

**ACCOUNTABILITY AND TRANSPARENCY IN MANAGING  
SCHOOL FINANCES AT PRIMARY SCHOOLS IN  
JOHANNESBURG SOUTH**

by

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**DECLARATION OF ORIGINALITY**

I declare that:

**ACCOUNTABILITY AND TRANSPARENCY IN MANAGING  
SCHOOL FINANCES AT PRIMARY SCHOOLS IN JOHANNESBURG  
SOUTH**

is my own work and that all sources that I have used and quoted have been indicated and acknowledged by means of complete references.

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SIGNATURE

CN NTSELE

\_\_\_\_\_

DATE

## **DEDICATION**

This dissertation is dedicated to my dear mother Saraphina Thokozile Ntsele and my late father Simon Phuthini Ntsele. They played an exceptional role in my life and their nurture has made me who I am today.

I also dedicate this dissertation to my son Buhle and my late daughter Nosimo for making me realise the importance of being a parent and strive to do the best in life.

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## RESEARCH ABSTRACT

The management of school finances is one of the major responsibilities facing principals and School Governing Bodies (SGBs) since the implementation of the South African Schools Act (SASA) in 1996. Schools and their governing bodies have broad financial responsibilities, including managing funding from the respective provincial department, setting and managing school fees, preparing the school's budget as well as raising additional funds to augment the school budget.

As democratically elected structures, School Governing Bodies stand to account to various stakeholders for public funds they manage. The South African Schools Act of 1996 provides guidelines on how schools should manage their finances - roles and responsibilities of individuals entrusted with school funds are also outlined.

This study was undertaken to determine the extent of accountability and transparency practised by some Johannesburg South primary schools in managing school finances. A comprehensive literature study was explored, encompassing different aspects or components of financial school management such as budgeting, financial organisation as well as financial control and reporting.

This study employed a qualitative research methodological approach. In order to establish the issue of accountability and transparency in managing school finances, semi-structured interviews were conducted to principals, SGB members, finance officers and finance committee members of various selected schools. Data were qualitatively analysed and findings from the study objects revealed that some schools lack accountability and transparency in managing

their finances - SGBs experience major challenges in executing their financial responsibilities. Results further delineated that insufficient training of SGB members, overlapping responsibilities and dysfunctionality of finance committees are some underlying factors that hinder schools from managing their finances efficiently, effectively and economically.

**I. ACCOUNTABILITY AND TRANSPARENCY IN  
MANAGING SCHOOL FINANCES AT PRIMARY SCHOOLS  
IN JOHANNESBURG SOUTH.**

## **KEY CONCEPTS:**

Financial responsibility, transparency, financial accountability, school finances, control, administration, primary schools, openness, Johannesburg South, funds , management.



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## LIST OF ACRONYMS

<b>PFMA</b>	<b>Public Finance Management Act</b>
<b>H OD</b>	<b>Head of Department</b>
<b>SGB</b>	<b>School Governing Body</b>
<b>SASA</b>	<b>South African Schools Act</b>
<b>MEC</b>	<b>Member of Executive Council</b>
<b>MTEF</b>	<b>Medium Term Expenditure Framework</b>
<b>LEA</b>	<b>Local Educational Authorities</b>
<b>PAM</b>	<b>Personnel Administration Measures</b>
<b>DoE</b>	<b>Department of Education</b>
<b>PED</b>	<b>Provincial Education Department</b>
<b>SMT</b>	<b>School Management Team</b>
<b>FINCOM</b>	<b>Finance Committee</b>
<b>AGM</b>	<b>Annual General Meeting</b>

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# **ACCOUNTABILITY AND TRANSPARENCY IN MANAGING FINANCES AT PRIMARY SCHOOLS IN JOHANNESBURG SOUTH**

## **CHAPTER ONE**

### **ORIENTATION OF THE STUDY**

#### **1.1 INTRODUCTION**

The management of school finances has been one of the most important responsibilities facing school principals and their School Governing Bodies (SGBs) since the implementation of the South African Schools Act in 1996. Section 37 of the Schools Act, No. 84 of 1996 states that “the governing body of a public school must establish a school fund and administer it in accordance with the directions issued by the Head of Department”. Additionally, subject to Sub-section (3) of the Act, all money received by public schools including school fees and voluntary contributions must be paid into the school fund.

The Constitution of the Republic of South Africa and South African Schools Act (SASA), No. 84 of 1996, mandate the Minister of Basic Education to determine norms and standards for funding of public schools and to fund public schools out of public revenue. Because the public (taxpayers) fund schools, schools are accountable to the public (taxpayers) in terms of the Public Finance Management Act (PFMA) [PFMA (1999: 28)]. In Section 2 of the Act, PFMA No.1 of 1999, the issue of securing transparency, accountability and sound management of the revenue is accentuated.

According to Mosoge and van der Westhuizen (1998: 73), a current international trend in education reform is the devolution of decision-making powers from central level to school level. This reform rests on the assumption that participation of educators, learners and parents can enhance the achievement of the transformation. Steyn (2000) appends that view, stating that the South African government has programmes of curriculum reform, and a general drive to improve the culture of teaching and learning in schools. The devolution of authority through decentralisation is the first dimension of school-based management. The second dimension of school-based management relates to the participation of stakeholders.

Bush, Derek, Bisschoff and Moloi (2006: 13) highlight that schools and their governing bodies have wide-ranging financial responsibilities, including school-level budgeting, managing devolved funding from provincial departments, setting school fees (subject to parental agreement), and raising additional funds to augment school budgets. A large-scale survey of principals in Gauteng (Bush & Heystek: 2003, in press) consistently demonstrated their anxiety about carrying out this function and their need for additional training to do so effectively.

McLennan's wide-ranging thesis on governance and management (2000) includes many interviews with officials and school principals. She states that finance was one of the two most common issues discussed by School Governing Bodies in township schools in Gauteng: "Financial irregularities were often noted or in the process of being investigated" (p.292).

## **1.2 THE BACKGROUND OF THE STUDY**

My avid interest in school financial management emerged when I became the Head of Department (HOD) at a Johannesburg South primary school and after I was elected as the staff representative on the SGB, this interest persisted. I became fully involved in school financial issues when I became a member of the first finance committee of the same school. Subsequent to the election of the new SGB in 2012, I observed immense financial challenges. In previous years, various concerns were constantly raised by the staff regarding the school's financial system. The school had never had a functional finance committee as stipulated by the Schools Act, No. 84 of 1996. Section 30 of the SASA states that a governing body is allowed to set up committees such as an executive committee, finance committee and a committee for fund-raising depending on the needs of the school, and only a member of the governing body may serve as chairperson.

Section 21 of the SASA, No. 84 of 1996, requires that SGBs develop a series of policies including a financial policy. The purpose of the financial policy is to provide guidelines on how persons are to exercise their powers and decisions in terms of managing the school's finances. Concerns in my school were continuously raised by staff members about the implementation of an effective financial policy to guide and regulate the management of finances as well as overcome financial challenges. Furthermore, Section 38 of the Schools Act, No. 84 of 1996, highlights that the school's budget is an important financial management tool and is a mechanism for setting goals and objectives, measuring progress towards the achievement of objectives, identifying weaknesses or inadequacies, and

controlling and integrating the diverse activities carried out by numerous sections or departments within a school. As stipulated in the Schools Act, the budget is the key component that regulates the way finances are run and the guidelines to be followed if a school is to function efficiently and remain financially secure. Badenhorst, Calitz, Van Schalkwyk, Van Wyk and Kruger (1996: 103) mention that it is important for school managers to involve all heads of departments or those staff members who control some aspect or another of the school's organisation in the drafting of an annual budget. Budgeting in my school was done without the consultation of respective departments and irregular expenditure was also a concern.

Circular 13/2000 specifies that accountability should always be maintained by those entrusted with school funds. Regular feedback should be given and involvement of various stakeholders should be exercised for the sake of transparency. I have observed unplanned fund-raising with rarely given feedback creating tension regarding financial management in my school.

My school is a self-managing Section 21 school. Section 21 of the SASA allows the SGB to apply to the Head of Department in writing for the allocation of additional functions. Once the SGB has been assigned this function, the Provincial Education Department (DEP) should effect the school's financial allocation in terms of the norms and standards by way of a transfer of funds into the school's bank account. This means that a school may apply to manage the funds for certain functions itself, rather than have them managed by the DEP. The state will transfer the resource allocation to the school's bank account and give SGBs financial freedom in spending the funds. The state allocation had never been disclosed by individuals entrusted with funds in my school. Accountability and transparency had been continuously sought by the staff for effective management of funds.

The above stated experiences and observations motivated me to embark on this research study, to examine the manner in which other Johannesburg South primary schools manage their finances in order to investigate the issue of accountability and transparency.

### **1.3 RATIONALE**

Clarke (2007: 276) notes that, although the SGB has ultimate responsibility for financial management of the school, it is ideal for the SGB to delegate the daily operational financial management functions to the principal and finance committee. In that regard, the finance

committee plays a major role in running day-to-day finances of the school. It assists the SGB in ensuring that finances are run smoothly in the school as it is not easy for the SGB to avail themselves to the school on a daily basis. According to Xaba and Ngubane (2010), delegation occurs when management grants certain management responsibilities and authority to persons on a lower level. Set rules and procedures are laid down for them to report to top management on these management tasks. Mestry and Bisschoff (2009: 84) point out that, for the sake of transparency and the application of democratic principles, it is advisable to include the various stakeholders in different committees. In that regard, delegation plays a crucial role in practising accountability and transparency.

Challenges in terms of setting up a school finance committee, implementation of a school financial policy, reporting back on fund-raising activities, adversity on the issue of budgeting as well as various concerns pertaining to school financial management in my school, motivated me to conduct this study. The ultimate need for this study is to investigate whether or not public school principals together with their respective SGBs, particularly in the Johannesburg South primary schools, have effective accountability and transparency in managing their schools' finances. It is hoped that this will assist in establishing if the selected primary schools experience similar challenges encountered in my school in managing their schools' finances or not. If not, I would find out what effective financial management strategies they have, in order to overcome our financial challenge. Moreover, this will help to determine if school managers and their respective SGBs receive sufficient training on school financial management or not.

School-based management requires the SGB to play a major role in the management of the school's finances. This shift from state control to self-management of the school goes with a great responsibility and accountability which raises numerous questions and one wonders if school managers and SGB members have sufficient training/expertise to manage school finances or not.

It has been noted in the Research Series by Bush, Derek, Bisschoff and Mloi (2006) that further research is required, in all types of schools, to establish how principals and SGBs determine and implement a financial policy and make decisions on budgeting, fee setting and resource allocation. In particular, it would be valuable to ascertain how schools manage their finances. On the other hand, the knowledge gained from the study is anticipated to assist in



improving financial management in my school and in identifying the cause of the difficulty experienced by various schools as far as the issue of financial management is concerned.

This study of school financial management is needed as part of developing, evaluating and disseminating knowledge about effective school financial management. I am conducting this study on the one hand to understand and investigate the issue of accountability and transparency in managing school finances. Previous studies on school financial management focused on issues such as functionality of SGBs, challenges experienced by SGBs in executing their roles, and the implementation of a financial policy. Accountability and transparency in managing school finances has not been covered. This study should add knowledge on how accountability and transparency should be practised by various public schools in order to ensure that school finances are effectively, efficiently and economically managed.

#### **1.4 STATEMENT OF THE PROBLEM**

It is fundamental that school managers and their SGBs be prepared and equipped with financial skills and competencies that will enable them to be responsible and accountable for the funds that have been placed in their care for the achievement of specific school objectives and the improvement of the overall productivity of the school (Bisschoff 2003: 6). SGBs in this respect require some of the following skills: financial accounting, keeping financial records of all transactions, budgeting, cost management, income generation, policy-making and procurement (Naidu, Joubert, Mestry, Mosoge & Ngcobo 2008: 165).

Findings from Nyambi (2004) revealed that schools lack financial knowledge, skills and expertise in managing finances. This view is supported by Mbatsane (2006), Mestry (2006) and Rangongo (2011). Rangongo further indicates in his findings that SGBs' perceptions, experiences, feelings and thoughts with regard to the management of finances are such that their lack of knowledge and skills in finances due to inadequate training makes them feel uncertain and unsure of their competence to manage finances. The quality of training they receive does not adequately empower them to manage finances successfully.

According to Bush, Joubert, Kiggundu and Van Rooyen (2005: 43), some dilemmas facing the SGBs because of their financial oversight role are financial irregularities in audited school financial statements, late submissions of monthly financial reports by schools and chaos during meetings on financial reporting by SGBs. Mestry (2004) points out that there is a lack

of transparency as some SGB members are seldom consulted on important financial decisions. Rangongo (2011) concurred in his findings that some schools in Limpopo display signs of a lack of collaboration, and a lack of transparency and openness in decision-making. He further specifies that in the majority of schools, SGB members did not feel free to express themselves or voice their opinions.

Mestry (2006) indicates that there are many principals and SGB members who are placed under tremendous pressure because they are unable to work out practical solutions to financial problems. In many instances, principals and SGBs have been subjected to forensic auditing by the Department of Education due to mismanagement of funds through misappropriation, fraud, theft and improper control of financial records. Naidu et al. (2008: 177) add that with the growth of school self-management, it has been suggested that there is a greater risk of maladministration and misappropriation of school funds.

The problem of school financial management has been witnessed in different media reports, namely a report on Sandringham High School from the Daily Press Cuttings, extracted from The Star Newspaper (2012/08/13 p.7) (adapted), where the Gauteng Department launched a forensic report following allegations of financial mismanagement and blackmail by the principal of the school. The school's financial challenge was evidenced when SGB-employed educators were given an I Owe You (IOU) – a written acknowledgement of a debt instead of their July pay cheques, owing to the insolvency of the school.

The report about Hill High School in Johannesburg South in The Star Newspaper (2012/06/28 p.5) also raised a concern where the mismanagement of funds was reported by some staff members. The staff members voiced their concern about the school's financial management system that was not in place as nothing was being disclosed to anyone. It was also alleged that unqualified teachers who were recruited had some form of a relationship with those in financial administration. This resulted in departmental posts being blocked to cater for those teachers, leading to misappropriation of the school funds. The school was reported to have no finance committee and irregularities in SGB elections were mentioned.

The problem has generally been confirmed by the report from the Department of Education published in The Daily Press Cuttings, extracted from The Star Newspaper (2012/09/03 p.6) where the department stated that it planned to spend R23m in effectively training School Governing Bodies to minimise the mismanagement of school funds and disparities regarding school cheque signatories. The Gauteng Education Member of the Executive Council

(MEC) Barbara Creecy emphasised in this report that by law, any funding drawn from a school's account was supposed to have three signatories – the school's treasurer, the principal and the SGB chairperson. However, the policy is not always observed, especially with weak school management teams where there is tension between principals, SGB members and other management personnel. Cases of mismanagement investigated by the Department of Education often involve SGB members and teachers accusing the principal of being the sole signatory, and cashing cheques from the school's account and using school money whichever way they see fit. As a result, apart from the money meant for the schools that end up lining the pockets of individuals, the department also spends millions investigating these cases. Furthermore, in this report, in March 2013, the department's spokesperson, Charles Phahlane, revealed that the department spent R4.6 million on independent investigations to probe school mismanagement cases in the previous financial year.

In view of the above research-based findings and sources, it is noted that members of SGBs experience difficulty in executing their financial management duty as stipulated by the South African Schools Act , No.84 of 1996. Continuous financial problems encountered in the school where I am currently teaching, involving a lack of transparency and accountability and overlapping responsibilities of individuals entrusted with finances, were the reasons for conducting a research on financial management of schools. The in-depth study is aimed to provide appropriate knowledge of how other schools manage their finances and the problems they experience concerning the management of their finances.

## **1.5 RESEARCH QUESTION**

Based on the above description of the problem, the following main question of the research has been formulated:

- How do principals and SGBs practise accountability and transparency in managing school finances at some primary schools in Johannesburg South?

The following sub-questions have been formulated to support the preceding research question:

- How do SGBs understand their roles and responsibilities in the management of school finances?
- How functional are the finance committees in some Johannesburg South primary schools?

- What financial systems and control mechanisms do SGBs put in place in managing school finances at Johannesburg South primary schools?
- How do public primary school principals and SGBs manage finances in line with Section 37 of the Schools Act, No. 84 of 1996?

### **1.5.1 Broad and specific objectives of the study**

The broad objective of the study is to determine accountability and transparency of principals and SGBs in the management of public schools' finances, particularly in some Johannesburg South primary schools.

In order to achieve the broad objective of the study, the secondary objectives are:

- To determine how members of SGBs understand their roles and responsibilities in the management of school finances.
- To investigate the functionality of the finance committee in some Johannesburg South primary schools.
- To examine financial systems and control mechanisms SGB members put in place in managing school finances at Johannesburg South primary schools.
- To investigate how public primary school principals and SGBs manage finances in line with Section 37 of the Schools Act, 84 of 1996.

## **1.6 SIGNIFICANCE OF THE STUDY**

This study is very important as it is aimed at giving possible guidelines in managing school finances effectively, efficiently and economically. It is hoped to certify accountability and transparency practised by principals and SGBs in the management of school finances. Factors leading to mismanagement of school funds should be identified and possible solutions may be derived from the findings. Findings will be made available to the Department of Education and the knowledge obtained is anticipated to assist primary schools that encounter challenges in managing school finances in Johannesburg South as well as the entire province.

The significance of the study might also be its effort to possibly assist primary schools to determine if the roles of parties involved in financial school management at schools are clarified or not and if their schools need development to achieve the required standard. This would help schools to rate themselves as far as the issue of managing school finances is concerned.

## **1.7 THEORETICAL/CONCEPTUAL FRAMEWORK**

### **1.7.1 Conceptual framework**

#### **1.7.1.1 Accountability and transparency**

Lewis (2003) describes financial accountability as a moral or legal duty, placed on an individual, group or organisation, to explain how funds, equipment or authority given by a third party have been used. In the school's case, this includes parents and the Department of Education. School financial accountability, therefore, stems from the notion of accountability as reporting about school finances to school stakeholders. Moreover, Van Deventer and Kruger (2003: 243) maintain that an important characteristic of the present approach to education management in general and financial management specifically, is the emphasis on transparency and information-sharing among all stakeholders. Accountability has become a collective responsibility which should include all stakeholders. For the principal and the governing body, this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the Department of Education. Helle, Letshego and Marinda (2011) state that transparency involves clear and public disclosure of information, rules, plans, processes and actions by governments, companies, organisations and individuals. They further clarify that it is the principle that public affairs need to be conducted in the open. Questions designed to measure transparency focus on financial management, financial record-keeping, and stakeholder knowledge of schools' financial status.

Xaba and Ngubane (2010) explain that Sections 36 and 43 of the South African Schools Act, No. 84 of 1996 (as amended) make it mandatory for schools to manage school funds and take responsibility to implement all the necessary financial accountability processes. The Public Finance Management Act, No. 1 of 1999 explains about ensuring the effective, efficient, economical and transparent use of financial and other resources within the school, which includes taking appropriate steps to prevent any unauthorised, irregular and fruitless and wasteful expenditure which in essence, implies being accountable for the school's finances. In this study, accountability and transparency in the management of school finances refers to financial openness practised by public primary schools to ensure that school finances are effectively managed.

#### **1.7.1.2 Management of school finances**

Clarke (2007: 312) describes financial school management as the performance of management actions (regulatory tasks) connected with the financial aspects of schools, with the main aim of achieving effective education, carried out by a person in a position of authority. Financial management is a process with several activities: identification, measurement, accumulation, analysis, and preparation, interpretation and communication of information (both financial and operating). In this study, management of school finances refers to managing state funding, school fees and money raised during fund-raising activities in all selected schools.

### **1.7.1.3 School Governing Bodies**

Mestry (2006) describes a School Governing Body as a statutory body of people who are democratically elected to govern a school. According to Naidu et al. (2008: 149), the governance of a public school resides with the SGB. The South African Schools Act, No. 84 of 1996, provides tools by which stakeholders such as parents, teachers, learners and community members must participate in the activities of the school. The Schools Act stipulates the functions of governing bodies which may be increased in accordance with their growing expertise. The study focused on public primary schools where the SGB comprises parents, educators and principals with the exclusion of learners.

### **1.7.1.4 Finance committee**

Section 30 of the Schools Act, No. 84 of 1996, allows the governing body to set up committees and sub-committees such as a fund-raising committee or tuckshop committee or school fees committee. The SGB may delegate (in writing) the responsibility of managing the finances to the finance committee. The governing body may appoint people who are not members of the SGB to serve on these committees. These people are appointed on the grounds of their expertise in a particular field, such as being expert on financial matters. The chairperson of every committee and sub-committee must be a member of the School Governing Body. The finance committee may consist of the treasurer, principal, educators, parents (not necessarily from the SGB) and non-teaching staff. The finance committee members were respondents for data collection in this study.

### **1.7.1.5 Primary schools**

A primary school, or elementary school, is a school in which children receive primary or elementary education. Children are between the ages of about five and eleven. It comes

before secondary school and after pre-school. It is the first stage of compulsory education in most parts of the world, and is normally available without charge, but may be a fee-paying independent school ([en.wikipedia.org/wiki/Primary\\_school](http://en.wikipedia.org/wiki/Primary_school)).

### **1.7.2 Theoretical framework**

Accountability and transparency in the management of school finances is presumably derived from reporting about finances to various stakeholders. This study is based on the theory of reporting about school finances to the provincial department which funds schools, and parents who pay school fees as all schools in the study are fee-paying schools. It also includes teachers who play a major role in making fund-raising activities a success in schools. This study is influenced by how reporting is associated with accountability and transparency in managing school finances.

According to Hack, Candoli and Ray (1992: 161), reporting “deals with disseminating the information regarding the financial status of the school system to persons and offices that can use it to upgrade their understanding and decision-making in school matters”. Section 43 of the Schools Act, No. 84 of 1996, stipulates that a governing body must submit to the Head of Department within six months after the end of the financial year (before the end of June) a copy of its audited annual financial statements for reporting purposes. Naidu et al. (2008: 179) give a distinction between internal and external financial reporting in schools. These authors state that internal reports are written by the finance committee, covering monthly, quarterly and annual reports that are derived from the process of monitoring and control. External reports are feedback that both internal and external stakeholders receive from the school for the approval of school fees and to inform them on the budget for the next year, as well as actual income and expenditure for the current financial period.

I also view financial reporting as a form of giving feedback to various stakeholders on how school finances were managed by those entrusted with funds. Furthermore, reporting certifies accountability and transparency which is well achieved by delegating day-to-day financial management responsibilities to sub-committees of the SGB. The SGB may delegate (in writing) the responsibility of managing the finances to the finance committee (Section 30 of the Schools Act, No.84 of 1996). The rationale behind delegation is openness on funds collected by the school. This view is supported by Mestry (2011) who points out that for the sake of transparency and application of democratic principles, it is advisable to include the various stakeholders in the different committees.

## **1.8 RESEARCH METHODOLOGICAL APPROACH**

I opted for the qualitative research approach as it is a holistic and integrative approach. Newby (2010: 116) states that one key characteristic of qualitative approaches is the willingness to use data of different types from different sources combined into an analysis and interpretation of a situation. It is a powerful research approach with the potential to achieve even more than it has to date. The above-mentioned author further describes qualitative research as a research approach whose principal concern is how an outcome comes about. It is more concerned with why 90% do this and 10% do that, rather than the fact that they do.

### **1.8.1 Research paradigm**

Babbie (2001: 42) describes a research paradigm as the fundamental model or frame of reference we use to organise our observations and reasoning. Mackenzie and Knipe (2006: 01) further define the research paradigm as the theoretical framework that influences the way knowledge is studied and interpreted. Burrell and Morgan, cited by McFarlane (2000: 22), distinguish between four paradigms, namely the positivistic paradigm, the interpretive paradigm, critical theory and the post-structuralistic paradigm.

Cohen, Manion and Morrison (2002: 13) explain that with the interpretive paradigm, individual people interpret events and contexts subjectively based on their own and unique perspectives. As suggested by the above-mentioned author, I worked within the interpretive paradigm, trying to gain an understanding of financial management challenges that the participants are facing at their respective schools. I chose the interpretive paradigm in order to explore the understanding and interpretations of individual participants of how the management of finances in their schools affects them. Although the interpretive paradigm does not allow generalisation since it is small-scale research, it provides for in-depth knowledge, meaning and understanding of situations, based on individual perspective and interpretation (Cohen et al. 2002: 21). This research paradigm granted me an opportunity to find out how different schools run their finances and if a policy on finances is being followed.

## **1.9 RESEARCH DESIGN**

According to Rule and Vaughn (2011), the case study design is an in-depth analysis of a single entity. It is a choice of what to investigate, identified as a single case. Cresswell (2008: 5) supports this view and refers to a case study as “an in depth exploration of a bounded



system (e.g. an activity, event, process, or individuals based on extensive data collection”. Being bounded means being unique according to place, time and participants’ characteristics. Borg and Gall (1989: 402) conclude that the case study approach has had a long history in educational research and has also been used extensively in other areas of research.

I engaged in qualitative case study research. I believed it to be an ideal design for investigating transparency and accountability practised by public primary schools’ principals and SGBs in the management of schools’ finances. This design enabled me to position my participants’ experiences, perceptions and decision in relation to the management of finances in their schools. In addition, case studies are intended to provide detailed, specific accounts of particular circumstances rather than offering a broad generalisation finding (Stake 2008).

### **1.10 SAMPLING METHOD**

According to Johnson and Christensen (2004: 220), qualitative researchers must first decide whom or what they want to study. This initial task is based on consideration of which populations or phenomena are relevant to the research focus being proposed. The researcher typically defines a set of criteria or attributes that the people to be studied most possess and uses these criteria to distinguish people of potential interest from those people who should be excluded from consideration. Once these inclusion boundaries are set, the researcher knows who he/she wishes to study and then attempts to locate and obtain the sample.

Patton in Johnson and Christensen (2004: 221) uses the term purposeful sampling because of individuals or cases selected to address the purpose of the research. My study used the purposeful sampling method to select the sampled schools. The sample was chosen purposefully to include primary schools with more or less similar funding quintiles. I purposely selected four public primary schools. Furthermore, the reasons why I selected these schools are that:

- They have more or less the same level of infrastructure.
- The governing bodies of these schools are of diverse cultures.
- They are all in the same district which is Johannesburg South and that was convenient for the researcher regarding time and transportation.

### **1.11 DATA COLLECTION INSTRUMENTS**

Lodico, Spaulding and Voegtle (2010: 136) specify that qualitative researchers typically develop their own flexible, naturalistic methods for collecting several different types of data. Methods of data collection in qualitative research typically include observations, semi-structured interviews, documents and artefacts, and electronic sources that are either collected from the setting or created by participants at the request of the researcher. I used the triangulation data collection method and I collected data using a variety of sources and methods. These methods included observation during school visits, conducting interviews with participants at respective schools and document analysis.

### **Observation**

Cohen et al. (2002: 305) emphasise the importance of observation, stating that observational data provides the researcher with an opportunity to collect data from “live” situations. These authors add that it can help researchers to understand the contexts of the programmes, and to discover things that may not be mentioned by participants during an interview situation. Gay, Mills and Airasian (2011: 203) highlight that field notes play an important role in qualitative research and therefore, the researcher should attempt to keep “extensive” and “descriptive” field notes.

Using observation as a data gathering method enabled me to observe difficulties that participants experienced in the management of finances at their schools. Aspects such as state of the building also contributed to confirm the effectiveness or ineffectiveness of financial management measures implemented at various schools. I used an observation sheet to record my observations and I made use of a journal to write my findings.

### **Interviews**

Wellington (2000: 72) mentions that a research interview normally has a dual purpose since it provides an opportunity for the interviewees to state their feelings and thoughts, but it also enables the researcher to examine and probe the views and perspectives of the respondents. According to Cohen et al. (2002: 268), interviews can be used to assess or evaluate people, to collect data, to check unexpected results or to obtain the opinions of the respondents. They further divide interviews into three categories, that is, structured, semi-structured and unstructured interviews.

I used semi-structured interviews to seek openness and freedom from participants as well as to follow an organised procedure. Interviews provided an opportunity to confirm my observations during school visits.

For effective data collection, I conducted interviews with public school principals, educators and members of the School Governing Body, finance officers and members of the finance committee in the selected sites. Observations and non-verbal responses which assisted in the subsequent case analysis were also included. By conducting individual interviews, I managed to gather and incorporate appropriate data on whether finances in their schools are managed effectively and efficiently as well as if a non-conducive atmosphere is created by this problem. This provided a true reflection of how this problem impacts on their ability to manage their schools effectively as they expressed their experiences and concerns regarding this arguably additional core responsibility.

### **Document analysis**

A valuable source of information in qualitative research can be documents. Documents consist of public and private records that qualitative researchers obtain about a site or participants in a study; they include newspapers, minutes of meetings, personal journals and letters. These sources provide valuable information in helping researchers understand central phenomena in qualitative studies (Bogdan and Biklen, 2003: 124)

Based on the purpose of the study, which is to examine the extent of accountability and transparency of primary schools in the management of school finances, I carefully identified documents that would provide useful information to answer my research questions.

### **1.12 DATA ANALYSIS STRATEGY**

Patton (1989: 144) states that analysis is the process of bringing order to the data, organising what is there into patterns, categories and basis descriptive units. It involves organising what you have seen, heard and read so that you can make sense of the data collected (Regenesys 2003: 34). I read the interview transcripts and observational notes. I used a coding strategy to fracture the data and rearrange it into categories, in the process highlighting relevant themes and placing them into categories. Then I compared data and identified patterns. This enabled me to categorise the data into broader themes and issues.

### **1.13 LIMITATIONS AND DELIMITATIONS OF THE STUDY**

The focus of the study was to investigate the management of school finances mostly centred on issues of accountability and transparency. The study was conducted in the Johannesburg South school district.

The most striking limitation in general was time as it is well known that these days, everybody seeks to engage in some form of activity that will augment their salary. Nonetheless, I managed to make appointments with participants guided by their appropriate time and I was flexible to reschedule appointments in terms of unforeseen circumstances. Fear and intimidation of the participants by school managers were other limiting factors. However, subsequent to the emphasis of anonymity and confidentiality, participants participated wholeheartedly during data collection. Financial constraints which involved travelling, setting of appointments telephonically or e-mailing and printing necessary documents and tools for data gathering were other limitations. Nevertheless, I managed to prioritise in order to mitigate this limitation.

#### **1.14 TRUSTWORTHINESS/RELIABILITY**

According to Cresswell (2008), the qualitative research approach requires trustworthiness. Naidoo (1999) explains trustworthiness as applicability, consistency, neutrality and truth value of the research results. McMillan and Schumacher (2001: 478) concur when they state that selecting trustworthy data also involves an awareness of the researcher's assumptions, and influence on the social situation. Flick in Denzin and Lincoln (2008: 7) indicates that qualitative research is inherently multi-method in focus; the use of multiple methods or triangulation reflects an attempt to add rigour, breadth, complexity, richness and depth to any enquiry.

The questions that qualitative researchers need to ask themselves are: to what extent can data analysis be trusted; how much confidence can the researcher place in his /her analysis; and is the data presented to the readers in such a way that they can verify and validate the findings themselves? Lincoln and Guba (1985: 290) suggest that qualitative research should be assessed in terms of credibility, transferability, dependability and conformity of the data.

Credibility relates to how the researcher reconstructs the participants' views in the process of the enquiry. One method is, according to Lincoln and Guba, prolonged engagement, that is the investment of sufficient time to achieve certain purposes, learning the culture (of the

respondents), testing for misinformation introduced by distortions either by self or by the respondents and building trust (with the respondents).

Transferability refers to the degree to which findings can be applied to other contexts. It should contain an accurate description of the research process, an explanation of the arguments for the different choices of methods and a detailed description of the research situation and context.

Dependability for the qualitative researcher is equivalent to reliability in quantitative research, that it should produce the same result in a similar context. In qualitative research, this replicability is impossible because of the reflexivity of the research design. I considered that what participants thought or felt was accurately represented as I took part in meaningful interactions with them, as well as attempting to provide the reader with effective judgement.

Conformity is concerned with establishing that the data and the findings and interpretations are linked. Lincoln and Guba (1985: 326) refer to an audit whereby the third party reviews the audit trail maintained by the researcher including recordings, transcripts, interview guides, list of interviewees, field observational notes, and so on.

### **1.15 ISSUES OF ETHICS AND COMPLIANCE**

Neuman (2006: 00) explains that research has an ethical-moral dimension in that the researcher has the moral and professional obligation to be ethical even when the researched are unaware of ethics. The basic principles of ethics in the research are that the ethical responsibility rests with the researcher and include:

- Informed consent – the procedure in which individuals choose whether (or not) to participate in an investigation after being informed of the facts that would be likely to influence their decisions.
- Right to privacy – the greater the sensitivity of the information, the more safeguards is required to protect the privacy of the research participant.
- Anonymity – the information provided by the participant should in no way reveal their identity.

For ethical compliance, I first sought permission from the Department of Education and gained ethical clearance from the university. This was done in this manner: a letter requesting permission to conduct research at different schools was written to the Gauteng Department of

Education and the purpose was clearly explained in the letter (Appendix A). Forms from the department were completed and sent back to the district office. I sought ethical clearance, which indicates if the study complies with the ethical codes of the university and research ethics in general (Appendix B). Thereafter, letters were written to sampled schools' principals to request their schools to participate in the study (Appendix C). The purpose of all ethical considerations was explained in the letter. Consent forms were given to be signed to indicate that participants were not pressurised to take part in the study and that they agreed with all conditions set (Appendix D). The issue of anonymity and confidentiality was strongly emphasised, wherein participants were advised not to disclose their names. The purpose of the study was also explained so that interviewees could feel free to give honest and credible information.

### **1.16 RESEARCHER BIAS MANAGEMENT**

Since the medium through which data was collected is qualitative in nature, any opinions, biases or expectations held by the researcher were reflected in the results, thus reducing accuracy. I made sure that I remained as objective as humanly possible in the analysis and interpretation of data.

### **1.17 DEFINITION OF KEY TERMS**

#### **School financial management**

Mestry and Bisschoff (2009: 3) describes school financial management as the performance of management actions (regulatory tasks) connected with the financial aspects of schools, with the main aim of achieving effective education, carried out by a person in a position of authority. The financial manager ensures that the School Governing Body and school management team plan, organise, delegate and control the funds of the school in such a way that they achieve their goals.

#### **Accountability**

Accountability is reporting on the control and use of resources by those accountable for their control and use, to those to whom they are accountable. Accountability in the school context involves confirming that the school's resources actually exist, that they have been used for legitimate and legal purposes and that assets and resources have been accounted for in a proper way (Mestry 2004). Marishane and Botha (2004: 110) state that accountability is

measured by the extent to which decisions taken and resources used succeed in attaining the educational goal.

### **Transparency**

Transparency involves clear and public disclosure of information, rules, plans, processes and actions by governments, companies, organisations and individuals. It is the principle that public affairs need to be conducted in the open. Questions designed to measure transparency focus on financial management, financial record-keeping, and stakeholder knowledge of schools' financial status (Helle et al. 2011).

### **Delegation**

Delegation is closely associated with an organisation. It occurs when management grants certain management responsibilities and authority to persons on a lower level. These people in their turn fulfil certain management tasks on their particular level, because they now have the authority to do so. Set rules and procedures are laid down for them to report to top management on these management tasks (Naidu et al. 2008: 177).

### **Section 21 schools**

According to the Governing Body Regulations for Public Schools (2012), School Governing Bodies that are on the Section 21 list may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures. They must keep documents as evidence of correct dealing with such suppliers and contractors, and records of how the materials and services were used, and produce such documents or records at the request of officials from the Provincial Education Department and for audit purposes. The Head of Department must approve a governing body's application for Section 21.

### **Non-Section 21 schools**

Marishane and Botha (2004: 100) stipulate that schools that are not on the Section 21 list, and have therefore not been granted approval to procure their own goods and services, must procure their goods and services according to existing departmental arrangements. However, the Provincial Education Department will exercise administrative control to ensure that the cost per learner is maintained at a level consistent with these norms. Such schools must be informed of their school's budget, even if it is a "paper" budget, as explained in this

document. This will prepare them to understand the actual costs of running their school, and improve their capacity to join the Section 21 list in due course.

## **1.18 CHAPTER DIVISION**

The study was divided into five chapters.

### **Chapter One**

In Chapter One, the study is introduced with the main focus on the responsibility faced by the School Governing Bodies and the principals in managing schools' finances which is also reflected in the rationale. The statement of the problem, objectives of the study, significance of the study as well as limitations are listed. The chapter concludes with the research methodological approach, trustworthiness, issues of ethics and definition of key concepts.

### **Chapter Two**

The main focus of Chapter Two is on school financial management in South African public schools. The literature review includes school financial management of African countries as well as an international perspective concerning school-based financial management.

### **Chapter Three**

Chapter Three outlines the research methodology and the design that was employed in gathering data for the study. It commences with the methodological approach which is the qualitative one.

### **Chapter Four**

This chapter focuses on the data analysis process and interpretation. Interpretive commentary on observation, interviews and documents analysed is given.

### **Chapter Five**

In this chapter, the researcher discusses the findings with regard to the researcher question and the purpose of the study. Additionally, recommendations are made from the findings of the study. Finally, certain aspects are suggested for further research.



## **1.19 CHAPTER SUMMARY AND CONCLUSION**

This chapter provided the background of school financial management with regard to the rationale and the research problem statement. The research question and objectives of the study were described and formulated. A preliminary literature review and research methodology were discussed.

## **1.20 PROJECTION OF THE NEXT CHAPTER**

The subsequent chapter provides a comprehensive literature review on school financial management. Accountability and transparency in managing school finances will also be explored.

## **CHAPTER TWO**

### **EMBEDDING THEORETICAL FRAMEWORK IN LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter explores school financial management with specific reference to the roles and responsibilities of principals, School Governing Bodies, finance officers and finance committees. The South African Schools Act, No. 84 of 1996, was used as a conceptual framework to review literature on different aspects or components of financial school management such as budgeting, financial accounting, financial control and reporting. The literature review included financial management strategies used in African and international countries to determine accountability and transparency of schools in managing finances.

#### **2.2 SCHOOL FINANCIAL MANAGEMENT**

According to Naidu et al. (2008: 164), school financial management is an integral aspect of effective school management and occupies, in terms of status and influence, a position within the management structure equivalent to that of curriculum management. From a management point of view, educational funds should be planned, organised and controlled. Badenhorst et al. (1995: 102) point out that the school funds should be administered and applied to further the general and educational interests of the school. The sensible use of a school's available funds to the benefit and in the interests of the pupils leads to a positive attitude towards the school among the parents and the community in general. Various countries put different legislations in place to manage schools' finances. It is essential to review relevant literature of diverse countries in relation to school financial management.

#### **2.3 SCHOOL FINANCIAL MANAGEMENT – INTERNATIONAL PERSPECTIVE**

Dekker and Van Schalkwyk (1995: 211) state that the philosophy underlying the financing of education in a particular country is the product of the ground motive, the life and world views of its citizens. They discovered that in England, educational finances used to be considered a local affair, the Local Educational Authorities (LEA) used to have much freedom regarding

educational and other budgets. Injudicious and extravagant spending by some LEAs caused the state to have more of a say in local finances. The central government also provides LEAs with guidelines regarding how money should be spent.

Wylie and King (2004) add that in most European countries, school boards have had legal responsibility for creating their own budgets and managing their own finances since 1989, when educational administration was decentralised to the individual school level. They further assert that prior to this, school committees at primary schools and boards of governors at secondary schools did handle small amounts of money. Money raised from voluntary parental donations, activity fees, and local fund-raising by parent-teacher associations (PTAs) was able to be used by the school for its own purposes, usually small property and programme enhancements, but not the employment of staff. PTAs were likely to make decisions on how the money they had raised through school galas and the like should be spent. The above-mentioned authors concluded that in most European countries, the Ministry of Education describes the financial management responsibility of boards as:

“Board members collectively are the trustees for the school’s financial and physical resources. Your board is publicly accountable for your school’s financial governance and for the use and maintenance of school land and buildings.”

Boards are fully accountable and responsible for the:

- Allocation of funds to reflect school priorities
- Control of school expenditure
- Preparation and auditing of annual reports

Coghlan and Desurmont (2007) particularly review various countries in Europe on school financial management, pointing out that in Belgium (Flemish Community), Slovenia and the United Kingdom (England and Wales), both school heads and school management bodies usually play a role in school decision-making for all funding matters. In the United Kingdom (England, Wales and Northern Ireland), for example, the School Governing Body sets the overall strategic framework for the school's financial management and determines the extent to which it wishes to delegate its financial powers to the school head. They further highlight that the governing body also has the specific responsibility of approving the annual budget plan drawn up by the school head. The head has responsibility for the leadership, direction and management of the school and makes financial decisions within the strategic framework

set by the governing body. Coghlan and Desurmont (2007) conclude that in the majority of European countries, it is the higher authorities with responsibility for education, most frequently through the inspectorates, which became responsible for evaluating schools in the context of autonomy. Inspection systems may be centralised or devolved.

Dekker and Van Schalkwyk (1995: 311) indicate that in the USA, the increase in expenses (except salaries), which surpassed the inflation rate, precipitated a financial crisis in education. The local authorities who previously met educational needs could not continue to do so on their own. This led to a change in the role of the three main financial providers – the local, state and federal authorities. In the light of Ladd, Chalk and Hansen (1999) (adapted), in the USA the Committee on Education Finance decides that money can and should be used more effectively than it traditionally has been to make a difference in U.S. schools. They further outline that to promote the achievement of a fair and productive educational system, finance decisions should be explicitly aligned with broad educational goals. The key question posed to the committee was:

“How can education finance systems be designed to ensure that all students achieve high levels of learning and that education funds are raised and used in the most efficient and effective manner possible?”

Torres and Arnove (2007: 285) note that in the past twenty years, there has been considerable debate surrounding the issue of decentralisation. They critically mention that prominent examples of countries that have implemented a national decentralisation policy are Colombia, Argentina, Mexico and Chile. The territorial/political units have been given significant funding responsibilities for local schools. The state partially subsidises education, but territorial/political units are responsible for paying the balance. Furthermore, Osorio, Fasih and Patrinos (2009) add that in the United States, many schools are controlled locally in the sense that a school board of local residents officially sets the policy, but it is possible that none of the students’ parents will be members of that board. In some cases, wealthy individuals in a community may be members of a school council simply because they support the school financially.

In Hong Kong and China, the Education Commission approved the School Management Initiative (SMI), which broadened the scope of the original reform and gave school management committees autonomy over decisions regarding personnel, financial matters, and

curriculum design and delivery. Schools may opt for the SMI voluntarily (Dimmock and Walker 1998b).

Dekker and Van Schalkwyk (1995:308) indicate that the financing of Chinese education is a complex mix of centralised and decentralised funding. Education is financed by the state and local government and is further subsidised by rural people's communes and production brigades. Schools earn part of their income themselves, and parents make a contribution in the form of fees. They further indicate that one of the reasons for China's success in education lies in the readiness with which the parents and government finance education.

#### **2.4 SCHOOL FINANCIAL MANAGEMENT IN AFRICAN COUNTRIES**

Caldwell (2005) states that in several African countries, introducing free primary education meant abolishing school fees that previously had been paid by parents. The expenditures that used to be covered by these fees are now funded by grants (sometimes called capitation grants). For example, in countries like Ghana, Madagascar, Niger, Rwanda and Senegal, the government gives direct grants to schools, the amount of which is calculated on a per-student basis. School councils may use these capitation grants to purchase school supplies, fund teacher training, and improve facilities. In addition, the above-mentioned author indicates in 2002, the education sector in Niger was decentralised and school management committees were established. First, school committee members receive training in the skills necessary to fulfil their management responsibilities. Second, schools receive grants that consist of a one-time lump-sum payment at the beginning of the school year. The school committee consists of a president, treasurer, secretary, the principal and three members (one teacher representative and two parent association members). The committee may decide how to use the school grant.

#### **2.5 SCHOOL FINANCIAL MANAGEMENT IN SOUTH AFRICA**

According to Van Deventer and Kruger (2003: 234), in keeping with the current international trend towards democratisation, there is a tendency to move away from totally dependent public schools to school-based managed schools or self-managing schools. School-based management is an approach whereby public schools are redesigned to give educational stakeholders – educators, parents, learners and the community at large – the opportunity and power to improve and develop their school. From a financial point of view, the main

management implication of this movement towards greater autonomy for schools is that the school management teams (SMTs) and SGBs will have increased managerial autonomy.

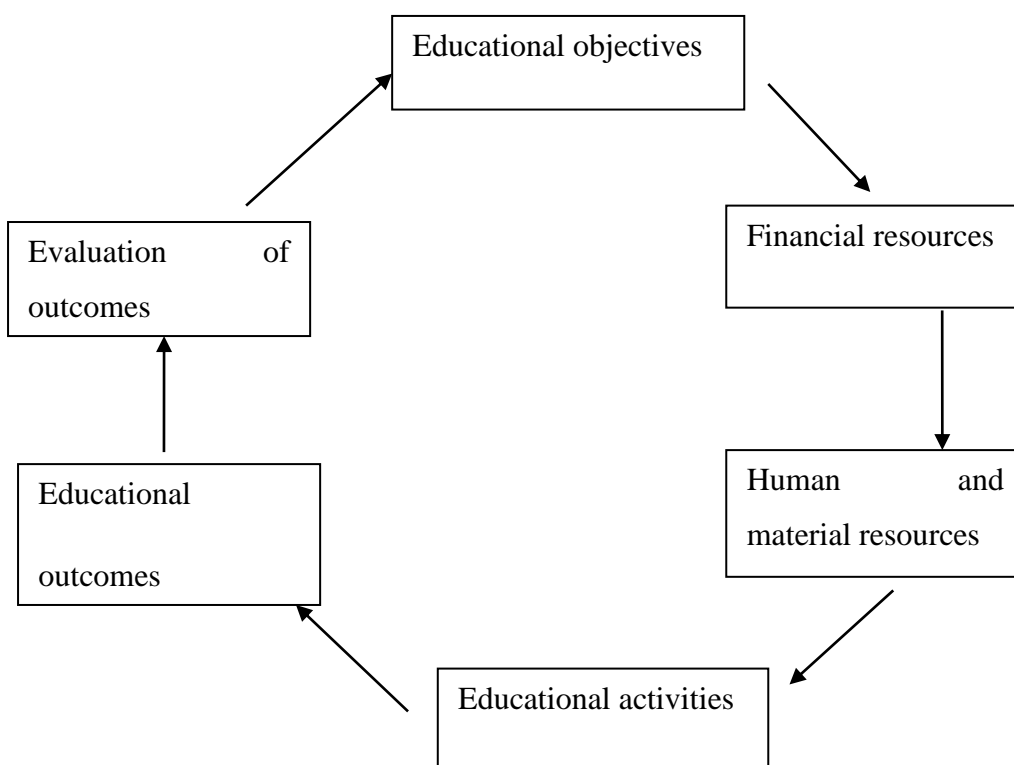
Mestry (2011) clarifies that self-managing schools are also referred to as decentralisation, which means that the state delegates authority to schools with a shared decision-making model engaging various stakeholders. Although decentralisation allows stakeholders to participate at a level in which they can have direct impact on matters that concern them, it allows different capacities and inequalities of power and influence, at governance level.

In South Africa, the Education Reform Act, 1988, placed financial management at the top of the education management agenda. Under the previous system of centralised resource allocation by local education authorities, school managers had little financial responsibility apart from managing the school fund. School governors had virtually no financial responsibilities, until the implementation of the 1986 Education Act (Levacic 1993:1). Mestry and Bisschoff (2009:13) concur that prior to 1994, school activities were largely unregulated in many education departments, and this had a detrimental effect on the culture of teaching and learning. It is clear that neither central government control nor devolution to provincial level or school level can be effective without a clear set of guidelines or regulations on how schools should be managed.

The South African Schools Act, No. 84 of 1996, emphasises a partnership between the parents and the government and aims ultimately to devolve decision-making and power from education departments to School Governing Bodies. It further stipulates that the control of funds in schools has now become the responsibility of the School Governing Body, while the state apart from funding schools, requires a copy of the school's finances. The SGB must ensure the existence of and the effective execution of a sound financial policy. Regular checks and counter-checks are necessary to avoid the mismanagement or misappropriation of funds by any person or groups (Bush & Heystek 2003: 15).

Figure 2.1 below illustrates the cycle of activities involved in school financial management. From this figure, it is apparent how human and material resources that are procured through financial resources are used to realise educational objectives. The combination and effective use of human and material resources leads to the attainment of educational outcomes by providing appropriate educational activities. Outcomes are then evaluated against predetermined standards to inform the educational objectives of the next cycle (Naidu et al. 2008: 165).

**FIGURE 2.1: FINANCIAL MANAGEMENT CYCLICAL SYSTEM**



*Source: Anderson et al. Managing Finance, Resources and Stakeholders in Education in Naidu et al., 2008.*

## **2.6 THE FUNDING OF SCHOOLS – IMPLICATIONS FOR ACCOUNTABILITY AND TRANSPARENCY**

Van Deventer and Kruger (2003: 234) state that, in South Africa, the provincial governments and legislatures decide on the amounts to be allocated annually to their education departments. The provincial governments make appropriations available to the education departments from the total revenue resources allocated to their provinces. Most countries, including our own, have various types of schools ranging from private (independent) schools to public (government) schools. From a financial point of view, the main difference between these types of schools is the state's contribution. Mestry and Bisschoff (2009:41) stipulate that, as in most countries, the lack of funds for education undermines the delivery of quality education in South Africa.

Motala and Pampallis (2001: 171) point out that the lack of sufficient public funding for education has resulted in the situation where the affluent subsidise their children's education with private resources while the poor rely on the state.

Section 8 of the National Education Policy Act, No. 27 of 1996 designates that the Medium Term Expenditure Framework (MTEF) is a budgetary tool used to encourage planning over a longer period than the immediate upcoming fiscal year as well as cooperation across ministries. This holistic approach is encouraged, rather than having piecemeal, reactive, short-term decisions that ordinarily characterise budgeting. The MTEF improves transparency and allows for public discussion.

The South African Schools Act, No. 84 of 1996, Section 34(1) prescribes that the Minister of Education determines the norms and standards for public school funding and for the state to fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and to redress the past inequalities in education provision.

The Gauteng Department of Education (GDE), Circular 79 of 2007 specifies that in provincial education, the pro-poor funding policy is embedded in the Norms and Standards for School Funding. Schools are now classified into wealth quintiles and subsidised accordingly (that is, schools serving poorer communities must receive more funds than schools serving better-off communities).

The Norms and Standards for School Funding in Naidu et al. (2008: 168) endeavour to correct the imbalances of the past by basing all recurrent cost allocations to public schools on the following resource targeting table:



**TABLE 2.1 RESOURCE TARGETING TABLE**

School wealth quintile	School ranking	Expenditure allocation	Cumulative percentage of schools	Per learner expenditure indexed to average of 100
1	Poorest 20%	35% of the resources	20%	175
2	Next 20%	25% of the resources	40%	125
3	Next 20%	20% of the resources	60%	100
4	Next 20%	15% of the resources	80%	75
5	Most affluent 20%	5% of the resources	100%	25

*Source: Naidu et al. (2008: 168). National Norms and Standards of School Funding.*

The richest 20% of the schools will receive 5% of the resources, whilst the poorest 20% will receive 35% of the resources. The other three quintiles will receive 15, 20 and 25% of the resources respectively. The four Johannesburg South public primary schools in the study are classified as Quintile 5 according to the Norms and Standards for Funding (1998); their SGBs are permitted to charge mandatory school fees.

The Public Finance Management Act (PFMA) has no direct bearing on schools per se. However, the HODs, as accounting officers for the provincial departments of education, usually prescribe through circulars to principals and SGBs how the State Resource Allocation for schools should be spent. The schools are obligated to spend state funds for resources, services and repairs and maintenance of schools. The spending of these funds is ring-fenced. For example, 50% of the budget should be allocated to learning and teaching support materials, and 50% for services rendered, repairs and maintenance of schools. Principals are advised not to deviate from this requirement. Based on Section 16A of the SASA, the principal is placed in an enviable position to adhere to the Department's directives. In actual fact, the Department has no right to prescribe how state funding in respect of resource allocation should be expended. Once the Department determines the budget for schools, and

accordingly releases the funds to these schools, the SGBs should take responsibility for the said funds (Mestry 2011).

Xaba and Ngubane (2010) explain that financial accountability is a demanding obligation that governing bodies are under. As democratically elected governance structures, they have to account to the state, parents and public for the public funds they manage.

### **2.6.1 Section 21 schools**

According to Mestry and Bisschoff (2009: 34), in terms of the National Norms and Standards for School Funding (2000 para 104-108), the SASA makes provision for public School Governing Bodies to become progressively more responsible for managing aspects of recurrent expenditure. Section 21 provides that, subject to the Act, a School Governing Body may apply in writing to the Head of Department to be allocated any of the following functions:

- maintain and improve the school's property, buildings, grounds, and hostel;
- determine the extra-mural curriculum and the choice of subject options in terms of provincial curriculum policy;
- purchase textbooks, educational materials or equipment for the school and pay for services to the school; or
- other functions consistent with the Act or applicable provincial legislation.

Schools on the Section 21 list will receive a lump-sum, per-learner transfer for the payments for which they have responsibility, in accordance with the Resource Targeting Table. Such transfers will be smaller for better-off schools than for poorer schools. If a school's bills for these services or items are lower than the lump-sum transfer, the SGB may allocate the transferred amount to the purchase of other education-related items. In general, such SGBs may vary the proportion of the funding devoted to such goods and services according to their own perception of education needs, taking the provincial policy into account. Such expenditure must of course be accounted for.

The Gauteng Department of Education, Circular 13/2000 elaborates that School Governing Bodies that are on the Section 21 list may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures. They must keep documents as evidence of correct dealing with such suppliers and contractors, and

records of how the materials and services were used, and produce such documents or records at the request of officials from the Provincial Education Department (PED) and for audit purposes. The Head of Department (HOD) must approve a governing body's application for Section 21.

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**Financial controls where Section 21 functions have been allocated**

Circular 9/1999, National Norms and Standards for School Funding, specifies that schools which receive the school allocation as a monetary transfer to the school fund must administer this money in accordance with the SASA. The Provincial Education Departments (PEDs) must ensure that the financial management directions issued to all schools in terms of Section 37 of the School Act, are adequate, and that schools comply with these directions. Schools must be guided by the breakdown in the school allocation determined by the Provincial Education Department. PEDs must monitor compliance with, and deviations from these breakdowns.

**TABLE 2.2: The breakdown in the school allocation determined by Provincial Education Department (PED) 2013/2014**

SASA Section 21 function	Day-today allowance	LTSM (50%)	Services (38%)	Maintenance (12%)	Total allocated
Section 21 function allocated to school					
Amount to be transferred					
Amount to be managed by district					
Total allocated per split					

*Source:* Gauteng Department of Education. Financial reporting, funding and subsidies

**2.6.2 Non-Section 21 schools**

Marishane and Botha (2004: 100) stipulate that schools that are not on the Section 21 list, and have therefore not been granted approval to procure their own goods and services, must

procure their goods and services according to existing departmental arrangements. However, the PED will exercise administrative control to ensure that the cost per learner is maintained at a level consistent with these norms. Such schools must be informed of their school's budget, even if it is a "paper" budget. This will prepare them to understand the actual costs of running their school, and improve their capacity to join the Section 21 list in due course.

The funding allocation should be used for educational purposes only e.g. school building maintenance, Learner Teacher Support Materials (LTSM) and services to the school such as water and lights. It is important that schools should use the school allocation in such a way that education is improved in the school. For this reason, the Departments have and will continue to lay down some basic rules for using the school allocation. Schools with Section 21 functions that do not follow the rules run the risk of losing their Section 21 status.

**TABLE 2.3**

<b>National Table of Targets for School Funding Allocation</b>			
National Quintile	2012	2013	2014
1	R960	R1,010	R1,065
2	R880		R977
3	R880	R926	R977
4	R480	R505	R533
5	R165	R174	R183
Overall	R633	R665	R747

*Source: Clarke (2012: 112).The Handbook for School Governors.*

## **2.7 FUNCTIONALITY OF SGB ENCOMPASSING ACCOUNTABILITY AND TRANSPARENCY IN MANAGING SCHOOL FINANCES**

### **2.7.1 Introduction**

The South African Schools Act was the first attempt to involve communities in governance when it set out guidelines for the management of schools. It gives unprecedented responsibility to School Governing Bodies by regarding all schools as equal and making parents primarily responsible for the education of their children through democratically elected structures. The Act emphasises a partnership between the parents and the government and aims ultimately to devolve maximum decision-making and power from education departments to School Governing Bodies (Clarke, 2007: 284)

Dean (2004: 114) realises that one of the biggest changes that has taken place in educational management since 1994 is the local management of the school fund, for example, by the School Governing Body, financial committee and the school principal. This has given schools more freedom in managing their own affairs and opened the door to better ways of managing the school fund. Mestry (2011) advises that the role of principals and SGBs in managing school's finances is complex: the functions of principals and SGBs appear to overlap, and this usually gives rise to conflict among them. In order to lessen, or eliminate conflict among various stakeholders of schools, provincial departments of education regularly send out circulars, or memoranda, to them explaining or clarifying the interpretation and implementation of legislation.

Section 37 of the South African Schools Act, 84 of 1996, states that "the governing body of a public school must establish a school fund and administer it in accordance with the directions issued by the Head of Department". Additionally, subject to Sub-section (3) of the South African Schools Act, all money received by public schools including school fees and voluntary contributions must be paid into the school fund. Van Deventer and Kruger (2003:240) indicate that the school fund supports the school's educational programme by providing those items that the education authorities do not make provision for.

The next section will review responsibilities of SGBs in the management of school finances for accountability and transparency purposes.

### **2.7.2 Financial responsibilities of the SGB**

According to Naidu et al. (2008: 149), the governance of a public school resides with the governing body. The South African Schools Act provides tools by which stakeholders such as parents, teachers, learners and community members must participate in the activities of the school. The Schools Act stipulates the functions of governing bodies which may be increased in accordance with their growing expertise.

According to Clarke (2012: 280), the financial responsibilities of a governing body are perhaps its most important responsibilities. Although the preparation and approval of the annual budget is the most obvious of these functions, there are a number of other functions which are equally important and which, if not dutifully performed, may have financial and legal consequences for the school and for the members of the governing body. In terms of the South African Schools Act, the governing body of a public school has the following fiduciary functions:

- a) The governing body of a public school must prepare a budget each year according to the guidelines determined by the provincial minister of education, which shows the estimated income and expenditure of the school for the following year.
- b) Before the budget is approved by the governing body, it must be presented to a general meeting of parents for consideration and approval by the majority of parents present and voting.

Mestry (2006) indicates that the governing body may determine and charge school fees, provided a resolution to this effect has been adopted by a majority of parents attending the meeting at which the budget is adopted; this resolution must indicate:

- The amount of fees to be charged.
- Equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees. These criteria and procedures must be in accordance with the regulation laid down by the provincial minister of education.
- The governing body may, by the process of law, enforce the payment of school fees by parents who are liable for the payment of such fees.
- The governing body must keep records of funds received and spent by the school, as well as its assets, liabilities and financial transactions.

- The governing body must, not later than three months after the end of each financial year, draw up an annual financial statement, according to the guidelines determined by the provincial minister of education.
- The governing body must appoint an auditor, who is registered in terms of the Public Accounts and Auditors Act, to audit the records and financial statements of the school, and, within six months of the end of the financial year, must submit a copy of the audited financial statements to the Head of Department.

The Review Report (2008) specifies that where SGBs have a limited understanding of their role and are not accountable to parents, there are often problems such as low participation by parents, abuse of power and authority and a lack of transparency. Knight (1993) reveals that decentralisation makes separation of duties more difficult to achieve. The next section will examine financial organisation in order to elucidate separation of duties.

### **2.7.3 Financial organisation**

All organisations need to have a structure that shows how management functions are carried out. More specifically, the governing body of a school has to create structures that will facilitate the effective and efficient management of school finances. According to the Schools Act, 84 of 1996 (Section 30), the governing body may form sub-committees, such as a tuck shop committee or fund-raising committee. Each of these committees, as part of the organisation, should arrange or sort out matters in such a way that all components co-operate well, thereby forming a systematic whole (Naidu et al. 2008: 171). The above views maintain the view of Mestry (2011: 26) that the governing body, and not the principal, of a public school have the ultimate responsibility for its financial management. However, as a member of a governing body, the principal shares that responsibility, and is responsible for ensuring that it is implemented.

### **2.7.4 Financial responsibilities of the principal**

Clarke (2012: 158) states that although the governing body has ultimate responsibility for the financial management of the school, it is normal practice for the governing body to delegate the daily operational financial management functions to the principal and his/her staff. The extent to which the principal will be involved in the day-to-day financial management functions will depend largely on the size and affluence of the school.

Motala and Pampallis (2001: 176) argue that there is one area of financial responsibility which the principal cannot abrogate. This is the responsibility of ensuring that the governing body manages the school's finances in terms of the provisions of the SASA, and in the best interests of the learners. Besides this, the principal is responsible for ensuring that policies and procedures put in place by the governing body are conveyed to the staff and adhered to.

Clarke (2007: 258) formulated the core duties and responsibilities as set out in the Personnel Administration Measures (PAM) determined in terms of the EEA require that, amongst others, principals should be held responsible for the professional management of the school. The principal should have various kinds of school accounts and records kept properly to make the best use of funds for the benefit of learners in consultation with the appropriate structures. In the more recent Education Laws Amendment Act, the following additional financial roles and responsibilities of the principal have been clearly defined:

- Monitoring the income and expenditure in relation to the budget;
- Reporting irregularities to the SGB;
- Executing duties in accordance with sound accounting principles and controls as required by the SGB;
- Liaising with the finance officer on all financial matters;
- Determining the accuracy of the financial records; and
- Ensuring timeous settlement of all expenses incurred by the school.

#### **2.7.5 Roles and responsibilities of a bursar (finance officer)**

The Western Cape manual, "Basic Financial Systems for Schools" (2009), recommends that the person responsible for day-to-day management of the school's finances, whom they call the finance officer, be delegated with this task in writing. They should be given a letter signed by the chairperson of the governing body, which designates them as the school's financial officer. Included with the letter is a brief job description, which defines the duties, responsibilities and levels of authority of the financial officer. The decision to appoint the financial officer should also be formally approved by the governing body (Clarke 2007: 290).

Van Wyk (2007: 87) appends that the finance officer is the school's 'bookkeeper'. Many schools use the administrative clerks to perform the functions of a finance officer while other schools use an educator who has accounting knowledge as the finance officer. The finance officer will attend to numerous administrative duties such as:



- recording all financial transactions and keeping the finance committee and the treasurer informed of all financial matters;
- ensuring that the school fund is administered in accordance with the directives of the SGB or Head of Department of Education; and
- handling cash and petty cash transactions and performing various other duties related to the finances of the school.

The financial officer/bursar should:

- Attend all meetings of the finance committee of the governing body and report on financial affairs of the school.
- Ensure that the school has appropriate financial systems, and all systems required by the head of education are in place.
- Report on a regular basis to the principal and finance committee on all matters pertaining to the school finances and financial procedures.
- Ensure that the financial transactions in the school are carried out in an appropriate manner and in accordance with the education department's and the school's financial regulations.
- Prepare for the finance committee's annual estimates of income and expenditures.
- Initiate and manage the school's audit procedure.
- Assist staff responsible for delegated budgets with procedures which enable them to prepare and monitor these budgets.

### **2.7.6 Roles and responsibilities of the finance committee**

Naidu et al. (2008: 178) suggest that it is essential for SGBs to delegate various financial functions, either to committees specially set up to manage aspects of the school's finances, or to individuals who have the necessary expertise or skills in aspects of school finances. Delegation is driven by aims of managerial efficiency, as delegating decisions to the lowest level increases accountability and allows flexibility in responding to needs at that level.

Section 30 of the Schools Act, No. 84 of 1996 allows the governing body to set up a committee and subcommittees such as a fund-raising committee or tuckshop committee or school fees committee. The SGB may delegate (in writing) the responsibility of managing the finances to the finance committee. The governing body may appoint people who are not members of the SGB to serve on these committees. These people are appointed on the

grounds of their expertise in particular fields, such as an expert on financial matters. The chairperson of every committee and subcommittee must be a member of the School Governing Body.

The composition of the finance committee may be the treasurer, principal, educators, parents (not necessarily from the SGB) and non-teaching staff (Circular 13/2000).

Some of the important functions of the committee are:

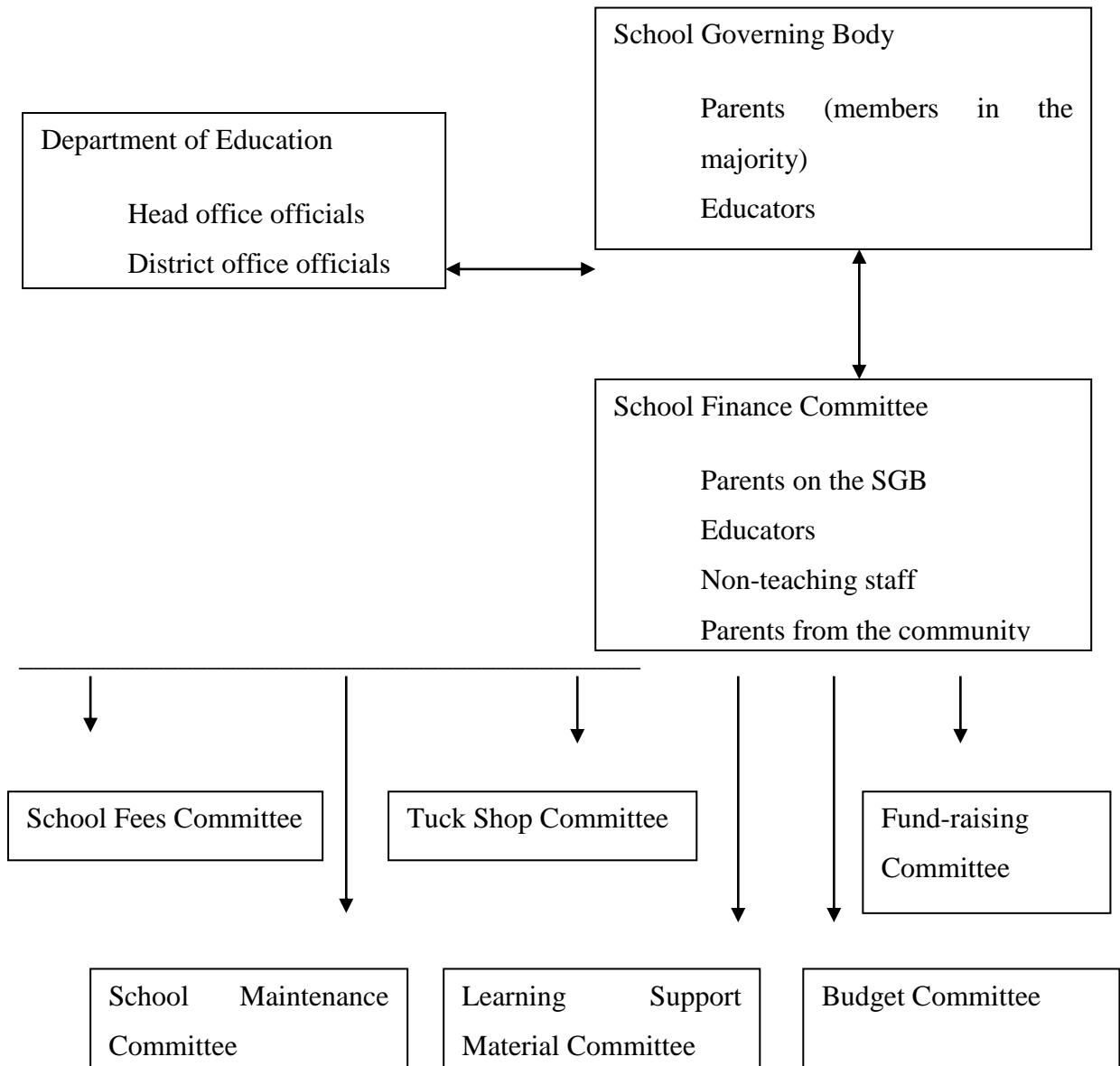
- Planning
  - Develop and implement a school finance policy, to be adopted by the SGB.
  - Develop policies and outline the role of each member of the finance committee and subcommittees.
  - Study the respective sections concerning financial matters in the Schools Act and apply them correctly to planning.
- Leading
  - Advise on ways of fund-raising.
  - Organising.
  - Advise the SGB when preparing the budget on the amount of school fees, exemptions, collections and enforcement of the payment of school fees.
  - Form various subcommittees and coordinate all the activities of these committees.
  - Assist in drawing up annual financial statements.
- Control
  - Keep overall control of school money.
  - Monitor and approve all expenditure. Ensure that there is no overspending.
  - Maintain accounting documents and records systematically and accurately.
  - Ensure that procurement (purchasing of goods and services) is done through correct quotation and tendering procedures.
  - Check financial records internally.
  - Recommend the external auditor.

Maile (2002: 83) concurs that the governing body is responsible and accountable for the funds of the school. The principal must facilitate, support and assist the SGB in the 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 be

properly delegated. Naidu et al. (2008: 178) further state that for the sake of transparency and the application of democratic principles, it is advisable to include the various stakeholders in different committees.

In order for the school to be managed effectively, efficiently and economically, a model is proposed in Figure 2.2 overleaf.

**FIGURE 2.2. AN ORGANOGRAM FOR SCHOOL FINANCIAL MANAGEMENT**



Source: Mestry and Bisschoff. 2009. *Financial School Management Explained*.

### **2.7.7 Financial school policy**

According to Mestry and Bisschoff (2009: 88), the Schools Act makes provision for the governing body to develop and implement a financial policy that will assist in the financial monitoring and control of the process of receipting, keeping, withdrawal and expending funds. However, this policy should be drawn up within the parameters of legislation, official national policies and directives (such as circulars) of provincial departments of education on school finances. It further stipulates that the governing bodies develop a series of policies including the financial policy. The policy should provide a clear understanding of the responsibilities of the governing body, various committees responsible for school finances, the treasurer, finance officer, school management teams and other persons delegated for specific tasks.

The financial policy of the school should address the unique contextual challenges faced by an individual school and should therefore be unique to that school. The policy can be seen as an important financial management tool that clearly outlines how funds, such as school fees, donations, other generated funds, the government grant and the school's expenditures are to be managed at a specific school. It should provide a clear understanding of the responsibility of the treasurer, the finance officer, the school manager, and other persons delegated for specific jobs. This view is supported by Naidu et al. (2008: 173) and Van Wyk (2007).

Marishane and Botha (2000: 54) stipulate that although the governing body is responsible for formulating the policy for schools, it is perfectly acceptable for the SGB to delegate the function of drafting the policy to a person, or persons who are not members of the governing body. An attorney from the community may be approached to assist in drafting the policy. Once the draft has been approved by the governing body, there should be wide consultation with all persons likely to be affected by the policy. When the draft has been agreed to by all parties affected by it, it is advisable to have the draft proofread and edited by a person or persons with the necessary skills and knowledge to do so. Once the process has been concluded and all corrections made, the policy should be made available to all persons associated with the school.

This is a suggested framework for the school's finance policy.

## **Part A**

The name of the school

A preamble and purpose of the policy

Mission statement of the school

Values that underpin the policy

Intended outcomes to be achieved

Definitions

## **Part B**

The finance committee and relevant finance officials – structure and duties

Section 1 – Principles

Section 2 – Receiving (receipt) and payments (expenditure)

Section 3 – Supply chain management and procurement policy

Section 4 – Petty cash

Section 5 – Budget procedure

Section 6 – Financial records

Section 7 – Financial reporting

Section 8 – Financial monitoring and control, and auditing

Mestry (2011) points out that to ensure that school finances are managed effectively and efficiently, the principal and SGB should ensure the existence, and the effective execution, of a sound, watertight financial policy and also management procedures. Regular checks and counter-checks are necessary to avoid the mismanagement of funds by any person or groups of persons. In practice, most SGB parent members have had problems in fulfilling their obligations of governance, which include their personal interest, and time devoted to their own work/business commitments, or they simply have very little expertise in fulfilling the

financial functions of the school. In this instance, the principal performs a consultative role and will be called upon to advise the SGB on financial matters.

Ntseto (2009) and Hansraj (2007) concur that the School Governing Body should account for school finances in schools where they are serving. This is also reflected in a case that was reported in the Mpumalanga Department of Education where the principal of a high school in Ermelo had misappropriated the school funds and was charged accordingly. On investigation, it was found that the principal had acted on the instruction or policies of the School Governing Body. The MEC for Education suspended the principal and deputy principal and the School Governing Body was dissolved. This case has definitely brought in a new dimension to the role and responsibility of the principal and that of the governing body. The principal, by virtue of his position, plays a dual role: one of being responsible for professional management of a school and the other as a member of the governing body. However, in this case, the Pretoria High Court ruled in favour of the governing body, the principal and the deputy principal. The suspension of the principal and the deputy principal was lifted and the SGB was reinstated. The judge indicated that the principal could not be accused of financial irregularities because the school's financial management lies with the governing body. (Schoonbee and others vs.MEC for Education, Mpumalanga and another in Mestry and Bisschoff: 2002 case no 33750/01(T)).

Clarke (2009: 288) provides another perspective regarding this argument, stating that, although the governing body has ultimate responsibility for the financial management of the school, it is normal practice for the governing body to delegate the daily operational financial management functions to the principal and his/her staff. He continues emphasising that as it is clear that the governing body of a public school has ultimate responsibility for its financial management. However, as a member of the governing body, the principal shares that responsibility, and is responsible for ensuring that it is implemented. This notion is affirmed by Mestry (2011: 7) who states that it should be noted from the preceding discussion that the School Governing Body is responsible and accountable for the funds of the school and the principal must facilitate, support and assist the SGB in the execution of its statutory functions relating to assets, liabilities, property and financial management of the school and of a person to whom specified parts of the SGBs duties may be properly delegated.

Mbatsane (2006) and Griesel (2011) support and acknowledge this view, stating that the responsibility also falls to the principal and his management team to ensure that they work

hand in hand with the School Governing Body, making sure that school finances are effectively controlled. They further emphasise the significance of transparency about school finances to various stakeholders.

Furthermore, Ntseto (2009) recommends that regular school financial management audits and surveys should be carried out in public schools in order to serve as an evaluation platform. There should be support and training of the School Finance Committee and School Governing Body as well as other staff members involved in the financial management of school funds. He lastly recommends that an in-depth study should be conducted to explore the roles and responsibilities of SGB and SFC members of public schools.

This recommendation supports the view of Mestry and Bisschoff (2009: 198) where they stipulate that, since the full control of funds in schools has now become the responsibility of the SGB, the state, apart from funding schools and requiring a copy of the school's annual audited financial statements, has little influence on the school's finances. The course on financial management is fundamental to preparing and equipping school managers and their SGBs with financial skills and competencies that will enable them to be responsible and accountable for funds that have been received for specific school objectives. This will also equip school managers and their SGBs with managerial skills and competencies that will enable them to make a contribution towards the improvement of the overall productivity of the school.

Further responsibilities of SGBs in managing finances and practising accountability and transparency are as follows:

### **2.7.8 Financial planning**

#### **2.7.8.1 Budgeting**

The planning of school finances usually begins with the drafting of a budget. According to Bisschoff (1997: 65), a budget is the mission statement of the school expressed in monetary terms. This view is supported by Naidu et al. (2008: 174). He further stipulates that it is advisable for a principal to develop a whole-school approach to the drafting of a budget, which means that everyone who is involved in implementing the budget should also be involved in drawing it up. Educators who head certain activities or teach certain subjects in a school should automatically be involved in drawing up the budget.



Bisschoff in Van Deventer and Kruger (2008:237) further describes a budget as a management tool or mechanism by which the management team and the governing body of the school can estimate and plan, as well as utilise, coordinate, monitor and evaluate the allocated resources of the school in financial terms. On the other hand, Knight (1993: 91) states that a budget is not simply a balance sheet, a list of figures, a statement of the previous year's spending or a prediction/projection of spending for the following year. It is actually a planning instrument and a decision-making model to assist the management of the school during the next financial period and beyond. He further defines it as a document which outlines in a systematic way the income and expenditure of the organisation for a given period of time, to plan or model financial affairs in the short term.

A Clarke (2007: 293) point out that budgeting is normally a complex and time-consuming task, but it is also a very important one if the school is to function efficiently and remain financially secure. Budgeting is a forward-looking process and therefore should be guided by the school's vision for the future and a realistic assessment of risk.

Van Deventer and Kruger (2003: 237) state that the total budget or budgeting system of the school consists of various sub-budgets. They identify some of the sub-budgets that are commonly used by public schools:

Operating/cash budget: This type of budget covers the day-to-day operations of keeping the school's programme on track. It includes things such as materials, services, stationery and repairs.

Activity/departmental budget: This covers the various activities (curricular as well as extra-curricular) or programmes that the school offers.

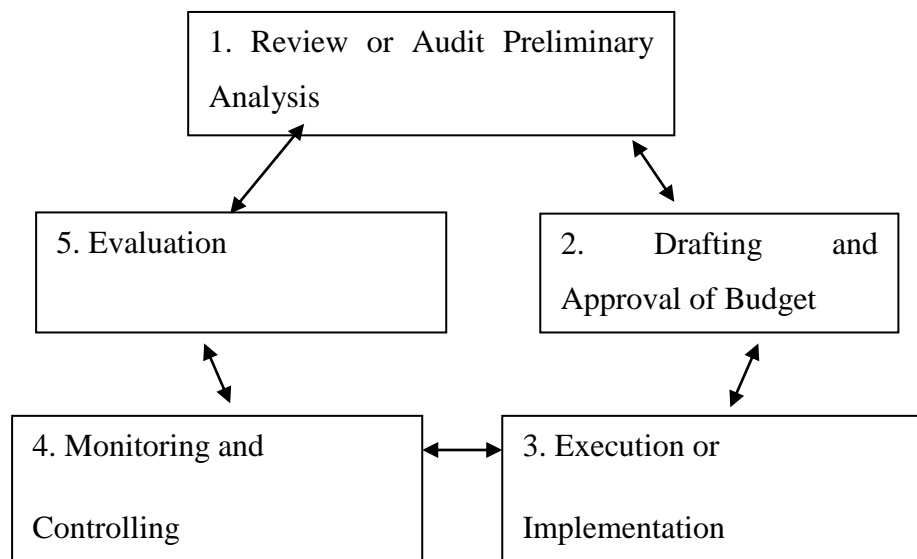
Capital budget: This budget covers the purchase of certain assets for the school, e.g. sport equipment, gardening equipment and transport.

Project budget: This sub-budget covers larger projects that are planned by the school, e.g. building a tennis court or painting the school buildings.

### **The budgeting process**

The budgeting process has six main phases, beginning with preliminary analysis. This is followed by the budget construction, approval, execution (implementation), control and

monitoring phases, and ends with budget evaluation (Knight 1993; Bisschoff & Mestry 2003; Mestry 2005).



**FIGURE 2.3 THE BUDGET CYCLE**

*Source:* Jackson, M. 1994. *School-centred Financial Management in Naidu et al.* (2008:66)

**Incremental budgeting**

Historically, incremental budgeting was preferred by many schools due to its simplicity. In this form of budgeting, the school simply adds a percentage (usually the inflation rate) increase to the previous year’s budget figures to generate new ones. It is assumed that the previous levels of expenditure and income provide a reasoning base for estimating needs for the next financial year (Naidu et al. 2008: 175 and Mestry & Bisschoff 2009: 109). Clarke (2012: 180) argues that the attraction of incremental budgeting is that it requires far less information processing. Bisschoff (2003) supports the argument, stipulating that incremental budgeting pays little attention to changes or trends in income or expenditure or how the money in the budget is used.

**Line-item budgeting**

Clarke (2012: 180) states that in this budget type, items (cost items) of expenditure are the focus of analysis, authorisation and control. Line item budgeting may differ little from incremental budgeting and is at least more specific, as each line item in the budget receives separate consideration. They highlight that line item budgeting is still very common in South

African schools. Knight (1993: 136) points out that traditional line item budgeting does not clarify objectives, relate them to the budget or match them against measurement of their achievement.

### **Programme budgeting**

According to Campher, Du Preez, Grobler, Loock and Shaba (2003: 176), programme budgeting is a modern, more sophisticated type of budgeting. In this case, the school plans strategically, identifies programmes to achieve its objectives and determines the cost of each programme. Funds are then allocated in support of the programmes. This type of budgeting gives insight into how the school's activities and the budget are related and interdependent. The characteristics of a programme budget system are that it is aimed at examining an alternative means of reaching financial targets, it enables the principal to provide justification of school activities on which expenditures are incurred, it represents an appropriation of a fixed sum of money for the specific programme and it requires that only cost-effective programmes are selected for more allocation.

### **Zero-based budgeting (ZBB)**

Zero-based budgeting is founded on the concept that each budget or budget component starts at zero in each new budget period (Kratz, Scott & Zechman 1998). It is particularly useful for questioning the status quo, reducing expenditures for which priorities have fallen, and making space for new needs (Knight 1993). Naidu et al. (2008: 176) add that the stock on hand and the quality of existing materials need first to be determined and checked by a responsible person, such as a Head of Department, before new budget allocations are approved.

**An example of how to structure the budget –Gauteng Department of Education (Van Deventer and Kruger 2003: 238):**

**TABLE 2.4 STRUCTURING A BUDGET**

BUDGET ITEMS	Previous Budget	Previous actual	Current budget	Current Actual	Proposed budget
Income					
Funds allocated by state					
School fees					
Donations					
Fund-raising projects					
Investments					
Hiring of facilities					
Etc.					
Total income					
Expenditure					
Personnel					
Administration					
Stores					
Equipment					
Buildings and grounds/maintenance					
Transport					
School departments					

Etc.					
Total expenditure					
Surplus/Deficit					

*Source: Van Deventer and Kruger (2003: 238). An Educator's Guide to School Management Skills*

There is considerable delegation within the schools, with individuals being responsible for the budgets for their departments. Each department thus becomes a cost centre with its own budget and responsibility for spending (Berkhout 1992: 4; Herman 1994: 9 and Clarke (2012: 181). This means that not only principals, but also the heads of departments and subject heads must become knowledgeable about the management of their school fund. It also means that there must be clear systems for dealing with the school budget and which cover the way money is allocated, the way that school accounts are kept and the way spending is monitored. These systems are not only needed by principals but by all the members of staff who have a budget responsibility (Clarke 2007: 259).

### **2.7.9 Financial accounting**

According to the regulations contained in the South African Schools Act (No 84 of 1996), the governing body and the school principal (as a member of the governing body) are responsible for administering the school funds effectively. Accounting is regarded as an important aspect of managing the school funds. The school bookkeeping (which forms part of the accounting component) may be delegated to a capable member of the staff who has knowledge of accountancy. However, the principal and the governing body remain responsible and accountable for the financial management of all the money that is collected for and paid out of school funds (Van Deventer & Kruger 2003: 241).

In addition, Mestry and Bisschoff (2009: 126) state that as a function of financial school management, accounting should give teams the tools needed to monitor and control work processes as well as collective behaviour. The principle of empowerment and transparency require the school to focus on internal accounting, but at the same time bearing in mind its external stakeholders. This entails deliberate, dual focus on both managerial and financial accounting, which can be considered as "people's accounting".

The school's accounting system therefore makes provision for the following accounting tasks (Bisschoff, 1997: 92):

- Identifying, allocating, analysing and interpreting the school's financial information.
- Implementing and executing the school's financial policy.
- Communicating the school's financial information to all the stakeholders.

According to Campher et al. (2002: 2), the financial accounting of the school should consist of the following documentation:

- A receipt book
- Deposit book
- A cash analysis book
- Bank statements
- Reconciliation statements
- An order book
- Cheque book
- Savings account
- Documentary evidence of payments

The school financial accounting is also a system whereby the principal and the SGB analyse and interpret receipts, expenditures, assets and the school financial liabilities. It enables them to see if the school's finances are spent in accordance with the school budget. The following are possible approaches for school financial accounting (Caldwell and Spinks 1988:109):

- Cash-basis financial accounting involves all the receipts and expenditures being recorded as they occur.
- Accrual basis financial accounting encourages expenditures to be recorded as they occur, irrespective of when they are received or when the payment is finally made.
- Accrual basis financial accounting by the principal and the School Governing Body is usually the best, because it provides a complete picture of the school's finances whenever it is needed, unlike cash basis accounting, where the transactions are not entered in the school financial records until the cheque is drawn (which delays recording of the expenditures).

- Modified cash accrual is done by handling receipts on a cash basis. This approach provides the principal and the School Governing Body with greater financial control, and also makes it possible for the school principal to make informed financial decisions.

The double entry system was developed to eliminate arithmetic (calculation) errors in the recording of the transactions. This simple arithmetic idea is the basis of modern accounting. An account is entered in the ledger, which is the most important financial record in an accounting system because every transaction is recorded therein. Every account is divided in two: a debit side on the left-hand side and a credit side on the right-hand side. For every entry on the debit side (generally representing assets and expenses incurred), there must be a numerically identical entry on the credit side of another account (generally representing liabilities, income and accumulated funds). In other words, for every transaction we must make two entries: one debit entry and one credit entry. The system ensures that, if all the entries in the ledger are arithmetically correct, not only will they provide a record but the net balances in each account will, when listed and totalled, balance left against right. Quite often due to human error, they do not, hence the need for a statement known as a trial balance, which can be done at any point to check whether the arithmetic is wrong (Mestry & Bisschoff 2009: 128).

**TABLE 2.4 DEBIT AND CREDIT**

Dr	Name of account	Cr
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 33%;"></div> <div style="width: 33%; border-left: 1px solid black; height: 100%;"></div> <div style="width: 33%;"></div> </div>		

*Source: Mestry and Bisschoff. 2009. Financial School Management Explained.*

The school principal and the SGB are responsible for drawing up the school accounting policy that ensures that the school financial statements comply with the requirements of each statement of Generally Accepted Accounting Practice (GAAP). In developing an accounting policy, the school should ensure that the school financial information provided is relevant and reliable (Everingham & Kana 2000: 9).

The school accounting system, therefore, is responsible for managing and tracking all the school's financial transactions. It is the provision of the financial information required by management for the following reasons (Naidu et al. 2008: 163):

- To formulate the school financial policy.
- For planning and controlling the school's financial activities.
- Decision-taking on alternative financial courses of action.
- Disclosure to those external to the school, such as the parents and the Department of Education on its financial activities.
- To disclose financial information to the staff.
- For safe guarding the school assets.

#### **2.7.10 Financial control**

Control in the financial sense has to do with all the measures that relate to the planning and organisation of financial functions (Van Deventer 2003: 242); financial control includes the following tasks:

- Drawing up criteria to ensure that the school's resources are mobilised effectively.
- Monitoring and evaluating the school's financial progress.
- Initiating corrective action if needed

Organisations use control procedures to ensure that they are progressing towards their goals and that resource are utilised effectively. Control is the final step in the management process and forms the basis for a new cycle of management activities because it gives feedback to and influences the first step in management, namely planning.

Financial control, as a management task, is the responsibility of the School Governing Body. The SGB has to ensure that proper control mechanisms are in place in order to indemnify itself and its members. If there is mismanagement of school funds, the SGB members are bound to lose their professional integrity and information legitimacy (Naidu et al. 2008: 179).

The school financial systems and controls that the school puts in place are there to protect all those who work with the school's money from charges of financial mismanagement, dishonesty and fraud. The system is aimed at ensuring that the school's money is used for the purpose for which it is intended. Financial mismanagement can be reduced if a policy is



drawn up to set out the regulations, practices and procedures necessary for the prevention of fraud (Clarke 2007: 54; Knight 1993: 150).

### **2.7.10.1 Auditing**

Berkhout and Berkhout (1992: 75) suggest that auditing and calculation, accounting and reporting are some of the specific functions which can be performed for control purposes. Whiteley (2004: 118-120) states that there are two types of audits, namely an external audit and an internal audit. The external audit is conducted by an independent person or firm while the internal audit is completed by the internal audit department of the organisation. Internal auditors investigate and monitor the internal control systems of the firm while the external auditors complete investigations that would enable them to comment on whether the financial statements of an organisation provide a fair reflection of the transactions of the firm in the financial year and the financial position of the firm on a specific date (Hack et al. 1992: 160).

It is not enough for principals and governing bodies to draw up financial statements. These financial statements are given to a registered accountant/auditor to check whether they are in order. If an auditor is not available, then a person who is qualified to act as an accounting officer is appointed. The person appointed to check school financial records is independent and is not involved in any affairs of schools. The MEC may, at any time, ask the Auditor-General to check financial statements of schools if he or she thinks that it is necessary to do so (Spencer & Pruss 1997: 98 and Kinserdal 1995: 101).

The independent auditor is responsible for verifying that a financial report compiled by the principal and the governing body fairly presents financial inflow and outflow, and reflects the financial position of a school. Principals should not view school auditing as simply a means of discovering financial shortages or misuse of school finances, but as a means of protecting honesty. Three kinds of audits may be used by principals to ensure effective financial management in their schools; these are pre-audit that occurs before any financial transaction occurs; a continuous audit that occurs continuously during the complete financial period; and a post-audit that occurs after a financial period has elapsed. These audits form a basis for more efficient financial management by school principals and they also protect principals and governing bodies from criticism of poor financial management (Gann 1999: 299).

- A continuous school financial audit is much like the pre-audit, but it is carried out throughout the entire school financial year. It is important for effective financial

management that the principal conducts a continuous financial audit in the school. It is clear therefore, that school auditing is the responsibility of the school principal who is involved in the day-to-day running of the school's financial activities (Burrup, Brimley & Garfield 1999: 314; Spencer & Pruss 1997: 98).

- A state audit is the result of the government's direct interest in the manner in which the school finances are managed. The government has the right, as well as the responsibility to know how the school finances are managed by the school principal and the School Governing Body, and that is why it requires periodic audits of school finances to ensure that the law is observed (RSA 1996a: 38).

Section 43(1) of the SASA (1996) clearly stipulates that the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991, to audit the records and financial statements of the public school. An external financial audit is conducted by qualified agencies or individuals, usually certified public accountants. A complete year-end audit, on the other hand, includes actions such as scrutiny of the minutes of the School Governing Body, a review of the financial records in terms of the agreement with the school financial policy and verification of expenditures. This review should take place following the guidelines set by the government. In essence, a school financial audit implies a detailed study of the internal financial control system by the principal of all the financial records to determine the legality, accuracy, complete accountability and application of government guidelines on the financial management (Burrup et al. 1999: 312).

There are also other kinds of school financial audits, like a special financial audit that is used when the suspicion of error or fraud is involved. It is usually initiated by the principal, who takes steps to prevent unwise expenditure of the school finances (Konnert & Augenstein 1990: 160).

#### **2.7.10.2 Budgetary control**

Naidu et al. (2008: 178) point out that budget monitoring and control are vital in that they enable the SGB and finance committee to take corrective action timeously should actual income and expenditure deviate significantly from projected income and expenditure. Van Deventer and Kruger (2003: 134) concur that monitoring the budget should be a continuous process that goes on throughout the year. It entails keeping a check on the differences

between planned financial status at any given time and actual financial status at that time. They further specify that budget control involves the following:

- Drawing up a projection (for the revenue and spending) for the whole year, and identifying positive and negative variances.
- Checking expenditure against the budget allocation.
- Evaluating and re-organising if and where necessary.
- Noting if there is a surplus or deficit at the end of the year, and whether there is any possibility of building reserves.
- Controlling and checking expenditures by means of monthly statements, quarterly statements and an annual report.

### **Checklist: School financial controls**

A school has a written description of all its financial systems and procedures. The descriptions of financial systems and procedures are updated regularly. Staff involved in school finance is trained in the use of a school's financial systems and procedures. There is a system in place to ensure that financial controls are maintained in the event of the absence or loss of key staff. This would involve ensuring that every staff member involved in financial transactions has a person who is able to substitute for him or her in the short term. This will be done through the following process (Burrup et al. 1999: 314; Spencer & Pruss 1997: 98):

- At least two people are involved in financial administration.
- The people involved in financial administration check one another's work.
- These checks are fully documented, e.g. by signing and dating work that has been checked.
- Income is banked regularly.
- Cash is stored securely.
- The amount banked is reconciled with the amount recorded in the cashbook and supported by receipts.
- Bank records are regularly checked to ensure income is secured.
- The school has a financially sustained staff structure (for schools which employ additional staff).
- Payments made to staff are properly authorised.

- The school maintains proper accounting records, and the records are retained for at least five years.
- All financial transactions are traceable from original documentation to accounting records, and from accounting records to original transactions.
- All accounting records are kept secure (normally in a fire proof safe or strong room) when not in use.
- Funds donated for specific purposes are used for the purposes for which they were donated.

## **2.8 FINANCIAL REPORTING FOR ACCOUNTABILITY AND TRANSPARENCY PURPOSES**

Financial reporting is the last step of the school financial management. According to Hack et al. (1992: 161), reporting “deals with disseminating the information regarding the financial status of the school system to persons and offices that can use it to upgrade their understanding and decision-making in school matters”.

### **2.8.1 Accountability**

Van Deventer and Kruger (2003: 243) indicate that an important characteristic of the present approach to education management in general and financial management specifically, is the emphasis on transparency and information-sharing among all stakeholders. Accountability has become a collective responsibility which should include all stakeholders. For the principal and the governing body, this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the Department of Education.

Accountability is often defined as calling upon an individual or group to answer deeds or omissions. It means giving an account to designated people about one’s actions concerning mandated duties (Van Westhuizen 2003: 173). Furthermore, Maile (2002: 326) emphasises that to be accountable implies that duties must be allocated to a person and that the people who are allocated the duties in the first place are entitled to hear such an account. To be accountable therefore is to be responsible, explicit about obligations and answerable for one’s actions. On this point, Ndawi and Peasuh (2003: 230) point out that to give an account means reporting, and explaining one’s actions to other people. Thus, accountability is a demand for

efficiency and a promise and moral obligation to be answerable to meet the expectations of those who entrusted duties to you.

Lewis (2003) describes financial accountability as a moral or legal duty, placed on an individual, group or organisation, to explain how funds, equipment or authority given by a third party have been used. In the school's case, this includes parents and the Department of Education. School financial accountability, therefore, stems from the notion of accountability as reporting about school finances to school stakeholders. Mestry and Bisschoff (2009: 73) concur that accountability is reporting on the control and use of resources by those accountable for the control and use, to those to whom they are accountable.

### **2.8.2 Transparency**

Transparency involves clear and public disclosure of information, rules, plans, processes and actions by governments, companies, organisations and individuals. It is the principle that public affairs need to be conducted in the open. Questions designed to measure transparency focus on financial management, financial record-keeping, and stakeholder knowledge of schools' financial status (Helle et al. 2011).

According to Xaba and Ngubane (2010), Sections 36 and 43 of the South African Schools Act, No. 84 of 1996 (as amended) make it mandatory for schools to manage school funds and take responsibility to implement all the necessary financial accountability processes. This implies ensuring effective, efficient, economical and transparent use of financial and other resources within the school. These include taking appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure which in essence, implies being accountable for the school's finances (Republic of South Africa, 1999).

### **2.8.3 Internal and external reporting**

Naidu et al. (2008: 179) specify that internal reports are developed by the finance committee, covering monthly, quarterly and annual reports that are derived from the process of monitoring and control. The accounting information should be communicated orally or in writing to the internal stakeholders (parents, learners and staff). External reports are feedback that both internal and external stakeholders receive from the school for the approval of school fees and to inform them on the budget for the next year, as well as actual income and expenditure for the current financial period. All financial records must be submitted to the appointed auditor for auditing purposes. After all records are audited, a copy must be sent to

the Department of Education within six months. The external report is prepared by the auditors and needs to be presented to the SGB and the Department of Education. Financial statements must be readily available for perusal by all interested parties. This view is sustained by Mestry and Bisschoff (2009: 147). Section 43(6) of the South African Schools Act (1996: 28) also stipulates that the SGB has to make the financial records of a school, as well as the audited financial statements, available for inspection at the request of an interested person.

The analysis of the above authors originates from the South African Schools Act, Section 43 (Audit of Financial Records and Statements) which stipulates that a governing body must submit to the Head of Department within six months after the end of the financial year (before the end of June) a copy of its audited annual financial statements. The annual financial statements shall comprise, as a minimum, the following documents: Income Statement; Statement of Changes in Equity; Balance Sheet; Cash Flow Statement and any other statements which may be prescribed by the Accounting Standards Board (ASB). The SGB has to make the financial records of a school, as well as the audited financial statements, available for inspection at the request of an interested person. Campher et al. (2003: 12) say that the effective communication of financial information is essential for the financial management. Researchers such as Swartz (2011), Ntseto (2009), Griesel (2011), Mbatsane (2006), Lekalakala (2006) and Hansraj (2007) have conducted extensive studies on issues of financial management in schools. Their view is that the School Governing Body has the responsibility of ensuring that the school's finances are effectively managed.

According to Mestry and Bisschoff (2009: 18) by virtue of the SASA, the governing body is required to take control of finances and manage them effectively and efficiently. And since the new Schools Act, School Governing Bodies have been delegated the task of managing schools' finances. They further highlight Section 15 of the Schools Act, that the school is a juristic person and can therefore enter into contract with the private sector or any external institutions. The governing body has the responsibility of ensuring that the school's finances are effectively managed. It is therefore essential that the SGBs have a good knowledge of the various legislations that underpin school financial management. In addition to the Schools Act, the SGB must have sound knowledge of the Public Finance Management Act and Norms and Standards of Funding document, and be able to apply the relevant sections to the financial management of schools.

These researchers came out with significant findings and recommendations; they have noted the need for financial training as most members of those dealing with finances demonstrate financial incapability. Lekalakala (2006) recommends that special attention should be paid to the training of SGBs. The study has shown that even though the Department of Education has provided introductory training for new members of the SGB, SGBs are still not thoroughly prepared. He further states that it is recommended that training should be done on a quarterly basis to make sure that members, who are in the SGB, are capable of executing their financial duties. He lastly specifies that SGBs should be trained over a lengthy period so that they are able to develop financial and developmental plans that focus on the needs of the school and that the training of SGBs should ensure that the required standard is attained; only then will SGBs meet the requirements for service delivery.

Lastly, Clarke (2009: 280) states that the first and important aspect of managing a school's finances is to be quite clear about who is responsible for what. Overlapping responsibilities need to be minimised, because the areas of overlap are also likely to be areas of conflict or of "passing the buck", with no one taking responsibility. The lines of authority also need to be clearly drawn, so it is quite clear to everyone who is responsible when problems arise. The management of financial processes: this is essentially an operational role, normally delegated to the bursar or a member of the administrative staff with some financial expertise.

## **2.9 CHAPTER SUMMARY AND CONCLUSION**

The review of literature covered in this chapter clearly indicates the roles and responsibilities that principals and their governing bodies should have in ensuring that school finances are managed effectively, efficiently and economically. The Department of Education should make sure that school principals and their governing bodies have necessary skills and knowledge to manage the school fund effectively. The essential components of school financial management discussed in this chapter, have evoked an interest to explore if principals and their SGBs in selected Johannesburg South primary schools are well- equipped with requisite skills in managing school finances.

## **2.10 PROJECTION OF THE NEXT CHAPTER**

The next chapter focuses on the methodology and design of the research. The sampling method, unit of analysis, data collection instruments and strategies, data analysis and interpretation, as well as ethical considerations will be covered.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

In Chapter Two, I used the South African Schools Act, No. 84 of 1996 as a conceptual framework to review literature regarding the management of school finances in South African public schools. The literature review included school financial management of African countries as well as an international perspective concerning school-based financial management. The purpose of this chapter is to explain in depth the research method that was employed in order to explore the findings of the literature review. Furthermore, the research design that was used for the study is explained. The sampling method, unit of analysis, data collection instruments and strategies, data analysis and interpretation, as well as ethical considerations are covered. In addition to these procedures, this chapter also centres on the measures that were taken into consideration to ensure trustworthiness and reliability of the research findings.

#### **3.2 RESEARCH METHODOLOGICAL APPROACH**

The aim of the study was to investigate the extent of accountability and transparency practised by some public primary schools in Johannesburg South in managing school finances. A qualitative approach was considered appropriate because as explained by Henning (2004: 5), it is a research form, approach or strategy that allows for a different view of the theme that is studied and in which the respondents (referred to as “participants” by most qualitative researchers) have a more open-ended way of giving their views and demonstrating their actions. Thus, when we refer to “qualitative” research, we are using the term that denotes the type of enquiry in which the qualities, the characteristics or properties of a phenomenon are examined for better understanding and explanation.

Van Maanen in Merriam (2009: 13) defines qualitative research as an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world. Basically, qualitative researchers are interested in understanding the meaning people have constructed, that is, how people make sense of their world and experiences they have in the world. According to Bogdan and Biklen (2003: 4), qualitative research is frequently called naturalistic. It has actual settings as the direct source



of data and the researcher is the key instrument. Moreover, these authors emphasise that qualitative researchers go to the particular setting for the study because they are concerned with the context. They feel that action can be best understood when it is observed in the setting in which it occurs.

Employing a qualitative research methodology enabled me to visit different schools and obtain data that would provide a clear understanding of how funds are managed in each school. That also granted me an opportunity to acquire different views and to observe various actions displayed by participants concerning the issue of school financial management. In that regard, I followed the advice of Cresswell (2012: 16) who explains that in qualitative research, we see different major characteristics at each stage of the research process, exploring a problem and developing a detailed understanding of a central phenomenon. I learned more from the participants through exploration. Cresswell (2008: 19) continues emphasising that in qualitative research, the literature review plays a less substantial role at the beginning of the study than in quantitative research. Although you may review literature to justify the need to study the research problem, literature does not provide a major direction for the research questions. The reason for this is that qualitative research relies more on the views of participants in the study and less on the direction identified in the literature by the researcher. Consequently, the views of the participants were considered when visiting selected schools to understand the practice of transparency and accountability in managing public school finances in the Johannesburg South.

Bogdan and Biklen (2003: 4) further define qualitative research as descriptive; the data collected takes the form of words or pictures rather than numbers. The qualitative research approach demands that the world be examined, that everything has the potential of being a clue that might unlock a more comprehensive understanding of what is being studied. Qualitative researchers tend to analyse their data inductively and do not search out data or evidence to prove or disprove hypotheses they have before commencing with the study; rather, abstractions are built as the particulars that have been gathered are grouped together. Hence, I was more concerned about how diverse schools in Johannesburg South practise accountability and transparency in managing school finances and why it is essential to manage school funds effectively.

### **3.2.1 Research paradigm**

According to Denzin and Lincoln (2005: 183), a paradigm is a “basic set of beliefs that guide that action. Usher (1996: 15) describes paradigms as “frameworks that serve as guides to scientific communities, determining important problems or issues for its members to address and defining acceptable theories or explanations, methods and techniques to solve the defined problems”. Patton (2002) agrees with this view, describing a paradigm as a way that people make sense of complexities of the world. Punch (2009: 16) takes this notion one step further and explains that a paradigm is a way of looking at the world and describing what reality is like, what the relationship is between the researcher and reality, and what methods can be used for studying reality.

Burrell and Morgan, cited by McFarlane (2000: 22) distinguish between four paradigms, namely the positivistic paradigm, the interpretive paradigm, critical theory and the post-structuralistic paradigm. According to Pring (2004: 440), paradigms are distinguished from each other on the basis of their ontology (view of reality), epistemology (view of knowledge) and methodology (approach to systematic investigation). Cohen, Manion and Morrison (2002: 21) explain that with the interpretive paradigm, individual people interpret events and contexts subjectively based on their own and unique perspectives. As suggested by Cohen et al. (2002), my philosophical assumptions were framed within the interpretive paradigm to understand participants’ perspectives with regard to accountability and transparency in managing finances at their respective schools. Although the interpretive paradigm does not allow generalisation since it is small-scale research, it provides for in-depth knowledge, meaning and understanding of situations, based on individual perspective and interpretation (Cohen, Manion & Morrison (2011: 28)). This research paradigm granted me an opportunity to find out how different schools run their finances and if policy on finances was well constituted and pursued.

### **3.3 RESEARCH DESIGN**

Research design as described by McMillan and Schumacher (2006: 22) is a plan for selecting subjects, research sites and data collection procedures to answer the research question. Research design describes how the study is conducted. It summarises the procedures for conducting the research including when, from whom, and under what conditions the data will be obtained. The study adopted qualitative case study research as pointed out in Chapter One. I believed it was an ideal design to examine the impact of transparency and accountability in

the management of school finances at public primary schools in Johannesburg South. According to Merriam (2009: 40), a case study is an in-depth description and analysis of a bounded system. Stake (2008: 4) and Creswell (2008: 5) allude to a case study as “an in-depth exploration of a bounded system” (e.g. an activity, event, process, or individuals based on extensive data collection).

A case study has the capacity to “shed light” on phenomena (like processes, events and persons). Case studies strive to portray what it is like to be in a particular situation, to catch the close-up reality and “thick description “of participants’ live experiences of thought about feelings for a situation (Cohen et al. 2011: 182). Bell (2010: 8) adds to the view and explains that a case study can be particularly appropriate for individual researchers because it provides an opportunity for one aspect of a problem to be studied in some depth. She further states that all organisations and individuals have their common and unique features. Case study researchers aim to identify the various interactive processes at work, to show how they affect the implementation of systems and influence the way an organisation functions. These processes may remain hidden in a large-scale survey but could be crucial to the success or failure of systems or organisations.

Employing this research design provided an appropriate lens to observe if financial school management as prescribed by the South African Schools Act (SASA), 84 of 1996 was well administered by various schools in the study. I was also able to identify common practices applied by distinct schools to ensure that accountability and transparency was well-maintained as well as if there were any unique approaches by a variety of schools as far as the issue of school financial management was concerned.

Leedy (1993: 123) describes a case study as a type of descriptive research in which data are gathered directly from individuals (individual cases) or social or community groups in their natural environment for the purpose of studying interactions, attitudes or characteristics of individual groups. Borg and Gall (1989: 402) explain that the case study approach has had a long history in educational research and has also been used extensively in other areas of research. Atkins and Wallace (2012: 108) concur with this view, declaring that one of the reasons often given for this is that it provides a means for a researcher to capture or interrogate the “real world”, be that a situation, an organisation or a set of relationships in all complexity, in a way that quantitative approaches cannot do. In that regard, I physically

visited different schools to collect data and interact with research participants in order to comprehensibly answer the research question.

Yin (2008) defines a case study as an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when boundaries between phenomenon and context are not clearly evident. Finally, Merriam (2009: 51) defines the case study as the best plan for answering the research question in which its strengths outweigh its limitations. The case study offers a means for investigating complex social units consisting of multiple variables of potential importance in understanding the phenomenon. Anchored in the real world, the case study is a rich and holistic account of a phenomenon. It offers insights and illuminates meanings that expand its readers' experiences. Because of its strengths, a case study is a particularly appealing design for applied fields of study such as education. Applied field processes, problems and programmes can be examined to lead to an understanding that in turn can affect and perhaps even improve practice. Stake (2008: 51) further argued that the special features of case study research that provide the rationale for its selection also present certain limitations in its usage. Although rich, thick description and analysis of a phenomenon may be desired, a researcher may not have time or money to devote to such an undertaking. Qualitative case studies are limited, too, by the sensitivity and integrity of the investigator. I was the primary instrument of data collection and analysis. Using the case study enabled me to attain the goals of this research design. An in-depth understanding of accountability and transparency with regard to the management of school finances in public primary schools was gained.

### **3.4 SAMPLING METHOD**

Johnson and Christensen (2004: 220) suggest that qualitative researchers must first decide whom or what they want to study. This initial task is based on consideration of which population or phenomenon is relevant to the research focus being proposed. A set of criteria or attributes that the people to be studied most possess should be defined. These criteria should be used to distinguish people of potential interest from those people who should be excluded from consideration. Once these inclusion boundaries are set, the researcher would know who he/she wishes to study and would attempt to locate and obtain the sample.

Wellington (2000: 143) points out the quality of a research stands or falls not only by the appropriateness of methodology and instrumentation but also by the suitability of the sampling strategy that has been adopted. Questions of sampling arise directly out of the issue

of defining the population on which the research will focus. Researchers must decide on sampling early in the overall planning of a piece of research. Factors such as expense, time and accessibility frequently prevent researchers from gaining information from the whole population. Therefore, researchers often need to be able to obtain data from a smaller group or subset of the total population in such a way that the knowledge gained is representative of the total population under the study. Cohen et al. (2011: 143) concur the above views by listing five key factors in sampling for which judgements have to be made:

- The sample size
- The representativeness and parameters of the sample
- Access to the sample
- The sample strategy to be used
- The kind of research that is being undertaken

Cohen & Holliday (1996); Schofield (1996) in Cohen (2011: 144) distinguish between two main methods of sampling; probability and non- probability. The researcher must decide whether to opt for a probability (also known as a random sample) or a non-probability sample (also known as a purposeful sample). The difference between them is this: in a probability sample, the chances of members of the wider population being selected for the sample are known, whereas in a non-probability sample, the chances of members of the wider population being selected for the sample are unknown.

Patton in Johnson and Christensen (2004: 221) uses the term purposeful sampling because of individual or cases selected to address the purpose of a research study. Furthermore, Patton (1989) in McMillan and Schumacher (2001: 400) defines purposeful sampling as the “selection of information-rich” cases for in-depth study when one wants to understand something about those cases without needing or desiring to generalise all such cases. Kumar (1999: 162) maintains that the primary consideration in purposeful sampling is the judgement of the researcher as to who can provide the best information to achieve the objectives of the study.

Newby (2010: 143) further indicates that in purposeful sampling, often a feature of qualitative research, researchers hand-pick the cases to be included in the sample on the basis or judgement of their typicality or possession of the particular characteristics being sought. In this way, they build up a sample that is satisfactory to their specific needs. Teddlie and Yu

(2007) point out that purposive sampling is undertaken for several kinds of research including: to achieve representativeness, to enable comparisons to be made, to focus on specific, unique issues or cases, and to generate theory through the gradual accumulation of data from different sources.

This study applied a purposeful sampling method wherein primary schools with more or less similar funding quintiles were chosen. I purposefully sampled the four Johannesburg South public primary schools on basis of relevance to the research questions.

The other reasons why I selected these schools are that:

- They had more or less the same level of infrastructure
- The governing bodies of these schools were of diverse cultures
- There were all public primary schools
- They were fee-paying schools granted Section 21 status

In that respect, the School Governing Bodies of these respective schools should be proficient to provide accountability and transparency in managing their schools' finances. Finally, these schools were all in the same district which is Johannesburg South and that was convenient for me regarding time and transportation.

Cresswell (2008: 36) highlights that if you use purposeful sampling, you need to identify your sampling strategy and be able to defend its use. I employed homogeneous sampling. With this strategy, I purposefully sampled individuals or sites based on membership of a subgroup that had defining characteristics. To use this procedure, one needs to identify the characteristics and find individuals or sites that possess it. Cohen et al. (2011: 143) states that in homogeneous sampling, samples are chosen for their similarity, which can then be used for contrastive analysis or comparison with maximum variation groups or intensity sampling of other groups. To support this view of Creswell (2012: 206) and Newby (2010: 148), I selected all schools that are in the Johannesburg South district and these research sites belong to more or less the same community.

### **3.5 UNIT OF ANALYSIS**

The unit of analysis is the major entity that is being analysed in the study. For instance, Babbie (2001), Troman and Walford (2005) identify the following as the possible units of analysis in a study: individuals, groups, organisations (colleges, schools, universities, etc),

artefacts (books, photographs and newspapers) and social interaction (dyadic relations, divorces, arrests). Babbie (2001) clarifies the reason why it is called a unit of analysis and not something else (like a unit of sampling). She states that it is the analysis that is done in the research that determines what the unit is. Troman and Walford (2005) concur that it is the 'what' or 'who' that is being studied. Units of analysis are essentially the things we examine in order to create summary descriptions of them and explain differences between them.

I examined the extent of accountability and transparency practised by Johannesburg South public primary schools in managing school finances. The units of analysis were four public primary schools located in the Johannesburg South district.

The study was also restricted to public schools that are within the ambit of the Department of Education. In order to obtain reliable data based on the research question, I targeted individuals entrusted with funds in each school according to the South African Schools Act, 84 of 1996. The research participants were four school principals and one member of the School Governing Body in each sampled school, since they have an important responsibility in ensuring that school finances are managed effectively, efficiently, and economically. The finance officers as well as one member of the finance committee of each school were also used as they were also involved in the day-to-day management of school finances.

### **3.6 DATA COLLECTION INSTRUMENTS AND STRATEGIES**

According to Creswell (2012: 212), Merriam (2009: 87), Atkins and Wallace (2012: 85), in qualitative research you engage in extensive data collection, spending time at the site where people work, or engage in the phenomenon you wish to study. At the site, you will gather detailed information to establish the complexity of the central phenomenon. The varied qualitative data collection instruments are placed into the following categories: observation, interviews, questionnaires, documents and audiovisual material.

#### **Data gathering process**

The data collection methods employed in this study were: qualitative observation, semi-structured interviews and open-ended questionnaires as well as document analysis. The process commenced with the submission of a formal written letter to the Gauteng Department of Education (GDE) requesting permission to carry out my study in the selected Johannesburg South primary schools. Permission was granted by the (GDE) and a formal written request was sent to the selected public primary schools' principals. The Johannesburg

South Research Coordinator also assisted by sending e-mails to the selected public primary schools. Principals were contacted and appointments were made to initially introduce myself as the researcher as well as schedule appropriate days to conduct fieldwork in the selected schools. Consent forms were given to target groups and the issue of anonymity and confidentiality of collected data was emphasised.

### **3.6.1 Observation**

Johnson and Christensen (2004: 188) state that qualitative observation involves observing all relevant phenomena and taking extensive field notes. In fact, the researcher is said to be the data collection instrument because it is the researcher who must decide what is important and what data is to be recorded. Gay, Mills and Airasian (2011: 382) add to this view by making a distinction between two common types of observations, namely:

- **Participant Observation:** Where the observer becomes a part of and participant in the situation being observed. In other words, the researcher participates in the situation while observing and collecting data on the activities, people, and physical aspects of the setting.
- **Non-Participant Observation:** Where the observer is not directly involved in the situation being observed. In other words, the researcher observes and records behaviours but does not interact or participate in the life of the setting under study. Non-participant observers are less intrusive and less likely to become emotionally involved with participants than participant observers.

I made use of non-participant observation. Participants were not informed that they were being observed. The four selected schools' principals were used as gatekeepers. The method that I employed to document the observations was field notes. Gay et al. (2011: 382) highlight that field notes describe, as accurately and as comprehensively as possible, all relevant aspects of the situation. I made field notes after leaving the research sites to avoid forgetting what had been seen and experienced. The following aspects were observed:

- Participants' significant behaviour and attitudes when the issue of financial school management was mentioned.
- Interpersonal interactions.
- General appearance of the school in order to ensure that the SGB performed their financial duties effectively.



- Organisation of financial records.

All data collected was immediately written as field notes and that was done as soon as I left the site, to avoid forgetting important details.

### **3.6.2 Interviews and Questionnaires**

According to Creswell (2012: 213), a qualitative interview occurs when researchers ask one or more participants general, open-ended questions. In qualitative research, you may ask open-ended questions so that the participants can best voice their experiences unconstrained by any perspectives of the researcher or past research findings. The researcher often audiotapes the conversation and transcribes the information into words for analysis. Wellington (2000: 72) mentions that a research interview normally has a dual purpose in that it provides opportunity for the interviewees to state their feelings and thoughts, but it also enables the researcher to examine and probe the views and perspectives of the respondents. Newby (2010: 156) suggests that there are a number of approaches to interviewing and using open-ended questions on questionnaires. Moreover, he specifies that which interview approach to use will ultimately depend on the accessibility of individuals, the cost, and the amount of time available. The researcher can decide to make use of one-on-one interviews, focus group interviews, telephonic interviews and e-mail interviews.

I employed one-on-one interviews and believed it was an appropriate approach as it gave participants an opportunity to state their views freely in the absence of other individuals they work with. I was supporting the view of Patton (2002: 340) when he defines one-on-one interviews as a popular approach in educational research, as it is a data collection process in which the researcher asks questions of and records answers from only one participant in the study at the time. He further explains that one-on-one interviews are ideal for interviewing participants who are not hesitant to speak, who are articulate, and who can share ideas comfortably.

According to Cohen et al. (2002: 268), interviews can be used to assess or evaluate people, to collect data, to check unexpected results or to obtain the opinions of the respondents. They further divide the interview into three categories, that is:

- Structured, which is made up of preset questions and procedures organised in advance,

- Semi-structured, which includes both closed and open-ended questions and responses, and
- Unstructured interviews, which comprise open-ended questions which allow for greater flexibility and freedom.

I used semi-structured interviews to seek openness and freedom from participants as well as to follow an organised procedure. Bogdan and Biklen (2003: 94) emphasise taking notes during interviews as essential in the event that the tape recorder malfunctions. These authors further advise that taking notes during interviews may be incomplete because of the difficulty of asking questions and writing answers at the same time. I made use of short phrases when taking notes during interviews to speed up the process as proposed by Merriam (2009: 90). Subsequently, conducting one-on-one interviews with one principal, one SGB member, one finance officer and one finance committee member of each sampled school was more appropriate in the study for effective data collection. I managed to gather and incorporate data whether finances in the selected schools were effectively and efficiently managed or not as well as if any non-conducive atmosphere was created for financial management. In-depth interviews with the above-mentioned individuals entrusted with the management of school funds allowed me to collect data on their perspectives and experiences, predominantly when sensitive subjects such as school finances were explored.

In the questionnaire, you may ask some questions that are closed and some that are open-ended. The advantage of this type of questioning is that your predetermined closed responses can net useful information to support theories and concepts in literature. The open-ended responses, however, permit you to explore reasons for the closed responses and identify any comments people might have that are beyond the responses to the closed questions (Creswell 2012: 215). I employed open-ended questions in questionnaires and some closed questions. In this way, principals, SGB members, finance officers and finance committee members gave reasons for their responses. Using open-ended questions provided an opportunity for participants who were not articulate to state their experiences and perspectives in writing regarding financial management in their schools.

Semi-structured interviews were conducted in all four selected schools and interviews were conducted in English. Principals in the respective schools were used as gatekeepers and were interviewed first. Finance officers of selected schools were interviewed next, followed by one member of the finance committee of each school, and lastly, one member of the SGB.

Participants were asked different questions as per the interview schedule and all interviews took about ten to fifteen minutes. All selected schools were against the use of audiotapes and stated their discomfort with being recorded. They preferred writing their responses. Open-ended questions were also asked of participants in order to triangulate the data gathered. This way, participants who were not articulate, were given an opportunity to state their experiences and perspectives in writing regarding the manner in which funds are managed in their schools.

### **3.6.3 Document analysis**

A valuable source of information in qualitative research can be documents. Documents consist of public and private records that qualitative researchers obtain about a site or participants in a study; they include newspapers, minutes of meetings, personal journals and letters. These sources provide valuable information in helping researchers understand central phenomena in qualitative studies. Documents represent a good source for text (word) data for a qualitative study. They have the advantage of being in the language and words of the participants, who would have given thoughtful attention to them. They are also ready for analysis without the necessary transcription that is required with observational and interview data (Bogdan and Biklen 2003: 124)

The other data collection strategy I employed was documents. Documents are, in fact, a ready-made source of data collection, explains Merriam (2009: 139). Based on the purpose of the study, which is to examine the extent of accountability and transparency practised by principals and SGBs in the management of school finances, I carefully identified documents that would provide useful information to answer my research questions. The documents I requested for analysis in four selected public primary schools were:

- Audited financial statement, 2012-2013
- Stock or asset register, 2012-2013
- Minutes of SGB meetings, 2012-2013
- Minutes of Finance Committee meetings, 2012-2013
- Attendance registers for SGB meetings, 2012-2013
- Newsletters inviting parents to the budget meeting, 2012-2013
- Income or expenditure register (Trial balance), 2012-2013
- Bank reconciliation, 2012-2013

- Deposit book, 2012-2013

I sought permission from the principals to use these documents and I examined them for completeness and usefulness in answering the research questions. I recorded the information from the documents in that regard. I was following the view of Babbie and Mouton (2007: 288). Document analysis assisted in validating data obtained during interviews and open-ended questionnaires. Documents provided a clear indication of whether funds are effectively and efficiently managed in the sampled schools or not. The issue of accountability and transparency was also corroborated. Involvement of various stakeholders such as parents was ascertained if feedback pertaining to management of school finances was given or not. With the assistance of principals as gatekeepers, I managed to access these documents. They stated that none of these documents were to leave the school premises due to their sensitivity.

### **3.7 DATA ANALYSIS AND INTERPRETATION**

Qualitative data analysis is primarily an inductive process of organising the data into categories and identifying patterns among the categories (McMillan and Schumacher 2001: 461). Patton (1989: 144) describes that analysis is the process of bringing order to the data, and organising what is there into patterns, categories and basic descriptive units. Bogdan and Biklen (2003: 147) concur, declaring that by data analysis, we mean the process of systematically searching and arranging the interview transcripts, field notes and other materials that you accumulate to enable you to come out with findings. They further provide an account of data interpretation as developing ideas about your findings and relating them to the literature and to broader concerns and concepts. A comprehensive difference between analysis and interpretation specified by these authors is that analysis involves working with data, organising it, breaking it into manageable units, coding it, synthesising it, and searching for patterns. Whereas, interpretation involves explaining and framing your ideas in relation to theory, other studies, and action, as well as showing why your findings are important and making them understandable. They lastly state that it is relatively easy to come up with an explanation of the difference between data analysis and data interpretation.

McMillan and Schumacher (2006: 34) state that it involves organising what you have seen, heard and read so that you can make sense of the data collected. I read the interview transcripts and responses from open-ended questionnaires. Cresswell (2012: 236) discerns six steps involved in analysing and interpreting qualitative data:

### **Preparing and organising the data**

In a qualitative study, the initial data management consists of organising the data, transcribing interviews and typing field notes, and making decisions on whether the data will be analysed by hand or computer.

### **Exploring and coding the database**

Qualitative researchers conduct a preliminary analysis of data by reading through it to obtain a general sense of the data, then employing the steps involved in coding. The process of coding involves reducing a text or image database to discrete themes of people, places, or events. It involves examining the text database line by line, asking oneself what the participant is saying, and then assigning a code label to the text segment.

### **Describing findings and forming themes**

This process involves examining the data in detail to describe what you learned, and developing themes or broad categories of ideas from the data. Describing and developing themes from the data consists of answering the major research questions and gaining an in-depth understanding of the central phenomenon through description and thematic development.

### **Representing and reporting findings**

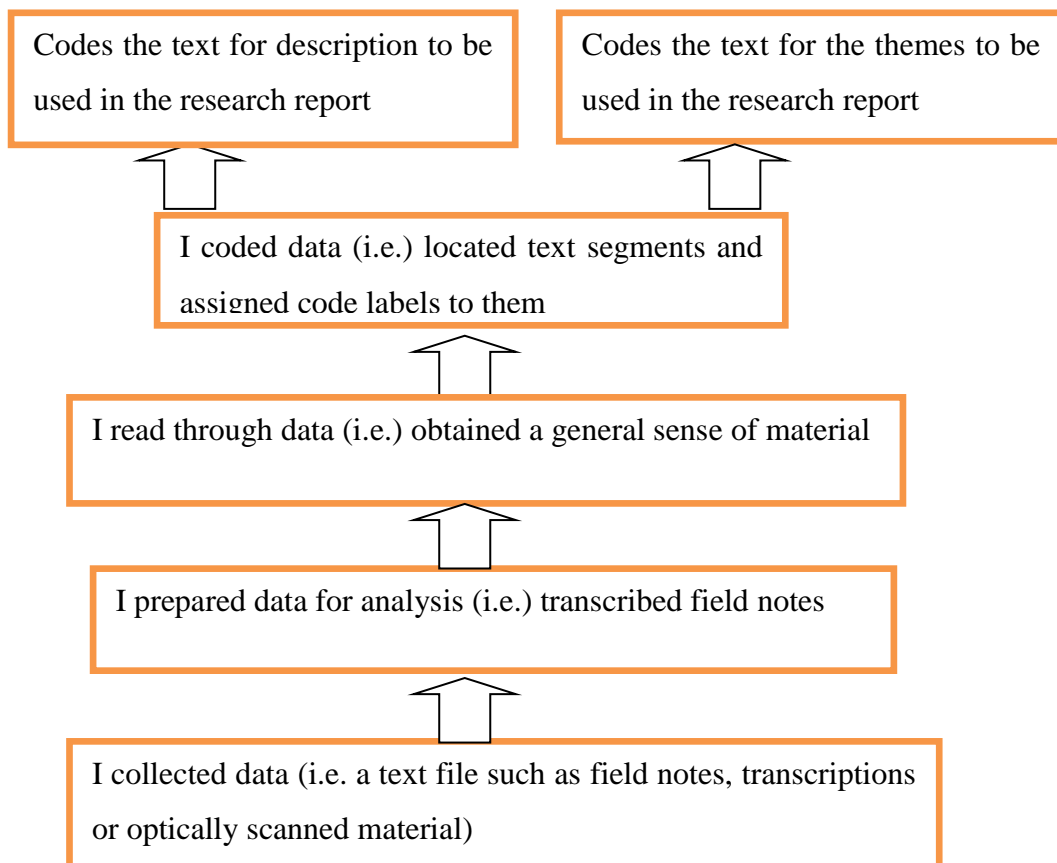
Qualitative researchers often display their findings in visual displays that may include figures, tables, maps, and a detailed discussion of the themes. They report findings in narrative discussions comprising many forms, such as a chronology, questions, or commentary about changes that participants experience.

### **Interpreting the meaning of the findings**

From this reporting and representing of findings, qualitative researchers make an interpretation of the meaning of the research. This interpretation consists of advancing personal views, making comparisons between findings and the literature, and suggesting limitations and future research.

### **Validating the accuracy of the findings**

To check the accuracy of their research, qualitative researchers often employ validation procedures such as member checking, triangulation and auditing. The intention of validation is to have participants, external reviews, or the data sources themselves provide evidence of the accuracy of the information in the qualitative report.



**FIGURE 3.1** shows the first major steps in analysing and interpreting qualitative data using the “*bottom-up approach*”

*Source: Creswell (2012: 237) The Qualitative Process of Data Analysis*

According to Merriam (2009: 175), the goal of data analysis is making sense out of the data. Making sense out of data involves consolidating, reducing and interpreting what people have said and what the researcher has seen and read. It is the process of making meaning.

I prepared the collected data into file folders and organised the materials by site and then by participants e.g. School A Principal, SGB member, finance officer and finance committee, and then did the same with School B, C and D. Interviews and questionnaires were transcribed and data were read, marked and divided into parts. All participants in the research

were given code pseudonyms e.g. P1-P4 for principals, FO1-FO2 for finance officers, and School A, B, C and D. I read the transcripts several times and then coded the data, reducing the text to descriptions. I compared data, and categorised it. Patterns and trends were identified, and possible explanations and proportions recorded. Comparisons across the categories were made in order to discover connections between themes and for in- depth understanding of how principals and SGBs manage school finances in selected Johannesburg South primary schools. Ideas and facts that developed initial patterns were analysed and noted further for development and testing of final themes in subsequent analysis. From data collected, themes and categories that emerged, I managed to establish their relationship with the research questions and set objectives. The source of the argument was formulated of whether or not principals and SGBs practise accountability and transparency in managing school finances. Content texts from interview transcripts, open-ended questionnaires and relevant documents were examined to determine how members of SGBs understand their roles and responsibilities in the management of school finances. I summarised the findings from the data analysis in detail and then interpreted them.

### **3.8 LIMITATIONS**

Calitz and Beckman (1994:7) define limitation as continuous narrowing and pre-use definition of the field of study so that the field becomes specific through the process of particularisation.

The focus of the study was to investigate the management of school finances, mostly centred on issues of accountability and transparency. The study was conducted in the Johannesburg South school district.

The most striking limitation in general was time as it is well known that these days, everybody seeks to engage themselves in some activity that will augment their salary. Nonetheless, I managed to set appointments with participants guided by their appropriate time and I was flexible to reschedule appointments in terms of unforeseen circumstances. Fear and intimidation of the participants by school managers were other limiting factors. However, subsequent to the emphasis of anonymity and confidentiality, participants participated wholeheartedly during data collection. Financial constraints which involved travelling, setting of appointments telephonically or e-mailing and printing necessary documents and tools for data gathering were other limitations. However, I managed to prioritise in order to mitigate this limitation. Lastly, the fact that this is a case study of four

individual schools was a limiting factor in itself because if this were a fully-fledged project, a much broader area or population would have been investigated.

According to Merriam (2009: 95), interviewee responses also may not be articulate, perceptive or clear. Also during the interview, you need to give some attention to the conversation with the participants. This attention may require saying little, handling emotional outbursts, and using icebreakers to encourage individuals to talk. Sarantakos (2005: 286) states that one of the limitations of interviews is sensitivity. When sensitive issues are discussed, many people prefer to write rather than to talk about them and school financial management is a sensitive issue to other people. I employed an open-ended questionnaire to accommodate participants who were sceptical during interviews.

The drawback of open-ended questionnaires is that you will have many responses, some short and some long, to analyse. Also, the responses are detached from the context; the setting in which people work, play and interact. This means that responses may not represent a fully developed database with rich detail as is often gathered in qualitative research (Cresswell 2012: 2119). On the negative side, documents are sometimes difficult to locate and obtain. Information may not be available to the public. In addition, the documents may be incomplete, inauthentic, or inaccurate and selective (Creswell 2003: 186). I assured participants that no school's financial documents would be taken by the researcher. I made use of the legislative document, SASA for authentic purposes.

### **3.9 TRUSTWORTHINESS AND RELIABILITY**

According to Cresswell (2008), the qualitative research approach requires trustworthiness. Naidoo (1999) explains trustworthiness as applicability, consistency, neutrality and truth value of the research results. McMillan and Schumacher (2001:478) concur with this view when they state that selecting trustworthy data also involves an awareness of one's assumptions, and influence on the social situation.

Merriam (2009: 220) explains that reliability refers to the extent to which research findings can be replicated. In other words, if the study is repeated, will it yield the same results? Reliability in research design is based on the assumption that there is a single reality and that studying it repeatedly will yield the same results.

Qualitative researchers generally validate their data by means of triangulation. Denzin in McMillan and Schumacher (2001:478) explains triangulation as the cross-validation among



data sources, data collection strategies, time periods and theoretical schemes. Flick in Denzin and Lincoln (2008:7) adds that qualitative research is inherently multi-method in focus; the use of multiple methods or triangulation reflects an attempt to add rigour, breadth, complexity, richness and depth to any enquiry. Newby (2010:159) declares that qualitative researchers triangulate among different data sources to enhance the accuracy of a study. He further defines triangulation as the process of corroborating evidence from different individuals or methods of data collection.

In this qualitative case study, the use of triangulation was a useful technique to ensure trustworthiness of the research findings. The study used more than one participant i.e. principals, SGB members, finance officers and finance committee members. This led to fairly valid and reliable data as the participants gave their own perspective and experiences regarding the manner in which funds are managed in their schools. The use of more than one data collection method (observations, questionnaires and interviews as well as document analysis) also improved the trustworthiness and reliability of the research findings as information from participants was compared as a check on validity.

To find regularities in the data, I compared different instruments, situations and methods to see whether the same pattern kept reoccurring. I cross-checked the themes by comparing data from informants' interviews, observation, open-ended questionnaires as well as document analysis. The questions that I asked myself as a qualitative researcher were: to what extent can data analysis be trusted; how much confidence can the researcher place in her analysis; and is the data presented to the readers in such a way that they can verify and validate the findings themselves? Lincoln and Guba (1985: 290) suggest that qualitative research should be assessed in terms of credibility, transferability, dependability and conformity of the data.

Credibility relates to how the researcher reconstructs the participants' views in the process of the enquiry. One method is, according to Lincoln and Guba (1985: 290), prolonged engagement, that is the investment of sufficient time to achieve certain purposes, learning the culture (of the respondents), testing for misinformation introduced by distortions either by self or by the respondents and building trust (with the respondents).

Transferability refers to the degree to which findings can be applied to other contexts. Patton (2002) states that to create a foundation for transferability and allow other researchers to use the findings in making comparisons with their own work, the study should contain an

accurate description of the research process, an explanation of the arguments for the different choices of methods and a detailed description of the research situation and context.

Dependability for the qualitative researcher is equivalent to reliability in quantitative research; it should produce the same result in a similar context. In qualitative research, this replicability is impossible because of the reflexivity of the research design.

Conformity is concerned with establishing that the data and the findings and interpretations are linked. Lincoln and Guba (1985: 326) refer to an audit whereby the third party reviews the audit trail maintained by the researcher including recordings, transcripts, interview guides, list of interviewees, field observational notes, and so on.

I considered that what participants thought or felt was accurately represented as I was going to be taking part in meaningful interactions with them as well as attempting to provide the reader with effective judgement.

### **3.10 ETHICAL CONSIDERATIONS**

Cresswell (2012: 230) specifies that in gathering data for a qualitative research project, a researcher seeks an in-depth description of a phenomenon. Participants may be asked to discuss private details of their life experiences over a period of time. This process requires a sufficient level of trust based on high levels of participant disclosure. Neuman (2006: 00) explains that research has an ethical-moral dimension in that the researcher has the moral and professional obligation to be ethical even when the researched are unaware of ethics. The basic principles of ethics in the research are that the ethical responsibility rests with the researcher and include:

- Informed consent – the procedure in which individuals choose whether (or not) to participate in an investigation after being informed of the facts that would be likely to influence their decisions. Deiner and Crandali in Cohen et al. (2011:51) state that the research participant has the right to refuse to take part or to withdraw once the research has begun.
- Right to privacy –the greater the sensitivity of the information, the more safeguards are required to protect the privacy of the research participant. Cohen (2011:91) agrees with this view, stating that the right to privacy means that a person has a right not to take part in the research, not to answer the questions, not to be interviewed.

- Anonymity – the information provided by the participant should in no way reveal their identity. A participant or subject is therefore considered anonymous when the researcher or another person cannot identify the participant or subject from the information provided.
- Confidentiality – Cohen (2011: 91) indicates that a way of protecting a participant's privacy is through the promise of confidentiality. That is the promise not to disclose information from the participant in a way that might identify that individual or that might enable the individual to be traced.

For ethical compliance, I first sought permission from the Department of Education and completed an ethical clearance form for the university. This was done in this manner: a letter requesting permission to conduct a research study at different schools was written and sent to the Gauteng Department of Education wherein the purpose was clearly explained (Appendix A). Permission was granted by the DoE and an approval letter was given (Appendix B). I sought ethical clearance, which indicates if the study complies with the ethical codes of the university and research ethics in general. The ethical clearance form was completed and approval was granted by the Ethical Clearance Committee (Appendix C). Thereafter, letters were written to sampled schools' principals requesting their schools to participate in the study. The purpose of all ethical considerations was explained in the letter (Appendix E). The Johannesburg South Research Coordinator assisted by sending e-mails to selected schools. I obtained participants' informed consent to voluntarily participate in the study through signing and returning consent forms before data was collected. (Appendix F)

The following are some of the guidelines that I followed as outlined in Bogdan and Biklen (2003: 43) (adapted):

- Avoid research sites where respondents may feel coerced to participate.
- Honour my respondents' privacy.
- State when the researcher will come for an interview and how long the interview will take.
- Protect their identities.

The issue of anonymity and confidentiality was emphasised wherein participants were advised not to disclose their names. The purpose of the study was also explained so that interviewees could feel free to give honest and credible information.

### **3.11 CHAPTER SUMMARY AND CONCLUSION**

This chapter outlined the research methodology and the design that was employed in gathering data for the study. It commenced with the methodological approach which is the qualitative one. I explained the research design, a qualitative case study was employed and clarification was given that case studies are named as such because the unit of analysis is a bounded system. The sampling method was clearly discussed as well as the unit of analysis to be used. Data collection instruments and strategies were discussed one by one and data analysis and interpretation were covered using various steps with an overview of validity or trustworthiness of the research data. In the last section of this chapter, the researcher emphasised the issue of reliability and trustworthiness of the research findings including ethical measures to be taken into consideration when conducting the qualitative research study.

### **3.12 PROJECTION OF THE NEXT CHAPTER**

The next chapter provides an analysis of data obtained during observation, open-ended questionnaires and interviews. Analysis was done using qualitative data analysis and procedures. Findings were then interpreted and were related back to the research literature.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 INTRODUCTION**

In Chapter Three, the focus was on the research design and methodology. Issues of trustworthiness and reliability were also clarified. The purpose of this chapter is to provide an analysis of data obtained from observation, semi-structured interviews, open-ended questionnaires as well as document analysis. Responses are compared with literature findings and the aim is to investigate the extent of accountability and transparency practised by various Section 21 public primary schools in managing their school finances in line with the prescripts of the South African Schools Act.

#### **4.2 QUALITATIVE DATA ANALYSIS AND INTERPRETATION**

Miles and Huberman in Johnson and Christensen (2004: 200) state that qualitative researchers usually collect data over an extended time period, and they continually learn more and more about what they are studying during this time frame. In other words, qualitative researchers use interim analysis to develop a successively deeper understanding of their research topic and to guide each round of data collection. This is the strength of qualitative research. Collected data were qualitatively analysed and I followed the view of the above-mentioned authors, more knowledge was continually gained as the study progressed.

This study investigated accountability and transparency in managing school finances by principals and SGBs at primary schools in Johannesburg South. The following research questions and objectives outlined in Chapter One were pursued:

Research question:

- How do principals and SGBs practise accountability and transparency in managing school finances at some primary schools in Johannesburg South?

The following sub-questions have been formulated to support the preceding research question:

- How do SGBs understand their roles and responsibilities in the management of school finances?
- How functional is the finance committee in Johannesburg South primary schools?

- What financial systems and control mechanisms do SGBs put in place in managing their finances at Johannesburg South primary schools?
- How do public primary school principals and SGBs manage finances in line with Section 37 of the Schools Act, 84 of 1996?

### **Broad and specific objectives of the study**

The broad objective of the study is to determine the accountability and transparency of principals and SGBs in the management of public schools' finances, particularly in some Johannesburg South primary schools.

In order to achieve the broad objective of the study, the following secondary objectives are pursued:

- To determine how members of SGBs understand their roles and responsibilities in the management of school finances.
- To investigate the functionality of the finance committee in Johannesburg South primary schools.
- To examine the financial systems and control mechanisms SGB members put in place in managing finances at some Johannesburg South primary schools.
- To determine how public school principals and their governing bodies manage school finances in line with Section 37 of the South African Schools Act, 84 of 1996.

I organised collected data as per the activities proffered by Gay and Airasian (2003: 231):

- Write dates (months, day, year) on all notes.
- Sequence all notes with labels.
- Label notes according to type (such as observer's notes, memo to self, transcript from interview).
- Make two photocopies of all notes (field notes, transcripts, etc) and retain original copies.
- Organise computer files into folders according to data type and stages of analysis.
- Make backup copies of all files.
- Read through data and make sure all information is complete and legible before proceeding to analysis and interpretation.

The four schools selected in this study were identified as School A, School B, School C and School D. The respondents in this study were coded as follows for reference purposes:

P1-4	_____	principal 1-4
FO1-4	_____	finance officer 1-4
SGBM1-4	_____	School Governing Body member 1-4
FCM1-4	_____	finance committee member 1-4

The following themes were uncovered through data analysis.

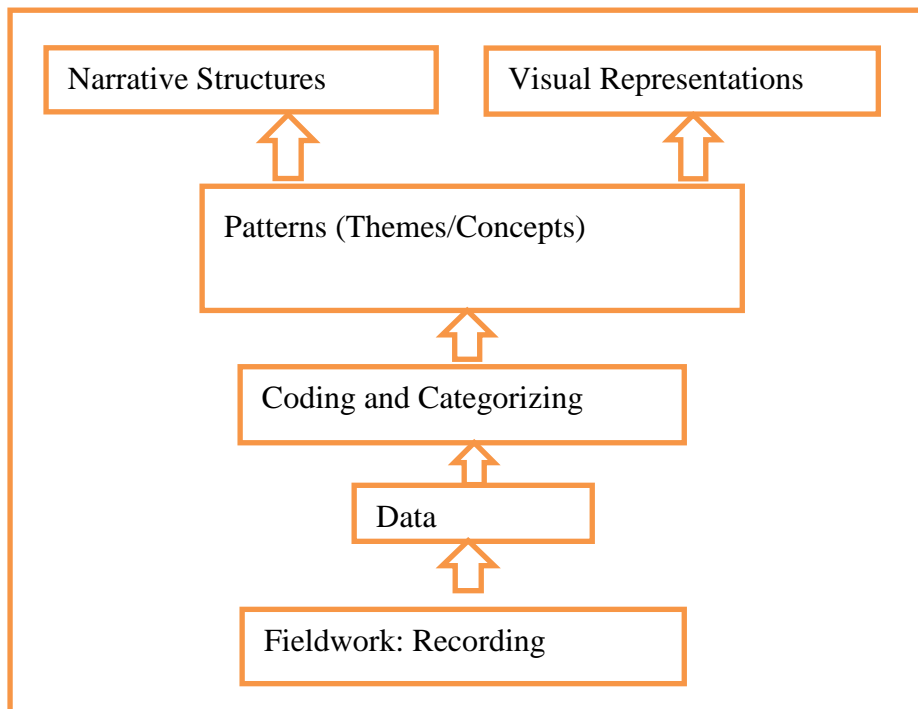
- Understanding of roles and responsibilities by the SGB

Sub-themes: - Inadequate training of SGBs

- Overlapping responsibilities of individuals entrusted with school finances

- Challenges in the functionality of the finance committee
- Lack of accountability and transparency
- Inappropriate financial systems and controls
- Allocation inaccurately utilised

Below is a general process of inductive data analysis by McMillan and Schumacher (2006: 365) to explain the process followed in order to uncover the above-mentioned themes:



**FIGURE 4.1** Source: McMillan and Schumacher (2006: 365) *General Process of Inductive Data Analysis*

**TABLE 4.1** The table below presents a summary of codes and themes that were classified through data analysis.

Coding	Themes/Categories
Inadequate training of SGBs	Understanding of roles and responsibilities by SGBs
A need for further development on financial management	
Lack of financial knowledge	
Each school needs its own training	
Overlapping responsibilities	



Sub-committees of the SGB	Challenges in the functionality of the finance committee
Delegation of responsibility	
Stakeholders' involvement	
School financial position not disclosed to staff	Lack of accountability and transparency
Audited financial statement submitted to the GDE	
Separation of duties	
Procurement procedures	Inappropriate financial systems and control
School financial policy	
Internal checks	
Banking of income	
Fund-raising help to sustain budget	Allocation inaccurately utilised
Small percentage of parents paying school fees	
Allocation does not cover expenses	

The next section explores data that emerged from observational notes, semi-structured interviews, open-ended questionnaires and document analysis. These data were analysed based on the main purpose of the research, which is to examine the extent of accountability and transparency practised by various public primary schools. Each theme is described in conjunction with examples from interviews and open-ended questionnaires. Some quotations in support of themes/categories are given verbatim. Pursuing the qualitative approach, a literature control is undertaken after each theme has been explained. The literature control is used to clarify, support and broaden the theory generated in this research. In that regard, a

clear picture will be formed if funds are effectively and efficiently managed in various public primary schools in order to ascertain the issue of accountability and transparency.

#### **4.3 TO DETERMINE HOW PUBLIC PRIMARY SCHOOL PRINCIPALS AND THEIR SGBs MANAGE SCHOOL FINANCES IN LINE WITH SECTION 37 OF THE SOUTH AFRICAN SCHOOLS ACT, NO 84 OF 1996**

##### **Theme 1: Allocation inaccurately utilised**

Section 21 of the SASA indicates that the governing body of a public school must maintain and improve the school's property, buildings and grounds occupied by the school. Moreover, Bisschoff (2009: 51) highlights that one of the inputs covered by the school allocation is normal repairs and maintenance to all physical infrastructure of the school. School A reflected the school buildings and grounds that were poorly maintained although the school is in Quintile 5 which is supposed to be the most affluent quintile. I observed that the environment was uninviting. The school walkways were cracked and needed resurfacing. Old broken furniture was in the view of the visitors. The floors were grimy, reflecting that they had not been washed for quite a long time. The sports field was poorly maintained and needed re-grassing. I also noticed a few broken windows. This is a clear indication that safety measures were not taken into consideration.

In School B, which is also in Quintile 5, the environment was quite welcoming. The school was well-maintained and the admin section was appealing. The school buildings and grounds were well taken care of and the school was very clean and appeared very well-organised. The school was well-fenced with palisades. No broken windows were visible. I observed good interpersonal interaction from the participants.

The infrastructure was good in School C and it was a Quintile 5 school. Buildings and grounds were well-maintained and the school yard was clean. The environment was welcoming and the administration section displayed learners' examples of work as well as activities that the school had participated in. The atmosphere was very conducive to learning. I observed good interpersonal interaction. Mentioning the issue of financial management did not change the participants' behaviour.

School D was in Quintile 5 and the environment was also quite inviting. The school buildings and grounds were well-maintained. The school was clean and the administration section displayed collages of important events that had occurred in the school. The school received

an e-mail from the Johannesburg South District informing them of my visit to the school. However, I observed poor interpersonal interaction. I was notified that school finance is a very sensitive and confidential subject and it is the SGB's portfolio. The scenario of a certain university student was brought to my attention by P4. The student requested permission to conduct the research in the school and left envelopes with questionnaires. Members of the staff did their part but to their disappointment, those envelopes were not collected, and thus all their efforts to assist that particular student were in vain. Given that occurrence, the staff members became discouraged and reluctant to assist university students who wish to conduct research in the school.

From the observation, it is evident that School B, C and D's buildings and grounds were well-maintained. It can be deduced that Section 21 of the SASA which specifies that repairs and maintenance of all physical infrastructure of the school should be done effectively, was fairly well implemented. This was supported by secure fencing around the school properties and as well as windows and doors that were intact. Moreover, these schools had a clean and welcoming environment. It seemed as if that area of accountability which is property maintenance was adhered to.

All four selected schools are fee-paying schools under Section 21. Furthermore, they are in the same funding quintile, which means they receive the same resource allocation from the department. However, what the researcher observed in the physical infrastructure of School A, was questionable based on property maintenance accountability. The school environment was unwelcoming and there were some broken windows, and old furniture lying around. The grounds which were used for line-up were cracked and the sports field was full of patches and needed re-grassing. This whole observation of School A seemed to be in contrast with what SASA stipulates for schools under Section 21 and inputs covered by the school allocation, of which one is to repair and maintain school buildings and grounds.

A change of behaviour was noticed for P1 and P4 when the subject of financial management was mentioned. This raises questions regarding the issue of transparency as it is one of the major components in school financial management as highlighted by Helle et al. (2011), that transparency involves clear and public disclosure of information, rules, plans, processes and actions by governments, companies, organisations and individuals. Questions designed to measure transparency focus on financial management, financial record-keeping, and stakeholder knowledge of schools' financial status.

It has been explained at the beginning of this chapter and in chapter 1 and 3 that the selected schools are all under Section 21 and in the same funding quintile. They all receive the same funding allocation and they are fee-paying schools but they charge different fees. School A's school fees are R300 per month for eleven months, School B and C R330 per month for 10 months, and School D R520 per month. All schools complained about the school allocation being minimal and failing to cover the expenses of the school. As a result, they have to come up with methods of raising additional funds.

Participants' response on the purpose of raising additional funds:

P1 commented that:

*"In the school budget, adopted by the parents in the AGM, a section is included in the 'Incomes' as 'Fund-raising'. The school plan is to receive R100 000, to achieve this aim, and each term a fund-raising project is set, as well as a flea-market on selected Saturdays. Most times, the staff is more involved than the SGB, to reach the target."*

FC1 remarked that:

*"Additional funds are raised for the purpose of supplementing the budget as most of our learners apply for exemption or a subsidy and cannot pay school fees. Fund-raising helps us to sustain our budget."*

FO3 indicated that:

*"We are a school with many foreigners of which most are unemployed, therefore we only get a small percentage of parents paying school fees."*

P4 stated that:

*"The purpose of raising additional funds is for improving the infrastructure of the school and maintenance. We also use it to pay additional SGB staff in the school and for staff development purposes."*

When different participants from selected schools were asked how they account to the stakeholders about those funds raised, Schools B, C and D responded that parents are informed during the Annual General Meeting (AGM) and via newsletters after each fund-raising activity.

P4 highlighted that:

*“We inform our parents about the amount raised after every fund-raising activity. We notify them through newsletters and also thank them for their support.”*

In contrast, FCM1 stated that:

*“Stakeholders are not informed about the amount the school raised after fund-raising activities. The staff put so much effort into raising funds but feedback is not given. If the staff asks during the meeting, then the feedback would be given; if they don’t ask, they don’t get any report. Sometimes the staff wishes to know the purpose of the fund-raising project. The response from the principal will be that we haven’t reached our target for the budget. As a result, the staff is unwilling to raise funds due to lack of transparency.”*

Analyses from interviews reveal that some schools are accountable to their stakeholders when additional funds are raised whereas some seem to lack accountability and transparency as far as additional fund is raised. Schools also indicated that they are experiencing problems with the payment of school fees as most parents are unemployed and struggle to support their children’s education.

The analysis of documents revealed that all four selected schools receive the same allocation as they are Quintile 5 schools. The difference was how the resource allocation was utilised. School D reflects that they use the resources according to the foundations laid by the Head of Department. It is reflected in their income and expenditure statement. This was evident in my observational notes, that there was adequate maintenance of infrastructure.

School A’s resource allocation appears to be utilised to pay SGB employees. It is difficult to follow their income and expenditure statements as they do not adhere to the budget. What I noticed is that a huge amount goes to SGB-employed staff salaries. Whatever goes into the school account, be it fund-raising or donations, is utilised for any need in a particular month, not distributed according to the budget. My observation notes testify to this analysis, as the school’s infrastructure is inadequately maintained.

All selected schools reflected the challenge in collecting school fees but different strategies are used by respective schools to encourage parents to pay school fees. They all make use of debt collectors to collect “bad debts”. School B and D have school fee registers in place. Responses from interviews indicated that parents in School A are reluctant to pay school fees

as there is no improvement in the school's infrastructure and a lack of transparency and accountability as to how the funds are used.

Section 21 of the SASA states that schools are obliged to spend the allocation as prescribed by the provincial department and that all monies collected by public schools should be used to improve teaching and learning.

#### **4.4 TO DETERMINE HOW MEMBERS OF SGBs UNDERSTAND THEIR ROLES AND RESPONSIBILITIES IN THE MANAGEMENT OF SCHOOL FINANCES**

Analysis of data reflects that one of the important roles and responsibilities of the SGB is the management of school finances. In order for the SGB to fulfil its financial duties, extensive training of members is required. In Chapter Two, it has been indicated by Clarke (2007:280) that financial responsibilities of the SGB are perhaps its most important responsibilities, to ensure effective management of finances.

#### **Theme 2: Understanding of roles and responsibilities by SGBs**

##### **Sub-theme 1: Inadequate training of SGBs**

The interviewees responded as follows:

P1 commented that:

*“The SGBs were promised by the MEC that they would receive detailed training as well as finance training DVDs, but this never happened. The department is quick to tell a school what they are not doing, as opposed to how, in individual training.”*

P2 indicated that:

*“Regarding programmes aimed in developing SGBs and principals, it's a yes or no. The staff had training due to life-long learning, but when it comes to parents, they are promised training by the MEC, which never takes place. In the past seven years, there have been two superficial finance workshops which have left the parents confused and unprepared.”*

P3 noted that:

*“We still need further development on financial management. Currently, we do not have any programmes in place which are aimed at training and developing principals and their SGBs*

*but we do get invitations from independent service providers but we cannot afford it because it is expensive.”*

P4 made the following remark:

*“The department should conduct follow-up training programmes as we just have an introductory seminar when the new office-bearers commence. I feel the Education Department needs to do training at each school, on an individual basis. One shoe does not fit all. Each school is unique, so training should be implemented on needs.”*

From these responses, it is evident that the interviewees are extremely concerned about inadequate training for SGB members on financial management. It is worth noting that the interviewees highlighted the issue of individual training and that training itself should be implemented according to needs as each school is unique. Analysis of responses from SGB members of selected schools reflected that they have also received inadequate training. To further illustrate this concern, SGBM1 responded:

*“We really need intensive training; we have serious problems on roles and responsibilities. Some members think they are more important than others.”*

SGBM2 remarked:

*“The training we receive is not enough to provide us with skills needed for financial management. The people presenting these workshops seem to lack enough knowledge on what they are talking about. We need more training and we need them to attend to our problems.”*

SGBM3 indicated that:

*“We still need training in managing the school finances; maybe the department should use people with expertise because when people ask questions in the workshops, they sometimes fail to answer and principals from other schools will help answer”.*

SGBM4 commented:

*“The programmes aimed at developing SGBs are not in place. We lack enough knowledge on finances. The principal ends up making most decisions for us. We need continuous training which will help members co-opted.”*

FCM1 commented that:

*“Training of members is really required; we were given files in the training but parents do not have time to read the documents and the Schools Act, they need something practical.”*

Data showed that interviewees lack financial training and that have a negative impact in terms of helping SGBs to fulfil their financial duties. Participants accentuated the need for financial training and further development on financial management. SASA (South Africa, 1996b) stipulates that it is the responsibility of the Department of Education to provide training to SGBs on all matters, including financial matters of the school.

Clarke (2007: 278) indicates that the management of the school’s finances can be one of the most challenging of a principal’s responsibilities, because for many, it is an area in which they have little or no training or expertise. It is also likely that the elected members of the governing body may be equally ill-equipped for the task. Furthermore, Van Wyk (2001: 24) notes that it is clear that the competence of the SGB is directly related to the amount of training they receive. The indication here is that the interviewees are not sufficiently trained for the execution of their financial duties. The interviewees divulged that there is a lack of financial knowledge of individuals entrusted with funds in respective schools due to inadequate training and this affects effective management of financial resources.

Section 19 (1a and b) of the SASA states that the Provincial Department of Education must provide introductory training for newly-elected SGBs and also provide continuous training for effective performance and to prepare SGBs to assume additional functions. It is clearly apparent that the training provided by the department is not sufficient to equip members with relevant skills for managing school finances.

### **Sub-theme 2: Overlapping responsibilities of individuals entrusted with school finances**

Overlapping responsibilities by individuals entrusted with school finances were also a great concern in selected schools. FCM1 voiced his apprehension in this manner:

*“In all the previous years, we had a non-functional finance committee. It was just window dressing for the department’s monitoring purposes. The previous finance officer used to run the show. Approved purchases, took decisions on financial matters of the school, over-ruling everyone even the principal. We started functioning when the new SGB was democratically elected. We were on the ball, assisting the SGB in managing school finances but it was hardly*



*a year and then everything was in shambles due to the SGB's racial differences. Some members of the SGB stepped down and by-elections were held. Now the newly elected SGB run the show, they get involved in the management of the school, confusing school governance and school management. The chairperson is more into finances and even wants to take over the professional leadership of the principal."*

P1 commented that:

*"The finance committee is a sub-committee of the SGB but it is now creating confusion as it does not seem to know its roles and interferes in all financial matters including questioning the SGB's decisions."*

Clarke (2007:280) warns about the effect of overlapping responsibilities, stating that the first and most important aspect of managing school finances is to be quite clear about who is responsible for what. He advised that overlapping responsibilities need to be minimised, because the areas of overlap are also likely to be areas of conflict or of "passing the buck", with no one taking responsibility. The lines of authority need to be clearly drawn, so it is quite clear to everyone who is responsible when problems arise.

Section 15 and 16 of the SA SA clearly define the status and responsibilities of the SGB and principal (cf Chapter 2, 2.7.2). Roles and responsibilities of the SGB need to be addressed timeously to minimise conflict and the issue of overlap.

Documents reflecting the SGB's execution of duties were analysed. In School A, after perusing the SGB minutes file and the register of members since their term of office in 2012, it was revealed that members have been changed constantly and there is a lack of continuity. Members have resigned due to unforeseen circumstances. Meetings adjourned in the early hours of the morning. A lack of collaboration and a failure to reach collective decisions were evident, as minutes were poorly formulated and members' words quoted unprofessionally, revealing so much conflict. In School C, minutes were also poorly formulated and the rate of absenteeism seemed to be high, resulting in postponement of meetings as decisions could not be taken. School B and D's minutes were professionally written, demonstrating good organisational skills although when perusing School's D minutes, the principal seemed to dominate in most decision-making, and decisions taken by the principal were not challenged.

Section 19 (1a and b) of the SASA (1996) stipulates that the Head of Department must establish a programme to provide introductory training of newly elected governing bodies to

enable them to perform their functions. The department should further provide continuing training to the governing bodies to promote the effective performance of their functions. However, it was evident that SGBs faced challenges in executing their roles, particularly the most crucial one which is management of school finances. Karlsson (2002: 332) indicates that principals continue to play a dominant role in meetings and decision-making.

#### **4.5 TO INVESTIGATE THE FUNCTIONALITY OF THE FINANCE COMMITTEE**

##### **Theme 3: Challenges in the functionality of the finance committee**

The interviewees had various views based on the functionality of the finance committee. Section 30 of the SASA (1996) stipulates that a governing body may establish committees and appoint persons who are not members of the governing body to such committees on the grounds of expertise. This is part of organising the financial management of a school and is highlighted by Mestry and Bisschoff (2009:76) who state that delegation is when management grants certain management responsibilities and authority to persons on a lower level. It was revealed during the interviews that the functionality of the finance committee is not regarded as crucial as indicated by the SASA (cf Chapter 2, 2.7.6).

This is P1's remark about the finance committee:

*“According to SASA, the SGB may establish sub-committees such as the finance committee. ‘May’- means the SGB is not obliged, they can delegate if they feel there is a need. At this stage, due to the problems we encountered early in the year with the finance committee, we are in the process of disbanding it. The chairperson instructed them to withhold their duties until further notice. SASA states clearly that they have to work according to the legislation but they went overboard, trying to be in control. They are only supposed to make recommendations, nothing else. We also feel that this has impacted badly on their teaching due to constant meetings and commitments.”*

Whereas FCM1 stated that:

*“We started our duties very well when we started operating and we were on the ball. We had meetings weekly due to the fact that the school financial system was a mess. We dedicated our time after school weekly to make sure that everything regarding finances was in perspective. We assisted the SGB to identify lots of issues that needed to be put in place to*

*ensure the smooth running of the school. We simply made recommendations to be approved by them but it looks as if the chairperson and principal felt intimidated about the areas of improvement we were identifying, and made allegations that we were trying to be in control. At the moment, we are waiting for the SGB to announce if we should carry on with our duties or not. It looks like the finance committee has been negatively rated to the district as we have already been called for the hearing but the principal's view seems to be the one that is believed rather than ours."*

It is clear that the functioning of the finance committee was not approved by some SGB members and the principal. This shows signs of conflict erupting which is also a sign of a lack of collaboration and lack of openness or transparency in managing school finances.

SGBM1 indicated that:

*"Not much is clear about the finance committee at our school at the moment."*

P3 indicated that:

*"We meet once a month with the finance committee or sometimes when need be."*

FCM3 commented that:

*"We indeed have meetings, usually once a month. We are supposed to check income and expenditures as well as monthly financial reports like bank reconciliation but we are given a report of what has been implemented. It looks like it is just a matter of having finance committee minutes if requested by the district."*

FCM2 and FCM4 seemed to be agreeing positively on all matters questioned, but I observed that it was due to fear of intimidation. Even the open-ended questionnaires handed out to them, which gave an opportunity for those participants who could not express themselves freely, were answered in the same manner, which was agreeing positively on all the matters without elaborating further.

The interviews with P1 and FCM1 revealed that the functionality of the finance committee did not seem to have been approved by some SGB members and the principal. This showed signs of contradiction which is also an indication of a lack of collaboration and lack of openness or transparency in managing school finances.

FCM2 and FCM4 revealed that the functionality of the finance committee in their school was disregarded, even by those who claim to have functioning finance committees. In summation, when looking at all the responses from the interviews, indications are that finance committee members do not fulfil their duties as prescribed by the SASA. This seems to be impeded by the SGBs, especially chairpersons and principals who feel that they have the unfettered right to interfere in school finances as it is only the duty of the SGB. Schools have lists of members on paper, but that seems to be window dressing for departments, to give the impression that schools have functioning finance committees and that they abide with the legislation. Meanwhile, when interviewing FCMs, it is revealed that their hands are tied in terms of performing their duties stipulated by the SASA.

Documents analysed reflected that the finance committee is not recognised by SGBs as the board that plays a pivotal role in managing the school's finances in most selected schools. Schools had lists of names of the finance committee members. School B and D had inadequate minutes which demonstrated that they were not executing any financial duties but had some kind of window dressing. In School C, the minutes showed that they meet at least once a month, but when perusing the minutes, they indicated that they were just given a report back on the SGB's decisions. School A had minutes which were constantly done, but on perusal, they demonstrated a lack of collaboration as they were impeded in executing their financial duties, as financial records that were requested in the minutes were not given to them.

Mestry (2009: 86) states that it is vital for the finance committee to conduct regular meetings to discuss financial matters and the members should be committed to carrying out their responsibilities. Decisions taken by the finance committee must be ratified by the SGB. In addition, he emphasises the significance of delegation in financial school management. *It is apparent from the documents analysed that SGBs were reluctant to delegate financial responsibilities or tasks and this reflected a lack of transparency.* The Public Finance Management Act (PFMA), No.1 of 1999 stipulates that checks and balances should be implemented to ensure transparency and accountability for the management of public funds. The PFMA creates financial accountability based on assigning responsibility and performance management, rather than the imposition of control and sanctions.

#### **4.6 TO EXAMINE THE EXTENT OF ACCOUNTABILITY AND TRANSPARENCY IN PUBLIC SCHOOLS IN MANAGING SCHOOL FINANCES**

##### **Theme 4: Lack of accountability and transparency**

Analysis revealed that the selected primary schools take the issue of accountability into consideration but transparency is a very challenging issue. Participants were asked how they keep stakeholders informed of the school's financial position and the way finances are managed in their schools. Their comments were as follows:

P2 indicated that:

*“Parents are informed during parents’ meetings and the AGM (Annual General Meeting) about the financial position of the school. Educators get the report after each fund-raising event.”*

SGBM1 commented that:

*“The school organises an AGM for parents to come and discuss the school finances and to adopt the budget.”*

P1 added that:

*“At the AGM, parents are shown the forecast budget, which is explained. They must agree to the budget, to pay school fees, and remain a Section 21 school.”*

P4 commented that:

*“During the AGM, parents are shown all the income and expenditure for the current year and a projected budget for the following year are shown to parents. If a need to raise school fees arises, parents have to vote and then the budget is adopted.”*

Data reveals that stakeholders were notified of the school budget as stated by the SASA (cf Chapter 2, 2.7.8.1) but that various concerns were raised by some participants pertaining to the budget presentation during the AGMs.

FCM3 raised his concern, stating that:

*“Most parents have no accounting skills; when the budget is presented, they do not understand figures demonstrated to them. Our school has a high rate of immigrant children; as a result, parents do not understand English and they consequently accept what is suggested to them.”*

FCM1 commented that:

*“The school does not put enough effort into reaching most of the parents; learners are only given newsletters informing parents about the AGM and most of those newsletters end up in their bag. No other means are used to invite parents in case the first meeting is not a success. Parents end up knowing nothing about the meeting. As a result, very few parents attend the meeting; sometimes only eight parents attend the second meeting; then the budget is presented to those few parents and approved. Similarly, when it’s an SGB election, parents do not form the quorum and then it becomes a walk-over without any voting.”*

In the above responses, it is revealed that schools are conscious that stakeholders have to be updated of the school financial position as stated in SASA (see Chapter 2, 2.7.8). The only challenge is whether parents are clear about the issue of the budget.

P4 further submitted that:

*“Stakeholders are informed of the school’s financial position and how funds are managed through our audited financial statement and by submitting our monthly expenditures and income to the GDE.”*

Mestry (2009: 84) pointed out the fundamental issue of effective financial management, stating that for the sake of transparency and application of democratic principles, it is advisable to include the various stakeholders in the different committees. The data analysis through interviews indicated that lack of openness regarding school management is a challenge facing schools.

FCM1 remarked:

*“Transparency in this school is a serious problem. The staff is not informed about the school financial position; during fund-raising activities, no feedback is given to the staff about how much is raised and what the money raised will be utilised for. When educators come up with suggestions and assist in identifying areas of improvement, they are told that school finances do not concern them, it is an SGB matter.”*

FCM3 further commented that:

*“Concerning how the SGB manage finances, we are in the dark. During the AGM, parents are just shown expenditures but when it comes to income and the amount in the school bank account that is not disclosed. We are just told that parents are not paying school fees and there is no money but we will never be shown evidence regarding that matter.”*

FCM4 responded as follows:

*“Parents are given percentages of school fees owed by learners in each grade in the newsletter. They will then just be encouraged to pay outstanding fees.”*

FCM1 further expressed concern that:

*“The SGB does not want anyone to touch the subject of finances. The finance committee only makes recommendations when the committee asks to check if everything is in place regarding finances. They are refused documents and told that only the SGB has access to school financial documents.”*

SGBM3 commented that:

*“The school finance committee is functional and conducts its meeting once a month.”*

FCM1 raised this concern:

*“The department is failing us, they need to take the issue of financial management seriously. In the previous years, we had forensic auditing due to various signs of mismanagement. Recommendations were made but nothing happened.”*

Accountability and transparency play a major role to ensure that school finances are managed in an effective and efficient manner (cf Chapter 2, 2.8). School Governing Bodies have to be accountable to parents who elected them. They have to disclose the school’s financial position to the parents. If schools fail to practise transparency and involve people in committees, it is likely that they will face challenges concerning financial management.

Document analysis revealed that Schools A, B, C and D submit their annual audited financial statement to the Provincial Department as directed by Section 43(5) of the SASA which stipulates that a governing body must submit to the Head of Department, within six months

after the end of the financial year, a copy of records and financial statements of a public school. This is the one way they could receive their resource allocation in the following year.

#### **4.7 TO INVESTIGATE FINANCIAL SYSTEMS AND CONTROL USED BY SCHOOLS TO MANAGE FINANCES**

##### **Theme 5: Inappropriate financial systems and controls**

Participants from selected schools appear to have a clear understanding of the importance of having good financial systems and controls to protect all those working with school money. Data from interviews indicates that School A-D participants are aware of the fact that the financial policy is a guideline to effective and efficient financial management.

P2 commented that:

*“We obtain three quotes if purchasing goods that are over R5000. Quotes are recommended for cost analysis and then quotes are submitted to the SGB. The SGB with the bursar consult on the budget; when all agree and sign, the purchase can be made.”*

P3 added to that view, stating that:

*“HOD/coordinators present their analysis to the FINCOM (finance committee) according to the priorities. A requisition form is completed, three quotations are presented and the lowest quotation is considered.”*

FO1-4 also stated that their schools obtain three quotations when purchasing goods and then they choose the cheapest. They also highlighted that they stick to the budget as it is a key component for financial control. This was contrary to what SGB members from School A and B stated. They indicated that goods are purchased without their knowledge and they have no idea who approves the purchase. They further stated that they only get to know during SGB meetings what the school has purchased when doing ratification.

SGBM1 expressed their concern, stating that:

*“The school purchases goods as they please without our consultation. We get to know what is purchased during our meetings and when monthly ratifications are done, there are only expenditures shown. We do not know about the school’s income or the school’s financial position except that parents do not pay school fees. When we enquire about income, the principal will inform us that the finance officer was too busy but will prepare that for the next*



*meeting; come the next meeting, another excuse will be made. Honestly, I don't know anything about the finances of this school as an SGB member. The chairperson seems to be at ease with everything and ratifications are signed and approved. The chairperson works with the principal and leaves us out in all financial decisions of the school. We are like puppets and whatever suggestions we make are crushed and the chairperson's word is final in everything. It becomes very obvious that they discuss everything before the meetings that is the reason why members only serve for a short period of time and step down. We have to co-opt new members frequently and that retards our growth as the SGB."*

SGM1 indicated further that:

*"Right now, we are two parent members who attended the induction workshop presented by the department. All other members are new and have a lack of knowledge of how the SGB functions as they have never been trained, that is why they agree with everything stated by the principal and the chairperson as they lack confidence in themselves about their roles and functions. There is no continuity and the manner in which new members are co-opted is questionable as the procedure is not followed and we would just be informed in the meeting that this parent has joined the SGB. Due to how they are co-opted, they never oppose the decision made by the chairperson and he ends up being the SGB alone, not as a collective. It looks like goods are just purchased at random without considering the budget because when we do ratifications, the budget is not even there to guide if what was bought was budgeted for."The finance officer works alone, the treasurer is not involved in anything regarding finances.*

Clarke (2009: 291) emphasised having one person check the work of another to see that it is accurate and correct, to ensure good financial control.

SGBM2 remarked that:

*"We are never consulted when purchases are made. We only see in the ratification what the school has purchased and no quotes are brought to us."*

The impression that I got from the views above is that some schools lack collaboration as what was expressed by principals differed from SGB participants. It gives a clear indication that some parent members are excluded from financial decisions and responsibilities. SGB members changed constantly, which impeded growth and progression.

The view raised by FC1 regarding the school financial systems and controls indicated a great concern about the school financial management.

FCM 1 expressed his concern in this regard:

*“Regarding the school, the school still uses an old manual system of receipts to collect school fees. We made suggestions about installing an electronic system which is used mostly by other schools as it is reliable and minimises the chances of fraud but the SGB ignored our suggestions. When we were functioning effectively, trying to assist the SGB with internal checks, we requested the financial books but we were denied access, or an excuse of missing files would be made. At this stage, nobody is checking the work of the finance officer, as the SGB does not do checks during their meetings but just signs ratifications of the expenditures. That area is very questionable, about transparency finances.”*

FO2, 3 and 4 indicated that income was banked regularly at their schools, almost daily, but could not be kept for two days in the school. All 4 FOs stated that they had a safe which is utilised to store monies received late in the day and that form of income is banked the following day.

FO1 confirmed that:

*“Income is kept in the safe in the strongroom with security gates but I don’t do banking regularly because the place is not safe. I change people that I send to do the banking but I also feel that is also not safe now, they might have noticed them as they know they work for the school. So I skip a week and do not do it the same days for security reasons.”*

P1 commented that:

*“As the principal, I try to meet with the bursar once a week. Our SGB was dysfunctional for the first part of the year, but now I believe we are on track, we meet once a month, to discuss finance and draw up a new budget for 2014.”*

FO4 indicated that:

*“I meet with the principal and the SMT once a week to update them about the school financial position and internal financial checks are done weekly.”*

The above responses reveal that School C and D try their utmost best to put strong financial systems and controls in place as they all use the electronic system for fees. The literature

review indicates quite clearly that schools should use strong financial systems and controls. According to Naidu et al. (2008:123), the systems and controls that the school puts in place are there to protect all those who work with the school's money from charges of financial mismanagement, dishonesty and fraud. They are also there to ensure that opportunities for mismanagement, dishonesty and fraud are minimised, and that the school's money is used for the purpose for which it is intended (cf Chapter 2, 2.7.10). However, School A seems to lack strong financial systems and controls as it used the old system of manual receipts. The manner which banking is done and the period in which monies are kept in the school without being banked, are not in compliance with what the SASA stipulates.

The analysis of documents under this theme revealed that all selected schools have the financial policy filed with other financial documents which means that they are aware of the fact that it is an important financial management tool. According to Mestry (2009: 88), the financial policy should address the unique contextual challenges faced by an individual school and should therefore be unique to that school. It should outline how funds, such as school fees, donations, other generated funds, the government grant and school's expenditures, are to be managed at a specific school. It should provide an understanding of the responsibilities of the treasurer, the finance officer, school manager, and other persons delegated for specific jobs.

When I examined the content of each selected school's financial policy, I discovered that it was different from the responses of participants given during interviews. In School A, responsibilities are stated, that the treasurer must meet with the finance officer at least weekly to go through the financial records. However, in the interview responses, FCM1 stated that the finance officer works alone and nobody is doing internal checks. The treasurer is only involved when a cheque needs to be signed. School B and C specified duties that have to be performed by the finance committee but that was not practised as the responses from interviews indicated that the finance committee usually gets the report back on the decisions already made. School D seemed to apply what is in the policy but the involvement of the finance committee is also not practical. It is evident that the content of the schools' financial policy is contradictory to the interview responses.

Schools D and B use the electronic system to collect funds; this is a good mechanism to reduce chances of mismanagement. The financial records of these schools are easy to follow and the column for budget appears on the other side which is a guideline that the budget is

monitored. The analysis of selected schools income and expenditure statements reflects that Schools B, C and D adhere to the budget. School A's income and expenditure statement indicates that the budget is not followed and items are purchased at random. The petrol and telephone accounts display a lack of system control as well as a lack of internal monitoring of the budget. They still use the old system of writing receipts manually and then enter their financial records later in the computer. That system has proven not authentic as it raises chances of fraud and mismanagement (Naidu et al. 2008: 123). The cheque book of School A has a couple of blank cheques signed by the chairperson and the reason given was the difficulty experienced in getting hold of the chairperson. Bank reconciliations were not signed in School A, B and C. School D reflects signatures for internal checks done on monthly financial reports. The analysis of the deposit book reflects that banking is done regularly in School B, C and D whereas in School A, the analysis of the deposit book reflects that banking was done after some weeks. This was concurred by the finance officer during interviews when he/she stated that they skip a week or two before doing banking, locking the money in the strongroom. This is contrary to the view pointed out by Clarke (2007: 292) that delays in banking money are the warning signs of fraud or possible incompetence.

#### **4.8 CHAPTER SUMMARY AND CONCLUSION**

This chapter focussed on the data analysis process and interpretation. Interpretive commentary was given on observation, interviews and documents analysed. The aim was to examine the extent of transparency and accountability practised by Johannesburg South public primary schools in the management of school finances. The following themes were covered in this chapter: how the SGB fulfil their roles and responsibilities, functionality of the finance committee, accountability and transparency, financial systems and control and school funding. In order to contextualise the findings of the study with the literature review, literature control was followed.

Accountability and transparency play a major role in the management of schools' finances. If it is not effectively practised, it creates a non- conducive atmosphere in schools and a culture of successful teaching and learning is demoralised. The South African Schools Act, 1996 provides guidelines to assist public schools to manage their finances effectively, efficiently and economically.

#### **4.9 PROJECTION OF THE NEXT CHAPTER**

The next chapter will centre on the findings, as well as the conclusion of the research study. Guidelines to assist public primary schools, particularly in Johannesburg South, will be provided and recommendations for further research will be proposed.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

Chapter Four focused on qualitative data analysis and interpretation. The literature review was also taken into consideration. In this chapter, the summary of the study is given and findings are discussed in conjunction with the literature review. Findings are discussed based on the research question and objectives as stated in Chapter One. Subsequently, recommendations are made, taking into consideration the literature study, and personal experience pertaining to accountability and transparency in managing school finances at public primary schools.

#### **5.2 SUMMARY OF CHAPTERS**

Chapter One gave the background information of the study and the statement of the problem, and the rationale was set out. The research question and objectives were outlined, and the theoretical and conceptual frameworks were stated, as well as the purpose of the study and the research design.

Chapter Two provided a literature review regarding the management of school finances in South African public schools. An attempt was made to outline school financial management of some African countries as well as an international perspective concerning school-based financial management. Financial responsibilities of individuals entrusted with school finances were outlined with reference to Section 21 and 37 of the South African Schools Act (1996). Various aspects or components of school financial management were discussed. Moreover, the issue of accountability and transparency was explored to contextualise the purpose of the study.

Chapter Three focused on the research method employed in the study. Furthermore, the research design used in the study was explained. The sampling method, unit of analysis, data collection instruments and strategies, data analysis and interpretation, as well as ethical considerations followed in this study were outlined in this chapter. In addition to these procedures, the chapter also highlighted measures to be taken into account to ensure trustworthiness and reliability of the research findings.

Chapter Four presented qualitative data analysis and interpretation. Data obtained during observation, open-ended questionnaires and interviews were analysed and interpreted with reference to literature in order to investigate the extent of accountability and transparency practised by SGBs and principals in managing their school finances, particularly in Johannesburg South. The following themes extracted from the research were examined in this chapter: understanding of roles and responsibilities by the SGB, with sub-themes of inadequate training of SGBs and overlapping responsibilities of individuals entrusted with school finances; challenges in the functionality of the finance committee; inappropriate financial systems and controls; and allocation inaccurately utilised.

Findings from observation, interviews and document analysis were outlined and summarised in Chapter Five. These findings were interpreted in compliance with the research question and objectives of the study.

### **5.3 FINDINGS**

The following themes were identified during data analysis and were simultaneously used with the research questions to interpret the findings:

- Allocation inaccurately utilised
- Understanding of roles and responsibilities by the SGB

Sub-themes: - Inadequate training of SGBs

- Overlapping responsibilities of individuals entrusted with school finances

- Challenges in the functionality of the finance committee
- Lack of accountability and transparency
- Inappropriate financial systems and controls

#### **5.3.1 Findings with reference to how SGB members understand their roles and responsibilities in the management of school finances**

Mestry and Bisschoff (2009: 17) highlight that the legal framework that underpins the financial management of schools, is the South African Schools Act (SASA), 1996 and the relevant Education Laws Amendment Acts. In order to ensure consistency in all public schools, every governing body need to govern their school according to a legal framework.

The other documents applicable to effective school financial management are: the General Accepted Accounting Procedures (GAAP) and various circulars sent by the Provincial Department of Education relating to finances, for example, Circular 13 of 2000, Circular 9 of 2003 and Circular 79 of 2007. These circulars are disseminated by the Gauteng Department of Education. Principals and School Governing Bodies should have an understanding of the various key control functions that will facilitate the management of finances efficiently.

In order to simplify the discussion, findings were divided into sub-sections as various themes emerged in this section.

#### **5.3.1.1 SGB training in financial management**

Findings revealed that the key challenge facing public primary schools in Johannesburg South regarding effective management of school finances is a lack of financial skills and knowledge. It has been noted that seminars are usually conducted by individuals who display incapability, have no clear picture of the subject, or have insufficient knowledge on what they are attempting to present. The department frequently makes use of ex-principals or officials from the department to conduct workshops. Findings in this section also indicated that the provincial department provides only introductory training which is mostly based on basic financial skills. Schools are usually promised follow-up programmes by the provincial department which never materialise and this regularly leaves SGBs in the dark. Hence, the training given by the department is inadequate to equip members with sufficient skills to manage school finances and this has impacted negatively on effective management of finances in schools. Findings showed that the department is quick to judge schools on what they are not doing but it provides superficial workshops which do not supply members with enough expertise to fulfil their financial duties.

Section 19 (1a and b) of the Schools Act , No. 84 of 1996 clearly stipulates that the Head of Department must establish a programme to provide introductory training for newly elected governing bodies to enable them to perform their functions and provide continuing training for the governing bodies for the effective performance of their functions(cf 4.4). In this respect, School Governing Body members will become proficient in performing their financial duties.

It has also been noted during document analysis that continuous changing of SGB members in some schools impedes development of School Governing Bodies' ability to manage school



finances efficiently. This preceding finding was also reflected during interviews with participants as they highlighted the lack of stability in SGB members, owing to SGB members' views on decision-making not being taken into consideration and disregarded. Findings revealed that some school principals only take decisions with SGB chairpersons and other members' inputs are never taken into account. It has been discerned in some schools that principals are more dominant in financial decision-making, using their professional and leadership powers to overrule resolutions of parent members.

This lack of collaboration in financial decision-making of the schools, leads to some members accepting decisions unwillingly to avoid conflict and because of the fear of intimidation. This occurrence gradually drives some members to lose interest in attending meetings and they subsequently resign. New members of SGBs without expertise are continuously co-opted. Thody (1994: 125) provides a significant view, stating that the opportunity to participate in decision-making by all stakeholders gives them a feeling of empowerment and increases motivation and commitment.

Findings also reflected that treasurers are not mostly recognised as individuals who play a major role in monitoring the way in which school finances are managed. Finance officers liaise only with principals in financial matters of the school or work single-handedly. This is in contrast with the view emphasised by Mestry and Bisschoff (2009: 87) that the treasurer of the SGB plays a crucial controlling role in school financial management.

Other issues of concern that emerged in the findings under this section include the following: the department should consider training schools on an individual basis and focussing on needs as each school is unique. It has also been indicated that Independent Service Providers are offering assistance in further developing schools on financial management but financial affordability prevents schools from participating in such programmes.

### **5.3.1.2 Overlapping responsibilities of individuals entrusted with school finances**

Another significant finding in this study is the issue of overlapping responsibilities of those entrusted with school funds. Clarke (2007: 280) emphasises that the first and important aspect of managing school finances is to be clear about who is responsible for what. Clarke (2007) further warns that overlapping responsibilities need to be minimised (cf. 4.4). Findings revealed that members of the SGB in School A fail to work within the parameters of the

legislation. They are of the view that they are in charge of the school, overstepping their boundaries and meddling with the daily management of the school. They seem to mix professional management and governance, taking over the leadership role of the principal.

P2 mentioned the lack of understanding of roles and responsibilities by the finance committee. He claimed that the finance committee caused a lot of confusion in financial matters of the school and also raised concerns about educators' duty to teach that suffers due to over-commitment. Moreover, the finance committee members ended up questioning SGB members on financial matters of the school.

It is apparent that the view cautioned by Clarke (2007: 280) of clearly drawing lines of authority (cf 4.4) is never implemented by some schools; hence there are areas of conflict. It is revealed in the findings that the duties of the treasurers are performed by either the principals or the chairpersons. Treasurers are usually left out or merely consulted for cheque signing. Their duty to monitor financial management of the school and report back to the SGB, is regularly done by other individuals who overlap their responsibilities.

Another important finding in this section relates to principals who become dominant in financial decisions of the school, taking advantage of the SGB's lack of financial understanding and using their power to be in control of everything. Circular 79 of 2007 highlights that the School Governing Body is responsible and accountable for the funds of the school and the principal must give support and assist the SGB in the execution of its statutory functions relating to financial management of the school.

### **5.3.2 Findings with reference to the functionality of the finance committee in Johannesburg South primary schools**

In all four schools studied, it was revealed that delegation of certain financial responsibilities is a fundamental challenge. Principals and SGBs showed reluctance to delegate various financial functions to their finance committees. Section 30 of the SASA (1996) allows the governing body to set up a finance committee and the SGB may delegate (in writing) the responsibility of managing the finances to the finance committee. Findings revealed that the finance committees are constituted but are dysfunctional in most schools and members are used as window dressing for departmental financial monitoring purposes (which never happen anyway, only if there is a serious problem). In two schools, School B and School D,

the finance committee meetings are occasionally held just for record-keeping. It transpired that members give no inputs or recommendations as these are just directive meetings.

Interviewees in School A revealed that there is misunderstanding between the finance committee members and the SGB. Findings on this matter were that the SGB perceives the finance committee as the body that is causing interference in financial matters of the school. The SGB views management of school finances as strictly its function and expects no questioning about it. The finance committee's perception was that their hands are tied in terms of fulfilling their duties because the SGB is threatened by their views of seeking transparency in financial matters of the school. Circular 9 of 2003 points out that it is essential for School Governing Bodies to delegate various financial functions to individuals who have the necessary expertise, specialised knowledge or skills in aspects of schools' finances.

Mestry and Bisschoff (2009: 86) agree with regard to this matter that the finance committee should conduct regular meetings to discuss financial matters and members should be committed to carrying out their responsibilities (cf. 4.5). Knight (1993: 7) specifies that delegation is driven principally by ideas of managerial efficiency. Moreover, delegating decisions to a low level helps to increase accountability and create flexibility to respond to the local needs.

The preceding view in most selected schools is hindered by a lack of collaboration and openness on financial matters of the schools by SGBs.

### **5.3.3 Findings with reference to financial systems and control mechanisms put in place by SGBs in managing school finances**

It is remarkable that the majority of the participants in the study are well acquainted with the school finance policy as a guideline to effective financial management. Mestry (2004) clarifies that schools and systems need policies that set direction and give guidance. A more comprehensive view is given by Ryan (1994: 25) who specifies that a good policy identifies and articulates the values and the basic principles to be applied to specific needs in an organisation. He adds by stating that effective policy sets direction, but it does not give directions. Good policy should be applied with discretion required by circumstances and their own professional judgement.

All selected schools had the school finance policies in place. However, findings revealed that the content of the finance policy is different from participants' responses in almost all schools. One can deduce that the policy is not implemented by schools but formulated for the department to believe that schools are well-informed about the legislative framework and their financial systems are in place.

Findings also revealed conflict that has been created among SGB members and the finance committee due to overlapping responsibilities as explained above (cf 5.3.1.2). This provides an indication that guidelines in the finance policy of the schools are not adhered to or followed. Circular 13 of 2000 clarifies that in order for a school to reduce conflict within the SGB and finance committee and to manage its finances effectively and efficiently, a school finance policy must be developed, adopted and implemented. Mestry (2009: 88) concurs that the financial policy should address the unique contextual challenges faced by an individual school that are unique to that school. It should outline how funds, such as school fees, donations, other generated funds, the government grant and the school's expenditures, are to be managed at a specific school. It should provide an understanding of the responsibilities of the treasurer, the finance officer, school manager, and other persons delegated for specific jobs.

The majority of schools in the study are using an electronic system to collect funds. This is an indication of a good financial control mechanism as this method of collecting funds is recommended by most organisations for its ability to minimise fraud. As a result, financial records of these schools are easy to follow and the budget is adhered to. Income is regularly banked in most of the schools. On the other hand, findings also revealed that bank reconciliations are not signed by the treasurer in a significant number of schools which is a reflection that internal checks are not appropriately done.

Findings revealed signs of poor management of school finances in the minority of selected schools. Regardless of the findings being obtained in the minority of schools, this is a concern and needs to be attended to. The old system of writing receipts manually is still applied in one of the schools, School A. The budget is not followed and correct procurement procedures are not done. A lack of control in telephone and petrol usage was noticed. Some issues that have to be brought to attention in the findings for this school are: the issue of blank cheques that are signed and income that is not frequently banked. Income is not reflected on monthly ratification statements, only expenditures, but the SGB continuously

signed those ratifications which are not authentic. No internal checks are done and only one person is involved in financial administration. The budget is not considered when there are expenditures. Clarke (2010: 161) gives an explanation that the financial systems and controls that the school puts in place are there to protect all those who work with the school's money from charges of financial mismanagement, dishonesty and fraud. Additionally, Mestry (2004) states that key control mechanisms should be put in place as this ensures transparency and accountability and prevents fraud, cheating, pilfering, theft, and collusion.

#### **5.3.4 Findings with reference to how public primary school principals and their SGBs manage school finances in line with Section 37 of the SASA, No. 84 of 1996**

A perspective derived under this sub-section which is worth considering is that all schools in the study are under the same funding quintile; this implies that they receive the same allocation of resources from PED. They are all fee-paying schools under Section 21. The interesting part is whether the amount these schools have obtained is utilised according to what is allocated or not. Section 37 of the SASA (1996) stipulates that the governing body of a public school must establish a school fund and administer it in accordance with the directions issued by the HOD. Section 21 of the SASA specifies in detail how funds should be utilised. Mestry and Bisschoff (2009: 51) further clarify that the inputs covered by the school allocation, which are normal repairs and maintenance of all physical infrastructure of the school, should be used in accordance with the directions issued by the HOD of Education.

What has also been revealed in the findings is that a significant number of schools have well-maintained infrastructure, which is an indication that funding from the state is sufficiently utilised. However, one of the schools (School A) in the study was a concern; the school had poor infrastructure, with some areas where safety measures were not taken into consideration. The resource allocation is mostly used to pay SGB salaries and to purchase other goods which are not even budgeted for. A sign of poor financial management was thus noticed.

All selected schools complained about the inadequate school fees to supplement the allocation from the provincial department. Schools make use of debt collectors to manage fee-defaulters and bad debts. Regardless of the schools' best efforts, there will be those who are unwilling to pay for whatever reason. Owing to the above challenges, schools have to come up with different strategies to raise funds in order to ensure that all services are paid.

Findings revealed that some schools have school fee registers in place, which makes it easier to account for the fees collected by the school. Other schools have no school fee register and they struggle to keep track or account for funds being collected.

It has also been revealed that most schools are not transparent in terms of funds raised through fund-raising activities. A few schools disclose to parents the amount raised and the purpose it would be used for. Some schools do not report back to parents and the staff on fund-raising activities. This creates a lot of conflict among the staff and SGB. According to Clarke (2009: 312), for most state schools, there are only three major sources of income: the provincial allocation, the school fees that they collect and fund-raising that they might undertake. Clarke (2009) stresses that it is essential for schools to continuously provide feedback to parents on monies collected in order to always receive support.

### **5.3.5 Findings with reference to the extent of accountability and transparency practised by principals and their SGBs in managing school finances**

Accountability plays a major role in school financial management. The South African Schools Act (SASA), 1996 specifies procedures that must be followed by public schools to certify that the issue of accountability is adhered to. Section 43(5) of the SASA stipulates that a governing body must submit to the Head of Department, within six months after the end of the financial year, a copy of records and financial statements of a public school. Therefore, the SGB is accountable to the HOD. Section 38(1) of the SASA further states that a governing body of a public school must prepare a budget each year and it must be presented to a general meeting of parents convened with at least 30 days' notice, for consideration and approval by the majority of parents present and voting. This signifies that the SGB is also accountable to the parents.

Findings reflect that all selected schools have an Annual General Meeting (AGM) where the budget is presented to parents for approval. It has been revealed that the effort schools put in to conduct an effective AGM with good attendance in order to disseminate the message to the majority of parents, differs. Some schools go all the way to obtain good attendance and get enough signatures from parents which would aid to form a quorum. According to the Governing Body Regulations for Public Schools (2012), a quorum of the Annual General Meeting shall be 15% of the voters' roll; if the quorum is not reached at the AGM, the chairperson shall determine the date for the second meeting. At the second AGM, there shall be no quorum requirement and the meeting shall proceed according to the regulation. It is

apparent that some schools take advantage of the preceding regulation and make no effort to invite enough parents so that the first meeting will be postponed. In the second meeting where the quorum is not required, it is evident that the number of attendees is reduced. This might be due to the fact that parents get discouraged by the postponement of the first meeting.

Findings also revealed that most parents are illiterate or have no accounting skills. The budget of schools reflects high figures and parents fail to comprehend what is presented, due to fear of being embarrassed, or they avoid lengthy discussions as the meetings in all selected schools in Johannesburg South are conducted in the evening and the budget part is usually the last item. They accept it without question. It is apparent that the AGM is held by most schools for the adoption of minutes and budget approval as this is the only way to receive the resource allocation from the provincial department.

Financial transparency is the key to effective financial management. Bisschoff (2002: 92) stresses the importance of transparency, stating that it involves the effective communication of financial information to all stakeholders. Schools should display openness on funds collected, be it through school fees, fund-raising or state allocation. Mestry (2009: 84) also points out the fundamental issue of effective financial management, stating that for the sake of transparency and application of democratic principles, it is advisable to include the various stakeholders in the different committees.

Findings revealed that most schools in the study lack transparency as during the interviews, participants from various schools raised concern about school finance committees that are dysfunctional. The SGBs did not recognise the finance committee as an organ that plays a pivotal role in managing the school's finances. It was reflected that in some schools, the finance committee is window dressing. In one of the schools, signs of conflict between the SGB and the finance committee were reflected. SGBs show unwillingness to delegate financial tasks. This lack of openness is a sign of a lack of transparency.

Monies raised in various fund-raising activities are hardly disclosed in some schools. In some schools, SGB members are in the dark about school finances. Income received by the school is not disclosed; they have no idea how much the school has in its bank account. Yet Section 37 of the Schools Act stipulates that the SGB must establish a school fund and administer it in accordance with the directions issued by the HOD.

Mestry (2004) highlights that good communication structures should be put in place with feedback from the School Governing Body to the finance committee and various stakeholders. However, it is evident that most schools face difficulties in that area. Some SGBs have the wrong perception that since the state has delegated a financial function to them, nobody has the right to know what is happening and they regard the involvement of other stakeholders as interference. It boils down to poor training received by SGBs and a lack of clarity on roles and responsibilities as well as non-compliance with policy, which has been discussed previously.

The findings of this study have been used to give some recommendations regarding accountability and transparency in managing school finances in public primary schools.

#### **5.4 RECOMMENDATIONS**

The findings of this research have afforded me an opportunity to suggest the following recommendations in order to possibly improve the issue of accountability and transparency in managing school finances which will certainly develop a collaborative relationship between schools and their stakeholders and consequently create an atmosphere that is conducive to learning. These recommendations will be discussed according to their order of importance.

##### **5.4.1 Recommendation 1: Understanding of financial roles and responsibilities by SGBmembers**

The Department of Education needs to consider upgrading capacity-building training of SGB members. If the SGBs are to perform their duties efficiently and effectively, sufficient and productive training should be provided. Conducting simply introductory training, will not equip SGB members with requisite skills essential in school governance, predominantly the very crucial part, financial management. The preceding sections gave an indication of insufficient training provided by the department; therefore, different strategies could be developed to ensure that this matter is treated in the best interest and benefit of the SGB members.

It is recommended that, after SGB members' induction which is mostly provided by the PED, when the newly-elected members start their term of office, follow-up training programmes which are usually promised by the department, are provided. These workshops should be conducted by proficient individuals for efficiency. A suggestion will be to make use of accredited service providers e.g. Matthew Goniwe School of Leadership and



Governance. Problems experienced by SGB members from various schools should be addressed in these training workshops. Information-sharing sessions should also be held during the training for development purposes. These training workshops should be conducted at least once a term or on two alternative weekends in order to accommodate most members. This will empower and capacitate the SGB members.

It is recommended that the PED conducts continuous monitoring for SGBs to ensure that the training they offer is worthwhile. The Gauteng Department of Education has officials dealing with SGB matters at district level and at provincial level. It is proposed that these officials visit schools quarterly to monitor the functionality of SGBs. This will help to keep schools and their governing bodies on their toes, effectively implementing the legislation and managing their finances effectively. According to findings revealed in this chapter, one can deduce that, schools and their governing bodies become comfortable knowing that their progress will not be continuously monitored. As a result, some people take advantage of the situation, by infringing the legislation, overlapping responsibilities and consequently, tension and conflict arise. The department only intervenes when the situation is completely out of control, simply to find that problems have escalated as they have been left unattended for a long time.

It is also recommended that a team of officials design effective monitoring tools to be used when visiting schools. The guidelines of these tools should be in line with the SASA, covering the following: roles and responsibilities of individuals entrusted with the management of school finances, delegation of various financial functions to the finance committee, school financial systems and control, development and implementation of the school's finance policy, and accountability and transparency in managing school finances.

Findings reflected that all participants regard the finance policy as an important financial management tool. It is recommended that schools and their governing bodies utilise the policy instead of storing it in their files. The policy should be designed in a sense that it addresses the unique contextual challenges for that particular school. It should outline how funds are managed at a specific school as well as providing an understanding of the responsibilities assigned to individuals dealing with school finances.

It is also recommended that the policy be flexible and accommodate changes in the legislation and within the school. It is suggested that a team of officials help to oversee that the school's finance policy is correctly constituted and utilised.

#### **5.4.2 Recommendation 2: Challenges in the functionality of the finance committee**

The finance committee plays a crucial role in the management of school finances. However, findings revealed that schools are unwilling to offer this committee an opportunity to function effectively according to the legislation. It is therefore recommended that the Department of Education follows up to ensure that different committees are established and functional. This can also be observed by a team of officials from the district.

It is also recommended that the finance committee works within the parameters of the legislation adhering to its responsibilities as stipulated in the school finance policy. This will minimise conflict and improve collaboration. This committee should perform its functions in such a manner that accountability and transparency are practised. It is suggested that SGBs who are reluctant to delegate some financial responsibilities to the finance committee as set out by the legislation or refuse to grant the finance committee an opportunity to perform its functions, be dealt with accordingly.

#### **5.4.3 Recommendation 3: Financial systems and control**

It is essential that schools have strong control mechanisms for safe and accurate administration of funds. Recommendation is that the accounting system be electronic, that electronic receipts are issued for all monies collected. The system of using receipt books when collecting fees should be discontinued as it increases the chance of fraud and mismanagement of funds. The department should put this as an amendment in financial management circulars. It should be legislated and implemented nationally.

It is recommended that schools put internal checks in place. SGB treasurers should be given an opportunity to perform their duties as stipulated by the SASA with the aid of the finance committee. All transactions and banking should be done accordingly. This will also be successful if continuous monitoring is done by the Department of Education.

#### **5.4.4 Recommendation 4: Dealing with a lack of accountability and transparency in managing school finances**

It has been noted in the findings that schools are aware of the procedures to be followed in financial reporting. Annual General Meetings are held to give feedback on the school's financial position. The budget is then approved for the school to receive funding from the

state. These meetings are also held to account to parents about school funds, but the former becomes more important to schools than the latter.

It is recommended that schools that purposely plan the first Annual General Meeting to be a failure in order to have a second meeting without a quorum and with few parents, be faced with corrective measures as this is unconstitutional and illegal. The state should have firm procedures to be followed by schools in order to do their best to reach out to the majority of parents. In that regard, accountability would have been fully practised.

It is recommended that the state should ensure that auditors are changed every three years as stipulated by the legislation to avoid the formation of undesirable relationships. This needs to be continuously monitored by the Department of Education to certify that audited financial statements sent to the HOD reflect proper accountability.

It is recommended that all monies that the schools receive, as school fees, donations, allocation from the provincial department as well as other generated funds, be accounted for and accordingly reported to parents and staff for transparency purposes. It is suggested that fund-raising be done for a specific purpose and feedback be given to parents and staff.

It is recommended that the SGB delegates tasks to separate people who take on responsibilities for specific tasks. This ensures transparency and avoids fraud and mismanagement. School Governing Bodies who refuse to exercise this form of transparency should also face punitive measures.

#### **5.4.5 Recommendation 5: Dealing with mismanagement of school finances**

It is recommended that corrective measures be taken promptly in the event of any case of mismanagement or fraud. The department has indeed put some systems in place to deal with such acts but great improvement is required. Signs of mismanagement have been reported in various schools but are not dealt with in a harsh and corrective manner. Forensic auditing has been performed in some schools and recommendations made. However, nothing authentic has ever materialised. Perpetrators often get away with it and carry on where they have left off. It is suggested that the department review its policies in dealing with mismanagement of funds in schools and those involved face strict punitive measures. This will send a message and will minimise cases of mismanagement.

## **5.5 FURTHER RESEARCH**

It is essential to suggest topics that can be explored for further research after the findings and recommendations of this research study have been discussed.

This research has served to examine the extent of accountability and transparency practised by principals and SGBs in managing school finances at some primary schools in Johannesburg South. It is recommended that the same problem be investigated in other provinces to match the findings.

The following subjects are also recommended for further study:

- Investigating what systems have the Department of Education put in place to deal with mismanagement of funds in public schools
- Examining the functionality of the finance committee in public schools as recommended by Section 30 of the Schools Act, No.84 of 1996
- Investigating programmes designed by the Department of Education to capacitate SGB members

## **5.6 CHAPTER SUMMARY AND CONCLUSION**

In this chapter, the researcher explained the findings with regard to the researcher question and the purpose of the study. Additionally, recommendations were made based on the findings of the study. Finally, certain aspects were suggested for further research.

## **5.7 CONCLUDING REMARKS**

Based on the findings regarding the issue of accountability and transparency in managing school finances at primary schools in Johannesburg South, challenges are still experienced by most of the schools. The primary cause of challenges is insufficient training on financial management by School Governing Bodies. This has impacted negatively on SGBs in carrying out their financial duties effectively. Lack of collaboration caused by inadequate knowledge in managing school finances results in conflicts, overlapping responsibilities, and other members becoming dominant to name but a few. Subsequently, this puts pressure on other members who end up resigning and not completing their term of office. Afterwards, members are changed continuously and new members who have no clue of SGB matters join while a few prime ones remain. The department remains optimistic that everything regarding finances

in schools is in place. Meanwhile, the overriding members of SGBs and principals send positive feedback to the department to avoid being investigated.

The finance committee is normally disregarded by SGBs in the performance of its function and is used as window dressing in case there is some form of monitoring. Treasurers are not afforded an opportunity to check school finance books and as finance committees are mostly dysfunctional, it becomes impossible for them to carry out their duties. Financial systems and controls are still a challenge in the minority schools as internal checks are not done, income is not regularly banked, bank reconciliations are not signed, and blank cheques are being signed. However, there are schools that display good financial control by using electronic systems and having their financial records in place.

Resource allocation is insufficient to cover the schools' expenses and most parents fail to pay school fees. Nevertheless, some schools have good systems in place to augment that. The resource allocation seems to be managed accordingly as it is evident in good infrastructure. However, a minority of schools display a challenge in that area as it is evident in the school's infrastructure which is poor and the allocation is not used accordingly.

Accountability is still a challenge in most schools in Johannesburg South as it is done in an inappropriate manner. Annual General Meetings are conducted in almost all schools but some issues need to be taken into consideration in other schools as these meetings are not done appropriately. Very few schools give feedback to parents and staff after fund-raising activities. Other schools display a lack of accountability in that area.

Transparency is still a major challenge in most schools as delegation of financial responsibilities is not done and finance committees are not functional. Some SGB members have no clue of the school's income or balance in the bank account. Monies raised are not disclosed to staff or parents.

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# Appendices

LETTER REQUESTING CONSENT TO DoE

13 Main Street

Townsvew

2190

25 March 2013

The Head of Department

Gauteng Department of Education

Johannesburg

2001

Dear sir/madam

Request for permission to conduct the research study

I am a UNISA student who would like to request permission to conduct a research in four Johannesburg South District primary schools. I am currently doing my Masters' degree in Education Management. The participants in this study will be the principal, one SBG member, finance officer as well as one member of the finance committee from each school. The participants will be involved in interviews and questionnaire completion. The title of my dissertation is: *Accountability and transparency in managing school finances at primary schools in Johannesburg South.*

The purpose of the of the study is to determine the extent accountability and transparency practised by various primary schools in the Johannesburg South to ensure that school funds are managed effectively and efficiently. The findings of the research could assist the



Department of Education to identify challenges experienced by different schools in managing their funds effectively.

No individual interviewee or schools will be identified. Therefore confidentiality and anonymity will be maintained. Voluntary participation is practised and participants are free to withdraw without penalty.

Thanking you in advance and hoping for a positive response.

Yours faithfully

Cynthia Nonhlanhla Ntsele

Tel number: 011 435 0440

Cell number: 083 682 7845

nonhlanhlantsele@gmail.com

## APPENDIX B



### GAUTENG PROVINCE

Department: Education  
REPUBLIC OF SOUTH AFRICA

For administrative use: Reference no. D2014/132
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### GDE RESEARCH APPROVAL LETTER

Date:	2 July 2013
Validity of Research Approval:	2 July 2013 to 20 September 2013
Name of Researcher:	Ntsele C.N.
Address of Researcher:	8 Segovia Complex
	13 Main Street
	Townsvlew
	2190
Telephone Number:	011 435 0440/1 / 083 682 7845
Fax Number:	011 435 3901
Email address:	nonhlanhlantsele@gmail.com
Research Topic:	Accountability and transparency in managing school finances at primary schools in Johannesburg South
Number and type of schools:	FOUR Primary Schools
District's/HO	Johannesburg South

**Re: Approval in Respect of Request to Conduct Research**

This letter serves to indicate that approval is hereby granted to the above-mentioned researcher to proceed with research in respect of the study indicated above. The onus rests with the researcher to negotiate appropriate and relevant time schedules with the school/s and/or offices involved to conduct the research. A separate copy of this letter must be presented to both the School (both Principal and SGB) and the District/Head Office Senior Manager confirming that permission has been granted for the research to be conducted.

The following conditions apply to GDE research. The researcher may proceed with the above study subject to the conditions listed below being met. Approval may be withdrawn should any of the conditions listed below be flouted:

*2013/07/03*

**Making education a societal priority**

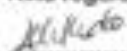
**Office of the Director: Knowledge Management and Research**

9<sup>th</sup> Floor, 111 Commissioner Street, Johannesburg, 2001  
P.O. Box 7710, Johannesburg, 2000 Tel: (011) 355 0506  
Email: David.Makhado@gauteng.gov.za  
Website: www.education.gpc.gov.za

1. The District/Head Office Senior Manager/s concerned must be presented with a copy of this letter that would indicate that the said researcher/s has/have been granted permission from the Gauteng Department of Education to conduct the research study.
2. The District/Head Office Senior Manager/s must be approached separately, and in writing, for permission to involve District/Head Office Officials in the project.
3. A copy of this letter must be forwarded to the school principal and the chairperson of the School Governing Body (SGB) that would indicate that the researcher/s have been granted permission from the Gauteng Department of Education to conduct the research study.
4. A letter / document that outlines the purpose of the research and the anticipated outcomes of such research must be made available to the principals, SGBs and District/Head Office Senior Managers of the schools and districts/offices concerned, respectively.
5. The Researcher will make every effort obtain the goodwill and co-operation of all the GDE officials, principals, and chairpersons of the SGBs, teachers and learners involved. Persons who offer their co-operation will not receive additional remuneration from the Department while those that opt not to participate will not be penalised in any way.
6. Research may only be conducted after school hours so that the normal school programme is not interrupted. The Principal (if at a school) and/or Director (if at a district/head office) must be consulted about an appropriate time when the researcher/s may carry out their research at the sites that they manage.
7. Research may only commence from the second week of February and must be concluded before the beginning of the last quarter of the academic year. If incomplete, an amended Research Approval letter may be requested to conduct research in the following year.
8. Items 6 and 7 will not apply to any research effort being undertaken on behalf of the GDE. Such research will have been commissioned and be paid for by the Gauteng Department of Education.
9. It is the researcher's responsibility to obtain written parental consent of all learners that are expected to participate in the study.
10. The researcher is responsible for supplying and utilising his/her own research resources, such as stationery, photocopies, transport, faxes and telephones and should not depend on the goodwill of the institutions and/or the offices visited for supplying such resources.
11. The names of the GDE officials, schools, principals, parents, teachers and learners that participate in the study may not appear in the research report without the written consent of each of these individuals and/or organisations.
12. On completion of the study the researcher/s must supply the Director: Knowledge Management & Research with one Hard Cover bound and an electronic copy of the research.
13. The researcher may be expected to provide short presentations on the purpose, findings and recommendations of his/her research to both GDE officials and the schools concerned.
14. Should the researcher have been involved with research at a school and/or a district/head office level, the Director concerned must also be supplied with a brief summary of the purpose, findings and recommendations of the research study.

The Gauteng Department of Education wishes you well in this important undertaking and looks forward to examining the findings of your research study.

Kind regards



Dr David Makhado  
Director: Education Research and Knowledge Management

DATE: 2013/07/03

**Office of the Director: Knowledge Management and Research**

1<sup>st</sup> Floor, 111 Commissioner Street, Johannesburg, 2001  
P.O. Box 7710, Johannesburg, 2000 Tel: (011) 355 0505  
Email: David.Makhado@gauteng.gov.za  
Website: www.education.gpg.gov.za



## Research Ethics Clearance Certificate

This is to certify that the application for ethical clearance submitted by

**Ntsele CN [4944-303-8]**

for a M Ed Study

**Accountability and transparency in managing school finances at  
primary schools in Johannesburg South**

has met the ethical requirements as specified by the University of South Africa  
College of Education Research Ethics Committee. This certificate is valid for two  
years from the date of issue.

A handwritten signature in black ink, appearing to read 'CS le Roux'.

Prof CS le Roux  
CEDU REC (Chairperson)  
[lrouxcs@unisa.ac.za](mailto:lrouxcs@unisa.ac.za)

15 August 2013

Reference number: 2013 Aug/4944-303-8/CSLR

**APPENDIX D**

4 Bergzicht

62 Church Street

Strand

7140

Telephone: 021 8534908

Cellphone: 083 297 2752

2 January 2015

**TO WHOM IT MAY CONCERN**

I hereby certify that I have proofread the dissertation written by Nonhlanhla C. Ntsele, entitled ACCOUNTABILITY AND TRANSPARENCY IN MANAGING FINANCES AT PRIMARY SCHOOLS IN JOHANNESBURG SOUTH, and that I am satisfied that, provided the changes I have made are effected, the language is of an acceptable standard.

Lydia Koetzee

BA (Hons) (English) (Stellenbosch)

SATI Accreditation: English Editing

LETTER REQUESTING PARTICIPATION FOR SCHOOLS.

8 Segovia Complex  
13 Main Street  
Townsvlew  
2190  
  
25 March 2013

The Principal

Dear sir/madam

Requesting permission for your school to participate in the research study

I am a UNISA student who wishes to request permission to conduct a research in your school. I am currently doing my Masters' degree in Education Management. The research participants in this study will be the principal, one SBG member, finance officer as well as one member of the finance committee. The participants will be involved in interviews and questionnaire completion. The title of my dissertation is: *Accountability and transparency in managing school finances at primary schools in Johannesburg South.*

The purpose of the of the study is to determine the extent accountability and transparency practised by various primary schools in the Johannesburg South to ensure that school funds are managed effectively and efficiently. Hopefully the findings of this study could help to address challenges faced by various schools concerning financial management.

No individual interviewee or schools will be identified. In that case confidentiality and anonymity will be upheld. Participation is voluntary and withdrawal without reprisal is accepted.

Thanking you in advance and hoping for a positive response.

Yours faithfully

Cynthia Nonhlanhla Ntsele

Tel number: 011 435 0440

Cell number: 083 682 7845

[nonhlanhlantsele@gmail.com](mailto:nonhlanhlantsele@gmail.com)

**INFORMED CONSENT FORM**

**Name of the researcher: Cynthia Nonhlanhla Ntsele**

**The study is towards a Master's degree under the supervision of Dr Nyoni of the University of South Africa.**

**Research Topic:** Accountability and transparency in managing school finances at primary schools in Johannesburg South.

**The purpose of the study**

Financial Management is integral to effective school management and it can be one of the most challenging responsibilities facing school principals and their governing bodies. The purpose of this research is to determine the extent of the accountability and transparency practised by various schools in assuring that funds are managed effectively and efficiently.

**Participants' role in the study and duration of participation**

Your expected time commitment in the study will be approximately 30 to 40 minutes. You will be requested to complete a questionnaire which will take approximately 15-20 minutes. You will also be asked to take part in an interview which consists of 5 to 7 questions and will last for approximately 10 minutes. The research participants will be the principal, finance officer, one SGB member and one finance committee member.

**Benefits to participation and compensation**

There will be no direct benefit to you for your participation in this study. However, we hope that the information obtained from the study will assist to formulate guidelines that can be used to develop schools that are facing challenges as far as the issue of financial school management is concerned. There is no monetary compensation or reimbursement for your participation in this study.

**Procedures of participants' selection**



You have been selected to take part in this study due to the major role you play in financial school management.

### **Risks and discomforts to participants**

No physical, social, or economic risks that are posed to any participants.

### **Confidentiality**

Your responses and opinions will be viewed as strictly confidential. Assigning numbers or code created by the researcher will be used for your responses. Your anonymity is therefore ensured.

### **Voluntary participation and withdrawal**

Your participation in this study is voluntary and you have the right to withdraw from the study without reprisal should you wish. Although participants are encouraged to help make the project a success, you are free to withdraw from the study at any time without penalty. You are also invited to ask questions about the study.

### **Person to contact**

Should you have any questions about the research or any related matters, please contact my supervisor Dr Nyoni at the College of Education, Unisa, Tel no: 012 429 4474, [nyonij@unisa.ac.za](mailto:nyonij@unisa.ac.za).

### **Institution for Ethics Approval**

The institution for Ethics approval is UNISA, College of Education, Department of Education Studies, Pretoria Campus.

### **Summary of findings/Debriefing**

You will be informed about the future use of the information obtained through publication of research findings and you can access it if you are willing to do so. The information obtained will be strictly for educational purposes and no school's name or participant's name will be used in the results/findings. The issue of privacy, anonymity and confidentiality will be adhered to.

**Contact details for the reseacher**

Cynthia Nonhlanhla Ntsele

Tel number: 011 435 0440

Cell number: 083 682 7845

nonhlanhlantsele@gmail.com

**CONSENT**

I, the undersigned, \_\_\_\_\_ have read the above information relating to the project and agree to voluntarily participate in the research.

I understand that the information I give may not be used for any purpose except to help the researcher meet her educational expectations. I further apprehend that my name will remain anonymous and the information I provide will be confidentially upheld.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**QUESTIONNAIRES**

**This questionnaire consists of the following sections:**

- **Section A:** Demographical Information.
- **Section B and C:** Management of School Finances

**GENERAL INSTRUCTIONS IN COMPLETING THIS QUESTIONNAIRE**

- This questionnaire is made up of 7 pages. Its completion therefore will not take more than 20 minutes of your time.
- It forms part of my research project for an M ED degree student at UNISA.
- Completion of the questionnaire is not compulsory. Your consent to complete it will, however, greatly enhance the reliability and validity of the research results and will therefore be highly appreciated.
- No individual participant or school will be identified in the research report. You will therefore remain strictly anonymous at all times (**please DO NOT write your name or the name of your school on this questionnaire**).
- Please answer **ALL** the questions to the best of your ability and as **honestly** as possible.

Please regard these questions as open questions and responds as detailed as possible.

- Some of the questions are closed, however, and may only require the selection of one or more answers from a list of alternative. These closed questions can be answered by using a cross (X) in the appropriate box (es)
- **Your cooperation is highly appreciated.**

## SECTION A: DEMOGRAPHIC INFORMATION

- The following demographical information is necessary for statistics purposes, and will not be used against any respondent or school.
- Please make a cross (X) where empty boxes are provided to select your answer.
- Choose only one answer to each question in Section A.

### Questions:

1. Please state your position in the school.

Principal	SGB Member	FINCOM Member	Finance Officer
-----------	------------	---------------	-----------------

2. Gender

Male	Female
------	--------

3. Age

20-29 years	30-39 years	40-49 years	50-59 years	60-69 years
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4. Race

Black	Coloured	Asian	White	Other
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5. Number of learners in the school.

Below 200	201- 400	401- 600	601- 800	801- 1000	Above 1000
-----------	----------	----------	----------	-----------	------------

**SECTION B: FINANCIAL BACKGROUND OF THE SCHOOL**

1. Are you a Section 20 or Section 21 school?

Section 20	Section 21
------------	------------

2. Are you a fee paying school?

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- If yes, what are your school fees per annum?

--

3. Is there a school fee exemption policy in place?

Yes	No
-----	----

4. When last did you increase school fees?

--

5. Does the SGB raise additional funds? If so, for what purpose?

Yes	No
-----	----

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## SECTION C: MANAGEMENT OF SCHOOL FINANCES

1. Who is responsible for the day-to-day financial administration at your school?

Treasurer	Finance Officer	Principal
-----------	-----------------	-----------

2. Does your school have a financial school policy?

Yes	No
-----	----

3. If yes in number 2, who according to your financial policy authorises expenditure at the school?

--

4. Who draws up a budget in your school?

--

5. Does your school adhere to the budget when expenditures are made?

Yes	No
-----	----

6. How many signatories are in your school's bank account?

One	Two	Three	Four
-----	-----	-------	------

7. Does the school have a functioning finance committee?

Yes	No
-----	----

8. Who is the chairperson of the finance committee?

--



9. How often is the bank account reconciled?

--

10. Does the treasurer sign every bank reconciliation statement?

Yes	No
-----	----

11. Is the school's annual financial statement drawn up by an independent accountant/auditor?

Yes	No
-----	----

12. Does the school publish its audited financial statement?

Yes	No
-----	----

13. What procedures do you follow when purchasing goods for the school?

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14. Which of the following financial records does your school have?

FINANCIAL RECORD	YES	NO
1. Petty cash register		
2. School fees register		
3. Asset register		
4. Income statement		
5. Balance sheet		
6. Cash Flow		
7. Cash analysis		
8. Other-Please specify		

15. Are your Finance Committee meetings held:

Weekly	Once a month	Quarterly	Other
--------	--------------	-----------	-------

16. Have the SGB received training on Financial School Management?

Yes	No
-----	----

17. If yes to no 16, do you think the training provided by the Department of Education is sufficient to effectively run the school finances?

Yes	No
-----	----

18. Is the allocation for Learning and Teaching Support Materials, water, electricity and maintenance used exactly what it is intended for?

Yes	No
-----	----

19. Do you have an LTSM committee?

Yes	No
-----	----

20. Any remarks/ areas of concern regarding financial school management?

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**THANK YOU IN ANTICIPATION FOR YOUR CONTRIBUTION!**

**INTERVIEW SCHEDULE FOR PRINCIPALS**

**SECTION A**

Good morning/Good afternoon sir/ ma'am (shake hands)

My name is Cynthia Nonhlanhla Ntsele, I am an MEd student from Unisa. I would like to have a moment of your time as I have a few questions to ask you about your school which are basically for my study purposes. I would like to quickly read you some guidelines before we start so that you will get a clear picture of my intentions to conduct this study in your school.

**Guidelines:**

1. My research topic is: accountability and transparency in managing school finances at primary schools in the Johannesburg South.
2. The purpose of the study is therefore to examine the extent of accountability and transparency exercised by diverse schools in this area in ensuring that school funds are managed effectively and efficiently.
3. Answering or responding to the questions is not compulsory, but your willingness to respond fully will greatly enhance the reliability and validity of the research study and will therefore be highly appreciated.
4. No individual interviewee or school will be identified in the research report. You will therefore remain anonymous at all times.

5. I humbly request you to answer all the questions to the best of your ability.
6. The interview should take 10-15 minutes of your time.
7. Your co-operation is highly appreciated.
8. Your responses will be electronically recorded and later transcribed.

**I will firstly ask for your permission if may proceed with the questions.**

### **SECTION B**

I ONLY HAVE FIVE QUESTIONS TO ASK YOU AND FEEL FREE TO ELABORATE FURTHER AND GIVE REASONS FOR YOUR ANSWERS:

1. As the school manager, do you think that your school has necessary skills required to manage school funds in accordance to the regulations and guidelines from the department of education.
2. Are there programmes in place which are aimed at training and developing principals and their School Governing Bodies in managing school finances?
3. How often do you and Finance Committee schedule meetings with the bursar/finance officer to be kept informed of the school's financial position which has to be presented to the SGB?
4. How do you keep different stakeholders informed of the school's financial position and how funds are managed in the school to ensure that the issue of accountability and transparency is well practised? I will ask you to please start with:

- a) educators
- b) SGB
- c) parents
- d) Other stakeholders

5. What is your view with the belief that some schools experience problems in managing school funds?

**. Is there anything that you would like to add to what have been answered?**

### **SECTION C**

I would like to take this opportunity to thank you for the time you took to make this interview a great success.

**Your contribution towards this study is highly appreciated.**

THANK YOU.

END OF INTERVIEW

**INTERVIEW SCHEDULE FOR SGB MEMBERS**

**SECTION A**

Good morning/Good afternoon sir/ ma'am (shake hands)

My name is Cynthia Nonhlanhla Ntsele, I am an MEd student from Unisa. I would like to have a moment of your time as I have a few questions to ask you about your school which are basically for my study purposes. I would like to quickly read you some guidelines before we start so that you will get a clear picture of my intentions to conduct this study in your school.

**Guidelines:**

9. My research topic is: accountability and transparency in managing school finances at primary schools in the Johannesburg South.
10. The purpose of the study is therefore to examine the extent of accountability and transparency exercised by diverse schools in this area in ensuring that school funds are managed effectively and efficiently.
11. Answering or responding to the questions is not compulsory, but your willingness to respond fully will greatly enhance the reliability and validity of the research study and will therefore be highly appreciated.
12. No individual interviewee or school will be identified in the research report. You will therefore remain anonymous at all times.



13. I humbly request you to answer all the questions to the best of your ability.

14. The interview should take 10-15 minutes of your time.

15. Your co-operation is highly appreciated.

16. Your responses will be electronically recorded and later transcribed.

**I will firstly ask for your permission if may proceed with the questions**

**SECTION B**

I ONLY A FEW QUESTIONS TO ASK YOU AND FEEL FREE TO ELABORATE FURTHER AND GIVE REASONS FOR YOUR ANSWERS:

1. The governing body of the public school has ultimate responsibility in managing school finances. As the SGB member, do you think you have enough expertise or training in that area (managing school finances)?
2. How do you as the governing body ensure that school funds are effectively managed for the sake of accountability to the parents that elected you?
3. Do you have financial system and control or internal checks that you have put in place to protect all those working with the school's money?
4. Have you as the governing body of the school, established functioning sub-committees to assist you to handle the financial matters of the school?

--	--

YES	NO
-----	----

- (If yes), which sub-committees have you put in place?

5. How do you keep parents and the Head of Department informed about the school's financial position?

**. Is there anything that you would like to add to what have been answered?**

### **SECTION C**

I would like to take this opportunity to thank you for the time you took to make this interview a great success. Your contribution towards this study is highly appreciated.

THANK YOU.

END OF INTERVIEW

**INTERVIEW SCHEDULE FOR THE FINANCE OFFICERS**

**SECTION A**

Good morning/Good afternoon sir/ ma'am (shake hands)

My name is Cynthia Nonhlanhla Ntsele, I am an MEd student from Unisa. I would like to have a moment of your time as I have a few questions to ask you about your school which are basically for my study purposes. I would like to quickly read you some guidelines before we start so that you will get a clear picture of my intentions to conduct this study in your school.

**Guidelines:**

17. My research topic is: accountability and transparency in managing school finances at primary schools in the Johannesburg South.
18. The purpose of the study is therefore to examine the extent of accountability and transparency exercised by diverse schools in this area in ensuring that school funds are managed effectively and efficiently.
19. Answering or responding to the questions is not compulsory, but your willingness to respond fully will greatly enhance the reliability and validity of the research study and will therefore be highly appreciated.
20. No individual interviewee or school will be identified in the research report. You will therefore remain anonymous at all times.

21. I humbly request you to answer all the questions to the best of your ability.

22. The interview should take 10-15 minutes of your time.

23. Your co-operation is highly appreciated.

24. Your responses will be electronically recorded and later transcribed.

**I will firstly ask for your permission if may proceed with the questions.**

**SECTION B**

I ONLY HAVE A FEW QUESTIONS TO ASK YOU AND FEEL FREE TO ELABORATE FURTHER AND GIVE REASONS FOR YOUR ANSWERS:

6. As a person who is responsible for the day-to-day management of the school finances, how often is the school's income banked?
7. How many people are involved in financial administration or is there anyone checking your work?

**Probing question**

- If there is, are these work checks fully documented by signing and dating?

YES	NO
-----	----

8. How often do you report to the principal and the finance committee on all matters pertaining to school's finances?

9. Do you think the school has appropriate financial systems?

YES	NO
-----	----

**Probing question**

- If so why?

10. How long does the school retain or keep its accounting records?

**. Is there anything that you would like to add to what have been answered?**

**SECTION C**

I would like to take this opportunity to thank you for the time you took to make this interview a great success. Your contribution towards this study is highly appreciated.

THANK YOU.

END OF INTERVIEW

**INTERVIEW SCHEDULE FOR THE FINANCE COMMITTEE MEMBER**

**SECTION A**

Good morning/Good afternoon sir/ ma'am (shake hands)

My name is Cynthia Nonhlanhla Ntsele, I am an MEd student from Unisa. I would like to have a moment of your time as I have a few questions to ask you about your school which are basically for my study purposes. I would like to quickly read you some guidelines before we start so that you will get a clear picture of my intentions to conduct this study in your school.

**Guidelines:**

25. My research topic is: accountability and transparency in managing school finances at primary schools in the Johannesburg South.
26. The purpose of the study is therefore to examine the extent of accountability and transparency exercised by diverse schools in this area in ensuring that school funds are managed effectively and efficiently.
27. Answering or responding to the questions is not compulsory, but your willingness to respond fully will greatly enhance the reliability and validity of the research study and will therefore be highly appreciated.
28. No individual interviewee or school will be identified in the research report. You will therefore remain anonymous at all times.

29. I humbly request you to answer all the questions to the best of your ability.

30. The interview should take 10-15 minutes of your time.

31. Your co-operation is highly appreciated.

32. Your responses will be electronically recorded and later transcribed.

**I will firstly ask for your permission if may proceed with the questions.**

**SECTION B**

I ONLY A FEW QUESTIONS TO ASK YOU AND FEEL FREE TO ELABORATE FURTHER AND GIVE REASONS FOR YOUR ANSWERS:

11. How does the finance committee assist the School Governing Body in ensuring that school funds are managed effectively?

12. How often do you check the school's financial records internally?

13. When do you report to the SGB about the financial matters of the school?

14. How do you ensure that purchasing of goods and services is done following the correct tendering procedure?

15. Are you as the finance committee involved in preparing the school's budget?

--	--

YES	NO
-----	----

16. Do you think the school has appropriate financial systems and controls?

YES	NO
-----	----

- Please motivate?

**. Is there anything that you would like to add to what have been answered?**

### **SECTION C**

I would like to take this opportunity to thank you for the time you took to make this interview a great success. Your contribution towards this study is highly appreciated.

THANK YOU.

END OF INTERVIEW