minor responsibilities of different people who will carry the functions (numbers and skills), how the responsibilities will be carried, and budget requirements for each task. Strategic reviews of the previous academic year should also be made prior to the above process.

It has been asserted by 60% responses that the fund raising income is normally not used for intended purposes. In some open comments, it was noted that:

- Some fundraising projects are unknown to the APO and SGB members.
- Some class teachers do not account properly for income raised
- Some teachers and learners would often duplicate fundraising lists, collect the money and submit only a portion thereof.

- Selling sweets or biscuits would often take rounds with submission of money for the lasts round only. These incidents normally go unaccounted for.

5.6 SGBs and Financial Management

Table 5.6: SGB and financial management

ITEM	SD		D		A		SA		TOTAL	
	f	%	f	%	f	%	f	%	f	%
7.1 The SGB is properly skilled to handle school financial process at my school	38	76%	10	20%	1	2%	1	2%	50	100%
7.2 The SGB take Financial books for auditing once in three years at my school	9	18%	10	20%	10	20%	21	42%	50	100%
7.3 The school's financial budget meet curriculum needs at my school	10	20%	38	76%	1	2%	1	2%	50	100%
7.4 The SGB makes audit reports known to all stakeholders.	34	68%	10	20%	5	10%	1	2%	50	100%

KEY: SD=Strongly disagree, D=Disagree, A=agree, SA=Strongly agree

Item 7.1 The SGB is properly skilled to handle financial processes.

Only 2(4%) of respondents agreed and strongly agreed with this statement. The majority of respondents 48(96%) strongly disagreed and disagreed that the SGB is properly skilled to handle school financial processes. The nomination of SGB members are not based on any educational qualification or work experience. Schools situated in more affluent areas however tend to have SGB members who are more literate than schools in less affluent areas. Respondents in this study are predominantly from a semi-urban area and this implies that the SGB members in the selected schools belong to the working class,

Item 7.2 The SGB take financial books for auditing once in three years

It has been accounted by different responses in open comments that the school governing bodies are not properly capacitated to deal with financial matters. Respondents agreed and strongly agreed 21(62%) that the SGB takes financial books for auditing once in three years. The term of office of every SGB is three years. It then means that accounting to stakeholders takes about a period equals to that of the SGB in office. Accounting to stakeholders is best done when books have been audited first. Van der Waldt (1997:304) says that the aims of financial reporting are:-

- To give information to resource suppliers and other information users to help them make meaningful decisions about the allocation of resources
- To decide whether services are being provided properly and to ensure the continuation of services
- To determine the extent to which public officials fulfill their responsibilities of accountability.
- To provide information on:

-- economic resources, financial obligations and net assets, the effects of transactions, events and circumstances that could change the availability of economic resources

-- achievement and job performance during a given period

-- how cash and other liquid resources are obtained and spent

➤ To give explanations and interpretations that can help the different types of users to understand and interpret the information properly.

Hellriegel (2004:256) concurs with Van der Walt and notes that feedback to stakeholders is important and includes financial reports, production reports, and re-examination of goals. Constant feedback is expected by the parents, learners, sponsors and the government.

Item 7.3 The school's financial budget meet curriculum needs.

Curriculum needs of a school are varied and diverse depending on the type of school. Curriculum needs include library material, laboratory equipment and sport equipment (amongst other). Therefore these needs will differ from one school to another.

Curriculum needs are also determined by the availability of funds in the school. a school which charges a higher school fee will have enough funds to access curriculum needs that a school whose school fee is much lower. In the previously disadvantaged schools, parents are faced with the difficulty of paying school funds.

The DOE therefore introduced a system which exempts other parents (based on their annual income) from paying school funds. This exemption of school funds has an impact in terms of accessing curriculum needs. The majority 48(96%) of the respondents disagree, and only 2(4%) agree with the statement that curriculum needs are met. This findings reflected the socio –economic background of the community in which the schools are situated.

Item 7.4 The SGB make audit reports known to all stakeholders

The SGB, as a representative body of the school has to ensure constant feedback to all stakeholders. Audit reports have to be communicated and discussed with the stakeholders. Most of the respondents 68% indicated that audit reports are not made known to all stakeholders. This then implies that there is a lack of proper feedback from the SGB to stakeholders.

The modern schools are faced with problems in need of an integrated Government service – as it is a society in maniature. Brunton (2003) considers stakeholders such as:

- The school manager: Managers of the school entity who are to co-ordinate the services.
- School Governing Body: to work hand in glove with the principal and channel financial resource properly.
- Educators: Who are to be motivated (money and otherwise) to drive school projects.
- Department of Safety and Police: Crime prevention programmes such as anti –crime or anti –violence and anti- child abuse programmes.

5.7 Conclusions

This chapter outlines the findings on financial management challenges and issues encountered by all stakeholders in the schools in the Mafikeng District. From the findings respondents indicated:

- School management and SGB lack financial management skills
- Schools do not have sound financial policies
- Financial mismanagement is prevalent in schools

The following chapter focuses on summary, recommendations and conclusion.

CHAPTER SIX: SUMMARY, RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

The purpose of this chapter is to give a summary of the study, to recommend suggestion on some of the issues and to come to a conclusion. This is the final chapter of this dissertation. Recommendations to be made here are informed by the research findings-as arrived at, in the previous chapter. The study will consider the main findings.

6.2 SUMMARY

Chapter 1 focused on the statement of the problem and also outlined the aims of the study. The problem is the lack of skills needed by school managers, and SGB members to manage school funds properly. The chapter further outlined the methods of research which included literature study, questionnaires, observations, population and sampling and data analysis.

Chapter 2 surveyed the literature on issues of financial management and accounting processes. Literature was consulted to reveal what is known and what remains to be learned in the field.

Chapter 3 reflected methods that the researcher used to collect and analyze the empirical data. Data was colleted using the following techniques: questionnaires, observation. Data was analysed using simple descriptive statistics.

Chapter 4 focused on the analysis and interpretation of the empirical data. The findings show that in the overall the respondents felt that the school managers and SGB members lack the necessary financial management expertise of managing school funds properly.

6.3 RESEARCH FINDINGS

In order to address the main aims of the study, the findings discussed in conjunction with the aims of the study in chapter one were highlighted. This section will discuss each of the findings for all the mentioned aims

6.3.1 Findings on aim 1:

- To determine the nature and scope of financial managers of schools

School management teams (including the SGB) have not been trained in financial management. This findings, means that there is a likelihood of school financial mismanagement.

6.3.2 Findings on aim 2:

- To identify the problems related to poor financial management systems at selected schools

Most schools do not have financial policies. A financial policy is one of the major basics of dealing with organisations financial management guidelines. Stakeholders do not receive regular financial feedback and communications in terms of any system or method applied, for determining the financial needs of the school

6.3.3 Findings on aim 3:

- To determine the role of the SGB in financial management

Schools financial management tasks are seen as the sole responsibility of the SGB. Other stakeholders are not actively involved in financial management of schools. There is no transparency in financial management practices.

6.4 RECOMMENDATIONS

6.4.1 Recommendation 1

The Department of Education should ensure that the SMT (including the SGB) which should form the financial committee be trained in school financial administration. The researcher recommends that training should also consider a certain number of educators, as they are most likely to be future managers Ivancevich (1996:441) say that leaders must make sure that people are hired who have the traits needed to accept and implement the vision.

Government should maintain and upgrade skills and assure constant training, as is commitment to the organisation vision. In laying easy grounds for SMT financial management training, each and every SGB member eligible for the incoming SGB (elections) must submit a curriculum vitae for short listing. SGB members should at least be trainable. Ehlers (2003: 202-03) explains that:

> Training is the overall responsibility of the Human Resources Department. Training is a learning experience in that it seeks a relatively permanent change in an individual that will improve his/her ability to perform on the job. Effective training leads to more productive workers and greater personal satisfaction, job enrichment, and a feeling among employees that the organization is interested in their advancement. Training programmes should be geared to the needs of employees as well as those of the organization. Training programmes should be developed to

help all employees in adjusting to structural change and technological innovation in the workplace.

6.4.2 Recommendation 2

All school must have a financial policy.

Elhers (2000:148) defines policy as:

> A clear and ambiguous management statement for the guidance of management. It leads to consistency in standards and ensures equitable conduct and a policy should be described in a written document

It is envisaged that financial policy would guide the schools with a variety of issues like the procurement of goods in schools. Bisschoff (2002: 77) states that:

> "A school should have a school policy, and the policy should set out the mission of the school in operational terms. The financial policy should either form an integral part of the school policy, or be a separate policy as in the case of a subject policy."

Bisschoff (2002: 78) further provides a model of drawing up the school financial policy. He states that consideration should be given to:

- The school's mission statement (philosophy of education, principles acceptable and relevant Acts)
- The needs of society (alignment of school financial to the curriculum)
- Leaner-centeredness, and
- Quality assurance

With regard to the finding that respondents were not satisfied with the manner in which financial feedback is given to stakeholders, Brunton (2003: H-4) regard the following as schools stakeholders:

- SGB
- School managers
- Parents' families
- Police members
- Health and social service providers, and
- Formal and informal community structures (NGO's, Faith Based Organisations and other spouses).

Bisschoff (2002: 100) divides the above stakeholders into internal and external stakeholders, and maintains that principals should cultivate a healthy financial relationship between both. External clients provide financial support, while the internal ones receive service, and should report it for motivating the external ones. The principal, according to Bisschoff (2002: 102) must:

- Make the staff and learners aware of the economic aspects of the school.
- Make external stakeholders aware of any financial planning, transaction and outcomes
- Often report successes and failures, and seek a way to maximize success and alleviate failures.
- Timeously inform the stakeholders

6.4.3 Recommendation 3

The researcher recommends that financial books are audited annually. Audit reports should be made known and discussed to all stakeholders on a regular basis. To enhance feedback SGB can employ the usage of monthly news letters and convene parent meetings at least twice per term.

SGB members eligible for elections should be elected by considering their educational background and work experience, which will ensure the level of trainability in financial management and other matters related to school governance.

6.5 CONCLUSION

In conclusion, financial management practices cannot be improved in our schools unless school managers, senior management teams and members of the SGB are fully and continuously trained in financial management skills.

With the implementation of training workshops management and SGB will be equipped with the necessary competency needed to improve the situations at schools and the economy of the country.

Training and continuous upgrading of financial management skills are key in the realization of an organisation`s vision.

The findings of this study should be seen in the context of the research organization and the sample under focus only. Generalising the findings would not be scientifically sound, because each and every setting has its own contextual realities.

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Appendix A

Tables		Page
1.1	Functions of School Management teams	3
1.2	The School Establishment	4
2.1	Managerial skills needed at various Managerial levels	19
5.1	The respondents age	39
5.2	Gender of Respondents	39
5.3	Educational Qualifications	40
5.4	Position in school	41
5.5	School Management Financial Administration	43
5.6	SGB and Financial Management	50

Appendix B

Appendix C

Glossary

APO	Area Project Officer
CFO	Chief Financial Officer
HOD	Head of Department
LEA	Local Education Authority
NGO	Non Governmental Organisation
NPO	Non Profit Organisation
PED	Provincial Education Department
PMFA	Public Finance Management Act
ROI	Return on Investment
SASA	South African School Act
SGB	School Governing Body

Appendix D

INSTRUCTIONS

1.1 Please answer all questions faithfully

1.2 Mark the appropriate answer with an X

1.3 All respondents are important

1.4 Do not use names when such needs arise

1.5 Confidentiality will be honored

Dear Respondent

I am M. Bosch and am studying Masters of Business Administration (MBA) at the North West University in the Graduate School of Business and Government Leadership. I am conducting a research in part fulfillment of the requirements to complete the degree.

The purpose of the research is for academic reasons. I therefore humbly request you to participate in completing the questionnaire. All information gathered will not be published anywhere and will be treated as highly confidential.

Thanking you in advance

M.BOSCH

SECTION A

Please answer the following questions by putting a cross (X) in the appropriate box

Biographical Data

1. GENDER

MALE	
FEMALE	

2. AGE

22-27	
28-32	
33-37	
38 +	

3. EDUCATIONAL QUALIFICATIONS

Matric	
Diploma	
Degree	
Honours and above	
Other/ Specify	

4. POSITION IN SCHOOL

School Manager	
School Management	
Member of SGB	
Other / Specify	

SECTION B

Please indicate with a cross the level to which you agree or disagree with the following issues on Financial Management at your school.

Key:

SA - Strongly Agree
A - Agree
D - Disagree
SD - Strongly Disagree

5 The School Management	**SA**	**A**	**D**	**SD**
5.1The School Governing Body is trained in financial management				
5.2 Do you think further training in financial management is necessary?				
5.3 Managers rest the entire financial management on the SGB				
5.4 Financial mismanagement is prevalent at my school				
5.5 The school management gives proper feedback to stakeholders at my school				
5.6 The financial policy is fully implemented and functional at my school				
5.7 Financial needs are planned by all stakeholders at my school				

6 FUNDRAISING

6.1 Are fundraising projects known by the Circuit officials of the department of education?

Yes	
No	

If No, why?

....

....

6.2 Are fundraising projects planned for at the beginning of the year?

Yes	
No	

6.3 Is the fundraising income used for the intended purpose in your institution?

Yes	
No	

If No, why?

....

....

SECTION C

Please indicate with a cross (x) the level to which you agree or disagree with the following issues on SGB's and Financial Management at your school.

Key:

SA - Strongly Agree
A - Agree
D - Disagree
SD - Strongly Disagree

9 SGB's and Financial Management	SA	A	D	SD
7.1 The SGB is efficiently skilled to handle school financial process at my school				
7.2 The SGB take financial books for auditing once in three years at my school				
7.3. The school's financial budget meet curriculum needs at my school				
7.4 The SGB make audit reports known to all stakeholders at my school				