

Financial management strategies of School Governing Bodies in secondary schools in the North West Province

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DECLARATION

I, **Moses Letsapa**, declare that this dissertation entitled **Financial Management Strategies of School Governing Bodies in Secondary Schools in The North West Province** is my own work and all sources that have been used are acknowledged in the list of references. Furthermore, this work has not been submitted to this or any other institution before for any qualification by me or any other person.

Signature of Candidate: 

University Number: 23735708

Signed at ...North-West University.....on this ...13th day of October 2020

DEDICATION

My work is dedicated to my son, Reatlegile Phora, who withstood my absence as I worked on this dissertation.

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Firstly, I thank God, the Almighty for keeping me focused on achieving my dream. He has been the pillar of my strength and I know that he is with me wherever I go and whichever path I choose to follow. I thank you, Tata!

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Finally, I thank the Department of Education in the North West District for granting me permission to conduct this research. I specifically thank the principals who opened their school doors for me, and the rest of the research participants.

ABSTRACT

The aim of the study was to investigate financial management strategies used by School Governing Bodies (SGBs) in rural schools in the North West Province as the South African Schools Act 84 of 1996 (SASA) requires. The study explored the roles of the SGB in the management of school finances, identified challenges faced by SGB and investigated how the SGB could be assisted in managing school finances effectively and efficiently. The study used a qualitative research approach in order to gain an in-depth understanding of SGBs with regard to managing finances. The study selected two secondary schools in the Ngaka Modiri-Molema District as research sites. From these two schools, three SGB members and one principal were purposefully sampled to participate in this study. Data was collected through one-on-one interviews and focus group interviews as well as document analysis. Thematic data analysis was used to interpret data from interviews. Findings from this study suggest that that SGBs used planning, organization and control as strategies of managing school finances. The SGBs were aware of some of their roles such as budget drafting, supplementing the funds from the state and the monitoring of school finances. In executing their roles, the SGBs experienced some challenges such as school finance policy formulation, insufficient allocations from the state, restrictions around the section 21 allocation, insufficient financial training and low level of financial literacy. The study recommends that the Department of Basic Education (DBE) should provide additional training to the SGBs, remove the rigid restrictions on section 21 allocation, amend SASA with regard to election of parents who serve on the SGB and offer schools the option to withdraw from section 21 status.

LIST OF ABBREVIATIONS AND ACRONYMS

CoC	Code of Conduct
CoSA	Constitution of South Africa
DBE	Department of Basic Education
FINCOM	Finance Committee
HoD	Head of Department
LTSM	Learning and Teaching Support Materials
MEC	Member of Executive Council
NNSSF	National Norms and Standards for School Funding
NLSM	Non-Learning Support Materials
NWP	North West Province
PFMA	Public Finance Management Act
PHDE	Provincial Head of Department of Education
RSA	Republic of South Africa
SASA	South African Schools Act
SBM	School Based Management
SGB	School Governing Body
TV	Television
ZBB	Zero-Based Budgeting

KEYWORDS

Budgeting

Code of conduct

Decentralization

Financial management

Finance policy

Monitoring

School governing body

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CHAPTER 1

ORIENTATION OF THE STUDY

1.1 Introduction and background

The focus of this study was to investigate the financial management strategies used by School Governing Bodies (SGB) of rural secondary schools in the North West province. The year 1994 heralded a new era for South Africa culminating in the first democratic elections in April 1994. The Constitution of the Republic of South Africa, Act 108 of 1996, set the country on the road to true democracy (Swartz, 2012:01). After the first democratic elections in April 1994, the South African education system has also undergone a metamorphosis (Rangongo, 2012:01). The most notable change in the South African education system is the promulgation of the South African Schools Act 84 of 1996 (SASA) which introduced a system of democratic governance into South Africa's education system (Swartz, 2012:01). In terms of section 16 of SASA, the governance of public schools is vested in the School Governing Body (SGB) (RSA, 1996a).

In terms of Section 34 of SASA, the state is mandated to fund public schools from public revenue on an equitable basis in order to ensure proper exercise of the rights of learners to education and redress of past inequalities in educational provision (RSA, 1996a). Furthermore, in an attempt to address equity in the school funding, the South African Government introduced the National Norms and Standards of School Funding policy (NNSSF) (Mestry, 2014:0). The NNSSF policy provides a statutory basis for school funding in that schools are now classified into wealth quintiles and subsidised accordingly. Schools serving poorer communities must receive more state funding than schools serving more economically privileged communities. SASA then gives the SGB full responsibility to manage the school finances at public schools as a way of introducing democracy in school governance (Thwala, 2010:13).

Mestry (2013:139) describes school financial management as carrying out of managerial activities that are associated with school financial matters with the sole purpose of achieving quality education. Although there are guidelines in the Public Finance c Act 1 of 1999 (PFMA) and SASA on how the SGB should manage their funds, these entities still face problems and several impediments in managing school funds. A study conducted

by Rangongo (2011:140) in rural primary schools established that SGBs were dysfunctional in the management of their school finances because they lacked financial management skills. In their work on section 21 schools (that is schools that are given the autonomy to manage their finances), Beyers and Mohloana (2015:343) established that since 1994 when some schools were granted section 21 status and SGBs were given powers to manage the allocation, school funds have been mismanaged by some of the SGBs in rural areas where low levels of education are a pervasive characteristic. Similarly, Nqatha's (2018:02) study on "no fee" schools (schools where parents are not expected to pay school fees) verified that the main problem that SGBs face is the low level of education amongst members. This low level of education makes it challenging for some of the parents SGBs to perform their financial management obligations and duties in the school. Mestry (2018:398) found that the reasons SGBs from rural schools encountered impediments in managing their school finances effectively was because the governors lacked financial expertise and entrepreneurial skills in supplementing funds provided by the state. This inability to raise funds because of the location of rural and townships schools and the principals' inability to provide adequate support to the SGB parent members seriously compromised financial governance in such sites (Mestry, 2018).

It is apparent that most SGBs, especially in rural schools, encounter difficulties in managing their school finances (Mestry, 2018:398). As a result of their inability to administer finances, this failure inhibits the South African Government's plan to provide quality education to all South African learners (Rangongo, 2012:02). SGBs need proper financial management skills in order to effectively manage school funds and for the schools achieve their intended performance goals (Cebekhulu, 2015:03). Financial management strategies delineate the approaches to making the best use of school financial resources and thus help achieve the schools' objectives (Strydom, Erasmus & Du Toit, 2012:529). Although there has been much research conducted regarding SGB and school financial management, there is a gap in the literature regarding the strategies that SGB use to manage school finances. Therefore, this research fills the gap and investigates the financial management strategies used by SGBs in rural secondary schools in the North West Province.

Cebekhulu (2015:03) and Nqata (2018:14) reach the conclusions that financial

management training sessions offered to SGBs in rural schools are inadequate to ensure that such bodies can efficiently manage school finances. Secondly, the level of literacy and the understanding of financial terms by parents serving on the SGB is minimal, making the duties and the responsibilities of SGB challenging. From these challenges, I was then motivated to conduct this study and investigate the financial management strategies used by SGBs in rural secondary schools. From this study, I strove to add to the sparse literature existing, specifically literature addressing financial management strategies used by SGB in rural schools. It is anticipated that the findings could be effectively used to assist SGBs in rural schools' settings to manage their finances efficiently.

1.2 Problem statement

The management of finances is crucial to the successful provision of quality education in schools (Rangongo, 2012:02). Finances are crucial resources that SGBs should manage responsibly in order to provide quality education (Nqata, 2018:01). In performing their statutory role, SGBs in rural schools are currently failing at managing school finances due to their low level of education, compounded by a lack of financial management skills. Studies conducted by Baruth (2013:79) disclose that many SGBs from rural schools are deficient in financial management skills for the effective management of these resources. He further states that the Department of Basic Education (DBE) has also investigated cases of mismanagement through misappropriation, fraud and theft across the country. A study conducted by Beyers and Mohloana (2015:343) on section 21 schools also confirmed the problem of mismanagement of funds by the SGBs has escalated since 2006. Similarly, Nqatha (2018:07) demonstrates that SGBs are experiencing substantial difficulties in managing their school funds.

As stipulated in SASA, the Head of Department (HOD) should provide training to SGBs to assist them in managing finances (RSA, 1996a). Nqatha (2018:07) adds that newly elected SGBs are offered inadequate training workshops and consequently they lack the relevant skills and knowledge to manage school finances. These workshops provided by the Department of Basic Education have been futile interventions in eradicating the challenge of financial mismanagement by some of SGB members from rural areas. Previous studies on this aspect focused on the management of finances by SGBs and the training that is offered to them, but to my knowledge there is a limited literature that

deals specifically with the financial management strategies used by SGB in rural schools (Cebekhulu, 2015:01). This then spurred this study which aimed at investigating the management strategies used by school governing bodies of rural secondary schools in the North West province. The restrictiveness of section of section hampers the ability of SGBs to devise progressive strategies on effectively administering the finances at the school. There is need of a strategy to improve the consultative approach on administering the school finances between the principals and the SGBs The consultative approach will assist on activities such as drafting, adopting and implementing the budget and on drafting and implementing policies such as the financial policy.

1.2.1 Aims and Objectives

The aim of the study was to investigate the financial management strategies used by school governing bodies of rural secondary schools in the North West province.

Objectives

For the above aim to be achievable, the following objectives were set:

- To explore the roles of SGBs in the management of school finances.
- To identify challenges that SGBs experience in the management of school finances.
- To investigate how SGBs could be assisted in managing finances effectively and efficiently.

1.3 Research Questions

The main research question that guides this study is stated as follows:

Which financial management strategies are used by school governing bodies of rural secondary schools in the North West Province?

This main question prompts the following sub-questions:

- What are the roles of SGBs in the management of school finances?
- What challenges do SGBs experience in the management of school finances?
- How could SGBs be assisted in the management of school finances effectively

and efficiently?

1.4 Concept Clarification

1.4.1 School-Based Management (SBM)

Elmlegy (2015:82) explains school-based management system (SBM) as the managerial strategy to decentralize decision-making to the school-site that aims at empowering parents and teachers' professionalism and shared decision-making among key stakeholders at school. The key stakeholders in this study are the SGBs that manage school finances; they make financial decisions together as a team to promote effective teaching and learning at school as SASA requires.

1.4.2 Financial Management

Dibete (2015:13) defines financial management as the performance of actions that are connected with the financial aspects of school management in order to achieve effective education. This implies that those that are in authority, which are the SGBs, must administer the financial resources of the school in an efficient manner leading to the provision of effective and quality education.

1.4.3 Decentralization

Mwinjuma, Kadir, Hamzah and Basri (2015:34) explain decentralization as the transferring of decision-making powers from central government education to the local government and schools. Similarly, Melaphi (2015:16) defines decentralization as the process whereby decision-making mechanisms and authority are transferred to lower levels of an organization. The provincial Department of Education is the central government and the SGB established in schools constitute the local government in this study.

1.4.4 School Governing Body (SGB)

The South African Schools Act (84 of 1996) 23 (21) defines an SGB as a committee of elected parent representatives, educators in that school, co-opted members, learners (for secondary schools) and the principal (RSA,1996a). The SGB is solely responsible for

taking financial management decisions and managing school finances as a whole.

1.4.5 Finance Policy

There are policies available for every organization to function optimally to achieve the vision and mission of that same polity. According to SASA (RSA, 1996a) the SGB should develop a series of policies, including a school finance policy. Mestry and Bisschoff (2009:39) perceive school financial policy as an important tool that clearly outlines how funds such as school fees, donations, sponsorships, other generated funds and the school expenditure are managed in a specific school. Nqata (2018:128) submits that a good finance policy should outline the rules and regulations of handling the school's finances. In this study, finance policy refers therefore to the rules and regulations that guide the SGBs in managing school finances.

1.4.6 Legislation

Legislation refers to laws and rules made by the legislative authority (Thompson *et al.*, 2014:124). The laws in this study emanate from the Constitution of South Africa Act 108 of 1996b, the South African Schools Act no. 84 of 1996 (RSA, 1996a) the Public Finance Management Act No.1 of 1999 (RSA, 1999) and the National Norms and Standards for School Funding (NNSSF). The SGBs in schools are expected to manage school finances in accordance with all these laws for the efficient management of school finances.

1.4.7 Budgeting

Budgeting is the process of planning and allocating of resources in order to achieve the school's objectives (Mestry & Bisschoff, 2009:99). Similarly, Ngubane (2009:22) describes budgeting as the process of allocating limited resources to the prioritised needs of an organization. The process of allocating resources in this study is the responsibility of the SGB.

SASA (RSA, 1996a) outlines that budgeting is an essential management tool and therefore the SGB must be well-informed about the process.

1.4.8 Financial management strategies

According to Balhao (2016:08) financial management strategies are the course of action

or an approach used to ensure the school has the funds it requires to meet its educational goals and that such funds are used strictly for the purpose for which they meant. These financial management strategies are undertaken by the SGBs to achieve the school's objectives.

1.5 Research Design and Methodology

1.5.1 Research paradigm

Bryman (2012: 630) explains a paradigm as a cluster of convictions and dictates which for scientists in a particular discipline influence what should be studied, how research should be done and how results should be interpreted. Creswell (2014:06) defines a paradigm as a general philosophical orientation about the world and the nature of research that the researcher adopts in a study. Creswell (2014:06) continues to claim that a particular paradigm chosen for a specific study may arise from student's and mentor's preferences, previous research experience or discipline orientation. Molefe (2011:50) submits that the type of epistemological convictions and orientations brought into the study determine the approach used in a specific research.

In this study, an interpretative paradigm was used to investigate the financial management strategies used by school governing bodies of rural schools in the North West Province. The interpretative paradigm aims to understand people within the context of their lived experiences (Babbie & Mouton, 2007:28). In Maree (2014:59)'s view, interpretivism focuses on people's subjective experiences and how people construct the social world by sharing meanings, and how they interact with or relate to each other. According to Creswell (2014:08) in an interpretivist research, the goal is to clarify as much as possible the challenges in the research problem as informed by participants' views of the situation or phenomenon studied.

Adopting the interpretative paradigm was beneficial as this study used a qualitative case study to investigate the financial management strategies used by school governing bodies of rural schools. I was then able to offer multiple thick descriptions and explanations emerging from the participants' actions and ways of living in a subjective reality.

1.5.2 Research approach

Qualitative research focuses on phenomena that occur in a natural setting; that is, in a real world (Leedy & Ormrod, 2014:139). This study adopted a qualitative research approach that focuses on financial management strategies used by school governing bodies in rural schools. This qualitative research approach enabled me to interact with the SGBs in real settings (schools) where they were able to express their views, perceptions or beliefs (Creswell, 2014:16). Qualitative research study was most suitable for this study because of its various methods of data collection which allowed me to collect data that is rich in nature as Maree (2014:82) maintains.

1.5.3 Research design

According to Creswell (2014:12), research designs are types of inquiry within qualitative studies that provide specific direction for procedures in a research. Research design provides a huge sense of direction and clear structure with regard to data collection and analysis (Hesse-Biber & Leavy, 2011:67). This study followed a case study research design. A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when boundaries between phenomenon and context are not clearly evident (Yin, 2009:18). A case study method is ideal when 'How' or 'Why' questions are asked; therefore, a case study was best suited to achieve the objectives of this study on the financial management strategies of SGB in secondary schools. Furthermore, the case study was most appropriate for this study because it allowed me to an opportunity to spend time with participants and collect data directly from them in their natural setting using interviews and document analysis (Hamilton & Corbett-Whittier, 2013:11).

1.5.3.1 Site selection

According to Kumar (2011:193), sampling is the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown phenomenon, situation or outcome regarding the bigger group. Purposive sampling technique was used to select two "no fee" public secondary schools with section 21 functions falling under the category quintile 1 situated

in the Ngaka Modiri Molema district in North-West.

1.5.3.2 Participant selection

Purposive sampling was used to select participants from this study. Gray (2009:180) points out that in purposive sampling, the informants are identified because they are known to enable the exploration of a particular behaviour or characteristic relevant to the research. An advantage of using purposive sampling is that it afforded me the opportunity to ensure that each element of the sample assisted with the research (Du Plooy-Cilliers, Davis & Bezuidenhout, 2014:142). The participants were chosen on the basis of their knowledge in connection with school financial management. From each school, four members of the SGB were selected. The principal (in his official capacity), the chairperson, treasurer and the secretary were obvious selections. Therefore, eight participants in all were selected for this study. The selection of these participants was based on a fact that they were knowledgeable in managing school finances and that they held the appropriate information needed for this study.

1.5.3.3 Data collection strategies

For this study, one-to-one interviews and focus group interviews were used to collect data from participants. Moreover, document analysis was also utilised as a method of data collection. Nieuwenhuis (2010:86+6) defines an interview as a two-way conversation whereby an interviewer asks pertinent questions in order to gather data and acquire more knowledge about the ideas, beliefs views, opinions and behaviors of the participants.

Maree (2014:87) states that semi-structured interviews are used in research projects to corroborate data emerging from other data sources. Semi-structured interviews seldom span a long time; these require the participant to answer a set of predetermined questions, allowing for probing and clarification of answers. Semi-structured interviews were adopted for their flexibility; they allowed researcher to ask one major question to participants and upon participants responding to the questions, the researcher paused for clarity and probing. Semi-structured interviews corroborated data from other sources such as formal documents. One-on-one interviews were used on principals, and focus group interviews for members of the SGB that were selected.

Morse and Richards (2013:132) mention that data may consist of documents that exist

independently of the research process. In this study, this data included official documents such as minutes of SGB meetings, financial records, school budget and finance policies. The data from the documents was applied to discover insight on the management strategies of finances by SGB in two rural secondary schools in North West Province.

1.5.3.4 Data analysis

Glesne (2016:183) defines data analysis as organizing what the researcher has seen, heard and read so that they may figure out what they have learned and make sense of what they have experienced. While working with data, I described, compared, created explanations, linked their story to other stories and developed connections. The process of data collection, data analysis and interpreting data was intertwined. After all the data was collected through interviews and document analysis, the study used thematic analysis to collate and synthesize data. Glesne (2016:185) defines thematic analysis as a method of searching for patterns and themes in the data collected.

Data collected from this study was categorized into patterns that were identified in the findings and subsequently these patterns were then categorized as themes.

A coding frame was drawn up to allow verbatim reporting where applicable. The researcher used preset coding that was identified during literature review for this study. The related codes were then organized into preset categories. After categorization, the transcripts were re-read to confirm insights that emerged from the data. Data coding led to new ideas for the ultimate data display. As Maree (2016:116) states, coding enables the researcher to retrieve and collect all the text and other data associated with the thematic constructs generated.

Documents were analysed to verify data collected from interviews. The researcher arranged documents in order of importance and collated some detailed notes. Analysis of documents assisted the researcher to identify patterns, develop understanding and discover insight on the management strategies of finances by SGB in two rural secondary schools in NMM, North West Province.

1.6 Trustworthiness

Bloomberg and Volpe (2012:112) define trustworthiness as a way of evaluating qualitative research by focusing on how well the researcher has provided evidence that

is crucial to the study. To ensure trustworthiness the researcher applied various validity strategies, thus triangulation, member checking, prolonged time in the field, peer debriefing and use of an external auditor.

Triangulation: According to Creswell (2014:201) triangulation can be achieved various methods of data collection, such as observation, interviews, and document analysis. Triangulation was achieved through using three different methods of data collection, namely semi-structured interview questions, focus group interviews with teachers and one-on-one interview with a member of SMT from each school and document analysis

External auditor: In addition, the researcher involved other reputable lecturers in the faculty to review the interpretation of data.

Prolonged time in the field: To achieve data trustworthiness long-term involvement and multiple contacts with participants during the time of study of the programme. That long contact with the participants helps to acquire more accurate information enhancing the validity of the study (Creswell, 2014: 202).

Member checking: According to Creswell (2014: 201), it serves a purpose of determining the accuracy of qualitative findings by taking the findings to the participants. The study consulted with the participants on the verification of the emerging themes and categories.

1.7 Researcher's role

According to Maree (2014:41), the researcher's role is part of a collaborative partnership between the researcher and participants to collect data and analyse it, with the aim of understanding the research problem. For example, the researcher may be a sensitive observer who records phenomena as faithfully as possible. In this study the researcher played the role of an interviewer. The researcher interviewed and recorded the interviews and served as an interpreter of the information. He provided detailed information about the context of the research, ensuring that the research strategies for collecting and analysing data were not compromised. The researcher adhered to ethical guidelines, respected the participants and research sites and ensured that disruptions were minimized.

1.8 Ethical considerations

McMillian & Schumacher (2014:362) point out that research ethics has to do with what is morally accepted and what is not acceptable when gathering data from participants. The following ethical aspects were adhered to: confidentiality, voluntary participation of participants (informed consent) as well as anonymity. Application for the approval of the proposed research was submitted to the Ethics Committee of the North-West University. Principals of schools and area office managers from the Department of Basic Education were approached for consent to conduct the study. I gave participants a letter explaining in detail the focus of the study and how the study would be conducted as well as the roles of the participants. Furthermore, the letter explained participation was voluntary and that they could withdraw from participating whenever they felt uncomfortable. Participants were also told that all data was confidential and used solely for the purpose of the study. Lastly, the participants signed a consent form to show their informed consent to participate.

1.9 Significance of the study

The study benefits the Department of Basic Education since the recommendations are directed at this administrative hub. Schools that were sampled also received the recommendations on managing their finances in a proper manner. Although various studies have been conducted on school financial management, little has been done on the financial management strategies used by SGBs in managing school finances. The study therefore substantially contributes to the existing literature concerning school financial management, specifically focusing mostly on the strategies used by SGB in managing school finances. Furthermore, the study clarifies how SGB members could strengthen their roles in financial management in a bid to improve effective management of their school finances. The study endorses the school financial management legislation that must be adhered to in schools. The study suggests how this legislation could be amended for relevance and application to the type of SGB that manage school finances in rural areas.

1.10 Chapter layout

This research project is structured as follows:

Chapter 1:

This chapter introduces the scope of the study. It covers the background of school financial management, defines the problem statement, research questions, aim and objectives as well as the significance of the study.

Chapter 2:

This chapter covers literature on school financial management, theoretical framework, and the legislation.

Chapter 3:

The third chapter focuses on the research method, research design, ethical considerations, trustworthiness, and the summary of the chapter.

Chapter 4:

This chapter presents the empirical findings and offers a chapter summary.

Chapter 5:

In the fifth chapter, the researcher presents conclusions, recommendations and summary of the entire study.

1.11 Chapter summary

This chapter presented introduction and background of this study. The research problem and questions were outlined, followed by objectives. The chapter also presented significance of the study and a brief methodology followed in this study was discussed. The chapter concluded with an outline of the study. In the next chapter literature on school financial management is fully explored.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The previous chapter outlined the background of the study, problem statement, aims and objectives as well as an overview of the methodology of the study. The South African legislation that is relevant to the financial management was explored in order to provide the legal context. To gain more insight into the topic of the financial management strategies of School Governing Bodies (SGBs) in secondary schools, an overview is given on the challenges that SGBs face in managing school funds and the assistance that could be offered to the SGB to help them manage school finances effectively.

Hart (2018:3) describes a literature review as systematic searching of sources and resources that are accredited, recent and related to the research problem at hand. Cutt (cited by Hart, 2018:3) defines literature review as an analysis, critical evaluation and synthesis of existing knowledge relevant to a study. To gather more insight into the topic, primary, secondary and tertiary literature were consulted, and significant threads interrogated on this research focus.

2.2 Theoretical framework

According to Ozma (cited by Mollotimile, 2011:3), theories are intellectual resources that are not of the same size, weight, complexity or quality. Gunter (2001:66) stresses that theorising academic work has number of advantages. It is a lens to look through practice; it may also act as a predictive model that prescribes what educational practitioners may do. This study is underpinned by participatory governance theory developed by Jean-Jacques Rousseau Fischer (2010:01). He defines participatory governance as a theory that emphasises on democratic practices. In the same vein, Anahell and Gash (2000:544) state that participatory governance theory is a government arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus orientated and deliberative and that aims to make or implement public policy or manage public programme assets. Swartz (2009:12) concedes that participatory governance theory emphasises accountability,

responsibility and transparency.

In a school context, Nhlapho and Xaba (2014:427) are in support of the participatory governance theory and admit that it promotes governance where decision-making is based on consultation, collaboration, cooperation, partnership, mutual trust and participation of all affected parties in the school community on an equal basis. Trafford (2007:10) espouses participatory governance as practice that is based on human rights values, empowerment and involvement of students, staff and stakeholders in all important decision-making in the school. In essence, participatory governance, in line with decentralization, advocates the participation of stakeholders, which actually implies participatory democracy. This in essence foregrounds mutual responsibility and partnership in the execution of the school governance undertakings as is inherent in the South African Schools Act 84 of 1996 (SASA), which advocates that parent members be in majority of the SGB (RSA, 1996).

Participatory governance enables SGBs to be empowered to take an active part in school governance through participation in decision making (Huddleston, 2007:05). This implies that SGBs deliberate on school financial management problems or challenges to find solutions through listening to each other's positions and generating group choices after due considerations and persuade one another by offering reasons that others can accept (Fung and Wright, 2001:01). This is associated with deliberative democracy which is an objective of SASA when it introduced the SGBs. Furthermore, this implies that school governing bodies execute their functions as equals. In this regard, Nhlapho and Xaba (2014:447) postulate that, once elected SGBs are all equal and their responsibility is to manage school finances within the framework of SASA, PFMA and NNSSF and not to merely represent the sectorial interests of their constituency (RSA,1996a). Swartz (2009:12) states that the participatory governance should form the basis of financial management in schools. One objective of the participatory governance is to ensure that public entities, which include schools, deliver services in an efficient, effective and economical way (Swartz, 2009:12). As schools move away from public administration and become self-reliant, participatory governance becomes prerequisite (Van, Wyk, 2004:415). Participatory governance will ensure that there is adequate control over the strategic, tactical and operational planning of the school, especially in finances to achieve the school's objectives. The SGB then need to apply fairness, accountability,

responsibility, and transparency on the financial management strategies they use managing school finances as stipulated by SASA. However, the participatory governance theory is not without flaws. Mwelu and Nyabisi (2018:17) disclose that participatory governance does not work well where stakeholders lack the necessary skills and knowledge to make key decisions, especially in technical areas such as school financial management in this context. Similarly Swartz (2009:12) reveals that good school financial management in participatory governance is hindered by various shortcomings such as lack of financial management skills among SGBs, responsibilities not being clarified, lack of knowledge of the PFMA, lack of training, lack of structured policies and procedures, inadequate control systems, the poor flow of documentation and information as well as non-integration between budgets and strategies.

2.3 Legal framework for school financial management

Before 1994, schools' activities were not regulated in many education departments, and this had a negative impact on the teaching and learning process (Mestry & Bisschoff, 2009:15). It is however clear that schools' control cannot be effective in the absence of a clear set of regulations or guidelines for the management of schools. Financial management is a specialized field, based on elementary accounting principles (Mekgwe, 2011:19). Some principals may not have financial management skills or background, but they should be familiar with the South African Schools Act 84 of 1996, as well as other legislation related to school financial matters (RSA, 1996a).

2.3.1 The Constitution of South Africa Act 108 of 1996

The Constitution of the Republic of South Africa Act 108 of 1996 is the supreme law of the country, and all other laws should be in line with its authority (RSA, 1996b). Such laws and provisions must be in line with its provisions, including such laws as the education legislation (RSA, 1996b). The preceding argument means that the Constitution provides guidelines to the education legislation. This stems from the reality that the Constitution provides democracy nationally and in other state organs. Section 239 of the Constitution of the Republic of South Africa, considers schools are organs of the state and the SGBs managing their finances. Their decision making requires them to understand the founding values of the constitution that forms the basis of education legislation (RSA, 1996b). According to Clarke (2012:107), the State is obliged by the Constitution of the country to

provide funding and ensure that there is an acceptable quality of education at departmental, community managed or state aided primary or secondary schools on an equitable basis. SGBs are then expected to manage their own finances based on values such as transparency, impartiality and openness as the Constitution stipulates (RSA, 1996a).

2.3.2 The South African Schools Act 84 of 1996 (SASA)

According to Mestry and Bisschoff (2009:15), the South African Schools Act was designed to involve communities in the governance of the school and set out guidelines for the management of schools (RSA, 1996a). The Act gives responsibilities to the governing bodies and regard all schools as equal. The Act makes parents responsible for their children's education through democratically elected structures (RSA, 1996b). The Act creates a link between parents and government and aims at devolving power from the higher authority to school level that is from the Department of Basic Education to the governing bodies. This Act requires the SGB to control and manage finances in schools effectively (RSA, 1996a). Mekgwe, (2011:19) states that every stakeholder in school financial management should understand SASA as a legal framework for school financial management. To manage the school finances effectively, the stakeholders must demonstrate knowledge and understanding of this Act. Marishane (cited by Nqata, 2018:42) concurs that the schools are bound to benefit when decisions are made by SGBs. For example, in handling finances, SGB assists with funds immediately when there is a need as long as they keep records. The above argument is supported by Mestry and Bisschoff (2009:11) who state that devolved decision-making ensures that needs are responded to quickly at schools and accountability is increased. According to SASA (RSA, 1996b), there are two types of schools: public schools and independent schools. However, most of the sections about financial management in this study relate to public schools.

Section 15: Status of public schools

Every school is a juristic person, with legal capacity to perform its functions in terms of the SASA Act 84 of 1996 (RSA, 1996). According to Mekgwe (2011:20), a person does not only refer to a human being; it can also refer to an organization or an association. For the purpose of this study, a person is the school as an organization. A school exists

separately from the school buildings, school grounds, learners, educators and parents as a juristic person (Mestry & Bisschoff, 2009:18). This means that the school has its own rights and duties; it can get into contract, sue and get sued. However, the SGB must act on behalf of the school as an entity.

Section 20: Functions all governing bodies (RSA, 1996a)

Subject to SASA, section 20, all governing bodies in South Africa must perform the following functions:

- Promote the best interest of the school and strive to ensure its development through the provision of quality for all learners at the school;
- Adopt a constitution;
- Develop the mission statement of the school;
- Adopt a code of conduct for learners at the school;
- Support the principal, educators and other staff of the school in their performance of their professional functions;
- Determine times of the school day consistent with applicable conditions of the employment of staff at the school;
- Encourage parents, learners, educators and other staff at the school to render voluntary services to the school
- Recommend to the Head of Department the appointment of educators at the school, subject to the Employment of Educators Act, 1998 (Act 76 of 1998), and the Labour Relations Act, 1995 (Act 66 of 1995)
- Recommend to the Head of Department the appointment of non-educator staff at the school, subject to the Public service Act, 1994 (Proclamation 103 of 1994), and the Labour Relations Act, 1995 (Act 66 of 1995)
- Discharge other functions consistent with this Act as determined by the minister by the notice in the Government Gazette, or by the Member of the Executive Council by notice in the Provincial Gazette.

Section 20: schools

Section 20 schools are where its SGB's are has not been granted section 21 powers. According to Swartz (2014: 20) in section 20 schools, the Norms and Standards budget

allocation is not paid into the school's current banking account. The school procures goods according to existing departmental arrangements as the money is not deposited into the schools account and that is commonly referred as paper budget (Nyambi, 2004:17)

The following disadvantages of section 20 schools are identified by Nyambi (2004:17)

- Schools cannot negotiate discounts, better prices and efficient suppliers, they can only deal with suppliers connected to the Department of Basic Education (DBE)
- Districts do not have the capacity to process the requisitions in time for the commencement of classes.
- In the event of requisitions not being processed at financial year end, schools lose their allocation since there is no rollover of unspent budgeted amounts that means the unspent portion of the allocation cannot be carried over to the following financial year.
- Sometimes goods are not delivered in time and services are not rendered when required

Although section 20 schools seem to have disadvantages, if the cost of services provided is far more than the amount allocated by the state, then the state will have to pay for these services.

2.3.2.1 Section 21: Allocated functions of a governing body

The Governing body may apply to the provincial Head of Department in writing to be allocated the following functions, designed to:

- Maintain and improve the school's property, and buildings and grounds occupied by the school, including schools' hotels, if applicable
- Determine the extra-mural curriculum of the school and the choice of subjects in terms of provincial curriculum policy
- Purchase textbooks, educational materials or equipment for the school;
- Pay for services to the school.

The schools that have applied in writing for this allocation of section 21 have money paid into their bank account and have proven the capacity to manage their finances (Mertz,

2012:52). The two participating schools in this study receive their section 21 allocation and the SGB have the financial freedom in spending that money using the rightful financial management strategies in doing so. This is because it is assumed that these schools are in a good position to comply with the regulations as stipulated in the South African Schools Act (84 of 1996) (RSA, 1996a). Since the allocation is paid directly to the school's account, the school has an advantage as it may negotiate the best prices, discounts and dates of delivery from suppliers. Rangongo (2012:47) points out that one of the greatest advantage of being a section 21 school is that in the event of the school being unable to spend all of the state's budget allocation in time, the SGB may still process orders for services to be rendered or for Learning, Teaching Support Materials (LTSM) and for goods and services to be purchased because the money allocated by the Provincial Education Department is still in the school's banking account. Even though the SGB have the financial freedom to use the money, there are some restrictions: these funds must be spent as prescribed by the Head of Department (Mestry & Bisschoff, 2009:49). It is prescribed by the Head of Department that the allocation must be spent as follows: 60 % must be used for the Learning and Teaching Support Materials (LTSM) and 40% be used for Non-Learning Support Materials (NLSM). The LTSM includes textbooks, library books, charts, models, computers, television (TV), video recorders etc. The non-LTSM may include furniture and equipment, domestic account payments, security services, minor repairs and maintenance.

2.3.2.2 Section 36: Responsibility of the SGB

The governing body of a public school must take all reasonable measures within its power to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school (RSA, 1996a). However, the SGBs in rural areas are having difficulties in supplementing the funds from the states because of their socio-economic status (Thwala, 2010:13). Since they are situated in poor communities, this situation often inhibits them to come up with ideas to supplement funds, and also the unavailability of sponsors.

2.3.2.3 Section 37: School funds and assets of public schools

The governing body of a public school must establish a school fund and administer it in accordance with directions issued by the Head of Department (RSA, 1996a). Subject to

subsection (3), states that all money received by a public school, including school fees and voluntary contributions must be paid into the school fund. The school fund, all proceeds thereof and any other assets of the public school, must be used only for the following:

- Educational, at or in connection with such school
- Educational purposes, at or in connection with another public school, by agreement with such other public school and with the consent of the Head of Department
- The performance of the functions of the governing body or
- Another purpose agreed between the governing body and the Head of Department (RSA, 1996a).

2.3.2.4 Section 42: Financial records and statements of public schools

SASA section 42 states that the governing body of the school must keep records of funds received and spent by the public school and of its assets, liabilities and financial transaction, as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council (MEC) (RSA, 1996a).

2.3.2.5 Section 43: Audit or examination of financial records and statements

The governing body of a public school must appoint a person registered as an accountant and auditor to audit the records and financial statements. It further states that if the SGB is unable to appoint an auditor, the SGB may appoint a person to examine and report on the records and financial statements. The person appointed to examine the financial records must:

- Be qualified to perform the duties of an accountant officer
- Must be approved by the Member of the Executive Council
- No person who has a financial interest in the affairs of a public school may be appointed under this section
- 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 statements

of a public school.

- A governing body must submit to the Head of Department, within 6 months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section. At the request of an interested person, the governing body must make the records available for introspection (RSA, 1996a)

Hence, one of the duties of the SGBs is to monitor usage of finances in the schools. They have the powers to make the subordinates to account on how they are using the school finances.

2.3.3 Public Finance Management Act 1 of 1999

All public funds should be regulated by the Public Finance Management Act 1 of 1999 (PFMA) and that includes schools (RSA, 1996c). The purpose of the PFMA is to ensure that all statutory bodies perform their functions within their budgets and that there is no deficit balances, while overdrafts and loans are limited as far as possible (DoE, 2008:82). The PFMA was promulgated in order to regulate financial management in the national government and provincial governments, to ensure all revenue, expenditure, assets and liabilities of those governments are managed effectively and efficiently and to secure transparency and accountability (Mestry & Bisschoff, 2009:37).

According to section 1(j) of PFMA, schools must submit a written assurance that effective, efficient and transparent financial management and internal control systems are implemented at the school (RSA, 1999). Section 49 of the PFMA also stipulates that every public entity should have an accounting authority, in the context of this study it is the SGB. Section 50 (a-b) lay out the fiduciary functions of the accounting officer, being the SGB in this study (RSA, 1996c). It provides that the accounting officer of the public entity (school) should exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity and act with fidelity, honesty and integrity, and in the best interest (school) in the management of finances.

Section 45 of the Act discusses the role of officials responsible for administration of school finances, the official must;

- Ensure that the system of financial management and internal control established for that department, trading entity or constitution is carried out within the area of responsibility of that official

- Is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility
- Must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure and any under collection of revenue due;
- Must comply with the provisions of this Act to the extent applicable to that official, including any delegations and instructions in terms of section 44; and
- Is responsible for the management, including the safeguarding, of the assets and the management of the liabilities.

Financial management is crucial for the successful running of the school because it relates to how the available resources are used (Rankongo, 2011:42). The institutionalisation of financial management systems in organisations including schools must meet the public standards of ethical and social responsibility. This requirement can be met by adopting policies that maximise value and offer optimum benefits to the community, which in turn will create an invaluable reputation of the organisation such as schools (Nqata, 2018:45). The preceding argument then implies that any financial management system employed by the SGB in public schools must meet the relevant provisions of the PFMA 1 of 1999.

2.3.4 National Norms and Standards for School Funding 1998 (Government Gazette 2362) (As Amended in 2019)

The National Norms and Standards for School Funding (NNSF) lay out a statutory basis for school funding which result in categorization of schools into those serving in poor communities and those serving in affluent communities. As Nqata (2018:44) states, the basic principle of the allocation of funds to schools as indicated in section 39 of the NNSF is to effect redress and equity in school funding in order to improve the quality of education. According to Mestry (2013:174) the introduction of the Education Laws Amendment Act, No. 31 of 2007 provides a legal directive for the Minister of Basic Education to establish quintile norms and minimum standards for the funding of public schools. With reference to NNSF, Section 35 of SASA states that public schools shall be categorised into five quintiles, based on asset of criteria ranging from quintile 1 being the poorest to quintile 5 being the least poor public school (RSA, 1996a). As Mestry &

Bisschoff (2009:48) explain quintile 1 and 2 schools are usually schools from rural areas and townships, with quintile 3 schools serving middle class communities and are not paying school fees, that is they are “no fee” schools and quintile 4 and 5 are situated in affluent schools and they are “fee-paying” schools.

The quintiles were categorized based on the rates of income, unemployment and illiteracy within the school’s catchment area (Nqata, 2018:44). In the table below (Table 2.1), it appears that schools from quintile 1 to 3 receive more subsidy per learner than 4 and as they are regarded poorest. The two schools from this study are quintile 1 schools, therefore they receive more allocation than those in quintile 4 and 5, and their exact subsidy per learner may be seen from a table below. Mestry (2013:24) is of the opinion that the benchmarks used by provincial departments of education for ranking schools into quintiles are not properly and regularly followed and leads to serious problems for poorer schools such as schools participated in this study. In a study conducted by Mestry (2018:398), findings revealed that although quintile 1-3 schools receive more allocation than quintile 4 and 5 schools, they find the allocation being too restrictive and not enough to cover all the school’s needs.

Table 2.1: National Table of Targets for School Funding (2020-2022)

	2020	2021	2022
Quintile 1	R1,466	R1,536	R1,610
Quintile 2	R1,466	R1,536	R1,610
Quintile 3	R1,466	R1,536	R1,610
Quintile 4	R735	R770	R807
Quintile 5	R254	R266	R279
No fee threshold	R1,466	R1,536	R1,610
Small schools : national fixed amounts	R33,968	R35,598	R37,307

(Source: Department of Basic Education, 2020)

2.4 School Financial Management

Financial management is the performance of management actions connected with the financial aspects of schools, with the main aim of achieving effective education, carried

out by the person in a position of authority (Mestry & Bisschoff, 2009:3). School financial management ensures that the school has money and other resources that it needs in order to reach its developmental goals and vision (DBE, 2009:12). Similarly, Thwala (2010:25) defines school financial management as the performance of management actions connected to the finance of schools with the main aim of achieving effective education.

In view of the various definitions of school financial management shown above, one may argue that school financial management has to do with all the appropriate financial controls in schools and ensuring that the funds are not misused and are accounted for. South African Schools Act no. 84 of 1996 makes provision for two types of schools in South African Education system, public and independent schools (RSA, 1996a).

For funding of public schools, South African Schools Act states that the state should fund public schools on equitable bases in order to secure the rights of children to education and for addressing the past inequalities in education (RSA, 1996a). However, the state faces problems in funding all the schools due to financial constraints. To cater for that shortfall, SASA Act 84 of 1996 states that the governing body of a public school must take all reasonable 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 at the school (RSA, 1996a). The South African Schools Act (84 of 1996) further states that the SGB should generate more funds from the community and those funds should be managed both effectively and efficiently (RSA, 1996a). The money from the state and that supplemented by the SGB shall be managed by the SGB. This funding must be spent in accordance with certain accountable frameworks established by the Department of Basic Education (Mollotimile, 2011:15). This means that powers to manage school finances are then transferred to schools, which is the SBM. Mestry and Bisschoff (2009:11) describe SBM as authority delegated to schools with shared decision-making powers set to engage various stakeholders and facilitate rather than propagate directive leadership.

Mestry and Bisschoff (2009:3) state that financial management is an important aspect of resource management as it ensures that expenditure is directed towards achieving good value for money through the appropriate acquisition and allocation of resources. They argue that good financial management consists of the following:

- When the responsibilities of the SGB, principal, and staff are clearly defined and established.
- The school's budget should reflect the school's prioritised objectives and is subjected to regular monitoring and checks.
- When the school established sound internal financial controls to ensure the reliability and accuracy of its financial transactions.
- When stocks, stores and other assets are recorded, and adequately safeguarded against theft or loss.
- The school controls the operation of the bank account properly and reconciles bank balances with the accounting records.
- When the school's voluntary funds are administered rigorously as public funds.

2.4.1 Four financial management tasks

Mpolokeng (2011:09) highlights that management is a dynamic process, consisting of ongoing, related activities and tasks. He identifies four main pillars of management namely planning, organizing, controlling and leading. The four main pillars of management are now discussed in short.

2.4.1.1 Planning

Planning is the starting point of the management process. It is that basic element of management that determines in advance what the organisation wants to achieve and how these goals/objectives can be attained (Mpolokeng, 2011:10). Planning is vital for effective school financial management and usually begins with drafting a budget. Planning is a vital component of effective school financial administration and usually begins with drafting the budget. The school budget is a document that contains the figures relating to all probable income and expenditure of the school for the coming year (Dibete & Potocki, 2018:801). In terms of these two schools under this study, most of their income will come from the state subsidy in accordance to the NNSSF. In terms of SASA Section 38 (1) and (2) the SGB must compile the budget for the following school year during the third term or early in the fourth term of the current year (RSA, 1996a). The budget must

go through a number of phases before it can be operational. Before a budget can be approved by the SGB, it must be presented to a general meeting of parents, within at least 30 days, for consideration and approval through voting by the majority of parents present (RSA, 1996a). Once the budget is approved, it can then be implemented and by implementing this management task when managing school finances, this will assist SGBs with attaining the school objectives and also assist them with accountability and managing the school finances effectively.

2.4.1.2 The organisation of School finances

Mpolokeng (2011: 10) explains organising as coordinating activities so that objectives can be achieved. Similarly, Cebekhulu (2015:79) argues that organising means that the SGB must ensure that the school has financial organisational structures and policies in place. The structures are the school finance committee (FINCOM) which may comprise of the principal, chairperson of the SGB, treasure of the SGB and school finance officer., Another committee may be fund raising committee which are the sub-committees of the SGB. Cebekhulu (2015:79) further states that these committees will assist the SGB in terms of advising the SGB in financial matters and also assisting them with drafting school finance policy. The approach of involving all stakeholders concurs with the participatory theory that states that the school manager must engages all stakeholders on decision making on school finances. That as well bring transparency in the school in terms of finance usage in the school.

2.4.1.3 Controlling of school finances

Control is the function of making sure that activities and instructions are carried out according to plans and standards, while dealing with any deviations that need remedial action (Mpolokeng, 2011:10). In the same vein Dibete and Potocki (2018:801) define control as the process of monitoring activities in order to determine whether each individual, department and the school itself are utilising the resources efficiently and effectively to accomplish their objectives and where this is not being achieved, they are implementing corrective actions. Monitoring promotes accountability and transparency in school. Such an approach is in support of the participatory governance theory. school financial management, control is done in a form of auditing which may be internal or external (Cebekhulu, 2015:79). As a way of controlling school finances, Section 43 of

SASA requires that SGBs submit their audited financial statements to the HOD at the Department of Basic Education (DBE) within six months of the end of the financial year. By doing so, the DBE will realise whether the SGBs are managing school finances effectively and if not, something be done to assist them as Dibete and Potocki (2018:801) suggest.

2.4.1.4 The finance managers' qualities

Mpolokeng (2011:10) asserts that managers should manage their subordinates towards the accomplishment of the organisational goal. To be effective leaders, managers must understand the dynamics of individual and group behaviour, be able to motivate their subordinates, and be effective communicators. In a school context, when managing school finances proper communication channels and continuous communication between SGB and the stakeholders prevail at all times. Mestry and Bisschoff (2009:165) reveal that to lead successfully in financial management, the Finance Committee (FINCOM) should be able to activate, actuate, direct, guide and show leadership. SGB when managing school finances should use these four tasks of management which will enable them to manage their finances effectively. They are seen as the best because they allow for planning to achieve outcomes and implementing measures which will ensure that these outcomes are achieved. Furthermore, in instances where these outcomes are not achieved, actions plans are taken to remedy that.

2.4.2 The school financial components

A proper school financial organization allows school financial management to be successful that is, the school financial management needs to be done in an organized manner. This means that there should be organizational structures in place to handle different tasks of financial management; it can be in the field of administration or in accounting (Bisschoff, 2004:92). There are two types of financial components, namely, administrative component and accounting component.

2.4.2.1 Administration component

Bisschoff (2004:92) defines the administrative component as a set of binding factors that affect an organizational structure in carrying out its financial planning. The following are the duties of an administrative component:

- Gathering financial information
- Storing financial information
- Making available financial information Keadilwe (2005:7) state that relevant financial documents must serve as an audit trail and prove that a specific transaction has occurred. An administrator has an important function of filing and retrieving information the quick and reliable access of information. They state that all records should be filled accurately for easy retrieval. To safeguard documents from possible damage and easy access, a proper filing system should be put in place, something endorsed by Mestry and Bisschoff, (2009:3).

2.4.2.2 Accounting component

Mestry and Bisschoff (2009:124) state that a school must have an accurate system for recording financial transactions to effect sound financial management. Van Rooyen (2013:125) adds that accounting is an important means of providing crucial information for school-wide and financial decisions. School accounting provides information to the public so they can use it in formulating basic policy or in responding to specific issues relating to the operation of the school. Van Rooyen (2013:125) further states that accounting is to control the school budget.

According to the South African Schools Act 84 of 1996, the SGB and the school principal are responsible for effective administration of school funds (RSA, 1996a). The SGB should ensure that they develop an efficient organizational structure that has administrative and accounting components for the total management of school finances. Section 42 of the South African Schools Act 84 of 1996, stipulates that the governing body of the school must keep records of funds received and spent by the public school and of its assets, liabilities and financial transaction (RSA, 1996a). Although the management of the school finances remains the responsibility of the SGB and principal, the SGB may delegate the school's bookkeeping to an individual staff member who is more knowledgeable in accounting (Van Rooyen, 2013:125).

Van der Westhuizen (cited by Keadilwe, 2005:8) states that when choosing an accounting system for the school, the size, locality and activities of the school should be considered. This entails the standards of living of the community, and the capabilities of

the person running the accounting system. Mestry and Bisschoff (2009) argue that when a school starts an accounting system, this accounting entity is separate from the principal, individual parents or individual members of the school. SASA section 37 (1) of SASA stipulates that the governing body of a public school must open and maintain a bank account in the name of the school. All school payments should be made to this account, and the SGB must elect two signatories for this account. Money from this account can only be withdrawn by means of a cheque signed by the two authorised school bank signatories (RSA, 1996).

2.4.2.3 Purpose of accounting

According to Van Rooyen (2013:126), most educators are unaware of the accounting function. They are also unaware of how the budget operates and are less informed of the purpose and operational processes that underlie the accounting function. Van Rooyen, (2013:126) states that the accounting system serves a number of purposes. The first purpose provides a process by which different transactions of a particular school are accumulated, categorized, reported and controlled. The second purpose of accounting is to ensure the school can read the progress towards attaining its goals. The accounting system assists in gauging the school's goals by tracking down the fiscal activities of the school. For example, the accounting system monitors all financial activities of the school.

The third purpose is that the accounting system produces evidence of whether the school is satisfying its main objective and responsibility of providing quality education to learners. The fourth purpose of accounting is the budgeting. To carry out the school's plan and objectives, the school is expected to assign an amount of money to line items in the budget. The fifth purpose of accounting is to earn and maintain public trust given to schools. Mestry and Bisschoff (2009:126) add to this point by stating that accounting aims at fulfilling the need for financial information through measuring the school's financial position and reporting to interested parties like parents and donors. The accounting function assures taxpayers and donors that all fiscal affairs of schools meet proper standards of the public trust schools. Mestry and Bisschoff (2009:127) state that the school's financial position is obtained by subtracting the amount to others from the amount owed by others. Van Rooyen (2013:127) states that few dishonest acts in managing finances have been found, therefore accounting functions helps in transparency, eventually leading to trust between the school and taxpayers.

Van Rooyen (2013:127) further states that the school's accounting system should consist of the following documents:

- Receipt book
- Deposit book
- Cash analysis book
- Bank statements
- Reconciliation statements
- Order book
- Cheque book
- Savings account
- Documentary evidence of payments

It is evident that when creating the organisation for school financial management, the requirement of SASA is crucial (RSA, 1996). The SGB and all the important stakeholders should use the SASA Act as their guidelines in the management of school funds, just section 30(1) of SASA as much as it makes sense that according to SASA 30 (1), the SGB must set up a school financial committee (RSA, 1996a). This committee should be elected democratically and should include persons with financial or accounting background.

2.5 School governance

. Goodson, Mory & Lapointe (2012:5) define governance as the processes and structures implemented by the board to inform, direct, manage and manage an organization's activities in order to achieve the organization's objectives. They further state that governance is related to the organization's goals being established and accomplished. South African public schools are mandated by SASA to democratically elect SGBs as part of school governance (RSA, 1996a). Mavuso and Duku (2014:454) define school governance as involving all relevant stakeholders such as parents, learners (from grade

8) as well as non-teaching staff to make decisions about how the school should be governed in accordance to the provisions of SASA. Nqatha (2018:16) states that school governance has to do with creating policies and rules for the school and members of the school such as staff, learners and parents. In simple terms, school governance is about making decisions about how the school is run and those decisions being made by relevant stakeholders. In the South African school context, school governance is the responsibility of the SGB. The SGB is the servant of the public school because SASA regards every public school as a juristic person and the SGB then acts on behalf of the school (RSA, 1996a). This means that the SGB of a public school stands in a position of trust in the school and a fiduciary relationship exist between the SGB and the school (Lekonyane & Maja, 2014:6). They further state that since the SGB is in a position of trust, the expectation is that it needs to be in good faith, to perform its duties and functions on behalf of the school and be accountable for its actions.

2.6 The roles of SGB in managing school finances

Decentralization has brought about a sufficient number of changes regarding the roles of principals, parents and learners especially in school financial management. These roles are prescribed in the SASA Act (84 of 1996). The School's Act reflects this shift towards democratic governance. This means that all relevant stakeholders are encouraged to work together in managing school financial resources, participating in shared leadership and maintaining accountability through a democratically elected SGB as SASA 23 (2) stipulates that elected members of the SGB shall comprise a member or members of each of the following categories (RSA, 1996):

- Parents of learners at the school
- Educators at the school
- Members of staff at the school who are not educators; and
- Learners in the eighth grade or higher at the school.

One of the objectives of SASA is that to promote democracy in school governance and management (RSA, 1996a). Nqatha (2018:32) points out that reason for SASA introducing the SGB was to allow democracy and decentralization provided in the South

African Education system. Section 20 of the SASA sets out the general functions of the SGB in public schools. Mekgwe (2011:19) states that concerning financial functions of the SGB, the Act requires the SGB to take full control of the school finances and manage them. According to SASA, the SGB has the responsibility to formulate and adopt financial policies of their respective schools (RSA, 1996a). Nqatha (2018:33) adds that the SGB should also monitor the financial policies that they have formulated. Furthermore, the SGB should draw a school budget as an integral part of the school.

According to (DBE, 2009:10), the SGB should control and monitor school funds in an appropriate way. This should be implemented in the following ways:

Firstly, it should monitor all expenditures incurred; secondly, it should inspect all vouchers to ensure that they are in line with all prescripts or other departmental directives. Thirdly, satisfy themselves that expenditure is in accordance with the approved budget and PFMA regulations. Fourthly, keep financial records and statements of public schools. Fifthly, keep records of assets, liabilities, and financial transactions, and draw up annual financial statement and budget documentation. Lastly, present audited financial statements to parents' meetings not later than the 30th March of the following year.

2.6.1 The school financial committee

The South African Schools Act (30) allows the SGB to set up a financial committee (RSA, 1996a). This committee will allow a smooth running of the school. SASA encourages that this committee should be democratically elected to ensure legitimacy and should include members with financial or accounting background. Mestry and Bisschoff (2009:84) state that by establishing up a financial committee, the SGB will then be able to delegate the responsibility of managing finances to the finance committee. SASA (84 of 1996) further stipulates that the governing body may appoint people who are not members of the SGB to serve on these committees (RSA, 1996). These people are appointed based on their expertise on a particular field like on financial matters. However, the chairperson of the committee must be the member of the SGB.

Rangongo (2011:54) argues that prior to appointing the school finance committee; the SGB should consider the following aspects. They must consider whether the candidates to be chosen have the capability of doing the job, the need for transparency and accountability of the candidates. He further states that the SGB treasure should be the

chairperson of the committee, and two parents should serve in the committee.

According to Mestry and Bisschoff (2009:85), the financial school committee consists of the principal, treasurer, educators, parents, not necessarily from the SGB and non-teaching staff.

- **The chairperson of the SGB**

The chairperson's main duty is to make sure that the school fund is correctly administered.

- **The principal**

Financial devolution worldwide reveal that the role of the principal has now being enhanced (Van Rooyen, 2013:129). The principal is seen as an important stakeholder in financial management. The principal's financial management duties will add on extra tasks to his/her work. Principals then need to decide on whether they can accommodate these extra tasks or not, if they cannot then they may decide to delegate these tasks. Moreover, the principal's main duty is to manage the day-to-day running of the financial matters of the school.

- **The treasurer**

Mestry & Bisschoff,(2009:87), outlined the duties of the treasurer which are; monitoring the income and expenditure in relation to the budget, the treasurer should make sure that he/she submits financial reports concerning various incomes and expenditure of the school fund. Depending on the financial policy of the school, the treasurer must give regular financial reports to the parents. Mestry & Bisschoff (2009:87) further says, the work hand in hand with the school finance officer which is the school Assistant Administrator (AA) and reporting the financial irregularities to the SGB,

2.6.2 School Finance committee documents

According to the DBE (2005:09), the following are the documents that the finance committee should have for the recording of school finances:

- **Cash book**

This store the information for daily operational costs; it gives details of money received,

like donations, school fees, fundraising and any other money that came in. this book reflects on how the money is spent daily. It states the cash that is received, the date of the purchase, and fully describes what was bought, how much it cost and cheque numbers for schools which are still using cheque books. Some of the schools they are using the computers for keeping such records. The book must be balanced on a daily basis so that the money received that day should be balanced with the money spent to be able to prevent irregularities. This allows the FINCOM to compare the budget, check whether they are overspending or not.

- **Cheque requisition form**

It is important that before money can be spent, clarity must be provided as to why the money has to be spent and for what. An individual that needs the money must fill in this form (Department of Basic Education, 2005:09). **The receipt book**

This is the book that the treasurer keeps at school to issue out receipts to any person who makes payment; it may be a parent or any other. It is advised that this receipt be issued out in triplicate, one for the payer, one for the receipt book for auditing purposes and the other one for the school to keeps.

2.6.3 The roles of principal in the management of school finances

There is a clear distinction between school governance, which is the responsibility of the SGB and professional management of the school which is the responsibility of the principal (Thwala, 2010:43). This means that the principal has been delegated powers to organize and control teaching and learning at the school effectively (Mestry & Bisschoff, 2009:78). However, in terms of financial management, the principal's role is to support and assist the SGB in execution of its statutory functions relating to assets, liabilities, property and financial management of the school as well as being a person to whom specified parts of the SGB's duties may properly be delegated (Mestry & Bisschoff, 2009:83). In addition, Swartz (2012:26) maintains that although the management of finances is not the responsibility of the principal, he or she can play a supportive role in ensuring that schools finances are managed efficiently.

Mestry (2018:390) reveals that some of the responsibilities of the principal include the safekeeping of all school records; informing the SGB about policy and legislation; being a member of the finance committee; and assisting the SGB with the management of the

school's funds. According to section 16A this assistance should include: providing information relating to any conditions imposed or directions issued by the MEC or the Head of Education in respect of all financial matters of a school; proffering advice to the SGB on the financial implications of decisions relating to the financial matters of a school; taking all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the SGB of a school; and reporting any maladministration or mismanagement of financial matters to the SGB and to the Head of Education.

Having highlighted that, Mestry and Bisschoff (2009:78) supported by Mothibi (2015:03) reveal that there is confusion among educationalists with understanding the difference between the two concepts professional management and governance. Table 2.2 illustrates the difference between the two:

Table 2.2: The differences between professional management and governance

Professional management	Governance
Performs and carries out professional management functions	Supports the principal in carrying out professional management functions
Day to day administration and organization of learning and teaching at school	Meet with or consult parents, learners and educators where required by SASA
Organise all activities which support learning and teaching	Decide on school times taking into account staff conditions of service
Decide on intra-mural curriculum	Decide on subject choices and extra-mural curriculum
Decide on textbooks and other learning support materials	Purchase textbooks and other learner support materials
Manage personnel and finances	Administer the school fund and maintain the school's financial records

Adapted from Swartz (2012: 26)

Sections 16 and 16A of SASA clearly describe the functions and responsibilities of principals in public school. The principal is required to prepare and submit to the Head of Department an annual report in respect of:

- The academic performance of that school in relation to minimum outcomes and standards and procedures for assessment determined by the Minister of Education; and
- The effective use of available resources

Undertake the professional management of a school and carry out the following duties which includes, but are not limited to:

- The implementation of all educational programmes and curriculum activities
- The management of the use of learning support material and other equipment
- The safekeeping of all school records
- The implementation of policy and legislation
- The performance of functions delegated to him/her by the Head of Education when

requested so.

The principal must assist the SGB in the performance of its functions and responsibilities, but such assistance must not be in conflict with instructions of the provincial Head of Department; legislation or policy; and obligation towards the provincial Head of Education or the Employment of Educations Act, and the Personnel Administration Measures determined in terms thereof (RSA, 1996a).

2.7 School finance policy

The SASA makes provision for the governing body to develop a financial policy that assists in the financial monitoring and control of the process. Mestry (2004:131) indicates that in order for a school to manage effectively and efficiently the financial policy must be developed, adopted by relevant stakeholders and implemented as well. He further states that the financial policy must comply with the existing legislation such as the SASA (DBE, 1996) (RSA, 1996a). Similarly, Botha, Challens, Du Plessis, Marishane, Miller, Steyn & Wolhuter, (2012:123) argue that the financial policy of the school should be drawn up within the parameters of legislation, national policies and circulars of provincial department. Rankgongo (2011:55) is of a view that the school finance policy is one of the most vital documents the SGB has to put to place. He views finance policy as the document that sets out regulations and procedures in order to prevent fraud.

Mestry and Bisschoff (2009:39) define financial school policy as an important tool clearly outlining how funds such as school fees, donations, sponsorships, other generated funds, government grants and subsidies and the school's expenditure, are managed in a specific school. Malatji (2005:10) states that it is necessary for the school as an organization to act according to policies, especially in financial management. He also states that the financial policy direct role-players to act in a prescribed manner when handling finances. They know what to do as they are guided by the policy. Botha *et al.* (2012:123) support the above argument that in the financial policy. The responsibility of the treasurer, finance manager, and other persons must be clearly defined The researcher concurs with Botha *et al.* (2012:123) on what school finance policy highlights in that it gives different role players their responsibilities. The literature studied on this matter provides little information of the stakeholder's responsibilities.

According to Malatji (2005:10), a clear policy gives different role players guidelines as to

how to select sound or less sound courses of action. In absence of those guidelines, the policy may provide confusion and may not bring solutions to financial problems. Moreover, the departments or schools facing similar challenges are likely to reach contradictory solutions or they may fail to take proper action. Mestry and Bisschoff (2009:39) state that each school has its own needs and therefore the policy should be implemented in the particular school's context.

Mestry (2006:131) identifies four distinct components of any policy document:

- A statement for the need of a policy. When the need is clearly stated, the process of making a policy is enhanced, as well as the credibility.
- A statement of values and principles that bears on that need. Values such as honesty, transparency and democracy should form the basis of the policy. For example, the policy of the school is not meant for anyone.
- A statement of the "guide for discretionary action".
- A statement of outcome, he argues that the identification of outcomes helps in the process of policy review or evaluation, questions on how the outcomes have been achieved.

Furthermore, Mestry (cited by Rangongo, 2011:56) points out that a financial policy should provide guidelines for the following: management of cash that includes the daily banking of all the money received, accounting records, financial transaction, internal controls that includes internal checking whereby another person checks the next person's work and internal audits. The finance policy should also contain the audit trail, as SASA requires that the financial records of the school should be retained for a number of years. The Financial Committee should approve all expenditure or purchases. The Committee should also require three quotes for expenditure. Asset management should also be within the finance policy that is safeguarding of school's assets. The finance policy should comprise of reporting which includes monthly budget variance, the circuit office's monthly income and expenditure as well as the district office's quarterly income and expenditure and audited financial statement to the provincial head office.

2.7.1.1 Drawing up of the financial policy

The responsibility of administering and controlling the school finances lies within the SGB. In their duty of administering and controlling school funds, the SGB is responsible for developing the finance policy. However, the SGB should follow specific guidelines in doing so. The following are guidelines that the SGB must follow in developing a finance policy (DoE, 2000:83)

- Establishment of the school fund

According to SASA 37(1), the governing body of a public school must establish a school fund and administer it in accordance with directions issued by the Head of Department. A school fund is all the money received by the school; it may be the school fees or voluntary contributions like the fund development.

- The use of school fund

The policy must clearly state the use of school funds in relation to the mission statement of the school. According to SASA (RSA, 1996a) the school fund can be used only for the following

Educational purposes, at or in connection with such school like travelling expenses of teachers to workshops

Educational purposes, at or in connection with another public school, by agreement with such other public school and with consent of the Head of Department

The performance of the functions of the SGB

- Establishment of a bank account.

Section 37 (1) of SASA stipulates that the governing body of a public school must open and maintain a bank account in the name of the school. All school payments should be made to this account, and the SGB must elect two signatories for this account to make payments (RSA, 1996a).

The importance of the finance policy of a school cannot be overemphasized Botha (2006:333): it ensures that all different stakeholders are knowledgeable in school finances

and know what is expected of them. It informs the SGB in matters like budgeting, how they should construct it, how it is monitored, specifically on income and expenses, controlling and reporting of finances. Finance policy is important as it states all these responsibilities and how they are done in a document form so that the stakeholders may keep referring back. This is important as it prevents mismanagement of funds at schools and encourages healthy management of school funds. When all stakeholders know and understand the Department Of Basic education expectations, the benefits become visible at the school. De Bruin (2014:53) argues that when all stakeholders know what is expected of them, they are bound to work together in peace. This leads to positive outcomes in the management of funds.

Cant (2008:547) assert financial policy encourages the stakeholders to systematically think about the school's future, coordination is improved between various department, and different levels of management. It improves logical thinking and the management's ability to cope with change and to adapt and move in changing times. Finance policy allows the stakeholders to deal with financial matters like budgeting.

As much as SASA places the responsibility of drawing up a school financial policy to the SGB of a public school, this task requires very specialized skills (RSA, 1996a). Ndou (2012:48) reveals that drawing up a school policy, implementing it as well as monitoring it requires proper good writing skills and the ability to communicate the content to others in an effective mannner. With reference to the type of SGBs in rural schools,, the question is whether or not they have such skills. Ndou (2012:88) researched on the challenges faced by SGBs in implementing school finance policies and established that out of the eighteen schools that he sampled, twelve had no school finance policies in place. In cases where schools had finance policies, it was difficult for the illiterate SGB to interpret it and use it in management of school.

Ndou (2012:88) clearly shows that parents are not part of the establishment of the finance policy; suggesting that the principal on his or her own drafted the policy and imposed it to the SGBs. This then questions the decentralization system in terms of real operationalisation because it appears that principals solely do the work that was supposed to be done by the SGBs. Ndou (2012:48) and Rangongo *et al.* (2016:05) also found that there is a link between schools that had no finance policies in place and the mismanagement of school finances. Schools that had no finance policies took financial

management decisions using common sense, as there was no proper financial management legislation for reference purposes. Rangongo, Mohlakwana & Beckmann (2016:5) confirm that one of the main factors that led to the mismanagement of school finances is the unavailability and violation of school finance policy. The study suggests that many schools had no finance policy and that SGBs who had the finance policy in place transgressed it, which is a point highlighted by Ndou (2012:88). It appears that even now, SGBs still lack the ability to create and implement school finance policy. Nqatha (2018:129) shows that although the school finance policy is important, the SGBs of some public schools are still not part of the drafting of the policy. He highlights some of the problems regarding the school finance policy as follows:

- Finance policies with little if any information
- Policies that are not aligned with the relevant legislation
- Policies that are not signed by the chairperson, treasurer and the secretary.

2.7.2 Budgeting

Section 38(1) of SASA), stipulates that a governing body of a public school must a budget each year according to prescriptions determined by the Member of the Executive Council in a Provincial Gazette and the budget must show the estimated income and expenditure of the school for the commencing financial year. (RSA, 1996a). Section 38(2) of SASA stipulates that when a budget is drafted, all the different stakeholders being the head of the school, non-teaching staff, members of SGB should be present to ensure effective implementation of the budget (RSA, 1996a).

The management of a school's finances starts with specific planning in the budget as the application of the plan of how financial resources will be acquired and utilized (Botha *et al.*, 2012:195). Budget is the most important tool for the control and evaluation of resources. According to Botha *et al.* (2012:195), a budget is the financial plan of the school for period of one year. Similarly, Mestry and Bisschoff (2009:98) define a budget as a plan expressed in quantitative terms, usually money covering a specific period, usually one year. Budgeting is essential for achieving the objectives of the school. The above definitions emphasize planning. Planning is essential, and the expenditure needs to relate to the achievement of objectives.

Just like with a finance policy, each budget should be adapted to suit the unique character of a particular school (Mestry & Bisschoff, 2009:99). The SGB must clearly define the objectives of the following year, state what resources are needed to accomplish them and then approve them.

2.7.2.1 Purpose of budgeting

According to Keadilwe (2005:35), a particular link exists between determining aims and drawing up the budget, which is a point that is stated by Mestry and Bisschoff (2009) in their attempt to define budget. A budget does not only determine the aims of the school, but it also determines the usage of finances. She adds that a budget is drawn up in the short and long-term goal. Meaning that when the school wants to achieve a short-term goal, a short-term budget may be drawn and for a long-term goal or outcome to be achieved, a long-term budget may be drawn. Malatji (2005:14) agrees with Keadilwe (2005:35) by stating that a budget helps in planning and achieving the school's objectives. Malatji (2005:14) also argues that a budget helps in that the results of decisions are clarified. Similarly, Van Rooyen (2013:82) describes budgeting as a tool for planning and control, stating that the purpose of budgeting is to clarify the needs of the school, an indication of where funding may come from, assist with accountability for income and expenditure, assist in how funds are spent and also control income and expenditure.

Van Rooyen (2013:82) explains numerous advantages of budgeting as follows:

- Budgeting acts as a plan

The first step of drafting a budget encourages the stakeholders like educators, SGB, department heads to look forward and plan. They take into account all circumstances, they calculate likely revenues, and work out estimated expenditure as well as the changes that may occur.

- Budgeting performs a coordinating role

Assorted budgets are drafted, brought together to create a master budget. Such an activity assists in coordinating educators and departments in schools. Budgeting brings together everybody working in schools, as stipulated by section 38(2) of SASA states, when a budget is done all stakeholders should be present(RSA, 1996a). Budgeting

influences teamwork in schools, making sure they achieve the required revenues and do not exceed the set expenditure.

- Budgeting creates a framework

Budgeting creates a framework for different stakeholders in schools to work within. It does so by setting out financial responsibilities to different stakeholders, making them accountable for the success or failure of their committees. With a budget, everyone involved in financial management is aware of their responsibilities, leading to successful management of school funds.

- Budgeting offers incentives

Budgeting influences people to work harder, do better by establishing required standards, and consequently achieve goals that should be reached. Budgeting helps in obtaining revenues by certain dates, maintaining a positive cash position at all times and keeping expenditure within agreed limits.

- Budgeting provides financial control facility

By adhering to the budget, educators, departments and schools, actually exercise great control over their activities. They compare estimated and actual results; they identify variances and corrective measures needed to remedy them. They take action to manage the situation and attend to problems before it becomes too late.

It is obvious that a school would not function without a budget; financial management task is easier by implementing a budget. The effective financial management saves thousands of Rands as well as affording peace of mind to the principal. The staff, together with parents, are assured that the school finances are healthy.

2.7.2.2 Types of budgets

Lambrechts (cited by Keadilwe, 2005:40) states two types of budgets, and these are:

- The operating budget

This type of a budget is for items that are frequently used and consumed, like electricity, water, stationery, buying cleaning materials and telephone bills. It also provides salaries

of educators in SGB posts, maintenance and other tasks.

- The capital budget

Unlike operating budget, this budget is for things that are going to be used for a long time, for example library material, classroom furniture, photocopier machine, science lab materials, sports gear etc. Since these items are expensive, they should therefore be taken care of and be maintained. These items become assets of the school once they are bought and they should be registered in the school asset register.

A budget should be monitored regularly for it to become an effective tool. The income and expenditure should be recorded. Preparing a budget takes time, so it is important to prepare the next year's budget in August or September of the preceding year. South African Schools Act (84 of 1996) stipulates that the SGB should prepare each year budget and then present it to the general meeting of parents for approval by majority of parents (RSA, 1996a).

2.7.2.3 Approaches to budget

There are different approaches of budgeting, in some literature they are regarded as strategies. These approaches are differentiated by their roles and functions. It is important for role players to have a basic understanding of these approaches in order to manage the school finances effectively and efficiently.

- Zero-Based Budgeting (ZBB)

This budget provides greater control over the budget; it requires justification for proposed expenditure. It questions the status quo and requires justification for proposed expenditure (Mestry & Bisschoff, 2009:113). This budget does not depend on the previous data to predict the future income and expenditure; it starts at zero. Similarly, Botha *et al.* (2012:201) state that the zero-based budget makes a comprehensive investigation into all the activities that are budgeted for. They claim that all activities should be examined to establish the reasons, or the logic. Just like Mestry and Bisschoff (2009:113) argue that every activity that has to be budgeted for must be justified. Questions of how important an item is, and how cheaper it could be obtained need to be asked in the zero-budgeting process.

- Incremental budgeting

This budget uses the current expenditure levels per item as the starting point for the following year's projection (Botha *et al.*, 2012:203). Unlike the ZBB, this budget depends on the historical data of the previous budget to predict the next year's budget. However, increments are added to different parts of the budget to make the next budget. The increment is forced by the inflation rate on an annual basis (Mestry & Bisschoff, 2009:109). For example, if the sports department had R20 000 budgeted for this year, and then they are going to get an increment of maybe 2 % for the next allocation. Meaning that different departments will get increases every year based on their different needs. The advantage of this budgeting is that it saves time, as decision makers do not have much time on their hands.

- Line item budgeting

According to Mestry & Bisschoff (2009:111), items of expenditure are the focus of analysis, authorization and control. They argue that in line item budgeting, each line item in the budget receives separate consideration. Unlike in incremental budgeting where it is not specific, it does not give each activity its own consideration. For example, in line item budgeting, not all departments receive an increment. The SGB may decide that in the following year, only grade 8 learners will get rulers, the seniors may buy any lost rulers for them and others may use the ones they already have.

- Programme budgeting

Mestry & Bisschoff (2009:111) regard this type of budget as sophisticated and modern. In this type of budgeting, the school plans strategically. It identifies programmes to achieve its objectives and determines the cost of each programme. Funds to support the programme are then allocated and finally the results are evaluated to check whether the objectives have been met. For example, the school may budget to take all teachers to training courses this year, then after evaluating the result, the SGB may then decide to take only half the number for the following year, based on the results of whether the objectives have been met.

Van Rooyen (2013:87) highlights some points that must be considered when a school budget is drawn. The previous year's income and the knowledge of the circumstances of

the school must be used to determine how much money can realistically generate from the school fees. It is also important to consider other activities that may be used to generate income, for example fundraising plans may be developed. He states that is important to set a figure too low than to over-project it. In the expenditure, it is important to look at how much the school has spent on each category in the previous year. In categories where an increase is expected, provisions may be made by increasing the school fees for example. Getting quotations from suppliers for consumable items and also considering activities that may help the school to save money.

According to Keadilwe (2005:44), the following are guidelines are important for the successful implementation of a budget:

- The various department's duties and responsibilities must be spelt out, especially with regard to financial aspects.
- There should be cooperation amongst stakeholders in the construction of the budget
- Managers must encourage other stakeholders to adhere to the approved budget and make them aware that even one exception might result in negativity.
- A budget must be backed up by an accounting system, a person qualified to do this job may be appointed.
- A budget must contain as much details as possible, especially where expensive projects are concerned, like building of classrooms or administration block projects.
- A building project such as the school grounds must have its own separate and detailed budget managed and administered by a committee appointed for that purpose.

Keadilwe (2005:43) also highlights some of the problems that may be faced when implementing the budget and stress that the FINCOM must note down all the implementation problems they faced. The first problem may be the allocation of funds that favours other departments more than others, that is when other departments receive more money over others. The process of drafting a budget must be inclusive so that the budget will suits the internal needs.

- **Budget monitoring**

Van Rooyen (2013:109) affirms that budget monitoring is a process that should go on throughout the year. De Bruin (2014:27) agrees and states that budget monitoring is a continuous process where a planned financial status at a given time is checked against a financial status at an actual time. Budget monitoring checks whether the financial plans of a school are achieved. Mestry and Bisschoff (2009:121) state that budget monitoring compares the actual expenditure against income and expenditure. Bruin (2014:27) refers to budget monitoring as a process whereby power is exercised transparently and involving what was done, and what should have been done. Mestry and Bisschoff (2009:121) point out that with monitoring, the school's view of how the budget is operating can be traced easily. Du Plessis (2012:109) reveals that the following are involved during budget monitoring:

- Checking the amount spent against the amount that was actually budgeted.
- Checking whether resources are mobilized effectively
- Reorganizing it when necessary
- Immediately addressing minor problems
- Checking whether there is surplus or deficit at the end of the year and deciding if reserve is needed.
- Checking of available funds, before deciding on any expenditure.

All the above suggest that budget monitoring is all about comparing the actual money expended against the income that was estimated and expenditure, which Van Rooyen (2013:113) calls that checking variance. de Bruin (2014:28) suggests that to achieve variance, a monitoring instrument must be developed. On a monthly basis, the income expenditure is compared with the budgeted income and expenditure and variances are spotted. de Bruin (2014:29) suggests that to spot variances, the treasurer must prepare a budget control statement and bring it to the financial meetings where the budget will be monitored clearly and discussed.

2.7.2.4 Variance

De Bruin (2014:29) explains variance as a tool to spot overspending, or underspending against the budget, in order to correct the anomaly. Naidoo (2005:36) states that a budget variance is a difference for each cost in a budget between the amount budgeted and the actual income. Naidoo (2005:36) further states that a positive variance is when the income has exceeded the expectation in the budget projection, and negative variance is when the income has fallen short of the expectations. Causes of budget variance

Van Rooyen (2013:113) and Naidoo (2005:38) explain that budget variance may be caused by both internal and external factors. They both mention that budget variance in a school context may be caused by economic factors such as unemployment which will result in parents being unable to pay school fees. Van Rooyen (2013:114) mentions another external factor as a political factor, which can lead to a new school being established in the neighbourhood. Such a new school obviously leads to lower enrolments, which will then put pressure on the budgeted school fee income budget. In terms of internal factors, Van Rooyen (2013:114) opines that it may be caused by miscalculation or data miscomputing, and the flow of invoice inconsistencies, which may result in a temporary over-spending or under-spending. Mestry and Bisschoff (2009:121) suggest that budget variances may be a result of changes from one month to another that should even out at the end of the year, and it may be caused by under-spending, a result of “saving” or overspending.

Budgeting is one of the major challenges faced by principals and SGBs in their respective schools. Xaba and Ngubane (2010:154) conducted a study on the financial accountability challenges faced by schools and picked up budgeting as one of the major concerns in school financial management. Their study revealed that some schools do prepare a budget, but that the budget lacks transparency because the SGB's does not have the capacity to draw up a budget and then leave the task to the principal. This then transgresses with Section 38 (1) of SASA as it clearly indicates that the SGB of the school must prepare the budget. Another aspect they picked up is that some schools prepare a school budget for the sake of legislation compliance and not for the sake of the school needs. For example, in one of the budgets that they examined, it appeared that some items appeared on the previous year's budgets and the current year's budget with the same allocation of money. De Bruin (2014:98) echoed Xaba and Ngubane's (2010:154)'s

point by alluding that budget are not drawn for the specific needs of the schools as it should be, but they are drawn for the purpose of submitting them to the Department of Basic Education. This could then raise a concern of how realistic these budgets are, and whether the educational needs of the school are met. De Bruin (2014:126) found that other schools used recycled budgets from the previous year because of the illiteracy of the parents in the SGB who lacked skills to perform the task of budget drafting in new and creative ways without recycling the previous year's version.

Naidoo (2005:9) also found some challenges with regard to school budgeting which contravened SASA. He identified that not all members were consulted in drafting the budget. Similarly, de Bruin (2014:126)'s study revealed that principals were responsible for approving the budgets and not the parents, and such act clearly indicates the abuse of power. Rangongo *et al.* (2016:133)'revealed similar findings as of de Bruin (2014:126) as they indicate that parents are not consulted for the approval of budgets and that principals are solely responsible for drafting the budget. One of the participants in his study indicated that they could not recall the last time they were called for a meeting to prepare the budget. Another participant in the same study highlighted that the principal decided everything budgeted for and then sought their authorization for payment.

The right attitude towards budgeting should be promoted if budgeting is to be a collective enterprise (Naidoo, 2005:11). The stakeholders involved in budgeting should be aware of that budget and they should be committed to fulfilling the objectives of the school. Accountability is one of the most important elements in school financial management, therefore proper budgeting assists with such accountability (Mestry & Bisschoff, 2009:99). Moreover, SGBs that bear full responsibility for the budgeting process are an asset to the entire planning process. Ultimately, they are responsible for budgeting where team play is a characteristic feature in the promotion of shared decision making in schools and keeping the objectives of the school at the forefront.

2.7.3 Auditing

According to section 43 (1) of SASA, the SGB of a public school must appoint a person registered as an accountant and auditor to audit the records and financial statements of the school (RSA, 1996a). However, Van Rooyen (2013:137) argues that if an appointment of that manner cannot be made, the SGB may then appoint someone who is qualified to

carry out the duties of the accounting officer. The MEC should approve the appointment. SASA further states that no person who has a financial interest in the affairs of the public school may be appointed to perform this duty (RSA, 1996a). According to section 43. (5) of SASA the SGB must submit to the provincial Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined. (RSA,1996a). The reason behind this regulation by SASA is that there is a need for transparency at schools when handling school funds (Rangongo, 2011:53). In addition, Subsection 32(1) of the Constitution states that everyone has the right of access to any information held by the state.

According to Van Rooyen (2013:137), parents must receive audited statements, or a communication instrument like a newsletter wherein the statements are published. This is because it is within the rights of the parents to know how their contributions have been spent, creating transparency, leading to trust and cooperation. Ngubane (cited by De Bruin, 2014:60) argues that an audit report should include the following:

- A transmittal letter, which includes general contract agreement, procedures followed and the rest of the general information.
- Statement that includes the audit's general and specific findings, together with the implications of those findings.
- The school's comparative operations of that year against those of other years including receipts, expenditures, and related information.
- A recommendation list, addition or deletion in the accounting system, a rationale for such recommendations, tables, figures and a summary of the school operations, including policies and interventions.

De Bruin (2014:61) states that auditing helps the Department of Basic Education to trace down how schools spend the money allocated to them. The Department of Basic Education (2005:22) highlight that auditing it improves accountability and detecting whether the statements prepared by the school for a given period are accurate or not. Auditing enhances the SGB's financial management skills in as much as it contributes to evaluating their performance. Van Rooyen (2013:138) is of a view that even though auditing may at times reveal intentional misrepresentation, they provide sufficient protection for the SGB and principals. He states that without auditing, accusations of financial irregularity are likely to arise. He further states that auditing ensures that all those

handling school finances comply with the law. The process also improves the financial operations and accounting processes at schools. Rangongo (2011:53) shares the same view and states that auditing enhances accountability and promotes proper financial management because the schools are required to submit monthly financial records trail for the month.

- In a study conducted by Mekgwe (2011:28), he identified the following sensitive issues regarding the Auditor General's findings on the manner in which the DoE in the North West manage their finances in his finance report for 2008/2009. The study discovered that the schools failed to meet the due date for submission of financial statements and three hundred and thirty-nine schools submitted annual financial statements that were not compiled by an auditor.

Based on the above arguments and findings, it is evident that auditing is a very important function. Audit has its benefits to the SGBs and principals as it protects them, improves cooperation, transparency and trust among stakeholders. It is also important to note that while audit can be of advantage to SGB and principals, failure to manage their school funds appropriately could lead to schools losing their revenue and failing to reach their objective. It could also lead to the Department of Basic Education receiving a lot of qualified reports.

2.7.4 Accountability in school financial management

Section 36 and 43 of SASA state that the schools manage their own finances (RSA, 1996a). The Act also stipulates that the schools have the responsibility of implementing all necessary accountability measures. Botha *et al.* (2012:26) further add that since schools manage their finances, for accountability purposes this shift is led by well-resourced structures that are equipped with policies that are geared towards the improvement of the school. This ensures that there is an effective, efficient and transparent use of financial resources in schools. When the structures follow policies and regulations, this guarantees that there is no unauthorized, irregular and wasteful expenditure of school funds which implies being accountable to school finances (Xaba & Ngubane, 2010:140).

Mestry and Bisschoff (2009:73) define accountability as a process where those accountable for the use and control of resources report on the use and control of those

resources to those whom they are accountable. Xaba & Ngubane(2010:140) defines accountability as a legal duty placed on an individual whereby, they explain how the money given to them has been used. Mestry (2006:127) defines this term as one being accountable to their actions, as in accounting for their actions and being held accountable for those actions. Based on the above definitions, accountability has to do with explaining how the funds allocated by a third party have been used.

Mestry and Bisschoff (2009:74) contend that in a school context, financial accountability ensures that the school's resources really exist and that they have been used for legitimate purposes. They further argue that accountability involves two responsibilities; the first one is taking certain actions and secondly providing an account for these actions.

Section 15 of SASA states that every public school is a juristic person, with legal capacity to perform its functions. This implies that the school may buy, sell things, sue and even get sued. The school does all these functions through the SGB. Section 16 (1) gives the democratically elected SGB by relevant stakeholders to govern the public school (Xaba & Ngubane, 2010:140). The SGB is therefore accountable to the school financial management. This implies that the SGB is obliged to account for the financial action they take because it is legally prescribed by SASA. It is important to note that the principal is an ex officio member of the SGB, and the principal is also an employee of the Department of Basic Education and is responsible for the professional management of the school (Mestry, 2006:129). However, even though the principal is accountable for the day-to-day running of teaching and learning activities in schools, when it comes to financial accountability, the principal is excluded. SASA stipulates that the accounting officer of the school is the SGB. According to Xaba and Ngubane (2010:143), school financial accountability includes budgeting, accounting and reporting that are discussed above in paragraph 2.4.1, 2.6 and paragraph 2.7.

Xaba and Ngubane (2010:120) reveal that even though there are legal prescriptions regarding who is accountable for school finances, schools still experience difficulty. He further states that there is a confusion between who is accountable financially between the principal and SGB. Furthermore, Mothibi (2015:03) shows that there is a confusion amongst teachers, principals and other relevant stakeholders as to who is really accountable for the school funds. I try to give clarity in the following discussion.

In another case of Schoonbee and others vs MEC for Education for Mpumalanga the MEC charged the principal of a High school in Ermelo with the misuse of school funds. However, when the investigation was conducted, it appeared that the principal acted on the directions of the SGB policy. The principal and the deputy principal were suspended by the MEC and the SGB was dissolved. The judge then ruled in favour of the principal, deputy principal and the SGB based on the following: The Judge highlighted that the principal has no executive role in the SGB on property and financial management. He noted that the assets, liabilities and property with financial value are not vested in the principal for ultimate management. The judge also pointed out that the duty of the principal is to facilitate, support and assist the SGB in their statutory roles such as the management of finances, and also the principal is a person with specified duties that the SGB may delegate to accomplish. According to the judge, the principal is accountable to the SGB for the financial matters that are not directly entrusted to him by SASA. The judge then stated that the Department could not hold the principal liable based on the SGB obligations. Furthermore, the MEC suspended the deputy principal without giving him a chance to be heard, *Audi alteram partem*, which means to hear the other side (Oosthuizen, 2015:133). The MEC did not afford the deputy principal that opportunity, therefore the judge found the just administrative action not to be procedurally fair and set the suspension of the deputy principal aside. The MEC dissolved the SGB right after the audit report because it raised questions regarding the expenditure of finances. However, the SGB agreed to take corrective measures included in the audit report and the MEC still dissolved it. The judge then found that it was not necessary to dissolve the SGB. The judge set aside the dissolution of the SGB.

Nqatha (2018:47) discloses that the Gauteng Department of Basic Education has highlighted some weaknesses in the management of finances in schools; the weaknesses include lack of transparency and accountability. This includes lack of proper cash control, lack of control over cash receipts, lack of control over authorized payments, inadequate procurement knowledge and poor documentation that is brought by a poor filing system. Nqatha (2018:47) states that the Public Service Commission established some of the fund mismanagement activities that included lack of internal audit, lack of transparency and openness and school fees receipts not being issued. Similarly, Rangongo (2011:56) highlighted that the Gauteng DBE has identified serious problems in certain public schools regarding transparency and accountability. He claims that these

problems are related to the use of section 21 in the Schools Act and that included unaudited statements, there were no control over cash receipts, confirming therefore what Nqatha (2018:47) found as well.

2.8 Challenges faced by SGBs in school financial management

Baruth (2013:79) observes that financial management has become very problematic, especially in schools that are situated in rural areas. He further submits that financial mismanagement is common in rural schools because the SGB parents are ignorant of the laws that are used in handling school finances, such as SASA. To add on to that, this ignorance may be historical: SGBs from rural areas may be illiterate and therefore they are unable to interpret these legal frameworks. In support to the preceding argument, Mestry (2018:388) concurs that illiteracy amongst SGBs from rural schools prevent them from accessing relevant legislation that deals with school financial management. It is no secret that school financial management is a very specialized field, which means that it requires SGBs to have certain skills for their efficient handling of school finances. Simply, illiterate parents from rural areas cannot read and write. This complicates and compromises their capacity to handle school finances, logically.

The introduction of SASA gave powers to SGB to manage school finances. Nqatha (2018:47) states that SGBs appear to face challenges when managing school funds. He claims that the main challenges faced by SGB's in financial management include; lack of understanding SASA, lack of understanding roles and responsibilities, and lack of transparency and accountability. This then makes the researcher wonder if decentralization is advantageous to the school financial management. Much literature reveals that the main cause behind the mismanagement of school finances by SGB is their low literacy level. Despite the challenge related to parents' educational background the participatory theory hold a view that the parents through are crucial component in the management of finances in the school, Parents are treated as equals in making important decisions and resolving challenges encountered by school on administration of school finances. .

2.8.1 Understanding legal framework

Dibete and Potokri (2018:805) clarifies that understanding the legal framework such as

SASA by the SGB leads to sound school financial management. This is because SASA is the core legislative framework that regulates school financial management in South Africa (Mestry, 2006:289). Section 15 of this Act stipulates that schools are juristic persons, which allows them to enter into a contract with service providers and sue or be sued by third parties. The SGB then acts on behalf of the school and takes responsibility towards the management of school finances. Dibete and Potokri (2018:805) claim that if the SGB understand the content of the SASA Act (84 of 1996) clearly, they would face no challenges in managing school finances. Xaba (2011:202) states that although power and authority is vested within the SGB to manage school finances, SGBs still fail to manage the finances properly. He points out that effective financial management requires specialized financial management skills that the SGBs from rural areas lack. Ngatha (2018:47) confirms that there is a serious challenge of misinterpretation and implementation of SASA amongst SGBs. He further states that this leads to the mismanagement of funds and ultimately embezzlement, fraud and theft. Rangongo (2011:24) shows that various instances of violating the prescripts of SASA are reported and public schools in South Africa have been caught off-guard. They claim that problems such as committees not being established, the absence of minutes, financial decisions not being certified by the chairperson, budgets that were not approved by the parents, lack of cash management skills and the failure of schools to submit their financial books for audit are acts that are contrary to the expectations of SASA.

2.8.2 Roles and responsibilities of SGB

A study conducted by Dibete (2015:99) in no-fee schools showed that some SGBs were unaware of their roles and responsibilities in school financial management. He claims that SGBs confuse section 16(1) and section 16(3) of the SASA. Section 16(1) of SASA states that the governance of the school is vested on the SGB and section 16 (2) states that the professional management of the school is the responsibility of the principal, SMT and HOD (RSA,1996a). However, it would appear that these SGBs focus more on the carrying out of the duties of their principals, which is supervising teachers and neglecting their core financial management responsibility. A study undertaken by Dibete and Potokri (2018:809) in no-fee schools revealed that many SGB members such as treasurers and the chairperson did not understand their roles in financial management, and they relied solely on the principal performing all tasks. If principals perform everything concerning

school financial management, this defeats the purpose and intentions of decentralization. Similarly, Nqatha (2018:47) points out that most of the elected SGB members in schools do not understand their roles and responsibilities, claiming that most of them are illiterate and do not know how to contribute to effective school financial management.

2.8.3 Restrictions on section 21 allocation

According to section 34 (1) of SASA, the State must fund public schools from public revenue on an equitable basis in order to ensure proper exercise of the rights of learners to education and the redress of the past inequalities in education provision (RSA, 1996a). The funds are then transferred into the schools account for SGBs to manage it and procure goods and services. However, since funds are deposited into the school's account, schools are obliged to spend these funds as prescribed by the Head of Department (HOD). Studies conducted by researchers in education have revealed that SGBs are finding it too difficult to spend the allocation from the state as it is too restricted. Mestry and Ndhlovu (2014:10) states that HODs in the provinces restrict SGBs from spending the funds according to the needs of the schools and that becomes a challenge to the SGBs as they cannot spend the allocation freely to meet the educational needs of the learners. In the same vein, Rankgongo (2011:59) suggests that the restrictions made by the HOD as to how the SGBs should spend the allocation poses a challenge to them. Furthermore, Mestry (2018:398) endorses that the rigid prescriptions for the use of funds provided by the provincial departments of education inhibited SGBs in "no fee" schools to manage their finances effectively. He suggests that SGBs should be left to spend the allocation according to their individual school needs.

2.9 Forms of support schools require on management of school finances

,Mekgwe, 2011:3) states that many principals and SGBs have often been subjected to forensic audits by the Department of Basic Education due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of financial records. In order for school to manage their funds effectively there is need of regular monitoring and measures of controlling expenditure, promoting proper record keeping and reporting, supporting fundraising activities and training of SGBs in financial management.

2.9.1 Regular monitoring and control of expenditure

To assist with financial challenges faced by SGBs in schools, Rangongo *et al.* (2016:8) suggest that there should be regular reporting of financial expenditure to the DoE so that the Department may be able to pick up financial challenges that SGBs face and address them timeously. Nqatha (2018:146) concurs with Rangongo *et al.* (2016:8), stating that the Department should provide close monitoring and support to the SGBs through circuit managers. He suggests that there should be regular meetings between the Department of Basic Education and schools to discuss financial matters aimed at curbing fraud and misappropriation of school funds.

2.9.2 Proper record keeping and reporting

There should be proof of every payment made by the school in the form of receipts (Thenga, 2012:92). He suggests that proper records ensure proper administration and accountability for SGBs. Similarly, Nqatha (2018:147) endorses that financial recording and reporting are important elements of proper financial management. He suggests that the DBE should work very closely with the schools to guide them on proper recording of income and expenditure and finally writing the financial reports.

2.9.3 Fundraising

It is the responsibility of a public school to take all reasonable measures within its means to supplement the resources supplied by the State (RSA, 1996a). According to Thenga (2012:93), fundraising is the responsibility of the SGB. The SGB should raise funds to add on the existing income and bolster activities necessary for the development of the school. Therefore, the SGB must research on means of fund raising and implement them. Mestry and Bisschoff (2009:63) argue that for raising a large amount of funds, the SGB should develop a more systematic approach. Mestry and Bisschoff (2009:63) further suggest that SGB members should be critical thinkers who have innovative ideas of making money and convincing organizations in the commerce and industry to make substantial contributions. However, several studies revealed that SGBs in rural areas are failing at coming up with ideas to supplement the funds supplied from the state. Rankongo (2012:56) revealed that SGBs in “no fee” schools could not supplement the funds from state. Similarly, a study conducted by Mestry (2018:398) revealed that SGB parent members in rural schools could not come up with ideas to raise funds because

their low level of education and because of their socio-economic status since they were situated in rural and township communities.

2.9.4 Training of SGBs in financial management

Mollotimile (2011:35) mentions that the South African government has realized that SGBs, especially those from rural areas, do not have the skills to perform their financial management roles. Nqatha (2018:36) shares similar sentiments as he mentions that SGBs often fail in their financial management roles because they lack skills. He further states that it is sometimes hard for them to perform their roles according to legal obligations prescripts such as SASA. It is therefore very important that SGBs receive training that assists them in dealing with finances at school. According to section 19 (1), the provincial Head of Department must establish a programme to provide inductor training for newly appointed governing bodies. Moreover, the HOD must provide induction training to the SGB as well, so that they may perform their functions effectively. Xaba, (2011:201) point out that SGBs are not trained prior to starting their work and this becomes a problem when SGBs are unaware of meeting procedures. They face problems with the specialised language used in meetings. They have difficulties in managing a lot of paperwork, not knowing how to make a proper contribution in meetings, being unfamiliar with proper legislation, feeling threatened by those who seem knowledgeable and seeing their roles as simply endorsing other people's decisions. It is evident that the training of newly appointed SGB members is very crucial.

Xaba (2011:202) mentions the need to build the capacity of SGBs. He mentions that at provincial department level, there are officials whose work is to deal with school governance and the same happens at the district level. Lamola (cited by Nqatha, 2018:36) refers to capacity building as the process of helping people to see opportunities for change and breaking the bonds caused by habitual ways of knowing and doing. This clarifies new positioning of the SGB in a bid to enhance competence and transparency. Capacity building in this study refers to empowering SGB through workshops and training so that the SGBs acquire robust skills to execute their roles effectively. It is clear that the ability for the SGB to perform their functions depends on the skills obtained from planned training 09bsessions.

SASA (RSA, 1996) confirms and consolidates what Mestry (2006:126) suggests on the

training of newly appointed SGB members. SGBs must undergo continuous training to allow them to perform their duties effectively. Further to that, training in financial management should be practice based. According to Mestry (2006:129), the following financial management training components need attention:

- Legal framework that underpins financial school management, for example SASA;
- Funding of schools, like state funding and the school's contribution;
- Financial school planning that includes budgeting;
- Financial organization;
- Financial control; and
- School information system.

Xaba (2011:209) agrees with Mestry (2006:126) by suggesting that these training components should be based on situational factors and be related to the capacity needs of the school. He argues that a capacity assessment is important on this regard as it will avoid a "one size fits all" training approach. This will be beneficial to the SGB's receiving a customized training. For example, if school A struggles with budgeting and school B struggle with financial control then School A training will receive more support with budgeting and school B in financial control. In support of this view, Nqatha (2018:52) states that there is a need for multiple training that consider the needs of every particular school or its governance.

Training of that sort will improve parental involvement at school and enhance collaborative decision making since the schools are now decentralized. The SGB's will also be able to perform their roles in confidence (Nqatha, 2018:59). Based on the above arguments and discussions, it is evident that effective financial management training will be of a great help to the education sector, especially in less disadvantaged schools. The effects become evident when SGBs carry out their duties with confidence, when they manage the school's financial resources as prescribed by SASA. This is more relevant since proper financial management is the backbone of achieving quality education. Training the SGBs enables them to draft budgets properly, monitor it, and prioritise objectives (Nqatha, 2018:52). Effective financial training allows the SGBs to develop a proper internal financial control system, yielding financial transactions that are reliable and accurate. Mollotimile (2011:38) affirms that the process of social auditing ensures

transparency and accountability in school funds when parents are involved in the planning of using school funds. He also suggests that SGB records of financial statements like the fund register, payment cash, receipt book, voucher form, and bank statements for financial management should be available to SGB members as part of the training manual.

The preceding arguments stress the importance of training the SGBs. In the literature, Mekgwe (2011:60) identifies heart-breaking practices. Although training sessions for newly appointed SGBs are offered, that has not helped with the problem of financial mismanagement in rural schools where many of parents are illiterate. Mekgwe (2011:45) shows how sessions offered in English were simply incomprehensible as the target audience were illiterate in the language. The content of the sessions was far too complex for the illiterate SGBs. The same financial challenges that the SGB faced were not addressed. Chauke (2017:48) revealed that these training sessions used a “one-size fits all” approach and did not attend to the individual needs of schools. In addition, they were offered in a language that SGB members could not understand. Such sessions do not assist SGBs from rural areas who have a low education and many of them cannot read and write. This research seeks other constructive strategies that could be used to assist with challenges that SGB from poor rural background face.

2.10 Chapter summary

It is clear that the management of school finances is guided by relevant legislation like the SASA and PFMA (RSA, 1996a). Literature reveals that SGBs need to understand these legislations and manage school finances accordingly. Having said all that, it also appears that the very same SGBs who should know and implement the legislation and manage school finances have low education background that poses a problem still. SGBs face challenges such as interpreting legal frameworks, formulating finance policies, drafting budgets and holding meetings amongst others. Training sessions are offered for SGBs as a way to assist them to overcome these challenges. Unfortunately, these sessions have not helped due to the nature of the sessions and the content offered. Literature suggests that these training sessions are way above the SGB standards as many of them cannot read and write. Invariably, these sessions have proven irrelevant to them. The following chapter outlines and defends the research design and methodology utilised.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter focused on reviewing literature on the financial management strategies used by School Governing Bodies (SGB) in managing finances in secondary schools. The study adopted a qualitative research approach to collect data. This chapter explored relevant strategies of collecting data for the study and discusses instruments that were used, participant selection, data collection strategies, data analysis, trustworthiness, researcher's role and ethical considerations.

3.2 Research design and methodology

3.2.1 Research paradigm

Each research study is conducted by working through a particular paradigm. According to Johnson and Christensen (2008:33), a research paradigm is a perspective about research held by a community of researchers that is based on a set of shared assumptions, concepts, values, and practices. In principle, it is an approach to thinking about and doing research. Creswell (2007:19) defines a paradigm as a set of beliefs that guide action. Moreover, Molefe (2011:50) states that a research paradigm is an all-inclusive system of connected practice and philosophy. He further states that a paradigm should define the nature of the study along the three elements of ontology, epistemology and oncology. Creswell (2013:6) regards a research paradigm as a basic set of beliefs that guides actions. Glesne (2011:5) views research paradigms as frameworks of science that make assumptions about the nature of reality and truth, the kinds of questions to explore, and how to go about doing so. Similarly, Bhattachertjee (2012:17) defines paradigms as mental models or frames of references that are used by researchers to organise their reasoning and observations.

According to Creswell and Guetterman (2019:06), there are four types of paradigms in research namely; post positivism, constructivism, transformative and pragmatism. Researchers may choose any paradigm that is compatible to their study.

In this particular study, an interpretative paradigm was used. Rangongo, (2011:67) state that the interpretive paradigm is concerned with understanding the world as it is and understands the fundamental nature of the social world at the level of subjective experience. Cohen *et al.* (2011:22) state that interpretive paradigm is characterized by the concern for the individual; it also tries to understand the subjective world of human experience. Creswell and Guetterman (2019:8) echo the same point when they state that social constructivists believe that individuals seek an understanding of the world in which they live and work that is their natural setting hence this paradigm was best suited for this study. Creswell and Guetterman (2019:8) disclose that the goal of a research paradigm is to engage with the participants' views of the phenomenon being studied. This study interrogated and established the perceptions of the SGBs as they are the ones managing school finances. In order to understand their views clearly, open-ended questioning was used to allow the participants to open up more rather than being boxed. Cohen *et al.* (2011:22) hold a view that in an interpretative paradigm the researcher wants to understand the phenomenon deeper by asking the person issues that he or she experiencing or having deeper understanding on the phenomenon being studied The following are the underlying assumptions of interpretative paradigm as identified by Creswell and Guetterman (2019:8):

- Human beings construct meanings as they engage with the world they are interpreting, as this study is a qualitative study, the researcher used open-ended questions which allowed participants to share their views. This allowed the researcher to then construct meaning.
- Human beings engage with their world and make sense of it based on their social perspectives. In order to understand the context of the participants, the researcher visited the schools and collected data personally. The researcher then interpreted what he found on the context, based on his own experiences and background.
- The basic generation of meaning is always social, arising in and out of interaction with a human community. Since the process of qualitative research is largely inductive, the researcher generated meaning from the data collected in the field.

Glesne (2011:58) states that the ontological belief that steers interpretivist researchers illustrate a world in which reality is socially constructed, complex, and ever-changing. He

further states that it is important to examine the way people make meaning of some object, event, action and perception. These constructed realities exist in both the minds of the individuals and social constructions as personal perspectives interact with the language and thought of the wider society. Furthermore, assessing the perspectives of SGBs regarding school financial management in secondary schools allowed me to gain some knowledge from their responses and to reach conclusions based on their cultural patterns of thought and actions. Glesne (2011:8) states that if the researcher's higher-level theoretical perspective is interpretivism, then the study design usually tends to be in-depth, long-term interactions with relevant people in one or several sites.

Through interaction with SGBs, listening to them and observing their reactions as they attempted to respond to questions, I understood their experiences that Maree (2014:55) and Creswell (2016:56) regard as an epistemological approach. This approach is more concerned with finding out how much knowledge of financial management the SGBs have. This approach is also concerned with how truths, facts, or physical laws, could be clarified in the context of financial management of the school funds in the North West Province in South Africa. Maree (2014:55) states that qualitative researchers believe that the world consists of people with their own assumptions, interactions attitudes, beliefs and values, and that the way of knowing this reality is exploring the experiences of others regarding a specific phenomenon. Through qualitative research, I was able to grasp the SGBs assumptions regarding school financial management. They told of their experiences such as the challenges they face when managing school finances and how they could be assisted in overcoming those challenges.

3.2.2 Research approach

Creswell (2013:3) describes a research approach as plans and procedures for research that spread the steps from broad assumptions to detailed data collection methods, analysis, and interpretation. He further states that this plan involves many decisions. However, the overall decision revolves around which approach was best suitable for a particular title. The philosophical assumption of this study should be the one that informs the decision of selecting the proper approach. Creswell (2013:3) further mentions that the research approach chosen for a particular study depends on the nature of the problem addressed.

Robson and McCartan (2016:16) state that there are two alternatives for researchers to choose from, that is qualitative research approach and quantitative research. Furthermore, Creswell (2013:3) clarifies that there are three approaches to research namely qualitative, quantitative and mixed method approach (combination of qualitative and quantitative). According to Maree (2014:145), quantitative research is a systematic process and objective in its ways of using numerical data in order to make generalisations to the findings of the universe that is being studied. Similarly, Carrol and Morrell (2010:11) define quantitative research as a structured process of collecting and analysing data. They argue that in quantitative research a large number of samples are taken to allow a deductive model that accommodates moving from the general to the specific. The findings from this type of approach tend to generalize. Creswell (2013:3) describes this approach as one in which objective theories are tested by examining the relationship among variables. Instruments measure these variables; allowing numbered data to be analysed using statistical procedures. McMillan and Schumacher (cited by Mollotimile, 2014:7) state that in quantitative research, data is collected, and the output expressed through numbers.

Contrary to quantitative research, there is qualitative research (Creswell, 2007:37) that begins with assumptions, a worldview, uses theoretical lens to study research problems linked to the meaning individuals or groups ascribe to a social problem. Qualitative research focuses on phenomena that occur in a natural setting; that is, in a real world (Leedy & Ormrod, 2010:139). Moreover, Maree (2014:51) describes qualitative research as an approach that studies people or even systems by interacting with them just as this study has interacted with SGBs by interviewing them. Maree (2014:51) also alludes that qualitative research involves observing people in their natural setting and focusing on their meanings and interpretations. The focus is on the quality and depth of the information. Creswell (2013:55) states that qualitative research involves emerging questions and data collected in the participant's natural setting. This data is analysed inductively – that is from particular to general themes, unlike with quantitative research, which is deductive. Qualitative research provides rich knowledge from only a small number of people. People's experiences, feelings and opinions are captured by direct questions and quotations.

Based on these differences in the two approaches, this study then employed the

qualitative approach. What influenced the choice of a qualitative research method is its originality and naturalistic manner of enquiry. Creswell (2007:40) states that qualitative research is based on the ontological assumption that the nature of reality is diverse, and that reality has multiple dimensions. Hence, the researcher interviewed the SGBs to elicit information regarding financial management strategies used by school governing bodies in secondary schools in the North West Province. I investigated the financial management strategies used by school governing bodies in rural secondary schools in the North West Province. Qualitative research allowed me to obtain a detailed understanding of the experiences of SGBs in managing school finances. Within a qualitative research, I was deeply immersed in the context of the phenomena by having a face-to-face interaction with the SGBs as Maree (2014:57) recommends. Creswell (2007:40) also influenced my choice of qualitative research as he states the following regarding research:

He submits that qualitative research:

- Needs a complex, detailed understanding of financial management strategies of finances used by school governing bodies in secondary schools and directly interacting with participants, talking to them in their places of work and interviewing the SGBs in schools. This is because participants' actions are influenced by the setting in which they occur.
- Empowers participants to share their stories, hear their voices and minimise the power relationships that complicate the work ethic between a researcher and participants. This approach allowed SGBs to share their stories freely in open-ended interview sessions.
- Wants to understand the contexts and settings in which participants in a study address problems, hence the researcher chose schools as research sites.
- Can differentiate what people say from the context in which they say it.
- Helps explain the linkages in causal theories by providing a general picture of trends, associations and relationships, but they do not tell researchers why people respond as they do, the context in which they respond, their deeper thoughts and behaviours that govern their responses.

3.2.3 Research design

Different authors explain that a research design is a procedure on how a study is conducted. Bogdan and Biklen (2007:54) define research design as the researcher's plan on how to proceed with the study to gain an understanding of some group or phenomenon in its natural setting. Maree (2014:70) endorses this and states that a research design is a strategy which moves from the underlying philosophical assumptions to specifying the selection of respondents, the data gathering techniques and the data analysis. Bhattacharjee (2012:35) defines research strategy as a comprehensive plan for data collection in an empirical research project. Creswell (2013:12) refers to research design as types of inquiry within qualitative, quantitative, and mixed method approaches that provide specific direction for procedures in research. Taken together, these researchers are conceptually clear about the strategy as a plan characterised by comprehensiveness in the design for data collection, a vantage point that also informs this current study.

Maree (2014:70) states that choosing a specific research strategy for a study depends on the researcher's assumptions, research skills and research practices. Bhattacharjee (2012:41) clarifies that researchers often choose approaches that they are comfortable with and feel competent to handle. He further states that the choice of the research approach should depend on the nature of the phenomenon such as the financial management strategies used by school governing bodies in secondary schools in this study.

Creswell (2013:14) describes a case study as an inquiry found in many fields, especially evaluation, in which the researcher intends to develop an in-depth analysis of a case, often a programme, event, activity, process, or one or more individuals. In this study, the researcher investigated the financial management strategies used by school governing bodies in secondary schools in the North West Province. The SGBs of the chosen schools, together with the principal as an *ex officio* member in the SGB, were interviewed. Yin (2009:18) states that in a case study design, a contemporary phenomenon within real-life is investigated, especially when the boundaries between the phenomenon and context are not evident. The case study approach then allowed time to investigate the phenomenon in depth in real-life to gather the data responding to the conundrum of financial management practices.

Creswell (2013:14) further states that case studies are limited by time and the activity schedule of the researchers. He further states that in a case study the researcher utilises different data collection procedures over an extended time. Through a case study design, this study utilised more than one type of data collection procedure that is interviews and document analysis.

In a case study design, Gray (2014:63) states this is perfect when “how” and “why” questions are asked about a phenomenon. A case study was then used to gain a deeper understanding of how do SGBs manage school funds in secondary schools in the Ngaka Modiri Molema district. Mollotimile (2012:42) advises that case studies strive towards a holistic understanding of how participants relate and interact with each other in a specific situation and how they make meaning of the phenomenon studied. The study investigated the financial management strategies used by school governing bodies in secondary schools in the North West Province. SGBs as participants became a unit of analysis to study as Creswell (2013:14) advises. SGBs were analysed and observed as they interacted with one another, participated in shared leadership and that allowed the researcher to gain an in-depth understanding of the financial management strategies used by school governing bodies in secondary schools.

3.2.3.1 Site selection

Maree (2014:34) states that it is crucial for the researcher to select research sites that are suitable and feasible. Two secondary schools from Mafikeng Area Office were selected as research sites for this study. The Mafikeng Area Office falls under the Ngaka Modiri Molema District of the North West Province. I selected two secondary schools from Mafikeng that are listed under section 21, that are no-fee schools (Thwala, 2010:26), ranking from quintile one to three and which are independently managing their own finances through SGBs. After this, I then approached the Mafikeng Area Office to request permission to access the schools and conduct research amongst the participants as Maree (2014:34) recommends. Once the Area Office Manager agreed, I approached the principals and SGBs of the selected secondary schools to request permission to enter their school and conduct research.

3.2.3.2 Participant selection

In qualitative research, the most common sampling strategy is non-probability purposive

sampling. In purposive sampling, units or people are chosen for a particular purpose (Leedy & Ormrod 2014:152). Ary *et al.* (2014:168) define purposive sampling as a strategy where researchers select representation from the chosen population because of the perceived richness of such targets as information-cum-data sources. In support of this view, Maree (2014:79) states that in purposive sampling participants are selected according to pre-selected criteria relevant to a particular research. This study then adopted a purposive sampling strategy based on its aforementioned characteristics. As Leedy and Ormrod (2014:152) state, purposive sampling enabled me to select participants for a reason, because they managed school finances. According to Du Plooy-Cilliers *et al.* (2014:142), an advantage of purposive sampling is that the researcher ensures that each element of the chosen sample enhances the fulfilment of the research objectives in a study. In simple terms, it means that the purposive sample must provide the researcher with information that responds to the research questions. Therefore, four SGB members from each school were chosen because of their relevance to this study being the principal (in his official capacity), the chairperson of SGB treasurer and the secretary. Therefore, eight participants were purposively chosen for this study.

Leedy and Ormrod (2014:152) state that participants should be chosen for a particular quality and trait in purposive sampling. SGB members were chosen as participants of this study because they are involved in managing the finances of the school. This means that they are the right people to talk to if the researcher seeks to find out about how finances are managed in schools. Leedy and Ormrod (2010:141) support this approach when they recommend that the participants should have direct experience with the phenomenon studied. Concisely, participants in this study had specific roles in school financial management.

3.2.3.3 Data collection methods

Johnson and Christensen (2008:201) define data collection methods as procedures used to gather data that is analysed in a research study. Similarly, Creswell (2016:148) explains data collection as a chain of connected activities aimed at collecting good information to answer specific research questions. Data collection in a qualitative study spans over a long period, therefore a researcher should record all useful data through audio tapes, audio sketches, photographs or any other practicable ways (Leedy & Ormrod, 2005:143). According to Maree (2014:81), there are three types of data collection

strategies in qualitative inquiry: document analysis, participant observation and interviews.

For the purpose of this study, one-on-one interviews and focus group interviews were used to collect data. Documents analysis was also used as another form of data collection strategy. Interviews were the primary data and documents were used as secondary data. I conducted one-on-one interviews with principals and focus group interviews with the rest of the SGB members. Data that was collected through interviews were verified by analysing financial documents thoroughly.

3.2.3.3.1 Interviews

Interviews were utilised in this study as a primary source of data collection. According to Berg (2001:66), an interview is a conversation with the sole purpose of collecting information. Kumar (2008:123) defines an interview as an interaction between two or more people with a specific purpose of gathering information that responds to predetermined research questions. Similarly, Mason (2018:62) views an interview as an in-depth, semi structured or loosely structured form of a conversation between two or more individuals, specifically designed to elicit responses relevant to a challenge. Maree (2014:87) further states that an interview is a two-way conversation where the researcher asks participants questions in order to gather data and to learn about the ideas, beliefs, views, opinions and behaviours of participants. Maree (2014:87) states that interviews are a good way of gathering data as the researcher sees the world of the participants through their eyes. In support of the above views, Creswell and Guetterman (2018:163) concur that an interview is a social interaction based on conversation.

The interviews on financial management strategies of school governing body in secondary schools assisted with large volumes of data (Greeff, 2005:299). Interviews enabled me to find out practices and challenges that I could not have observed in the feelings, intentions and thoughts of the participants (Patton, 2002:21).

Maree (2016:87) upholds that there are three types of interviews: open-ended (or unstructured interviews), structured and semi-structured interviews. Semi-structured focus group interviews were used with SGB members such as the chairperson, the treasurer, and the secretary. As Nieuwenhuis (2007:90) stipulates, focus group interviews produced a wide range of responses within the participants, activating information that

they may have forgotten and more importantly, it released inhibitions that may discourage participants from disclosing information. My role in a focus group interview was more of a moderator and facilitator and less of an interviewer, in that sense the participants were calm and relaxed.

Semi-structured focus group interviews allowed me to ask participants questions at the same time and anyone from the participants responded to questions. As participants responded to questions, I probed and asked the participant to clarify their answer. Semi-structured interviews assisted me with understanding the viewpoint of the SGB members regarding school financial management without first selecting questionnaire categories (Patton, 2002:21).

Opdenakker (2006:02) argues that a disadvantage of using semi-structured focus group interviews is that both the interviewer and interviewees can directly react to whatever the others is saying or does and this may change the focus of the interview. In order to guard against such incidents, I used an interview schedule to guide the interview session and listened carefully and concentrated fully during the interviews. Another disadvantage is that participants may be unwilling to provide information during interviews or be scared that they might provide wrong answers (Neumann, 2000:127). I simplified the interview questions as much as I could to avoid such and get desired responses from participants and encouraged participants to speak freely without any restrictions during the interview.

Principals were interviewed using semi-structured one-on-one interviews. The advantage is that they allowed principals to share their personal experiences, life stories and feelings with me. I was then able to garner in-depth information from principals. Another advantage is that one-on-one interviews allowed participants to express their feelings in full without the inhibition caused by public spectacle. Given the different positions held by principals and SGB members in schools, I interviewed the principals, one-on-one outside school time. Each interview lasted for about 40 minutes. All focus group interviews and one-on-one interviews were audio recorded.

The purpose of the interview was to understand the lived experiences of SGB members when managing school finances and the meanings they made of those experiences as Siedman (2013:54) states.

Bryman (2012:74) suggests the following guidelines on developing interviews:

- Creating a certain amount of order on the topic areas, making the interview questions to flow reasonably well, but the researcher should be prepared to alter the order of questioning during the actual interview.
- Formulating interview questions that assist the researcher in answering preset research questions. The interview questions from this study helped with answering three questions from this study.
- Using language that is understandable and relevant to the participants. I formulated questions in English and interpreted them to the participants' language when they could not understand.
- Refraining from asking questions that are leading.
- Recording important details of the participants such as the age, position in the company, number of years employed. This helped me to contextualize people's answers.

3.2.3.3.2 Document analysis

Maree (2016:5) defines documents as textual data that may shed light on the phenomenon studied, in this case the financial management strategies of school governing bodies in secondary schools as contained in budgets, income and expenditure details. Denscombe (2017:245) states that document analysis goes beyond collecting facts from the document as it involves interpreting the document and looking for implicit meanings in the document. Secondly, he states that using documents is beneficial as they are a permanent record and their form does not change. The documents analysed in this study were made available to me by the schools selected. The document analysis was beneficial in providing clues about management strategies used by SGB and principals with regard to school financial management. These documents were used to corroborate some of the information from the interviews. Furthermore, the document analysis eliminated bias as the information was compared to the responses from interviews.

This study analysed the following documents:

- Finance policies;
- Minutes of the SGB meetings;
- School finance policies;

- School budgets; and
- Financial reports.

The following legislation that is applicable to the school financial management also constituted documented evidence for analysis:

- South African Schools Act 84 of 1996;
- Constitution of the Republic South Africa Act 108 of 1996;
- National Norms and Standards for School Funding of 1998; and
- Public Finance Management Act 1 of 1999.

3.3 Data analysis

Thematic analysis was used to analyse data. Hennink, Hutter & Bailey(2011:164) confirm that data analysis immerses the researcher in the data through identifying and interpreting the lived experiences of the participants. Hennink *et al.* (2011:164) further state that data analysis is a repetitive and an ongoing recursive process. Similarly, Maree (2016:109) points out that qualitative data establishes how participants make meanings of a specific phenomenon by analysing their perceptions, attitudes, understanding, knowledge, values, and experiences in a bid to clarify the meanings of the phenomenon. Creswell (2016:181) states that data analysis involves organising data, coding and organising themes, data presentation and forming an interpretation of them.

The data for this study was organised into patterns identified in the findings. These patterns were subsequently categorized as themes. As Creswell (2016:181) hints, data analysis involves coding, categorization as well as generating of themes. These procedures then allowed me to organise and make sense of the data to understand the whole study on the financial management strategies used by school governing bodies in secondary schools.

3.3.1 Thematic analysis

Gray (2014:609) defines thematic analysis as a method where patterns are identified and analyzed within the qualitative data. Similarly, Patton (2015:452) argues that using thematic analysis allows one to see patterns in the data collected. Patton (2015:452)

further states that thematic analysis is concerned with understanding people's experiences deeper for the purpose of understanding the phenomenon in question clearly, a point also highlighted by Hennink *et al.* (2011:164) regarding qualitative analysis. The process of analysis started with me reading the field notes, studying transcripts, and later dividing them into sections. This process generated themes from the interview. Similarities, differences, themes, categories as well as common ideas were clarified. The emerging themes were then analysed and compared to the literature. The next step was then to re-organise, reduce and transcribe the collected data according to codes and themes. The results were then consolidated in order to form an in-depth description of the results.

I followed the six phases involved when using thematic analysis as suggested by Braun and Clarke (2006:235) and these are listed below:

- Familiarization with the data

I first familiarised myself with the data by reading and re-reading the data and listening to audio-recorded data from the interviews.

- Coding

The coding process happened when data was organized by bracketing chunks and writing a word that represents a category in the margins. I coded the entire data item by drawing a coding frame and used preset coding.

- Searching for themes

A theme is a logical and meaningful pattern in the data that is relevant to the research question. Theme searching is equivalent to coding the researcher's information in order to identify similarities within the data. Themes were formulated based on research questions and objectives.

- Reviewing themes

At this phase, themes were checked for relevance in relation to the coded extract and the full data set. I reflected on whether themes captured a convincing story about the data. These themes were reviewed to check the correlation between the coded data and themes.

- Defining and naming themes

At this phase, I named and defined themes after a detailed analysis of data. This enabled me to get the true nature of each theme and creating a concise, powerful and informative name for each theme. Following the guidelines from this phase, I then named all the themes.

- Writing up

This last phase involved putting together the analytic narrative and vivid data extracts in order to report to the reader a coherent and convincing story about the data, and also contextualizing it in relation to the existing literature above in Chapter Two.

Thematic analysis is used to understand people's experiences in detail for understanding the phenomenon in question clearly. Through thematic analysis, I was able to obtain the experiences and feelings of the participants regarding the financial management strategies used by school governing bodies in secondary schools.

3.3.2 Document analysis

Documents were analysed and examined to verify data collected from interviews and to add more information (McMillan and Schumacher, 2010:57). Detailed notes were made on different documents. Documents received from schools were school budgets, school finance policies, minutes of finance meetings. Analysis of documents assisted me to uncover meanings, develop understanding and discover insight to the phenomenon (Bloomberg & Volpe, 2012:110).

3.4 Trustworthiness

According to Maree, (2014:113) trustworthiness is essential in qualitative research. He claims that assessing trustworthiness is testing the researcher's data analysis, findings and conclusions. Connelly (2016:435) refers to trustworthiness as the level of confidence in data, interpretation and methods used in order to ensure the quality of a study. He further states that researchers should follow all due protocols and procedures for a study to be worthy to its readers. Cope (2013:89) suggests that in order to enhance the trustworthiness of a qualitative study, the following four criteria must be met; they are credibility, dependability, confirmability and transferability. Similarly, as Maree (2016:123)

reveals, the researcher implemented credibility, transferability, dependability and confirmability as measures to ensure the trustworthiness of this study.

To enhance the trustworthiness of this study, the following criterion were met:

3.4.1 Credibility

Du Plooy-Cilliers *et al.* (2014:258) define credibility as the accuracy applied by the researcher to interpret data that was given by participants. Cope (2013:89) refers to credibility as the truth of data. Maree (2016:123) states that credibility includes the researcher making sure that findings are believable to readers. In order to enhance credibility of the study, I gave the study supervisor the interview questions to assess them as Maree (2016:123) states that one measure of ensuring credibility includes debriefing sessions between the researcher and his superiors.

3.4.2 Transferability

Du Plooy-Cilliers *et al.* (2014:258) describe transferability in similar situations delivering the same outcomes. Similarly, Cope (2013:89) states that transferability ensures that the results of the study have meaning to individuals who were not part of the study and when the readers can associate the study results with their own experiences. Connelly (2016:436) defines transferability as the extent to which the findings of a particular qualitative study are applicable to the readers own situations. Cope (2013:89) claims that to ensure transferability, each study ought to provide enough information about the participants as well as the research context so that the reader may assess the transferability of such findings.

According to Maree (2016:125), qualitative researchers use two strategies to increase transferability: the first strategy is through a thick description; the second strategy is through purposeful sampling in this study, transferability allows SGBs of other schools that were not part of this study to transfer the results to their contexts.

3.4.3 Confirmability

Du Plooy-Cilliers *et al.* (2014:258) suggest that confirmability has to do with others confirming the results or findings of the research. Cope (2013:89) views confirmability as the researcher's ability to prove that the data represents participants, but not his own

experiences or bias. In support of Cope (2013:80), Maree (2016:125) describes confirmability as the level to which the findings of a qualitative study are shaped by participants and not the researcher's bias, motivation and interests.

3.4.4 Dependability

Bloomberg and Volpe (2012:113) define dependability as the processes and procedures used to collect and analyse data. Maree (2014:305) states that dependability refers to the degree to which the reader is convinced that the findings did indeed occur as the researcher states. Cope (2013:89) views dependability as the loyalty of the data over related conditions. Cope (2013:89) claims that dependability is achieved when another researcher agrees with the decision at each stage of the research process. I explained how data was collected and analysed. Moreover, I ensured that the themes identified were discussed with the participants to strengthen dependability.

3.5 Researcher's role

McMillan and Schumacher (2010:297) state that the significance of the researcher's relationship with the participants requires a description of their role and status within the group or at the site. Maree (2014:305) believes that the researcher participates actively in the research community in order to prevent unethical practices. In this study, my role was that of a complete outsider. A complete outsider is a researcher who is detached (McMillan & Schumacher, 2010:297).

My specific roles were to collect data through interviews and document analysis. I also recorded the interviews and interpreted information as well. With regard to collecting data, I was also an analyzer of the data collected. Furthermore, I made sure that I provided detailed information regarding the research context and made sure that strategies that are used for data collection and analyzing are not compromised and ethical guidelines were adhered to as Cope (2013:93) suggests. Making sure that the research site is safe, respected and disruptions are minimized was also my role.

3.6 Ethical considerations

The ethical clearance issue was an important part of this study as it was supposed to protect the participants. Hammett *et al.* (2015:88) point out that research ethics are

fundamental to good social science research practice. Maree (2016:306) reveals that anyone and everywhere can never simply do research. It is imperative to seek clearance from an ethics committee if a research involves human or animal subjects. For this particular study, application for the approval of the research ethics was submitted to the Ethics Committee of the North-West University and approval was granted. Hammett *et al.* (2015:88) claim that during a qualitative research, researchers should always protect the participants' well-being, dignity, and rights at all costs. They add by saying that the above concerns are mostly associated with informed consent and doing no harm to participants. According to Maree (2014:307) and Hammett *et al.* (2015:88), the following are guidelines that needs to be adhered to by researchers; national government or academic institutions establish these guidelines.

3.6.1 Voluntary participation

I explained to participants about the right to participate in a letter that I gave them while he visited sites and explained the right to participate verbally. I clearly explained to the participants that participation was voluntary; that there were no incentives and that they can withdraw from taking part in the study at any point when they feel uncomfortable (Hammett *et al.*, 2015:88). However, participants were assured that their participation in the study was highly valuable as the outcome of the study may help the school as to how they can well or better manage their finances.

3.6.2 Informed consent

A letter of consent explaining the study entails was drafted and administered to the participants. They asked for clarity where this was vague. Before the participants signed letters, they were reminded that participation is voluntary and they could withdraw anytime (Creswell, 2017:91). Participants who were willing to participate in the study signed before data collection could occur. The letter is attached in the annexures.

3.6.3 Confidentiality and anonymity

Maree (2014:307) stresses that there should be a clear understanding between the researcher and participants with regard to confidentiality of the results and findings. Firstly, I gave participants an assurance that the information they gave out will be treated confidentially. I also assured participants that the information they gave would never be

used against them or be used to compare their school with the other. Furthermore, all the information regarding the participants, their responses and their schools were being kept privately and the results were presented anonymously to ensure that the identities of participants are protected (Hammett *et al.*, 2015:88).

3.7 Chapter summary

This chapter discussed the methods of data collection, analysis and all the processes that were involved such as the ethical considerations that I followed. The chapter also outlined my role in the study as well as the measures that ensured trustworthiness of the study. The following chapter deals with data presentation, interpretation and discussion.

CHAPTER 4

DATA PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapter presented and discussed the research design of this study, including specifying the methods of data collection and analysis. The chapter explained methods of ensuring trustworthiness as well as ethical issues regarding this study. This chapter presents and discusses data that was obtained through interviews and document analysis. Thematic analysis was used in analysing data, after which three themes emerged: roles of School Governing Bodies (SGBs) in the management of school finances, challenges faced by the SGB in the management of school finances and strategies that could assist SGB in managing school finances.

4.2 Demographic description of participants

The two schools that participated in this study are all categorised as quintile 1. These schools are situated in rural areas where most parents are unemployed and depend on social grants. Table 4.1 shows the demographic information of the research participants.

Table 4.1: Demographic information of research participants

Participants	School	Participant's code	Gender	Position occupied	Number of years in SGB	Educational Qualifications
1	A	AC1	Female	Chairperson	2	Grade 3
2	A	AT2	Female	Treasurer	2	ABET Level 2
3	A	AS3	Female	Secretary	2	Grade 7
4	A	AP4	Male	Principal	1	• Diploma in Education • Advanced Certificate in Education
5	B	BC1	Female	Chairperson	1	Grade 9
6	B	BT2	Female	Treasurer	2	Grade 6
7	B	BS3	Female	Secretary	2	ABET Level 2
8	B	BP4	Female	Principal	1	• Diploma in Education • Further diploma in Education • ACE

4.3 Coding of data into themes and categories

Table 4.2: Themes and categories

Theme	Categories
1. Roles of SGB in the management of school finances.	• Preparing and presenting a budget to parents • Drafting Finance policy and implementing • Keeping Financial records • Fund raising and fund development • Monitoring the reimbursement of school finances
2. Challenges faced by the SGB on the management of school finances	• Lack of knowledge on the legal framework on the administration of school finances thus; -SASA -PFMA -School finance policy • Inadequate funds from section 21 • Section 21 is restrictive in allocation • Insufficient financial training and illiteracy • Financial records not up to date • Fundraising and fund development • Poor policy formulation • Poor budgets • Dysfunctional subcommittees. • Dominance of principal over SGB
3. Strategies that could assist SGB in managing school finances	• Removal or restrictions around Section 21 • More financial management trainings for SGB • Collaboration and transparency between members of the SGB and principals

4.4 Discussion of findings

Data was collected from both interviews and document analysis. Data from the interviews was verified through intensive analysis of documents as Glesne (2016:185) advises. There was a significant interconnection and relationship between data collected from both interviews and document analysis. The results lead to the conclusion that the SGB parent members are aware of some of their roles in school financial management such as drafting the budget, policy implementation and also monitoring and control of school finances. The responses from both interviews and examination of documents highlighted

that SGBs experienced some challenges with the management of school finances. Some of these challenges include lack of understanding the legal framework in which school finances operate; the restriction around section 21; insufficient funding from the state and the lack of training; and low level of education amongst parent SGB members. The results from this study show that strategies such as removing restrictions around section 21 allocation, collaboration and transparency between SGB members and school principal as well as more training in school financial management could assist the SGBs with managing school finances effectively and efficiently. The themes and categories are discussed in detail below.

4.5 Theme 1: Roles of SGB on the management of school finances

After analysis of the data, various categories emerged which include: preparing and presenting a budget to parents, drafting finance policy and implementing, keeping financial records, fundraising and fund development, and monitoring the disbursement of school finances.

4.5.1 Preparing and presenting a budget to parents

From the findings, one of the roles of the SGBs is to prepare the school budget as stated by participants. **Participant AC1** said; *“As a member of SGB, we control finances of schools, we draft budgets and sign cheques”*. This is also echoed by **Participant BT2**, who said; *“Yes we have a school budget, we sit down as a finance committee and look at the money spent and for specific items...”*

It is therefore clear that the SGB understand their role of preparing the school budget. This is in line with section 38 of SASA which states that SGBs should prepare a budget each year according to the prescriptions of the MEC for Education (RSA, 1996a). This is supported by literature where Rankgongo (2011:138) states that one of the roles of the SGB is to draw a budget for the school. This responsibility of the SGB is also corroborated by Nqatha (2018:33) who highlights that the drafting of yearly school budget is the responsibility of the SGB.

The participants stated that, after preparing the budget, the same SGB must present it to the parents at an Annual General Meeting (AGM). **Participant AS3** said: *“We arrange a*

meeting called Annual General Meeting to make parents aware of the budget, for example how much we spent and how much we got and also how much are we left with". Similarly, **Participant BT2** mentioned that: "...we also read the budget to the parents at the end of the year."

The SGB understood their role as directed by SASA that they have to draft the budget, communicate and present it to parents before it is adopted by parents (Nqatha (2018:33). This is in line with the participatory governance theory which suggests that there must be consultation amongst stakeholders before final decisions could be made and resolutions on expenditure adopted (Berkeley, 2000:02).

4.5.2 Drafting finance policy and implementing

In line with the SASA, the interview data indicated that the SGBs of participating schools understood their responsibility on the formulation and implementation of the school finance policy. This is supported by the participants in the following ways. **Participant AS3** said: "*The section 21 allocation is monitored by the Department of Education, but the finance policy is drafted in school*". **Participant BT2** shares a similar understanding and indicated that "*School finance policy... that we agreed on as SGB.*"

From the responses tendered by the SGBs, it appears that they are aware of their roles in terms of drafting and implementing a finance policy and that they should consult with other stakeholders before such is ratified and implemented when managing school finances. As SASA states, findings show that drafting the finance policy is vested upon the SGBs(RSA, 1996). This corresponds with Ndou's (2012:48) findings that the drafting of the school finance policy is the responsibility of the SGB. Similarly, Mekgwe (2012:19) states that the SGB should take full responsibility in formulating the school finance policy which should assist them in managing the school finances effectively.

4.5.3 Fundraising and fund development

According to Section 36 (1) of the SASA, the SGB of a public school has the responsibility to supplement the allocation supplied by the state in order to improve the quality of education provided by the school to all learners (RSA, 1996a). The SGBs in this study are aware of the need for supplementing the statutory allocation. **Participant AS3** from

School A showed that she understands their way of fundraising and fund development. The participant said: *“The school budget can involve two sections, the money that we get from the section 21 allocation and the money that we get from the fundraising and donations...”*

The fact that participant AS3 acknowledged that the income from donations also form part of the budget shows that the SGBs from this school are fulfilling this role of supplementing the school funds. More income generated through fundraising could then allow for the smooth running of the school as the school would then have more money to procure goods and ensure learners receive the quality education they deserve. This concurs with Thenga (2012:93) who maintains that fundraising is the responsibility of the SGB. The SGB should raise funds to supplement the existing income and bolster activities necessary for the development of the school. In the same vein, Mestry (2018:396) states that the SGBs should ensure that they supplement the allocation from the state should there be a desire to see the poor schools flourish.

4.5.4 Financial record keeping

The findings from this study clarified financial record keeping as one of the roles of the SGB when managing their finances. With regard to financial record keeping, one of the participants stated: *“We have where we record everything like recording a certain amount of money that is used to pay for specific service, books such as income register, expenditure register, cheque book and vouchers.”*

To complement this observation, **Participant BS3** said:

“We mostly depend on receipts, for example when there is a school trip, the teacher who is responsible should provide us with receipts on how much they spent on what. In addition, the cheques helps us because we sign the cheques based on the quotations.”

The findings suggest that SGBs from the two schools understand one of their most compelling duties of financial record keeping. This is in line with section 42 of SASA as it mandates the SGB of the public school to keep records of funds received and spent by the public school (RSA, 1996a). This finding also concurs with findings of Thenga,

(2012:92) who observes that financial records are properly maintained in their respective schools if the SGBs are serious about responsibility. Similarly, Nqatha (2018:147) supports that financial recording and reporting are important elements of proper financial management undertaken by the SGBs.

4.5.5 Monitoring the Disbursement of School finances

The SGBs were asked how they monitored the disbursement of their school finances, and they responded in the following:

Participant AC1: *“For finances to be used in schools it must be done through the SGB, they hold meetings to discuss such matters.”*

Participant AS3: *“We have [a place] where we record everything like recording a certain amount of money that is used to pay for specific service, books such as income register, expenditure register, cheque book and vouchers*

Participant BC1: *“The finance committee and the AA check the books to establish how the money was spent.”*

From these submissions, it is quite clear that monitoring the disbursement of school finances is a responsibility of the SGBs as members were quite alert of the steps they follow to ensure that the school funds are not misused. These findings concur with what is contained in literature (DBE, 2009:10), where there is consensus that the SGB should control and monitor school funds in appropriate ways such as monitoring all expenses incurred, inspecting all vouchers to ensure that they are in line with all prescripts or other departmental directives and presenting audited financial statements to parents meetings not later than the 30th March of the following year. This is significantly aligned to the theory that underpins this study as Tafford (2007:10) suggests with regard to participatory governance where stakeholders such as parents should be involved in the decision-making pertaining to the finances of the school.

4.5.6 The roles of principals in managing school finances as an *ex-officio* member of the SGB.

The two principals from the two schools discussed and clarified their roles with regard to school financial management. **Participant AP4** *“...as a collective with the SGB how would you use those funds, control and ensure that those funds are accounted for and*

how they are ultimately properly used for whatever activities that are there in school...

Participant BP4, Principal from school B, echoed this point: *“I assist in drafting of the school budget, inform SGB about any donations made to the school and submit documents to the AA for safekeeping.*

The results reveal that the principals' roles in financial management are to assist the SGB in executing their roles such as budgeting and monitoring the proper allocation and disbursement of finances. The findings are in line with what SASA section 16A stipulates, as it recommends that the principal must assist the SGB in the performance of their functions (RSA, 1996a). Literature also supports these findings (Mestry & Bisschoff, 2009:78). Swartz (2012:26) also points out that principals should actively play a supporting role within the SGB.

4.6 Theme 2: Challenges faced by SGB in managing school finances

The data obtained established that SGBs experienced various challenges with regard to managing their school finances. The challenges include lack of knowledge on the of legal framework linked to the administration of school funds, inadequate funds from section 21 allocation, the section 21 being too restrictive, insufficient financial management training, fundraising and fund development, dominance of principal over SGB, financial records not being up to date, poorly drafted budgets and poorly developed policy.

4.6.1 Lack of knowledge on the legal framework on the administration of school finances

Some of the participants indicated that they lack knowledge on the existence and importance of the legal framework for administering finances at a school. Some of the participants were not aware of SASA and PFMA. This lack of knowledge on such important legal frameworks does not augur well for the administration of school finances by SGB. The participants said:

“Oh I have heard about the SASA Act, but I know nothing about it” [**Participant BT2**]. As if to confirm this lack of knowledge of the critical instruments guiding their execution of

financial oversight, **Participant BC1** said, *“We really do not know what SASA is.”*

The literature states that SASA is the core legislative framework regulating school financial management in South African Schools (Mestry, 2018:389). Although SASA is the core legislative instrument in managing school finances, the findings certainly show that some of the participants in the two schools were not aware of the existence of SASA and what the Act prescribes for the management of school finances (RSA, 1996a). This is supported by the participants’ responses and also the fact that this seminal document was not available at the two schools. The unavailability of SASA in schools should be construed as a sore indictment that significantly inhibits the healthy management of school finances. The importance of SASA in managing finances cannot be overemphasized as it contains sections such as responsibilities of SGB and principal in the management of finances. The same document also outlines how decisions should be taken when managing school finances (Mekgwe, 2011:19). It is clear that without any consultation or familiarity with the prescripts of SASA, then the SGBs are likely to be up for mismanagement of funds (RSA, 1996a). The results here corroborate Rangongo’s own (2011:24) as he uncovered that the misinterpretation and absence of proper legislation often leads to mismanagement of school finances and decisions being taken without consulting the relevant legal instruments. Similarly, Nqatha (2018:96) found that the absence of proper legislation when managing school finances may lead to poor policy formation, irregular financial recording and poorly developed school budgets. Mestry and Bisschoff (2009:37), echoed by Nqatha (2018:45) emphasise that all public funds should be regulated by PFMA and that includes schools. Surprisingly, the participants from the two schools also did not mention anything about the existence or consultation of PFMA in their annual management and disbursement of school finances; it was only principals who claimed to follow PFMA and SASA when managing school finances (RSA, 1996a).

4.6.2 Inadequate funds from section 21 allocation

Another challenge which SGBs from the two schools encountered is the inadequate funds from section 21 allocation. The participants highlighted the inadequacy of the funds allocated to their schools. **Participant AS3**, said: *“Another challenge is that the allocation*

from the Department we get it only twice, and sometimes it does not last until the next time we are due to get it, and that makes it a problem because we may be in need of some things in school.”

The sentiments of participant AS3 are also expressed by participant BT2 and BP4

Participant BT2, said, *“Also when we use the money maybe from LTSM for something else, it is said that we are misusing and even the allocation itself...it seems like it is not enough to cover every need of the school”.* **Participant BP4** stated that, *“Yes the challenge is that this allocation is not enough to run the school and then another challenge is that the restrictions are a challenge because it is vague.”*

The findings confirm that the SGBs are not satisfied with the allocation from the state, claiming the allocation is not enough to cover all costs and results in serious cash flow problems. These findings concur with literature, specifically Mestry and Bisschoff (2009:5) whose findings demonstrate that SGBs from no fee schools have repeatedly indicated that the allocation from the state was not enough. In another study conducted by Mestry (2018:398), the researcher established that SGBs were unhappy with the allocation they received from the state. The state is bound by the Constitution of South Africa to fund schools in order to make sure that all learners get the quality education envisaged in the democratic space (RSA, 1996b). The schools are funded through the National Norms and Standards of School Funding (NNSF) through wealth quintiles. The two participating schools in this study are both quintile 1 and receive R1, 466 per learner from the State (see Table 2.1). I am of the opinion that the state funds the schools reasonably based on their quintile levels as R1, 466 per learner seems enough. The problem here is that the SGBs established in these two schools are unable to manage finances effectively and efficiently since they do not have skills and have low level of education. Most of the parent component in the SGBs had low educational background such as ABET Level 2 and lower grades such as Grade 7 (see Table 4.1).

4.6.3 Section 21 is too restrictive on disbursement and expenditure

Another problem that SGBs are experiencing is in regard to restrictiveness on the usage of section 21 school funding. SGB members' sentiments were also echoed by the

principals of the two schools. The concerns were expressed by participants as follows:

Participant BC1: *“Yes, there are numerous for example the section 21 has its strict allocation...”*

Participant BP4: *“Yes the challenge is that this allocation is not enough to run the school and then another challenge is that the restrictions are a challenge because they are vague...”*

Participant AC1: *“I only know that there is a percentage that should be strictly for stationery, another percentage for stuff like photocopies, another percentage for teacher development...”*

Although the funds are deposited into the two schools accounts for SGBs to procure goods and services, findings suggest that SGBs find it very difficult to spend the allocation from the state because of its rigid restrictions. SGBs may spend the money according to the schools need, but eventually they would be accused of mismanagement and misappropriation of funds because they did not follow the HOD's prescriptions as to how they should spend the allocation. The edicts around the section 21 allocation may also restrict schools in hiring additional qualified teachers or improving facilities and maintaining smaller classes sizes and thus resulting in the disruption of the provision of quality education. These findings concur with Mestry and Ndhlovu (2014:10) who contend that HODs in the provinces restrict SGBs from spending the funds according to the needs of the schools. Mestry (2018:398) believes that the rigid prescriptions for the use of funds provided by the provincial departments of education resulted with SGBs in “no fee” schools not managing their finances effectively. The rigid prescriptions are cumbersome, and it is the submission here that SGBs should be left to manage their school finances according to what the school needs, provided that they can provide evidence on how they spent the funds.

4.6.4 Fundraising and fund development

The findings of this study suggest that SGBs are failing in generating and developing innovative ideas of raising funds. This was expressed in the following:

Participant BP4: *“Yes the challenge is that this allocation is not enough to run the school and then another challenge is that the restrictions are a challenge because it is vague.*

Participant AS3: *“Another challenge is that the allocation from the Department we get it only twice, and sometimes it does not last until the next turn we are due to get it, and that makes it a problem because we may be in need of some things in school...We cannot get them because the HOD says stick to the allocation rules...”*

Participant AT2: *“We have challenges yes, such as parents not committing to their promises when they have promised to pay project fund (donations) and [we] end up with no money to pay support staff, and when that happens we pay them with section 21 money.”*

The findings clearly show that SGBs in the two schools in this study are failing at executing their statutory role entrusted on them by SASA 36(1) which stipulates the SGB ought to take all reasonable 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 SGBs disclosed that the section 21 allocation runs out and then they depend on the little donations that they get from the parents which is also a hassle to collect. It seems that although the two schools are “no fee” schools, the SGBs still expect each parent who has a child at school to pay donations in supplementing the funds they received from the State. That is not a proper way of raising funds (Mestry & Bisschoff, 2009:63). The SGBs should be able to find better strategies of raising funds and implement them (Thenga, 2009:63). Unfortunately, the conclusion is that SGBs involved in this study are unable to perform such functions. There are two reasons picked up that inhibit the SGB from performing this function. Firstly, it is because these SGBs are situated in poor communities and are unable to adequately supplement state resources taking their socio-economic conditions into perspective. Secondly the low level of education amongst the parent SGBs makes it very difficult for them to come up with better strategies of supplementing the state fund.

The lived realities of poor communities often hinder school development initiatives such

as fundraising and the quality of education offered by the schools. This is in line with Rankgongo (2012:56) who concluded that SGBs in “no fee” schools could not supplement the funds from state due to their poor background. Secondly, the SGB parent members from this study have low education background and apparently fail to come up with innovative ideas to raise funds as Mestry (2018:398) also attests.

4.6.5 Dysfunctional subcommittees

Section 30 of the SASA gives the SGB the responsibility to set up committees such as Finance Committees(FICOM) and fundraising committees (RSA, 1996).One participant had the following to say, regarding the existence of the two committees:

Participant AP4: *“We have subcommittees like the FINCOM, and the chairperson should be the treasurer who is a parent member, and when the parent is not sufficiently trained, how will that person be able to run that subcommittee of finances in the school? That is a challenge and now because the parents are unable to run the committee...”*

Participant AP4: *“...The fundraising committee mostly consists of the members of the FINCOM. The role of the fundraising committee is to run projects in school and fundraise to come up with supplementary funds.”*

Participant BP4: *“Yes, we have the FINCOM, which is composed of the chairperson, treasurer, AA, secretary and a parent member. They help with managing finances also.”*

Since the two participating schools are no-fee paying schools, it was important for them to establish committees such as the fundraising committee to assist the SGBs with supplementing the funds from the state allocation. The two schools also had the FINCOM whose main aim was to assist the SGB with the day-to-day running of school finances. Although these two committees were in place, findings reveal that they are dysfunctional and are failing at executing the foresaid functions. The FINCOM would have assisted the SGB with financial functions such as policy formulation and budgeting as Mestry and Bisschoff (2009:86) assert.

The fundraising committees from the two schools did not develop or implement ideas which could help the school to supplement the state allocation. These findings corroborate the findings of Ndou (2012:76) that the schools he conducted the study in did not have the important committees such as FINCOM and fundraising and they were facing challenges with managing their finances.

4.6.6 Dominance of principal over SGB

Participatory governance theory which underpins this study argues that decisions at an organisation such as schools should be made based on consultation, collaboration, cooperation, partnership, mutual trust and participation of all affected parties in the school community on an equal basis (Nhlapho & Xaba, 2014: 427). Contrary to the participatory theory, findings in this study show that principals dominated the SGBs in many respects. The SGBs were subjected to principal dominance because they had low educational backgrounds. **Participant BS3** disclosed: *“Sometimes when there is no time, the principal calls us and alerts us that she has done the budget.”*

The overbearing dominance of principal over the SGBs was also revealed in the perusal of formal documents such as school finance policies. Finance policy from school A did not have SGB signatures which raised concerns as to whether the SGBs were actually consulted or even involved in its drafting, a serious query and indictment also raised by Nqata (2018:128). The principals taking over the roles of SGBs or by not involving them constitutes practical transgression of SASA (1)(a) as it clearly stipulates the roles of the principal lies within the professional management of the school and assisting SGBs with executing their financial roles, see also Table 2.2 (RSA, 1996a). This dominance of principals over SGBs may even lead to corruption and theft by the affected principals as the SGB would not have any voice when financial decisions and budgets are crafted by the principal and only passed on to the SGB for endorsement.

4.6.7 Financial records not up to date

Section 42 of the SASA, stipulates that the SGB of the school should keep records of the funds received and spent by the public school (RSA, 1996a). Although it is the responsibility of the SGB to keep all the records of funds received and spent, the two

schools had a challenge with record keeping. From school A, it appeared that not all the transaction was recorded in the journal as SASA (42) stipulates (RSA, 1996). Principal from school B had this to say highlighting that the SGBs are experiencing difficulties with financial record keeping.

Even if we do that, they would say that they want the evidence of how we spent the money, but we cannot come up with proper evidence because we were not trained for such like variations and all. We do not understand those complicated techniques. We have receipts yes, but we cannot produce relevant documents to backup that [Participant BP4].

The response from participant BP4 discloses that SGBs from the participating schools are experiencing difficulties with proper financial record keeping due to lack of training. The findings are in line with the findings of Rangongo (2011:59) that concluded that the reason behind poor management of financial records is caused by lack of training or lack of knowledge and financial skills. Furthermore, Nqatha (2018:96) is of the opinion that many SGBs are experiencing problem with financial record keeping due to lack of financial training. Similarly, upon examining the documents, school A faced challenge with the maintenance of their finance meeting minutes while school B had no finance meeting minutes to prove that they are taking financial decisions based on consensus and in a democratic manner as the cooperative governance theory that underpins this study suggest.

4.6.8 Poor budgets

Botha *et al.* (2012:195) state that a budget is the most important tool used to control and evaluate financial resources. This suggests that the SGB of a particular school should have the knowledge and skills of undertaking such a task as it is an important task of school financial management. Budgeting appeared to be a problem from both schools A and B. Some of the budgets that were made available to me for examination of documents in school A appeared to be the same or recycled as De Bruin (2014:98) uncovered in her findings. The school used recycled budgets; this means that those who are responsible for the drafting of the budget are failing at doing so because they do not have the skills required to draft a school budget.

The NNSSF states that 60% of the allocation should be used for the LTSM. In contrary, the findings reveal that there are non-educational items that are allocated exaggerated amounts such as transport for educators and school errands being budgeted for R66 000. This was evident upon the perusal of school A budget. In support to this **Participant BP4** had this to say “...when we start to use the money on such things they would say that we misusing the money, although me as the principal I would know that this particular material assists with teaching and learning”

Another challenge with regard to school budget is that the budgets are seems to be drafted only for the submission purposes to the DBE. A yearly budget from school B had some flaws as it did not show items for the previous year, only items for the current year and following year were available on the budget. The signatures were also missing on the budget to show that it was adopted. The missing signature reveals that the SGB could not have been involved during budgeting process. **Participant BS3** confirms this conclusion by stating that “...Sometimes when there is no time, the principal calls us and alerts us that she has done the budget”. The findings concur with Rangongo (2011:133) as he concluded on his findings that parents are not actively involved in the budgeting process.

4.6.9 Poor policy formulation

Rangongo (2011:55) alludes that a school finance policy is amongst one of the important documents that needs to be put to place by the SGB. Furthermore, drawing a school finance policy requires specialized skills, just like drawing up a school budget (Ndou, 2012:48). Upon document analysis, policy formulation seemed to be a challenging task for the SGBs under this study. The policies were lacking useful information such as the roles and responsibilities of the FINCOM. Furthermore, the policies lacked signatures of the SGBs and also the school letterhead from the policy in school B was lacking. These findings resonate with Nqata (2018:129)’s findings as they revealed that the school finance policies in most “no fee” schools lacked important information such as the roles and responsibilities of key stakeholders. If such information is lacking, the SGBs will not clearly understand their roles with regard to school financial management, they will also be unclear of what is really expected of them. As a result, mismanagement of funds may occur.

In both the policies from school A and B, the responsibility of the principal was incorrectly included. The role of the principal is included as a finance officer, although this is not the case in terms of SASA. The Act regards SGBs as the accounting officer of the school for finances. If the role of a principal is incorrectly included as a financial officer, the implications might be that the principal may then assume the roles that were not really meant for them and SGB parents may be side-lined when financial decisions are made which then goes against the participatory governance theory that underpins this study.

4.6.10 Insufficient training and illiteracy

School financial management is an integral part of effective school management; therefore, financial management training is essential to preparing and equipping SGBs with financial skills and competencies. The following are the views of participants from school A and B regarding the training on school financial management trainings.

Participant AT2: *“The Department of Education has offered us training but these trainings are not frequent, they take place once in a while”*

Participant AC1: *“We are not trained enough, even this year we haven’t attended any training so there are some things we do not understand, but we have our principal to do them if we do not understand”*

Participant AP4: *“From what I can remember, few training sessions have been provided for SGB, especially with regard to managing school finances.”*

Participant BP4: *“I would say no. Partly no because they think that they have trained them but when I look at it is not a detailed training.”*

Literature state that Section 19(1) of SASA stipulates that the HOD must establish a programme to provide introductory training to newly elected governing bodies, to enable them to perform their functions. Furthermore, the HOD must provide continuing training to governing bodies to promote effective performance of their functions, or to enable them to perform additional functions (RSA, 1996a). Contrary to SASA 19 (1), findings from this study reveal that SGBs are not trained enough to capacitate them to manage finances efficiently, and in case where they are trained, the trainings are too complicated to the SGBs because of their low level of education. A lack of financial management training

may lead to financial mismanagement because the SGBs will not possess the required skills needed to manage finance. Mwelu and Nyabisi (2018:17) on participatory governance theory assert that, there shall be problems experienced if stakeholders do not possess skills and knowledge to make key decisions in matters such as finances.

When SGBs are not well trained on financial management skills, an important part of school financial management such as budgeting, financial recordkeeping and policy formulation may be compromised. Furthermore, the inability of SGBs to interpret SASA, NNSSF and PFMA may also stem from the unavailability of financial management training and low level of education (RSA, 1996a).

The data also supports the notion that if SGBs lack the financial management skills from the unavailability of trainings and illiteracy, the principal may play a dominant role and abuse their power by taking key decisions alone such as drafting budgets. The finding corresponds with the literature, check section 2.8.4 as Xaba (2011:201) found that SGBs often start their financial work without having to be trained first and thus, face difficulties executing their roles. Mekgwe (2011:60) asserts that even after the SGBs were inducted and trainings were provided for them, they still faced difficulties in managing school finances because these trainings were offered in English and were too complex for SGB members that had low levels of education such as SGB parent members under this study. It is essential to provide continuous and relevant trainings to SGBs so that they may be able to manage finances effectively.

4.7 Theme 3: Strategies that could assist SGB in managing school finances

Based on the findings of this study, strategies that may assist SGBs includes removing restrictions around section 21 allocation, collaboration and transparency between members of the SGBs and principals and also more SGB trainings on school financial management.

4.7.1 Remove restrictions around the spending of section 21 allocation

The HOD in the North West Province prescribes how the allocation deposited into the two

schools account is to be spent (Rangongo, 2012:47). The participants find the restrictions to be very problematic to them. **Participant BT2**, highlighted:

Lot of restrictions should be limited, so that we may be able to use the money freely as long as it's for the benefit of the school needs and if the allocation from the state may be increased and the Department should help us bring parents on board with helping us pay donations as they agree

The suggestion of **participant BT2** is supported by **participants BS3 and BP4**, who said:

As a school we might assist by trying to prioritize, meaning that we should spend first on what is important and I agree with our treasurer here when she says that the allocation should be increased because everything is expensive now, transport is expensive and all the other things we use, so the allocation is very little **[Participant BS3]**.

My wish is for restrictions to be low, where maybe they would say that the individual needs of the school would determine how the money can be used **[Participant BP4]**.

The findings highlight that the SGBs from this study are having a difficulty in managing their school finances due to rigid prescriptions from the HOD. The data also reveal that the SGBs from two schools advocate for the restrictions to be scrapped off. In the same vein, I am of the opinion that these restrictions frustrate the SGBs when managing finances. The schools are different, and their needs will also be different depending on the community in which the school is situated. For example, a school in a township will not pay the same amount of money on water as the school in rural does. A question may now be asked as to why these two schools are restricted to spend the same amount of money on water. Literature findings concur the empirical findings as Mestry (2018:398) hold a view that, the section 21 allocation from the state should not be prescriptive and SGBs should be given the freedom to spend the allocation according to their schools needs as long as they may be able to produce evidence. By letting SGBs spend the allocation according to their school's needs, this will allow them to specifically spend the allocation on what really the school needs rather than what the Provincial Department

think the school needs. Furthermore, I am of the opinion that if SGBs are left to make spend the schools' money according to the school needs, this might give them confidence in believing that they can really manage school finances and improve.

4.7.2 More financial management trainings for SGBs

Participants, both SGB parent members and principals, indicated that there is a need for more capacity building workshops on school financial management. **Participant AC1** said: *“There should be workshops which are clearly for school finance at least each and every term because we forget these things, we are old”.*

Participant AP4, in support of **participant AC1** said:

“There should be frequent or continuous training of SGB in school financial management, and even by doing so the Department is investing in these people because even after finishing their term they will use these skills somewhere and even in our schools also...”

The empirical findings concur with literature findings as stated in a participatory governance context. Stakeholders such as SGBs should be empowered to enable them to partake actively in decision making (Huddleston, 2007:05). SASA entrusts the HOD with the responsibility of providing inductor training and continuous trainings for newly appointed SGBs (RSA, 1996a). Effective Capacity building trainings are necessary for the effective management of school finances in order to assist SGBs to effectively deal with various financial management challenges and implement proper strategies such as planning when managing school finances. This is in agreement with Xaba (2011:202) that an effective financial management training programme is vital to the success of school financial management.

4.7.3 Collaboration and transparency between members of the SGB and the principal

There is an indication that the principal sometimes acts in isolation regarding school financial management matters and that calls for collaboration between members of the SGB and principals. One member of the SGB indicated that *“Sometimes when there is*

no time, the principal calls us and alerts us that she has done the budget” (Participant BS3). The participant feels that, consultation is of paramount importance. The participant is agitating for the principals and SGBs to work as team. The participants do not approve the principal’s monopoly on making important decisions such as drafting and adoption of the school budget.

The behaviour of the principal is in transgression of SASA as it clearly states that the principal must assist the SGB in the performance of its functions and responsibilities and that participation may not be in conflict with any legislation (RSA, 1996a). Moreover, the participatory governance theory calls for decisions to be based on consultation, collaboration, cooperation, partnership, mutual trust and participation of all affected parties in the school community on an equal basis (Nhlapho & Xaba, 2014:427). The participatory governance theory has common assumption with the SASA as the two frameworks advocate for democracy in schools. Therefore, collaboration and transparency between SGBs and principals when making financial decisions will achieve democracy and activities such as corruption and fraud will be avoided in schools as corroborated in Nqatha (2018:47) study.

4.8 Findings from the document analysis

Document analysis was the second method of data collection on this study. In order to extract meanings and develop empirical knowledge, the school documents were examined and interpreted. Documents evaluated for the purpose of this study were the school budget, minutes of finance meetings and school finance policy. Data from documents in school A will first be presented and then school B follows.

4.8.1 Finance meeting minutes

School A

Finance meetings from school A followed only some of the guidelines of minutes writing and only two finance meetings were held for the particular year. The minutes included time, place and the names of people who attended even though they did not sign. There was no indication of the acceptance of previous minutes signed by the chairperson of the SGB. Matters discussed in the meeting included tabling of budget 2019, insurance, academic trips, donations, fundraising and learner discipline. Some matters discussed in

the meeting were not financing related matters. The agenda indicates that the meetings were not specifically to discuss finance matters. There was no indication of Any Other Business (AOB) in the minutes to allow members to come up with other matters for discussion. The minutes did not show when the next meeting would be held

School B

The school B violated the SASA Act as there were no minutes available to indicate that finance meetings were held accordingly, and financial matters were discussed by the SGB.

4.8.2 School Budget

School A

The school A had a budget in place, but it had some irregularities. Numerous budgets were made available to me, but what I have picked up was that some budget items were the same. There were some budget items that were allocated a lot of money, yet these were not of educational needs. For example, transport was budgeted for R66 000 for the entire year of 2019. The awards ceremony was allocated R15 000. Signatures of the FINCOM members were not affixed and there were no minutes to prove that parents approved the budget.

School B

The budget from school B lacked some of the basic requirements of a budget. For instance, it only showed budgeted items for the current and following year but did not provide for budgeted items for the previous year so that they may base their budget from them. Just as with school A, non-educational items were given unreasonable allocation. The item school *bosberaad* was allocated R40 000. The budget was poorly drafted and lacked many aspects such as the actual expected income of the following year and reflected that proper legislation was not consulted when planning it. The budget showed that it was done only for having a budget in place without as much clarity as would be expected from a professional budget plan.

4.8.3 Finance policy

School A

School A had a finance policy and the SGB followed the right guidelines. It provided almost all the information needed for efficient financial management issues. The handling of funds was available, collection of funds, safekeeping of money, school fees, cash donations, rental of school buildings, budget, accounts, auditing and petty cash. However, the roles and responsibilities of key stakeholders such as members of FINCOM were not included in the documentation. In contradiction of SASA, the role of the principal was included as the “accounting officer” who took all responsibility for the finances. The signatures of the SGB members were not included, raising a concern whether the SGB were part of drafting the policy.

School B

School B had a four pages long finance policy; the finance policy did not have a school letterhead or even the name of the school which raises a lot of concern. The finance policy included the duties and responsibilities of the finance committee, treasure, principal. The financial management and control such as record keeping, budgeting, asset register, bank reconciliation and information on procurement policy were present. The signatures of the SGBs were present at the last page of the finance policy. Similar to School A policy, the principal’s role was written as the “financial controller and responsible official”. The roles of principals are listed on SASA 16 A, and they do not include being the finance controller or officer.

4.8.4 Audited financial statements

School A

The audited financial statements were examined. In terms of the audited statements, the school A tried to follow the guidelines stipulated by SASA. Just as SASA 43 (1) stipulates, the statements were audited by the approved auditor appointed by the SGB and then submitted to the DBE having been signed by the members of the SGB.

School B

Audited statements were available, and the DBE approved them, the principal, chairperson and the treasurer signed them. The audited statements revealed that the school often depleted their funds at the end of the year, which implies that the school encountered financial problems at the beginning of the year.

4.8.5 Legislation documents

School A

The only document that was available at this school was the school finance policy. The SASA, PFMA and NSSFF were not available for me. The finance policy thereof also did not follow some of the requirements for the school finance policy as required by SASA. Both the principal and the members of the SGB claimed to know and understand the SASA Act, but it was not available at their school. Therefore, one questions the veracity that they really know SASA and manage their school finances in line with SASA if they do not have such crucial documentation at their school.

School B

Just like school A, school B did not provide me with any legislative documents. The principal and the SGB members contradicted themselves. The principal pointed out that they were using the SASA and PFMA when managing school finances, but the SGB members indicated that in their training session, they should be provided with legislative documents, but these were never given to them by the facilitators. The SGB members also disclosed that they did not know the SASA document, worse the PMFA that specifies rules and regulations pertaining to state allocations.

4.9 Chapter summary

The combination of results from interviews and document analysis ensured the quality and reliability of the data collected and analysed. I verified the responses from the interviews with information collected from the formal documents in the two schools. There was a link between data collected from interviews and information gathered from perusal of the formal finance documents. The next chapter provides a summary of the findings and the conclusions and recommendations of the study. Areas that need further research are highlighted in order to extend the literature and data in this important research area.

CHAPTER 5

SUMMARY, FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

The previous chapter presented the data and discussed findings derived from the study. This chapter provides a concise summary of the study, reflecting on the major findings. Recommendations for this study are based on the data analysed in the previous chapter.

5.2 Summary of chapters

Chapter one introduced and provided an overview of the whole study. It focused on the problem statement, main research questions as well as aims and objectives. It outlined the methods of the research such as data collection and analysis. Definition of terms such as financial management, School Governing Body (SGB), policy, decentralization constitute a part of this chapter.

Chapter two focused in detail on the diverse literature on school financial management. The participatory governance theory and the legal framework provided by the South African Schools Act and the Public Finance Management Act were fully examined. The literature shed clarified what is known with regard to how School Governing Bodies (SGB) manage school finances. The chapter discussed the roles of the SGB in school financial management, the challenges they face and the strategies that could be used to assist SGBs to manage school finances effectively. The literature confirmed that the SGBs generally struggle to manage school finances regardless of the training offered. Essentially, the low education background of some members of the SGB way remains a deciding factor on the effective monitoring of finances in rural schools.

Chapter three outlined the research design and methods used to trace and evaluate the management strategies used by SGB in secondary schools. This study used the qualitative research design. Two schools from Mafikeng area were purposively selected as research sites and from the two schools, eight participants were purposefully selected to participate in this study. The participants included SGBs and principals. Data was collected from eight participants using interviews. Document analysis was another

method of data collection to verify and consolidate information from the interviews and to avoid bias. Thematic analysis allowed for data analysis from interviews.

Chapter four presented data and discussed the findings. Data presented emerged from interviews and document analysis. The participants identified from the respective SGBs and principals were interviewed, and this was further analysed thematically and interpreted. Three themes emerged: roles of SGB on the management of school finances, challenges faced by the SGB on the management of school finances and strategies used to assist SGB in managing school finances. The three themes were discussed, and a participatory governance theory was applied to explicate these emergent concepts. The findings indicate that the financial management strategies used by SGBs from this study are planning, organizing and controlling. Findings also verified that SGBs from the two schools under this study face challenges such as not understanding legislation, insufficient funds from the state and inadequate financial management training. More financial training sessions for SGBs, removing restrictions around section 21 allocation and the collaboration between principals and SGBs were identified as specific strategies that could assist SGBs overcome their financial management challenges.

Chapter five provides a summary of all the chapters. This chapter crystallizes the findings and suggests recommendations based on research questions explored in this study. One major finding relating to the main aim of this study are discussed as well as three objectives. Four recommendations are made, limitations of this study are outlined and ultimately the study suggests areas for further research.

5.3 Major findings

The main aim of the study was to investigate the financial management strategies used by school governing bodies of rural secondary schools in the North West Province.

The findings suggest that the SGBs involved in this study were engaged in school financial management. During this engagement they used financial planning, organizing and controlling as strategies in managing school finances. According to Mpolokeng (2011:10), planning is a vital component for the effective school financial administration which was used by the SGBs in this study. This management process usually begins with drafting the budget. The SGBs identifies the needs of the school and prioritises them in order of importance and then subsequently draft the school budget. The budget is then

communicated to the parents during the Annual General Meeting (AGM) for adoption. The adopted budget becomes therefore a guiding document on how the finances are used and managed in the next academic year.

Financial organization means that the SGBs must ensure that the school has financial organisational structures and policies in place (Cebekhulu, 2015:79). In the two schools under this study, this primary organisation included drawing up the school finance policy by the SGB and setting up financial structures such as the FINCOM and fundraising committee. The SGBs from the two schools used the finance policy as a guiding tool on how to manage their finances. Equally, the finance policy was also important to them as it outlined and specified the duties and responsibilities of all stakeholders included in management of school finances. The FINCOM is responsible for assisting SGBs in all the management of school financial matters, which also entails policy formulation. The fundraising committee is responsible for raising and supplementing the funds allocated from the state.

Controlling is the process of monitoring activities in order to determine whether each individual, department and the school itself are utilising the resources efficiently and effectively to accomplish their quality and educational objectives (Cebekhulu, 2015:79). The SGBs of the two participating schools maintained control of their finances through auditing of financial statements by an auditor who was appointed by the SGB themselves. Moreover, upon perusing the documents, the findings also indicated that the audited financial statements were submitted to the Head of Department (HOD) at the Department of Basic Education (DBE) within six months of the end of the financial year. As section 37 (3) of SASA states, the two schools in this study had bank accounts where the school funds are kept to ensure optimal monitoring and the effective use of finances. The participants also highlighted that they keep records of every financial transaction that takes place within the school using an income register and expenditure register.

5.3.1 Findings on objective one: Exploring the roles of SGBs in the management of school finances

From the findings of the interviews, corroborated by document analysis, results indicate that the SGBs in this study are aware of some of their roles as listed in the South African

Schools Act no 84 of 1996 (RSA, 1996a). During the interviews, the participants mentioned that they were responsible for preparing and presenting the budget to parents as Ngatha (2018:33) has documented. SASA stipulates that it is the responsibility of the SGB to develop a school finance policy (RSA, 1996a). The SGBs indicated that they have a school finance policy that they follow when managing school finances and the document was made available during document analysis. Furthermore, since the two schools were “no fee paying” schools, the SGBs understood their role to supplement funds from the state (Mestry, 2018:398). SASA Sections 42(a) and (b) stipulate that the SGB must maintain financial records and, within three months after the end of the financial year, draw up an annual financial statement. The schools strove to maintain financial records, and both SGBs participating in this study did submit their audited annual financial statements to the HOD.

5.3.2 Findings on objective two: Identifying challenges that SGBs experience in the management of school finances

The SGBs from the two schools in this study experienced various challenges in the management of school finances. They managed their school finances without proper legislation such as SASA and PFMA (RSA, 1996a). This was verified as SGBs parent members indicated explicitly that they did not know what SASA is and they did not have the documentation in this respect. Ngatha (2018:96) found that the absence of proper legislation in the process of managing school finances may lead to poor policy formation. This was confirmed as the two schools also experienced challenges with their school finance policy as they do not have key information such as the SGBs roles and responsibilities. In this study, the principals’ role was incorrectly stipulated, and the policy document lacked the SGB signatures.

The SGBs also experienced problems with the allocation from the state which they found inadequate. The SGB members of the two schools also concurred that there were too many restrictions with respect to disbursement. Mestry (2018:398) also found that many SGBs in “no fee paying” schools experienced challenges such as inadequate state funding and the rigid prescriptions for the use of such funds as provided by the provincial departments of education. In an attempt to supplement the inadequate funds from the state, the SGBs also experienced substantive resistance from parents who just could not be motivated to contribute supplementary funds. The poor socio-economic background

of the two schools made it very difficult for the SGBs to supplement the funds from the state, a point also raised by Rangongo (2012:56). Committees such as the FINCOM and fundraising committees were dysfunctional, resulting in poor finance policy formulation and the inability of the two schools to raise any supplementary funds. The SGBs and principals indicated that they lacked school financial management training which resulted in many of the challenges these SGBs are experiencing because of lack of financial management skills (Nqata, 2018:51). Additionally, one of the major contributing factors towards the challenges faced by the two SGBs when managing school finances was specifically their low level of education (see Table 4.1).

Since the parent SGBs from the two schools had low levels of education and lacked training, the principals took advantage of the situation and assumed the roles of the SGB instead of directing and assisting them. The principals apparently drafted budgets on their own that they then submitted to the SGBs for ratification, adoption and implementation (Baruth, 2013:79). Such a practice goes against the SASA Act and the participatory governance theory that both indict that members of the community should participate in the decision-making processes of the school (Huddleston, 2007:05).

5.3.3 Findings on objective three: Investigating how SGBs could be assisted in managing finances effectively and efficiently

The SGBs faced difficulties with the management of their school finances. To minimize these challenges, findings point to the need for cooperation and transparency between the principal and SGB parent members. The principal should assist the SGB in comprehending and disbursing the funds as they are specifically better informed regarding educational and financial matters (Nqatha, 2018:145). To assist with the restricted government allocation, the SGBs should be left to spend this allocation according to the needs of the school and they should be accountable for it (Mestry, 2018:398). More financial training sessions could also assist SGBs in managing their school finances better as such sessions are essential induction for financial skills. This would allow the SGBs to make informed financial decisions on the behalf of their school in a participatory governance model (Berkeley (2000:02).

5.4 Recommendations

5.4.1 Additional SGB training opportunities

From the evidence of this research, training opportunities offered to SGBs are not sufficient. I concur with Nqata (2018:145) who argues that the DBE should prioritise making sure that the SGBs established in schools are well trained to manage school finances. Training sessions of such a nature should enhance the skills of the SGBs, making them astute in managing school finances more effectively and efficiently. Rangongo (2011:144) identifies that these training sessions should focus more on legal framework so that SGBs understand their roles and responsibilities better; the training should also equip the SGBs with policymaking and implementation skills. This way the SGBs could formulate policies and make financial decisions based on the policy.

The DBE should partner with institutions of higher learning in order to ensure training sessions meet desired standards. The partnership must recruit knowledgeable facilitators in the field of financial management such as lecturers or competent financial practitioners to facilitate such training. A one-size-fits-all training approach is inadequate as Xaba (2012:201) warns. Training sessions should focus on specific needs of the school. This is only possible through close monitoring of schools by the DBE. Once the DBE has assessed which parts of school financial management SGBs struggle with, the DBE should target that section and assist the affected SGBs instead of assisting carte-blanche with irrelevant sections. It is also important for the DBE to consider the type of SGBs that exist in rural schools, as some of them do not understand the English language, so training sessions should be offered in languages that the SGBs understand (Mekgwe, 2011:44). The training sessions should also be of a standard that caters for the low level of education amongst the members of the SGBs, they ought to be hands-on experiences rather than too theoretical and they should not compromise the integrity of the entire financial management protocols.

5.4.2 Removing rigid restrictions on fund allocation

The SGBs reported that the rigid restrictions around section 21 allocations make it very challenging for them to manage their school finances effectively and efficiently. Since the

state funding allocation is deposited directly into the two schools accounts, HODs in the province restrict the SGBs to spend the allocation according to the school's needs. The HOD sends out directives to schools which prescribe that the allocation should be used for LTSM, repairs and maintenance of school property and for the payment of services such as water and electricity. The Provincial Department of Education should understand that the schools within the province are different and their needs are contextually diverse, therefore they are likely to procure goods and services differently. I concur with Mestry (2014:10) in advocating that the SGBs should be well trained in financial management so that they have the required knowledge and skills to make informed financial decisions for school improvement. This way the SGBs could procure goods and services according to the specific needs of their school and be able to account for how the funds were utilised since they would have been skilled through the training opportunities recommended already.

5.4.3 Collaboration of all members and transparency

There was a lack of collaboration and transparency in the two secondary schools studied in this research. SGB parent components were not empowered by principals in taking financial management decisions such as budget drafting and the implementation of policies. According to SASA, the principal must assist the SGB in the performance of its functions and responsibilities and that participation may not be in conflict with any legislation (RSA, 1996a). However, the results from this study showed that principals took over the roles of SGBs and were not assisting them. To prevent such, the DBE should support SGBs and capacitate them to voice their opinions in confidence (Nqatha, 2018:145). The DBE should also encourage internal workshops for the SGBs in a less formal manner where they share experiences and challenges amongst themselves. This could improve their knowledge archive and contribute in meetings and budget drafting. Forum meetings where SGBs could sit and discuss the issues of financial matters could be introduced. In these forums, strengths, weakness, threats could be identified in a bid to improve school financial management.

5.4.4 Amendments to SASA with regard to election of parent component in the SGB

It emerged from this study that the SGBs in rural areas were not involved nor consulted

when the SASA Act was introduced as some of the sections do not accommodate them. SASA states that the SGBs should be implemented in schools and be responsible for crucial matters such as school financial policy (RSA, 1996a). However, SASA fails to provide the criterion to be used to elect SGBs in schools such as age, educational background and experience in financial management.

Parent components in the SGBs, specifically in rural areas, are elected even with low educational qualifications, if any. In this respect, SASA entrusts them with managing school finances effectively. Although DBE trains them, they still fail to manage finances effectively because of their low level of education and cannot comprehend the training (Nqatha, 2018:50). This is unfair to the poor SGBs as pressure is exerted externally and they cannot perform. SASA should then include a section stating the age restriction, educational requirements and financial management expertise for a parent to be eligible for membership in the SGB. I recommend that for a parent to be part of the SGB they should at least be between the ages of twenty-five and forty, they should have Grade 10 education and have some background knowledge of financial management. For a parent to be eligible in the SGB, they should meet the basics outlined in these criteria. The DBE should do away with training parent SGBs who have low educational background like those from this study and expect them to manage school finances effectively.

5.4.5 Co-opting membership

SASA (RSA, 1996) stipulates that the governing body may appoint people who are not members of the SGB to serve on these committees. Xaba (2011: 203) identifies that these people are appointed based on their expertise in a particular field such as financial matters. The SGBs from both schools seemed not to know anything about this and never exhausted this possibility of appointing members from those with expertise. From the budgets and the finance policy that were made available to me, they revealed that those who were responsible for them did not have any financial background. A co-opted member could assist the SGBs with such matters.

5.4.6 Withdrawal from section 21 functions.

Section 21 of the SASA makes it possible for the school governing body of a public school to apply for the allocation of additional functions or for the HOD to allocate additional functions to the school governing body based on the capacity of the school governing

body (RSA, 1996a). The two participating schools were granted the section 21 functions; they managed their school finances and were experiencing challenges in doing so mainly because of low levels of education and lack of financial skills. According to section 22 (1) of SASA, the HOD may, on reasonable grounds, withdraw the function of a governing body. Backed up by literature, I have come across many Section 21 schools whose SGBs lack capacity to carry out their allocated functions and still had their Section 21 functions not withdrawn. The SGBs that participated in this study struggled with the management of their finances and they still continued with managing their own finances. I recommend that the capacity of Section 21 schools' governing bodies be reviewed regularly

5.5 Limitations of the study

Not all schools in the North West Province participated in the study. The study was limited to only two schools due to the nature of the study being a qualitative case study. In that regard, the study strove to investigate the financial management strategies used by SGB in rural secondary schools. Another limitation occurred during data collection where some schools had earlier agreed to participate in data collection and later withdrew from the agreement. Some schools promised to call me back to arrange for dates to collect data but they never did. Some participants, particularly principals, had a misconception that I was going to expose the functionality of their schools to the HOD. I had to clearly explain to them about the research and they were finally free to discuss their experiences openly without the fear of being exposed.

5.6 Strength of the study

The study investigated the financial management strategies used by SGB in secondary schools in the North West province. From the findings of this study, three strategies that SGBs are using when managing school finances were discussed. The study also highlighted the challenges that SGBs are experiencing when managing school finances and recommendations were suggested as to how SGBs can be assisted in managing their school finances more efficiently and effectively.

5.7 Suggestions for further research

School financial management is a serious field that is the responsibility of the SGB. More studies should be conducted in order to assist with challenges facing school financial

management. The following areas urgently need further research:

- Criteria used to elect School Governing Bodies in public schools.
- Training used by the Department of Education to capacitate School Governing Bodies in managing school finances.
- The ability of the NNSSF to redress the imbalances in education of the past.

5.8 Chapter summary

In this chapter, conclusions were drawn on the findings and aligned with the research questions. The strategies used by SGB involved in this study in managing school finances involve planning, organizing and controlling of school finances. The SGBs face major challenges such as low level of education and lack of financial training. The study established that there is confusion between the roles of principals and those of the SGBs in the management of school finances. From the literature and data collected from the participants, it is clarified that the SGB remains accountable for the school funds. It is recommended that SGB be trained to manage their finances effectively and efficiently and to curb a lot of financial mismanagement that emerged from this study. More importantly, Section 22 of the SASA should be utilised; SGBs that lack the capacity to manage their finances should have their section 21 functions withdrawn.

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APPENDIX A: ETHICAL CLEARANCE LETTER



Private Bag X1290, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Fax: 018 299-4910
Web: <http://www.nwu.ac.za>

Senate Committee for Research Ethics
Tel: 018 299-4849
Email: nkosinathi.machine@nwu.ac.za

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Faculty of Education Research Ethics Committee (EduREC)** on 19/07/2020, this committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-SCRE) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Financial management strategies of School Governing Bodies in secondary schools in the North West Province

Study Leader/Supervisor (Principal Investigator)/Researcher: Dr JP Dhlamini

Student / Team: M Letsapa (MEd student - 23735708)

Ethics number:

N	W	U	-	0	0	9	0	5	-	1	9	-	A	2
Institution			Study Number				Year			Status				

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type: Project

Commencement date: 31 July 2019

Risk:

Low

Expiry date: 31 July 2020

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- The study leader/supervisor/principal investigator/researcher must report in the prescribed format to the EduREC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.
- The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EduREC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.
- Annually a number of studies may be randomly selected for an external audit.
- The date of approval indicates the first date that the study may be started.
- In the interest of ethical responsibility, the NWU-SCRC and EduREC reserves the right to:
 - request access to any information or data at any time during the course or after completion of the study;

- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
 - *any unethical principles or practices of the study are revealed or suspected;*
 - *it becomes apparent that any relevant information was withheld from the EduREC or that information has been false or misrepresented;*
 - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
 - *new institutional rules, national legislation or international conventions deem it necessary.*

The EduREC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EduREC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely



Prof JAK Olivier
Chairperson NWU Faculty of Education Research Ethics Committee

Original details: (22351930) C:\Users\22351930\Desktop\ETHICS APPROVAL LETTER OF STUDY.docm
8 November 2018

Current details: (22351930) M:\DSS1\8533\Monitoring and Reporting Cluster\Ethics\Certificates\Templates\Research Ethics Approval Letters\9.1.5.4.1 ES-REC Ethical Approval Letter.docm
5 December 2018

File reference: 9.1.5.4.2

APPENDIX B: REQUEST FOR PERMISSION FROM THE DEPARTMENT

The District Official
Mafikeng Area Office
Corner Tawana & Modiri Molema
Road
Mmabatho
2745

MAFIKENG CAMPUS

Private Bag X20461
Mmabatho South Africa, 2735

Tel: 018 389-21 1 1
Fax: 018 392-5775
Web: <http://www.nwu.ac.za>



Dear Sir/Madam
NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

School for Professional Studies in Education
Tel: 018 3892214 (Secretary)
Email: Boitumelo.Gopane@nwu.ac.za

21 November 2018

REQUEST FOR PERMISSION TO CONDUCT RESEARCH

This is to confirm that **Mr M Letsapa** student number **23735708** is a Master's student registered at the North-West University, Mafikeng Campus. The title of the dissertation is: **Management strategies of finances by SGB in Secondary schools in North West Province.**

Permission is hereby kindly requested to enter Mafikeng Sub-District to collect data from the schools SGBs. Data collection will be by way of interviews and document analysis.

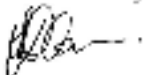
Collection of data will occur outside school contact time so as not to interfere with teaching and assessment processes or office duties. The dates and times of the collections are to be agreed upon by the principal and all other participants.

Participants will participate voluntarily in the data collection. The identity of the participants and the school and district will be kept confidential and anonymous. The information collected therefore cannot and will not be used to evaluate the District/school in terms of its performance in comparison with others, because the information collected will not be about academic results or teachers' teaching performance in specific schools.

Should you enquire more information about the project, kindly contact the supervisor for this project: Dr JP Dhlamini contact number 0183892079.

Herewith permission is kindly requested to perform this research in your area office. It would be appreciated if you would kindly grant written permission to this student. Any assistance given to the student to perform the research will be appreciated.

Yours sincerely



Prof CB. Zulu (Director)
School for Professional Studies in Education
North-West University (Mafikeng Campus)
Mmabatho

APPENDIX C: REQUEST FOR PERMISSION FROM SCHOOLS



Leteane Secondary School
Magogoe Village 12696
Mafikeng
2745

Private Bag X60011
Pretoriusburg South Africa
2520

Tel: 018 299-1 1 1 1/2222
Web: <http://www.nwu.ac.za>

Faculty of Education
Edu-
Lead

Tel: 018 11
Email:
Joyce.Dhlamini@nwu.ac.za

Date: 02 May 2019

GOODWILL PERMISSION: SCHOOL GOVERNING BODY/OTHER RELEVANT BODY

I herewith wish to request your permission for SGB to participate in this research, which involves conducting interviews and analysing formal document such as school budgets and finance policy. Prior to granting permission, please acquaint yourself with the information below.

The details of the research are as follows:

TITLE OF THE RESEARCH PROJECT: Management strategies of finances in secondary schools in the North West province

ETHICS APPLICATION NUMBER

PROJECT SUPERVISOR: Dr J.P Dhlamini

CO-SUPERVISOR:

ADDRESS: Private Bag X2046 Mmabatho 2735 South Africa CONTACT
NUMBER: 018 3892079

MEMBER OF PROJECT TEAM MEd-Student: Moses Letsapa

ADDRESS: Dithakong East house no 288

CONTACT NUMBER: 0793241206

FACULTY OF EDUCATION RESEARCH ETHICS COMMITTEE

Contact person: Ms Erna Greyling, E-mail: Erna.Greyling@nwu.ac.za, Tel. (018) 299 4656

This study has been approved by the Research Ethics Committee of the Faculty of Education of the North-West University and will be conducted according to the ethical guidelines of this committee. Permission was also obtained from the provincial Department of Basic Education.

What is this research about?

The aims of this research is:

- To explore how SGB's manage school finances.
- To identify challenges being faced by SGB's when managing school funds.

APPENDIX D: PERMISSION TO CONDUCT STUDY



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sportontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko
NORTH WEST PROVINCE

10 Nelson Mandela Drive, Mafikeng
Private Bag X10, Mmabatho 2735
Tel.: (018) 388-1964 / 3383
Fax: 086 513 9881 / (018) 8299
e-mail: dntlabathi@nwpg.gov.za
e-mail: omolete@nwpg.gov.za (Off. Man.)

OFFICE OF THE DISTRICT MANAGER: NGAKA MODIRI MOLEMA DISTRICT

Enquiries S.O. Molete
Telephone 018 - 388 - 3383

To : Ms M.C. Mojafi
Sub District Manager
Mahikeng Sub District

**Attention : Circuit Managers
School Managers of Secondary Schools**

From : Mr S.D. Ntlabathi
Acting District Director

Date : 21 November 2018

PERMISSION TO CONDUCT RESEARCH SECONDARY SCHOOLS IN MAHIKENG SUB DISTRICT

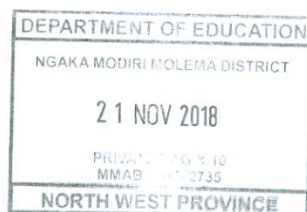
Permission is hereby granted to **Mr M. Letsapa**, Student No.: **23735708**, who is a Masters Student at North West University, Mafikeng Campus to conduct a research under the topic: **Management Strategies of finances by SGB in Secondary Schools – Mahikeng Sub District.**

Permission is granted for him on the basis that prior arrangement is made with targeted School Managers to avoid disruption of formal learning, teaching and examinations and further that participation will be voluntary. The School Managers and Management Teams are therefore requested to provide him with necessary support.

Your cooperation and support in this regard is highly appreciated

Yours in education,

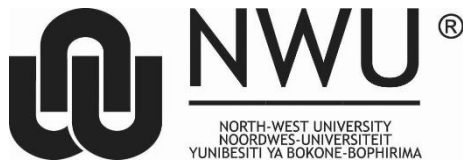

Mr S.D. Ntlabathi
Acting District Director



"Towards Excellence in Education and Sport Development"



APPENDIX E: PARTICIPANT INFORMATION AND CONSENT FORM



Private Bag X6001, Potchefstroom
South Africa 2520

PARTICIPANT INFORMATION AND CONSENT FORM

I herewith wish to request your consent to participate in this research, which involves SGB's from secondary schools. Before you give consent, please acquaint yourself with the information below.

The details of the research are as follows:

TITLE OF THE RESEARCH PROJECT:

PROJECT SUPERVISOR: DR. Joyce Phikisile Dhlamini

CO-SUPERVISOR:

ADDRESS:

CONTACT NUMBER: 018 389 20 79

MEMBER OF PROJECT TEAM MEd-Student: Letsapa Moses

ADDRESS: Dithakong east house no. 288

CONTACT NUMBER: 0793241206

FACULTY OF EDUCATION RESEARCH ETHICS COMMITTEE

Contact person: Ms Erna Greyling, E-mail: Erna.Greyling@nwu.ac.za, Tel. (018) 299 4656

This study has been approved by the Ethics committee of the Faculty of Education Sciences of the North-West University and will be conducted according to the ethical guidelines of this committee. Permission was also asked from the Department of Basic Education as well as the school principal.

What is this research about?

The aims of this research is:

- How do SGB manage finances?
- What are challenges encountered by SGB in managing school finances?
- How can SGB be assisted in managing school finances?

The participants of this study are the SGB members of the school. The researcher will ask the participants to take part in an interview session and also the researcher will ask to sit in the SGB meetings such as the financial meetings as a way of collecting data. The outcome of the research has in its sight innovative guidelines for SGB members in regard with dealing with financial management. There are no potential risks involved for participants. Your unanimous response will be held in strictest confidence as data will be handled in a confidential manner and will only be used for the purpose of the study and for providing feedback. Participation is also voluntary, and participants may withdraw from participating anytime they feel uncomfortable. Findings from this study will be handed over to the Department of Education so that the department may help schools that are having challenges in financial management.

Your participation is valued and appreciated as it is regarded as a valuable contribution for generating new knowledge in relation to school financial management and assisting schools that are struggling with it. If you have any further questions or enquiries regarding your participation in this research, please contact the researchers for more information.

DECLARATION BY PARTICIPANT:

By signing below, I agree to take part in a research study entitled:

The relationship between the professional wellbeing of teachers and principals' leadership styles.

I declare that:

- I have read this information and consent form and understand what is expected of me in the research.
- I have had a chance to ask questions to the researcher and all my questions have been adequately answered.
- I understand that taking part in this study is voluntary and I have not been pressurised to take part.

- I may choose to leave the study at any time and will not be penalised or prejudiced in any way.
- I may be asked to leave the research process before it has finished, if the researcher feels it is in my best interests, or if I do not follow the research procedures, as agreed to.

Signed at (place)_____on (date) ____/____/20____

Signature of participant

Signature

APPENDIX F: INTERVIEW QUESTIONS FOR PRINCIPALS

Interview Schedule for Principals

I, Mr Moses Letsapa a Master of Education student registered at North West University Mafikeng campus, student number 23735708 would like to interview you. I would like to ask you questions regarding your experiences on school financial management. The title of the research is Financial management strategies of finances by SGB in secondary schools in North-West Province.

1. What is your understanding of school financial management?
2. Are there any financial management trainings/programs that are available for principals from the Department of Education?
 - o How do you think they were going to help principals if they were available?
 - o How has these trainings/programs assisted you in school financial management?
 - e Please comment on the necessity and relevance of these trainings
3. Are there any financial management trainings/programs available for SGB 's?
 - e Please comment on the effectiveness of these trainings of these trainings.
4. Are there any challenges with regard to school financial management?
 - o How do you manage your school finances in such a way that you do not encounter any challenges?
 - How do you overcome these challenges?
 - How would you like to be assisted with overcoming these challenges?
5. Are there any sub-committees under SGB jurisdiction that handle school finances?
 - How are they composed and what are their roles?
6. Please explain your major roles as a finance officer
7. Which legal framework are you following when managing school finances?
8. What is your understanding of the Public Finance Management Act?
9. To what extent is the School South African Act 84 of 1996 user friendly?

APPENDIX G: INTERVIEW QUESTIONS FOR SGB MEMBERS

Interview schedule for SGB members

I, Mr. Moses Letsapa a Master of Education student registered at North West University Mafikeng campus, student number 23735708 would like to interview you. I would like to ask you questions regarding your experiences on school financial management. The title of the research is financial management strategies of finances by SGB in secondary schools in North-West Province.

1. What do you understand of your roles as SGB in school financial management?
2. Where are your school's finances kept?
 - o Who are the signatories of this account?
3. How have you been trained for managing the school finances?
 - o How has these trainings assisted you with managing school finances?
 - o Please comment on the necessity and relevance of these trainings
4. How do you allocate your section 21 funding?
5. Do you have a school budget and how do you combine it?
 - How is your school budget communicated to other stakeholders?
6. How does your school monitor the usage of finances?
7. Are there any challenges you have experienced in managing the finances of your school?

How do you manage your school finances in such a way that you do not encounter any challenges?

 - How do you think these challenges may be attended to make financial management of your school better?
8. Which legal frameworks do you follow when managing school finances?
9. To what extent is the South African Schools Act 84 of 1996 user friendly?

APPENDIX H: CERTIFICATE OF LANGUAGE EDITING



Department of Academic Literacy

28th September 2020

Private Bag X2046

Mmabatho

2735

CERTIFICATE OF EDITING A DISSERTATION

TO WHOM IT MAY CONCERN

This serves to confirm that I have read and edited Mr Moses Letsapa's dissertation titled: **Financial management strategies of School Governing Bodies in secondary schools in the North West Province**. The candidate corrected the language errors identified. The document is of an acceptable linguistic standard.

Thank you

Yours Faithfully

A handwritten signature in cursive script, appearing to read 'J.R. Moletsane'.

.....
J.R. Moletsane (Subject Head Academic Literacy)

Accr. No. 1002708

joel.moletsane@nwu.ac.za