

**Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

by  
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## DECLARATION

I, Phuti Peggy Chaba, declare that: *Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices* is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originally checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work or part of it, for examination at Unisa for another qualification or any other higher education institution.

Signature 

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30 January 2024

## **DEDICATION**

This thesis is dedicated to the memory of my dear departed aunt, Mosima Christina Mokobodi, whom I miss every day. I am forever grateful to her for having brought me up to become what I am today.

## ACKNOWLEDGEMENTS

Without the help of those who believed in me, I would not have been able to complete this thesis. In particular, I would like to express my sincere gratitude to the following persons:

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Above all, I would like to thank God Almighty for keeping me in good health, giving me peace of mind, faith, and determination to complete my studies.

## **ABSTRACT AND KEY WORDS (English)**

In this dissertation titled: *Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices*, I investigated budgeting practices in two rural public schools of the Maleboho Central Circuit in Limpopo Province using a qualitative research approach. I took an interpretative stance and used a multiple case study design to study budgeting contextually at two schools, comparing and confirming the findings across the cases. Participants who could be reasonably assumed to be knowledgeable about budgeting were purposefully sampled. Convinced that participatory budgeting is the best theoretical grounding for effective budgeting in a democratic context, I grounded the study in this theory. I discovered that the fundamental building blocks of effective budgeting such as budget planning, drawing up, implementation, monitoring and control are being ignored. Prior to budgeting, neither of the school does any planning. Documents such as the schools' vision and mission statements, previous year's financial accounts, and development plans are not considered and deliberated on. Budgeting is thus done without anyone knowing how much money is available, without anyone considering the school's aims, and without any money being allocated for development. Finance policies are developed to meet departmental requirements rather than to guide the governing body members in handling school funds. The credibility of both schools' audit reports is compromised by the exclusion of members of the governing body during the appointment of the auditors who are alleged to be friends of the principals. The findings of the study confirm that participatory budgeting, which at the very least requires the involvement of all stakeholders, is not practised. Although the governing body members of both schools are not equipped to adopt their schools' budgets, the Limpopo Department of Education does little to provide them with the skills needed to practise effective budgeting in their schools. The need for a strategic framework to guide schools' governing body members, or at least their finance committees to effectively budget was thus confirmed. With consideration of the legal prescripts and the empirical findings, I developed a strategic framework based on the essential building blocks for effective budgeting, namely planning, drawing, implementation, monitoring and control.

**Key words:** *budget planning, budget drawing, budget implementation, budget monitoring, budget control, financial management, participatory budgeting, rural public schools, section 21 schools, South Africa*

## KAKARETŠO (SESOTHO SA LEBOWA)

Mo nyakišišong ye thaetlele ya yona e rego *Go hlabolla tlhako ya maano a go dira ditekanyetšo tše di šomago gabotse dikolong tša praemari ka Afrika Borwa: Tekolo ye bohlokwa ya mekgwa ya go beakanya ditekanyetšo*, ke nyakišišitše mekgwa ya go beakanya ditekanyetšo dikolong tše pedi tša mmušo tša dinagamagaeng tša Sedikothuto sa Bogare sa Maleboho ka Profenseng ya Limpopo ke šomiša mokgwa wa nyakišišo ya khwalithethifi. Ke tšeere boemo bja tlhathollo le go šomiša tlhamo ya nyakišišo ya ditiragalo tše ntši go ithuta tekanyetšo maamong a dikolo tše pedi, ke bapetša le go tiišetša dikutullo go akaretša maemo. Batšeakarolo bao go ka tšewago gore bana le tsebo ya go amogelega mabapi le tekanyetšo ba ile ba sampolwa go ya ka morero. Ka go kgodišega gore tekanyetšo ya go dumelela botšeakarolo ke lebaka le lekaone la teori ya tekanyetšo ye e šomago ga botse ka gare ga temokrasi, ke theile nyakišišo godimo ga teori ye. Ke utullotše gore dikago tša motheo tša tekanyetšo ye e šomago ga botse go swana le peakanyo, go ngwala, phethagatšo, go hlokomela le taolo di a hlokomologwa. Pele go beakanywa tekanyetšo, ga go na sekolo se se dirago peakanyo efe goba efe. Ditokomane tša go swana le dipego tša pono le thomo ya dikolo, diakhaonto tša ditšhelete tša ngwaga woo o fetilego, le maano a tlhabollo ga di laetšwe. Ka go realo go beakanya tekanyetšo go dirwa ntle le gore batho ba bangwe ba tsebe gore ke tšhelete ye kaakang yeo e lego gona, ntle le gore batho ba ele hloko maikemišetšo a dikolo, le ntle le gore go be le tšhelete ye e abelwago tlhabollo. Melawana ya ditšhelete e hlamilwe go fihlelela dinyakwa tša kgoro go ena le go hlahla maloko a lekgotlataolo la sekolo ka tshwaro ya ditšhelete tša sekolo. Tshephagalo ya dipego tša balekodi ba dipuku tša dikolo ka bobedi go bewa kotsing ke go se akaretšwe ga maloko a lekgotlataolo la sekolo nakong ya go thwala balekodi ba dipuku bao ba gopolelwago gore ke bagwera ba dihlogo tša dikolo. Dikutullo tša nyakišišo di tiišetša gore tekanyetšo ya go dumelela botšeakarolo, yeo bonnyane e nyakago go akaretšwa ga bakgathatema ka moka, ga e dirwe. Le ge e le gore maloko a lekgotlataolo a dikolo ka bobedi ga se a hlahlelwa go amogela ditekanyetšo tša dikolo tša bona, Kgoro ya Thuto ya Limpopo ga e dire ka mo go lekanego go ba fa mabokgoni ao a nyakegago go dira tekanyetšo ye e šomago ga botse dikolong tša bona. Go nyakega ga tlhako ya maano, go hlahla maloko a lekgotlataolo la dikolo, goba bonnyane dikomiti tša ona tša ditšhelete, go dira tekanyetšo ka tshwanelo go a tiišetšwa ka go realo. Ka kelotlhoko ya ditaello tša molao le dikutullo tša dipihlelelo, ke tšweleditše tlhako ya maano yeo e theilwego godimo ga

dikarolo tše bohlokwa tša go aga tša tekanyetšo ye e šomago ga botse, e lego peakanyo, go ngwala, phethagatšo, go hlokomela le taolo.

**Mantšu a bohlokwa:** *peakanyo ya tekanyetšo, go ngwala tekanyetšo, phethagatšo ya tekanyetšo, go hlokomela tekanyetšo, taolo ya tekanyetšo, taolo ya ditšhelete, tekanyetšo ya go dumelela botšeakarolo, dikolo tša mmušo tša dinagamagaeng, dikolo tša karolo ya 21, Afrika Borwa*



## **OPSOMMING EN SLEUTELWOORDE (AFRIKAANS)**

In hierdie verhandeling, getitel *Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices*, het ek deurmiddel van die kwalitatiewe navorsings benadering ondersoek ingestel na die begrotingspraktyke in twee landelike openbare skole van die Maleboho Sentrale Kring in die Limpopo-provinsie. Ek het 'n interpretatiewe standpunt ingeneem en 'n veelvuldige gevallestudie-ontwerp gebruik om begrotingstelsels kontekstueel by twee skole te bestudeer, en die bevindings oor die gevalle heen te vergelyk en bevestig. Doelgerigte steekproefneming is gedoen met deelnemers van wie redelikerwys aanvaar kon word dat hulle kundig en ingelig is op die gebied van begrotingsprosesse. Ek was daarvan oortuig dat 'n deelnemende begrotingstelsel die beste teoretiese basis vir effektiewe begroting in 'n demokratiese konteks is, en het dus die studie op hierdie teorie gegrond. Ek het ontdek dat die fundamentele boublokke van 'n effektiewe begrotingstelsel, soos beplanning, opstelling, implementering, monitering en beheer, geïgnoreer word. Nie een van die skole doen enige beplanning voordat die begrotingsproses begin nie. Daar word nie besin oor dokumente soos die skole se missie- en visie verklarings, vorige jare se finansiële rekeninge, of ontwikkelingsplanne nie. Begrotings word dus opgestel en geïmplementeer sonder dat enigiemand weet hoeveel geld beskikbaar is sonder dat enigiemand die skool se doelwitte in aanmerking neem, en sonder dat enige geld vir ontwikkeling toegewys word. Finansiële beleide word ontwikkel om aan departementele vereistes te voldoen eerder as om as riglyn te dien vir die lede van die beheerliggaam oor hoe om die skool se fondse te hanteer. Die geloofwaardigheid van albei skole se auditverslae word onder verdenking gebring deur die uitsluiting van lede van die beheerliggaam gedurende die aanstelling van die ouditeure, wat na bewering die skoolhoofde se vriende is. Die bevindings van die studie bevestig dat deelnemende begrotingstelsels, wat as 'n minimum vereis dat alle belanghebbers betrokke is, nie toegepas word nie. Alhoewel die lede van die beheerliggaam van beide skole nie bekwaam is om hulle skole se begrotingste aanvaar nie, doen die Limpopo Departement van Onderwys bitter min om hulle toe te rus met die nodige vaardighede om effektiewe begrotingstelsels in hul skole toe te pas. Die behoefte aan 'n strategiese raamwerk om as riglyn te dien vir die lede van skole se beheerliggame, of minstens hul finansiële komitees ten einde effektief te kan begroot, is dus bevestig. Met inagneming van die regsvoorskrifte en die empiriese bevindings, het ek 'n strategiese raamwerk ontwikkel op grond van die

sleutelboublokke vir effektiewe begrotingstelsels, naamlik beplanning, opstelling, implementering, monitering en beheer.

**Sleutelwoorde:** *begrotingsbeplanning, begrotingsopstelling, begrotingsimplementering, begrotingsmonitering, begrotingsbeheer, finansiëlebestuur, deelnemende begrotingstelsels, landelike openbare skole, artikel 21-skole, Suid-Afrika*

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#### **LIST OF ABBREVIATIONS**

DBE	Department of Basic Education
DoE	Department of Education
SMT	School Management Team
LDoE	Limpopo Department of Education
HoD	Head of Department at school level
PHoD	Provincial Head of Department
PDoe	Provincial Department of Education
PDsoE	Provincial Departments of Education

#### **LIST OF ABBREVIATED TITLES OF LAWS AND POLICIES**

Constitution	Constitution of the Republic of South Africa of 1996
<i>Guidelines for the preparation of public school financial statements</i>	<i>Guidelines for the preparation of public school financial statements</i> of 2018
Limpopo Prescripts	Prescription for the Management of Funds in Public Schools of 2020
NNSSF	National Norms and Standards for School Funding of 2006
PAM	Personnel Administrative Measures of 2022
Procurement Policy Framework Act	Procurement Policy Framework Act 5 of 2000
Public Finance Management Act	Public Finance Management Act 1 of 1999
Schools Act	South African Schools Act 84 of 1996
White Paper 2	White Paper 2: The Organisation, Governance and Funding of Schools of 1996

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# CHAPTER 1

## ORIENTATION TO THE STUDY

### 1.1 Introduction

The purpose of schools is to provide quality education to learners. Money must be available to enable schools to function properly, to achieve the set educational goals and objectives and fulfil their purpose (Kaguri, Njati & Thiaine 2014:56). However, the allocation of funds alone will not ensure that quality education is provided. Schools must also plan to ensure the allocated funds are used effectively. The drafting of a budget is the starting point for planning the utilisation of schools' finances (Baloyi 2015:2). As such, budgets are financial statements prepared and approved for the purpose of attaining the given objectives (Oboegbulem & Kalu 2013:194). A budget that is carefully followed and effectively implemented allows a school to attain its educational and administrative objectives, meet statutory requirements, control and maximise the usage of available resources and guarantee financial accountability (Alade, Owabumoye & Olowookere 2020:136; Tunji 2013:8).

A budget is a basic and powerful instrument to manage the planning and control of scarce financial resources, which is done to accomplish the organisational goals (Mutuma, Ireri & Lyria 2016:525). Isaac, Lawal and Okoli (2015:4) define budgeting as an act of preparing a plan and quantifying it financially. According to Mentz, Challens and Kruger (2016:410), a school budget enables the management team and governing body to estimate and plan, as well as utilise, organise and coordinate the allocated school resources in monetary terms. These resources must also be monitored. In the same vein, Mestry and Naidoo (2009:112) maintain that in schools where budgets are not effectively monitored and controlled, effective teaching and learning are compromised as these schools may not be able to meet their day-to-day operating costs.

Unfortunately, budgeting is not carried out effectively in many primary schools in South Africa. Beckmann, Mohlakwana and Rangongo (2016:1), for example, refer to the fact that many schools in South Africa experience the problem of poor monitoring and controlling of funds and the unavailability of finance policies. This study was conducted almost 10 years ago, and the question arises whether budgeting practices at primary schools have

improved since then. The aim of this qualitative study is to evaluate budgeting practices at primary schools in the Maleboho Central Circuit in the Capricorn District, Limpopo Province critically and to use the findings to inform the development of a strategic framework for effective budgeting at primary schools in South Africa.

In this chapter, I explain why a qualitative approach is suitable for my study. I present the research problem and sub-problems which I used to inform the research question and sub-questions. In turn, the research question and sub-questions were used to frame the aim and the objectives for the study. The background to this research problem is sketched and I also explain what motivated me to undertake this specific study. Lastly, I expound why I regard a multiple case study grounded in the interpretative research paradigm as a suitable design.

## **1.2 Background to the study**

Before the introduction of democracy in 1994, school governance was characterised by a top-down approach (Modisaotsile 2012:3). At school level, principals were the main decision-makers (Hlongoane 2016:121), also with regard to school finances (Bayat, Louw & Rena 2014:354). With the inception of democracy in South Africa, the South African Schools Act 84 of 1996<sup>1</sup> (hereinafter referred to as the Schools Act) was adopted to decentralise power from the central government to schools (Kaguri *et al* 2014:56). The Schools Act (RSA 1996b, s 16(1)) provides for the establishment of the governing bodies consisting of representatives of educators, parents, learners (in secondary schools) and non-teaching staff to play an active role in school governance and financial management. One of these governing functions is to plan, prepare and present the proposed budget to parents for approval (RSA 1996b, s 38(1)(2)).

As recent as 2018 the Department of Basic Education (hereafter DBE)<sup>2</sup> and South African Institute for Chartered Accountants (DBE & SAICA 2018, par 15.4) acknowledged the fact

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<sup>1</sup> In this report I used the consolidated South African Schools Act 84 of 1996 containing all amendments till date ([http://www.saflii.org/za/legis/consol\\_act/sasa1996228.pdf](http://www.saflii.org/za/legis/consol_act/sasa1996228.pdf)).

<sup>2</sup>In 2009, the Department of Education was split into the then Department of Basic Education and the Department of Higher Education and Training (DBE 2019) I used the department indicated as publisher in the relevant policy document but where not indicated, I used DBE.

that a large number of governing body members are not prepared to perform as school governors. This problem was already foreseen when the Schools Act (RSA 1996a) was adopted, and section 19(1) was inserted to mandate that provincial departments of education (hereinafter referred to as PDsoE) provide introductory training to newly elected governing bodies to capacitate them to carry out their duties. PDsoE are also required in terms of section 19(1)(b) to provide ongoing training to governing bodies to promote effective performance of their duties in areas such as budgeting and financial control (RSA 1996b).

The importance of financial stability in enabling an organisation, such as a school, to function efficiently cannot be underestimated. The quest for quality education necessitates the need for public schools to have proper financial standing. School projects such as maintenance projects require the governing bodies to procure materials, hire service providers and pay for labour. To ensure the success of these projects, the school governing body members must familiarise themselves with the relevant national laws, such as the Preferential Procurement Policy Framework Act 5 of 2000 (RSA 2000) and policies such as the Prescription for the Management of Funds in Public Schools of 2020 (hereinafter referred to as the Limpopo Prescripts) (Limpopo Department of Education 2020) (hereinafter referred to as LDoE). The Limpopo Prescripts lay down guidelines on how schools should choose service providers, obtain and consider quotations in line with available funding and avoid irregular expenditure and financial mismanagement.

To guarantee that the governing body members can fulfil their functions with regard to school finances, they must create a budget and use it to monitor and control income and expenditure (De Bruin 2014:4). Oboegbulem and Kalu (2013:195) believe that where resources, such as money, effort and time are limited but the demands on these resources are high, budgeting becomes the rational approach to deal with scarce resources. According to Du Plessis (2013a:79), a school's budget statement is important because it:

1. indicates the school's needs
2. indicates where funding can come from
3. helps to account for income and expenditure
4. helps to decide where, what and how much to spend
5. helps to control income and expenditure

Budgeting cannot be separated from the school’s vision (Kaguri *et al* 2014:56) and needs (Mosala & Mofolo 2016:390). Du Plessis (2013a:82) refers to a school’s vision as an effort to position the school in such a way that it will be able to meet future demands and guarantee its survival. Schools’ strategic plans and financial planning are linked to their vision statements (Department of Education and Training: State of Victoria 2016:6). Finance is a crucial resource that drives the vision of a school (Matshika 2014:1).

Because a school’s development plan must be in line with its vision and mission statements, considering the development plans during budgeting guarantees that its vision and mission find expression in the budget (Wushe, Ndlovu & Shenje 2014:379). In turn, schools’ development plans find expression in their goals and objectives. Considering these plans during the planning phase of budgeting is thus essential (Abogun & Fagbemi 2012:177; Kaguri *et al* 2014:56; Kahavizarikisa, Walela & Kukubo 2015:167). It is important to note, that according to the definition of "development plan", "the School Development Plan (SDP) is a document that directs the developmental initiatives to be undertaken by a governing body *during their time in office* [my emphasis]," a development plan is valid for three years, beginning with the election of the governing body. It may be claimed that a new governing body must create its own development plan or amend an existing one (DBE 2018, par 15.3). Budgeting is vital to ensure the implementation of the school development plan (Cardos 2014:484).

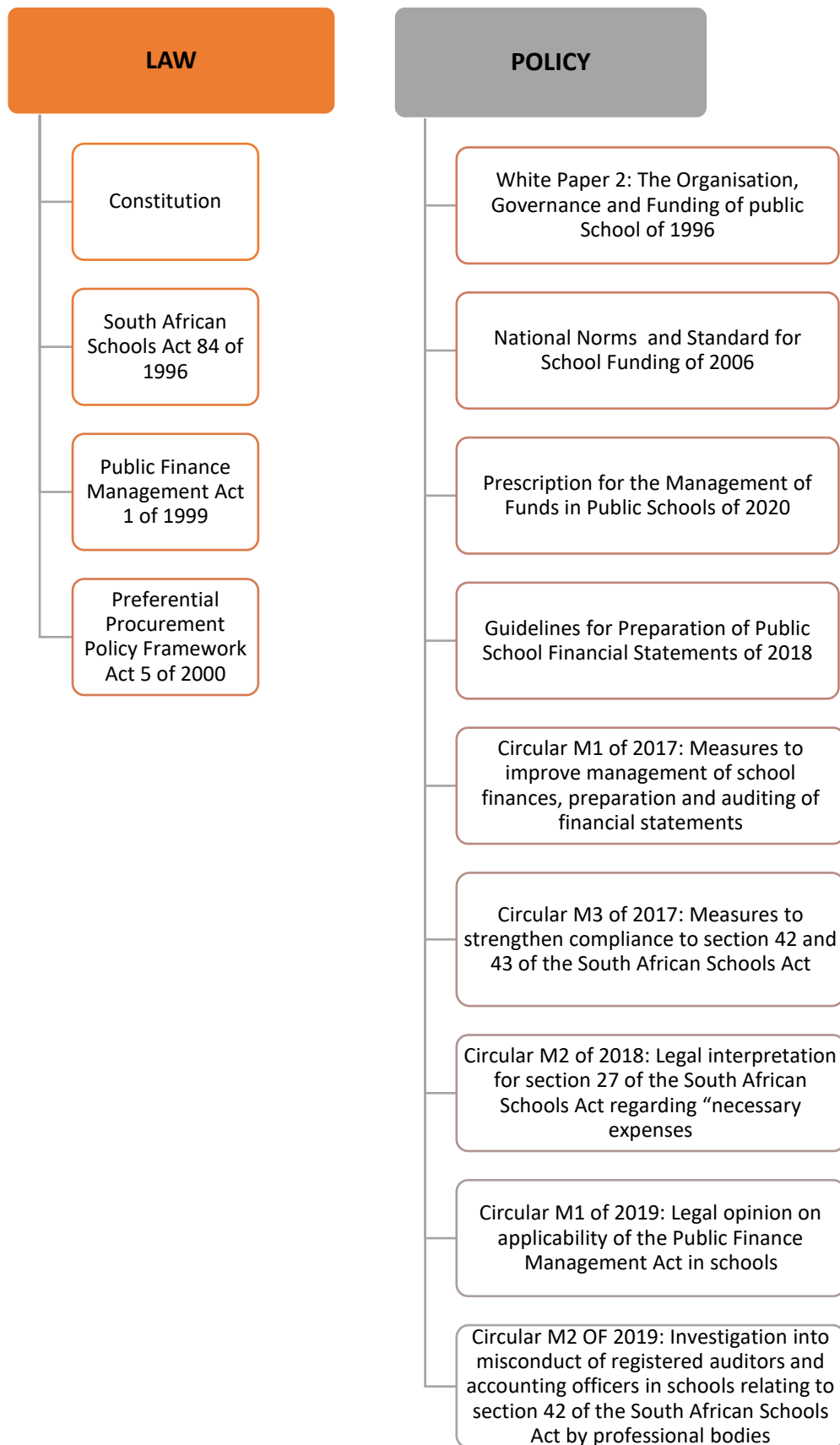


**Figure 1: Budget for institutional success**

**Source:** Compiled by the researcher, PP Chaba (23 July 2021)

A school's needs and goals will not be realised if proper budgetary phases are not followed (Wushe *et al* 2014:380). The budgetary phases are budget planning, budget drawing, budget implementation, budget monitoring and budget control. The budgetary phases are discussed in section 4.3. Furthermore, budgeting must take place within a given legal framework. This is why the investigation of the relevant legal prescripts is one of my objectives of this study and is discussed in chapter 2. At this stage, just a broad framework is presented.





**Figure 2: Law and policy framework for public school budgeting**

**Source:** Compiled by the researcher, PP Chaba (5 May 2023)

### **1.3 Motivation for the study**

What motivated me to choose this specific topic is that in many public schools in South Africa effective budgeting is lacking (Mosala & Mofolo 2022:1-2). Many schools have poor infrastructure because they fail to effectively budget for it. For example, according to paragraph 2.1 to 2.6 of the report issued by the Limpopo Department of Education (LDoE 2020), most of the public schools in Limpopo Province though receiving State funding, have poor infrastructure (Limpopo Department of Education 2019:7).

Mestry (2004:126) indicates that even though financial mismanagement is identified and communicated to districts, as was done in Ermelo, Mpumalanga by the then Department of Education (hereinafter referred to as DoE), problems are not necessarily resolved. This argument seems to hold water as Corruption Watch (2014:13) ten years later made the same point. It ascribes the continuation of financial mismanagement to the fact that principals who have been implicated in corruption and maladministration are not dismissed but either received light sentences that do not match the seriousness of their transgressions or are transferred to other schools where they continue their corrupt practices. In 2017 the investigations conducted by Corruption Watch (2017:20) in schools across South Africa revealed that the principals, school governing body members and, to an extent, educators are involved in corrupt activities by manipulating and abusing their school's resources to enrich themselves. In 2022, Corruption Watch (2022:3 and 5) again investigated corruption in the education sector and again identified misappropriation of funds through theft, embezzlement and misuse, mismanagement in the forms of wasteful and fruitless expenditure, and procurement irregularities as a main form of corruption in schools. Corruption and maladministration would not have been possible if proper financial management was in place.

As alluded to above and discussed further below, monitoring and controlling income and expenditure are essential steps in the budgeting process. Convinced that sound budgeting is the solution, I became interested in determining what sound budgeting entails and decided to make effective budgeting my topic for my Philosophiae Doctorem.

#### **1.4 Statement of the problem**

As already alluded to, schools' institutional success and development depend largely on how effective their finances are managed. Kahavizarikisa *et al* (2015:169) posit that the management can produce development plans for the school, but these plans will be useless if they are not linked to the budget. Failure to attain organisational goals and objectives emerges from the fact that budgeting and budget control are not administered effectively (Kyei, Kwaning & Francis 2015:160; Nuber 2016).

The public finance management performance scores of all South African PdsoE are, according to Ajam and Fourie (2016:277), consistently poor. It should be remembered that schools' financial performance will have a direct impact on the provincial departments' financial performance. Looking at the Auditor General's (2022:50) *Report on Material irregularities in national and provincial government* financial performance did not improve since 2016. The Eastern Cape and Limpopo education portfolios got a "Qualified with findings" status while all the other provinces' education portfolios obtained an "Unqualified with findings" status (Auditor General 2021/2022:14–15). With regard to the LDoE, the Auditor General identified irregularities in relation to the calculation and withholding of employees' tax related to leave gratuities paid to employees upon retirement, which resulted in a material financial loss of R21,8 million (Auditor General 2022:50). Ajam and Fourie's (2016:277) categorising of the Eastern Cape and Limpopo departments of education as intensive care units because they have not only underperformed against the national level but have retrogressed still runs true. The recent reports of Corruption Watch (2022:6) support the contention that the situation has not improved in the meantime. It found that the level of procurement irregularities in the Limpopo education sector is higher than the national average and that misappropriation of resources stands at 44%; not far below the national average of 45%. The need to investigate financial management at schools from the Limpopo Department of Education is thus obvious.

Lekonyane and Maja (2014:16) identify a lack of financial management knowledge and skills as a factor that affects the budget processes negatively. They mentioned that, in some schools in South Africa, this result in budgets exceeding the allocated funds. In the Lejweleputswa District, for example, governing bodies who lack knowledge of budgeting

caused schools to fail to meet their basic needs such as procurement of teaching and learning support materials and maintaining and repairing damaged infrastructure (Mosala & Mofolo 2016:389). Solomon, Nhete and Sithole (2018:4) posit that when people lack financial knowledge, they are inclined to make unwise and expensive financial decisions. Administrators involved in drawing up the budget must not only have a good knowledge of budgeting as such but also of the school's needs that must be covered in the budget and available resources.

Basson and Mestry (2019:2), in a country-wide study conducted in South African public schools, found that the SMT members and governing body members do not collaborate in managing schools' finances. They argue that such collaboration is crucial in ensuring that the schools' finances are managed effectively and efficiently. To guarantee overall goal attainment, representatives of all relevant stakeholders must be involved in the budget process, from preparation to implementation (Isaac *et al* 2015:1). Unfortunately, that is not always the case. In one of the schools that participated in a multiple-case study conducted by Chaba (2017:145-147) in the Maleboho Central Circuit, it was found that the budget is prepared by the principal only. Oboegbulem and Kalu (2013:195) indicate that when staff members are not given the opportunity to make contributions during the planning stage of the budget, they are less inclined to implement such budget. It is not a surprise that the DBE (2023, category 12) has included budgeting as one of the essential performance categories in its School Governing Body Functionality Tool. Schools are expected to use the Tool for self-evaluation to assess functionality and determine the governing body's training needs. The DBE will use the same tool to verify a school governing body's needs. To meet the standard of functionality with regard to budgeting a school governing must have a budget, which must have been compiled in compliance with legal prescripts such as being approved by the majority of parents during an annual general meeting.

Budget implementation is the execution of the activities stipulated in the project plan and ensures that the school's educational programmes (goals) are translated into fiscal or financial terms (Kalungu 2015:15). Once the parents have approved, the governing body has adopted, and the department has accepted the budget, it needs to be implemented to ensure the effective levels of achievement of the mission and objectives of the school

(Otieno, Kute & Yambo 2016:4). Effective budget implementation will, *inter alia*, mean money is utilised in line with the budget allocation and time frame. Furthermore, one year's ineffective budget implementation has dire consequences for the next year's budget.

Various problems hinder effective budget implementation; one of which is poorly planned budgets (Shand 2010:4). Poor implementation, in turn, constrains achievement of the school's goals and objectives (Onyiah, Ezeamama, Ugwu & Mgbodile 2016:2). Bayat *et al* (2014:360) assert that tension and conflict among school governors undermine effective budget implementation and one can also safely conclude that it has the same effect on all budgeting phases. Wushe *et al* (2014:38) also maintain that the implementation of budgets is hampered by governing bodies' lack of technical capacity to manage school finances.

According to Kahavizarikisa *et al* (2015:169), governing body members should not implement plans that are not affordable, and which will lead to over expenditure. However, deviation from an approved budget is normal because budgets are estimates. Because deviations should be expected, monitoring is essential to avoid overspending. Monitoring is also essential because government may, due to fluctuation in the economy, allocate less money to schools than initially expected (Isaac *et al* 2015:3). Monitoring serves as a tool to detect deviations from the set targets, estimates the implications of meeting the observed variance, predicts and anticipates likely negative occurrences, and allows for remedial measures to be taken in time (Adongo & Jangongo 2013:12). The process of budget monitoring entails determining whether what was budgeted for was attained, with the goal of monitoring policy implementation and correcting any negative variances (Opiyo 2014:12). Failure to monitor the budget could constrain proper financial control and create a fertile ground for financial mismanagement by allowing deviations from budgets to go unnoticed (Beckmann *et al* 2016:6; Lekonyane & Maja 2014:16). Failure to monitor the budget is, *inter alia*, evident from parent treasurers who simply sign cheques without verifying that the requested expenditure was duly budgeted for (Chaba 2017:155-156). Governing body members, as the custodians of school finances, should monitor income and expenditure regularly so that schools can meet their financial obligations.

Budgetary control is the process of comparing the actual results with the planned results and report on deviations or shortfalls identified during the monitoring stage (Adongo & Jangongo 2013:41; Isaac *et al* 2015:8). Control ensures that decisions, actions and results are consistent with the school's plans and set objectives (Makiri 2014:37). Chaba (2017:124, 154) states that in two schools which participated in her study, the findings showed that there was over expenditure of the State funding and there was no evidence that actions were taken when income and expenditure deviate from the projected income and expenditure.

Considering the problems related to budgeting at schools discussed above, I formulated my research question as: What elements can be identified as constituting elements of a strategic framework for effective budgeting in primary schools in South Africa? I asked the following research sub-questions to answer the primary research question:

Theoretical research sub-question:

Sub-question 1: What does effective budgeting in schools entail?

Empirical research sub-questions:

Sub-question 2: What are the legal prescripts regulating budgeting practices in South African public schools?

Sub-question 3: What are the selected schools' financial administrators' perspectives on their roles and responsibilities in relation to budgeting?

Sub-question 4: How do the selected schools' financial administrators go about compiling the annual budget for their schools?

Sub-question 5: What challenges do the selected schools' financial administrators experience in relation to budgeting?

Researchers should set clear goals at the beginning of a research project. A clear understanding of the aim and objectives of a study keeps the researcher on track and helps to avoid spending time and effort doing things that do not advance the set goals (Cypress 2018:302).

## **1.5 Aim and objectives of the study**

Research aim and objectives determine the scope, depth and overall direction of the research. A research aim specifies what needs to be studied and research objectives comprise statements about how the researcher is going about to answer the specific research question (Business Research Methodology 2018; Sequeira 2014).

### **1.5.1 Aim of the study**

The aim of the study was to identify the constituting elements of a strategic framework for effective budgeting in primary schools in South Africa.

### **1.5.2 Objectives of the study**

The objectives of the study are divided into the theoretical and empirical objectives.

#### Theoretical objective

Objective 1: To determine what effective budgeting in schools entail.

#### Empirical objectives

Objective 2: To identify the legal prescripts regulating budgeting practices in South African public schools.

Objective 3: To establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting.

Objective 4: To ascertain how the selected schools' financial administration go about compiling the annual budget for their schools.

Objective 5: To determine the challenges that the selected schools' financial administrators experience in relation to budgeting.

To prevent my study from being a mere academic exercise, I considered what contributions I can make to theory and practice. These considerations are covered in the next section dealing with the significance of the study.

## **1.6 Significance of the study**

The contribution that I make by developing a strategic framework for effective budgeting, should be seen in light of the importance of proper financial budgeting for the provision of quality education. By developing a strategic framework for effective budgeting, I indirectly contribute to advancing quality education for all.

The findings of this study provide valuable insights to the LDoE, school principals, educators and governing bodies on the challenges likely to be encountered during the budgeting processes at schools. PDsoE will be able to use the findings to devise strategies to improve the managerial skills of principals that would enable them to effectively manage budgeting at their schools.

By participating in this study, the selected schools evaluated their current budgeting practices and were able to identify the weaknesses that they should attend to. Because it provides them with a "structural plan" that addresses all the parts that are critical to good budgeting, the strategic framework could aid these schools in attending to the identified weaknesses.

As all South African public schools are required to budget within the same legal framework, the data collection instruments that I have created may be useful to schools interested in assessing their budgeting processes. Also Figure 2: Law and policy framework for public school budgeting would be most useful to financial administrators of other no-fee, rural, primary, public schools in the Limpopo Province as it summarises law and policy they must consider when drawing up their schools' budgets. Furthermore, the findings could be transferable to other no-fee rural primary public schools in the Limpopo Province because the majority of these schools are no-fee schools (cf. subsections 1.13.2 and 5.8.2).

The benefit of transferability is further enhanced by the use of participatory budgeting theory, a theory that supports budgeting in public schools in a democratic country with a supreme Constitution. Participatory budgeting has become a significant budgetary theory for democratic financial management at schools because relevant stakeholders are involved in the budgeting process. The assumption is that when relevant stakeholders are involved in the budgeting process, they gain a sense of ownership that will motivate them to work hard and to attain the goals (Bartlett & Schugurensky 2021:60). It is further



assumed that participatory budgeting allows leaders to notice and gain confidence in other stakeholders' capabilities (Bartlett & Schugurensky 2021:60). Budgets that are developed following a participative approach, improve transparency of decision making and in so doing reduce the opportunity for corruption when resources are allocated (Bartlett & Schugurensky 2021:60). Using a theory that promotes the constitutional principles of cooperation, participation, transparency and accountability (see chapter 3 of the Constitution) is beneficial to all public schools in a constitutional democracy.

The study also had benefits for me personally, especially since I strive to become a principal. Investigating this topic not only broadened my understanding of budgeting procedures and the roles and responsibilities of financial administrators in this regard, but it also expanded my understanding of how a school's budget should be effectively planned, drawn up, implemented, monitored, and controlled.

## **1.7 Delimitations of the study**

Delimitations are boundaries that researchers set for their research and over which they have control (PhD Students 2018). Delimitations are set so that the study does not become impossible to conduct. I delimited this study by defining the scope of the study, explaining the key concepts, positioning myself as researcher, and describing the theoretical framework and assumptions that influenced the development of the research process. These delimitations are discussed below.

### **1.7.1 Scope of the study**

In this study, I focused on the financial budgeting of two public primary schools in the rural area of the Maleboho Central Circuit in the Capricorn District, Limpopo Province. Limpopo Province is one of the nine provinces in South Africa (Limpopo Tourism Agency 2015). The province's name came from the Limpopo River that runs across the province and forms the border between Limpopo Province and Zimbabwe and Botswana respectively (Highbeam Research 2012). The province is divided into five districts, namely Mopani, Capricorn, Vhembe, Waterberg and Sekhukhuni (Limpopo Tourism Agency 2015). I limited my study to the Capricorn District. The districts are subdivided into 24 local municipalities. One such municipality in the Capricorn District is the Blouberg municipality where Maleboho Central Circuit is located. The area of Maleboho is named after Chief Maleboho who was chief of

the Bahananwa, a Tswana chiefdom, from 1880 till he was imprisoned in 1894 and again from his release in 1900 till his death in 1939 (South African History Online 2019). In this circuit, there are 12 public secondary schools and 32 public primary schools. All these schools are no-fee schools and have acquired section 21 status (cf. section 1.7.2.7). Neither of the two participating schools has a deputy principal. They have more or less the same enrolment. The school buildings were built by the communities, but the State added more buildings over time. Some of these schools' structures are dilapidated.

This study's participants comprise the principals, the School Management Team (hereinafter referred to as SMT) and parent governors. The motivation for including these participants is discussed in the sections on sampling (cf. sections 1.10.4 and 5.3).

### **1.7.2 Conceptualisation and operationalisation of key concepts**

Conceptualisation is the process of developing and clarifying concepts (Boyd 2013). To enable readers to understand my research problem, the following concepts and phrases were defined: "critical evaluation", "effective budgeting", "financial administration", "finance committee", "legal prescripts", "strategic framework", "section 21 primary schools", "school fees" and "school funds".

#### **1.7.2.1 Critical evaluation**

"Critical" involves the objective, systematic analysis and evaluation of an issue, which enables one to make a judgement about it (Lexico 2019). The issue that I analysed and evaluated objectively is budgeting practices in public schools. "Evaluate" involves determining the significance of something in order to make a judgement about how good or bad it is (Longman Dictionary 2019). If you evaluate something, you conduct an analysis which allows you to make a judgement (The Oxbridge Research Group 2017). During the process of evaluation, one needs to state whether the idea or subject being discussed is valuable or relevant after acknowledging points for and against it. The judgement should be influenced by other authors' views as well as the opinion of the evaluator (QUT Library 2017). An evaluation should thus not be equated with criticising in an exclusively negative manner but should include evidence taken from a wide range of sources in support of either agreeing with or contradicting an argument (The Student Room 2017). In this

instance the evidence was extracted from the interpretation of the analysed data from the various data sources.

Ultimately, a critical evaluation necessitates basing your conclusion on your own judgement and justifying how your judgement led you to that conclusion (University of Leicester 2017). In this study, I have critically examined the budgetary practices of selected primary schools in the Maleboho Central Circuit to conclude on the effectiveness of such.

### **1.7.2.2 Effective budgeting**

Firstly, it is imperative to determine what “budgeting” entails before determining what will be regarded as “effective budgeting” in this study. “Budgeting” is a process of converting the goals, the programmes and projects into monetary terms (Olaopa, Ogundari, Fagbohun & Adelowo 2012:70). To understand budgeting, it is necessary to look at the various budget phases and what those entail. The first of which is budgeting planning.

Budget planning entails getting everything in place to enable the financial administrators to make informed budgeting decisions (Cardos 2014:484; Tunji 2013:9). This will include for example, the planning with regards to (1) structures such as the Finance committee, (2) stakeholders at school level (3) auditor or professional accounting officer,<sup>3</sup> (4) revenue sources, (5) documents that must be considered such as the school’s vision and mission, information on the school’s current financial position and going concern status, information on the State funding that can be anticipated for the upcoming year (RSA 1996b s 34(2)), any posts the school wishes to advertise and estimated costs in relation to such (RSA 1996b s 20(9)), etc. (6) historical patterns such as trends in non-payment and exemption of school fees (RSA 1996b, s 39(2)(c)), (7) drawing up process (8) budget implementation process (9) budget monitoring and (10) control process and procedures (cf. section 4.3.1). Thus, in effect planning will have to cover all other phases, those are, the drawing, implementation, monitoring and control phases.

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<sup>3</sup> To distinguish between the principal as accounting officer at school level and the accounting officer appointed in terms of section 43(2) of the Schools Act the last mentioned will be referred to as the “professional accounting officer”.

Budgeting planning is followed by drawing up a budget by the governing body members and includes ensuring stakeholders' participation and compliance with legal prescribed approval and submission procedures (cf. section 4.3.2).

Budget implementation is the translation of the budget estimates into concrete action to ensure project execution (Effiom & Edet 2019:169). The main purpose of budget implementation is to guide and control schools' financial administrators to work within their budgets' limit and to avoid misappropriation of public funds or using funds without approval (Chukwuemeka *et al* 2019:370). If a budget is effectively implemented, schools will achieve their set educational goals and objectives (Omosidi *et al* 2019:120).

Budget monitoring enables the schools' financial administrators to take timely corrective actions should income and expenditure show significant deviations from projected income and expenditure (DeBruin 2014:40). Expenditure on individual initiatives should be tracked to enable the schools to assess their costs and effectiveness against the criteria set out in the school improvement plan. Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. Budget monitoring forms the basis of budget control.

As the custodian of schools' finances, schools' financial administrators should control income and expenditure regularly to ensure that their schools are able to meet their financial obligations. As per paragraphs 8.7.5 and 8.9.3 of the Limpopo Prescripts (LDoE 2020), the governing body must report on the usage of the school's finances and send their financial records for auditing in terms of paragraph 3 of Circular M1 of 2017 (DBE 2017).

"Effective" is an adjective which is equated with accomplishing a purpose or producing intended results (Bharath 2016). To measure effectiveness, people should answer the following question: Do our actions achieve the intended outcome (s)? If the answer is yes, the actions are effective (Avidal 2015). Budget planning, budget drawing, budget implementation, budget monitoring and budget control are the building blocks for effective budgeting (Nuber 2016). In the context of this study, effective budgeting would mean that the budgetary planning, drawing, implementation; monitoring and control successfully contribute to attaining a healthy financial position for a school.

### **1.7.2.3 Financial administration**

Schools' financial administrators comprise the governing body, which includes the treasurer, experts co-opted in terms of section 23(1)(c) of the Schools Act (RSA 1996b), the principal as representative of the HoD, finance officer (who performs the work of a bookkeeper irrespective of having no qualification in that regard) and the fundraising coordinator(s). These members are responsible for the management of the schools' finances. From these administrators, a "finance committee" must be appointed.

### **1.7.2.4 Finance committee**

The establishment of a finance committee is compulsory although such establishment is not expressly mandated by national legislation but rather implied in terms of section 16A(2)(j) of the Schools Act. Section 16A(2)(j) of the Schools Act states that a principal **must** be a member of a finance committee to manage any matter that has financial implications for the school. Section 30(1) of the Schools Act permits the governing body to establish committees such as a finance committee to implement the functions set out in section 21(1) (c) and (d) of the Schools Act. Those functions are to purchase the educational material for the school and to pay for the services of the school (RSA 1996a).

The fact that a finance committee is included as category 11 in the 2023 School Governing Body Functionality Tool also implies that schools must have a finance committee. Furthermore, a governing body is regarded as fully functional in this category if it has a Finance Committee, which holds regular meetings and manages the school's finances in compliance with the legal prescripts (DBE 2023, category 11).

The conclusion that the establishment of a finance committee must be regarded as mandatory is further supported by the fact that there is provincial legislation such as the Eastern Cape Schools Education Amendment Act 5 of 2004 that prescribes such (ECDE 1999, ss 62–64). Paragraph 5.1.5 of the Limpopo Prescripts (2020) provides that a finance committee comprising the principal, chairperson of the governing body, treasurer and a finance officer **must** be established. Fundraising coordinator and financial experts included in the governing body may be included based on their expertise. It thus seems that the contention of Dibete and Potokri (2021:157) that it is mandatory for each school to have a finance committee is correct.

The finance committee is the custodian of a school's funds. The membership of the finance committee should not exceed nine and members from the parent component must be in the majority (LDoE 2020 par 5.1.5). The finance officer is the secretary of this committee (LDoE par 8.8.9). The treasurer chairs all the meetings of the finance committee and, after each meeting, presents a financial report to the governing body members as stipulated by paragraphs 8.9.1 and 8.9.3 of the Limpopo Prescripts (LDoE 2020). The finance committee should meet once per month to execute its responsibilities such as making payments (LDoE 2020, par 4.5).

Finance committees monitor schools' finances. Clarke (2007:280-281) asserts that there are certain financial functions that the finance committee members must execute, such as developing and implementing a school's finance policy which must be adopted by the governing body. The finance committee is also responsible for overseeing control of the budget, advising the governing body members on budget preparation, monitoring and approving all expenditure to make sure that there is no overspending, ensuring that purchasing of goods and services is done through correct prescribed quotations and checking financial records internally.

#### ***1.7.2.5 Legal prescripts***

"Legal" is an adjectival noun which implies literal conformity with statute or common law (Business Dictionary 2018). According to Quora (2017) "law" is the system of rules that a country or community recognises as regulating the action of its members and which it may enforce by the imposition of penalties. This suggests that law is a formal mechanism of social control. Procedures and standards are set to facilitate the implementation of laws and policy. The Free Dictionary (2018) defines "prescripts" as the rules adopted by an organisation in order to regulate its own affairs and the behaviour of its members. In this study, these rules are contained in the laws and policies. The Ministry and Department of Education Briefings: Strategic Plans and Budget (2011) list the following main laws and policies relevant to financial budgeting in public schools:

- Constitution of the Republic of South Africa of 1996 (hereinafter referred to as the Constitution) (RSA 1996a)
- Schools Act (RSA 1996b),

- Public Finance Management Act<sup>1</sup> of 1999 (as amended; hereafter Public Finance Management Act) (RSA 1999a)
- Preferential Procurement Policy Framework Act of 2000 (RSA 2000)

The Public Finance Management Act regulates the revenue funds in the national and provincial governments. The DBE applies section 49 (1) of Public Finance Management Act (RSA 1999a) and section 43 of the Schools Act to prescribe how the governing body members of schools should manage the allocated funds from the National Treasury. The National Treasury (2018) states that all school funding received from the State is subject to the Public Finance Management Act, which states that the Public Finance Management Act regulates State funds allocated to public schools.

Added to these laws are policies that govern how financial budgeting should be carried out in public schools. Policies must be implemented to support strategies so that organisational goals are accomplished. National policies include the National Norms and Standards for School Funding (RSA 2006) (hereinafter referred to as NNSSF), the White Paper 2 (RSA 1996c) and the *Guidelines for the preparation of public school financial statements* (DBE & SAICA 2018). Since the fieldwork was limited to two schools in the Limpopo Province, the Limpopo Prescripts (LDoE 2020) were also studied.

#### **1.7.2.6 Strategic framework**

A “framework” is “a skeletal support used as the basis for something being constructed” (American Heritage Dictionary of the English Language 2016 s.v. ‘framework’); “a structural plan or basis of a project”; “a structure or frame supporting or containing something” (Collins English Dictionary – Complete and Unabridged 2014 s.v. “framework”).

To ensure that a framework will be “strategic”, it must be “critical, important, key, vital, cardinal, decisive, imperative, necessary” (Roget's 21st Century Thesaurus 2013 s.v. “strategic”). What is “critical, important, key, vital, cardinal, decisive, imperative, necessary” for a school, will be based on its vision and mission, which are the guiding documents of any school. A strategic framework will thus be based on the organisation’s mission, vision and goals (Tedder 2018). The mission statement explains the purpose of the organisation. The vision statement describes what the organisation aspires to be. Goals articulate what need to be achieved, but do not describe how those goals will be attained.

The ultimate goal of any school is to provide quality education to learners. The available money must be utilised in the best possible way to ensure schools provide such.

A strategic framework is a structured framework used to define how a project or initiative supports the key objectives (Surbhi 2015). Strategic frameworks are regarded as an essential component for individual and organisational success (Heathfield 2018). “Strategic framework” in this study describes my original contribution which is “a structural plan” containing the elements that are imperative to achieve effective budgeting that will ensure a budget that will support schools’ ultimate goal of providing quality education.

#### ***1.7.2.7 Section 21 primary schools***

Section 21 public primary schools are those schools to which the HoD has allocated all or any of the functions stipulated under section 21 of the Schools Act (RSA, Department of Education 2011:71). As per section 21 of the Schools Act (RSA 1996b), these schools must have the capacity to manage their finances effectively and have applied to the Provincial Head of Department (hereinafter referred to as PHoD) in writing for the allocation of these functions. The application must be accompanied by a certificate from an auditor confirming the school’s compliance with the Schools Act and other relevant financial procedures and its capacity to manage its finances (Drucker 2017:70-71). Once the application to be awarded section 21 status is approved, the money is deposited into the school’s bank account and the governing body then spends this money as prescribed by the PHoD.

Primary education is split up into three phases: the foundation phase (grades R to 3), the intermediate phase (grades 4 to 6) and the senior phase (grades 7 to 9) (South Africa Education 2018). Grades 8 and 9 fall outside the scope of this study because they are offered at secondary schools.

The meaning that is attached to “section 21 primary schools” in this study is primary schools that were awarded section 21 status. These are the schools from which a selection was made.

#### ***1.7.2.8 School fees***

According to the DBE (2022), a “school fee” is an agreed amount of money that parents pay to schools, aimed at improving the quality of learners’ education. School fees as per



paragraph 1.8 of the Limpopo Prescripts means school fees as contemplated in section 39 of the Schools Act and includes any form of contribution of a monetary nature made or paid by a person or body in relation to the attendance or participation by a learner in any programme of a public school. School fees may be determined or charged at a public school only if a resolution to do so has been adopted by the majority of parents attending a meeting to approve a budget (RSA 1996b ss 38(2) and 39(1)). During the meeting to determine the school fees, the parents must agree on the amount of school fees they will pay. The proceedings at the meeting must be recorded in the minutes and the number of votes abstaining on each motion must be noted. An attendance register must be signed by each parent who attended the meeting and must be kept securely together with the minutes of the meeting (RSA 1999a). School fees are not subject to the Public Financial Management Act because school fees are listed in Schedule 4, which deals with “exclusion from revenue funds” and thus not regarded as revenue funds (RSA 1999). In the context of this study, school fees would mean the amount parents are obliged to pay in terms of a resolution adopted during a parents’ meeting as contemplated in section 39(1) of the Schools Act (RSA 1996b).

#### ***1.7.2.9 School funds***

School funds are the money provided by a government or raised by parents and teachers to finance the running of a school (Collins English Dictionary 2022). In the Limpopo Prescripts’ (2020, par 1.2) “school funds” is described as: "... all monies lawfully received by a public school irrespective of the source as contemplated in section 39 of the Schools Act". The DBE does not prohibit schools to raise additional funds and charge school fees because the governing bodies are allowed to do so in terms of section 36(1) of the Schools Act. The raised funds and school fees will also form part of the school funds. The right not to charge school fees will be limited to the schools that have been declared no-fee schools (DBE 2022). In the context of this study, school funds would mean all money the school receives in the form of school fees, State funding, fundraising and donations.

#### **1.7.3 Positioning myself as researcher**

Positioning oneself as researcher along the insider-outsider continuum allows for an understanding of one’s relationship with the organisation and the participants which can

alter accessibility of data, what participants disclose, and how the collected information is interpreted (Aguinis & Solarino 2019:1295). The researcher's position is about reflexivity, a process that involves researchers examining their own personal role in the research process (Babones 2016:462). Reflexivity is used to monitor the tension between involvement and detachment of the researcher and the researched so as to enhance the rigour and ethical standards of the study (Berger 2013:3). According to Kerstetter (2012:101), a researcher must occupy the space of being a complete outsider or a complete insider depending on the context of a specific research project. Kerstetter (2012:101) believes that when researchers understand where they are positioned, they are able to explore how their status may affect the research process and its outcomes. I based my conclusion that I am an outsider researcher on the fact that:

- I am an educator at a secondary school in another district.
- I was not born in the area where the research sites are located and have no ties to residents in the area.
- I reside outside the area and am not part of the communities where the research sites are located.

My identity as a researcher outweighed other identities and relationships I shared with the participants. The advantage of being an outsider researcher was that I was able to separate my personal experience from my involvement as researcher. My objectivity and emotional distance from my personal experience enabled me to ask the participants about budgeting practices in their schools.

A negative effect of being an outsider was that I struggled to gain access to research participants and to engage them fully in the research process. To involve the participants fully in the research process, I broke down barriers between myself, as researcher, and the participants. One of the strategies I used to this effect was to develop a relationship of trust with the participants because they (participants) will not feel comfortable speaking freely unless they have some level of trust in the researcher. Following the guidance of Kerstetter (2012:99), I highlighted my personal experience and its impact on the research to emphasise commonalities and create positive relationship with the participants. Kerstetter (2012:99) posits that building a relationship of trust means reaching across racial, ethnic, education, economic and gender divides.

#### **1.7.4 Theoretical framework**

Theory is a scientifically acceptable general principle or body of principles offered to explain phenomena (Merriam-Webster Dictionary 2019). Mehta (2013) maintains that the function of a theory in research is to identify the starting point of the research problem and to establish the vision to which the problem is directed. The structure (framework) is needed to accomplish the functions of a theory. A framework is a set of rules, ideas or beliefs a researcher uses to deal with problems (Merriam-Webster Dictionary 2018). A theoretical framework of a study is therefore a structure that can hold or support the theory of a research study (Heylm 2013). This is the meaning attached to the concept of a theoretical framework in this study.

A theoretical framework may be rooted in a specific theory should the researcher be expected to test the validity of that existing theory in relation to specific phenomena (Folami 2018). Because I am not testing any existing theory in this study, but aimed to understand how financial budgeting is practised in schools, I used a theoretical framework of participatory budgeting to assist me in that regard.

Participatory budgeting implies that citizens directly affected by what is happening with the budget of a public institution are involved in the budgeting process, for example by proposing projects that they want to be funded from public money and by voting on how the budget will be divided between agreed upon projects and budgetary items (Stanese, Ungureanu & Bartalis 2018:125). The assumptions that underlie participatory budgeting theory is that participation in the budgeting process gives a sense of ownership that will motivate participants in the process to work hard and attain the goals they have helped to set. Another assumption is that it shows senior management's confidence in other stakeholders. A participatory budgeting process strives to involve the general populace in the prioritisation and allocation of resources outlined in the yearly budget. The primary aim is to distribute these resources from the advantaged to the disadvantaged. The budget systems developed using a participative approach would lead to the redistribution of wealth and improve transparency of decision making to help avoid corruption and improve individual and organisational performance (Simmons 2012:43). The following sub-theories were applied to assist in understanding participatory budgeting: the economical sub-theory, sociological sub-theory and psychological sub-theory. Schools' financial

administrators will be able to understand the causes and effects of budgeting practices by applying the economical, sociological and psychological sub-theories. These sub-theories are discussed next.

Economical sub-theory on budgeting assumes that superiors and subordinates are rational individuals who make decisions that maximise preferences and for whom calculations are costless and perfect to ensure that limited resources are effectively allocated. Examining a budget according to the economical sub-theory thus ensures that the needs of both superiors and subordinates are met without compromising organisational performance (Covaleski, Evans, Luft & Shields 2003:11). If the goals of all relevant stakeholders are not met, it could lead to conflicts among these stakeholders which, in turn, are detrimental to the organisation (Kamau, Rotich & Anyango 2017:263).

One of the purposes of budgeting includes expressing conformity with the social norms (Covaleski *et al* 2007:587). The sociological sub-theory is founded on the premise that involving all important stakeholders in budgeting processes promotes transparency. According to the sociological sub-theory on budgeting, inviting subordinates to participate in the budgeting process will enable an organisation to achieve its goals and objectives on condition that the goals of all parties involved are reached (Abata 2014:149).

For participatory budgeting to work effectively, there must be a trust relationship between the parties involved in the process (Heupel & Schmitz 2015:733; Sugioko 2010:173; University of Pittsburgh 2019). Trust leads to more effective communication, increases cooperation and lessens resistance to change (Simmons 2012:42). Both the budgetary process as well as the budget itself may influence or be influenced by the level of trust held by managers and employees (Simmons 2012:43). Simmons (2012:44) defines trust as a belief that another individual or group

- makes good faith efforts to behave in accordance with any commitment both explicit and implicit
- is honest in whatever negotiations preceded such commitments
- does not take excessive advantage of another even when the opportunity is available

Trust in organisational management influences the behaviour of subordinates (Sugioko 2010:173-174). When subordinates participate in budgeting, they will execute their tasks to the best of their ability (Farahmita 2016:20). Supporters of the psychological sub-theory on budgeting believe that when employees are willing to execute their task because of incentive-based compensation, there is the likelihood that the goals of an organisation would be attained. Participatory budgeting has a positive impact in areas such as civic participation, governmental transparency and effectiveness, community wellbeing, gender equity, and redistribution of resources within the organisation (Bartlett & Schugurensky 2021:60). Stakeholders who participate in participatory budgeting increase their civic knowledge, skills, attitudes, values, and dispositions through centring participant voices to increase efficacy, empowerment and trust (Bartlett & Schugurensky 2021:62). Psychological sub-theory assumes that employees, who participate in the budgeting process and contribute to the development process, are more likely to internalise the goals of the budget. Participation leads to employees having higher levels of motivation, satisfaction, performance and commitment (Raghunandan, Ramgulan & Raghunandan-Mohammed 2012:113).

Lawrence and Tar (2013:29) conclude that a preordained theoretical perspective in qualitative research may be biased and limit the findings. Having scrutinised various sub-theories, I realised that one theory cannot provide a complete understanding of a budget. Hence, I used participatory budgeting theory which is made possible by the integration of economical, sociological and psychological sub-theories. Covalleski *et al* (2003:45) believe that examining a budget according to economical, sociological and psychological sub-theories provides a more complete understanding of budgeting unlike when only one theoretical perspective is adopted.

### **1.7.5 Assumptions**

Assumptions are beliefs and ideas we hold to be true, often with little or no statistical or research evidence (Jayesh 2013). Assumptions provide a basis to develop theories and influence the development of the research process (Heylm 2013). Although I have chosen inclusion criteria that would ensure information-rich participants, the criteria are linked to the positions the participants hold and I assumed they are duly qualified and experienced for their positions. I also assumed that participants do not have exterior motives for

participating in the study, for example, to impress their principals or to meet a performance criterion. One of the common assumptions made in research is the assumption of honesty and truthful responses (PhD Students 2018). In this study, I assume that the participants will answer the questions honestly. In chapter 7, I revisited these assumptions.

### **1.8 Limitations of the study**

Limitations are weaknesses in a study that are beyond the control of the researcher (Simon 2011). Jayesh (2013) posits that these limitations may be due to methodological reasons. Methodological limitations, such as those identified below, can decrease the credibility of the research findings. To address these limitations, I chose a multiple case study to compare the findings from the cases, selected a knowledge-rich sample, and used various data collection methods such as document analysis, semi-structured interviews and focus groups that enabled me to triangulate.

Some participants were uncomfortable discussing their schools' finances and to be forthcoming about possible problems such as corruption. To overcome this obstacle, I developed trust with the participants (cf. section 1.12). Some participants were hesitant to respond to the questions honestly for fear of victimisation. To counter this, I assured the participants that data collected would be used for academic purposes only and that their identities would be treated with strict confidentiality.

The aim of qualitative study is to get an in-depth understanding of a phenomenon under review and to provide an understanding from participants' perspectives (O'Neil & Koekemoer 2016:5). Wu *et al* (2016:501) posit that in qualitative studies, generalisability beyond the study sample is not the intent; the focus is rather on deriving depth and context-embedded meaning for the relevant study population. In line with the above, the findings of the study cannot be aggregated to all public primary schools in South Africa. The question then is how a qualitative researcher can ensure a contribution to theory and practice. To overcome this disadvantage, I followed the suggestions of scholars such as Bengtsson (2016:13) and Daniel (2019:104) and complied with the criterion of transferability (cf. subsections 1.13.2, 5.8.2).

## **1.9 Literature review**

By reviewing literature, the author identifies the specific findings and discoveries made in previous studies (Onho, Iortyer & Zayol 2017:1723). In this study, I focussed on various journal articles written by, *inter alia*, Friendly (2016) and Pape and Lerner (2016), to gather as much information as possible on what effective budgeting entails and what the benefits and challenges are when implementing effective budgeting.

Documents can provide background information and extensive coverage of data and are therefore helpful in contextualising one's research within a specific subject or field (Viswambharan & Priya 2015:4–5). The literature review revealed aspects that could be explored and principles that could be used for effective budgeting. For example, journal articles focussing on participation of stakeholders in the budgeting process such as those written by Abata (2014:155), Cabannes (2015:278), DeMicco and Dempsy (1988:83), Farahmita (2016:16), Friendly (2016:7), Obwaya (2011:21), Shields and Young (1993:275 & 277), Tānase (2013:5) and Tian, Ni, Hao and Wu (2015:70) were scrutinised. However, these studies did not pay much attention to whether that participation will lead to “effective budgeting” that will ensure that a budget supports organisational goals and objectives. Individuals should not only participate in the budgeting processes but should have influence on decisions that are taken during these processes. Participation of stakeholders in the budgeting process will lead to “effective budgeting” to ensure that a budget support schools' ultimate goal, that is, to provide quality education. The literature review was used to investigate literature on the importance of the integration of the economical, sociological and psychological sub-theories of budgeting in explaining a budget to ensure that effective budgeting is practised at schools.

## **1.10 Methodological account**

The methodological account is the outline of what methods researchers used (Salvador 2016:115). The methodological account includes identifying and motivating the chosen research paradigm, research approach, research design, research sampling, data collection methods and instruments and data analysis and interpretation methods. Hyett, Kenny and Dickson-Swift (2014:10) believe that providing methodological descriptions that

demonstrate a coherent study, adds credibility to the study, and enables the readers to judge the quality of research.

### **1.10.1 Research paradigm**

Sound research commences with pinpointing the research paradigm, that is, the worldview that inspires a researcher's beliefs and methodological assumptions. Doyle and Brady (2016:625), and Miskon, Bandara and Fielt (2015:18078) maintain that research paradigms are systems of beliefs and practices that influence researchers' choices with regard to a research design, research methods and data analysis methods. A research paradigm carries with it several assumptions, such as social structures, which in turn shape the knowledge used. Hence, the selection of a research paradigm has a profound impact on the subsequent nature of the body of knowledge (Kirkwood & Price 2013:1).

There are a variety of philosophical paradigms such as interpretive, postmodernism, phenomenology, feminism, pragmatism, ethnographic and constructivism (Anney 2014:272). Since I opted for the qualitative research approach, I used the interpretive paradigm. Using the interpretive paradigm and participatory budgeting theoretical framework allowed me to promote two of the basic values of the DBE, namely people centeredness and teamwork (DBE 2019b). The intent of interpretive research is to intensify understanding of the phenomenon within a cultural and contextual situation (Burgess, Kerr & Houghton 2013:8). Understanding the context in which research is conducted is critical to the interpretation of data gathered because reality is socially constructed and establishing reality needs an understanding of the relevant research context (Thanh & Thanh 2015:25). By using the interpretative paradigm, I examined a phenomenon of interest, namely public primary schools' financial budgeting in its natural setting. The use of an interpretive paradigm enabled me to understand financial budgeting from the perspectives of the participants involved in budgeting at the participating primary schools. Interpretive researchers accept multiple viewpoints of individuals because they assume that these individuals have multiple perceptions of the world (Thanh & Thanh 2015:25) and that there is no one correct answer (Roller 2015:1). The acceptance of multiple perspectives leads to a more comprehensive understanding of the situation. I therefore gathered data from principals, SMT members and parent governors of selected primary



schools who come from different educational, social and economic backgrounds to obtain more diverse multi-faceted information to understand how financial budgeting is practised in the specific contexts of the participating schools.

People create their own subjective meanings as they interact with the world around them (Daniel 2016:92). In the same vein, Starman (2013:30) maintains that the interpretative researcher's subjective views on a situation play a role in the study results. I therefore tried to minimise subjectivity in my research by, *inter alia*, being aware of my role as researcher and the need to be reflexive (cf. section 1.7.3) and, ensuring my research complies with the confirmability criterion for trustworthiness (cf. section 1.11).

### **1.10.2 Research approach**

Mojahan (2018:1) refers to a research approach as a plan of action that gives direction to conduct research systematically and efficiently. Three approaches are used in social research, namely the qualitative, quantitative and mixed methods approach (Asenahabi 2019:77). As already indicated, in this study, I used the qualitative approach.

A qualitative research approach is used to study human thoughts and behaviour in a social context (Patel & Patel 2019:49). Qualitative researchers are interested in human subjects and the meaning that those human subjects attach to a specific phenomenon. Qualitative methodology leans itself to the exploration of participants' homogeneous views through broad discussion, questioning and probing, and the understanding of their attitudes, behavioural culture and values as individuals and/or a group of people (Salvador 2016:119). The goal of qualitative research is to increase understanding in areas where little is known. This is done by developing deeper insight into complex situations or processes, therefore qualitative research is not hypothesis driven (Wu *et al* 2016:497).

Because human actions are influenced by the setting in which they occur, situational contexts aid in understanding human behaviour. A qualitative approach is the best approach for an interpretive study like this one, which requires consideration of the setting (the schools themselves and their location) and how that affects financial budgeting. The approach put me in a good position to know, describe and understand how financial budgeting is practised in selected public primary schools because it allows for interaction with the participants. For this purpose, I selected a few participants in order to determine

their feelings, behaviour, thoughts and their experiences in relation to the school's budgeting practises.

### **1.10.3 Research design**

Research design is a step-by-step procedure a researcher adopts to achieve the research objectives (Asenahabi 2019:77-78). There are various qualitative research designs such as phenomenology (lived experience), ethnography (understanding the culture of certain ethnic groups), grounded theory (formulation of new theory from phenomena) and case study (in-depth holistic study of individual cases) (Salvador 2016:110). In this study, I used case study design because it allows the investigator to explore a bounded system (a case) or multiple bounded systems (cases) overtime (Harrison, Birks, Franklin & Mills 2017:20). I explored multiple bounded systems because I conducted the study at two primary schools (cases) in the Maleboho Central Circuit in order to compare the differences and similarities on how the principals, SMT members, the governing body members and parents practise budgeting.

Cases are selected based on the research purpose and question, and for what they could reveal about the phenomenon or topic of interest. The aim of selecting cases is to provide a rich holistic description that illuminates the understanding of a phenomenon (Asenahabi 2019:82). Since multiple case studies are used to determine contrasting and complementary results in studies (Gustafsson 2017:4), which was my goal; it was a suitable design for my research. Hence, I have chosen two public primary schools (cases) in the Maleboho Central Circuit at which to conduct the study. These schools were chosen because they share many common characteristics. They have more or less the same enrolment of learners, meaning even the government subsidy is more or less equal (which is of course important in a study on budgeting), they are no-fee schools, both are located in rural areas and do not have deputy principals.

“Case study” may be used to refer to the process of investigating (studying the case), the unit of study (the case that is studied) and the product of this type of investigation (the final written document) (Rule & John 2011:4 and 5). Starman (2013:35) refers to the unit of a case study as an individual, family, or other group, organisation or community where a practical problem that we are interested in, exists. I regard the two public primary schools

in the Maleboho Central Circuit as cases because it is from my findings at these schools that I established how the principals, the SMT members, parent governors and educators practise financial budgeting. I am not interested in the cases (schools) as such, that is, I would not describe the unique characteristics of cases, but those aspects or factors that contribute to the handling of their finances. These two schools enabled me to understand the problems that the participants experience when they practise financial budgeting at their schools from their perspective.

#### **1.10.4 Research sites, population and sampling**

Research sites are places where the research is conducted (Majid 2018:3). In this study, my research sites were the participant primary schools in the Maleboho Central Circuit in the Limpopo Province of South Africa (cf. sections 1.7.1 and 1.10.3).

Population is the entire body of objects, materials or people that fall in the geographical area in which the researcher intends to conduct the study (Majid 2018:3). A population may be heterogeneous or homogeneous. The population in this study is homogeneous because all participants are involved in budgeting. According to Etikan, Musa, and Alkassim (2016:3), sharing characteristics is a feature of a homogeneous research population. Since it will be too expensive and time consuming to contact every individual in the population, researchers must draw some fraction, known as sample size, from the entire population, a sample that can be managed easily (Alvi 2016:11; Fugard & Potts 2015:670; Moser & Korstjens 2018:10). In this regard, sampling is critical because it allows researchers to conduct a study with a manageable number of participants.

Types of qualitative sampling techniques include convenience, theoretical, selective, within-case, snowball and purposive sampling (Cherry 2018). Wu *et al* (2016:499) refer to purposive sampling as the selection of units such as individuals or group of individuals who are knowledgeable about the research topic. Purposive, criterion sampling was the best sampling method for this study because it allowed me to take decisions about the selection of participants. Two criteria were used to select the participants. They are knowledgeable about the situation or experience being studied and represent a range of viewpoints.

- Knowledge about the cultural situation or experience being studied

The issue under investigation in this study is financial budgeting. I used this criterion because it allowed me to focus on participants who have knowledge and experience of financial budgeting, which cannot be divorced from financial management. Financial management in this context refers to how well schools develop their budget to effectively utilise their funds in order to attain a healthy financial position. At school level, the governing bodies are the custodians of the schools' finances in terms of section 21 of the Schools Act while the principals are accountable to their respective PHoD for money received from the State, as stipulated in sections 16A(1)(b)(ii) and 16A(2)(k) of the Schools Act (RSA 1996b). Hence, schools' financial administrators are responsible for the management of the schools' finances. The criterion used for the school financial administrators is that I assume they have the necessary knowledge of and involvement in the budgeting process to answer questions on budgeting based on their role as financial administrators.

- Representativeness of a diverse range of participants

In order to get a broad spectrum of ideas on financial budgeting, I selected a broad and diverse range of participants who all play some role in financial budgeting.

A homogeneous population requires a small sample size, which often generates a large volume of data (Wu *et al* 2016:499). Vonk (2017:1) refers to a sample size as the number of elements that can be selected for research. According to Elo *et al* (2014:4), there is no commonly accepted sample size for qualitative studies because the optimal sample depends on the motive of the study, the research question and the richness of the data. Fugard and Potts (2015:670) posit that the primary intention of qualitative research is to make certain that the sample size is small but sufficient to manage the data and large enough to provide "a new and richly textured understanding of experience" and this is a matter of subjective judgement, that is guided by researcher experience and assessing the data as it is analysed in relation to the goals of the research. The sample size in my study is thus limited to two primary schools in the Maleboho Central Circuit using one principal, one SMT member and all five parent governors from each school (according to the *Guidelines relating to the elections of governing bodies of public schools*, each of the

participating schools qualify to have five parent governors only) (Department of Education 2014:17). Principals were selected because they are not only members of the governing bodies, but also represent the PHoD. Principals have specific financial management responsibilities attached to their roles. SMT members are included as participants because they may act in the place of the principals as these schools do not have deputy principals. In terms of chapter A paragraph 3.4.3 of the Personnel Administrative Measures (as amended) (hereinafter referred to as PAM) (RSA 2022), a Departmental Head (hereinafter referred to as HoD), who is a member of SMT, acts on behalf of the principal during her or his absence from school if the school does not qualify for a deputy principal or in the event that they both are absent. The principals, SMT members and parent governors are “information-rich” participants because they have been given the crucial mandate to manage the schools’ finances in terms of PAM (RSA 1999b) and the Schools Act (RSA 1996b, s 20).

Fusch and Ness (2015:1410) posit that it is advocated that the size of the focus group be between six and twelve participants. Ten parent governors (five from each school) formed two different focus groups. The group must be small enough to enable members to talk and share their thoughts. Hence, the number of parent governors (five) chosen to form the focus group was sufficient. A total of 14 participants formed the sample.

#### **1.10.5 Data collection methods and instruments**

Qualitative data-collection methods such as observation, in-depth interviews and qualitative questionnaires are useful to acquire data from the participants in their natural settings (Watkins 2017:3). As indicated above (section 1.10.2) a qualitative research approach is used in this study. Qualitative methods are interpretative and assume a socially constructed reality rather than a conceived one; hence data are not collected through measurement (Kirsten 2016:3). Qualitative research is designed to mirror an individual’s experience in the context of their everyday life (Sutton & Austin 2015:226–227). Because people’s minds cannot be observed or measured directly (Hammarberg, Kirkman & De Lacey 2016:499), the principals, SMT members and parent governors were asked questions on financial budgeting to gain information about their experience.

A document study, document analysis, semi-structured interviews and focus groups were used to collect data. In the following table, I describe the relationship between the objectives, data collection methods and instruments, and participants.

**Table 1: The relationship between the empirical objectives, data collection methods/instruments and participants**

Objective	Data collection methods and instruments	Participants
Objective 1 To determine what effective budgeting in schools entail.	N/A – theoretical objective	N/A – theoretical objective
Objective 2 To identify the legal prescripts regulating budgeting practices in South African public schools.	Document study of relevant law and policy Law: The Constitution, the Schools Act, the Public Finance Management Act and the Preferential Procurement Policy Framework Act. Policies: White Paper 2, the NSSF (as amended), the Limpopo Prescripts and <i>Guidelines for the preparation of public school financial statements</i> .	N/A
Objective 3 To establish the perspectives of the schools’ financial administrators on their roles and responsibilities in relation to budgeting.	Focus groups: Focus group guide for parent governors. Individual semi-structured interviews: Interview guide for principals. Individual semi-structured interviews: Interview guide for SMT members.	10 Parent governors. 2 Principals 2 SMT members
Objective 4 To ascertain how the selected schools’ financial administrators go about compiling the annual budget for their schools.	Using a document analysis guide to analyse the schools’ 2020 and 2021 budget statements, 2020 and 2021 financial statements, mission and vision statements; minutes of staff meetings, parent meetings, and governing body meetings during which a budget is discussed; the school’s development plan, finance policy, and the 2020 and 2021 audited financial reports. Individual semi-structured interviews: Interview guide for principals. Individual semi-structured interviews: Interview guide for SMT members. Focus groups: Focus group guide for parent governors.	2 Principals 2 SMT members 10 Parent governors.

<p>Objective 5</p> <p>To determine the challenges that the selected schools' financial administrators experience in relation to budgeting.</p>	<p>Using a document analysis guide to analyse the schools' 2020 and 2021 budget statements, 2020 and 2021 financial statements, mission and vision statement; minutes of staff meetings, parent meetings, and governing body meetings during which a budget is discussed; the school's development plan, finance policy, 2020 and 2021 audited financial reports.</p> <p>Individual semi-structured interviews: Interview guide for SMT members.</p> <p>Focus groups: Focus group guide for parent governors.</p>	<p>2 Principals</p> <p>2 SMT members</p> <p>10 Parent governors.</p>
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Cypress (2018:303) asserts that a good researcher is not constrained methodologically to a single data collection method because such restrictions may limit the results that can be obtained and restrict the strength of the study. I commenced the data collection process by conducting a document study. A document study entails examining law and policy documents. The document study for this research enabled me to fulfil objective 2, which is to determine the legal prescripts that regulate budgeting practices in South Africa and in particular the Limpopo Province. For this purpose, I examined the Constitution, the Schools Act, the Public Finance Management Act, the Preferential Procurement Policy Framework Act, White Paper 2, the NNSF, the Limpopo Prescripts and the *Guidelines for the preparation of public school financial statements*.

After studying law and policies, I analysed the schools' financial documents. Bowen (2009:27) refers to document analysis as a form of qualitative research in which documents are evaluated. It makes sense to do the document analysis before the fieldwork since, as Bowen (2009:29-30) alludes, document analysis often leads to more questions and can serve as a foundation for further qualitative research studies. Financial documents can also contain data that can no longer be observed, offer information that informants have forgotten, and can be used to track change and development (Viswambharan & Priya 2015:4-5).

Document analysis is frequently utilised in combination with other qualitative research methods as a means of triangulation (Cardno, Rosales-Anderson & McDonald 2017:146). By examining information collected through different methods, the researcher can corroborate findings across data sets and counter possible bias that may exist in a single-method study (Bowen 2009:28). Triangulation affords a broader understanding of a phenomenon under investigation. In this study, I used, over and above document study and document analysis, other data collection methods such as interviews and focus groups.

After analysing the documents, I conducted interviews to fulfil objectives 3, 4 and 5, namely to establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting, to ascertain how the selected schools' financial administrators go about compiling the annual budget for their schools and to determine the challenges that the selected schools' financial administrators experience in

relation to budgeting. Hofisi, Hofisi and Mago (2014:60-64) refer to a qualitative interview as data gathering technique involving verbal communication between the researcher and participants to answer the research question. Alshengeeti (2014:39) states that interviews are powerful in eliciting narrative data that allows researchers to investigate people's views in greater depth. Because interviews allow participants to contextualise their answers and express their views in their own words, the researcher can understand the meaning and experience of the lived world from their perspective. Interviews allow interviewees to speak in their own voice and express their personal thoughts and emotions. The use of qualitative interviews thus allows researchers to learn about the participants' ideas, opinions, beliefs and behaviour. During interviews, an interviewee's and interviewer's reactions to each other's appearance and personality influence what and how issues are discussed and aid in providing rich, detailed answers (Yin 2012:12).

Hofisi *et al* (2014:60-61) assert that interviewing covers a huge range of practices including face-to-face, online and telephonic interviews, which could be structured, unstructured or semi-structured. In this study, I used face-to-face semi-structured interviews. In semi-structured interviews, participants are asked identical questions (Fusch & Ness 2015:1409), but the questions are worded so that responses are open-ended. Semi-structured interviews allow the researcher to ask probing questions as a means of follow-up (Corbin & Strauss 2015:39). After the principals and SMT members were interviewed, I engaged the parent governors in focus group discussions to extract data, *inter alia*, on their involvement in the approval and adoption of a budget.

A focus group is a technique used to collect data on a specific topic through participatory discussion among the participants, gathered in one place and for a certain period (Kinalski *et al* 2017:427). The focus group discussion is facilitated by a focus group facilitator who does not only manage the existing relationships but also creates a relaxed and comfortable environment for participants (Fusch & Ness 2015:1410; Nyumba, Wilson, Derrick & Mukherjee 2018:23). Besides facilitating an open, respectful discussion among participants, and to let participants determine the course of the conversation, I remained neutral and did not disagree or agree with their views. Moore, McKee and McLoughlin (2015:19) maintain that focus groups are reflexive and empowering experiences for participants, as researchers inspire participants to share their views and experiences

through group conversation. These collaborative research performances reflect the socially constructed nature of knowledge because participants are inspired to ask questions, explain their viewpoints through group interaction, expand on each other's responses and tease out complementary and argumentative interpretations of the research topic (McKim 2017:209).

I engaged parent governors in a focus group to fulfil objectives 3, 4 and 5, namely to establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting, to ascertain how the selected schools' financial administrators go about compiling the annual budget for their schools and to determine the challenges that the selected schools' financial administrators experience in relation to budgeting.

The instruments that I employed in collecting data include a document analysis guide, interview guides for principals and SMT members and, a focus group guide for parent governors. I discuss the development and implementation of these instruments in chapter 5.

#### **1.10.6 Data analysis and interpretation**

Vaismoradi *et al* (2016:101) maintain that a text may involve more than one meaning. To determine the meaning within a particular context requires the researcher's analysis. Data analysis is the process of breaking the mass of collected data into smaller parts in order to gain better understanding of it and to bring order, structure and meaning to it (Corbin & Strauss 2015:85; Kalungu 2015:36). Datt (2016) identifies several stages in the analysis process. They are defining and identifying data, data entry and storage, data reduction, developing categories and a coding scheme, identifying relationships among categories and presentation of results.

The reason for analysing data is to achieve usable and useful information (Sutton & Austin 2015:227). In this study, I used content analysis. Content analysis is an ongoing process of collecting and organising information in a standardised format that permits analysts to make inferences about characteristics and meaning of written and other recorded material (Lai 2015:140). During the process of data analysis, raw data is turned into concepts. The

concepts allow researchers to group similar data under one heading (Corbin & Strauss 2015:68) and interpret the collected data (Yavuz 2016:119).

By using content analysis, I was able to identify and categorise characteristics of messages relayed in documents (such as budget statements) and spoken material (transcripts of interviews and focus groups). When content analysis is used in a qualitative study, the researcher identifies the frequency with which a phenomenon, such as specific words, phrases, or concepts are mentioned rather than counting them (Hammarberg *et al* 2016:499; Wu *et al* 2016:501).

Ranjit (2014:269) asserts that the researcher should specify whether data will be analysed manually or by computer. I personally analysed the data using an inductive approach. An inductive approach starts with research questions, aim and objectives that need to be answered and achieved during the research process (Patel & Patel 2019:53). Bengtsson (2016:10) defines the inductive approach as the process of developing conclusions from collected data by weaving together new information into categories. When an inductive approach is used, the researcher analyses text with an open mind in order to synthesise and make meaning from the data, starting with specific data and ending with categories and patterns (Elo *et al* 2014:2).

Data is unclear and need further explanation. Hence, it is not easy to ascertain meaning from the collected data. Words can have different meanings from one language to another and from one situation to another (Corbin & Strauss 2015:67). Interpretation is essential in this regard. Interpretation is the process of attaching meaning to the data (Van Loggerenberg, Saayman & Kruger 2015:1). Because qualitative analysis is not an exact science, interpretations will never be 100% accurate (Corbin & Strauss 2015:67). This is because the researcher, with his or her own perceptions and interpretations, is an active agent in the research process (O'Neil & Koekemoer 2016:3).

### **1.11 Structure of the final research report**

The report has seven chapters. In chapter 1, I orientate the reader to the study. I discuss the background and motivation for the study, the research question, problem statement, research aim and objectives and significance of the study. I also explain the meanings attached to the key concepts used in the study, reveal the research methodology and

indicate methodology chosen for analysing and interpreting data. In chapter 2, I report on a document study that was conducted to establish the legal prescripts pertinent to financial budgeting.

Although chapter 2 in effect contains data extracted via a document study, it is included early in the report because the legal prescripts (laws and policies) frame the rest of the report. For example, clarity on the legal prescripts was required to understand and interpret the literature review. Where required, I thus integrated data obtained through the documents study with the information obtained through the literature review to place existing literature on the topic in context. Another reason why the document study is inserted early in the report is that the legal prescripts were used to inform the data collection instruments.

In chapter 3, I set out the theoretical and conceptual framework for effective budgeting, focussing on participatory budgeting and theories of budget planning. In chapter 4, I review the relevant literature to understand the scholars' perspectives on the roles and responsibilities of schools' financial administrators in relation to budgeting, how the schools' financial administrators compile the annual budgets for their schools and the challenges that the schools' financial administrators experience in relation to budgeting.

In chapter 5, I cover the application of the research methodology and data collection instruments that was first introduced in chapter 1. Chapter 6 revolves around presentation, analysis and interpretation of data that I have obtained through the analysis of financial documents, semi-structured interviews and focus groups. Chapter 7 is the concluding chapter. In this chapter, I present the findings in the form of a comparison between the two case studies, formulate recommendations and offer the strategic framework that I have developed with the aim of empowering the schools' financial administrators to be more effective in practising financial budgeting.

### **1.12 Ethical considerations**

The integrity of the research depends on how researchers do their research. Integrity is about ethics (Daniel 2016:98). Academic research is based on ethical values such as confidentiality, respect for others, and avoidance of harm and observance of rights (Pillay 2014:196–197). Because qualitative research involves data collection in the participants'

environment, it is especially important to ensure participant confidentiality, privacy, and anonymity (Hiriscau *et al* 2016:9–11). Questionable research practices such as fabrication and falsification constitute violations of these values (Udo-Akang 2013:54).

Researchers should avoid plagiarism. Plagiarism refers to the act of presenting people's work, ideas or words as your own without acknowledging the original author (Singh & Remenyi 2016:2). In this study, I avoided plagiarism by deploying academic skills such as summarising the thoughts of scholars and acknowledged their intellectual property. I quote the law and policy documents correctly and to ensure that these documents are referenced properly. I acknowledge all sources that I have consulted in text references and the bibliography, and finally ran the report through the Turnitin programme to check that the percentage of unoriginal content is within the bounds of acceptability set by the University of South Africa.

Table 2 and 3 provide summaries of precautions that I took to ensure compliance with ethical standards.

**Table 2: Summary table on obtaining permission**

Obtaining permission		
Obtaining permission to conduct research	Form / Letter requesting permission	Letter granting permission
Permission letters: <ul style="list-style-type: none"> <li>• LDoE</li> <li>• Principals</li> </ul>	Permission requested to do individual interviews with two principals, two SMT members and analysis of relevant documents (2020 and 2021 budget statements, 2020 and 2021 financial statements, mission and vision statements, minutes of staff meeting, parent meetings, governing body meetings during which the budget is addressed, the school’s development plan, finance policy, 2020 and 2021 audited financial reports) <ul style="list-style-type: none"> <li>• Letter requesting permission from the LDoE: <b><u>Appendix B</u></b></li> <li>• Letter requesting permission from the 2 principals: <b><u>Appendix D</u></b></li> </ul>	<ul style="list-style-type: none"> <li>• LDoE: Permission letter on an official letterhead <b><u>Appendix C</u></b></li> <li>• Permission letters from principals <b><u>Appendix E</u></b></li> </ul>

**Table 3: Summary table on obtaining consent**

Obtaining consent and assent			
Obtaining consent to participate in the research	Form / Letter requesting consent	Consent granted	Data collection instrument involved
2 Principals 2 SMT members	Letter requesting participation and consent from the 2 principals and 2 SMT members: <b><u>Appendices F and G</u></b>	Consent letters from the principals and SMT members (available on request). <b><u>Appendices I and J</u></b>	Interview guide for Principals Interview guide for SMT members.

Before I commenced with data collection, I sought permission from gatekeepers such as the LDoE, the Maleboho Central Circuit Manager and the participating schools' principals. Consent to take part in the study was sought from principals, SMT members and parent governors.

Graig (2017) asserts that part of building trust is not only to keep the promises you make, but also not to make promises you cannot keep because in this way you apply deceptive techniques in your study. According to Boss (2020:243), researchers must not deceive participants to participate in the study. Deception involves giving false information or generating false assumptions or withholding any information that participants may request, or withholding information that is relevant to the appropriate informed consent form (Boss 2020:243).

I ensured that participants were able to make an informed choice on whether to participate or not by providing prospective participants with an information letter. In the information letter, I introduced myself, told the participants of the nature, purpose of and the reason for undertaking the study, committed myself to respect their rights and interests and informed them that those who asked to be released from the research process, will be free to do so without any penalty.

To observe participants' right to privacy and confidentiality, I guaranteed anonymity for the principals and SMT members who participated in individual interviews. For parent governors who participated in focus group discussions, I required each parent governor to sign a confidentiality disclaimer (Appendix L).

Participants were encouraged to answer the questions honestly. To achieve that, I assured them that I would refer to them by pseudonyms in my report and whatever information they provide would not be linked back to them. I also promised the participants that whatever information they provide would not be used for anything else than for academic purposes.

### **1.13 Trustworthiness**

Trustworthiness is a criterion in assessing and evaluating the quality in qualitative research (Salvador 2016:114). To ensure the trustworthiness of the research findings, I used the



following common criteria set for qualitative research as developed by Guba (1981) and supported by many scholars thereafter such as, Anney 2014:273; Forero *et al* 2018:1; Pandey & Patnaik 2014:5747): credibility (confidence in the truth of the findings), dependability (showing that the findings are consistent and could be repeated), transferability (the degree to which the results may be applicable to other settings or groups and the number of informants or study object), and confirmability (the extent to which the findings of the study are shaped by the participants and not researchers' bias, motivation, or interest). These criteria are introduced below, and the implementation thereof is discussed in chapter 5, section 5.8.

### **1.13.1 Credibility**

To establish credibility, the researcher must ensure that those participating in the research are identified and described accurately (Elo *et al* 2014:2). The credibility criterion is met when the research findings represent the original views of the participants (Maher *et al* 2018:3) and confidence in the truth of the findings is created (Bengtsson 2016:11). Compliance with the criterion of credibility is ensured through measures such as identification and accurate description of participants (Corbin & Strauss 2015:345), accurate descriptions of data (Anney 2014:277) and member checking also referred to as participant validation (Birt *et al* 2016:1805; Hammarberg *et al* 2016:500).

### **1.13.2 Dependability**

Dependability or consistency refers to the stability of data over time and under different conditions (Salvador 2016:114). Essentially dependability is concerned with whether researchers would obtain the same results if they observed the same thing twice (Ranjit 2014:219). Elo *et al* (2014:4) assert that in order to establish dependability, the researcher must ask this question: Would the findings of an inquiry be repeated if it were replicated with the same or similar participants in the same context? A strategy for establishing dependability is maintaining a decision trail, that is, the researcher's decisions must be clear and transparent (Noble & Smith 2015:3). This does not mean that the same results would necessarily be found in other contexts but that, given the same data, other researchers would find similar patterns. To determine dependability of this report, I used an audit trail that makes it possible for others to understand how I reached my conclusion.

### **1.13.3 Transferability**

A study meets the criterion of transferability when its findings can fit into contexts outside the study situation and when researchers view the findings as meaningful and applicable in their own experiences (Hammarberg *et al* 2016:500). Put differently, transferability or applicability refers to the degree to which the results of qualitative research can be “generalised” or transferred to other contexts or settings (Bengtsson 2016:13).

Transferability can be ensured by thick description of the phenomenon (which is financial budgeting) under study to allow readers to have a proper understanding of it, thereby enabling them to compare the instances of the phenomenon described in the research report with those that they have seen emerging in their situations (Daniel 2019:104).

A study is deemed transferable if relevant contextual features are common to both the study sample and the larger population. Because the findings of qualitative studies are not aggregated to a larger population but specific to a small number of particular environments and individuals (Bengtsson 2016:13), the researcher must provide enough contextual information about the field work sites to enable the reader to make the transfer. The delimitation of the study thus plays an essential role in ensuring transferability (Daniel 2019:104).

### **1.13.4 Confirmability**

Confirmability means that data accurately represent the information that the participants have furnished, and the researcher based the analysis on the data and did not invent it (Elo *et al* 2014:6). It is concerned with establishing that the findings are not figments of the researcher’s imagination but is clearly derived from data (Anney 2014:279). Confirmability is attained when truth-value, consistency and applicability have been covered (Noble & Smith 2015:3). Gunawan (2015:10) posits that confirmability can be proven through data-presentation.

Another strategy of determining confirmability is the use of triangulation, which, according to Gunawan (2015:11), reduces the effect of investigators’ bias and cross-examines the integrity of participants’ responses. These strategies are discussed in more detail in section 5.8.4.

During the presentation of the data, I guarded against presenting the participants' ideas as mine as this would be tantamount to plagiarism.

#### **1.14 Chapter 1 conclusion**

In chapter 1, I set the boundaries for the thesis, outlined the research problem and research sub-problems, the aim and the objectives of the study, the motivation and the significance of the study, the methodological account. Lastly, I explained how the rights of the participants were protected and identified the limitations of the study. In chapter 2, I report on a document study I conducted with the aim of establishing the legal prescripts relevant to the financial budgeting.

## CHAPTER 2

### LAW AND POLICY FRAMEWORK FOR BUDGETING PRACTICES IN PUBLIC SCHOOLS

#### 2.1 Introduction

A budget is prepared in line with the laws, rules and regulations to ensure fiscal discipline and control (Akhoershaideh & Alshoubaki 2019:271). Schools' financial administrators must be familiar with the law and policies that regulate financial budgeting in public schools. Having knowledge of their obligations and fulfilling those will increase financial administrators' capability to budget effectively by making the best possible allocation of the projected resources and avoiding irregular expenditure. The document study was utilised to extract data to meet the study's second research objective, which was to identify the legal prescripts that govern budgeting processes in South African public schools. As a secondary purpose, the results of the document study were used to inform the data collection instruments so as to extract data that would enable me to assess whether the schools' financial administrators fulfil their legal obligations regarding financial budgeting.

#### 2.2 Law regulating budgeting in public schools

The Constitution, the Schools Act, the Public Finance Management Act, and the Preferential Procurement Policy Framework Act, contain legal requirements for budgeting in South African public schools. The significance of these Acts for financial management, including budgeting practices in South African public schools, was investigated. First, I discuss the Constitution as the supreme law, then the Acts, and finally the related policies.

##### 2.2.1 The Constitution of the Republic of South Africa of 1996

Because it is the supreme law of the country, any law inconsistent with the Constitution is invalid (RSA 1996a s 2). The right to a basic education, including adult basic education and further education is assured in section 29(1) of the Constitution, which makes provision for the State to make education available and accessible to everyone in the country (RSA 1996a, s 29(1)). The national revenue allocated to each province is provided equally in terms of section 213(3) of the Constitution (RSA 1996a). According to section 213(3) of the Constitution, it is the responsibility of both the national government and the provinces to provide education to South African citizens (RSA 1996a, Schedule 4). Section 35 of the

Schools Act mandates the Minister of Basic Education to determine norms and minimum standards for school funding and the PDsoE will then make budget allocations for each school according to their poverty levels (UNESCO-IBE 2010).

As per section 239(b) of the Constitution (RSA 1996a), all public schools are organs of state. The principals, the SMT members and the governing bodies are all functionaries of public schools as organs of state. As functionaries of organs of state they must, in terms of section 2 of the Constitution (RSA 1996a), fulfil the obligations imposed by the Constitution without failure. One such obligation is to be familiar with the values and principles spelled out in sections 41 and 195 of the Constitution and to act in a manner that upholds these values and principles (RSA 1996a). Values and principles in particular relevant to school financial management (including budgeting) are that schools as organs of state must promote efficient, transparent, accountable, and coherent government (including financial management) and exercise their powers and perform their functions (in relation to financial management) in a manner that does not encroach on the geographical functions, and institutional integrity of government in another sphere (RSA 1996a 41(1) c, g)).

The Constitution advocates public participation. This is another reason why the choice of participatory budgeting as theoretical framework for this study is fitting. As organs of state, schools must adhere to principles during budget planning, adoption and implementation. Principles that are of particular importance to budgeting include promoting efficient, economic and effective use of resources (RSA 1996a, s 195(1)(b)), providing services fairly, equitably and without bias (RSA 1996a, s 195 (1)(d)), responding to peoples' needs and encouraging them to participate in policy-making (RSA 1996a, s 195 (1)(e)), ensuring transparency by making correct and reliable information accessible to the public (RSA 1996a, s 195 (1)(g)) and being accountable for the proper utilisation of funds (RSA 1996a, 195 (1)(f)). Sambo (2022:7–9) contends that transparency can only be ensured if the budgeted estimates are well-considered and as accurate as possible, and if the budget is understandable, comprehensive, publicly available and set for a specific period.

When the principals, SMT members and the governing body members adopt the theoretical framework of participatory budgeting, the above-mentioned principles would be achieved because relevant stakeholders would directly participate in making real

decisions about the budget and spending of funds. They will be actively involved and not only consulted during the budgeting process.

The provincial legislatures of the nine provinces in South Africa have power to promulgate legislation on educational matters. This includes the management of finances in schools in the provinces as mandated in section 43 of the Constitution (RSA 1996a). The purpose of this section is to ensure the efficient and effective management of finances in schools, which can be achieved when the finances are monitored and controlled. Hence, section 188(2)(a) of the Constitution (RSA 1996a) empowers the Auditor-General to audit accounts and financial statements of any institution funded from a province's revenue funds. This section has a direct bearing on public schools in South African because they are funded by PDsoE. It is not the responsibility of governing bodies as custodians of the schools' funds to send their schools' financial records and statements to the Auditor-General for scrutiny. Instead, the governing bodies of schools, report to their respective PHoD as per section 16A2(k) of the Schools Act (RSA 1996b) who will then forward these financial records and financial statements to the Auditor-General for thorough examination as part of budget control.

The procurement policy contemplated in section 217 of the Constitution is laid out in the Preferential Procurement Policy Framework Act (see section 2.2.4 below).

### **2.2.2 The South African Schools Act 84 of 1996**

The nation's legislative framework for school governance, including schools' finances, is laid out in the Schools Act. The Schools Act mandates the governing body members to draw up the annual school budgets and to manage the schools' resources within the limits set by NNSF (RSA 2006) and provincial statutes (RSA 1996b s 35(2)(a-d)). The governing bodies' financial responsibility includes the administration of school funds (RSA 1996b s 37(1)) and adoption of the annual budget (RSA 1996b s 38(1)). The governing bodies may establish committees and one such committee is a finance committee. The Governing bodies may establish committees such as a finance committee (RSA 1996b, s 30). The argument can, however, be made that schools are obliged to establish finance committees (cf. sections 1.7.2.3 and 1.7.2.4).

Financially speaking, the Schools Act distinguishes between Section 20 schools and Section 21 schools. Section 20 schools submit their budgets to the PDoE which purchases goods and services on their behalf (RSA 1996b, s 21). The schools that have the capacity to manage their finances effectively by obtaining a clean financial audit may apply to the PHoD in writing for additional functions as per section 21 of the Schools Act (RSA 1996b). Three of these functions relate to financial management, namely purchasing learning support material, paying for services such as water and electricity and maintaining and improving the school premises. Once the application is approved, the money is deposited into the school's bank account. The PHoD will then prescribe how the governing bodies spend the money (RSA 1996b s 21). These prescriptions are *inter alia* done in terms of the NSSF (cf. section 2.3.2). The allocation letters should also contain information on the amount that the DBE will allocate for audit fees (DBE 2017, par 2).

Irrespective of how a school receives State funding, it is expected to draw up a budget (RSA 1996b, s 38(1)). The State must provide information to public schools annually regarding the State funding that can be expected for the next year so that the governing bodies are able to prepare their budgets for the next financial year (RSA 1996b s 34(2)).

The school's budget must provide details of any posts the school wishes to advertise including the estimated costs relating to the employment of staff in such posts and how those costs will be met (RSA 1996b s 20(9)). Thus, if the school plans to appoint educators or non-teaching staff, that must be included in the budget. Schools must further budget for the cumulative effect of established non-payment and exemption trends in relation to the payment of school fees (RSA 1996b, s 39(2)(c)).

If the governing body has obtained approval from the employer, it may remunerate or give a financial benefit or a benefit in kind to an educator (irrespective of whether the educator is employed in terms of the Employment of Educators Act 76 of 1998 or the Public Service Act of 1994 (known as Proclamation 103 of 1994)). Without approval such payment or giving of benefit is unauthorised and a contravention of section 38A(1) of the Schools Act (RSA 1996a). The payment contemplated in subsection 38A(1) must be reflected in the school's budget. If governing body members pay remunerations contemplated in subsection (1) to an employee without prior approval of the employer, the amount of money paid could be

recovered from any individual governing body member or all the governing body members jointly (RSA 1996b s, 38A(9)).

Payments to governing body members for expenses incurred during the performance of their duties are regulated by section 27(2) of the Schools Act (RSA 1996b), which provides that payments may only be made for “necessary expenses”. What constitutes a necessary expense in terms of Circular M2 of 2018 would be guided by programmes, projects, meeting schedules and plans proposed by the governing body. It is suggested that schools should budget for these expenses but that they set a limit to prevent wasteful expenditure (DBE 2018).

Section 36(1) of the Schools Act (RSA 1996b) empowers governing bodies to raise additional funds if they determine the school will not have sufficient funds to cover its expenses while drawing up the budget. Any fundraising measures that the governing bodies take to supplement the school funds must promote the interests of the school (Covey 2017:57). Insufficient funds may not be supplemented by taking out a loan or entering into an overdraft agreement unless the written approval of the Member of the Executive Council was obtained to do so (RSA s 36(2)). Should a governing body take out an unlawful loan or enter into an overdraft agreement, the members can be held personally (jointly and severally) liable to repay the money they received and used. The governing bodies must understand section 36(2) of the Schools Act so that they do not enter into unlawful loan agreements and become personally liable for repayments.

Giving expression to the constitutional value and principle of accountability, section 43 of the Schools Act (RSA 1996b) provides that governing bodies are responsible for ensuring the funds entrusted to the school are used to optimise the educational needs of learners and that they should be held accountable if they fail to do so. According to Xaba and Nqubane (2010:140), financial accountability is a legal duty placed by a third party on an individual, group or organisation to explain how funds and equipment have been used. Financial accountability entails holding principals, SMT members and governing bodies accountable for providing an accurate account of what they have done with the resources, as well as determining how efficiently the resources have been used and whether it was done consistently with established regulations. When people or institutions handle funds that do not belong to them, they are accountable to the body that made the funds available



(Du Plessis 2013b:127). In the case of no-fee public schools that will mainly be the PDsoE. Accountability in a school context involves the obligation of those who have been given responsibilities and resources to explain and justify how they have exercised their responsibilities and used the resources in the achievement of agreed objectives (Doussy & Doussy 2014:29).

Doussy and Doussy (2014:28) mention two types of accountabilities: “the element of account” which involves justifying the occurrence of activities; and “holding to account” which refers to the evaluation of the information provided by those to whom the account is given. These two types of accountabilities feature in the Limpopo Prescripts and the Schools Act respectively. Reporting relates to “the element of account”, which Sambo (2022:8) calls the “answerability” of financial administrators. The treasurer presents financial reports to the governing bodies as per paragraph 8.9.3 of the Limpopo Prescripts (LDoE 2020). The governing bodies submit a quarterly financial report to the Circuit Manager on or before the 7th of the following month as stipulated by paragraph 8.7.5 of the Limpopo Prescripts (LDoE 2020). Governing bodies are further obliged to submit to the PHoD, within six months after the end of each financial year, a copy of the annual financial statements for control and monitoring purposes (RSA 1996b s 43(5)).

Providing financial information to stakeholders cannot be done haphazardly. When providing financial information to stakeholders, the governing bodies must refer to the financial records. The PDoE requires the governing bodies to be accountable for the utilisation of the schools’ funds. Keeping financial records relates to “holding to account”. To ensure that school funds are effectively utilised, the governing bodies must continuously keep financial records of funds received and spent and of assets and liabilities. They must compile the financial statements within three months after the end of the financial year as per section 42(a) and (b) of the Schools Act (RSA, 1996b). As stipulated by paragraph 2 of Circular M1 of 2017, a qualified bookkeeper must compile the financial statements (DBE 2017) because fruitless and wasteful expenditure results from financial statements that are not properly prepared as per paragraph 3 of Circular M3 of 2017 (DBE 2017). These financial records reflect on how the school funds were used. Keeping financial records is essential not only because it allows governing bodies to report on and be

accountable for the use of the school's funds, but also because such records are important to consider when creating the next budget.

The governing body members of a public school must, in terms of paragraph 3 of Circular M1 of 2017 (DBE 2017), appoint an auditor from a list of auditors approved by the DBE. Circular M1 of 2017 gives effect to section 43(1) of the Schools Act. The appointed auditor checks whether expenditure in schools complies with the budget authorisation and determines whether there is a surplus or deficit at the end of the financial year (RSA 1996b s 43(1)). Bookkeepers and auditors execute segregated duties, which must be clarified in a policy that the principals and the school governors develop to eliminate conflict of interest between them (bookkeepers and auditors). Bookkeepers prepare the schools' financial statements which are then submitted to registered auditors for auditing purposes as per Circular M1 of 2017 (DBE 2017, par 2).

Upon receipt of the audited report, the governing bodies hold a meeting to review such report. Detailed minutes must be kept of this meeting. If the governing bodies accept the audit report, a copy thereof is then submitted to the PHoD within six months after the end of each financial year (RSA 1996b, s 43(5)). The reason why schools are required to supply audited annual financial reports, is to ensure that they utilise school funds in accordance with its functions and responsibilities as stated in the Schools Act (Drucker 2017:69).

If the appointment of an auditor referred to in section 43(1) is not reasonably practicable, the governing body members must appoint a suitable qualified, professional accounting officer to examine and report on the records and financial statements (RSA 1996b, s 43(2)). To determine whether the appointment of an auditor is not reasonably practicable a feasibility study is used. Details of the feasibility study must be included in the motivation letter when applying for permission to appoint a professional accounting officer rather than an auditor (DBE 2017, par 2).

The professional accounting officers and registered auditors belong to different bodies. Accounting officers belong to an accounting body recognised by the Companies and Intellectual Property Commission in terms of Close Corporations Act 69 of 1984 while registered auditors are registered with the Independent Regulatory Board for Auditors (DBE 2017, par 4) established in terms of the Auditing Profession Act 26 of 2005 (RSA 2005, s 3(1)).

Approval to appoint a professional accounting officer rather than an auditor must be requested from the member of the Executive Council as stipulated in section 43(a)(b) of the Schools Act (RSA, 1996b). To appoint a “suitable accounting officer”, the governing body members must have the minutes that indicate that they have agreed to appoint the professional accounting officer. The next step is to obtain three quotations from auditing firms such as the South African Institute of Chartered Accountants and the South African Institute of Government Auditors.

These quotations must be considered during a governing body meeting during which it should be checked whether the professional accounting officer is suitably qualified, is a member of a recognised accounting body, and does not have a financial interest in the school (DBE 2017, par 2; RSA, 1996b, s 43(3)(4)) and is approved by the Member of the Executive Council (DBE 2019, par 2). However, it is not only the governing bodies that are accountable with regard to schools’ finances, but principals are also accountable to their respective PHoD for money received from the State (RSA 1996b s 16A) and are expected to:

- report annually to PHoD on “the effective use of available resources” (RSA 1996b s 16A(1)(b)(ii))
- keep of all school’s records safe (RSA 1996b s 16A(2)(v))
- manage the implementation of policy and legislation, including those regulating schools’ finances (RSA 1996b s 16A(2)(vi))
- assist the governing body with the management of the school’s funds, (RSA 1996b s 16A(2)(h) ) by —
  - providing information
  - giving advice
- prevent any financial misappropriation by any staff member or by the governing body of the school (RSA 1996b s 16A(2)(i))
- report any misappropriation of finances to the governing body of the school and to the PHoD (RSA 1996b s 16A(2)(k))
- manage the use of learning support material and other equipment (RSA 1996b s 16A (2)(a))
- provide accurate data when requested to do so (RSA 1996b s, 16A (2)(g))

Should principals fail to fulfil any of these functions it could cost them their jobs. For example, the Education Labour Relations Council arbitration of *Edmond FanaDigashu and Gauteng Department of Education* (ELRC420.21\_22 GP) dealt with the principal who was charged with transgressing section 16A(2)(i) because he did not prevent the (then previous) governing body chair from embezzling money and spending such together with the school's finance clerk (par 65). Although the principal was found guilty of being negligent in his obligation in terms of section 16A(2)(i), and it was held that dismissal could be a fair sanction for such transgression, he was reinstated (par 66) because he was at the time of the transgression not sufficiently trained to manage the school's finances (par 63). In case of any suspicion that the school has not utilised its funds for the functions and responsibilities in terms of the Schools Act, the PHoD may request the Auditor-General to audit the school's financial statements (RSA 1966b, s 43(4)). Auditing provides a means of demonstrating to the State that the educational mission of a school is being fiscally supported according to statutory requirements (Du Plessis 2013b:133–134).

### **2.2.3 The Public Finance Management Act 1 of 1999**

The Public Finance Management Act regulates the implementation of the constitutional principles to which public finance management must conform (RSA 1999, s 195 (1)(b)) (cf. section 2.2.1). The purpose of the Public Finance Management Act is to ensure efficient and effective financial management by regulating the obligations of financial managers in relation to all income, expenditures, assets, and liabilities in relation to State funds (RSA 1999, s 20).

According to the purposes of the Public Finance Management Act, State entities are compelled to account to the cabinet on the usage of State resources. Because public schools receive State funds, the Public Finance Management Act is also applicable and legally binding on public schools. The National Treasury (2018) states that all school funding received from the State is subject to the Public Finance Management Act, which suggests that the Act guides the governing body members in regulating the State funding in public schools. In *Kotze v Mpumalanga Department of Education and Others* (18453/13) [2014] ZAGPPHC 322; (2014) 35 ILJ 2361 (GNP) (4 June 2014)(par 15) the payment of the deputy director general's pension benefit was put on hold pending the department's claim for the

loss caused by his financial mismanagement. Hassim AJ reiterated that the State has a duty to its citizens “to ensure that the public purse is for the benefit of all and not a select few,” and that it can reclaim money owed to it under the Public Finance Management Act.

In terms of section 38(j) of the Public Finance Management Act, the accounting officer of a State department (the PHoD in case of PDsoE) must obtain a written assurance, before payments may be made to an institution outside that department, which may include public schools. As suggested by Drucker (2017:70), the assurance must indicate that the school has a budget control system in place to ensure effective, efficient and transparent financial management. Should that not be the case, the written assurance must include the conditions and rectifying measures to which the institution must adhere so as to ensure such systems are established.

Drucker (2017:70-71) asserts that it is advisable that the governing body submits a certificate from its auditor to the PDoE indicating their compliance with the Schools Act and other relevant financial procedures. Such certificate would be enough written assurance that the school implements effective, efficient and transparent financial management and internal control and the PDoE can therefore transfer funds. Such transfer (State funding) is regulated by the Public Finance Management Act (RSA 1999, ss 13–22) and Circular M1 of 2019 (DBE 2019).

In addition, section 43 of the Schools Act makes governing bodies accountable for their school’s finances (see 2.2.2 above). The PDoE applies section 49(1) of Public Finance Management Act (RSA 1999a) and section 43 of the Schools Act to prescribe how governing bodies should deal with the funds received from the National Treasury. According to section 49(1) of the Public Finance Management Act (RSA 1999), every public organisation must have an accounting authority which must be accountable for the purposes of the Public Finance Management Act. The accounting authority of PDsoE is the PHoD. As accounting officers for the PDsoEs, the PHoD holds the principals and governing bodies accountable for the utilisation of State funding (cf. section 2.2.2 for the duties principals can be held accountable for).

#### **2.2.4 The Preferential Procurement Policy Framework Act 5 of 2000**

Organs of state must create procurement systems that are "fair, equitable, transparent, competitive, and cost-effective" (RSA 1996b, s 217(1)). Despite this, they are permitted by sub-section (2) to adopt procurement policies and implement them in a way that gives preference to previously disadvantaged groups. The Preferential Procurement Policy Framework Act establishes the framework within which state organs should adopt and implement such procurement policies. As part of their financial management with regard to various cost-cutting measures, the governing bodies must guard against procurement exceeding funds allocated. For schools to be able to procure goods and services that will enable them to achieve their goals and objectives, they need to exercise caution and ensure that procurement is limited to allocated funds.

To measure performance of school activities and to take corrective measures require people who have knowledge of procurement, and who have budgeting and evaluation skills, and the ability to identify projects, monitor finances and make financial decisions (Opiyo 2014:6). The requirements when procuring goods and services that the governing bodies of public primary schools in Maleboho Central Circuit must meet are contained in a Schedule in terms of section 3 in 2017 and called Preferential Procurement Regulations of 2017 (RSA National Treasury 2017). These regulations require that an organ of state must determine and stipulate in the tender documents the preferential point system application to the tender or if it is unclear which preferential point system will be applicable, the lowest acceptable tender will be used to determine the applicable preference point system; and to determine whether the pre-qualification criteria are applicable to the tender, whether goods or services for which a tender is to be invited, are in a designated sector for local production and whether objective criteria are applicable to the tender (RSA National Treasury 2017, reg 3).

The Preferential Procurement Policy Framework Act empowers stakeholders to participate in decisions pertaining to tender and procurement of goods and services (Mulwa, Kimiti, Kituka & Muema 2011:93). Participating in decision making processes is in line with participatory budgeting which contributes to an increase in participation and quality of local democracy, promotes pluralism of opinions and public discussion and stimulates the inclusion of previously excluded voices and unrepresented groups (Stanese *et al* 2018:117).

To guarantee financial budgeting of public schools in South Africa, several policies were adopted to assist in the implementation of the above legislation. These policies are discussed next.

### **2.3 Policy framework for budgeting in public schools**

The following policies are used to implement the laws that I have referred to above. They are the White Paper 2 of 1996, the NNSF of 2006 (as amended), the Limpopo Prescripts of 2020 and the *Guidelines for the preparation of public school financial statements* of 2018.

#### **2.3.1 White Paper 2: The Organisation, Governance and Funding of Public Schools of 1996**

Public schools are funded from public resources, that is, from provincial education department budgets as stipulated by paragraph 2.9.2 of the White Paper 2, but the schools may generate additional funds as per section 36 of the Schools Act (RSA 1996b). White Paper 2 refers to the governing body as the body entrusted with responsibility and accountability as per paragraph 3.8 (RSA 1996c). As already mentioned, one of these responsibilities for which governing bodies are accountable is to draw up the budget. The governing body members must implement White Paper 2 to ensure that there is fair distribution of State funds to public schools (par 1.7.8) and to effectively utilise these funds to improve the education of learners (par 1.7.9). In order to achieve quality education, the governing body members must plan for the utilisation of the State funds to prevent financial misappropriation, which could curtail the fulfilment of learners' right to quality education.

#### **2.3.2 The National Norms and Standards for School Funding of 2006**

The policy of NNSF is amended annually and deals with the procedures to be adopted by PDoEs in determining resource allocations for their schools (Mclaren 2017:56). Funding public schools from public revenue as per section 34(1) of the Schools Act is not only intended to ensure the realisation of the right to a basic education on an equitable basis, but to ensure redress the past inequities in educational provision. Targeting redress and improving equity in public spending in an efficient manner, requires the provincial PDoEs

to undertake serious budgetary and financial analysis as per paragraph 57 of the NNSFF of 2006 (RSA 2006).

The need for following the correct budgetary process in public schools is emphasised in the NNSFF of 2006. In terms of paragraph 58 of NNSFF of 2006 (RSA 2006) PDoEs are required to promote equity in school funding, by using relevant provincial data in budgeting and planning decisions and developing the necessary data systems to guide planning and allocations. PDoEs should be able to demonstrate its progress with regard to promoting equity in the utilisation of school funding to the DBE.

For the DBE to undertake necessary budgetary and financial analysis, paragraph 60 of NNSFF of 2006 (RSA 2006) requires schools to provide accurate information to PDoE on whether the school has acquired section 21 status, which section 21 functions were allocated to the school and the relevant quintile under which the school falls, so that resource allocation decisions are made accurately and on time.

Public schools are categorised into five quintiles as per paragraph 112 of the NNSFF of 2018 (RSA 2021). A quintile is a category into which a school is classified in terms of the poverty index. The physical conditions of the school as well as the relative poverty of the school community are used to determine the school's quintile (RSA 2021). When the decisions on resource allocation have been made, the PDoE must annually provide schools with information on how much State funds each school will receive for the next year so that the school governing body members can develop their own budgets as set out in section 34 of the Schools Act (RSA 1996b). The annual NNSFF-amendments therefore contain information essential to the planning stage of budgeting at public schools.

Furthermore, the PDoE, in writing and depending on which of the three functions are approved, indicates how the money that is made available should be allocated to each of the three section 21 functions (cf. section 2.2.2). Section 21 schools must, in their budgets, follow this allocation and budget according to the allocated functions (RSA 2006 par 115). According to paragraph 133 of NNSFF (RSA 2006), the governing body of section 21 schools must follow the procurement procedures in procuring goods and services directly from the suppliers and contractors. The items to be procured must be budgeted for. The governing bodies must also keep and have all the documents of the suppliers and contractors readily available if they are requested by the PDoE for auditing purposes.



When the government awards section 21 status to a school, it is expecting the governing body members to have full control of funds and be accountable in executing these functions (RSA 2006, par 140).

### **2.3.3 Prescription for the management of funds in Public Schools of 2020**

The LDoE has drawn up a document known as the Limpopo Prescripts, which guide the governing bodies in Limpopo Province to control and manage public schools' finances (LDoE 2020, par 1(1.6)). Governing bodies should follow the procedures set out in the Limpopo Prescripts when drafting the budget and procuring goods and services for their schools.

According to paragraph 6.2 of the Limpopo Prescripts, school funds in public schools must be used for the following:

- Educational purposes at or in connection with a specific school (par 6.2.1).
- Educational purposes at or in connection with another public school provided permission is obtained from the HoD (par 6.2.2).
- Performance of the governing body functions (par 6.2.4).
- Payments of expenses towards repairs and maintenance of the school property (par 6.2.6).
- Procurement of security services (par 6.2.7).
- Payment of services allocated to the running of the school (par 6.2.8).
- Payment towards improvement of safety and security measures for schools as contemplated in the Schools Act (par 6.2.9).
- The top up of learning and teaching support material such as science laboratory equipment (par 6.2.10).
- Non-learning and teaching support material (par 6.2.11).
- Educational tours unless the school obtained approval from the District Director (par 6.2.12).
- Excellence awards which must be budget for (par 6.2.14).

Adherence to the Limpopo Prescripts (LDoE 2020) is critical in assisting governing body members in procuring goods and services within financial constraints in order to avoid overspending and financial misappropriation problems. For example, it specifies the

procedures to be followed when procuring goods and services. Those are that the finance committee must have minimum of three quotations from the procurement committee before any goods and services are procured, that the finance committee presents its recommendations of one preferred quotation and the appointment of a service provider to the governing body meeting for approval, that the governing must appoint the service provider in writing, that the goods procured or the payment of a service provider should not exceed R30,000.00, (otherwise the circuit manager will not approve such expenditure) that the governing body must pay the service providers within 30 days of receipt of invoice after a complete service is rendered or goods supplied (LDoE 2020, par 8.6).

Paragraph 10.5 of the Limpopo Prescripts (LDoE 2020) also guides the governing body members on how and why a budget should be compiled. In terms of this paragraph, the governing body members must, within their first year of election, develop a three-year school development plan in line with their term of office. According to Njini, Assan, Patience and Sithole (2022:19087), such plan must be specific, measurable, achievable and realistic. Whether short term or medium term, Njini *et al* (2022:19087) posit that the school development plan ensures effective use of school budget and resources, and provides opportunity for all stakeholders to make their inputs. The plan also facilitates the identification of key areas for development and planning for the desired improvements to take place, brings together all aspects of school planning and strengthen the partnership between staff, parents and learners. As the governing bodies are obliged to draw up the budget as stipulated in section 34(2) of the Schools Act (RSA 1996b), such a budget must be linked to the schools' improvement plans and development plans as per paragraph 10.5.1 of the Limpopo Prescripts and have it (budget) ratified during a formal parent meeting. The minutes must include all of the meeting proceedings as well as the number of votes casted on each motion. The attendance register, which must be attached to the minutes, must be signed by each parent who attended the meeting. Parents should be notified 30 days before the day of the general meeting. Principals must submit their school's approved budget along with the name of the auditor to the PHoD by 31 January of each year. No expenditure may be incurred before the Circuit has signed off and authorised the budget.

Another policy that must be considered when budgets are drawn up is the *Guidelines for the preparation of public school financial statements of 2018*.

#### **2.3.4 Guidelines for the preparation of public school financial statements of 2018**

With effect from 01 January 2019, all public schools in South Africa must prepare their financial statements in conformity to the *Guidelines for the preparation of public school financial statements of 2018*. The guidelines outline the requirements that should be complied with when preparing the financial statements of a public school (DBE & SAICA 2018:2). If a budget does not aim at conforming to these principles, the statements on the implementation of the budget will never meet these standards. As stated by Kaharrukmi and Adli (2022:87-88), through financial statements, financial managers account for budget execution and these statements are essential to future decision making such as drawing up the next budget.

The financial statements of a public school must be based on the fundamental principles, concepts and requirements of “going concern”, “materiality and aggregation”, “prudence”, “financial statements must be identifiable as such”, “offsetting” and “comparative information”. These fundamental principles, concepts and requirements are discussed next.

##### **2.3.4.1 Going concern**

Using the monthly financial reports compiled by the finance officer (see section 4.3.3.); the governing body prepares the school’s end of the year financial statement as per section 42(b) of the Schools Act (RSA 1996b). To comply with section 43(5) of the Schools Act (RSA 1996b), schools’ end of year financial statements must be audited. When preparing financial statements, the governing body members must make an assessment of a school’s ability to continue as a going concern. This assessment should be based on the previous year’s audit evidence and where necessary, disclosure of any going concern matter (Hasty 2017; Selbst 2015:39; Tara 2011:632).

A school that is a going concern is not in danger of failing (Collins English Dictionary 2020). In assessing whether the going assumption is appropriate, the governing body considers all available information about the future, which is twelve months from the reporting date.

On the one hand, to determine whether a school can continue as a going concern, the budget and the performance in terms of the budget must be considered. On the other hand, when drawing up a budget, a school will have to consider whether it was declared a going concern in the previous year's financial statements. When the governing body, in making its assessment, becomes aware of material uncertainties that cast doubt upon the school's ability to continue as a going concern, the school shall disclose those uncertainties. When a school cannot declare that it can continue as a going concern, it shall disclose that fact and the reason why the school is not regarded as a going concern based on the previous year's audit reports (DBE & SAICA 2018:4).

In cases where, based on the audit evidence obtained, the auditor reaches a conclusion that no material uncertainty exists, the auditor is required to state that in the financial statement (DBE & SAICA 2018:4). Selbst (2015:39) maintains that in cases where the auditor concludes that a material uncertainty exists, she or he must disclose that and include an evaluation in the report under the heading "Material uncertainty related to going concern". The new section must include reference to the note in the financial statements which discuss the conditions that give rise to the material uncertainty, together with the management plans to deal with these conditions (which off-course have implications for the next year's budget) and which clearly disclose that there is a material uncertainty that cast doubt on the organisation's ability to continue as a going concern (Selbst 2015:39).

#### ***2.3.4.2 Materiality and aggregation***

The concept of materiality means that only information that is relevant to the users should be included in the financial statements (Accounting Standard Board 2019:7). As stated by the Accounting Standard Board (2019:16), determining what information is material requires consideration of:

- Who are the users of the organisation's financial statements?
- What information do the users need to hold an organisation accountable and make appropriate decisions?

The users are the PDsoE, auditors, the parents of learners and educators who hold the governing bodies accountable for the utilisation of schools' funds.

According to Accounting and Standard Board (2019:20), governing body members must include in the financial statements, information that will enable users to make assessments and hold the governing bodies accountable. To ensure this, information offered must provide answers to the following questions:

- Were the current year's financial revenues sufficient to meet the cost of providing goods and rendering services?
- Were resources obtained and used in line with the adopted budget?
- Has the school met its operating and financial objectives and is it using resources effectively, and as intended?
- Are other resources raised sufficient to maintain the volume and quality of services currently provided?

In preparing the financial statements, the governing body must state whether the school's financial position has improved or deteriorated as a result of the current period's operations, the school will be able to meet obligations as they fall due, the school has the capacity to continue its activities and meet its operational objectives in the future and the resources currently available are able to support the provision of services in future. When the governing body considers changes in the school's cash flow during the reporting period, it must consider how the school raised the funds needed to fund its activities and how that money was spent. The test for whether information in financial statements is relevant is whether its omission could have an impact on future financial decisions (DBE & SAICA 2018:4).

The concept of materiality is related to the notion of aggregation. In this regard, each material class of similar items must be presented separately, as a group, in the financial statements. Items of a dissimilar nature must be presented separately unless they are immaterial (DBE & SAICA 2018:5).

#### **2.3.4.3 Prudence**

The disclosure of the nature and magnitude of financial statement preparation and being cautious when preparing financial statements, eliminate risks such as biasness in financial statements. Prudence entails using caution and avoiding bias when exercising judgment in making estimates, so that assets or income are not exaggerated, and liabilities or expenses

not understated (DBE & SAICA 2018:4). To ensure reliability, the prudence principle prohibits hiding reserves or excessive provisions, understating assets or income or overstating liabilities or expenses (Cooper 2015:3).

Copper (2015:2) does not oppose prudence in financial reporting but warns that it must be fully compatible with the objective for neutrality in order to reach unbiased estimates of assets. Also, Oreshkova (2017:350) emphasises the need for neutrality, stating that it guarantees unbiased depiction of an organisation's underlying economic performance, and credible and relevant information for stakeholders.

#### ***2.3.4.4 Financial statements must be identifiable as such***

The school's financial statements must be presented in such a way that they show the name of the school, the period covered by the financial statements so that the users are able to identify the school financial statements from other annual reports or documents (DBE & SAICA 2018:5).

#### ***2.3.4.5 Offsetting***

It is important that assets and liabilities, and income and expenditure are reported separately so that other users are able to understand the transactions and other conditions that have occurred (DBE & SAICA 2018:6). The offsetting principle supports the requirement for full and complete accounting information. The application of the offsetting principle allows for the appraisal and separation of assets, liabilities, equity, income, and expenses; ensuring transparency of information (Gădău 2016:65). The importance of the offsetting principle in financial statement preparation is substantiated by the fact that it involves finding an ideal balance between information quality and detail quantity.

#### ***2.3.4.6 Comparative information***

For all amounts disclosed in the financial statements, comparative information must be included for the next period so that users can identify trends in the performance and financial position of the reporting entity (DBE & SAICA 2018:3).

Unless the change will be impracticable, comparative amounts must be reclassified if any item(s) in a financial statement was changed. Reclassification is done by moving a specific amount of money from one programme to another. When comparative amounts are

reclassified, the school must disclose: the nature of and reason for the reclassification as well as the amounts of each item that was reclassified. When reclassification is not feasible, the school must explain not only the reasons why reclassification was not feasible, but also indicate what adjustments would have had to been made, had the amounts been reclassified (DBE & SAICA 2018:6). Adherence to these guidelines will assist the governing body members of public schools to effectively budget.

#### **2.4 Chapter 2 conclusion**

The law and policies discussed above, describe how resources should be managed to safeguard effective budgeting. Budgeting administration that is done correctly ensures that resources are distributed properly in the budget. The laws and policies mentioned in chapter 2 are significant because they, together with generally accepted accounting procedures and principles, guide public school governing body members while budgeting their schools' money. I also used these law and policies, when analysing the schools' financial documents to determine whether the schools' budgetary practices are in line with the prescribed laws and policies. When common rules and regulations on budgeting are followed, a support network is created and schools struggling to draw up a budget will be able to seek assistance from neighbouring schools. In chapter 3, I discuss the theoretical and conceptual framework.

## CHAPTER 3

### THEORETICAL AND CONCEPTUAL FRAMEWORK

#### **3.1 Introduction**

As already alluded before, participatory budgeting with its economical, sociological and psychological sub-theories was chosen as theoretical framework for this study. Participatory budgeting is based on the premise that involving stakeholders in the budgeting process furthers the chances for budgeting to be effective. To involve stakeholders in the budget planning process, the finance committee members can use the theories of a top-down approach, bottom-up approach and horizontal approach. In this chapter I focus on participatory budgeting, its sub-theories, its benefits and possible challenges when implementing it. This is done before I theorise about stakeholders' involvement.

#### **3.2 Conceptualising and theorising participatory budgeting**

The integration of the economical, sociological and psychological sub-theories is useful to explain the causes and effects of budgeting practices (Covaleski *et al* 2007:587). The integration of these sub-theories assists in understanding participatory budgeting and how it, if properly implemented, could enable the governing bodies to achieve the schools' goals and objectives. In the following section, I deal with the origin of participatory budgeting, participatory budgeting within a school's context, the benefits for choosing participatory budgeting and the challenges that may hamper the implementation of participatory budgeting.

##### **3.2.1 Origin of participatory budgeting**

Participatory budgeting is a democratic innovation that was first implemented in 1989 by the Worker's Party in the city of Porto Alegre, Brazil (Johnson 2017:57). In the 1980s, the city of Porto Alegre had a significant gap between the rich and poor and suffered from corruption at all levels of decision making (Williams, St. Denny & Bristow 2017:7). The coming to power of the Worker's Party brought changes in the way the city was governed. Citizen participation and decision making were seen as key in changing the fortunes of the city by placing social justice at its heart. Over subsequent years participatory budgeting



was introduced to redistribute wealth, improve transparent decision making and eliminate corruption in the city. In 1989, only 49% of the population had sanitation services and areas such as schools, roads and healthcare were not in a good condition (Williams *et al* 2017:7). A mere eight years after participatory budgeting was introduced, 98% of households had running water, and 85% were served by the sewage system; half of the Porto Alegre' unpaved streets were paved; the number of learners in elementary schools and secondary schools doubled; and, unlike before 1989, bus companies expanded services to previously neglected neighbourhoods (Pape & Lerner 2016:2).

Following the example set by the city of Porto Alegre, other cities in Brazil and countries around the world started to adopt participatory budgeting (Tsurkan *et al* 2016:2-3). The reason for its spread is that it is driven by and grounded in a set of core principles of equity, access, community participation, fairness, education and transparency (Ileana, Carmela & Mariafrancesca 2016:1088). These principles link up with the South African Constitutional principles of cooperation, transparency, equality and fairness (RSA 1996a ss 195(1)a,d,e,f,g).

### **3.2.2 Understanding participatory budgeting**

Participatory budgeting is a powerful public process in which community members are involved in deciding how to spend a portion of the public budget and making budgetary decisions that affect their daily lives (Friendly 2016:3). The budgeting process should involve all relevant stakeholders and the Education Department officials should frequently visit schools to monitor financial management practices (Njini *et al* 2022:19086). In the context of a school, participatory budgeting is a tool for learning, civic engagement and democracy (Bartlett & Schugurensky 2021:60). In a school's participatory budgeting process, learners and the school community facilitate, implement, and engage within a participatory process to decide how to spend a portion of the school's budget (Bartlett & Schugurensky 2021:60). Involving relevant stakeholders in the budgeting process gives them a sense of ownership that will motivate them to work hard and attain the goals they have helped to set while managers gain confidence in other stakeholders. Budget systems developed using a participative approach would lead to the redistribution of wealth and

improve transparency of decision making to help avoid corruption and improve individual and organisational performance (Bartlett & Schugurensky 2021:60).

Managers are not the only ones who implement a budget. Everybody who will be implementing the budget should be involved in drawing it up to minimise delays, avoid misunderstandings that may arise during the implementation phase (Dibete 2015:32), and promote commitment towards achieving its goals (Isaac *et al* 2015:7).

Allowing citizens to make decisions and to contribute to the spending of the public budget foster democracy (Rainero & Brescia 2018:56). The use of participatory budgeting empowers citizens to be more active participants in governance and decision making and makes funding equitable by bringing marginalised groups to the table and allocating more money to those marginalised groups (Gilman 2016:1; Pape & Lerner 2016:1). Involving more people in budgeting processes makes it easier for marginalised groups to work cooperatively with entrenched actors to ensure responsive, inclusive, participatory and representative decision-making at all levels (Gilman 2016:13). It implies that people directly affected by what is happening with the budget of a public institution, propose projects that they want to be funded from public money and then vote on how the budget will be spent (Stanese *et al* 2018:125).

Ileana *et al* (2016:1095) suggest that when a school adopts participatory budgeting, its financial administrators should create a space where new ideas can be shared and implemented from the bottom up. They further advise that the following principles should be adopted to guide the budgeting process (Ileana *et al* 2016:1088):

- All relevant stakeholders participate equally; no one has special status.
- Participation is governed by direct and representative rules decided by all relevant stakeholders.
- Resources are allocated based on general criteria established by stakeholders.
- A transparent budgeting process is followed.

Participatory budgeting allows the principal, SMT members, governing bodies, educators and learners to participate in the budgeting process. The principals, SMT members and the governing bodies may initiate the budget process and provide guidelines, but it is the educators, learners and those running specific units such as the feeding scheme (in case

the school has a feeding scheme) who develop the budget for their own units. During participatory budgeting deliberations, the educators, learners and those running units are able to provide valuable insight into their units' activities (Abata 2014:149). Not only are stakeholders involved throughout the budget planning process, but the final resource allocation is also based on their inputs.

The success of participatory budgeting relies on balancing the necessity of consensus with the necessity of creativity and openness in exploring, designing and creating shared solutions (Ileana *et al* 2016:1094). A school with correct, feasible, and well-estimated budgeted values will have a low need for deviation and a high potential for achieving its goals and objectives (Tănase 2013:4). Budgeting values and principles in particular relevant to school financial management (including budgeting) are that schools as organs of state must promote efficient, transparent, accountable, and coherent government (including financial management) (RSA 1996a ss 41(1) c and g).

### **3.2.3 The benefits of participatory budgeting**

Participatory budgeting ensures a fair allocation of resources and strengthens citizens' role as important stakeholders in society to help improve the decision making process and individual performance (Tănase 2013:3). As already mentioned, participatory budgeting has become a significant budgetary theory for democratic financial management (Cabannes 2004:27). The objectives of participatory budgeting are to successfully influence how managers plan, coordinate and control the activities of the school to ensure performance (DeMicco & Dempsy 1988:77). Stanese *et al* (2018:119-120) and Williams *et al* (2017:8) assert that participatory budgeting is important because it

- directs citizen participation in the decision making process
- promotes transparency to prevent corruption
- improves infrastructure and services focussing on the poor
- promotes social justice through the allocation of resources

Participatory budgeting is a means of ensuring the effective use of scarce development resources for the equitable distribution of development benefits (Klimovsky 2017:26). Another assumption underlying participatory budgeting is that subordinates have the best knowledge and understanding of the activities they perform and what resources they need

to achieve the stated objectives and as such they can provide information that allows for accurate and practical resource allocation. The employees' communications concerning anticipated demand or production potential inform subsequent decisions about levels and mixes of organisational inputs and outputs. Managers of organisations must carefully consider how to use such communications because this will determine how costly it is to induce employees to communicate fully and honestly (Covaleski *et al* 2007:593). Superiors (principals and SMT) are supposed to lead and manage and as such can be expected to know what subordinates should be doing. Through participatory budgeting, project ideas that benefit people of greater need, could make it into the budget, which could lead to a more equitable distribution of public funds than would otherwise have been the case (Hagelskamp, Schleifer, Rinehart & Silliman 2018:769).

Participatory budgeting enhances transparency and a culture of democratic accountability (Bherer, Dufour & Montambeault 2016:266; Godwin 2018:135). Information disclosure ensures that those who are voting for funding proposals can be held accountable for their proposals (Binda & Niedziela 2021:298). Participatory budgeting empowers subordinates on the one hand and on the other makes them more accountable for their actions and outcomes through decentralising and delegation of authority (Tānase 2013:4).

Participatory budgeting reduces corruption through open and transparent governance as projects and investment plans are presented at an open meeting and citizens (principal SMT, governing body members, educators and learners) gain more control over public resources. The channels between the superiors and subordinates are broadened and public governance improved by providing more effective and representative outputs (Stortone n.d. 2). In this way, citizens gain confidence in their representatives and understand the needs of their community better, thus increasing trust because they understand how budgets are formed and what items can and cannot be financed. This result in them feeling responsible and empowered (Stanese *et al* 2018:125).

Engagement in participatory budgeting reduces barriers to participation and increases the possibility that stakeholders will view the process as fair. It gives subordinates the opportunity to provide inputs into the assessment of the organisational needs for an upcoming budgetary period (Abata 2014:150). Stakeholder participation ensures proper coordination and careful scrutiny of all components of the budget before top management

makes the final decision (Isaac *et al* 2015:10). Involvement of subordinates in the budgetary process gives them a sense of accomplishment, of job satisfaction, of control and involvement in the decision-making process. The participatory budgeting theory rests on the assumption that employees who are listened to and given explanations if or when their recommendations cannot be accommodated will do their best to complete their tasks, resulting in improved organisational performance. Employees, employers, and the organisation all gain from the adoption of participatory budgeting. Participation of all relevant stakeholders in the budgeting process increases the likelihood that the intended goals and objectives of the budget will be achieved (Cabannes 2015:261; Stortone n.d.10). As Tănase (2014:469) indeed argues, participatory budgeting improves flow of information between superiors and subordinates which leads to the development of realistic and fair budgets.

A benefit of participatory budgeting is that it upholds the constitutional values and principles to which schools, as organs of state, must adhere. By adopting participatory budgeting, the schools' financial administrators would promote efficient, economic and effective use of resources, provide services fairly, equitably and without bias, respond to peoples' needs and encouraging them to participate in policymaking, foster transparency by providing the relevant stakeholders with timely, accessible and accurate information and being accountable to the utilisation of funds (RSA 1996a, ss 195(1)b,d,e,f,g)).

Participatory budgeting nurtures responsible citizenship. Learners are more likely to increase civic and political interests, knowledge, and skills and socio-emotional learning if they have a specific educator-learner relationship where the educator is a professional with authority. The development of democracy does not only promote learners' agency but recognise the significance of supportive relationship with an adult that support learner empowerment and allow for autonomous decision making as part of sharing relationships (Bartlett & Schugurensky 2021:59). By involving learners in democratic processes, school community members play a role in the management of the school, design and deliberate on administrative principles, allocation of resources for the school, and curriculum design (decide on which subjects to be taught at school) (Bartlett & Schugurensky 2021:60).

Properly implemented participatory budgeting would result in organisational performance because the interests of the employers, the employees and the organisations would be

satisfied when these stakeholders are involved in budgeting. Although the process enhances participatory democracy, increases transparency and improves administrative effectiveness and efficiency in financial management, it is time-consuming regarding coordination (Obwaya 2011:16-17). Participatory budgeting is thus not without challenges. There are unfavourable factors involved in participatory budgeting, which may prevent it from being successful.

### **3.2.4 Challenges to implement participatory budgeting**

Challenges such as power relations and conflicts of interest, equitable participation, unexpected cuts in State funding and types of budgeting may prevent participatory budgeting from being successfully implemented. These challenges are discussed below.

Participation is conducive to greater human development and fulfilment but does not necessarily lead to an outcome that is in the best interest of the organisation (DeMicco & Dempsy 1988:83; Obwaya 2011:21; Tian *et al* 2015:70). Given the high stakes of getting one's project included in the budget, managers and employees may be tempted to abuse participation or make misrepresentations (Tian *et al* 2015:70). Power relations and conflicts of interest may prevent the equal participation of all stakeholders and the reliability of information (Obwaya 2011:8). Some managers may use the opportunity to participate to reduce the standards demanded of them and to create bias in the estimates they submit in order to promote self-interest (Abata 2014:155; Obwaya 2011:83) while the subordinates may try to manipulate budget and resources allocation to benefit them (high salaries and bonuses) (Tănase 2013:5). While increasing incentive-based compensation (such as performance bonuses) could improve the employees' welfare, it would also mean a decrease of organisational profit (Covaleski *et al* 2007:595). Employees may decide to invest in the projects that are run by their relatives without considering any other projects offered (Tian *et al* 2015:70). Such behaviours compromise organisational performance.

Pape and Lerner (2016:11) contend that there is no guarantee that participatory budgeting makes democratic governance more equitable even if it increases participation. Kamau *et al* (2017:275) and Friendly (2016:6) contend that involvement of subordinates in the budget process does not guarantee that their voices will be heard since budget participation is affected by the

- ability of the subordinates to influence the design of the budget
- extent to which the top management approaches and involves the subordinates
- level of ease with which the subordinates can propose alteration in the budget process
- degree to which the subordinates participate continuously and throughout the budgeting process

As noted by Cabannes (2015:278), participatory budgeting does not alter existing power relations. While participatory budgeting is highly inclusive in its ideal form, superiors may use the process to serve their own interests. DeMicco and Dempsy (1988:83) identify managers' perception of participatory budgeting as a threat to their autonomy as another challenge because it makes managers unwilling to support the process. Hence, participation does not always translate into influence on decision making (Friendly 2016:7) and could instead lead to an unjust and illegitimate exercise of power by those in charge. Participatory decision making does not necessarily mean equitable participation. Equity in the relation to participatory budgeting is defined as decision making that is accessible and empowering to and inclusive of the most disenfranchised members of a given community. It ensures resources are allocated to those with the greatest needs (Pape & Lerner 2016:3).

There are various barriers to equitable participation in participatory budgeting such as failure to facilitate inclusive deliberation and inaccessible processes (Pape & Lerner 2016:5). Age limit and constrained budget funds restrict the potential of participatory budgeting to address equity concerns (Binda & Niedziela 2021:296). Although participatory budgeting enables participants to become citizen-agents who are fully involved in the process, it can also foster exclusion (Bherer, Dufour & Montambeault 2016:227). Even if parents and educators are engaged in deliberative phase of participatory budgeting (see section 3.3 below), some of their proposals may not be considered by the finance committee if they do not get the highest number of votes and or are not deemed viable considering the available resources. Furthermore, in the case of Section 21 schools, the allocation will have to be in line with the breakdown provided by the PDoE (RSA 2006, par 140). The allocation choices will thus have to be considered in line with the given breakdown.

Projects selected by public votes are just a recommendation for inclusion in a given budget year and does not guarantee that the projects would actually be implemented. Binda and Niedziela (2021:299) posit that the inclusion of successful projects does not guarantee that they would be implemented because the finance committee must first approve the draft (see section 3.3 below). Moreover, an approved budget resolution may be amended as the year progress due to the country's economic crises which, in South Africa, may lead to the DBE cutting the State funding to schools, meaning that some projects budgeted for may have to be abandoned (cf. section 4.4.3). Binda and Niedziela (2021:299) aver that the lack of guarantee that all successful projects would materialise could discourage some stakeholders to participate in the participatory budgeting processes. In some cases, increased responsibility may be a stress factor for subordinates who may not have the necessary knowledge to justify their involvement in the budget process (Tian *et al* 2015:70).

Adongo and Jangongo (2013:39) contend that a school can have a sound budget and financial system but may still fail to attain its intended goals and objectives because budget implementation and control influence the outcomes. The use of budget projects, budget activities, budget programmes and budget items are based on the various types of budgeting. As alluded above, participatory budgeting constitutes a rare form of public engagement in that it typically comprises several budgeting processes that do not allow all stakeholders to participate from project idea collection to project implementation (Hagelskamp *et al* 2018:766). The influence of participatory budgeting on organisational performance depends on situational factors such as the involvement of relevant stakeholders during budget planning and transparency which differs from one situation to another (Hagelskamp *et al* 2018:766).

In the following section, I discuss theories that the finance committee uses to involve stakeholders in the budget planning process.

### **3.3 Theorising stakeholder involvement**

There are three theories on stakeholder involvement. They are top-down approach, bottom-up approach and horizontal approach.



Top-down approach is an autocratic and hierarchical style of decision making (Asana 2021). The underlying assumption of top-down approach is that strategies or plans are first conceived by one or a few top managers, and then disseminated further down the organisational structure and that the lower levels in the hierarchy are bound by the decisions of the top managers (MBA Briefs 2022). When a top-down approach is preferred, the finance committee drafts a budget and forwards it to the relevant stakeholders to give their inputs. The top-down approach causes problems in human relations, for example, stakeholders may reject an imposed budget, may refuse to cooperate, or start competing for scarce resources (Heupel & Schmitz 2015:730).

When a bottom-up approach is preferred, a finance committee seeks inputs from the relevant stakeholders into budget goals and objectives for the budgeted period before the school's budget goals and objectives are suggested (William Angliss Institute of TAFE 2012:15). This approach allows the finance committee to hear the views of relevant stakeholders as to what goals and objectives are reasonable and achievable. The underlying assumption of the bottom-up approach is that a team will collaborate across all levels to determine what steps need to be taken to achieve overall goals (Asana 2021). Ileana *et al* (2016:1089) conclude that co-planning and co-design are weak in top-down and bottom-up approaches. In the process of participatory budgeting, all stakeholders make real decisions about the destination of funds and not only participate in a public consultation (Stanese *et al* 2018:119).

Horizontal approach is a participatory style of decision making because the approach opposes the hierarchical structure of the chain of command (Da Silva 2018). The approach is a democratic style of decision making (Asana 2021). When a horizontal approach is adopted, the position of managers and directors in an organisation is not a consideration. Everyone in the organisation has the same authority and decision making power (Da Silva 2018). If the finance committee members prefer that everyone at the school has the same authority and decision making power in budget planning process, they should use the theory of horizontal approach because this theory will enable all stakeholders to be directly involved in the decisions regarding allocation of resources. The underlying assumption in a horizontal approach is that there are no pre-determined priorities as all stakeholders are directly involved in the decisions about the allocation of resources (Stanese *et al* 2018:118).

Participatory budgeting is horizontal because it allows all stakeholders to be co-planners and co-designers and to have equal opportunity to express their opinions about the allocation of resources. This strengthens their role and all are important partners. Employees who are allowed to voice their opinion and to partake in a negotiated budgeting process have more positive perceptions of organisational justice, than those subjected to a top-down approach (Heupel & Schmitz 2015:733). If a decision is based on fair procedures, employees are likely to accept it even if it may have unfavourable outcomes for themselves. Heupel and Schmitz (2015:733) posit that decisions taken during budgeting processes where stakeholders were not allowed to voice their opinion or to negotiate may not be accepted. Ileana *et al* (2016:1095) aver that direct participation occurs in participatory budgeting because stakeholders are not merely consulted about a decision, but are directly involved in decision making regarding setting priorities and how to spend part of the public budget.

The following figure illustrates the participatory budgeting process.



**Figure 3: Participatory budgeting processes**

**Source:** Adapted from Participatory Budgeting Project (What is PB? - Participatory Budgeting Project)

The finance committee invites all stakeholders to a budget meeting. During a budget meeting, the finance committee serves as neutral observer and the session includes a democratic exercise to gauge support for the ideas proposed by stakeholders. Stakeholders then develop proposals. The finance committee refines the proposals based on the availability of funds to avoid overspending. Members then vote on the funding proposals. The winning projects are the ones with the highest number of votes. For example, through participatory budgeting, a governing body can outsource and remunerate educators to come and assist those educators who are struggling with certain areas in their subjects should the proposals to remunerate outsourced educators get the highest number of votes be considered by the finance committee.

Projects and an auditor are selected. The finance committee then approves the funded projects and auditor (Godwin 2018:134-135). Participatory budgeting presumes an inclusive process in the sense that all stakeholders including learners are involved in the decision-making and engaged in both deliberative democracy and in the electoral phases of the process. Bartlett and Schugurensky (2021:61) outline five steps for incorporating learners into participatory budgeting. In this order, learners propose ideas to improve the school community and to transform these ideas into viable proposals, campaign for and present proposals to fellow learners, vote for top proposals and finally, fund winning projects presented during the deliberative democracy and electoral phases of the process. Learners should lead all these stages with the support of their educators. Participants become community problem-solvers and acquire skills and attitudes needed for lifelong active civic engagement when the governing bodies have adopted participatory budgeting (Bartlett & Schugurensky 2021:62).

However, in South African schools, learners do not actively participate in the budgeting process by virtue of being minors. As stipulated in section 32(2) of the Schools Act, a member of a governing body who is a minor may not vote on resolutions of a governing body that impose liabilities on third parties or on the school (RSA 1996b). Instead, learners may be advised by the finance committee to submit their ideas and needs in the budgeting box to have their voices heard (Bartlett & Schugurensky 2021:61) because they are not even represented in the finance committee (cf. section 1.7.2.4) which has a greater stake than other members of the governing body concerning financial decision making.

### **3.4 Chapter 3 conclusion**

Stakeholders directly participate in proposing, negotiating and discussing their budget proposals when economical, sociological and psychological sub-theories are integrated during participatory budgeting. The success of effective budget planning depends on the decision making style that the stakeholders employ. Effective budget planning requires stakeholders to employ a horizontal style of decision making which allows them to be directly involved in decision making regarding setting priorities and how to spend part of their budget. If the governing body members have carefully considered the decision making styles that they employ in drafting the budget and the budget is properly implemented, their schools are unlikely to encounter corruption, irregular expenditure and poor governance. In the following chapter I explore perspectives on budgeting practices in schools and the challenges experienced in that regard.

## CHAPTER 4

### LITERATURE REVIEW: PERSPECTIVES ON BUDGETING PRACTICES IN SCHOOLS

#### 4.1 Introduction

In this chapter, I firstly address the decentralisation of the education system which devolved decision making powers from PDsoE to school level to give schools' financial administrators the powers to plan for using the funds allocated to schools. Following that, I examine scholars' viewpoints on the budgeting phases and the budgeting challenges that school' financial administrators face with regard to budgeting.

#### 4.2 Decentralisation of education systems

Decentralisation refers to the transfer of decision making authority and resources from a central authority to regional and local authorities (Merriam-Webster 2020). The decentralisation of functions from the central to any sub-national level must be accompanied or followed by fiscal decentralisation, that is, the decentralisation of resources or financial aid necessary to perform the transferred functions (Klimovsky 2017:7; Yunas 2014:59). The budgeting process should involve all relevant stakeholders and the education department officials must frequently visit schools to monitor financial management practices (Njini *et al* 2022:19086). UNESCO's International Institution for Educational Planning (2018) posits that shifting authority and management responsibilities from the central level to local levels transfer decision making power and resources from the PDoE to school level and this enhances democracy in decision making. It also promotes the effective and efficient use of resources in education, makes public education more responsive to local needs, reduces the central government's role and increases local groups' financial responsibility for school provision. This shift also enhances schools' and teachers' professional autonomy and brings about greater job satisfaction and ultimately promotes learner performance.

Many countries have reformed their education systems due to the repeated failure of centralised structures to inspire the school personnel and to foster the pre-requisite, attitudes, opinions and behaviours that are necessary for generating educational improvements (Mulwa *et al* 2011:89). Examples of countries that have transferred decision making power and resources to the school level cited by Alahmadi and Tabrizi (2019:280),

Leachman, Albares, Masterson and Wallace (2016:2) and National Audit Office (2017) include the United Kingdom, the United States of America and Canada. Transferring decision making power and resources to school level also spread to sub-Saharan Africa (Nyandoro *et al* 2013:255). On the African continent, decentralisation came as a result of some injustices committed by central governments. The centralised education systems established in Africa during the colonial era were divorced from the interests and the problems of the African society. A centralised education system is regarded as the system for the privileged few and tended to leave the majority outside the mainstream of development as they were considered too ignorant and uninformed to participate effectively in the education development of their children (Gutuza 2015:1627).

Decentralisation commonly goes along with the establishment of and transfer of power and responsibility to school governing bodies to run the schools (Kipnoru *et al* 2015:244; Ndiang'ui 2008:19) and to be accountable for their actions (Njini *et al* 2022:19085). In South Africa, the management of schools' funds was among the responsibilities that were transferred to the governing bodies with the adoption of the Schools Act (Nwosu & Chukwuere 2017:9).

In the following sections I examine perspectives on budgeting at schools.

#### **4.3 Budgeting phases for schools**

Budgeting is a process of converting the goals, the programmes and projects into monetary terms (Olaopa, Ogundari, Fagbohun & Adelowo 2012:70). It is through budgeting that a school can allocate resources to achieve its goals. The programmes and policies designed to achieve the objectives of schools are implemented through the operation of school budgets, which are the financial plans aimed at translating educational objectives into reality (Chukwuemeka *et al* 2019:368-369). A budget that is effectively implemented assists the schools' financial administrators to determine whether proposed expenditures are aligned with the overall vision or mission of the school (Kahavizarikisa *et al* 2015:169). In fact, Mosala and Mofolo (2022:1) argue that a disconnection between the schools' budgets and their missions is a risk factor that can lead to dysfunctional schools. Functional schools require budgets that reflect their missions in monetary terms (Mosala & Mofolo 2022:2). Budgeting will enable schools to improve resource management and curtail

wasteful expenditure (Onyiah *et al* 2016:2). The decision as to how to distribute limited financial resources in an effective and efficient manner needs effective budgeting (Tunji 2013:13). The programmes listed in a school's development plan must be budgeted for (Alahmadi & Tabrizi 2019:279). As was established in chapter 1, effective budgeting requires planning, drawing, implementation, monitoring and control. In the following sections, I examine these phases for effective budgeting at schools.

#### **4.3.1 Budget planning**

The first phase of budgeting is to plan how financial resources will be used (Mestry & Bodalina 2014:5). If a budget is not properly planned, it would result in wasteful and inefficiency in the management of the school resources (Nwosu & Chukwuere 2017:1). Makiri (2014:34) asserts that the planning of a budget should be guided by the following questions:

- Which services are essential at the school?
- What are the school's priorities when spending the limited funds?
- What are the most efficient and economical ways for the school to get the services it needs?

According to Cardos (2014:484), a properly planned budget aims to enable management to make informed decisions about the allocation of resources to meet the overall objectives of an organisation and to assess the effectiveness of its plans. A school must have a mission and vision statement in place to enable the stakeholders to plan a budget (Mosala & Mofolo 2022:2). Before a school can formulate its mission, all stakeholders need to have a shared vision of what the school should achieve. The vision then needs to be translated into a mission statement of the school (Mosala & Mofolo 2022:1).

Planning cannot take place if there is not an elected committee to take the lead and responsibility for providing guidelines on how the budget should be approached and planned. At school level, this committee is known as the finance committee. The health of the school's finances depends on the expertise of the finance committee members and their honest and fair execution of their duties (Mestry & Naidoo 2009:109). Isaac *et al* (2015:10) posit that the finance committee should be inducted about budget planning

because the success of the budgeting process conducted under its auspices, depends on proper direction.

For a budget to be effective, the finance committee must give guidelines on how a budget should be planned and should not follow a top-down budget approach. The finance committee must invite stakeholders such as educators and learners to listen to their views about the budget goals and objectives for the budgeted period before the decisions regarding the school's goals and objectives are made. Relevant stakeholders must not only be consulted but must be actively involved in the budgeting process so that they are in the position to influence budgetary decisions (Du Plessis 2013a:79; Kahavizarikisa *et al* 2015:169). For example, educators have an important role in suggesting what equipment, books, and other items are needed in the schools and what service providers to choose. Where schools have feeding schemes, those running the feeding scheme can propose items that will allow them to prepare meals on time, so that lunch time does not interfere with effective teaching and learning.

Using the *Guidelines for capacity building of school governing body members* (DBE 2018 par 15.4) to guide me, I concluded that the planning phase will cover the planning of the preparation, drawing-up (compilation), implementation, monitoring and control of the budgeting process. Thus, the finance committee should see to it that the following are considered during the planning phase:

- the school as a cost centre
- stakeholders to involve
- sources of revenue: PDoE funding, fundraising, overdrafts obtained with MEC's permission if any
- documents to peruse: Mission, vision, development plan, school finance policy, maintenance plan, municipal service statements, asset register, financial statements, previous budgets, PDoE's breakdown of funding in terms of section 21-functions
- features that will have an impact on available revenue: school fee exemption status; previous year's deficits
- budgeting process and schedule that will be followed



- implementation procedures: how will suppliers and service providers be gauged and chosen, how will payments for budgeted items be affected; how will invoices be checked against the budget; how will petty cash be reconciled against the budget; how will and how regular will income and expenses be reconciled against the budget; procurement plan for furniture, procurement plan for textbooks – per learner and per grade, and so forth
- monitoring procedures: the regulatory framework, recordkeeping
- control measures: appointment of an auditor or professional accounting officer, cut-off dates for audited financial statements and submissions
- improvement plans.

When all stakeholders have a shared vision of what the school should achieve, the budget can be drawn up.

#### **4.3.2 Drawing up a budget**

There are several steps to be considered in drawing up a budget. These steps include the following:

- (1) establish the school as a cost centre
- (2) consider the revenue sources to estimate the funding that will be available and funds needed to be raised
- (3) consider the vision and mission statements, school development plan, school finance policy, maintenance plan, municipal service statements, asset register and financial statements
- (4) prepare a draft budget following a participatory budgeting process as set out in figures 3 and 6
- (5) present the draft budget to parent to obtain approval

**Establish the school as a cost centre:** Schools are cost centres of their relevant PDsoE. A cost centre is an entity within an organisation, in this case the provincial department of education that does not directly generate money for the organisation (Pajrok 2014:55). A cost centre must budget and manage its funds (RSA 1996b, ss 37, 38, 42; RSA 2006, par 59). The establishment of cost centre requires, as suggested by Aisha (n.d), that

(1) There is a clear-cut responsibility placed on a person who is held responsible for the cost centre's control of expenditure.

(2) Measures are taken to ensure costs are collected and accumulated within the cost centre and distributed over the products for recovery of incurred cost.

One can further argue that establishing a cost centre will include the opening of a bank account in line with section 37(3) of the Schools Act (RSA 1996b).

**Sources of revenue:** The finance committees are required to conceive a well-formulated budget in line with the broad picture of the school's total income (Mosala & Mofolo 2016:392). The schools' financial administrators start the process of budget planning by estimating the funds they expect to receive. Banning-Lover (2019) maintains that the schools' financial administrators must have an idea of how the estimated funds affect budgeting as certain funds are vulnerable to change. Off course, if the school has any overdraft (duly obtained in line with section 36(2) of the Schools Act) the current status of such overdraft needs to be considered because that will affect the available revenue.

When PDsoE allocates funds to schools, they expect that the governing bodies will utilise the funds effectively and efficiently. The governing bodies must, as the custodians of school finances, plan for the activities in the school (Mestry & Bodalina 2014:5). Since money available is not sufficient to serve all the needs and opportunities of schools (Geier 2017:143), budgeting remains the instrument for both decision-making and the allocation of resources (Mestry & Bodalina 2014:5). Onyiah *et al* (2016:5) maintain that budget allocations should be based on the availability of funds to help schools not to overspend. When the funding is not sufficient to cover the identified programmes, projects and services, the governing bodies should plan how it will raise more funds.

School fundraising refers to the multitude ways individual schools bring in money from private sources, including parents, not-for-profit organisations, businesses, alumni, foundations, universities and colleges (Winton 2018).

As already alluded to, raising additional funds in South Africa is regulated in terms of the Schools Act (cf. section 2.2.2) and schools must develop their own fundraising policies in line with the Schools Act.

Fundraisers must have a strategic plan that defines fundraising objectives (International Institute of Rural Construction, Give2Asia 2018:6). The International Institute of Rural Construction, Give2Asia (2018:15) lists the following components for a successful fundraising event that ring equally true for schools' fundraising events:

- The purpose of the event
- Fundraising goals-how much to plan for a specific activity
- Compiling the budget and listing all the expenses to hold the event.
- The target audience-these are the people to get money from

To the above components one can add the school population involved in the event and planning on the nature of their involvement. While learners may participate in fundraising activities both on and off campus, Geier (2017:143) warns that it is the responsibility of school personnel to ensure that they are not injured during the fundraising activities. Failure to do so could result in legal action being taken against the school.

When raising funds, the schools must know how much money is available to execute the activities stipulated in the fundraising project plan. Banning-Lover (2019) cautions that the proposed expenditure must not exceed the prospective income (Banning-Lover 2019).

As already alluded to, fundraising varies based on families' income levels. On the one hand the solution is seen as lying in regulating the uses of fundraised money. For instance, to close the gap between the "have" and "have-not" schools, Canadian provinces such as Ontario, New Brunswick and Yukon have adopted policies that limit the uses of fundraised money (Winton 2018). For example, in 2012 the government in Ontario issued the *Fundraising guideline* document, which urges public schools to use fundraised money to pay for additional learning support materials and not to use it to replace State funds (Winton & Milani 2017:18).

On the other hand, Winton (2018) argues for a total ban on fundraising so as to alleviate the pressure on parents who cannot afford to contribute to fundraising activities in their children's schools. Winton (2018) further maintains that the time used by educators and principals to prepare for fundraising activities should rather be used to lobby the government to adequately fund all public schools to ensure that all learners irrespective of socio-economic background get equal education. This argument can only be supported.

The present trend of making obtaining grants and or raising funds a key performance area for academics and educators detracts from the already limited time available for teaching and places great strain on already overworked academics and educators.

**Documents to consider:** The following school documents must be considered to ensure effective budgeting: vision and mission statements, development plan, finance policy, maintenance plan, municipal service statements, asset register and financial statements.

**Preparing of a draft budget:** the maintenance plan should be considered and included in the budget; spending of allocated provincial funds on maintenance; spending of allocated provincial funds on municipal services; spending of allocated provincial funds on learning and teaching support material and on teaching resources.

**Presentation of the draft budget to parents:** The chair of the governing body convenes a general meeting of parents during which a budget linked to the school's improvement plan is presented to parents for ratification. The minutes of the meeting must include all of the meeting's proceedings as well as the number of votes casted on each motion. The attendance register, which must be attached to the minutes, must be signed by each parent who attended the meeting (cf. section 2.3.3).

#### **4.3.3 Budget implementation**

Opiyo (2014:12) defines **budget implementation** as the execution of the activities stipulated in the project plan. At the implementation phase, the governing bodies translate the budget estimates into concrete project execution (Effiom & Edet 2019:169). Implementing the budget is about managing and expending education funds according to the budget and taking the priorities articulated and approved by parents and putting them into action (Johnson & Malhoit 2004:15). Even a very good budget can stand or fall during implementation, as several scholars have warned. For example, Adah and Mamman (2013:100) warned that budget performance is dependent on effective implementation and Omosidi *et al* (2019:120) posit that ineffective budget implementation increases the danger of financial mismanagement and embezzlement.

International Budget Partnership (n.d:19) maintains that during the budget implementation process, the principals and other financial administrators must be concerned about whether:

- each item received all the money that was allocated to it in the budget
- money allocated to each item has been moved to other items

If these concerns are not taken seriously, there is a possibility that learners' educational needs may not be met, and that the distribution of resources may not be aligned with the identified and approved priorities (Johnson & Malhoit 2004:14). Hence, to prevent wastage or reckless spending of funds, a budget must be properly implemented (Omosidi *et al* 2019:120).

An essential step in budget implementation is to determine how suppliers and service providers will be assessed and chosen. The schools' financial administrators must identify reasonable suppliers and service providers (Gutuza 2015:1627; Mestry & Bodalina 2014:2). This can be done by using the following criteria as suggested by Cordell and Thompson (2019:31):

- **Competency**– Does the suppliers have the necessary skills to deliver the goods or services you require?
- **Capacity** –Has the supplier sufficient capacity such as human resources and materials to produce the goods or (deliver the services)?
- **Commitment** – Is the supplier committed to maintain suitable standards and or suitable procedures and systems?
- **Control** – How does the supplier control its policies, procedures and supply chain?
- **Cash** – Is the supplier in good financial health?
- **Cost** – How are the costs of the goods or services made up and how do these compare with others?
- **Consistency** – How does the supplier guarantee consistency of output in relation to its goods or services?
- **Clean corporate social responsibility record** – How committed is the supplier to sustainability, in other words is the supplier compliant with relevant sustainability legislation?
- **Culture and relationship** – Does the supplier share similar cultural values, in other words is it a good match or fit?

- **Communication** – How does the supplier communicate with its customers and what communication infrastructure does it have in place?

The budget must be acceptable to those who use it. That is, it must be discussed and agreed upon by those who will implement it, but precaution measures are required not to implement budgets that are unaffordable (Cardos 2014:484). For example, government may have to reconsider allocating funds to schools due to an economic crisis, which means schools will have less money available than what was budgeted for (Isaac *et al* 2015:3) or inflation could reduce the actual value of the funding received. This implies that deviations from the actual budget may occur. To guard against negative deviations, the principals and SMT members should subject the budget to regular and effective financial monitoring.

#### **4.3.4 Budget monitoring**

**Budget monitoring** is a process of assessing or making value judgement about the success or the failure of the budget (Chukwuemeka *et al* 2019:370). The purpose of budget monitoring is to guarantee the efficient and effective project implementation (Makiri 2014:36). In addition to assessing budget performance, budget monitoring also involves the development of a control system to monitor the correct implementation of policies regulating school finance management (Kahavizarikisa *et al* 2015:170). One of those policies is the finance policy.

The schools' financial administrators must follow the finance policy guidelines when utilising the school funds so that they do not engage in fraud. Louw (2013) refers to the finance policy as a document that sets out the regulations, practice and procedures necessary to prevent fraud. The main purpose of finance policy is to clearly state the procedures for handling school fees, donations, authorisation of payments, signatories to the bank account, bank overdrafts documentation, recording transactions, and every aspect related to the school's finances to ensure that the school's finances are correctly managed (Kalungu 2015:20).

Malgwi (2014:11) asserts that when budget monitoring is effective, available resources are utilised with regard to budgeted expenditure items only, meaning projects will be efficiently and effectively implemented. Budget monitoring enables the governing bodies to take corrective action in advance, should actual income and expenditure deviate from

the projected income and expenditure (Dibete 2015:35). According to Frow *et al* (2010:450), the governing body members must continuously monitor the budget with the aim of identifying unfolding risks and opportunities and where possible, revise plans and reallocate resources. As the representatives of the department at school level, the principals and SMT members must check that a budget is adhered to and take corrective measures where deviations occur.

Important lessons on the principal's role in monitoring school finances and obligations in terms of section 16A(2)(i) of the Schools Act, can be learned from *Edmond FanaDigashu and Gauteng Department of Education* (ELRC420.21\_22 GP):

- Principals are the accounting officers of schools (par 59).
- Principals should not rely on trust alone even when dealing with the chair of the governing body and a trained financial officer (par 62).
- Principals should adopt intense processes to oversee transactions and expenditure on a monthly basis.
- Principals should as soon as there is the slightest suspicion of a possible problem or misspending, report that to the bookkeeper for investigation.

Du Plessis (2013c:107), International Budget Partnership (n.d:19) and CBA (n.d) posit that in monitoring the budget, the finance committee should check

- whether expenditures comply with the budget authorisation
- expenditure against the budget allocation
- the availability of funds before agreeing to any expenditure
- whether the resources are being effectively mobilised
- that contracted service providers deliver the goods and services as set out in their contracts
- whether the procurement committee is following accepted procedures for deciding on bids
- whether any programme is under-spending on its allocation
- whether service providers are providing good services or not

The implication of a budget as a financial planning tool includes making sure that the school finances are effectively utilised as per the laws and policies that regulate the finances of

schools (Kalungu 2015:15; Makiri 2014:36). In South Africa, the Schools Act is one of those laws. In terms of section 37(6) of the Schools Act (RSA 1996b) and item (1)(i-ix) of schedule 7 of Establishment and Control of the School Funds at Public Schools (RSA 1999a), the schools' financial administrators must make sure that the school funds of a public are used only for:

- educational purposes, at or in connection with such school
- educational purposes, at or in connection with another public school, by agreement with such other public school and with the consent of the PHoD
- the performance of the functions of governing body
- another educational purpose agreed between governing body and the PHoD
- insurance premiums in respect of school assets only
- expenses towards repairs to the maintenance of school property
- security of the school with the approval of the PHoD

Activities that are not in line with section 37(6) of the School Act (RSA 1996b) or when the actual income is lower than the budgeted amount may result in variances. Variances are the difference between actual and budgeted results (William Angliss Institute of TAFE 2012:8). To identify the variances, the schools' financial administrators must monitor the budget regularly. Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. Variances can be identified through calculating differences between the budget and the actual results for the budget period (William Angliss Institute of TAFE 2012:32). If variances are identified, the principals and SMT members should undertake an analysis of those variances, while utilising the identified causes as inputs for corrective measures in future planning (Isaac *et al* 2015:8). Variance analysis involves investigating the budget and actual figures to determine why the variances arose and what can be done to remedy the situation (Department of Education and Training: State of Victoria, 2016:19). This is done to avoid over-expenditure. The items to which the variances apply will indicate whether it is a positive result, that is, when actual income is higher than the budgeted amount, or whether it is a negative result, that is, when actual income is lower than the budgeted amount (Makiri 2014:37). Negative variances reveal mismanagement and possible embezzlement of funds, which need to be



investigated or recovered. Negative variances call for control measures to be established to safeguard the funds of the school and to ensure that they are spent as authorised (Du Plessis 2013c:111). If the variance is negative, the principal and SMT members must identify the possible cause of the variance and manage the deviations (William Angliss Institute of TAFE 2012:33). To manage the deviations, the finance officer must compile monthly financial reports (LDoE 2020, par 8.8.4 and 8.8.5) and present them to a finance committee meeting (LDoE 2020, par 8.8.3). The treasurer as member of the finance committee will then present the financial reports at the governing body meeting (LDoE 2020, par 8.9.3). Finally, the governing bodies submit the quarterly financial statement to the Circuit Manager on or before the 7<sup>th</sup> of the following month (LDoE 2020, par 8.7.5).

To enable the finance committee members to monitor the school's budget, the school, must have a proper bookkeeping system. Keeping records of financial transactions enables the principals and the governing bodies to trace individual items and to identify what was spent for what purpose and by whom and from which money source (Kahavizarikisa *et al* 2015:171). The bookkeeper manages the bookkeeping system and is in charge of keeping the books and preparing the financial statements in accordance with the relevant accounting policies and practices. Bookkeepers must ensure that there are no material misstatements in the financial statements because they are accountable for such, irrespective of whether misstatements are due to fraud or error. Bookkeepers may not be used to audit the books or the financial statements (DBE 2017, par 2).

The principal and the governing bodies are legally bound to communicate these financial reports to the interested people. At the request of an interested person, the governing body must make the financial statements and audited records available for inspection (RSA 1996b s 43(6)). Schools need to understand who the users are of their financial report and what information they need (Accounting Standard Board 2019:16). Since not all parents of learners in South African public schools may be able to easily understand accounting detail (Matshe 2014:97), it is much better to use a format that makes it easy for people to compare the amounts actually spent with the amount budgeted for. These reports must show whether revenues and costs are exactly as planned or how far the plans were achieved; thus, allowing for the tracing of variances (William Angliss Institute of TAFE 2012:29).

Budgeted items assist principals and governing bodies to monitor budget performance by ensuring what are planned conforms to target goals (Malgwi 2014:10).

#### **4.3.5 Budget control**

**Budgetary control** involves the act of comparing the actual results with the planned results to verify the accomplishment or to remedy the differences (Tunji 2013:9). Control is the final step in the management process to make certain things proceed as planned or to revise unrealistic plans and targets, where appropriate (Kuguri 2014:61). Gutuza (2015:1627). Mestry and Bodalina (2014:2) and Tunji (2013:13) regard the objectives of budgetary control to involve the following:

- coordinate various budgetary activities in an organisation
- reveal where an organisation needs to remedy a situation
- plan and control all income and expenditure to achieve maximum benefits for the organisation
- provide a yardstick against which actual results can be compared along with predetermined results
- channel the expenditure in the most profitable manner
- maintain and control the assets and educational resources as per the policies and laws

Although I agree with these authors, I must question whether channelling the expenditure in the most profitable manner is not a purpose of the monitoring process rather than the control process.

In evaluating the effectiveness of a budget, Du Plessis (2013c:107) and CBA (n.d) posit that the schools' financial administrators must:

- check whether there is surplus or deficit at the end of the year
- control and check the expenditure continuously by means of compiling monthly, quarterly and annually reports
- assess the implementation of the budget with a view of preparing subsequent budgets with more accuracy

The budget is evaluated after the budget results are available; the differences between budget and actual figures are then analysed. The schools' financial administrators must at the end of a year, evaluate a budget to determine its effectiveness. Evaluating how funds were spent has both financial and educational implications. The main intention of budget evaluation is to measure whether there is effective use of resources. This is the stage where the governing body measures whether the expenditure of the school's finances has achieved its intended outcomes. The process of evaluation is used to determine resource allocations for the following year depending on the approach to budgeting (Allison 2015:16). Evaluation involves an examination of how funds were expended, what outcomes resulted from the expenditure of these funds and, to what degree the outcomes achieved the objectives stated during the planning stages (Opiyo 2014:6) and whether there are variances that hampered the school from achieving its goals and objectives (Johnson & Malhoit 2004:16).

The schools' financial administrators must not only control or administer the budget to ensure its compliance with the spending plan, but they should also be able to show evidence of the expenditure (Kahavizarikisa *et al* 2015:167–168). By comparing the actual results with the planned results, the schools' financial administrators understand the current financial situation of their schools and decide what to do in the future. This involves whether to keep current direction or try to change the course. Comparison also keeps the schools' financial administrators focused on the key issues of the schools' objectives (Kahavizarikisa *et al* 2015:167–168).

Budget control cannot be divorced from financial control. Mestry and Naidoo (2009:110) refer to financial control as a process of monitoring activities in order to determine whether each individual, department and school are utilising resources effectively and efficiently to accomplish its mission and objectives and, where this is not being achieved, to implement corrective measures.

Financial control carries with it the element of accountability (Kahavizarikisa *et al* 2015:167). Hence, the Schools Act requires the governing bodies to be accountable for the schools' funds by disclosing how the funds were expended (cf. section 2.2.2). They can do this by presenting the financial statements to parents during parent meetings. Accurate financial recordkeeping allows for proper control of the flow of funds in the school. By

producing documentary proof in the form of receipts and payments, schools' financial administrators prove that they have control over decisions and can account for funds. This is where the bookkeeper and bookkeeping system comes in (see discussion above). They must also have the schools' financial records audited to exercise transparency in how the funds were expended (cf. section 2.2.2). The annual auditing of expenditure to determine whether the State funding has been handled competently and ethically ensures that purchasing arrangements adhere to accounting standards (Onho *et al* 2017:1726) and provides useful information for planning the next year's budget (Johnson & Malhoit 2004:16).

Budgeting is a core process in the management of any organisation. As the custodian of school finances, the schools' financial administrators can encounter some challenges in relation to budgeting. These challenges are set out below.

#### **4.4 Challenges with regard to budgeting**

Among the challenges that hamper schools' financial administrators in practising effective budgeting are the education levels of parent governors, the non-involvement of relevant stakeholders in budgeting processes, unexpected cuts in State funding, and insufficient State funding. There are also challenges with regard to fundraising because of a lack of skills to supplement State funds, late deposit of State funding, failure to adhere to the law and policies that regulate State funding, lack of financial management skills, insufficient financial management training and mismanagement of school funds. I elaborate on these challenges below.

##### **4.4.1 The education levels of parent governors**

To measure the performance of school activities and to take corrective measures require people who are equipped with budgeting skills, monitoring abilities, evaluation skills, procurement knowledge, project identification abilities and decision-making abilities (Opiyo 2014:6). Budgeting depends largely on the ability of schools' financial administrators (Lekonyane & Maja 2014:10). Parent governors' education levels is a variable that can affect the effectiveness of budgeting even more so because they are in the majority in the governing body (RSA 1996a). They should ensure that the processes

followed and principles applied in preparing the budgets, comply with budgeting guidelines issued by their PDoE.

Some parent governors in Zimbabwe and South Africa, to mention but two African countries, do not participate in the budget processes because of their low education levels (Matshe 2014:97; Nwosu & Chukwuere 2017:7). Matshe (2014:97). Nwosu and Chukwuere (2017:7) maintain that parent governors cannot make any meaningful contribution in managing their school budgets owing to their disadvantaged educational background, and that their non-involvement hampers quality public education. Parent governors who are illiterate do not participate actively in school budgeting (Makiri 2014:3). Their inactivity is evident from the fact that they are unable to calculate a school's expenditure and income (Matshe 2014:97), understand policy governing budgeting, particularly if written in English (Bayat *et al* 2014:362), so that they are able to participate in budgeting (Gutuza 2015:1631). In fact, they tend to avoid being involved as is evident from the fact that in many South African public schools, drafting and managing a budget become the sole responsibility of the principals (Matshe 2014:97-98; Mestry & Bodalina 2014:3). When the parent governors lack skills in budgeting and are not involved in drawing up the budget, they will hardly monitor the progress and timeous implementation of such budgets (Sunjka & Jacob 2013:5).

Mestry (2004:127-128) contend that there are principals who take advantage of the low education levels of parent governors to pursue their objectives at the expense of the school and sometimes end up using the schools' finances for their own personal benefit. Mapholisa *et al* (2014:4) report a similar situation in Nkayi District of Zimbabwe where principals usurp the duties of the finance committees and unilaterally draw up the budgets. By so doing, they in effect make ineffective the checks and balances that are built into transparent, cooperative financial management. They thereby create the opportunity to embezzle funds. Mapholisa *et al* (2014:4) found that this was indeed the case in the Zimbabwean schools they included in their study.

#### **4.4.2 Non-involvement of relevant stakeholders in budgeting processes**

Above it was mentioned that the low education levels of some parent governors hamper their involvement in budgeting. To achieve a school's targets and goals requires all

stakeholders to be involved in preparing and monitoring the implementation of the budget (Wushe *et al* 2014:380). A study conducted by Basson and Mestry (2019:2) revealed that in some public schools in South Africa, the governing bodies and SMT members do not collaborate with each other in managing their school's finances. Kaguri *et al* (2014:68) encourage involvement of all stakeholders in the budgeting process for the sake of transparency. Kyei *et al* (2015:160) believe that the involvement of all stakeholders in the formulation and monitoring of the budget assists in building a team spirit which acts as an antipode to the irregular and unauthorised expenditure of available financial resources and to take corrective measures. Non-involvement of relevant stakeholders in budgeting processes conflicts with participatory budgeting principles of cooperation, fairness, equitability and transparency.

In some schools in the Ekurhuleni North District of Gauteng Province of South Africa, the drawing-up of a budget is done by only a few people (Lekonyane & Maja 2014:15). A study conducted by Chaba (2017:123) in the Maleboho Central Circuit in South Africa revealed a similar trend and she mentioned that the deputy principal of one school who participated in her study indicated that he had never seen a budget statement. In South Africa, some of the principals from Gauteng Province who participated in a study conducted by Hlongoane (2016:121) reported that they do not collaborate with governing body members in managing their schools' finances. According to Hlongoane (2016:121), such principals want to keep the status quo of school management being unilaterally responsible for schools' finances as was the case before the inception of democracy.

Another challenge is the inability or unwillingness to cooperate and work together. Bayat *et al* (2014:360), for example, identified power struggles between principals and governing bodies over which items to prioritise in the budget as a problem in underperforming schools in the Western Cape. Matshe (2014:98) similarly refers to principals creating power struggles between themselves and other governing body members because they are not willing to share power. Failure to work together compromises participative decision making, which according to Matshe (2014:99) is essential to facilitate a pleasant work climate and attain job satisfaction. Otieno *et al* (2016:6) assert that participative decision making requires mutual understanding and cooperation among participants and becomes

more effective when all people get involved in making decisions that contribute towards the realisation of the organisational goals and objectives.

Failure to involve relevant stakeholders in budgeting is not only experienced by some schools in South African public schools. A similar argument is made by Gutuza (2015:1631) with regard to Zimbabwean schools and by Kipnoro *et al* (2015:254) with regard to Kenyan schools. The principals, who do not involve relevant stakeholders when the decisions about the planning of finances are made, fail to promote decentralisation of financial management. Involving relevant stakeholders in budgeting processes strengthen participative governance, which would ensure that resources available are effectively utilised. Studies conducted by Gutuza (2015:1631) in Mutasa District of Zimbabwe and Njini *et al* (2022:19092) in the Kwekwe District of Zimbabwe revealed that the governing bodies are just involved in endorsing the budgets compiled solely by the principals. In the Kwekwe District of Zimbabwe, educators do not show their interest in the budgeting process because their inputs are not considered (Njini *et al* 2022:19092). The principals as the sole accounting officers of finances end up not reporting to the parents on how much money was received and spent, resulting in parents in public schools in Luramibi sub-county, Kakamega county of Kenya complaining about financial mismanagement by principals (Kahavizakirisa *et al* 2015:167). Oboegbulem and Kalu (2013:195) encourage the involvement of relevant stakeholders in the budgeting processes because when stakeholders are not involved in budgeting processes, they may not be willing to implement what they were not part of at the initial stage.

#### **4.4.3 Cuts in State funding**

When the government experiences a recession, it may reduce its spending by making cuts to services or to move funds around by cutting some areas of spending and adding to other areas (McLaren 2017:44). When the State cuts funds to schools, there is uncertainty about the amount that can be expected, and this makes budgeting difficult. For example, as discussed below, some schools in the United Kingdom, United States of America, South Africa and Zimbabwe find it difficult to effectively practise budgeting because the principals and the governing bodies are not sure about how much money their schools will receive.

The United Kingdom experienced a financial crisis in 2008 (Williams & Grayson 2019:2). The financial crisis and the growing population compelled the government to reconsider State funding for schools (National Audit Office 2017). In the 2010 Spending Review, the government of the United Kingdom announced that existing spending per learner would be reduced (Sibieta & Chowdry 2011:16). Since 2010, the government continued to cut State funding to schools. The National Governance Association (2019) posits that most governing bodies complained that they are unable to manage funding pressure because of the cut in the total school spending per learner. The report from the National Audit Office (2016:5) indicates that because of the cut in the total school spending per learner, schools are left with little money available to meet their demands.

Williams and Grayson (2019:2) report that between 2010 and 2011 and 2014 and 2015, the expenditure of many schools in England exceeded their income. By 2015, over-expenditure in public schools rose from 34% to 59%. Although the Department for Education in England launched the School Financial Health and Efficiency programme in January 2016 to help schools manage their budgets effectively, the support was not enough (National Office Audit 2016:9). As school enrolment in England grew, the National Audit Office (2016:11) predicted that funding per learner will fall even further in the coming years. This office was proven right. In the 2018 annual report on education spending, Belfield, Farguharson and Sibieta (2018:33) indicate that total spending per learner in England's schools fell by 8% between 2017 and 2018.

The United States of America also experienced a recession between 2007 and 2009, which forced states to cut State funding to schools (Leachman *et al* 2016:2; Taylor, Kowalczyk & Klein 2011:134). When the State faces an economic crisis, funding to the various districts shrinks automatically. By 2014, schools experienced a cut in State funding of more than 10%. This created an obstacle for district leaders to generate sufficient local taxes to meet their educational needs (Pouncey *et al* 2013:2).

The challenges of cuts in State funding are not unique to the United Kingdom and the United States of America but are common across the world. The International Budget Partnership (2015:8) reveals that in 2016 and 2017, the PDsoE in South Africa received less State funding than in 2013 and 2014 due to a growing increase in the country's inflation. Insufficient and fluctuating State funding makes it difficult for school governors to draft



their schools' budgets. They are left with inadequate funds to meet the educational costs, are unable to balance their income and expenditure and end up overspending. In the secondary schools of the Kwekwe District in Zimbabwe, the governing body members deviate from the budget as they do not receive the State funds as expected due to inflation (Njini *et al* 2022:19094).

School construction projects in some states in the United States of America have suffered as a result of reallocating limited funds to other governmental programmes with higher priority (Taylor *et al* 2011:134). Taylor *et al* (2011:134) argue that cutting some areas of spending so as to be able to add to other areas affects not only the construction of new schools but also the modernisation of outdated school buildings. In South Africa, the cut in State funding has resulted in the closure or merger of schools with small enrolment, and in the creation of multi-grade classes that are unlikely to deliver quality education (International Budget Partnership 2015:11).

#### **4.4.4 Insufficient State funding**

As already established, finance plays an important role in the life of any organisation. It embodies all action of spending money through prudent budgeting, management of available resources and efficient allocation of values (Olaopa, Ogundari, Fagbohun & Adelowo 2012:70). Without adequate financial resources, schools cannot carry out their defined tasks effectively. This was confirmed by a study conducted by Lekonyane and Maja (2014:16). They revealed that the governing bodies in some public schools in the Ekurhuleni North District of Gauteng Province of South Africa complained that the allocated funds were not enough to maintain school facilities. Njini *et al* (2022:19086) conducted a study in secondary schools in the Kwekwe District of Zimbabwe and found that insufficient State funding leads to poor maintenance of school infrastructure, dilapidated school buildings, and inadequate teaching and learning materials. In another study conducted by Chaba (2017:137) in Maleboho Central Circuit in South Africa, the participants requested that the State funding be increased as they could not maintain the school facilities with the limited resources allocated to them. SMT members in some schools in Alfred Nzo West District, Eastern Cape complained that they are forced to deviate from the budget and resort to reallocations (Mosala & Mofolo 2022:8) because of insufficient State funding.

As alluded above, Kaguri *et al* (2014:57) assert that schools would not be able to meet educational goals and objectives with inadequate funds as was the case in the Niger Delta region of Nigeria where some schools are unable to maintain their buildings as the money is not sufficient for this purpose. According to Sunjka and Jacob (2013:5) little is done to repair school infrastructure and procuring learning support materials and sport equipment. To overcome insufficient funds, schools sometimes employ inexperienced contractors who are willing to work cheaply. However, these contractors make errors during construction, which in the end does not result in any savings.

Failure to carry out the defined tasks effectively is not always attributed to inadequate financial resources (Riddell & Nino-Zarazia 2016:27-28) but to unexpected claims on the available funding. According to Alahmadi and Tabrizi (2019:280), in Canada, insufficient State funding can be ascribed to the fact that enrolment is used as criterion and the State does not keep pace with enrolment in some areas. As the education funding is based on enrolment, some school governors in Ontario, Canada complain of insufficient State funds (Alahmadi & Tabrizi 2019:280).

#### **4.4.5 Challenges with regard to fundraising**

Finance planning is imperative to the success of fundraising and the failure of many fundraising projects can be ascribed to schools failing to adequately plan fundraising projects (Watershed Academy n.d:2).

Lack of skills in supplementing State funds is a common problem that negatively affects budgeting. In South Africa, for example, some governing bodies are unable to supplement the State funds due to lack of financial management skills (De Bruin 2014:5). A study conducted by Lekonyane and Maja (2014:16) in the Ekurhuleni North District schools in Gauteng Province, brought to light that the governing bodies lacked the essential negotiating skills and experience to secure sponsors and donations to bolster State funding. In the same vein, Tlale (2017:2) conducted a study in secondary schools in the Free State Province and found that schools face obstacles regarding fundraising because of a lack of parental support due to unemployment, lack of proper training of managing fundraising projects and unwillingness on the part of parents to support fundraising projects. Gutuza (2015:1631) in research done in Zimbabwe's Mutasa District found that

schools face budgeting issues since their governing bodies lack the necessary abilities to raise money to fund school projects. With reference to Kenyan schools, Kaguri *et al* (2014:56) came to a similar conclusion, claiming that their attempt to supplement State funding through fundraising fail due to a lack of fundraising abilities.

The fundraisers must involve fans and followers and build trust with them to convert them into donors. Building trust is the most important ingredient in sustaining and building a healthy relationship with donors (International Institute of Rural Construction, Give2Asia 2018:30). An example is the organisation Scenic Hudson in New York's attempt in 1988 who tried in vain to attract donors and volunteers who would clean up the Hudson River shores tributaries and public places. It was only after the organisation established trust with the local communities that the people showed interest in funding the project and to get volunteers to clean up trash floating in the Hudson River (Watershed Academy n.d:63).

While fundraising may supplement State funds, it compromises decision making and participation as parents who are able to contribute more money feel that they are entitled to a greater say in how the schools are run (Winton & Milani 2017:7). Winton and Milani (2017:7) believe that school fundraising also undermines the ideal of quality public education for all learners as it constructs education as a private rather than a public matter by shifting the responsibility of government education supported by collective citizens, learners and their families. Effective teaching and learning are compromised as parents and learners take much time preparing for fundraising activities. The principal of Bay Primary School in the Western Cape acknowledges that the preparation to auction the jumbles donated to the school takes up much of the time that could be devoted to learning and teaching (Bay Primary School 2015:6).

All stakeholders at school must decide what additional revenue the schools need for educational purpose and how much revenue is to be raised. The local communities in the United States of America supplement the funding schemes in the form of taxes. However, this practice is criticised because differences in local tax capacity allow some school districts to be better funded and thus provide better services than others (Pouncey, Ennis, Woolley & Connell 2013:3). For example, Winton and Milani (2017:7) found that fundraising in Chicago city in the State of Illinois, America, exacerbates disparity in resources and educational opportunities within and across districts and results in the

marginalisation of low-income parents. They mentioned how schools in Ontario, Canada, that have the capacity to raise sufficient money through fundraising to pay teachers to provide extra classes, perform better academically than schools that do not have such capacity (Winton & Milani 2017:7).

#### **4.4.6 Late deposit of State funding**

The problem of insufficient State funding is aggravated by the late deposit of the State funds into the schools' accounts. A study conducted by Mosala and Mofolo (2022:8) in the Alfred Nzo West District in the Eastern Cape of South Africa revealed that some SMT members complained that academic and non-academic activities are performed below the expected standards because of the late deposit of State funds into the schools' accounts. Again, this is not a problem unique to South Africa. Matthew (2016:240) posits that the delays in the release of funds make it difficult for principals in Nigeria to plan their schools' finances. By the time the money is deposited into schools' accounts, the schools had become indebted. Late payment of funding affects the implementation stage of budgeting because it delays the procurement of goods and services and payment to service providers (Sunjka & Jacob 2013:4).

Late deposit of State funds creates distrust between schools and parents. Kipnoro *et al* (2015:253) offer the example of governing bodies in Kenya's Eldoret District who were unable to acquire products and services due to a lack of timely State funding, yet parents refused to assist the schools financially because they distrusted the situation. The governing bodies had to buy supplies on credit, and vendors were expected to wait for payment until the funds were available. The schools then lost the vendors who refused to deliver under such circumstances (Kaguri *et al* 2014:67).

#### **4.4.7 Failure to adhere to the law and policies that regulate State funding**

Failure to adhere to the law and policies that regulate State funding is a common problem that negatively affect budgeting. For example, according to Ndikwe and Owino (2016:168) the law and policies that guide the governing bodies in Kenya on how to administer financial budgeting are hardly followed, leading to inefficiency in the way their budgets are drafted. Also, Mulwa *et al* (2011:93) posit that some secondary school principals in Kenya do not adhere to Public Procurement and Disposal Regulations 174 of 2006 when

appointing procurement committees. Instead, they appoint people who lack basic financial, procurement and tendering skills and who can easily be manipulated. Some principals in Kenya resigned in fear of handling the funds and following the accounting procedures prescribed by the government because they felt they were not sufficiently competent in financial management (Limukii & Ndiku 2012:3).

Similarly, Lekonyane and Maja (2014:17) found in a study they conducted in the Ekurhuleni North District schools in Gauteng Province that some schools do not acquire the maximum of three quotations before goods are purchased. One of the committees that a governing body may establish is a procurement committee that will be responsible for getting three quotations and submitting these to the finance committee for consideration (cf. section 2.3.3). A study conducted by Chaba (2017:148) in Maleboho Central Circuit in South Africa revealed that some of the governing body members execute the functions of the procurement committee because such a committee was not established. Inadequate knowledge of laws and policies or interpreting them incorrectly, lead to many South African schools being victims of financial mismanagement or misappropriation of funds in the form of embezzlement, fraud and theft (Mestry 2004:126).

When schools' financial administrators have insufficient financial management skills and knowledge, they struggle to understand their responsibilities with regard to the management of school finances and to interpret the related laws and policies. They are then unable to avoid the pitfalls of financial mismanagement (Beckmann *et al* 2016:5). Schools' financial administrators must not only have knowledge of laws and policies that regulate finances in public schools, but should also adhere to those laws and policies if they want to be effective in financial planning, which includes budgeting. Failure to adhere to the laws and policies that regulate management of finances, results in poor implementation of a budget (Onyiah *et al* 2012:11).

#### **4.4.8 Lack of financial management skills**

The preparation of the budget requires specialised financial accounting skills, which is a challenge to many principals and governing bodies in South Africa (Hlongoane 2016:126). Lack of skills in financial accounting results in the principals and the governing bodies in

South Africa taking financial decisions that translate into unaffordable resource wastage for their schools and the government (Mestry & Bodalina 2014:3).

Due to a lack of financial management skills, some principals in Kenya have been accused of financial mismanagement. This led to a shortage of critical resources as the money was not available for the purchase of necessary teaching and learning support materials (Kaguri *et al* 2014:56). Nwosu and Chukwuere (2017:7) posit that despite the presence of a decentralised school governance structure in Zimbabwe in which parents form the majority, they do not have the capacity to function effectively and are marginalised in school governance decision making when budgets are drawn up. This is so because, as revealed by a study conducted by Njini *et al* (2022:19086) in secondary schools in the Kwekwe District of Zimbabwe, members of the governing bodies lack skills in financial matters and is elected without regard to required qualifications. The principals who are appointed often have little or no prior experience and expertise in financial management, and lack accounting literacy needed to effectively handle school funds. Secondary school principals in South-East Geo-Political Zone of Nigeria lack administrative qualifications that they as the accounting officers of schools need to competently plan and compile budgets (Oboegbulem & Kalu 2013:203). These principals have little knowledge in budgeting, do not follow budget procedures in planning and implementing the budget and do not keep the necessary financial account records. Little is done to repair school infrastructure and procuring learning support materials and sport equipment. Poor budgeting results in neglect and dilapidation of buildings and infrastructures (Oboegbulem & Kalu 2013:203). Having little knowledge in budgeting, financial resource allocation to schools is not effectively monitored by account supervisors in Nigerian schools to ensure that the funds are appropriately spent (Matthew 2016:240).

#### **4.4.9 Insufficient financial management training**

Training in financial management is fundamental in preparing and equipping the principals and governing bodies with financial skills and to be competent in the areas of budgeting, accounting and information management. Failure to provide financial management training deprives the governing bodies the skills of utilising the schools' funds effectively to attain their goals and objectives (Mestry 2004:129). When the schools' financial administrators are not well equipped with thorough training, they will not handle school

budgets effectively (Oboegbulem & Kalu 2013:195). According to Oboegbulem and Kalu (2013:195), governing bodies' training must not become stagnant but must continuously evolve to maintain efficient managerial ability.

The governing bodies in primary schools in the Chimanimani West Circuit in Zimbabwe feel that the State does not assume its responsibility of empowering them with skills to manage these funds and leave them alone with the difficulties of managing the schools' finances (Nyandoro *et al* 2013:259). Nyandoro *et al* (2013:266) found that due to insufficient training, the governing bodies in Chimanimani West Circuit of Zimbabwe tend to use voting during meetings instead of a budget to prioritise and allocate funding for school development projects because they perceive themselves as incapable of drawing up budgets. A study conducted by Mapholisa *et al* (2014:4) revealed that some principals in the Nkayi District of Zimbabwe complained of not having the law and policy documents to assist the governing bodies on their roles. However, even those who have access to law and policy documents, regard them to be useless to parent governors because they are written in English and the parents do not understand English. Departmental circulars and policy documents that are written in English and the lack of induction negatively affect the effectiveness and efficiency roles of principals and governing bodies (Onderi & Makori 2012:27).

As stated by Bayat *et al* (2014:353), some African Ministries of Education do little to capacitate the governing bodies through appropriate training due to insufficient resources (human, financial and materials). The Education Management Institute that was established in Kenya (Opiyo 2014:1) does not do enough to train the governing bodies to effectively budget their schools' finances because the training does not really cover the core functions of school governance (Ndikwe & Owino 2016:161 & 165). In the same vein, Ndikwe and Owino (2016:160) maintain that the governing bodies in Kenya are not capacitated before they start with their work and that by the time they gain experience in executing their functions it will be the end of their term of office. Insufficient training denies the governing bodies in the Eldoret District of Kenya an opportunity to understand budgeting, bookkeeping, financial records and administrative system in order to effectively manage the devolved funds (Kipnoru *et al* 2015:243).

Many South African public schools lack the capacity to train individuals on budgeting processes and rely on the expertise of the DBE to provide in-service training to the governing bodies (Mabila, Van Biljon & Herselman 2017:77). Section 19 (1) of the Schools Act requires the PDsE to make money available for the training of the governing bodies (RSA 1996b). Among the areas to be covered in training, is financial management which includes budgeting and financial control. However, the training provided is argued to be inadequate. For example, a study conducted by Mestry (2004:127) revealed that several South African public schools' principals objected to the training because government officials who offered the training do not have financial management skills themselves. The limited training coupled with uncertainty regarding their functions and duties make it sometimes difficult for the governing bodies to draft budgets.

The DBE in South Africa has no mechanisms in place to support schools with financial issues and problems (Drucker 2017:76). The budgets that some schools in Mopani District of Limpopo Province draft are not realistic but merely drafted to comply with departmental directives (Ngobeni 2015:iv). Ngobeni (2015:iv) maintains that unrealistic budgets are not implementable and will most probably result in schools incurring expenditure not budgeted for. Scholars such as Drucker (2017:76) and Ngobeni (2015:iv) are supported by Van der Berg *et al* (2011:12) who posit that the movement towards education decentralisation has not been accompanied by strong training support to the governing bodies. De Bruin (2014:6) maintains that section 20 of the Schools Act unintentionally leads to disempowerment of most governing bodies if these governing bodies are not empowered with adequate training because as suggested by Mulwa *et al* (2011:89), empowerment promotes ownership. Empowerment and ownership are essential to effective financial management (Nyandoro, Mapfuno & Makori 2013:259).

The purpose of section 21 of the Schools Act (RSA 1996b) is to acknowledge a school's capacity to self-management. That is why it requires a school governing body that is applying for section 21 status to prove its capacity to perform. If the PHoD is convinced that a governing body will not be able to perform section 21 functions, such functions will not be allocated (RSA 2006, par 126–129). Mabila *et al* (2017:77) assert that section 21 schools fail to perform their section 21 functions. This, of course, begs the question how these schools succeeded in obtaining Section 21 status in the first place because schools are



supposed to proof competency before being allocated Section 21 status. Either the auditor's report submitted cannot be trusted or the evaluation of competency evidence is not effectively done (cf. section 1.7.2.7).

Realising that not enough is done to capacitate the governing bodies, the DBE has issued the document known as *Guidelines for capacity building of schools governing body members* to effectively capacitate the governing bodies in South Africa to fulfil their role and responsibilities. The training must be done at school, circuit, and district, provincial and national level (DBE 2018:14). According to the document mentioned above, the principal of a school must render all the necessary assistance to the governing body in performing its roles and responsibilities while the Circuit Manager must offer assistance to all school governors, including the principals, on governance issues. Circuit managers from each district must elect chairpersons who will form the district's school governing body structure. The district director will hold regular meetings with this structure to discuss governance issues. Each province elects two representatives to serve in the national's school governing body structure. The deputy directorate general guides this structure on governance issues (DBE 2018:14). Since the *Guidelines for capacity building of schools governing body members* (DBE 2018) was issued, the hope is that the governing bodies in South Africa will acquire financial skills and be competent in the areas of budgeting, accounting and information management.

#### **4.4.10 Mismanagement of school funds**

Mismanagement of school funds, which hampers the implementation of budgets, is a challenge in some schools. For example, in some schools in the Eldoret District of Kenya, State funds that are deposited into the schools' accounts, are mismanaged or misappropriated by the principals (Kipnoro *et al* 2015:253). In Kenya, there were cases where parents and other stakeholders have held demonstrations against the principals because of the mismanagement of funds (Mulwa *et al* 2011:88). In extreme cases, such as the one of secondary principals in the South-East Geo-Political Zone of Nigeria, principals were called to pay back part of misappropriated funds (Oboegbulem & Kalu 2013:195).

Mismanagement of school funds seems to be the norm in some schools. A study conducted by Njini *et al* (2022:19092) in the secondary schools of the Kwekwe District in Zimbabwe

revealed wasteful expenditure of the school funds because the schools operate without a budget to guide their operations. The former principal of Glenvista High School in Gauteng Province hired his daughter as coach at the school even though she lacked the required skills. This was done without the approval of the governing body members (The New Age 2015). The former principal was also found to have violated section 37(6) of the Schools Act because the school money was used to pay for the building of a carport on his property and for a personal flight ticket (The New Age 2015)(see section 4.3.3 for what State funding must be used for in public schools). The payments of these projects do not fall within the ambit of approved uses of funds set out in section 37(6) of the Schools Act and constitute corruption and mismanagement of State funds. Beckmann *et al* (2016:5) point out that some principals and educators in Limpopo Province of South Africa violate the budget statement and finance policies to inflate their transport tariffs to enrich themselves with the schools' funds and nothing is done in such situations. Utilising State funds for self-enrichment in some schools of Limpopo Province in South Africa is at the order of the day as the department does not monitor and control State funds (Beckmann *et al* 2016:6). In some schools in Limpopo Province, the schools' financial statements are audited by auditors who are the principals' friends. Such auditors hide financial irregularities to protect the principals who continue to mismanage the State funds (Beckmann *et al* 2016:5).

#### **4.5 Chapter 4 conclusion**

Stakeholders participate in five phases of budgeting if the decision making power and the resources have been transferred from the PDoE to school level. Those five phases are budget planning, budget drawing, budget implementation, budget monitoring, and budget control and they are the building blocks for effective budgeting. However, these stakeholders encounter some challenges such as cuts in State funding, lack of skills in supplementing the State funds, lack of financial management skills and mismanagement of funds when they implement participatory budgeting. In the following chapter, I give an exposition of how I have conducted the research using the research methodology introduced in chapter 1.

## CHAPTER 5

### IMPLEMENTATION OF THE RESEARCH METHODOLOGY

#### **5.1 Introduction**

In chapter 1, I introduced the research methodology of my study and provided reasons for choosing the specific research paradigm, methodological approach, design and the data collection methods, those are a document study, document analysis, semi-structured interviews and focus groups. I also indicated the methodology I intended to use to analyse and interpret the data and which I view as most appropriate for this specific case study. In this chapter, I discuss how I have implemented the research methodology introduced in chapter 1.

#### **5.2 Interpretive, qualitative multiple case study**

In conducting an interpretive, multiple case study, I followed the four phases as suggested by Rashid *et al* (2019:2). These phases are foundation phase, pre-field phase, field phase and reporting phase. These phases are discussed next.

During the foundation phase, I located this study in the interpretive paradigm and followed a qualitative approach to understand how the principals, SMT members and parent governors practise budgeting (cf. section 1.10.1).

As the interpretative research paradigm is characterised by a need to understand the world from researchers' perspective rather than that of the participants (Ponelis 2015:538), I had to choose participants that are knowledgeable on the topic. To do that, I used purposeful sampling (cf. section 1.2.6). I further had to decide on data-collection methods that would enable me to extract the views of the participants with open-ended questions (Chowdhury & Shil 2021:191).

In addition to locating this study in the interpretive paradigm during the foundation phase, I did the initial literature review, formulated the research problem and sub-problems and, the aim and objectives. I also made and motivated my choices with regard to the research design, suitable data-collection methods, the data-collection procedures, and suitable data-analysis methods. During the foundation phase I further laid the foundations to ensure my research would comply with ethical and trustworthiness standards.

During the pre-phase, as suggested by Baxter and Jack (2008:548), I developed data-collection instruments and made arrangements for fieldwork (deciding on research sites – selecting multiple bounded systems as my cases in my multiple case study, sampling participants, obtaining permission, obtaining consent, making arrangements for actual fieldwork, that is, how, when and where the data will be collected). I used multiple data-collection methods to enhance data credibility. Multiple data-sources must be preferred because credibility can be compromised if only one data-source is used in case study research (Baxter & Jack 2008:554).

The field phase covered the actual conducting of a document study, document analysis, that is, obtaining the documents and doing the analysis; and conducting interviews and focus groups. Because qualitative research is a form of social action that stresses the way people interpret and make sense of their experiences to understand the social reality of individuals (Mohajan 2018:3), I had to be aware of my own biases. While conducting my qualitative, interpretative case study in order to understand the participants' feelings, opinions, and points of view, I had to take a reflexive stance to avoid clouding my interpretations of their feelings, opinions, and points of view with my own.

During the reporting phase, I presented, analysed and interpreted data and formulated the findings. I interpreted the reality as socially constructed by the participants to form a subjective view on how the budget should be practised at schools. As is typically done in interpretative case study research (see Chowdhury & Shil 2021:192), I formed my interpretation within the frame of reference of the participants with whom I have engaged in the natural setting of the schools.

### **5.3 Population and sampling**

I opted for purposive sampling because qualitative research requires participants that are information rich (Jameel, Shaheen & Majid 2018:4). The sampled participants are regarded as information rich because they were chosen from the selected schools' financial administrators. Thus, involvement in schools' financial administration was used as criterion to make certain participants were fit for purpose. I selected participants who had the best information to answer the research question.

The principals, SMT members and parent governors are “information-rich” participants because they have been given the crucial mandate to manage the schools’ finances in terms of the Schools Act (RSA 1996b, s 20). Principals were selected because they are not only *ex officio* members of the governing bodies; but also represent the PHoD at school level (RSA 1996b, s 23(b)). Principals have specific financial management responsibilities attached to their roles. SMT members are included as participants because they may act in the place of the principals as these schools do not have deputy principals (cf. section 1.7.1). In terms of chapter A paragraph 3.4.3 of the PAM, as amended (RSA 2022), a school’s HoD, who is a member of SMT, acts on behalf of the principal during her or his absence from school if the school does not qualify for a deputy principal or in the event that they both are absent. Governing bodies are required by law to develop annual budgets for their schools and it can thus be argued that they have prior budgeting experience and expertise. It was for this expertise that they were chosen to participate in the study.

The population size was limited to two public primary schools to ensure the attainability of an in-depth investigation as required by qualitative case study research. From this population all parent governors, one principal, one SMT member and a bookkeeper were sampled. One principal and one SMT member from each school were interviewed individually. Both schools do not have bookkeepers, so they were not available for interviews (cf. section 5.10). Five parent governors from each school participated in separate focus groups. This means I had four individual semi-structured interviews and two separate focus groups for parent governors.

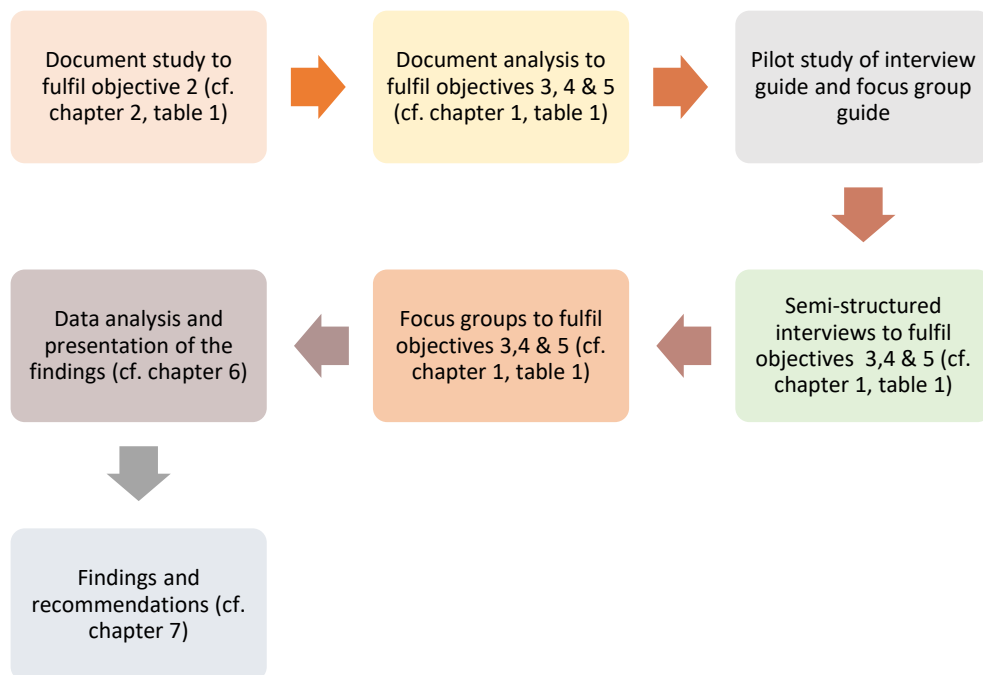
#### **5.4 Data collection procedure**

Data-collection is a series of interrelated activities aimed at collecting information to answer the research question (Cypress 2018:303). The first phase of data collection was the document study to establish the law and policies that guide financial budgeting in public schools. The document study preceded the interviews because I wanted to use the identified legal prescripts to determine whether the participants practise budgeting in line with the relevant legal prescripts. Besides, I had to consider the specific law and policy regulating budgeting when compiling the data-collection instruments, thus document study of law and policy was the logical first step. A document study was followed by a document analysis to evaluate whether the selected schools’ governing bodies fulfil their

legal obligations with regard to budgeting. I used the legal prescripts that regulate budgeting of public schools to guide this analysis. After conducting a document study and evaluating the schools' financial documents, I interviewed the principals and SMT members. The interviews allowed me to determine how the principals and SMT members practise budgeting in their schools. Lastly, I engaged the parent governors in separate focus groups. Interviews and focus groups enabled me to:

- establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting
- ascertain how the selected schools' financial administrators go about compiling the annual budgets for their schools
- determine the challenges that the selected schools' financial administrators experience in relation to budgeting

Figure 4 below contains an illustration of the procedure followed to collect data.



**Figure 4: Flow diagram of data collection order**

**Source:** Adapted from Mpunzana (2017:18)

## **5.5 Data-collection methods**

Data collection methods are techniques and procedures for gathering data (Corbin & Strauss 2015:17). As indicated above, I commenced my data-collection with a document study.

### **5.5.1 Document study**

Laws and policies are available online. I searched and saved the relevant laws and policies for my study. I made sure I used the consolidated versions containing all amendments to date. In these laws and policies, I looked for any provisions dealing with the relationship between a public school, the State, the DBE and the PDoE. I looked for any provisions relevant to financial management and budgeting in particular (cf. section 6.2).

In the following section, I identify the financial documents that I analysed at selected primary schools in Maleboho Central Circuit and the purposes for analysing those documents.

### **5.5.2 Document analysis**

After the principals gave me permission to conduct the study at their schools, I reminded them that, as I have indicated in the information letter, document analysis is part of collecting data and humbly requested them to make the financial documents requested available to me.

I analysed most of the documents at the participating schools. These documents included the budget statement for 2021, documents in relation to meetings in which the budget was discussed, such as staff meetings, parents meetings, and governing body meetings, audited financial reports for 2020 and 2021 and the Limpopo Provincial Department of Education number 015 document (income and expenditure cash book). In School B, I analysed all the documents at school. In School A, I found two copies of the finance policy. The principal allowed me to take one copy. The principal also gave me permission to take a photo of the vision and mission statements because the school did not have hard copies. The vision and mission statements were laminated, framed and displayed on the wall in the principal's office. I analysed the finance policy and vision and mission statements in my home place.

As I indicated in my information letter, I undertook to keep the copies of financial documents that I have analysed at my home in a safe place for five years. After five years, I will destroy them. Document analysis was conducted to answer the question on how the selected schools' financial administrators go about compiling the annual budget for their schools in order to fulfil objective 4, which is to ascertain how the selected schools' financial administrators go about compiling the annual budget for their schools.

The purposes for requesting each of these documents were as follows:

- Budget statement: to find out whether budget statement is carried out in keeping with the legal prescripts that regulate budgeting in public schools.
- Financial statement: to find out whether the estimated budget exceeds the income of the school.
- Vision and mission statements of the school: to find out whether a budget addresses the vision and mission from which the goals and objectives of the school emanate.
- Minutes of a staff meeting in which a budget is addressed: to find out whether the views of educators with regard to a budget are taken into consideration.
- Parent meeting in which a budget is discussed: to find out whether a draft budget has been approved by the parents in a general parent meeting.
- Minutes of a governing body meeting in which a budget is addressed: to find out whether the opinions of governing body members with regard to a budget are taken into consideration and whether the budget is adopted by the governing body members.
- The audited financial report: to find out whether the finances of the school are audited for monitoring and control purposes.
- School development plan: to find out whether the goals and objectives outlined in this document are covered in the budget.
- Finance policy: to find out whether this document outlines the guideline on how the school's budget will be drawn.



I used the following guide/instrument to analyse financial documents.

I expected the documents to have answers to the following questions	tick (✓) or cross (x)	
	2020	2021
1. Does the school have a budget statement?		
2. Does the budget comply with the following legal prescripts:		
2.1. Section 38(2) of the Schools Act?		
2.2. Section 41 of the Constitution?		
2.3. Section 195 of the Constitution?		
2.4. Paragraph 1.7.8 of White Paper 2?		
2.5. Paragraph 1.7.9 of White Paper 2?		
2.6. Paragraph 2.9.2 of White Paper 2?		
2.7. Paragraph 8.6 of the Limpopo Prescripts?		
2.8. Paragraph 10.5 of the Limpopo Prescripts?		
3. Was the budget statement duly endorsed?		
4. Does the finance policy give guidelines on how the school's funds will be allocated?		
5. Are the goods and services procured within the constraint of the budget?		
6. Does the budget adhere to the vision and mission of the school?		
7. Are the financial statements audited?		
8. Is the audited financial report submitted to the Circuit office?		
9. Is there evidence in the staff meeting that the opinions of educators with regard to the budget are considered?		
10. Is the budget adopted by all governing body members during the governing body meeting?		
11. Is the budget in line with the school development plans?		

The aim of analysing the financial documents was to find out whether there is evidence that the principals, the SMT members and the governing bodies have practised financial budgeting effectively. Through the analysis of financial documents, I managed to obtain an integral perspective of the operation and organisation of these schools, and I was able to check whether there was evidence of failure of the governing bodies in practising budgeting and the possible reasons for such failure. Document analysis assisted me to evaluate the schools' financial documents and determine whether they are aligned with

the legal prescripts that regulate budgeting practices in public schools. I also used the data extracted by means of the document analysis to triangulate the interview and focus group data.

The following sub-sections deal with the development, piloting and implementation of the data collection instruments, such as interview guides and focus group guides.

### **5.5.3 Interviews**

Jameel *et al* (2018:3) indicate that researchers opt for using interviews when they want to gain insight into participants' personal experiences and situations. This was indeed the reason why I chose interviews. I used semi-structured interviews to extract data to fulfil objectives 3, 4 and 5. These are to establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting, to ascertain how the selected schools' financial administrators go about compiling the annual budget for their schools, whether what they claim to be doing is aligned with the legal prescripts and to determine the challenges that the selected schools' financial administrators experience in relation to budgeting.

I studied the following research sources to gain knowledge of the best practices with regard to conducting interviews: Almutrafi (2019:238), Baral, Uprety and Lamichhane (2016), Krueger (2002:3-6), Lewis (1995), Lo Iacono, Symonds and Brown (2016), Roberts (2020:3193-3200), and Van Eeuwijk and Angehrn (2017:6-8).

Interviewers need to put participants at ease (Roberts 2020:3194) in order to develop trust (Lo Iacono *et al* 2016). To put participants at ease, I took a few minutes to talk to them and arrange how the interviews will be conducted. To establish trust and keep the communication channels open, I kept in touch with the participants from the day I requested their consent to participate until the day of the interviews; a technique proposed by Sim and Waterfield (2019:3016). Prior to commencement of the interviews, I phoned the participants to confirm their availability on the pre-arranged dates and times.

Baral *et al* (2016) maintain that the interviews should be held in a non-intimidating environment so that participants would feel free to talk openly and to give honest answers. Participants are more inclined to open up when being interviewed in their own chosen environment (Lo Iacono *et al* 2016). The principals and SMT members decided that the

interviews should be held in their offices at the school. I checked that their offices were spacious enough to enable us to adhere to the social distancing rule required during the Covid-19 pandemic and found it to be in order. I bought a thermometer, sealed face masks and hand sanitizer. Tables and chairs were cleaned with a sanitised cloth. I gave principals and SMT members sealed face masks, sanitised cloths to sanitise their hands and took their temperature before we proceed with the interviews. Their temperatures were recorded in my fieldwork notebook. The temperatures were below the acceptable level, which allowed us to proceed with the interviews.

As suggested by Van Eeuwijk and Angehrn (2017:6) and Krueger (2002:4), I, at the beginning of each interview, first introduced myself and then welcomed and thanked the interviewee for being available for the interview. Taking a hint from Almutrafi (2019:238), I requested the participants to turn off their cell phones so that we could focus on the matter at hand. Thereafter, I reminded the participants of the nature of the study as set out in the information letter they received before consenting to participate. I requested each participant to introduce him- or herself for the record before collecting the biographical information of the participant. I later used the biographical information to check whether the qualifications of the principals and SMT members are appropriate for the management of finances and whether those qualifications would assist them to implement effective budgeting. I urged the principals and SMT members to speak freely when answering the questions as proposed by Baral *et al* (2016) and Krueger (2002:4). To encourage them to be truthful, I again repeat that I will use pseudonyms to protect the anonymity of the school and participants.

Confidentiality relates, *inter alia*, to what is done with information once it is in the researcher's possession, and especially the extent to which it is disclosed to others (Sim & Waterfield 2019:3008). Following the guidelines of scholars such as Almutrafi (2019:238) and Baral *et al* (2016), I reassured the participants that I would be the only person to access the information, that the information gathered would only be used for academic purposes, that is a thesis and two articles, and that their identities would be treated with strict confidentiality and that I will use pseudonyms to refer to them.

Baral *et al* (2016) maintain that proficiency in the language in which interviews will be conducted is one of the skills required to conduct interviews. As the participants and I

speak Sepedi, it was easy for me to translate some of the questions into Sepedi to ease the language barrier. The participants were also allowed to respond in Sepedi. One-hour interviews were conducted after 15:00 to avoid disrupting lessons. I thanked participants for answering the questions as suggested by Baral *et al* (2016) and Van Eeuwijk and Angehrn (2017:8).

Although I used an approved interview guide, the interview process itself remained flexible and the guide was not strictly followed. As various scholars such as Almutrafi (2019:238); Baral *et al* (2016), McGratha, Palmgrena and Liljedahla (2019:1003) and Roberts (2020:3192) indicate, when one uses semi-structured interviews, follow-up questions based on the participant's responses can be asked. Probing involves an exploratory question, such as "then what happened..." (Moser & Korstjens 2018:13). Probes help researchers to manage the flow of the interview and to keep the interviewee engaged in the interview process and the topic (Roberts 2020:3198). I made use of this benefit inherent to semi-structured interviews and used exploratory questions such as "what are your thoughts about...?", "what exactly does it mean when you say...?", "what are your thoughts about...?", "then what happened...?" were asked and probes like "give me an example..." and "describe in detail..." to elicit additional information.

Van Eeuwijk and Angehrn (2017:8) maintain that the role of a researcher is demanding; it is impossible to take detailed minutes. As a result, I used a voice recorder to capture data. In addition to using a voice recorder, I wrote down the main points made by the participants in my fieldwork notebook as Krueger (2002:10) and Lewis (1995) suggest. I also transcribed the interviews personally because this process assisted me to become acquainted with the data. For qualitative analysis, the data that was captured during the interviews were transcribed verbatim as soon as possible after completion and stored on a password-protected computer as Lo Iacono *et al* (2016) and Krueger (2002:10) advice. Transcripts were coded. Coding is the process whereby data are broken down into segments, which are given names (Salvador 2016:112). Coding is not only labelling but linking data to an idea (Theron 2015:4). Boletto (2018:2624) posits that the coding process allows for the interpretation of a large segment of text. Using coding enables the researcher to reduce the amount of raw data and to divide data into themes (Kaguri *et al* 2014:64). The open codes were then collapsed into themes. Themes are broader units of

information that consist of several codes aggregated to form an idea (Cypress 2018:307). To establish themes, I organised and compared the codes according to similarities and differences and assigned a place to each group of codes. Each group of codes that covers similar codes were labelled in the form of a sentence or phrase that reflects the main idea developing from codes of similar meaning. A group of codes becomes a theme if they are repeated in multiple situations. However, Vaismoradi *et al* (2016:105) warn that researchers should not be impressed by the frequency of repetition of a group of codes. The importance of a theme is not dependant on how often it appears or how much data is contained within a theme. Rather, the importance is associated with whether or not it captures something critical in relation to the overall research question (Castleberry & Nolen 2018:812).

As recommended by Baral *et al* (2016) and Van Eeuwijk and Angehrn (2017:8), I ended each interview by thanking the participant and arranging to contact him or her after I had finished the transcript so that the participant could double-check it for accuracy.

I used the following interview guide for the individual, semi-structured interviews with the principals.

#### **Principals' perspectives on budgeting practices**

1. What would you say is the governing body's role and functions in the budgeting processes?
2. What should the governing bodies in Limpopo Province do when they want to purchase goods and services that are worth R30, 000 or more?
3. Mention the policy document in Limpopo Province that regulates financial management in public schools.
4. Who is responsible for compiling up a budget and what is your role in this regard?
5. To what extent does the budget reflect the school's goals and objectives?
6. Tell me about the activities of the school's finance committee. (Should the principal indicate that the school does not have such committee, I would probe as to the reason for that.)
7. What role do you play to ensure that the budget addresses the school, staff and curricular needs?

### **Management of budget planning and implementation**

8. What does the school do to ensure transparency in the budgeting processes?
9. Why is it important to involve all relevant stakeholders in the budgeting process?
10. How does the school accommodate learners in the budgeting process?
11. Please explain how the late allocation of State funding affects budget planning at the school?

### **Principals' perspectives on budget monitoring and control**

12. What measures are in place to monitor that expenditure is in line with the budget?
13. Which school budgetary practices, in your opinion, require more stringent oversight because they provide opportunities for misappropriation and corruption?
14. What information or reports with regard to budgeting are you required to submit to the department?
15. What can the governing body members do if they are not satisfied with the audit financial report?

### **Challenges with regard to budgeting practices**

16. In terms of section 23(9) of the Schools Act, parent governors must be in the majority in the governing body. How does this affect the financial decisions taken by the governing body during budgeting processes?
17. Are there any other challenges that you encounter in budgeting process and how are these challenges addressed?

I used the following interview guide for the individual, semi-structured interviews with the SMT members.

### **SMTs' perspectives on budgeting practices**

1. Explain any aspect of the school's budgeting practices that in your opinion are not done in line with the national and provincial laws and policies?
2. What, in your opinion, is the role of the principal when a budget is compiled?
3. Is there anything that you would do differently to improve the way budgeting is practised at your school?

4. Tell me about the activities of the school's finance committee. [Should the SMT member indicate that the school does not have such committee, I will probe as to the reason for that].

5. What measures are in place to ensure that the school does not overspend?

6. To what extent does the budget reflect the school's goals and objectives?

7. Can you give me an example where the principal has advised the governing body on financial implications of a decision that the governing body made during budget planning?

#### **Management of budget planning and implementation**

8. To what extent are you involved in budget planning?

9. What is the importance of involving all relevant stakeholders in budgeting?

#### **SMTs' perspectives on budget monitoring and control**

10. What measures are in place to monitor that expenditure is done in line with the budget?

11. Which school budgetary practices, in your opinion, require more stringent oversight because they provide opportunities for misappropriation and corruption?

12. What information or reports with regard to finances is the principal required submitting to the department?

13. What can the governing body members do if they are not satisfied with the audit financial report?

#### **Challenges with regard to budgeting practices**

14. How does failure to adhere to the laws and policies that regulate management of finances, affect implementation of a budget?

15. In terms of section 23(9) of the Schools Act, parent governors must be in the majority in the governing body. How does this affect the financial decisions taken by the governing body during budgeting?

16. What problems do the parent governors experience with regard to the interpretation of relevant provisions of the Schools Act and other departmental circulars?

After I interviewed the principals and SMT members, I engaged the parent governors in different focus groups.

#### 5.5.4 Focus groups

People participating in a focus group discussion share certain features such as experience (Moser & Korstjens 2018:14). In this study, the ten parent members of governing bodies from two primary schools in Maleboho Central Circuit who participated in two separate focus group discussions share the feature of being governing body members who are involved in budgeting. The parent members participated in this discussion to express themselves on what they think and feel about the way in which they practise budgeting in their respective schools and in particular whether they execute their roles and responsibilities in relation to budgeting, to ascertain how they go about compiling the annual budget for their schools and to determine the challenges that they experience in relation to budgeting.

As I could not guarantee complete confidentiality due to the nature of focus groups as some participants may divulge the information other participants have shared, each parent governor was required to sign a confidentiality disclaimer (Appendix L). By signing the disclaimer participants undertook not to identify co-participants and not to reveal what they discussed during the focus groups to anybody else.

To become well conversed with focus groups as data-collection method, I studied the following research sources: Almutrafi (2019:238), Baral *et al* (2016), Krueger (2002:3-6), Lo lacono *et al* (2016), Lewis (1995), Roberts (2020:3193-3200), Sim and Waterfield (2019:3016-3017) and Van Eeuwijk and Angehrn (2017:6-8).

To establish trust and keep the communication channels open, I kept in touch with the participants from the day I requested their consent to participate until the day of the focus group discussions (Sim & Waterfield 2019:3016). Before I commence with focus group discussions, I phoned the participants to verify whether they were available for the focus group discussions. Baral *et al* (2016) maintain that the focus group discussions should be held in a non-intimidating environment so that participants feel free to talk openly and to give honest opinions. Participants are more inclined to open up when being interviewed in their own chosen environment (Lo lacono *et al* 2016). Parent governors reside not far from where the participating schools are located, so it was easy for me to organise the focus groups and to seek a common discussion venue that best suits them all. The parent governors decided that the focus group discussions were to be held in the schools where



they were elected as school governors. The principals of the participating schools provided us with classrooms to conduct the focus group discussions. I checked that the classrooms were spacious enough to enable us to adhere to social distancing rule and found it in order. I arranged the learners' chairs in circle which, according to Van Eeuwijk and Angehrn (2017:6), allows a relaxed, safe and comfortable interaction. I bought a thermometer, sealed face masks and hand sanitizer. I cleaned the table which was provided for me and chairs with a sanitised cloth. I gave parent governors sealed face masks, sanitised their hands and took their temperature before we proceed with focus group discussions. Their temperatures were recorded in my fieldwork notebook. The temperatures were below the acceptable level, which allowed us to proceed with the focus group discussions.

During focus group discussions, I first introduced myself, reminded the participants of the nature of the study and requested the participants to introduce themselves. I asked the participants to introduce themselves as well. Like I did during the interviews, and as Roberts (2020:3194) advised, I put parent governors at ease during the interviews in order to build trust (Lo Iacono *et al* 2016). To reassure them, I followed the advice of scholars such as Almutrafi (2019:238), Krueger (2002:4), and Van Eeuwijk and Angehrn (2017:6) and spent a few minutes talking with them and completing paperwork before thanking them for their time and indicating how the focus group discussions would proceed.

To ensure the confidentiality of the information, I assured the parent governors that I would be the only person with access to the information, that the information gathered would be used for academic purposes only and that their identities would be treated with strict confidentiality (Almutrafi 2019:238; Baral *et al* 2016). To allay the fear of participating in the focus group discussions, I assured the parent governors and other participants that I will keep their names anonymous (Sim & Waterfield 2019:3008).

Since I needed to determine how many parent governors are readily available when they are called to execute their roles and responsibilities at school, I followed the advice of Van Eeuwijk and Angehrn (2017:8); Krueger (2002:4); Sim and Waterfield (2019:3012) and asked the governors to disclose their residential area. Each parent governor was also requested to mention his or her position in the governing body.

According to Almutrafi (2019:238), it is critical to establish ground rules for the focus group. I asked that parent governors turn off their cell phones, signal me by raising their hands

and mentioning their names (pseudonyms) if they wanted to respond to a question, and give everyone the opportunity to offer their views and to respect such views even if they disagreed.

Baral *et al* (2016) maintain that proficiency in the language in which discussions will be conducted is one of the skills required to conduct focus group discussion. As the participants and I speak Sepedi, it was easy for me to translate the questions into Sepedi so that parent governors do not misunderstand the questions. One-hour focus group discussions were conducted after 15:00 to avoid disrupting lessons. I concluded the focus groups by thanking parent governors for answering the questions (Van Eeuwijk & Angehrn 2017:8; Baral *et al* 2016).

Researchers that make use of a guide should allow for flexibility, engage in the process and develop follow-up questions according to what the interviewee communicate in real time during the interviews (Roberts 2020:3192). I stayed on the periphery of the discussions as much as possible, following the advice of scholars such as Almutrafi (2019:238), Baral *et al* (2016), and Sim and Waterfield (2019:3016), and only interrupted the discussions when absolutely necessary. I only interrupted when it became clear that I needed more information on the question, confirmation of information shared, or to bring in specific participants because other participants were dominating the discussion. I told the parent governors that there are no wrong answers but rather differing points of view. Hence, they were urged to feel free when answering the questions even if their views differed from those of others (Baral *et al* 2016; Krueger 2002:4; Sim & Waterfield 2019:3012).

The follow-up questions keep participants on track and focuses on the topic being explored (Roberts 2020:3195). I probed the participants in order to get insight into the research question. Exploratory questions such as “what are your thoughts about...?”, “what exactly does it mean when you say...?”, “what are your thoughts about...?”, “then what happened...?” were asked and probes like “give me an example...” and “describe in detail...” used to elicit additional information.

Van Eeuwijk and Angehrn (2017:8) maintain that the role of a researcher is demanding and therefore impossible to take detailed minutes. Notwithstanding, Krueger (2002:10) and Lewis (1995) emphasise that noting down main points can be invaluable. As a result, I used a voice recorder to capture data and also wrote down participants’ main points in a

notebook. As with the interviews, the data that were captured during the focus group discussions were transcribed verbatim for qualitative analysis and stored on a password-protected computer (Lo Iacono *et al* 2016; Krueger 2002:10). Transcripts were coded and the codes then collapsed into themes. These themes were used to identify similarities and differences from the participants' responses.

At the end of the focus group discussions, I thanked all parent governors for participating in the discussions as suggested by Van Eeuwijk and Angehrn (2017:8). Baral *et al* (2016) posit that by thanking participants for their contributions the researcher will encourage such participants to stay involved or offer even more views because they will feel that their contributions are worthwhile and appreciated.

I used the following focus group guide for the focus groups with the parent governors.

### **Governing bodies' perspectives on budgeting practices**

1. What contribution do you make during parent meetings where the budget is approved?
2. Can you think of an instance where your opinion on financial matters was listened to and considered during budget planning?
3. Tell me about the activities of the school's finance committee. [Should the governing body members indicate that the school does not have such committee, I will probe as to the reason for that].
4. What is the financial responsibility of the procurement committee regarding the following?
  - 4.1 Budgeting
  - 4.2 Purchasing the goods and services of the school
5. If there are some goods that the school needs to purchase, what processes are followed before these goods are purchased?
6. Upon delivery of goods, what needs to be done to verify that the order complies with the purchased goods?
7. Which committee is responsible for ensuring that the correct processes are followed when purchasing goods and services?
8. Who is responsible for presenting the budget at the annual general meeting of the parents?

### **Governing bodies' perspectives on budget planning and implementation**

9. When Limpopo PDoE allocates funds to schools, they hope that the governing bodies will utilise the funds in the economical way. What can the governing bodies do to achieve this?

10. As a parent governor, were you ever listened to during budget planning when raising concern about the school's budget practices or the budget itself? Explain.

### **Governing bodies' perspectives on budget monitoring and control**

11. What measure do you take to ensure the effective and efficient budget implementation?

12. Which school policy guides you to avoid engaging in fraud when utilising the school's funds?

13. What do you do to ensure that the actual income and expenditure do not deviate from the projected income and expenditure?

14. As parent governors, how do you determine the effectiveness of a budget?

15. What do you do to ensure that you utilise the resources (funds) effectively and efficiently to accomplish the school's mission and objectives?

### **Challenges with regard to budgeting practices**

16. What problems does the governing body experience with regard to the interpretation of relevant provisions of the Schools Act and other departmental circulars?

17. What impact does the education level of parent governors have on budgeting process?

18. What challenges do the governing bodies have in promoting transparency in planning the budget as per section 41(1)(c) of the Constitution?

19. In terms of section 23(9) of the Schools Act, parent governors must be in the majority in the governing body. How does this affect the financial decisions taken by the governing body during budget planning?

Data collected from the participants were triangulated with the document analysis to find out whether budgeting practices in their schools are carried out in an efficient and effective manner.

## 5.6 Pilot study

Data collection instruments need to be tested through pilot studies. Lowe (2019:117) refers to a pilot study as small study to test the research protocol, data collection instruments, sampling strategies and other techniques in preparation for a larger study. Pilot study assisted me to avoid conducting a large-scale study without knowledge of the methods proposed (Lowe 2019:117). Resnick (2015:52) believes that using pilot participants and the settings in the main study could create bias as these individuals have already been exposed to the measures, interventions, or whatever aspect of the study being pilot tested. I therefore piloted the interview guides with the principal and SMT member of a non-participating school in their offices. I made sure that their offices are spacious to enable us to adhere to social distancing rule. I followed the same precautionary measures during the real interviews and focus groups.

I requested the participants in the pilot study to answer the questions in English. Where the participants struggled to convey their views in English, I allowed them to use their home language, Sepedi. I used the same school to pilot the focus group guide with parent governors and followed the Covid-19 protocols. While piloting the focus group discussions, the severity of the language barrier was brought to the fore. I solved this problem by reading the question to the participants first in English, before translating it into their home language, Sepedi and allowed them to respond in Sepedi. I followed the same route during the main study.

The pilot study assisted me to identify the problems relating to data collection instruments and to modify the same before embarking on the main study. Malmquist *et al* (2019:3) assert that modification of data collection instruments after conducting a pilot study enables the researcher to obtain rich data. Question 3 in the interview guide for principals which reads “Mention the policy document in Limpopo Province that regulates financial management in public schools” was found inappropriate. Instead of mentioning the Limpopo Prescripts as an answer, the principal said the “Schools Act”. I had to modify this question in the main study as: “What policy (not an Act) did the Limpopo Department of Education issue to assist the governing bodies in Limpopo Province in regulating their schools’ finances?”

The pilot study revealed that parent governors are not co-planners and co-designers during budgeting processes. The study also revealed that the issue of finance is sensitive, as all the participants were hesitant to talk about it. To solve this problem, I had to be patient and probe the participants when they were not forthcoming with answers during formal fieldwork. I thus also followed this process during the main interviews and focus groups (cf. sections 5.5.3 and 5.5.4).

## **5.7 Data analysis**

Qualitative data analysis is a relative systematic process of coding, categorising and interpreting data to explain the phenomenon (Vaismoradi *et al* 2016:105). I used content analysis to analyse the data. The aim of using content analysis is not to produce generalisable findings, but rather to provide contextualised and comprehensive understandings of the phenomena under study for possible transferability (Leung 2015:326). Content analysis allowed me to identify and categorise characteristics of messages relayed in financial documents and transcripts of interviews and focus groups. I personally coded data using an inductive approach.

I followed a series of the stages of the analysis processes as identified by Datt (2016). They are organising the data, data entry and storage, data reduction, developing categories and coding scheme, identifying relationships among categories and presentation of results. In each stage, I reduced the data to manageable parts. Each stage involved interpretation as I brought meaning to the data.

These stages are discussed below:

- Organising the data: I read the data several times to familiarise myself with the content of the data and to decide which data are to be used in the research.
- Data entry and storage: To make the data more usable, I transcribed the data into a typed text, but kept the original data in a safe place for further reference.
- Data reduction: Not all information from the transcripts was used in the final report. Only data that captured something critical in relation to the overall research question were included in the final report.
- Developing categories and coding scheme: Category is the primary product of the analytical process and is mainly used at the beginning of the theme

development to classify findings. It is therefore the description of the participants' account (Vaismoradi *et al* 2016:102). These categories of phrases were coded. I started coding data by highlighting the concepts and sentences that frequently appear in the transcript and convey one idea as suggested by Adeoye-Olatunde and Olenic (2021:1364). I then assigned codes (names) to those ideas that answer the research question. A group of codes becomes a theme if they are repeated. Elliot (2018:2859) posits that the objective of coding is to produce a meaningful account of the phenomenon that covers key aspects of the research question and to produce the account in a systematic and transparent way so that the reader can see how concepts, themes or categories were developed.

- Identifying relationships among categories: I grouped together similar codes to form categories. From the categories I developed themes that were used as attributes, descriptors, elements and concepts. Themes are the main products of data analysis (Vaismoradi *et al* 2016:101; Maguire & Delahunt 2017:3356). These themes were used to detect similarities and differences across participants' responses and were presented and interpreted in chapter 6. I used data triangulation to identify relationships among the categories. Triangulation affords a broader understanding of the phenomenon under study (Cypress 2018:303). Data collected from the participants were triangulated with the document analysis to find out whether budgeting in their schools are practised in an efficient and effective manner. The aim of identifying relationships among the categories is to understand the links between various aspects of peoples' situations, beliefs and actions.
- Presentation of results: I presented the results in such a way that the reader is able to understand the basis of interpretation.

Research sites were given pseudonyms, for example, School A and School B.

I used the following pseudonyms for participants from School A:

Principal	PR1
SMT member	SM1
Parent governors	PA1A, PA1B, PA1C, PA1D and PA1E

I used the following pseudonyms for participants from School B:

Principal	PR2
SMT member	SM2
Parent governors	PA2A, PA2B, PA2C, PA2D and PA2E

Categories and themes that were used in the discussion of the inquiry emerged from the data collected and they formed the basis of the argument to agree or disagree on budget planning, budget drawing, budget implementation, budget monitoring and budget control which I used as the main components of the strategic framework for effective budgeting in primary schools in South Africa, which I have developed (cf. section 7.7).

## **5.8 Trustworthiness of the findings**

As mentioned (cf. section 1.13), to establish confidence in the truth of the findings, I used the four criteria of trustworthiness, which are: credibility, dependability, transferability, and confirmability.

### **5.8.1 Credibility**

As identified in chapter 1, to establish credibility, I took the following measures. Firstly, I accurately identified and described the participants in the research to enable readers to feel that they were there in the field of study, and thus able to judge for themselves. Secondly, I interpreted the analysed data using the document study and literature review. Thirdly, before I wrote the final report, I presented the transcripts of the interviews and focus groups to the participants to check for accuracy and reactions to reassure the credibility of constructions of the participants. I only finalised my report after the participants accepted the findings as a true reflection of the research proceedings and outcome.

The participants in this study were identified and described above (cf. section 1.10.4). Corbin and Strauss (2015:345) maintain that the description of participants enables readers to feel that they were there, in the field of study.

During presentation and discussion of data, I referred to the data that I obtained through analysis of financial documents, semi-structured interviews and focus groups to ensure that what I write is what the participants have said. For a qualitative study to be credible,



it must present accurate description of human experiences so that people who share the experience or perception would immediately recognise the descriptions (Anney 2014:277).

The third measure to safeguard credibility was member checking, which entailed presenting either transcripts or preliminary findings to participants to determine if their responses were correctly captured or whether the findings are a true reflection of their perspectives, experiences and of what they actually intended to convey (Adeoye-Olatunde & Olenic 2021:1364; Birt *et al* 2016:1805; Wu *et al* 2016:497). I requested the participants to read the transcripts of the dialogues in which they have participated; thereby ensuring the accuracy of the participants' constructions, eliminating researcher's bias and inconsistencies.

### **5.8.2 Dependability**

As mentioned in chapter 1, to ensure dependability of this report, I used an audit trail which makes it possible for others to understand how I reached my conclusion. An audit trail allows a person not involved in the research process to examine both the process and the research findings (Anney 2014:279; Pandey & Patnaik 2014:5750). Elo *et al* (2014:7) maintain that the dependability of a study is high if another researcher can, without difficulty, follow the decision trail used by the initial researcher. The purpose of an audit trail is to evaluate the accuracy and evaluate whether the findings, interpretation and conclusions are supported by the data. To maintain an audit trail, I described in detail how data was collected and how decisions were made throughout the study. Detailed coverage of the methodology and methods employed in the study, as provided in this chapter, allows others to assess the extent to which research practices have been followed.

According to Anney (2014:278) dependability can also be ensured by having participants evaluate the findings and recommendations of the study to make sure that they are all supported by the data received from the participants of the study. Thus, participant validation through member checking that is used to ensure credibility, also indirectly contributes towards ensuring dependability.

There are potential limitations and biasness inherent in the use of member checking to ensure credibility and dependability of the study. For example, Hadi and Closs (2015:643) suggest that participants maybe unwilling to accept responsibility for previously expressed

beliefs in retrospect. I took their advice and was careful not to be pushed to modify the acquired data. Furthermore, Elo *et al* (2014:6) caution against requesting participants to validate findings because they are the outcome of triangulated data and may not necessarily represent an individual participant's perspective. I thus only asked participants to check whether I have captured and interpreted their responses correctly.

### **5.8.3 Transferability**

The goal of this criterion is to assess whether the findings of one's study are reproducible (Aguinis & Solarino 2019:1297). Coleman (2012:259) maintains that it is impossible to generalise from a qualitative study because the researcher does not attempt to control or exert influence on the cases under study but attempts to understand them in their context. I therefore provided sufficient contextual information about the field work sites to enable the readers to make the transfer by providing sufficient thick description of the phenomenon (which is budgeting) under study and describing the boundaries of the study (cf. section 1.7.1). I described budgeting in detail so that readers could have a proper understanding of it and to enable them to compare the instances of budgeting described in the research report with those that they have seen emerging in their situations. I did that by describing the building blocks of budgeting, namely budget planning, drawing, implementation, monitoring and control.

I also described the boundaries of the study by indicating that two public primary schools located in the Maleboho Central Circuit of Capricorn District, Limpopo Province of South Africa participated in the study. I provided a detailed description of the participants (both regarding their roles in budgeting and their demographics), which has the benefit that it allows those reading the report to compare their own situations and demographics with those of the participants (Daniel 2019:104). I have likewise illuminated the data collection instruments such as document analysis, semi-structured interviews and focus groups that were employed. By providing sufficient detail about the settings, sample characteristics and data collection, and analysis methods, readers can evaluate the extent to which the conclusions I have made are transferable to their settings, situations and populations.

#### 5.8.4 Confirmability

I used triangulation and verbatim quotation in the presentation of findings to determine confirmability of results. I quoted participants' responses so as to provide data-evidence in support of my analysis and interpretations. The use of rich and thick verbatim extracts from the participants helps the readers to understand the phenomenon from the participants' perspective within the context of my interpretation and confirms that the findings of the results are true to participant accounts and not my bias, motivations or perspectives. Elo *et al* (2014:7) maintain that the use of quotations can be challenging because when they are overused the results of the content analysis may be unclear.

Data triangulation reduced the effect of my biasness in the research process. However, Hadi and Closs (2015:644) argue that the use of triangulation does not label data as true or false but rather to ascertain the validity of the inferences derived from multiple data sources. Turner, Cardinal and Burton (2017:243) refer to triangulation as the use of multiple sources to contrast and compare data to establish supporting and/or contradictory information. The consideration of alternative sources of information serves to confirm the data while giving the researcher a different and more enriched perspective on the outcomes of the study (Roller 2015:7). In the same vein, Wu *et al* (2016:498) assert that the value of triangulation deepens or expands understanding of a topic or issue. Cypress (2018:308) believes that if data gathered from different sources are found to be consistent, the credibility of the study is promoted. There are three major forms of triangulation, namely data triangulation (those that compare data obtained from various data sources such as interviews, focus groups and qualitative questionnaires), method triangulation (where different methods such as qualitative, quantitative and mixed methods are used) and researcher triangulation (using multiple researchers in the analysis phase to compare interpretation of data) (Anney 2014:277). In this study, I used data triangulation to compare information collected through document analysis, semi-structured interviews and focus groups to contrast and compare datasets to establish supporting and or contradictory information and to verify data while giving me different, more enriched perspectives on the study outcomes.

### **5.8.5 Plagiarism**

I acknowledged all sources in text references, quoted the law and policy documents correctly and ensured that these documents were referenced properly. I acknowledged all sources that I consulted in the reference list, and finally ran the report through the Turnitin program and obtained unoriginality score which is within the acceptable limits set by the University of South Africa.

### **5.9 Ethical considerations**

I completed and submitted an ethical clearance application, covering both the pilot study and the main study, to the Research Ethics Committee of the University of South Africa College of Education and I was able to live up to my undertakings in that ethical clearance application (Appendix A). After I explained the purpose of the study and pointed out that the information obtained would be used for academic purposes only, I requested consent from principals (Appendix I), SMT members (Appendix J) and parent members (Appendix K) of the schools' governing bodies.

To respect participants' privacy and dignity, I applied the following ethical measures as recommended by Hiriscau *et al* (2016:9–11).

- Informed consent

Before starting on the process of data collection, I provided the participants with the information sheets and explained the content in Sepedi because they were written in English. Dahal (2024:200) maintains that failure to recognise and acknowledge the role and communication issues may impact on the rigour and reliability of the research. At the time of the interviews and focus groups, I reminded the participants about the content of the information sheets to check whether they were still willing to participate in the study, as suggested by Dahal (2024:198) and Rowlands (2021:5). I asked the participants to ask questions for clarification when they were not sure about the content of the interview and focus group guides as suggested by Kovane, Nikodem and Khondowe (2022:49). I prepared consent forms in duplicate. One copy was given to the participants. I kept the other copy for my records. I requested the participants to sign these forms to indicate that they understand the purpose of the research and their freedom to participate in or withdraw from the study without negative consequences. Allowing the participants to decline

consent or to withdraw from participating in the research without a reason demonstrates respect for their rights. I therefore gave the participants the assurance that their rights to withdraw from participating in the study will not affect their services as principals, SMT members and parent governors as suggested by Kovane, Nikodem and Khondowe (2022:49).

- Confidentiality and anonymity

I kept interviewees' names anonymous to ensure confidentiality and observe their right to privacy. I could not guarantee confidentiality in the instances of focus groups as the participants may talk to each other about what other members have said during the focus groups. Those who participated in focus groups were required to sign a confidentiality disclaimer (Appendix L).

- Securing data

Data privacy is the right of individuals to determine who has access to their personal information, what personal information is shared and the protection of this information from unauthorised parties who should not have access to them. It is the responsibility of companies, in my case UNISA, to protect my personal information from unauthorised use. Alafaa (2022) maintains that data protection involves enhancement of policies to prevent misuse or unauthorised access to user's personal information and the application of defensive mechanisms against all vulnerabilities to their data collection and storage. Companies owe it to users to explain what steps they take and policies they have to protect data from being hacked and/or sold, and how they prevent any form of data intrusion. As pointed out by Alafaa (2022), these policies must be accessible on the company's website and the company needs to explain to its users the kind of personal information collected, how it is used, with whom it is shared and how the user's data is collected and managed to prove to the users that the company can be trusted to handle personal data with care.

My responsibility with regard to protecting participants' personal data was to keep the documentation that I used to collect data and the device that was used to record the interviews and focus groups in a safe place to which only I had access. I personally analysed and interpreted data to observe the participants' right to privacy.

- Honesty

When I interpreted the data, I refrained from being subjective and bias.

- Feedback

I presented and requested the participants to read the preliminary data analysis to determine if their responses correctly captured the intended meaning, or whether the interpretations are a true reflection of their perspectives and experiences, as suggested by Adeoye-Olatunde and Olenic (2021:1364), Birt *et al* (2016:1805) and Wu *et al* (2016:497). By allowing the participants to review the data analysis findings, I ensured the accuracy of the participants' constructions and eliminated the possibility of being biased and inconsistent in capturing the findings. I then deleted the data of those participants who refused that the data be used in the research before writing the final report, as suggested by Dahal (2024:198). By deleting those data, I respected the participants' autonomy in terms of withdrawing data from this qualitative research. Other interested parties will be able to access the research report at university libraries.

#### **5.10 Limitations of the study**

This study was not without limitations. The study was conducted in the two selected public primary schools, which are not representative of all the schools in Maleboho Central Circuit. Since the findings of qualitative studies are not aggregated to a larger population but specific to a small number of particular environments and individuals (Bengtsson 2016:13), the findings of this study are applicable to the two participating schools only. The participants were busy with their normal work so, at times, it was not possible to honour the set appointments. I was flexible to reschedule the appointments. The appointments to conduct the document analysis in both schools were rescheduled.

The principal of School B was reluctant to give me permission to conduct the study in his school. He was concerned about how I would present the findings of the study. After I explained several times that the findings of the study will be used for academic purposes only, the permission was granted.

Participants perceived me as an intruder and were cautious when they provided me with information. I solved this problem by telling them that the findings of the study are for

academic purposes only, to caution them not to mention the names of any person or the school and confirmed to them that they will remain anonymous in the study. Participants were required to answer questions on the roles and responsibilities with regard to financial management, which included drawing up of the budget and budgeting practices. As the issue is sensitive, they might have left out some important information when they were answering questions.

Issues that involve finances are deemed very sensitive and could have made prospective participants reluctant to engage in the research process. To put participants at ease, Akaranka and Makau (2016:3) suggest that the researcher should first gain the participants' confidence, trust and cooperation. Building trust with the participants is important in gaining and maintaining their cooperation. An inability of researchers to put participants at ease and quickly earn their trust will result in them (participants) remaining nervous, suspicious and hesitant to share their personal stories and the researchers will never get the information they are looking for (Margolis 2017). Roller (2015:16) states that the greater the cooperation, the more the participants share their experiences with regard to the phenomenon studied.

In this study, the initial contact with the participants was in the form of a friendly greeting. Graig (2017) believes that being friendly to participants, even if it provides no benefit to researchers, allows them (researchers) to experience the indirect benefit of improved trust. When building trust, it is important to engage and authentic kindness helps to build trust. In this study, I attended participants' social events such as various celebrations and funerals to show my support. By attending these events, participants were more likely to respect and trust me. I was also able to identify and attend to the ethical, social and cultural issues that could arise during the research process. Establishing trust and relationships minimise the possibility of misleading results.

In School A, all the documents that I received were analysed at the school except the finance policy and vision and mission statements of the school which were analysed at my home. The principal gave me a permission to take a photo of the vision and mission statements which were displayed against his office wall. I could not get financial statements for 2020 and 2021. Instead, I requested to analyse the Limpopo Provincial Department of Education document number 015 (income and expenditure cash book). The

principal indicated that he did not know about the school's development plan. So, this document was not analysed. The budget statement for 2020 was also not analysed as the principal indicated that the document is misplaced.

In School B, all the documents that I received were analysed at the school. Like in School A, the financial statements for 2020 and 2021 were not available and I requested to analyse the Limpopo Provincial Department of Education document number 015 (income and expenditure cash book). I tried in vain to get the staff minutes book. The principal indicated that the document was kept by the secretary of the school. So, this document was not analysed. In both schools, it was difficult to analyse the minutes books and the Limpopo Provincial Department of Education document number 015 (income and expenditure cash book) because of the manner in which they were recorded.

I wanted to include the bookkeepers as participants but neither school has a bookkeeper and the principals indicated they themselves keep the records safe.

### **5.11 Chapter 5 conclusion**

In this chapter, I explained how I implemented the research methodology while conducting fieldwork. The data collection methods that I used were document analysis, semi-structured interviews and focus groups. Although there were limitations and challenges in conducting the study, the sample chosen through a purposive sampling included knowledge-rich participants who are involved in the practice of budgeting in public schools and data saturation was reached. The data collected through the qualitative research techniques used can be deemed adequate to answer the research question and objectives of the study within the constraints of credibility, dependability, transferability, and confirmability. These are demonstrated in chapter 6 where the data collected are presented, analysed and interpreted.



## CHAPTER 6

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 6.1 Introduction

In this chapter, I present, analyse and interpret data collected from two selected public primary schools by means of a document analysis, individual semi-structured interviews with the principals and SMT members and two separate focus groups with parent governors. Thirteen out of 14 sampled participants took part in the study. One parent governor of School A did not participate because she was on maternity leave when I conducted the field work. Two parent governors from School B, though present, did not actively participate in the focus group discussion because they were recently elected through by-elections. Irrespective of the two parent governors who did not actively participate in the study and the one participant who was on maternity leave, those who participated in the study provided sufficient data to reach data saturation. Before I presented, analysed and interpreted the data, I attended to the provisions included in the national laws and policies so that I could use that to check whether the participants practise budgeting according to these laws and policies, for example, whether the participants draft their schools' budget in line with those provisions.

#### 6.2 Provisions identified in the laws and policies

The following laws and policies contain provisions relating to how the schools' financial administrators should practise budgeting in South African public schools: the Constitution, the Schools Act, the Public Finance Management Act, the Preferential Procurement Policy Framework Act, the White Paper 2, NSSF, the Limpopo Prescripts and the *Guidelines for the preparation of public school financial statements* (cf. chapter 2).

- 1 The provisions dealing with school financial administrators' obligations as functionaries of organs of State are set out in sections 41 and 195 of the Constitution. One such obligation is to be familiar with the values and principles spelled out in sections 41 and 195 of the Constitution and to act in a manner that upholds such. These obligations include promoting efficient, transparent, accountable, and coherent government (including financial management) and exercising their powers and perform their functions (in relation to financial management) in a manner that

does not encroach on the geographical functions and institutional integrity of another government (in this instance meaning another department or organ of state).

- 2 In the Schools Act, I considered provisions in sections 35(2), (23(1)(c)), 41(1) and 43(5) dealing with the accountability of governing bodies in budgeting. These provisions include: (1) planning for the State funds to ensure that these funds are effectively utilised to achieve the schools' goals and objectives, (2) the establishment, the roles and responsibilities of schools' financial administrators, (3) appointment of an auditor or professional accounting officer and (4) reporting the schools' finances to relevant stakeholders.
- 3 Provisions identified in the Public Finance Management Act that apply to budgeting include sections (a) and (c), which deal with developing budget control to ensure effective, efficient and transparent financial management and utilising the State funds economically and efficiently to avoid overspending.
- 4 The Preferential Procurement Policy Framework Act proved particularly pertinent to budgeting in terms of the requirements that governing bodies must meet when procuring goods and services for their schools. To ensure fairness, equitability, transparency, competitiveness, and cost-effectiveness of a procurement system, the governing body members must consider section 217(1) of the Preferential Procurement Policy Framework Act.
- 5 I identified provisions included in paragraphs 1.7.8 and 1.7.9 in the White Paper 2 relating to how the governing bodies should prepare for the use of State funds to guarantee that there is no financial misappropriation that could hinder learners from receiving quality education.
- 6 The NSSF includes provisions as identified in paragraphs 57 and 58 for the distribution of State funds and budgetary requirements for Section 21 schools such as (1) budget planning, (2) budget drawing, (3) budget implementation, (4) budget monitoring and (5) budget control.
- 7 Limpopo Department of Education's Limpopo Prescripts contain valuable guidelines on the procedures for procuring goods and services. These include acquiring a minimum of three quotations before any goods and services are procured; that the finance committee presents its recommendations of one quotation and the

appointment of a service provider to the governing body meeting for approval; that the governing body members appoint the service provider in writing; and that the goods procured, or the payment of a service provider, should not exceed R30, 000.

- 8 The study of the *Guidelines for the preparation of public school financial statements* brought to the fore the principles, concepts and requirements for preparing the schools' financial statements. In brief, I have considered in this document, the fundamental principles and concepts of going concern, materiality and aggregation, prudence, offsetting and comparative information as set out in the *Guidelines for the preparation of public school financial statements*.

The following section deals with summaries of the legal prescripts.

### **6.3 Specific legal prescripts in relation to each budgeting phase**

The following sections deal with the legal prescripts with regard to budget planning, budget drawing, budget implementation, budget monitoring and budget control. As indicated above, one of the main reasons is to interpret the data on the perspectives of the schools' financial administrators on their legally prescribed roles and responsibilities in relation to budgeting. As a result, I end each sub-section with a table that connects the various financial administrators with their roles and functions in relation to the relevant budgeting phase.

#### **6.3.1 Legal prescripts with regard to budget planning**

To ensure that there is no financial misappropriation that could prevent learners from getting quality education the governing body members must draw up the budget as stipulated in White Paper 2 (cf. section 2.3.1) and the Schools Act (cf. section 2.2.2). The budget must be linked to the school's school development plan as per paragraph 10.5 of the Limpopo Prescripts (cf. section 2.3.3). Paragraph 10.5 of the Limpopo Prescripts empowers the stakeholders not only to participate but to influence the decisions that are taken during the drawing up of the budget. For example, the budget will not be approved unless it is ratified by the majority of parents who were present during the meeting. Decisions that are taken during the process of drawing up the budget must be recorded in the minute book for parent meetings and each parent must append his or her signature to

confirm that all the decisions that were taken were agreed on by the majority of parents who were present during the drawing up of the budget (cf. section 2.3.3).

In terms of the Schools Act, plans are developed during budget planning to attain the set goals and objectives (cf. section 2.2.2). In achieving that, the governing body members must plan how the budget will be drawn up, implemented, monitored and controlled (cf. section 4.3). To plan for budget implementation, the governing body members must ensure that each item received all the money that was allocated to it in the budget as per paragraph 133 of NSSF (cf. section 2.3.2), and that the schools' financial administrators identify the reasonable suppliers and service providers as stipulated in section 3 of South African National Treasury (cf. section 2.2.4). To avoid engaging in fraud when utilising the school's funds, the finance committee must develop a finance policy as per section 30 of the Schools Act (cf. section 2.2.2) and that financial statements are prepared so that the governing body members will be able to manage income and expenditure that may deviate from the projected income and expenditure for monitoring purposes (cf. section 2.2.2). When planning for budget control, the governing body members must have lists of auditors who must be registered in terms of the Auditing Profession Act 26 of 2005 as per paragraph 3 of Circular M1 of 2017 (cf. section 2.2.2). From this lists of auditors, the governing body members will appoint a suitable auditor to control their schools' finances or if this is not possible appoint an auditor. The governing body members must appoint a suitable professional accounting officer from the lists of professional accounting officers recognised by the Companies and Intellectual Property Commission in terms of Close Corporations Act of 1984 to examine and report on the records and financial statements.

**Table 4: Legally prescribed roles and functions during the budget planning phase**

<b>Financial administrator</b>	<b>Roles and functions</b>
Principal	Provide information and accurate data and give advice during budgeting (cf. section 2.2.2).
Finance committee	Develop and make available the finance and procurement policies. Provide guidelines on budget planning, which cover all the other phases of budgeting. Ensure all required documentation is available during the planning session. Invite inputs from relevant stakeholders on budget goals and objectives. Estimate the funds the school expects to receive. Refine the proposals based on the availability of funds.
Governing body	Draft the vision and mission statements and school development plan. Establish procurement and finance committees. Decide on the amount to be raised.
Bookkeeper	Prepare the previous year's audited financial statements, the adopted vision and mission statements, school development plan and policy documents such as finance and procurement.
School's stakeholders	Identify programmes and services to be allocated money, develop proposals and to vote on the funding proposals.

**6.3.2 Legal prescripts to draw up a budget**

The information regarding the State funding is annually provided by the State to public schools as per section 34(2) of the Schools Act (cf. section 2.2.2). The governing body must have a broad picture of the school's total income in order to have an idea of how much money will be allocated to projects, programmes and services. If the funding is not sufficient, the governing body should plan how it will raise additional funds as regulated by section 36(1) of the Schools Act (cf. section 2.2.2). The governing body members must guard against taking out loans or entering into an overdraft agreement in order to raise additional funds unless written approval was obtained from the Member of the Executive Council as per section 36(2) of the Schools Act (cf. section 2.2.2).

The school's financial administrators must consider section 20 of the Public Finance Management Act which requires them to effectively manage all income, expenditures,

assets, and liabilities in relation to State funds (cf. section 2.2.3). When preparing a draft budget, the governing body members should consider money needed for maintenance, municipal services, and teaching and learning material. When allocations are made, the governing body must have in place, documents such as the vision and mission statements, school's development plan, asset register and financial statement so that the school's aims and goals are realised.

Schools must further budget for the cumulative effect of established non-payment and exemption trends in relation to the payment of school fees as per section 39 (2)(c) of the Schools Act (cf. section 2.2.2). If the governing body members intend to remunerate an educator using the school fees, they must obtain approval from the PDoE to remunerate such educator. Without approval such payment will be unauthorised and contravene section 38A(1) of the Schools Act (cf. section 2.2.2).

The draft budget must be presented to parents for approval. Before the parents approve a budget, they must satisfy themselves that a budget is linked to the school's improvement plan and ratified during a formal parent meeting. The minutes must include all of the meeting's proceedings as well as the number of votes casted on each motion. The attendance register, which must be attached to the minutes, must be signed by each parent who attended the meeting as stipulated in paragraph 10.5 of the Limpopo Prescripts (cf. section 2.3.3).

**Table 5: Legally prescribed roles and functions during the budget drawing phase**

<b>Financial administrator</b>	<b>Roles and functions</b>
Finance committee	Develop budget proposals from stakeholders' inputs and LDoE's prescripts in the letter confirming Section 21 status. Draft a preliminary budget. Submit preliminary budget to the governing body.
Governing body	Draft a budget using the preliminary budget drafted by the Finance committee Present the draft budget for ratification at a parent meeting. Finalise budget.
Chair of the governing body	Convene a parent meeting to ratify the proposed budget. Submit the final budget to the LHoD.
Secretary of the governing body	Record and compile the minutes, write down all the proceedings of the meeting, record the number of votes casted on each motion and ensure that each parent who attended the meeting signs the attendance register.

### **6.3.3 Legal prescripts with regard to budget implementation**

Schools' financial administrators must manage and utilise the school's funds according to the budget and put the priorities articulated and approved by parents into action. When implementing the budget, the schools' financial administrators must ensure that they adhere to the Public Finance Management Act which regulates how they implement their budgets (cf. section 2.2.3). They have to obtain a minimum of three quotations before goods and services are procured according to paragraph 8.6 of Limpopo Prescripts (cf. section 2.3.3). The governing body members must consider section 217(2) of the Preferential Procurement Policy Framework Act which permits them to adopt procurement policies to create a procurement system that is "fair, equitable, transparent, competitive, and cost-effective" when they appoint service providers (cf. section 2.2.4). Both the Public Finance Management Act and the Preferential Procurement Policy Framework Act guide schools' financial administrators to avoid ineffective budget implementation and resultant financial mismanagement and embezzlement (cf. sections 2.2.3 and 2.2.4).

**Table 6: Legally prescribed roles and functions during the budget implementation phase**

<b>Financial administrator</b>	<b>Roles and functions</b>
Schools' financial administrators	Allocate money to various projects.
Finance committee	Identify reasonable suppliers and service providers; compare the prices of the service providers and make recommendations Approve all expenditure and to pay for the services of the school.
Governing body	Make sure that each item receives all the money that was allocated to it in the budget. The chair of the governing body signs the letter which has been compiled by the secretary to be sent to appointed suppliers and service providers. Evaluate recommended service providers and appoint service providers.
Procurement committee	Seek quotations from the suppliers and service providers.
Treasurer	Contact the service providers to check their availability for the service.
Finance officer as the secretary of the finance committee	Compile a letter to appointed suppliers and service providers.

**6.3.4 Legal prescripts with regard to budget monitoring**

To assess the success or the failure of the budget, the school must have a properly established bookkeeping system to assist the governing bodies in reporting on the usage of funds. As per Circular M3 of 2017, schools must appoint a bookkeeper whose specific task is to prepare the financial statements in accordance with the relevant accounting policies and practices to ensure that there are no material misstatements in the financial statements that will lead to fruitless and wasteful expenditure. The bookkeeper must not usurp the tasks of an auditor (cf. section 2.2.2). The schools' financial administrators must also develop and follow the finance policy when utilising the school funds so that they do not engage in fraud. The composition of the finance committee is covered in paragraph 5.1.5 of the Limpopo Prescripts and section 16(2)(j) of the Schools Act. Among the roles and functions of the finance committee members is developing the finance policy. The finance policy guides the schools' financial administrators in handling school funds and every aspect related to the school's finances to ensure that the school's finances are correctly managed (cf. section 2.2.2).



**Table 7: Legally prescribed roles and functions during the budget monitoring phase**

<b>Financial administrator</b>	<b>Roles and functions</b>
Finance committee	Develop a finance policy for the school which includes a section on budgeting and to monitor budget implementation.
Governing body	Take corrective measures in case the actual income deviates from the projected income and expenditure.
School's financial administrators	Use the financial records to compare the expenditure to the budgeted amount in order to manage deviations.
Principal	Keep the financial records safe.
Treasurer	Present the financial statements to the governing body members and parents.

### **6.3.5 Legal prescripts with regard to budget control**

To ensure that the school's funds are utilised in an economical and efficient manner, the governing body members should appoint an auditor following the rules set out in paragraph 3 of Circular M3 of 2017 (cf. section 2.2.2) to:

- audit the financial statements in checking whether expenditure in the school complies with the budget authorisation
- determine whether there is a surplus or deficit at the end of the financial year
- determine whether the school qualifies as a going concern

The principal should then submit the audited report to the relevant PHoD within six months after the end of each financial year as required by section 43(5) of the Schools Act (cf. section 2.2.2).

**Table 8: Legally prescribed roles and functions during the budget control phase**

<b>Financial administrator</b>	<b>Roles and functions</b>
Auditor	Audit the school's annual financial statements.
Governing body	Review the audit report.
Professional accounting officer	Examine and report on the records and financial statements if the governing body members find it difficult to appoint an auditor.
PHoD	Examine the audit report and annual financial statements.
Circuit Manager	Approve the budget. Examine the school's annual statements and audit report with consideration of the approved the budget.

#### **6.4 Schools' financial administrators' legal obligations with regard to budgeting**

Schools' financial administrators comprise the governing body (principal, finance officer, bookkeeper, elected parent governors, elected educator governors, elected learner governors in secondary schools and co-opted members (RSA 1996b, s 23). Co-opted members who are non-voting members include the treasurer, experts co-opted in terms of section 23(1)(c) of the Schools Act and the fundraising coordinator(s) (RSA 1996b). In case the principal is absent from school, SMT members form part of the school's financial administrators (cf. section 1.7.1).

As prescribed in the financial legislative framework, the schools' financial administrators should:

- 1 have in place, the vision and mission statements before compiling a budget
- 2 present the approved budget to the governing bodies for adoption
- 3 draw up the final budget
- 4 implement the budget plans that are affordable to avoid over-expenditure
- 5 acquire a minimum of three quotations before the purchases and procurement processes
- 6 appoint the service providers using the criteria of fairness, equitability, transparency, competitiveness, and cost-effectiveness
- 7 meet once per month to execute its responsibilities such as making payments
- 8 prepare the financial statements before the same are audited

- 9 keep financial records of funds received and spent and of assets and liabilities and compile the financial statements within three months after the end of financial year
- 10 monitor income and expenditure regularly so that schools can meet their financial obligations
- 11 appoint qualified auditors to examine their schools' financial statements to ensure that their schools are able to meet their financial obligations
- 12 submit a copy of the audited report to the PHoD within six months after the end of each financial year for monitoring and controlling purposes

Because I studied the two cases, a report from each case study was presented separately according to objectives 3, 4 and 5 formulated in chapter 1 (cf. chapter 1, section 1.5.2), which are, to

- establish the perspectives of the selected schools' financial administrators on their roles and responsibilities in relation to budgeting
- ascertain how the selected schools' financial administration go about compiling the annual budget for their schools
- determine the challenges that the selected schools' financial administrators experience in relation to budgeting

In the following section, I present, analyse and interpret the data collected at School A. I begin the section with the biographical information of the participants.

### **6.5 Case study: School A**

I interviewed the principal (male) and SMT member (female) individually. The principal is in possession of Bachelor of Arts and Certificate in Management while the SMT member has passed the National Provincial Diploma in Education. I also engaged four parent governors (all females) in a focus group discussion. Among the two parent governors who passed grade 12, one parent governor is in possession of Certificate in Computing. The other two parent governors passed grade 11. I did not assign weight to participant responses based on their qualifications. Instead, I accepted and recorded the answers that I received from the participants.

In the following sections, I present, analyse and interpret the data, which emerged from the responses of School A's participants to questions on the school's budgeting practices. The categories in these sections emerged after I inductively analysed the data using content analysis.

#### **6.5.1 School A: Budgeting within the legal framework**

Before presenting, analysing and interpreting the data from the interviews and the focus group on the school's compliance with and the participants' knowledge on the relevant laws and policies, I present the data from the document analysis in relation to the school's compliance with legal prescripts by means of the completed checklist.

**Table 9: Completed document analysis grid School A**

I expected the documents to have answers to the following questions	tick (✓) or cross (x)	
	2020	2021
1. Does the school have a budget statement?	X	✓
2. Does the budget comply with the following legal prescripts:		
2.1. Section 38(2) of the Schools Act? (30 days' notice, approved during parent meeting by majority)	X	X
2.2. Section 41 of the Constitution? (cooperative governance and inter-governmental relations)	X	X
2.3. Section 195 of the Constitution? (Basic values and principles for public administration)	X	X
2.4. Paragraph 1.7.8 of White Paper 2?	✓	✓
2.5. Paragraph 1.7.9 of White Paper 2?	X	X
2.6. Paragraph 2.9.2 of White Paper 2?	✓	✓
2.7. Paragraph 8.6 of the Limpopo Prescripts?	X	X
2.8. Paragraph 10.5 of the Limpopo Prescripts?	X	X
3. Was the budget statement duly endorsed?	X	✓
4. Does the finance policy give guidelines on how the school's funds will be allocated?	X	X
5. Are the goods and services procured within the constraint of the budget?	X	X
6. Does the budget adhere to the vision and mission of the school?	X	X
7. Are the financial statements audited?	✓	✓
8. Is the audited financial report submitted to the Circuit office?	✓	✓
9. Is there evidence in the staff meeting that the opinions of educators with regard to a budget are considered?	X	X
10. Is the budget adopted by all governing body members during the governing body meeting?	X	X
11. Is the budget in line with the school development plans?	X	X

In the following section, I present and analyse all data dealing with school A' compliance with legal prescripts.

The 2020 budget was not available for examination. PR1 indicated that it was misplaced. Failure to keep financial documents safe means that the principal fails to fulfil a legal duty. As per section 16A(2)(V) and paragraph 3 of Circular M3, the principal and the bookkeeper

must respectively keep all schools' records, including the financial records, safe (cf. section 2.2.2).

Parents were not given 30 days' notice before they attend the meeting to ratify a 2021 budget as stipulated in section 38(2) of the Schools Act. There is no evidence in the minute book for the governing body members that the parents, as per section 38(2) of the Schools Act, were given 30 days' notice before they were invited to a meeting to ratify the 2021 budget. The governing body members did not consider whether the parents were in the majority before the commencement of the meeting. There is no evidence in the minute book for the governing body that the vision and mission are considered when budgeting is done. There is also no evidence that the previous governing body was transparent on any matters concerning budgeting. One can safely conclude that the previous governing body did not comply with the principle of transparency as required in sections 41 and 195 of the Constitution. As per paragraph 10.5.5 of the Limpopo Prescripts, the proceedings of the parent meeting to approve a budget were supposed to be recorded in the minute book for governing body members and parents were to sign the attendance register, but this was not the case. The only parent meeting was held on 8 December 2021 where the parents were informed about the estimated State funds that the school will receive for 2022.

When they appoint service providers, the finance committee members do not adhere to the procurement processes that are set out in paragraph 8.6 of the Limpopo Prescripts. Those procurement processes include acquiring a minimum of three quotations, appointing the service providers in writing and paying the service providers within 30 days after receiving the invoices. The financial administrators do not adhere to the requirements set out in section 217(2) of the Preferential Procurement Policy Framework Act. Those requirements are fairness, equitability, transparency, competitiveness, and cost-effectiveness. The governing body members do not give disadvantaged groups first preferences when they appoint service providers.

Some participants know the names of the laws and policies that regulate financial budgeting in public schools, but they have not seen them and are not knowledgeable about the content thereof. Participants were unable to link specific laws or policy documents to a specific prescript governing budgeting. For example, PR1 indicated that according to policy, the governing body members cannot purchase goods and services worth R30,

000.00 or more without the approval of the circuit manager, but PR1 does not know that this clause is contained in paragraph 8.6.11 of the Limpopo Prescripts (cf. section 2.3.3). When, I probed PR1 on the policy in the Limpopo Province that restricts them to purchase goods and services that are worth more than R30, 000.00, PA1 said, *“Eer it is PFMA”*. When I probed SM1 on the national and provincial laws and policies that assist the governing bodies in practising budgeting effectively, SM1 responded, *“Eish, mam, I do not know these policies”*. There was silence when the SM1 was asked how the failure to adhere to laws and policies during the budgeting processes affects implementation of a budget. Later when I asked SM1 about the law or policy that requires the approval and adoption of a budget before that budget can be implemented, SM1 responded, *“Mam, skip that question”*.

There was silence and later laughter when I asked the parent governors whether they know about the Preferential Procurement Policy Framework Act and the Schools Act and whether these Acts (documents) are available at their school. When the laughter died down, PA1D said, *“They told us about them during the workshop and promised to send the documents to the principal, but they have never sent them”*. Familiarity with the laws and policies will increase participants’ capability to budget effectively by making the best possible allocation of the projected resources and avoid irregular expenditure (cf. chapter 2). The governing body members must always refer to the relevant laws and policies which must be available at their schools to effectively draw and implement a budget.

#### **6.5.1.1 Findings School A: Budgeting within legal framework**

The following findings on School A’s compliance with the legal prescripts can be formulated:

- The finance policy of the school does not cover a number of fundamental aspects. The appointment of service providers that would ensure the school acquires service providers that would allow the school to stay within budget is not done in compliance with law and policy. When they appoint service providers, the governing body members do not consider section 217(2) of the Preferential Procurement Policy Framework Act which permits them to adopt procurement policies to create a procurement system that is “fair, equitable, transparent, competitive, and cost-effective”. Service providers are not

appointed in writing as required in paragraph 8.6.4 of the Limpopo Prescripts. The governing body members usurp the duty of the finance committee with regard to the appointment of the service providers. Appointments of service providers are not done as per Preferential Procurement Policy Framework Act. A requirement such as giving disadvantaged groups first preferences is not followed when the governing body members appoint service providers.

- Paragraph 10.5 of the Limpopo Prescripts is completely ignored when the governing body members compile their budget because the 2021 budget was not ratified during a formal parent meeting, the parents' minute book does not show the meeting's proceedings as well as the number of votes casted on each motion. This suggests that the draft budget was not presented to the parents and that there is no attendance register where each parent signed to confirm that the parents attended such meeting.
- The assumption can be made that the issue of 30 days' notice before parents hold their general meeting as per section 38(2) of the Schools Act is also not complied with.
- The principal fails to fulfil his duty as required in section 16A(2)(V) of the Schools Act by making sure that the school's documents are kept safe as was the case with the 2020 budget.
- The 2021 budget statement was signed by the treasurer and chairperson of the governing body which imply that the draft budget was presented to the governing body members as required by section 38(1) of the Schools Act.
- There is no evidence in the minute book that the governing body members deliberated on the proposed budget. The minute book for parents does not contain the signatures of parents who attended the meeting to approve the 2021 budget.
- The governing body members comply with the legal prescript set out in paragraph 8.6.11 of the Limpopo Prescripts not to exceed the R30, 000.00-rule when they budget for and procure goods and services.

In the following section, I present, analyse and interpret data from the analysis of the finance policy in School A.



### **6.5.2 Finance policy**

As was evident from the literature review, a school's finance policy is essential to its budgeting process and must be considered during the planning phase (cf. section 4.3.1). It is thus essential for schools to have a finance policy and for those involved in budgeting to have a good knowledge of such policy (cf. section 4.3.1). In School A's finance policy, there is a provision which, in line with the requirements set out in the Schools Act (cf. section 2.2.2), indicates that the budget must be approved by the governing body, be presented to a general meeting of parents for consideration and be approved by the majority of parents. The finance policy also indicates the tariffs for kilometres travelled because educators are remunerated for attending workshops (cf. section 4.3.4). Although these provisions are in line with the statutory requirements, they are not implemented.

PR1 and SM1 maintained that the school policy that guides the governing bodies on the correct utilisation on the school finances is the finance policy. Parent governors differed about which committee is responsible for developing the finance policy. PA1A and PA1C indicated that the finance policy is developed by the governing body members while PA1B and PA1D stated that the finance policy is developed by the finance committee members. Parent governors are members of the governing body. They are supposed to know the roles and functions of the finance committee because some of them are members of this committee.

Although the finance policy was drafted in School A, the policy does not contain guidelines on how the school's funds will be allocated (cf. section 6.5.1).

When I probed the parent governors whether they have ever seen the school's finance policy, all of them laughed and no answer was given, which suggests that they had not. It also means that they did not revise and update the existing finance policy, which implies that there is lack of engagement and democracy which are advocated by participatory budgeting (cf. section 3.2.2). This contention is also supported by the fact that the finance policy document that I analysed was adopted on 25 April 2015, thus, long before the current parent governors assumed their duty in May 2021. It is further supported by the fact that although PA1B, PA1C and PA1D indicated that they are guided by the finance policy, PA1A mentioned that the parent governors depend on the principal to inform them about the content of the finance policy. My question on whether they are referring to the

same finance policy document that they previously indicated that they have not seen was just met with laughter. A dated finance policy document cannot cater for current needs. For example, the dated finance policy could not serve as a guide to the governing body members on how they should accommodate the Covid-19 pandemic (such as to buy sanitizers) in the school's finances.

SM1 could not differentiate between the budget statement, the general school policy and the finance policy. When the SM1 was asked to mention the school policy that guide the governing body members in monitoring the budget, SM1 responded by saying, "*It is a budget policy*". When the same question was later put to SM1, she indicated that she does not know the policy. The main purpose of the finance policy is critical in regulating how a school's budget is planned, drawn up, and implemented by clearly stating the procedures for handling school fees, donations, and authorisation for payments and signatories to the bank account to ensure that the school's finances are correctly managed (cf. section 4.3.3). Thus, not having access to or knowledge of the content of the finance policy hinders the SMT member and the parent governors to verify whether the finances of the school are utilised as per the finance policy. There is no transparency since the stakeholders are not familiar with the content of the finance policy (cf. section 3.2.2).

#### **6.5.2.1 Findings School A: Finance policy**

The following findings on how the stakeholders in School A implement the provisions of the finance policy emanated from the data.

- The finance policy contains correct and relevant provisions on the budgeting process, but those are not implemented.
- The governing body members do not effectively utilise the State funds to improve the education of learners as per paragraph 1.7.9 of White Paper 2. This can be ascribed to the fact that the governing body members do not adhere to the school's finance policy, the budget is not linked to the vision and mission statements of the school and the budget is not linked to the school's development plan. In fact, the school does not have a development plan.
- The finance policy does not contain guidelines on how the school's funds will be allocated.

- The current finance policy was adopted in 2015 and has not been revised or updated.
- The finance policy was adopted long before the current governing body members assumed their duties.
- The governing body members use a dated finance policy document that does not cater for current needs.
- The governing body members do not utilise the school's finances as per the finance policy because they do not know the contents of the policy.

In the following section, I present, analyse and interpret data from the analysis of the vision and mission statements in School A.

### **6.5.3 Vision and mission statements**

The vision and mission statements must guide the governing body members when drawing up their budget to enable the school's aims and goals to be realised and thus allow the school to fulfil its mission and vision. The vision and mission statements for School A are laminated, framed and hanged on the wall in the principal's office. There was laughter when the parent governors were asked whether they had seen the mission and vision statements, almost as if they considered it unreasonable that I should expect them to be aware of the vision and mission statements. PA1D indicated that she is not familiar with the vision and mission statements. The principal should have allowed the parent governors to amend the vision and mission statements or just to familiarise them with those statements as a way of promoting transparency (cf. section 3.2.2). PA1C and PA1B both suggested that it was the first time that they had heard anything about the vision and mission statements. PA1D stated, *"The statement is there, but I have not seen it"*. The parent governors indicated that they hold the governing body's meetings in the principal's office. The laminated mission and vision statements hang on the wall in the principals' office. The vision and mission statements were not stamped and signed. These shortcomings and the responses from the parent governors and SM2 suggest that the vision and mission statements were developed for compliance purposes (cf. section 4.3.1). One can thus safely conclude that budgeting is done by people who do not have a shared vision about where the school wants to go.

### **6.5.3.1 Findings on School A's linking of its budget to its vision and mission**

The following findings on how School A's vision and mission statements are used when its budget is drawn emanated from the data:

- The budget is not linked to the vision and mission of the school to allow the school to fulfil its mission and vision of improving the education of learners as required by paragraph 1.7.9 of White Paper 2.
- The vision and mission statements are developed by the principal as departmental requirement.
- The element of transparency which is required by sections 41 and 195 of the Constitution is not promoted in School A since the governing body members are not involved in the development or familiarised with the vision and mission statements.
- The governing body members did not ratify the vision and mission statements.
- Governing body members do not have any knowledge of the content of the school's vision and mission statements.
- The governing body members do not consider the vision and mission statements when they compile the school's budget.

In the following section, I present, analyse and interpret School A's development plan.

### **6.5.4 School development plan**

The parent governors indicated that they are guided by the budget when they carry out the school development projects, such as tiling of classrooms. There was a silence when the parent governors were requested to mention the projects listed in the school development plan. PA1D broke the silence and responded, *"In the school development plan, we have explained the behaviour of learners. Learners must not use vulgar words in the school premises."* PA1D clearly confused the school development plan with the Code of Conduct for Learners. The remaining three parent governors stated that they had never seen the school development plan. In School A, the school development plan was not developed (cf. section 6.5.1). Since the parent governors assumed their duties in May 2021, the governing body members should have drafted the school development plan as stipulated in paragraph 10.5.2 of the Limpopo Prescripts (cf. section 2.3.3) but that was not

the case in School A. As per paragraph 10.5.2 of the Limpopo Prescripts, a three-year school development plan must be drafted in line with the term of office of the governing body members and be approved by parents in a formal parent meeting (cf. section 2.3.3). The principal also maintained that he was not aware that the school must have a school development plan, which implies that the allocation of resources is not guided by the school development plan. Projects for developing the school such as tiling of classrooms and repairing of a damaged fence are only discussed in the governing body meetings. The importance of considering a school's Development Plan during budgeting is emphasised in paragraph 10.5.1 of the Limpopo Prescripts (cf. section 2.3.3). Schools' Development Plans must be considered during the planning phase of budgeting because schools' financial administrators must allocate money for the projects included in such plans (cf. section 2.3.3).

#### ***6.5.4.1 Findings School A's linking of its budget to its school development plan***

The following findings on how the stakeholders in School A link the school budget to the school development plan emanated from data.

- The budget is not linked to the school development plan because such plan was not developed.
- The governing body members violated paragraph 10.5.2 of the Limpopo Prescripts by not developing a school development plan at the beginning of their term of office.
- Schools' financial administrators allocate money for the projects which are discussed in the governing body meetings but not included in the development plan because the school does not have such plan.

In the following section, I present, analyse and interpret budget implementation in School A.

#### **6.5.5 Budget implementation at School A**

The governing body members in School A do not follow the correct procurement processes when they procure goods and services. This was evident from the response of SM1 that the purchase and procurement of goods and services are the responsibility of the principal

because the school does not have a procurement committee. PA1B indicated that the procurement of the goods and services is the responsibility of all the governing body members. Later, PA1B contradicts herself by saying, *“The finance committee gives the principal permission to make purchases”*. There was a silence from the parent governors when I wanted to find out whether the school has a procurement committee so that I could confirm what SM1 stated in that regard. Later PA1D broke the silence and asked, *“Is procurement committee a person?”* The responses of SM1 and PA1D imply that in School A the goods and services are procured without considering procurement processes.

The parent governors maintained that they look at the quality of goods and services when they make purchases. PA1A added, *“If what the principal wants to buy is not in the budget, we put it aside”*. Quality of goods and services is not the only criterion to be considered when the schools’ financial administrators identify the service providers. There are guidelines to be followed, such as acquiring a minimum of three quotations and appointing a service provider in writing before goods and services are procured (cf. section 2.3.3). When drawing up the budget, the schools’ financial administrators must identify reasonable suppliers and service providers. Among the criteria to be considered when identifying suppliers and service providers are the competency and the commitment of the service providers (cf. section 4.3.2). The responses of participants in School A suggest that they do not consider the guidelines and the criteria for the appointment of service providers before they procure goods and services for the school. The participants are not familiar with the Preferential Procurement Policy Framework Act with regard to the requirements of service providers which are obtaining and considering quotations and avoiding the problems of over- expenditure and financial misappropriation (cf. section 2.2.4).

When I probed SM1 on what she would do differently to ensure that there is no misappropriation of funds, she indicated that she would involve all relevant stakeholders when procurement of goods and services are made to avoid being implicated in financial mismanagement. When I probed her further whether stakeholders are not informed when goods and services are procured, SM1 said, *“They are told, but sometimes maybe due to emergency, the principal just buy without involving the other stakeholders”*. The principal can make purchases if he has been requested to do so by the governing body members in

terms of section 21 of the Schools Act and paragraph 8.6 of the Limpopo Prescripts (cf. sections 2.2.2 and 2.3.3). The responses of SM1 imply that the finance committee is dysfunctional and that its duties are executed by the principal who does not consider selecting reasonable suppliers and service providers and comparing the prices charged by the service providers. The finance committee members may refuse to approve the purchases.

#### **6.5.5.1 Findings on budget implementation at School A**

The following findings on how the stakeholders in School A implement their budget emanated from data.

- The governing body members failed to establish a procurement committee to facilitate the procurement processes.
- The principal does not involve governing body members when purchasing goods and services and this creates an opportunity for financial misappropriation, distrust and leaves the principal vulnerable to suspicions of financial misappropriation.
- The principal sidelines the governing body members when he makes purchases.
- The principal does not use the Limpopo Prescripts as a guide before he procures goods and services.
- The governing body members disregard the Preferential Procurement Policy Framework Act to assist them in appointing service providers.
- The finance committee does not acquire a maximum of three quotations in order to appoint service providers who are suitable for the work.

In the following section, I present, analyse and interpret budget control in School A.

#### **6.5.6 Budget control in School A**

It became evident that some participants do not execute their roles and responsibilities as per the laws and policies when practising budgeting. When PR1 was asked to mention the person who is responsible for presenting the financial statements in a governing body meeting, PR1 said, *“Eer, usually we have got two people in this regard; the treasurer and finance officer”*. When I probed him whether two people can present the financial

statements at the same time, PR1 indicated that the finance committee may decide whether the financial statements should be presented by the finance officer or the treasurer. The finance officer is supposed to be the secretary of the finance committee and does not present the financial statements to either the school governing body members or the parents (cf. section 1.7.2.4). It is the responsibility of the treasurer to present the financial statements to the governing body members and the parents.

When I wanted to find out from the parent governors how they are informed about the finances of their school, all four parent governors indicated that they are informed by the principal. Their responses concur with that of SM1 who maintained that the principal is responsible for presenting the financial reports to both the school governing body members and the parents. SM1 responded, *“The role of the principal is to convene an SGB meeting where he presents the budget and how much the school received and what they intend to do with the money”*.

When the principal usurps the duties of the governing body members, he creates opportunities for embezzlement of funds (cf. section 4.4.1). It was difficult to analyse the minutes because they are not well recorded, so I could not confirm whether the financial statements were presented orally and who actually presents those reports to both the school governing body members and the parents. I did not find any evidence in the minute books for staff, governing body members and parents that the financial statements were ever presented to the stakeholders. When financial statements are not presented to stakeholders, this deprives them of an opportunity to deliberate on the proposed budget. The financial statements were not available during document analysis. This may confirm that the financial statements are not presented to the relevant stakeholders or perhaps not even compiled. Failure to make financial statements available suggests that there is no budget monitoring and that relevant stakeholders are not able to compare the expenditure with the amount budgeted for (cf. section 4.3.4).

The PHoD has a legal obligation to exercise control over how schools spend State funding. This is done, *inter alia*, by requiring schools to submit their audited financial statements to the PHoD (cf. section 2.2.2). If a school does not have financial statements, it obviously also does not make the compulsory submissions of these statements to the PHoD. The fact that School A’s non-compliance went unnoticed and drew no consequences, brings the nature



and extent of the PHoD's control into question. The governing body members do not promote accountability and transparency on how they are utilising the school's funds as outlined in sections 41 and 195 of the Constitution (cf. section 6.5.1).

#### **6.5.6.1 Findings on budget control in School A**

The following findings on how the stakeholders in School A control their budget emanated from data.

- There is an absence of budget control because financial statements are not presented to parents and governing body members.
- Financial administrators do not monitor the budget since there are no financial statements to compare the expenditure with the amount budgeted for.
- The credibility of audit report is under suspicion because that was done without financial statements being available.
- The PHoD's control of the financial records is questionable.
- The governing body members do not promote accountability and transparency on how they are utilising the school's funds as outlined in sections 41 and 195 of the Constitution.

In the following section, I report on the budgetary shortfalls at School A.

#### **6.5.7 Budgetary shortfalls at School A**

The governing body members in School A do not attempt to raise additional funds but they complain about the late deposit of State funds (see section 6.5.8.5 below). Participants indicated that most parents receive social grants because they are unemployed and cannot afford school fees. PR1 said, *"We proposed it in a parent meeting, but many parents indicated that they cannot afford to contribute money as part of fundraising"*. PA1A added, *"Majority of our learner parents depend on social grants"*. Fundraising is important because it boosts the State funds particularly in no-fee schools. As was found in the literature, the economic status of the community wherein a school is situated, affect the fundraising ability of a school. As was confirmed by the literature (cf. section 4.4.5), affluent schools raise more funds than schools in poor communities. Raising funds is not practical in a poor

community where parents either work very long hours, are unable to attend parent meetings or do not have money to participate in fundraising events.

#### **6.5.7.1 Findings: Budgetary shortfalls at School A**

The following findings on budgetary shortfalls in School A emanated from the data.

- The governing body members do not attempt to raise additional funds because the majority of parents are unemployed.
- The poverty levels of parents resulted in fundraising activities not being regarded as a viable option.
- The school's financial administrators are unable to properly implement the budget due to insufficient funds.

In the following section, I address the challenges that School A's parent governors, principal and SMT experienced.

#### **6.5.8 Challenges that School A's parent governors, principal and SMT experience**

School A's parent governors, principal and SMT experience several challenges with regard to budgeting.

##### **6.5.8.1 Involvement**

Not all relevant stakeholders are included in budgeting. There is no indication in the minute book for staff that the educators are included in budgeting. The response from PR1 showed that only school governing body members are involved in budgeting processes. PR1 responded, *"The finance committee draft the budget and bring it to the SGB which is later presented to parents for ratification."* No reference was made to the educators who are not in the governing body. Although the principal indicates that the governing body members and parents are involved in budget compilation, there is no evidence in their minute books for governing body members and parent governors that these participants deliberate on the proposed budget. In fact, the finance committee just gives advice on how the governing body members must draft the budget. Presenting the budget to the governing body members is just a formality. There is no space created for governing body members and parents to raise concerns about the budget. This implies that they are not

included and not granted opportunities to fully participate in any of the budgeting phases. This is indeed a flaw as creating space and opportunities for participation where new ideas can be implemented from the bottom up, would promote cooperation, transparency, buy-in and a supportive attitude (cf. section 3.2.2). The meeting to obtain parent approval of the budget was just a formality because it (meeting) does not comply with paragraph 10.5 of the Limpopo Prescripts (cf. section 2.3.3). I could not verify whether the parents who attended the meeting formed a quorum because nothing is recorded in the minutes. It could not be determined whether there was a quorum and the register with parent attendees' signatures is not captured in the minute book.

SM1 indicated that she last saw the budget statement in May 2022 and said, *"We just know of the budget, but I do not remember an incident in which the budget was presented to staff, with the SGB and the parents, I really don't know"*. When I asked her whether she was involved in drawing up the budget, she responded by saying, *"No, I was not"*. Even the educator governors who are in the governing body are marginalised when the governing body takes financial decisions on budget compilation. The 2021 budget was drafted but there is no evidence in the minute book for staff that educators were involved in budget compilation, which implies that the 2021 budget was finalised without the educators' input.

PR1 indicated that the majority of parent governors are disregarded when financial decisions are taken during budget planning. PR1 said, *"We as SGB, are in the same boat, there are no conflict of interest of [sic] whatsoever"*. PA1A has a different opinion with regard to the involvement of stakeholders during budget planning. PA1A said, *"If the governing body members decide to vote on any financial decisions during budget planning, the parent governors will outnumber the educator governors"*. There was a silence when I asked the parent governors whether there was an instance where they were required to vote on any financial decisions during budget planning. PA1A broke the silence and said, *"No, I said if we decide to vote, we will outnumber them"* ('them' referring to educator governors). According to PA1A, educator governors are marginalised when financial decisions are taken during the governing body meetings. PA1A said, *"If there is a question or an issue that the parents want to be clarified [sic] about, it is us who are accountable"*. It is evident that the school does not practise participatory budgeting as not all relevant

stakeholders participate in budgeting processes. The principal and some members of the finance committee are afforded special status. The budget is drafted by the principal and presented to the governing body members who accepted it without making their input.

Like educator governors, learners are not involved in budget planning. PR1 and SM1 confirmed that they do not involve learners during budgeting planning. PR1 commented, *“In primary school we normally eer [sic] decide on their behalf, taking into account what they need on a daily basis”*. SM1 answered, *“We do not involve them because they are minors”*. When I wanted to find out how learners’ voices are heard during budget planning, SM1 responded, *“I will go to their classes to check whether their furniture is sufficient. If I discover any shortages, I will record and forward those shortages to the principal”*. It is evident from the responses of the parent governors and SMT that the principal draws up the budget and presents it to the governing body members who do not deliberate on it, but just adopt it. Where participation promotes buy-in, exclusion has the opposite effect and will result in stakeholders becoming apathetic about the school’s finances.

Failure to allow relevant stakeholders from deliberating in the budgeting process compromised transparency in decision-making and this could promote corruption (cf. section 3.2.2). In addition, the governing body members must deliberate on the budget as per section 38(1) of the Schools Act. Although School A is a primary school and does not have learner governors as per section 23 of the Schools Act, learners must be involved in budgeting processes (cf. section 3.3). Involvement is an important aspect of participatory budgeting because stakeholders decide how to spend a portion of the school’s budget (cf. section 3.2.2).

#### **6.5.8.2 Governors’ education levels**

If a parent has a learner in the school, such a parent qualifies to be elected as a governor in the governing body as stipulated in section 23 of the Schools Act irrespective of whether the education level of such a parent will enable him or her to effectively practise budgeting. Section 23 of the Schools Act is silent on the education levels of parent governors. The parent governors are also the majority in the governing body as stipulated in section 23(9) of the Schools Act. PR1 commented on the low education levels of parent governors. PR1 indicated that during presentation of the financial statements to the governing body, *“The*

*principal adds more value in this process [sic] because there are things that need expertise and experience, sort of, so that the presentation is done in line with the policies and rules".* PR1 added, *"Eer, [sic] you will understand that our parent governors, err [sic] not all of them, but there are some parent governors whose highest qualifications is matric or below".* The response of PR1 implies that parent governors are marginalised when a budget is planned due to their education levels. Parent governors' inability to distinguish between various documents essential to effective budgeting (see sections 6.5.1.2 and 6.5.1.6) indicates that parent governors' literacy is an issue that hampers effective budgeting.

SM1 confirmed that parent governors are marginalised when a budget is compiled. She stated that it is difficult for parent governors to understand some of the policies and departmental circulars, and this affects the development of the school. SM1 commented, *"The principal and educator governors must explain to them what is entailed in the departmental circulars and laws and policies".* There was silence when the parent governors were required to state the problems that they experience with regard to the interpretation of the relevant provisions of the Schools Act and other departmental circulars. PA1D finally broke the silence and responded, *"We do not have problem because the principal explain those documents to us so that we can understand [sic]".* When I probed whether they are unable to understand the content of these documents without the assistance of the principal, PA1A responded, *"The principal used to explain those documents so that we are on the same level".* PA1D confirmed that unless the principal interprets departmental documents, some parent governors will not participate in budgeting processes. PA1D commented: *"Every parent governor knows how far she/he has gone with education [sic]. It is true that if you do not know things, you will not participate".* PA1D is the only parent governor who has obtained a post-school qualification (certificate in computer literacy). The responses from the parent governors suggest that the budgeting processes become the burden of the principal since they indicated that they cannot understand policy regulating budgeting processes unless they are assisted by educators or the principal. Irrespective of their low education levels, the parent governors should be involved in making decisions and should contribute to the spending of the public budget to foster democracy (cf. section 3.2.2). As is evident from the literature, withdrawal and

leaving decisions to the principal are typical responses from parent governors when they feel unable to perform (cf. section 4.4.1).

### **6.5.8.3 Financial misappropriation**

PR1 maintained that there may be opportunity for mismanagement of funds if the finance committee does not adhere to the budget but insisted that the school never experienced an incident where the finance committee deviated from the budget. PR1 said, *“Eer, the loophole in the budget is when the finance committee does not know the importance of sticking to the budget to avoid over expenditure”*, thus contradicting himself because PR1 also indicated that the governing body members and not the finance committee are responsible for procuring goods and services (cf. section 6.5.1).

SM1 stated that she was unaware of any incident that provided an opportunity for financial misappropriation and corruption. SM1’s view of the role and responsibility of the governing body members in procuring goods and services concurs with that of PR1 in section 6.5.1. Later, SM1 contradicted herself when she was asked to answer the question on whether the principal can take advantage of the education levels of governing bodies to utilise the school finances for personal enrichment. SM1 answered, *“He will because the school governors do not understand the law and policy documents which are written in English”*. SM1 added, *“The principal is responsible for procuring goods and services for the school and this may provide opportunity for corruption and misappropriation of school’s finances”*. The parent governors confirmed that the finance committee gives the principal permission to procure goods and services for the school. By giving the principal this permission, the finance committee members do not play an active role in the monitoring of how the budget is implemented and this provides opportunity for financial misappropriation and corruption (cf. section 4.4.1). Financial misappropriation and corruption can be avoided if the principal only procures goods and services that have been agreed upon by all finance committee members (cf. section 3.2.2).

### **6.5.8.4 Failure to adhere to the laws and policies**

PR1 was not sure about the person who presents the financial statements of the school in a meeting of governing body members. PR1 said, *“Both the finance officer and the treasurer are responsible for presenting the financial statement in a meeting of the governing body*

*members*". There is no evidence in the minute books for the governing body members, the parent governors and the staff that the financial statements were presented to these stakeholders. In fact, the 2020 and 2021 financial statements were not available for examination and one can only but wonder whether financial statements for these years were indeed compiled.

PR1 does not know the role and responsibilities of governing bodies. Paragraph 5.1.5 of the Limpopo Prescripts clearly indicates that the finance officer and the treasurer should not be the same person (cf. section 4.3.4). PR1 does not know the role and responsibility of the treasurer. The role and responsibility of the treasurer are to present the financial statements to both the governing bodies and parents (cf. section 4.3.4).

Not all the governing body members are members of the finance committee. PA1B indicated that the parent governors compare the prices of the quotations, which imply that parent governors usurp the roles and the responsibilities of the finance committee. PA1D responded, *"After we compare prices, we prioritise our projects, but we start with the small projects"*. It is not the responsibility of the parent governors to compare the prices and to prioritise the projects. This is the responsibility of the finance committee as stipulated in paragraph 6.8.2 of the Limpopo Prescripts (cf. section 2.3.3). Projects are not allocated money as per the Limpopo Prescripts. In 2021, 40% was allocated for curriculum design instead of 50% as per paragraph 6.4.1 of the Limpopo Prescripts. No money is allocated for sports. The manner in which the governing body members in School A allocate money to various programmes is not in line with paragraph 115 of NNSF with regard to how the schools' financial administrators in schools which have been awarded section 21 status should allocate money to various programmes (cf. section 2.3.3).

#### ***6.5.8.5 Late allocation of State funding***

Participants complained that the late deposit of State funds into the school account has a negative impact on budget implementation. According to PR1, when the State deposits funds late in the school's account, this affects effective teaching and learning because the school will run short of stationery such as reams and educators are held accountable by the departmental officials for failing to give learners sufficient work. PR1 added, *"While we are still waiting for the funds, there are activities that cannot be executed due to*

*uncertainty of the funds*". Some of the programmes in School A are not carried out as per the scheduled date because the governing body members are waiting for money from the State. Procurement of goods and services and payment of service providers are delayed if the school does not have sufficient funds (cf. section 4.4.6).

SM1 stated that educators are reluctant to attend workshops because they do not know when they will be reimbursed for money spent to attend the training. SM1 maintained that if educators miss workshops, "... *they lose a lot [sic] because workshops empower them*". SM1 added, "*Learners also lose because the knowledge or the skill that is acquired at workshops benefits the learners*". Remunerating educators for attending workshops is provisioned in section 37(6) of the Schools Act (cf. section 4.3.3). When the department is late to deposit money into schools' accounts, educators may refuse to attend workshops and training, which in turn affects the implementation of the continuous professional teacher development programme.

Parent governors pointed out that the execution of some projects is delayed. PA1D said, "*We should have tiled the classroom, repair [sic] the damaged fence and renovate [sic] grade R classroom but due to the fact that we do not know when the money will come, we stop a while*". The delay in executing projects affects teaching and learning negatively because learners have to be taught in dilapidated classrooms.

#### **6.5.8.6 Bookkeeping system**

PR1 indicated that financial documents are not up to date because the school does not have a bookkeeper. PR1 answered, "*Maybe if we had big enrolment, the department would have allocated us a bookkeeper, but even the schools with big enrolment do not have bookkeepers*". Schools require qualified bookkeepers to ensure properly prepared financial statements in order to avoid wasteful and unnecessary expenditure commonly caused by poor recordkeeping and inaccurate or incorrect financial statements. Recordkeeping is an essential monitoring measure (cf. section 2.2.2), allowing schools' financial administrators to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement the budget. According to the literature review unmonitored deviations commonly create increased opportunities for financial misappropriation (cf. section 4.3.4).



PR1 indicated that it is the responsibility of the principal to ensure that books are up to date, but pointed out that the finance officer does not have the skills to deal with finances. According to paragraph 8.1.15 of the Limpopo Prescripts, educators with a financial background should be appointed as finance officers to prepare and keep the schools' records safe (LDoE 2020) (cf. section 2.2.2). It is the responsibility of the principal to keep the schools' records safe as per section 16(A)(2)(v) of the Schools Act (cf. section 2.2.2).

The lack of recordkeeping is a challenge in School A. When I probed PR1 why the 2020 budget statement and the financial statements were not available, PR1 answered, *"Eish mam, they are there. Maybe due to many commitments, I do not know where I put them"*. The problem of misplacing the schools' records could have been avoided if the school had a bookkeeper (cf. section 2.2.2). PR1 maintained that if those documents were not available, they could not submit their books for auditing and that they could not get the State funds for the 2020 academic year. It is the responsibility of the principal to ensure that the books are up to date. The books must always be kept on the school premises (cf. sections 2.2.2 and 4.3.4).

#### **6.5.8.7 Findings on challenges hampering budgeting at School A**

I found that School A experiences the following challenges that hamper budgeting:

- Stakeholders are not involved in deliberating the proposed budget. There is a clear apathetic attitude.
- The low literacy levels disadvantage parent governors from participating in the budgeting process since they depend on educators or the principal to understand the documents essential to budgeting.
- The finance committee is dysfunctional because its duties of comparing the prices of the quotations are done by the parent governors.
- The procurement committee was not established. The procurement process is facilitated by the principal, and this provides an opportunity for corruption and misappropriation of funds.
- The findings of document analysis refute the fact that financial statements are presented to the governing body members since they (financial statements) are not available.

- The school's financial administrators are not able to compare the expenditures to the budgeted amounts due to unavailability of the financial statements.
- Sections 41 and 195 of the Constitution are not adhered to. There is no transparency with regard to how the governing body members utilise the school's funds without the financial statements being presented to the relevant stakeholders.
- The governing body members and parent governors usurp the duties of the finance committee with regard to prioritising programmes. Programmes such as curriculum design are not allocated money as per the Limpopo Prescripts.
- The governing body members do not implement the budget on time because they are not sure about the date on which the State will deposit money into their school's account.
- The governing body members do not play an active role in procuring the goods and services.
- Late allocation of State funds affects budget implementation.
- Educators are reluctant to attend various workshops because they are not remunerated on time for travelling costs.
- Recordkeeping is a challenge because the principal fails to keep the school's records safe.
- Stakeholders practise budgeting without being guided by the financial statements and development plans.

In the following section I discuss how the stakeholders in School B practise budgeting.

### **6.6 Case study: School B**

I interviewed the principal (male) and SMT member (female) individually. Both the principal and SMT member are in possession of an Honours degree in Education. I also engaged five parent governors (two males and three females) in a focus group discussion. One parent governor is in possession of a Senior Primary Teacher's Diploma. One parent governor passed grade 12, two parent governors passed grade 11 and the other parent governor passed grade 9. I did not assign weight to participant responses based on their

qualifications. Instead, I accepted and recorded whatever answers the participants gave me.

In the following sections, I present, analyse and interpret the data, which emerged from School B's participants' responses to questions regarding budgeting practices. The headings in these sections emerged after I inductively analysed the data using content analysis.

#### **6.6.1 School B: Budgeting within the legal framework**

Before presenting, analysing and interpreting the data from the interviews and the focus group on participants' knowledge on the relevant laws and policies and the school's compliance with such, I present the data from the document analysis by means of the completed checklist.

**Table 10: Completed document analysis grid School B**

I expected the documents to have answers to the following questions	tick (✓) or cross (x)	
	2020	2021
1. Does the school have a budget statement?	✓	✓
2. Does the budget comply with the following legal prescripts:		
2.1. Section 38(2) of the Schools Act? (30 days' notice, approved during parent meeting by majority)	X	X
2.2. Section 41 of the Constitution? (cooperative governance and inter-governmental relations)	X	X
2.3. Section 195 of the Constitution? (Basic values and principles for public administration)	X	X
2.4. Paragraph 1.7.8 of White Paper 2?	✓	✓
2.5. Paragraph 1.7.9 of White Paper 2?	X	X
2.6. Paragraph 2.9.2 of White Paper 2?	✓	✓
2.7. Paragraph 8.6 of the Limpopo Prescripts?	X	X
2.8. Paragraph 10.5 of the Limpopo Prescripts?	X	X
3. Was the budget statement duly endorsed?	✓	✓
4. Does the finance policy give guidelines on how the school's funds will be allocated?	✓	✓
5. Are the goods and services procured within the constraint of the budget?	X	X
6. Does the budget adhere to the vision and mission of the school?	X	X
7. Are the financial statements audited?	✓	✓
8. Is the audited financial report submitted to the Circuit office?	✓	✓
9. Is there evidence in the staff meetings that the opinions of educators with regard to the budget are considered?	X	X
10. Is the budget adopted by all governing body members during the governing body meeting?	✓	X
11. Is the budget in line with the school development plans?	✓	✓

In the following section, I present and analyse all data dealing with school B's compliance with legal prescripts.

Parents are not given 30 days' notice before they attend the meeting to ratify a budget as stipulated in section 38(2) of the Schools Act. The governing body does not check whether the parents are in the majority before the commencement of the meeting as per section

38(2) of the Schools Act. As per paragraphs 10.5.2 to 10.5.5 of the Limpopo Prescripts, the proceedings of the parent meeting to ratify a budget are supposed to be recorded in the minute book for governing body members and the parents should be requested to sign an attendance register, but this is not the case in School B. Budget statements are not linked to the vision and mission of the school to allow the school to fulfil its mission and vision of improving the education of learners as required by paragraph 1.7.9 of White Paper 2 (cf. section 6.6.1). The vision and mission statements comply with sections 41 and 195 of the Constitution as far as cooperation and transparency are concerned because it was signed by the previous governing body members. The endorsement of the vision and mission statements confirms that the previous governing body members have seen the statements. However, the principal failed to instruct the current governing body members to revise and update those statements. The requirements that the procurement system must be grounded in the principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness which are laid down in section 217(2) of the Preferential Procurement Policy Framework Act and paragraph 8.6 of Limpopo Prescripts are not implemented when the finance committee members appoint service providers.

The names of the laws and policies such as the Schools Act, the Limpopo Prescripts and the Public Finance Management Act and White Paper 2 are listed in the finance policy of School B, but PR2 was unable to differentiate between policies and legislation. When I requested PR2 to mention the relevant policy in the Limpopo Province that assists the governing bodies when practising budgeting in public schools, PR2 mentioned the Schools Act, Limpopo Prescripts and Public Finance Management Act. PR2 mentioned that he must make sure that the policies are adhered to during budget planning, but when I asked him to mention the policies that he is referring to, he said, "Schools Act, Limpopo Prescripts and Public Finance Management Act". Failure to differentiate between laws and policies suggests that the principal does not know that there are provisions (laws) that are enforceable and that there are provisions (policies) that help managers, including him, to implement the enforceable policies. Regarding law and policy as one and the same can make managers vulnerable when charged with financial mismanagement because the court will focus on the law and if there are discrepancies between the law and the policy, the manager cannot claim to have followed the policy as that is not enforceable law.

Familiarity with the content of the laws and policies is important because the laws and policies guide public governing body members during the budgeting processes at their schools (cf. chapter 2).

SM2 maintained that the budget must be approved before it is implemented. The 2020 and 2021 budget statements show the estimated funds from the State and fundraising activities. In 2020 and 2021, School B received State funding as required by paragraph 2.9.2 of White Paper (cf. section 6.6.1). Whether the governing body members effectively utilise the State funds to improve the education of learners as stipulated by paragraph 1.7.9 of White Paper 2 is doubtful because the budget is not linked to the vision and mission of the school to allow the school to fulfil its mission and vision. According to the minute book for parents, the parents ratified the budget on the 25 July 2020. But there is no indication that the parents were notified 30 days before the parent meeting and whether the parents were in the majority as required in section 38(2) of the Schools Act (cf. section 6.6.1). The minute book does not show the meeting's proceedings or the number of votes casted on each motion. There is also no attendance register where each parent signed as required by paragraph 10.5.5 of the Limpopo Prescripts (cf. section 6.6.1). On 28 May 2020, the governing body members adopted the 2020 budget, three days after the budget was signed by the principal, treasurer and the chairperson of the governing body.

SM2 does not know the laws and policies that require the approval of the budget before it is implemented. SM2 said, *“Eish mam, I am not familiar with the legislative framework”*. If the laws and policies that are listed in the finance policy document are available at school, SM2 should have seen them because she is a member of the SMT. Parent governors were unable to differentiate between the school policies and the laws and policies at provincial and national level. PA2E indicated that the Schools Act is the school policy that guides the governing body members to avoid engaging in fraud when utilising the school's finances. This suggests that they did not revise and update the existing school's finance policy.

School B's budget for 2022 is in line with the school development plan, but the plan is dated and not ratified by the current governing body. This brings many questions to the fore such as why there was a need to again budget for projects previously budgeted for. For example, the programmes such as the erection of a shelter and pavement material were endorsed in minute books for parents and governing body members. In a meeting held on 11

December 2020, the parents agreed to buy pavement material. On 21 November 2021 the governing body members agreed to extend a shelter to protect learners from harsh weather conditions. It is not clear whether the decisions to buy the pavement material and to extend the shelter were presented to parents and governing body members because the minutes are poorly recorded. Whether there were any deliberations between the parents and the governing body members on these programmes are doubtful. These programmes were also allocated money in the 2020 and 2021 budgets, which are duly signed by the principal, treasurer and the chairperson of the previous governing body as confirmed by the document analysis findings (cf. section 6.6.1). There is no evidence in the governing body members' minute book to confirm that the current governing body members will implement the projects that are listed in the school development plan.

#### ***6.6.1.1 Findings School B: Budgeting within legal framework***

The following findings on School B's compliance with the legal prescripts can be formulated:

- The governing body members do not practise budgeting in line with the legal prescripts as required in section 38(2) of the Schools Act and paragraphs 8.6 and 10.5 of the Limpopo Prescripts.
- The budget is not linked to the vision and mission of the school to allow the school to fulfil its mission and vision of improving the education of learners as required by paragraph 1.7.9 of White Paper 2.
- The vision and mission statements and school development plan were not revised.
- The budget is in line with the school development plan, but the plan is dated and not ratified by the current governing body.
- Current projects are not budgeted for.

In the following section, I present, analyse and interpret data from the analysis of the finance policy in School B.

### **6.6.2 Finance policy**

As was evident from the literature review, a school's finance policy is essential to its budgeting process and must be considered during the planning phase (cf. section 4.3.1). It is thus essential for schools to have a finance policy and for those involved in budgeting to have a good knowledge of such policy (cf. section 4.3.1). According to the response of PR2, the finance policy contains provisions on how the governing body members must utilise the school's finances as confirmed by the document analysis (cf. section 6.6.1). The finance policy of School B was adopted on 27 September 2018 and contains an outline of the legislative framework within which the governing body should manage the school's finances. It further contains the roles and responsibilities of the governing body, the finance officer and the treasurer as outlined in the Limpopo Prescripts. However, the finance policy was adopted a year before the outbreak of the Covid-19 pandemic and therefore does not indicate how the governing body members will utilise the school's finances to deal with pandemics.

Educators are remunerated for attending workshops (cf. section 4.3.4) but the policy does not indicate the tariffs for kilometres travelled. Failure to indicate the tariffs in the finance policy provides an opportunity for mishandling of the school's finances because anyone can inflate tariffs for kilometres travelled. This suggests that anyone can inflate money for travelling costs. The importance of schools' finance policies as a measure to counter corruption and misappropriation of schools' funds is evident (cf. section 4.3.4).

The following budgeting procedures were found in the finance policy, but they are not implemented:

- The annual budget shall be drawn up by the governing body members or person(s) duly appointed by the governing body to perform this task, in consultation with all the stakeholders and be presented to a general meeting of parents for approval.
- The proceeding of the meeting and the number of votes obtained on each motion will be recorded in the minutes.
- The approved budget shall be submitted to the circuit office.



It is doubtful whether the stakeholders implement these provisions without having seen the finance policy. SMT members and governing body members are the stakeholders who must understand the content of the finance policy because they form part of the school's financial administrators. The current finance committee members were not engaged in the development of the finance policy, which was approved three years before they assumed their duties in May 2021. No attempts were made to amend the previous finance policy because none of the current governing body members have appended their signatures on the finance policy that was adopted on 27 September 2018. The finance committee is held accountable for anomalies in how the governing body members utilise the school's funds irrespective of who have developed the school's finance policy (cf. section 6.6.1) because they are guided by the finance policy when they make payments.

PA2 indicated that the governing body members are guided by the finance policy when they monitor the budget. The response from SM2 shows that she has never seen the finance policy. There was a silence before she answered the question on whether the school has put measures in place to monitor that expenditure is in line with the budget. Later, she responded, *"Mam, I do not know this policy"*. She added, *"I do not know whether the finance committee has the [sic] finance policy document"*.

Of the five parent governors only PA2A indicated that she has seen the finance policy. When I probed PA2A on school policy that guides the governing body members to monitor the budget, PA2A stated, *"There are various school policies but I cannot remember them"*. PA2B maintained that they are guided by the school policy in utilising the school finance effectively, but he was not specific on the policy. PA2B added, *"They are there, like I have indicated, we were never trained"*. Participation is governed by direct and representative rules decided on by all relevant stakeholders during the budgeting process (cf. section 3.2.2). The responses of the parent governors confirm that the parent governors did not revise and update the finance policy which they found when they assumed power.

The finance policy guides the finance committee members with regard to making payments. PA2E pointed out that due to emergencies, the finance committee and the governing body may meet more than once a month to make payments, but he failed to indicate which school policy guides the governing body members and the finance committee in this regard. PA2E further responded, *"The finance policy is available, but it*

*will depend on what we have written in that policy*". The parent governors are not knowledgeable about the finance policy, which was allegedly developed by the previous finance committee. Budget monitoring is negatively affected if the governing body members are not familiar with the contents of the finance policy. This suggests that the school's finances are not utilised in an economic and efficient manner (cf. section 4.3.4).

When I asked the parent governors who develop the finance policy of their school, PA2A and PA2C said that the finance policy was developed by the circuit manager while PA2E stated that the finance policy was developed by the principal. PA2B responded by saying, *"Eish, I do not have an answer"*. If the parent governors have not seen the finance policy, they are not able to monitor the budget because as became evident from the literature review a school's finance policy is an essential document to consider during the budget planning phase (cf. section 4.3.1) and the policy is also the document that guides all other budgeting phases (cf. section 4.3.3). It is evident from the responses of the parent governors and SM2 that the schools' financial administrators do not use the finance policy to monitor the budget in order to avoid engaging in fraud.

#### **6.6.2.1 Findings School B: Finance policy**

The following findings on how the stakeholders in School B implement the provisions of the finance policy emanated from the data.

- The school's finance policy is dated.
- The governing body members are unaware of their responsibilities with regard to the adoption or revision of the school's finance policy.
- The finance policy gives guidelines on how the school's funds (State funding and funds raised by the school) will be allocated and the prescribed procurement processes.
- The finance policy does not indicate tariffs for kilometres travelled which suggest that anyone can inflate money for travelling costs.
- The principal does not make the finance policy accessible to relevant stakeholders.
- The current governing body members did not amend the previous finance policy.

- The budget is drawn by people who have no knowledge of the policy document that must guide them through the process.
- The principal failed in his responsibility to inform the governing body about law and policy in terms of section 16A(2)(f)) of the Schools Act as he did not inform the new governing body of the school's finance policy.
- When the governing body members allocate money for programmes and services which were budgeted for, they are not guided by the finance policy.
- The finance policy was signed by the chair and the deputy chair of the governing body, the treasurer and one additional member of the previous governing body on 27 September 2018.

In the following section, I present, analyse and interpret data on the roles and responsibilities of financial administrators in School B.

### **6.6.3 Financial administrators' roles and responsibilities**

Financial administrators' roles and responsibilities with regard to budgeting are marginalised in School B. Some parent governors indicated that the finance policy was developed by the circuit manager while others stated that the finance policy was developed by the principal. The finance committee is supposed to revise and update the existing finance policy, but this is not the case in School B.

The governing body members were not responsible for developing the vision and mission statements. When I wanted to find out from the parent governors on how they have drawn their school's budget without considering the vision and mission of the school, PA2E circumvented the question and responded, *"Mam, the statements are there at the gate, you can see it yourself [sic]"*. When the governing body members draw their school's budget, it is important that they consider the vision and mission of the school so that the goals and objectives of the school are realised (cf. section 4.3.2). The vision and mission statements of School B were adopted on 27 September 2018 which suggests that the current governing body members who assumed their duties in May 2021 did not attempt to amend those statements. The governing body members must be active participants in governance and decision making as required by participatory budgeting (cf. section 3.2.2). Since the budget does not adhere to the vision and mission of the school, the governing

body members compile the budget without considering the vision and mission of the school and the budget is thus not pertinently aimed at furthering the vision and mission of the school.

When I enquired whether the school has a procurement committee, the parent governors indicated that since they were elected as parent governors, they were not informed about the procurement committee. PA2E answered by saying, *"Maybe it is formed by the educators"*. PA2C added, *"Maybe it is there but as SGB we were not informed about that"*. SM2 maintained that the school does not have a procurement committee.

According to SM2, the processes of purchasing are not done in line with the national and provincial laws and policies because at their school they do not have a procurement committee. SM2 responded, *"Before the purchases can be done, the procurement committee must seek three quotations but, in our case, the procurement committee is not there [sic]"*. According to the responses of the parent governors, the governing body members are responsible for seeking quotations before any goods and services can be purchased. PA2B said, *"SGB will sit down and appoint people who must get quotations"*. PA2E added, *"The SGB must acquire quotations according to the needs of educators"*. Parent governors gave contradicting responses to the question on who is responsible to make purchases for the school. PA2E maintained that when they want to purchase goods and services, they appoint one person from the school to make purchases. PA2A, PA2B and PA2D stated that the principal is responsible to make purchases. Their responses suggest that the governing body members in School B are not familiar with paragraph 8.6.1 of Limpopo Prescript with regard to purchasing of the goods and services. According to paragraph 8.6 of the Limpopo Prescripts, the procurement committee must seek minimum of three quotations and forward them to the finance committee for consideration before any goods and services are procured (cf. section 2.3.3). From a minimum of three quotations, the finance committee must recommend one quotation as required by paragraph 8.6.1 of the Limpopo Prescript (cf. section 2.3.3). In School B, there is no procurement committee. Members of the governing body as a whole do the procurement, including acquiring quotations. It is also evident from the responses of the SM2 and the parent governors that the governing body members usurp the roles and responsibilities of

the finance committee regarding selecting service providers, thus violating section 2.1.7(2) of the Preferential Procurement Policy Framework Act (cf. section 2.2.4).

The governing body members do not execute their roles and responsibility with regard to development of the school development plan. When I requested SM2 to mention the projects that are listed in the school development plan, she said, *“Mam, I do not know what you are talking about. I have not seen that document (school development plan), so I cannot tell what are entailed in it”*. PA2A answered in this way, *“We do not understand some of the things [sic]”*. PA2B added, *“I do not remember the principal talking about that (school development plan) since we were elected in the governing body [sic]”*. It is evident that the roles and responsibilities of the governing body members with regard to developing the school development plan in School B are executed by the principal because such plan was not ratified by members of the governing body. By unilaterally developing the school development plan without engaging the governing body members, the principal contravened paragraphs 10.5.1 and 10.5.2 of the Limpopo Prescripts by not allowing the governing body members to revise and update the existing development plan or to draft a new plan which is in line with their term of office and have it ratified by the parents in a formal meeting (cf. sections 2.3.3 and 6.6.1). In this way, the principal failed to work cooperatively with the governing body members to ensure responsive, inclusive, participatory and representative decision-making at all levels as required by participatory budgeting (cf. section 3.2.2).

#### **6.6.3.1 Findings School B: Stakeholders’ roles and responsibilities in relation to budgeting**

The following findings emanated from data on the stakeholders’ roles and responsibilities in relation to budgeting in School B:

- Failure to have the school development plan signed by the governing body members or to revise and update the existing development plan or to draft a new plan which is in line with their term of office suggest that the financial administrators in School B do not execute their roles and responsibilities when they practise budgeting in their school, one of which is to develop a school development plan.
- The current finance committee did not revise and update the finance policy.

- The governing body members did not revise and update the existing vision and mission statements of the school.
- Because there is no procurement committee, the governing body as a whole do the procurement including acquiring quotations.
- The school does not have a finance committee. The functions of the finance committee are performed by the principal and that creates opportunities for financial mismanagement.
- The governing body members do not acquire the required maximum quotations before the treasurer contacts suppliers and service providers to check their availability for the service.
- The principal violated paragraph 10.5.2 of the Limpopo Prescripts because he did not give the governing body members a platform to revise and update the existing development plan or to draft a new plan which is in line with their term of office and have it ratified by the parents in a formal meeting. In this way, the principal does not promote transparency as required in sections 41 and 195 of the Constitution.
- The governing body members do not properly allocate money for the programmes because they are not familiar with the contents of the school development plan.

In the following section, I present, analyse and interpret data from the analysis of the vision and mission statements in School B.

#### **6.6.4 Vision and mission statements**

Participatory budgeting allows relevant stakeholders to participate in the budgeting process (cf. section 3.2.2). In School B, the governing body members did not revise and update the existing vision and mission statements which implies that there is no transparency when the budget is compiled. The responses of parent governors and SM2 suggest that relevant stakeholders in School B do not have a shared vision of what the school wants to achieve because their budget is not linked to the school's vision and mission (cf. section 4.3.1). All five parent governors indicated that the vision and mission statements were developed but they do not know the content of such statements which

implies that the budget in School B does not enable the school to attain its aims and objectives of improving the education of learners as required by paragraph 1.7.9 of White Paper 2 (cf. section 6.6.1). It also suggests that the vision and mission statements were developed to meet the requirement of the LDoE. The principal has hard copies of the vision and mission statements in his office. The vision and mission statements are also printed on a board which is displayed on the school's fence next to the entrance of the school. The aim of hanging the board against the fence is to ensure that people become familiar with the content of the vision and mission of School B but is not the case. When I asked the parent governors whether they had copies of the vision and mission statements when they drafted the budget, PA2E responded, *"Mam, the board which outlines the school's vision and mission is there at the gate, you can see it yourself [sic]"*. SM2 responded, *"I do not remember an incident where the principal gives us copies of the vision and mission statements, but I think they are there [sic]"*. This response suggests that the vision and mission statements are not pertinently considered when the budget is drawn up and that the focus of the budget is not directed towards attaining the vision and mission of the school. The budget allows the school to attain its vision and mission (cf. section 4.3.1).

#### **6.6.4.1 Findings on School B's linking of its budget to its vision and mission**

The following findings on how School B's vision and mission statements are used when its budget is drawn emanated from the data.

- The budget is not linked to the vision and mission of the school to allow the school to fulfil its mission and vision of improving the education of learners as required by paragraph 1.7.9 of White Paper 2.
- The parent governors do not know the content of the vision and mission statements which implies that such statements do not guide them to draft the school' budget.
- There is no financial planning to ensure financial resources will be available to enable the school to attain its aims and objectives.
- There is lack of transparency because the governing body members did not revise and update the vision and mission statements of the school and thus violated sections 41 and 195 of the Constitution.

In the following section, I present, analyse and interpret School B's development plan.

#### **6.6.5 School development plan**

Both SM2 and the parent governors maintained that they have not seen the school development plan which lists the projects that ensure that what is written in the vision and mission statements is accomplished. When I asked SM2 to mention few projects that are listed in the school development plan, she laughed and answered, *"Mam, I do not know what you are talking about. I have not seen that document (school development plan), so I cannot tell what are entailed in it [sic]"*. There was a silence when the same question that was posed to SM2 on the school development plan was posed to the parent governors. Finally, PA2A broke the silence and said, *"We do not understand some of the things [sic]"*. PA2B added, *"I do not remember the principal talking about that (school development plan) since we were elected in the governing body [sic]"*.

The school development plan lists the projects that must be carried out between 2018 and 2021 but the plan does not have any signature or the school stamp to confirm that what are included in the plan were agreed to by all stakeholders. It is evident that the governing body failed to either adopt a new development plan or revise the existing one when they assumed their duties in May 2021. As was established, development plans are linked to the current school governing body's term of office (cf. sections 2.2 and 2.3.3).

The current governing body members are still using the school development plan that was allegedly developed by the principal because the plan was not ratified by the governing body members. There is no evidence in the minute book for the governing body members where they agreed to continue using the existing development plan. The plan lists the projects that must be budgeted for. In terms of paragraph 10.5.2 of the Limpopo Prescripts, a three-year school development plan must be drafted in line with the term of office of the governing bodies and be ratified by the parents in a formal meeting (cf. section 2.3.3) and it is the principal's responsibility, as part of their mandate to provide governing bodies with information and advice (cf. section 2.2.2), to see to it that it is done. The principal failed to advise the governing body in this regard. There is also no evidence in the minute book for parents where the decision allowing the current governing body members to continue with the previous school development plan was recorded.



#### **6.6.5.1 Findings School B's linking of its budget to its school development plan**

The following findings on how the stakeholders in School B link the school budget to the school development plan emanated from the data.

- Contrary to the school's finance policy, the budget is not linked to the school development plan.
- The governing body members did not revise and update the existing school development plan or develop a new one as required by paragraph 10.5.1 of the Limpopo Prescripts.
- The governing body members fail to properly implement the budget because they are not guided by the school development plan and thus have to take money budgeted for something else to pay for ad hoc reparations.

In the following section, I present, analyse and interpret data on budget implementation in School B.

#### **6.6.6 Budget implementation at School B**

PR2 indicated that sometimes due to unforeseen circumstances, it is difficult to stick to the budget but was adamant that the school did not overspend. The budget may not be implemented in the exact way in which it was approved because it is an estimate. To guard against over expenditure of the school's finances and negative deviations, the governing body members must stick to the budget (cf. section 4.3.3). According to PR2 items such as water pipes and tanks are not budgeted for and if some of them are damaged, they repair them. When I asked PR2 whether the school will not overspend, PR2 said, *"We will revisit the budget and look for more or less important things"*. PR2 added, *"The money for less important things such as leaked [sic] pipes will not be carried out and their money will be channelled to more pressing things"*. Leaking pipes are important to attend to as that could result in unnecessary expenses such as a high water bill. When I enquired about what they do to ensure that the actual income and expenditure do not deviate from the projected income and expenditure, PA2A responded that they will reduce the money allocated to other projects. PA2B said, *"Some of the projects must be set aside"*. PA2E added, *"We will take the ones that are more important and abandon those projects of lesser importance"*. Budget planning does not take place in School B because the governing body members do

not budget for contingencies such as when a water pipe burst, or a fire break out. There is no consideration of how much money is available and what shortfall should be covered by fundraising.

#### **6.6.6.1 Findings on budget implementation at School B**

The following findings emanated from data on budget implementation in School B.

- The finance policy contains guidelines on how the school's funds will be allocated.
- Some items such as water pipes and tanks in School B are not allocated money in the budget.
- The governing body members are not able to detect negative deviations because they fail to monitor their budget regularly.
- There is an opportunity for financial mismanagement and over expenditure of the school's funds because the principal is allowed to use his discretion to pay for contingencies not budgeted for and does not report on this to anyone.
- Programmes are not allocated money in the budget and this hampers effective budget implementation from the start.

In the following section, I present, analyse and interpret data on fundraising in School B.

#### **6.6.7 Fundraising at School B**

The 2021 audit report shows that additional money was generated through casual fundraising. When the parent governors were asked about the motive to raise funds, PA2E responded by saying, *"Initially, the parents agreed that the school must raise additional funds to pay a toilet cleaner"*. PA2A added, *"The principal told the parents that the State funds cannot be used to pay a toilet cleaner"*. PA2C said, *"There was no volunteer from the community to clean the toilets and the parents did not want their learners to execute this task"*. The parent governors indicated that to supplement the school funds, learners can opt on Fridays to pay R1.00 to wear their casual attire. This is not made compulsory because some learners cannot afford R1.00 due to financial constraints. The problem of fundraising in communities which are poor results in the marginalisation of low-income parents because those parents are unable to afford the contribution (cf. section 4.4.5).

Although the practice of a R1.00 contribution to wear casual clothes on Friday seems like a good way to raise additional funds, it is a practice that can stigmatise poor learners. The governing body members on the other hand lack skills in raising funds because they failed to secure donors and sponsor (cf. section 4.4.5).

If during budgeting the governing body members determine that the school will not have sufficient funds to cover their expenses, they may raise additional funds in terms of section 36(1) of the Schools Act (cf. section 2.2.2). Any fundraising measures that the governing bodies take to supplement the school funds must promote the interests of the school. The governing body members must use the fundraised money to pay shortfalls in the budget.

The minute books for the governing body members and parents do not indicate the amount of money to be paid by learners on “casual days”. The parent governors indicated that this money was used to pay toilet cleaners before the LDoE allocated public schools the general assistants and that this money is now used to boost the State funds. The finance policy does not indicate what this money is now used for, which suggests that the governing body members do not have a strategic plan which defines fundraising objectives. The budget in School B does not contain any detail about what this money will be used for, and the money is not linked to any programme in the budget. The minute book for the governing body members does not show evidence of programmes which were financed with the raised money. It is important to supplement the school’s funds, but the raised money must be budgeted for. The governing body members must know what the raised money will be used for, but this is not the case in School B (cf. section 4.4.5).

#### ***6.6.7.1 Findings School B: Budgetary shortfalls***

The following findings on budgetary shortfalls in School B can be formulated.

- The governing body members lack skills in raising funds because they failed to secure donors and sponsors.
- The governing body members established a casual day programme that requires each learner to contribute R1.00 on Fridays but the R1.00 contribution was made optional because some parents are not able to afford it.
- The fundraising is not purposeful because it is not linked to any item budgeted for.

In the following section, I discuss the challenges that School B's parents, principals and SMT members experience.

### **6.6.8 Challenges that School B's parent governors, principal and SMT experienced**

School B's parent governors, principal and SMT experience several challenges with regard to drafting the budget.

#### **6.6.8.1 Involvement**

Stakeholders do not deliberate on the proposed budget. PR2 indicated, *"We involve all the stakeholders so that we do not experience conflict because if we do not involve stakeholders, the budget will not be implemented"*. Later, PR2 contradicted himself and suggested that presenting the draft budget to stakeholders is just a formality. PR2 said, *"...for parents, it is just for presentation that we are going to do one, two and three"*. SM2 contradicted the initial statement of PR2 that all stakeholders deliberate on the budget. Her response suggests that educators are marginalised when the budget is drawn. SM2 complained that because the principal is the only person who knows about the financial status of the school, when educators come up with their inputs, the principal will say, *"This one will not be catered for; we can rather shelve it for next year and next year [sic] that item is not bought"*. SM2 indicated that many of the items that the educators suggested were not bought, and this demoralises the educators.

If relevant stakeholders are co-planners and co-designers of the budget, they will understand how the budget is drafted and what items can and cannot be financed which result in them feeling responsible and empowered because participatory budgeting empowers stakeholders to be more accountable for their actions (cf. section 3.2.3). SM2 indicated that if the budget fails to achieve the intended goals, all the relevant stakeholders will be accountable for its failure as if they were involved. SM2 said, *"If you are transparent enough even if things did not go smoothly, no one will point figure at one person, but if you do things on your own, you will be the only person who is accountable [sic]"*. SM2 further stated that if the educators know the financial status of the school when the budget is compiled, they will do it within the constraint of the available funds. When I probed SM2 on whether the financial status of the school was ever presented to educators, she

responded, *“No, no, I cannot tell you how much money our school have”*. SM2 also indicated the last time she saw the budget was three to five years back.

I tried in vain to access the staff’s minute book in order to get clarity on whether the budget is presented to educators for deliberation or not. PR2 indicated that the minute book for the staff was kept by the educator who takes minutes during staff meetings. Failure to keep the school’s records safe means that the principal fails to fulfil a legal duty. As per section 16A(2)(v) of the Schools Act and Circular M3 of 2017, the principal and the bookkeeper must respectively keep all school records safe (cf. section 2.2.2).

According to SM2, learners are not involved in budgeting processes, but they are indirectly involved in budget compilation because the State funds are used to buy resources that benefit them. SM2 said, *“Even though we do not involve them, we make sure (that) we cover them. This is their money; it does not belong to the principal, the governing body members or parents”*. PR2 stated that at primary schools, learners are not involved during budget planning. PR2 responded, *“We budget farewell for grade seven learners”*. PR2 added, *“We award certificate for those learners who have academically performed well”*. By awarding certificates to these learners, the governing body members have implemented paragraph 6.2.15 of the Limpopo Prescripts which permits learners to receive excellence awards as a token of appreciation, but those awards must be budgeted for. However, irrespective of being minors, a space needs to be created for learners to give their inputs during budget planning (cf. section 3.3).

PA2E’s response shows that the parent governors do not deliberate on the proposed budget. PA2E said, *“We cannot change the budget that has already been drafted”*. PA2E added, *“We cannot change the amount of money allocated to various projects”*. PA2B responded in this way, *“Eer it is difficult because since we were elected, we were never involved in budget planning. The principal just presented the budget to us, and we were never given a chance to deliberate on it”*. The 2021 budget was adopted in December 2020, five months before the parent governors were elected in the governing body. In the minute book for the governing body members, I found that the budget for 2021 was presented to the governing body members on 10 December 2020, but there is no evidence that the governing body members deliberated on the proposed budget. This suggests that even the previous governing body members were not involved in budget compilation. Involving

relevant stakeholders in budget planning ensures responsive, inclusive, participatory and representative decision making at all levels (cf. section 3.2.2).

#### **6.6.8.2 Governors' education levels**

Low education levels of parent governors have a negative impact on budgeting (cf. section 4.4.1). SM2 stated that some parent governors do not make independent financial decisions but are influenced by the principal, resulting in them accepting the principal's interpretation of departmental circulars without question. SM2 said, *"Parent governors are scared to talk to someone who is educated and at the end of the day they will accept whatever information that is presented to them without commenting or asking questions"*. Parent governors accept that their education levels may be insufficient with regard to what is required during budgeting processes. PA2A and PA2B pointed out that they are assisted by the principal in interpreting the departmental circulars. When I asked the parent governors whether they are able to utilise the school's finances in an economic way as per the laws and policies, PA2E commented, *"We are guided by the principal because he knows the shortages [sic] of the school"*. Parent governors play a major role in determining effective budgeting because they are in majority in the governing bodies. The parent governors must understand the content of the laws and policies so that they are in a good position to assume responsibility for drafting and managing a budget (cf. section 4.4.1). If the parent governors do not understand the laws and policies, they are at risk of making mistakes or to be marginalised during planning and drawing up of a budget (cf. section 4.4.8).

#### **6.6.8.3 Financial misappropriation**

Participants identified various problems especially with regard to the implementation, monitoring and control of the budget that create opportunities for misappropriation of funds at School B.

SM2 doubts whether the school's finances are used effectively. SM2 indicated that there is no fixed price for remunerating travelling costs. SM2 said, *"Stakeholders claim whatever money of their choice and because there is no transparency in how the school finances are utilised, one claim may be paid three times"*. The finance policy does not indicate the money to be claimed for certain kilometres, which suggests that the school's funds can

easily be used for personal enrichment. As it is evident from the literature review, using school funds for personal enrichment *inter alia* by inflating transport tariffs is common because there is a lack of monitoring the budget implementation (cf. section 4.4.10).

SM2 further stated that the fact that the principal is the only person in charge of the school's finances creates opportunities for misappropriation and corruption. In 2020 and 2021 School B received a clean financial audit report but SM2 questioned whether the clean audit report was a true reflection of the school's financial status since the principal is the only person at school who knows the auditors of the school. She suggested that because only the principal deals with the auditors, misappropriation of the school's finances could easily be covered up. SM2 added, "*What if there is mismanagement of funds here and there [sic]? These auditors can hide loopholes because they know each other*". SM2 pointed out that the school's financial records for auditing must be submitted by the chairperson of the governing bodies and not the principal to minimise corruption and mismanagement of the school's finances. Also, the parent governors pointed out that they are not involved in appointing auditors. However, when I asked PR2 about the steps that the governing body members can take if they are not satisfied with the audit report, PR2 stated that there was never an incident where the parent governors were not satisfied with the audit financial report because, "*... the governing body members are the ones who appoint the auditors*". Since a SMT member and the parent governors indicated that the principal appointed the auditors and is the only person who knows the auditors, it can be taken to be the truth.

The governing body members of a public school must, in terms paragraph 3 of Circular M1 of 2017, appoint an auditor from a list of auditors approved by PDoE (cf. section 2.2.2). It was clear that SM2 is knowledgeable on these procedures as she mentioned that the governing body members of a public school must appoint an auditor from a list of auditors approved by PDoE. This Circular thus prevents the appointment of a friend to audit the financial documents of public schools. It is a function of the governing body to appoint the auditor not that of the principal.

SM2 referred to a third problem that creates opportunities for financial misappropriation, namely poor monitoring practices. According to the response of SM2, school properties are bought without involving other stakeholders and no invoices are made available. SM2

said, *“If I can buy a school’s cell phone being alone [sic] and fail to make invoices available, that phone will end up being mine and benefitting me alone and not all the teachers”*. Corruption and financial mismanagement can be avoided by improving transparency when decisions are made (cf. section 3.2.2). When I probed further to find out whether there was an incident where school’s resources are used for personal enrichment SM2 responded, *“Eish mam, the financial status in this school is a secret”*.

#### **6.6.8.4 Failure to adhere to laws and policies**

Adherence to the law and policies such as the Limpopo Prescripts, the Schools Act and Preferential Procurement Policy Framework Act assists the governing body members to follow all the necessary phases during the budgeting process. For example, the Limpopo Prescripts guide the governing bodies on the amount of money to be allocated for various projects during budget planning (cf. section 2.3.3) while the Preferential Procurement Policy Framework Act guides the governing bodies on acquiring the suitable service providers during budget implementation (cf. section 2.2.4). Failure to adhere to the laws and policies may result in over expenditure, financial mismanagement and corruption. PR2 indicated that he ensures that all the laws and policies are followed during budgeting processes. The parent governors understand that they must not exceed R30, 000 when they procure goods and services. PA2E ascertained that sometimes due to unforeseen circumstances, the laws and policies are violated but declined to state how the laws and policies are violated.

When I asked the parent governors on how many times in a month must the finance committee pay the service providers, PA2B responded, *“As long as the service has been rendered, the finance committee pays”*. PA2E added, *“We pay once, but if the service has been rendered, we pay”*. The parent governors indicated that one of the activities of the finance committee is to make payments, but they did not know about the rule that payment must be done once a month as per paragraph 4.6 of the Limpopo Prescripts (cf. section 2.3.3). The responses of the parent governors suggest that completion of the service determines payment of service providers, which indicate that the finance committee may pay the service providers more than once in a month and thus violate paragraph 4.6 of the Limpopo Prescripts.



The parent governors are not sure on the number of quotations that must be acquired before any goods or service can be procured. PA2A responded, *“It will depend on the number of quotations that we have found. They may be two, three or ten”*. The response of PA2A implies that the governing body members are responsible for seeking quotations from the service providers because the procurement committee was not established. Paragraph 8.6.1 of the Limpopo Prescripts indicates that a minimum of three quotations must be acquired, and the finance committee must recommend one quotation before any goods and services can be procured (cf. section 2.3.3). When I probed them about the policy in the Limpopo Province that guide them on making payments, PA2B said, *“I am not sure of the policy because we were not trained”*.

#### **6.6.8.5 Bookkeeping system**

PR2 complained about the many meetings that principals are expected to attend, which delays him in checking whether the books are up to date. When I asked PR2 whether the school has a bookkeeper, this is how he responded, *“No. The department does not allocate bookkeepers to schools, and I do not have power to hire a bookkeeper because SASA does not have a provision to pay such bookkeeper with the school’s funds”*. It is evident from the response of PR2 that the finance officer of the school is not qualified to do the work of a qualified bookkeeper (cf. section 2.2.2). Schools must have qualified bookkeepers to properly prepare their schools’ financial statements as per Circular M1 of 2017 to avoid wasteful and unnecessary expenditure. Recordkeeping is an essential monitoring measure (cf. section 2.2.2), because when schools’ records are up to date, schools’ financial administrators will be able to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement and monitor the budget.

Another problem at School B is the safekeeping of the school’s records. When I asked PR2 whether he ensures that the staff’s minute book is kept safely at the school, he answered, *“Sometimes during the staff meeting, the secretary writes the minutes in a rough book and later transferred those minutes in the minute book”*. PR2 maintained that there are no budgetary practices that provide opportunities for misappropriation and corruption, but failed to answer why the financial statements were not available for analysis. It is the responsibility of the principal to ensure that the books are up to date. Schools’ financial documents must always be kept at the school (cf. sections 2.2.2 and 4.3.4).

#### **6.6.8.6 Findings on challenges hampering budgeting at School B**

The following findings emanated from challenges that hamper budgeting in School B:

- The Principal compiles the budget without involving relevant stakeholders.
- The stakeholders do not deliberate on the proposed budget.
- Parent governors rely on the principal to understand the laws and policies that regulate budgeting.
- The governing body members do not adhere to the finance policy when utilising the school's funds, which creates opportunities for misappropriation of the school's funds.
- Tariffs for remunerating stakeholders for travelling costs is not fixed, allowing stakeholders to claim whatever they want for travelling costs.
- The principal is the only person who knows about the financial status of the school.
- The financial statements were submitted to auditors for control purposes, but the credibility of the audit report is questionable because auditors are appointed by the principal instead of the governing body.
- The governing body members are responsible for seeking quotations from the service providers because the procurement committee was not established.
- The governing body members usurp the duty of the finance committee with regard to identifying the service providers.
- The governing body members are not able to acquire suitable service providers and to properly allocate money for various programmes because they do not adhere to the Limpopo Prescripts, Schools Act and Preferential Procurement Policy Framework Act which must guide them in that regard.
- Both the principal and departmental officials fail to provide continuous training to familiarise the governing body members with the laws and policies that assist them to effectively practise budgeting.
- Financial recordkeeping is a challenge at School B because the finance officer and the principal failed to execute their duty of keeping the school's records safe.

- The staff’s minute book which must confirm whether financial statements are presented to educators and whether educators deliberate on the proposed budget is misplaced.
- Financial statements were not made available for analysis due to the sensitivity of their contents and others were just not available or indicated as “misplaced”.

The themes that emerged from the findings of this qualitative study are illustrated in figure 5.



Figure 5: Themes that emerged from the findings

**Source:** Compiled by the reseacher, PP Chaba (18 April 2024)

In the following section, I conclude how I have presented, analysed and interpreted data.

### 6.7 Chapter 6 conclusion

Different themes from the content analysis of the data such as finance policy, school’s financial’ roles and responsibilities, budget implementation, budget control, vision and mission, school development plan, fundraising and bookkeeping system have been presented, analysed and triangulated. From the findings, I deduced that the principals, the SMT members and the parent governors from School A and School B do not practise budgeting in line with the financial legislative framework that regulates the financial

management of public schools. In both schools, it was difficult to analyse the minutes as they are not properly recorded. In chapter 7, I compare the findings between the two schools, and draw a conclusion based on the findings, followed by my recommendations that will assist parent governors, the principals and the SMT members on their roles and responsibilities in practising budgeting and to draw the budget in public schools.

## CHAPTER 7

### FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 7.1 Introduction

In this chapter, I summarise the findings in accordance with objectives 3, 4, and 5 (cf. section 1.5.2), outline the findings for each school and unpack my original contribution for effective budgeting. I also address the assumptions that I have made in chapter 1 (cf. section 1.7.5) and recommend the steps to be taken to improve budgeting practices. Finally, I unpacked my original contribution, which is to develop a strategic framework for effective budgeting in primary schools in South Africa.

#### 7.2 Synopsis of the study

I aimed in this study to answer the research question: What elements can be identified as constituting elements of a strategic framework for effective budgeting in primary schools in South Africa? The following research sub-questions were helpful in answering the primary research question:

##### Theoretical research sub-question:

Objective 1: What does effective budgeting in schools entail?

##### Empirical research sub-questions:

Objective 2: What are the legal prescripts regulating budgeting practices in South African public schools?

Objective 3: What are the selected schools' financial administrators' perspectives on their roles and responsibilities in relation to budgeting?

Objective 4: How do the selected schools' financial administrators go about compiling the annual budget for their schools?

Objective 5: What challenges do the selected schools' financial administrators experience in relation to budgeting?

The principals, SMT members and the parent governors were selected as participants from the two primary schools in Maleboho Central Circuit using purposive sampling to answer the above questions. I followed a qualitative approach and employed a multiple case study.

Laws and policies were studied to establish the legal prescripts relevant to budgeting. The information extracted through the study of the relevant laws and policies was used to inform the data collection instruments. The strategic, theoretical and conceptual framework for effective budgeting, focussing on participatory budgeting and the phases of effective budgeting, which are budget planning, budget drawing, budget implementation, budget monitoring and budget control, assist in determining what effective budgeting entails. The review of the relevant literature enabled me to understand various scholars' perspectives on the roles and responsibilities of schools' financial administrators in relation to budgeting, how the schools' financial administrators compile the annual budgets for their schools and the challenges that the schools' financial administrators experience in relation to budgeting. I presented, discussed and interpreted data that I have obtained through analysis of financial documents, semi-structured interviews and focus groups using themes. The findings were presented, and recommendations were formulated; and finally, I developed a strategic framework that would empower the relevant stakeholders to be more effective in practising budgeting.

The following section deals with the findings for participating schools.

### **7.3 Findings for School A and B**

There are more similarities than differences in how the two schools' financial administrators practise budgeting.

#### **7.3.1 Findings for School A**

The following are the findings for School A:

1. The participants do not execute their roles and responsibilities with regard to presenting the financial statements to parents and governing body members as per the national laws and policies that regulate budgeting in public schools.
2. The budgeting process does not comply with the legal prescripts.
3. The school's finance policy is inadequate to ensure effective budgeting because it does not contain provisions on how the school's funds will be allocated.
4. The finance committee fails to revise and update the school's finance policy.

5. The school does not have a procurement committee to facilitate the procurement process. The members of the governing body as a whole do the procurement including acquiring quotations.
6. The finance committee members are unable to compare and identify the suitable service providers because of insufficient quotations.
7. The principal side-lines the governing body members when procuring goods and services.
8. The parent governors are not familiar with the content of the school's vision and mission statements as such those statements are not considered when the budget is planned and drawn up.
9. Budgeting does not begin with a planning phase.
10. The school does not have a bookkeeper. The finance officer who works as a bookkeeper is not qualified to prepare the school's records. This results in incomplete, outdated, or misplaced financial records.
11. Due to incomplete, outdated, or misplaced financial records, the school's finance administrators are unable to monitor budget variances, compare expenditures to planned amounts, or successfully implement the budget.
12. The parent governors' low levels of education and inability to understand departmental documentation published in English limit their capacity to successfully practise budgeting.
13. School A's current budgeting practices create opportunities for financial misappropriation because it allows the principal to side-line the governing body members in procuring goods and services. Financial misappropriations contribute to the delays in executing projects.
14. Governing body members cannot implement their school's budget on time due to late deposit of State funding.
15. The relevant stakeholders do not deliberate on the proposed budget.

### 7.3.2 Findings for School B

The following are the findings for School B

1. The governing body members do not adhere to the laws and policies with regard to presenting financial statements to parents and to appoint service providers in writing before they procure goods and services for their school and these actions negatively affect budget implementation and monitoring.
2. The school's procurement committee was not established.
3. The governing body members are responsible for acquiring quotations before any goods and services are purchased.
4. The finance committee is dysfunctional. Its duty of appointing service providers is executed by the governing body members.
5. The budgeting process does not comply with the legal prescripts as required by Limpopo prescripts and Schools Act.
6. Although the finance policy includes provisions on how the school's funds will be allocated, the policy is not accessible to relevant stakeholders and thus not considered when allocations are made.
7. The governing body members do not consider the vision and mission statements when they compile their school's budget.
8. The governing body members did not revise and update the school's vision and mission statements.
9. Even though School B has a development plan, it is out of date and is not considered when the budget is created.
10. The essential planning phase of budgeting is not done.
11. The governing body members procure goods and services which are not budgeted for, and this results in deviation from the budget.
12. The school raises funds through "casual activities", but the governing body members do not have a strategic plan which defines fundraising objectives. Fundraising activities in School B are not aimed at covering the shortfalls in the budget because they are not linked to the budget.
13. There is no evidence that a phased budgeting process consisting of planning, drawing, implementing, monitoring and controlling phases is followed at School B.



14. Relevant stakeholders do not deliberate on the proposed budget.
15. The school does not have a bookkeeper to prepare the schools' financial statements which result in poor financial records and this prevent the school's financial administrators to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement the budget.
16. The parent governors depend on educators to understand the documents essential to budgeting.
17. The credibility of School B's audit reports is questionable because it is the principal who, without involving the governing body members in the selection and appointment processes, appoints the auditor without involving the governing body members in the selection and appointment process.

#### **7.4 Similarities and differences between the two schools**

The study revealed more similarities than differences in how School A and School B practise budgeting. In the sections that follow, I shall discuss the similarities first followed by a discussion of the differences between School A and School B.

##### **7.4.1 Similarities between the two schools**

The study revealed similarities pertaining to budgeting practices and the challenges with regard to drafting the schools' budgets.

###### ***7.4.1.1 Budgeting practices***

Parent governors are not involved in budget development at either school. In School A, the finance policy was adopted in 2015 six years before the parent governors assumed their duties in May 2021 (cf. section 6.5.2), while in School B, the budget was adopted in 2018 three years before the parent governors assumed their duties in May 2021 (cf. section 6.6.2). SMT members do not grasp the importance of the finance policy to the utilisation of schools' finances. In both schools, the governing body members do not utilise the schools' funds in an economical and efficient manner because they are neither guided by the school's finance policy, nor by the school's vision and mission statements (cf. sections 6.5.2 and 6.6.2).

Both schools fail to comply with legal prescripts regulating budgeting. Section 38(2) of the Schools Act is not considered when the governing body members invite the parents to attend a meeting in order to deliberate and approve the proposed budget. Cooperative governance, inter-governmental relations, basic values and principles for public administration which are found in sections 41 and 195 of the Constitution are not implemented. Neither school's budget is linked to the vision and mission of the schools to allow the schools to fulfil their mission and vision of improving the education of learners as required by paragraph 1.7.9 of White Paper 2 (cf. section 6.5.1). Procurement system of fairness, equitability, transparency, competitiveness, and cost-effectiveness that are advocated in section 217(2) of the Preferential Procurement Policy Framework Act and paragraph 8.6 of the Limpopo Prescripts are not implemented when the finance committee appoint service providers. The proceedings of parent meetings, as required according to paragraph 10.5.4 of the Limpopo Prescripts, are not recorded in the minute book for governing body members. Attendance registers that must contain the signatures of parents, who attended parent meetings, are not available (cf. sections 6.5.1 and 6.6.1).

The finance committees of both schools are dysfunctional because they do not make sure the governing body members use the finance policy as a guideline to allocate funds to various projects (cf. sections 6.5.2, 6.5.3, 6.6.2, 6.6.3).

Neither school has a procurement committee to facilitate the procurement processes (cf. sections 6.5.4 and 6.6.4). The tasks of the procurement committee, in both schools, are executed by the governing body members and the principals who do not follow the correct procedures when procuring goods and services. It is evident that the requirements for acquiring minimum quotations and selecting service providers are not complied with (cf. sections 6.5.4 and 6.6.4).

The principals of both schools take it upon themselves to draft the budgets for their schools without any consultation with and participation of the relevant stakeholders (cf. sections 6.5.8.1 and 6.6.8.1). Governing body members, parents and educator governors are not invited to give their inputs regarding the draft budget (cf. sections 6.5.8.1; 6.5.8.2 and 6.6.8.1; 6.6.8.2).

Both schools' financial administrators lack sufficient knowledge of the laws and policies that regulate public schools' finances and budgeting to participate effectively in budgeting.

Neither school's principal can differentiate between laws and policies. SMT members in both schools did not answer the question on the laws and policies (cf. sections 6.5.1 and 6.6.1).

In both schools, the governing body members did not revise and update the existing finance policies (cf. sections 6.6.2 and 6.5.2). Finance policies and budgets in both schools were developed merely for the sake of compliance and as a formality because they are not implemented or adhered to.

School A experiences a shortage of funds. This is evidenced by projects that are put on hold because of the late allocation of State funding (cf. section 6.5.8.5). The importance of the budget as a tool to prevent over-expenditure and to ensure that the goals and objectives of the school are attained is not taken seriously. Deviation from the budget is a norm in School B. In School B, unimportant projects are allocated money in the budget (cf. section 6.6.4). When the money is not sufficient to carry out some projects, the governing body members simply put aside those projects which they deem less important and focus on those they regard as more important (cf. section 6.6.4). Suspicions of financial misappropriation at School B came to light.

The finance policies do not indicate how the schools' finances will be used to handle situations like the Covid-19 pandemic (cf. sections 6.5.2 and 6.6.2). In both schools, there is a disconnection between the budget and the school's vision and mission statements (cf. sections 6.5.3 and 6.6.4).

In both schools, the finance committee fail to comply with the Limpopo Prescripts. In School A, the committee fails to comply with section 6.4.1 of the Limpopo Prescripts with regard to allocating money to programmes such as the curriculum (cf. section 6.5.8.4). In School B, the committee fails to consider the minimum quotations that must be acquired before goods and services are purchased as required by paragraph 8.6.2 of the Limpopo Prescripts (cf. section 6.6.8.4).

Not all documents were duly signed and authenticated with the schools' stamps. In School B, the 2020 and 2021 budget statements, the finance policy and the mission statement were signed and stamped. The 2020 and 2021 audited financial reports were stamped and signed by the auditor, principals and chair of the governing body. The school development

plan contains a list of important projects which will ensure that the school attains the set goals and objectives stipulated in the mission statement, but the document was only dated, not signed or stamped (cf. sections 6.6.5). In School A, the finance policy and the 2020 and 2021 audit financial report were signed and stamped. The 2021 budget statement was not signed and stamped and the 2020 budget statement was not available for examination. School A does not have a school development plan, which is one of the crucial documents to consider during budget planning (cf. section 6.5.4).

#### **7.4.1.2 Challenges**

Neither School A's nor School B's financial administrators are familiar with the legislative frameworks, such as the Constitution, the Preferential Procurement Policy Framework Act, White Paper 2 and the NSSF and the *Guidelines for the preparation of public school financial statements* that they must consider when drafting their budgets. Even where they are aware of some provisions, such provisions are not fully complied with. The following findings confirm this:

- SMT members and learners are excluded from budget compilation (cf. sections 6.5.8.1 and 6.6.8.1).
- There is no evidence that the stakeholders deliberated on the proposed budgets (cf. sections 6.5.8.1 and 6.6.8.1).

Several questionable budgeting practices came to the fore. Neither of the schools have financial statements. Unlike in School A, the finance policy in School B does not indicate the tariff for kilometres travelled. Stakeholders can inflate money for travelling costs (cf. section 6.6.2). Information regarding income and expenditure in both schools is not disclosed to all the members of the governing body. Only the principals of the schools know the financial status of their schools (cf. sections 6.5.8.1 and 6.6.8.3).

The parent governors find it difficult to understand the content of the departmental documents which are written in English and they need the assistance of educators to interpret the laws and policies for them (cf. sections 6.5.8.2 and 6.6.8.2). The use of English also inhibits their participation in budget planning and drawing up a budget.

Most parent governors in School A and School B served on governing bodies for the first time and lack experience. Their lack of experience is exacerbated by their low education levels. The Schools Act places parent governors in a powerful position to manage the schools' finances and to practise budgeting because they are represented in larger numbers in governing bodies than any other group of governing body members. However, because of their low education levels, they are unable to understand and interpret financial documents that would enable them to practise budgeting efficiently (cf. sections 6.5.8.2 and 6.6.8.2).

Late deposit of the State funding is a common challenge in both schools. In School A, it affected the implementation of a budget and delayed the execution of some projects (cf. section 6.5.8.5) while in School B, educators are reluctant to attend workshops because they do not know when the school will receive the State funds so that they can be paid for travelling costs (cf. section 6.5.8.5).

SMT members and parent governors in both schools are not involved when the governing body members utilise the school's funds (cf. sections 6.5.8.3 and 6.6.8.3). In School A, the principal is the only person who is responsible for purchasing goods and services (cf. section 6.5.8.3), while in School B, the principal is responsible for the appointment of an auditor (cf. sections 6.6.8.3).

Recordkeeping is problematic in both schools. Documents such as the 2020 budget statement in School A and the staff's minute book in School B are misplaced (cf. sections 6.5.8.6 and 6.6.8.1).

The schools developed their mission and vision statements but they are not used when the governing bodies plan and draw up their budgets. In both schools, hard copies of the mission and vision statements are not accessible to stakeholders but the statements are available for public view. In School A, the mission and vision statements are framed and displayed on the wall in the principal's office and in School B, they are written on a board and displayed on the fence at the gate's entrance which makes them inaccessible to the stakeholders during the budgeting process (cf. sections 6.5.3 and 6.6.4).

#### **7.4.2 Differences between the two schools**

The study revealed several differences pertaining to budget practices and challenges with regard to drafting the budget in the two schools.

In School A, stakeholders cannot inflate the kilometres for travelling costs because the finance policy indicates the tariffs to be paid for kilometres travelled (cf. section 6.5.2); while in School B, the finance policy did not indicate the tariffs for kilometres (cf. section 6.6.2) which suggests that stakeholders can inflate the kilometres for travelling costs.

In School B, late allocation of State funding is not regarded as a challenge with regard to budgeting. Attempts are made to raise additional funds in the form of casual fundraisings (cf. section 6.6.7). No attempts are made to raise additional funds in School A (cf. section 6.5.7).

#### **7.5 Assumptions**

The findings confirmed all the assumptions I made in chapter 1 (cf. section 1.7.5). The participants were hesitant to answer the questions on budgeting and I had to probe them for answers. Parent governors were not afraid to indicate that they did not receive continuous training as governing bodies. They were not co-designers and co-planners of the budget, and they were not consulted when the finance policy was drafted. They also revealed that they do not know which auditors are responsible for controlling their school's finances. This assumption is linked to "honesty and truthful responses" that I made in chapter 1 (cf. section 1.7.5).

The findings of the study confirmed that the LDoE fails to provide continuous training to the governing bodies on budgeting processes. As a result, the governing bodies do not acquire sufficient knowledge, skills and expertise in practising budgeting. The governing body members are there on the governing bodies for the sake of formality. They do not contribute to financial decision making with regard to budgeting.

#### **7.6 Recommendations**

I recommend that the following steps be taken to assist the schools' financial administrators in executing their roles and responsibilities to improve budgeting practices and to draw the budget in line with the national and provincial laws and policies. To the

LDoE, these recommendations will assist the schools to utilise the State funding as per the laws and policies to minimise corruption and financial misappropriations and ultimately to improve the quality of education in schools located in the Maleboho Central Circuit, Limpopo Province.

- **Legal certainty**

The establishment of a finance committee in public schools must be made compulsory and be regulated separately from the discretionary committees that may be established in terms of section 30(3) of the Schools Act. I suggest adding a section to the Schools Act that requires public schools to form financial committees in order to provide legal clarity. It is necessary to incorporate a section that details the membership and responsibilities of this committee, either as section 30(3) or 36A. At the very least, the principal, the governing body chair, the treasurer, the chair of the procurement committee, bookkeeper, the secretary of the governing body, and a co-opted financial expert (see recommendation below) should be potential members. Duties should include to consider revenue sources to estimate the funding that will be available and funds needed to be raised, to provide guidelines on how a budget should be planned, to organise and manage the budgeting planning phase, to refine the proposals based on the availability of funds and use the stakeholders' proposals to draft a proposed budget that the governing body will review and refine before bringing it to the parent meeting, and compiling and updating the school's financial policy on a regular basis. The finance committee must outline the roles and the responsibilities of each member to encourage segregation of duties. When the finance committee members know their roles and responsibilities, financial decision making at schools will be improved and corruption and mismanagement of funds will be minimised.

The position of principals as accounting officers of public schools (as they represent the PHoD who is a statutory appointed accounting officer of the State departments they are in charge of) must be confirmed and spelled out via a DBE Circular.

- **Availability of relevant laws and policies at schools**

Relevant laws and policies must be distributed to all stakeholders involved in budgeting. The principals must print out and make the law and policy relevant to budgeting accessible

for educators and governing bodies. As representatives of the department at school level, the principals must keep all the educators and the governing bodies fully informed of any amendments to relevant law and policy and how to implement them in schools.

- **Compliance of the school's budgeting process with legal prescripts**

The governing body members must comply with legal prescripts to ensure that their schools' budgeting process is effective. The parents must be given 30 days' notice before they are invited to a meeting to approve a budget as stipulated in section 38(2) of the Schools Act. The proceedings of a parent meeting as well as how many votes were cast on each motion must be recorded in the minute book. Each parent who attended a meeting must sign the attendance register as per paragraph 10.5 of the Limpopo Prescripts. The governing body members must consider section 217(2) of the Preferential Procurement Policy Framework Act and paragraph 8.6 of the Limpopo Prescripts during the budgeting process in order to create a procurement system that is "fair, equitable, transparent, competitive, and cost-effective". To ensure transparency when the schools' financial administrators allocate money for various programmes, all members of the governing body must be involved in creating the school development plan as required in sections 41 and 195 of the Constitution and paragraph 10.5 of the Limpopo Prescripts respectively.

- **Support budgeting processes**

PDoE should, at circuit level, organise awareness campaigns during which the principals and governing bodies are made aware of the importance of a budget and procedures to be followed when implementing the budget, for example, when procuring goods and services. During these awareness campaigns, the governing bodies from various schools should share ideas on how they draft their budgets and ensure they procure goods in line with their budgets. Organising a conference for school governing body members may present an opportunity to give information through from the PDoE's side and for governing body members to air their challenges. The most beneficial thing to do would be to combine the awareness campaign and conference with a hands-on workshop where all the schools in a circuit (or a smaller unit, like public primary or secondary schools in a specific town) gather and draw their budgets.



To alleviate the role confusion, it is recommended that the DBE draws up a flow diagram wherein the principal, governing body, finance committee and procurement committee are included, and wherein the interrelationship of these stakeholders in managing school finances, and processes are illustrated. It is suggested that, since the finance and procurement committees are sub-committees of the school governing body, these committees be allowed to take the lead with regard to their portfolios but that the final decision making be done by the school governing body as a whole. Mechanisms for regular reporting to the governing body should be put in place.

- **Planning phase**

Plans are developed during budget planning to attain the set goals and objectives. In achieving that, the governing body members must plan how the budget will be drawn up, implemented, monitored and controlled. During budget planning phase, the finance committee must ensure that all required documents such as the finance statements, school development plan and vision and mission statements are available because when the budget is drafted, decisions must be informed by available funds, the school's vision and mission, and its development plan. The governing body members must then link their school's budget with the development plan and vision and mission of the school to enable the schools to attain their aims and objectives, which is to improve the education of learners as required by paragraph 1.7.9 of White Paper 2. When planning to draw up the budget, the governing body must have a broad picture of the school's total income in order to have an idea of how much money will be allocated to projects, programmes and services. To plan how the budget will be implemented, the governing body members must ensure that each item received all money that was allocated to it in the budget. To avoid engaging in fraud when utilising the school's funds, the finance committee must develop a finance policy as per section 30 of the Schools Act and that financial statements are prepared so that the governing body members will be able to manage income and expenditure that may deviate from the projected income and expenditure for monitoring purposes. The DBE must distribute lists of auditors who are registered in terms of the Auditing Profession Act 26 of 2005. When planning for budget control, the governing body members must use the list of auditors registered in terms of the Auditing Profession Act 26 of 2005 to suggest viable candidates the governing body could consider appointing.

- **Segregation of duties**

The PDoE must give schools posts for bookkeepers. Such bookkeepers must be paid by the PDoE because paying bookkeepers with the schools' funds will contravene section 37(6) of the Schools Act, which states that the State funds must only be used for educational purposes only. The roles and responsibilities of principals and bookkeepers must be separated to avoid conflict of interest and put a single person in a position to mismanage funds. The principals must keep the school's records safe, ensure that effective budgeting is practised and that the schools' funds are utilised in the most economic and transparent manner while the bookkeeper must prepare the financial statements.

- **Involvement of stakeholders in budgeting process**

Relevant stakeholders must not only be consulted but actively included in the budget planning so that they are in the position to influence budgetary decisions. Their involvement in budget planning assists in developing projects relevant to specific areas and deciding whether to fund those specific projects. Information received from all stakeholders should guide the finance committee to draft the finance policy, consider revenue sources to estimate the funding that will be available, and funds needed to be raised, provide guidelines on how a budget should be planned, refine the proposals based on the availability of funds and develop budget proposals from stakeholders. Stakeholder participation will, as is backed by the participatory budgeting theory, promote transparency, reduce corruption and financial misappropriations and increase the possibility that the stakeholders will view the budgetary processes as fair.

- **Induction of new governing bodies with regard to financial management**

Although I have, at a stage, thought that the fact that my study covered 2020 and 2021 and the governing body of School A was newly constituted in 2021, was a limitation, I could from this identify a serious problem, namely the handing-over-process between serving but outgoing and new incoming governing body members. It is essential that the outgoing-chair hands over, at least, the existing Finance policy, the Development Plan, the current budget and bring the new chair up to speed on the outgoing governing body's accomplishments and unfulfilled plans, incomplete projects, challenges and the school's current financial status.

To ensure the smooth running of a school's financial management, I suggest that the principal, as soon as a new governing body is constituted, should arrange a meeting with the chair and request that the chair arrange a governing body meeting where the finance committee will be constituted. The new chair should be tasked with informing and bringing the new governing body up to speed about the school's financial situation and its responsibilities. During this meeting the principal in fulfilling his or her obligation in terms of section 16A(2)(vi) of the Schools Act, must discuss law and policy regulating financial management, and share and discuss the following issues regarding the school:

- vision and mission statements
- development plan and projects already started but being incomplete
- finance policy
- the previous year's audited financial statements
- the previous year's budget that was submitted to the PHoD.

The finance committee must be tasked with updating the school's finance policy, allocating tasks to committee members, and setting due dates (for example for monthly meetings) to ensure the budget, financial statements and other required reports are submitted on time. A date must also be set on when the updated finance policy will be presented to a governing body meeting for approval and adoption and when the governing body will discuss and finalise the updated Development Plan, which should then be presented to a parent meeting. It is suggested that this plan be presented at the meeting where the budget is presented for approval and before the budget is presented so that parents can be informed when considering the budget.

Although no mention is made in law or policy or in existing literature that the school's academic improvement plan be considered when the budget is drawn, it is recommended that the same process followed with regard with the Development Plan be followed with regard to the Academic Improvement Plan and that the principal presents this plan (as well as the report on academic performance and the report on the utilisation of resources as submitted to the PHoD) at the governing body meeting and then present it to parents at the meeting where the budget is presented for approval. This plan and related reports must also be considered when the budget is planned and drawn up.

These recommendations will promote participatory budgeting and democratic financial management. In the section that follows, I present my strategic framework to ensure that effective budgeting is practised at schools.

- **Regular convening of financial training**

The PDoE should convene financial training before the governing body members assume their duties in the governing body. Further financial training should be held at least once per quarter. All the governing bodies, including the principals, must be invited. When this training is planned, it is recommended that the PDoE take cognisance of the historical facts and meet governing bodies at their education levels. Governing bodies that are marginally literate or unschooled do not have fewer parental rights than their literate counterparts. It is the PDoE's obligation to ensure that these rights are respected, and that marginally literate or unschooled parent governors are accommodated as equals. Training content must be such that illiterate or unschooled parents are accommodated. It is evident (cf. section 7.7) that there is a need to include organograms in this training content. The first organogram should be of all stakeholders involved in a school's financial management and the second organogram should be of all stakeholders involved in budgeting. Furthermore, the training should also attend to governing bodies' roles and responsibilities with regard to budgeting and the knowledge and skills that they will need to fulfil those roles and execute those responsibilities.

- **Proper bookkeeping system**

Schools should avoid using educators as finance officers to prepare and keep the schools' records. Educators should teach learners which is their major role and responsibility at schools and not being used as finance officers. To avoid misplacement of schools' records, the PDoE must allow schools to advertise posts for bookkeepers. PDoE must implement Circular M1 of 2017 without fail to ensure that schools have bookkeepers to properly prepare their schools' financial statements to avoid wasteful and unnecessary expenditure and to enable the schools' financial administrators to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement and monitor the budget.

- **Membership of governing bodies**

The Schools Act should be amended to consider mandatory co-opting of a financial expert to be a member of the finance committee and to increase the number of educators in the school governing bodies.

- **Schedule for deposit of State allocation**

To minimise the uncertainty on the side of the governing bodies and ensure that the budget is implemented on time, the PDoE must draft a schedule and forward it to schools. The schedule must indicate the month and the day on which the State will deposit the money into the schools' account.

- **Finance policy**

To ensure effective budgeting, finance committees must develop finance policies for their schools and present such to their governing bodies for adoption. Schools' finance policies must contain a list of all the role players involved in budgeting and their functions. It must contain guidelines on the establishment, composition, role and duties of the school's finance committee (cf. the recommendations on this under "finance committees" below). The policy must outline the phases of budget planning, budget drawing, budget implementation, budget monitoring and budget control.

The finance policy must contain guidelines on how a budget should be **planned**, what revenue sources to consider and how to determine an estimate of the funding that will be available and the potential gap that will need to be met by fundraising. It must provide for collaboration and participation of all stakeholders in the budget planning phase. During deliberations, all stakeholders' proposals should be given equal weight, but when the budget is drafted, decisions must be informed by available funds, the school's vision and mission, and its development plan. The finance policy must also contain guidelines on how finances in section 21 schools will be planned because they receive allocation from the State.

During the phase of **drawing** up the budget, the finance committee creates a budget proposal (with consideration of the inputs of stakeholders) which it will present to the governing body. The governing body will then compile and approve a budget which it will present to a parents' meeting for input and approval. The secretary of the governing body

writes down all the proceedings of the meeting and records the number of votes casted on each motion. The approved budget is then adopted, signed, stamped by the governing body and submitted to the circuit office.

During the budget **implementation** phase, the schools' financial administrators must allocate money to programmes and services and identify reasonable suppliers and service providers as per section 217(2) of the Preferential Procurement Policy Framework Act. The procurement committee members must seek quotations from suppliers and service providers using the criteria of "fairness, equitability, transparency, competitiveness, and cost-effectiveness". The treasurer must contact suppliers and service providers to check their availability for the service. The finance committee members must compare the prices of the suppliers and service providers and make a recommendation. The finance officer must write a letter, and have it signed by the governing bodies before sending such letter to appointed supplier and service provider.

During the budget **monitoring** phase, the principal must keep financial records so that the schools' financial administrators are able to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement the budget. The treasurer must present the financial statements to governing body members and parents. The governing body members must take corrective action in case the actual income and expenditure deviate from the projected income and expenditure. The principal must prepare and present the financial statements to educators.

During the budget **control** phase, the principal must submit annual financial statements to the Circuit Manager. To ensure that the governing bodies have utilised the school funds in an economical and efficient manner, they must appoint an auditor following the rules set out in paragraph 3 of Circular M3 of 2017. An auditor must audit the financial statements with the aim of checking whether expenditure in schools complies with the budget authorisation; determine whether there is a surplus or deficit at the end of the financial year and to determine whether school qualifies as a going concern. If it is not possible to appoint an auditor, the governing body members must appoint a suitable qualified professional accounting officer to examine and report on the records and financial statements. The governing body members must then submit annual financial statements

to an auditor and a copy of an audit report to PHoD while the principal submits a copy of an audit report to the Circuit Manager.

The role players must adhere to the budgeting phases to ensure that they utilise their schools' finances in the most efficient, effective, economic and transparent manner. The finance policy must also indicate how the school's funds are used to purchase the posters that guide stakeholders and visitors on how the spread the Covid-19 pandemic will be minimised. The content of the finance policy must be known to all relevant stakeholders and be duly signed. The principal must make copies of a duly signed finance policy and distribute them to relevant stakeholders.

- **Auditing**

The governing body members must ensure that their schools' financial records are externally examined. To achieve this, they must play their roles and execute their responsibilities of appointing and submitting their schools' financial records to auditors for control purposes to ensure independent and external control of the budget implementation. If it is not possible to appoint an auditor, the governing body members must appoint a suitable qualified professional accounting officer to examine and report on the records and financial.

### **7.7 Strategic framework for effective budgeting**

In this section, I attend to my original contribution, which is to develop a strategic framework for effective budgeting to guide the school's financial administrators (governing bodies, treasurer, principal, finance officer and fundraising coordinator) and the finance committee (principal, chair of the governing body, finance officer as the secretary of the committee and treasurer) to implement the phases of budgeting. These phases are budget planning, budget drawing, budget implementation, budget monitoring and budget control. My original contribution covers the research question: What elements can be identified as constituting elements of a strategic framework for effective budgeting in primary schools in South Africa?

### **7.7.1 Implementing five phases of budgeting**

In the following section, I discuss the legal framework followed by the theoretical foundations as elements of my strategic framework.

- **Legal framework**

This study focuses on budgeting within a given legal framework. Participatory budgeting is made possible by applying five phases of budgeting which are budget planning, budget drawing, budget implementation, budget monitoring and budget control in the budgeting process. The stakeholders implement these phases in line with the relevant law and policies to ensure the success of participatory budgeting (cf. chapter 1).

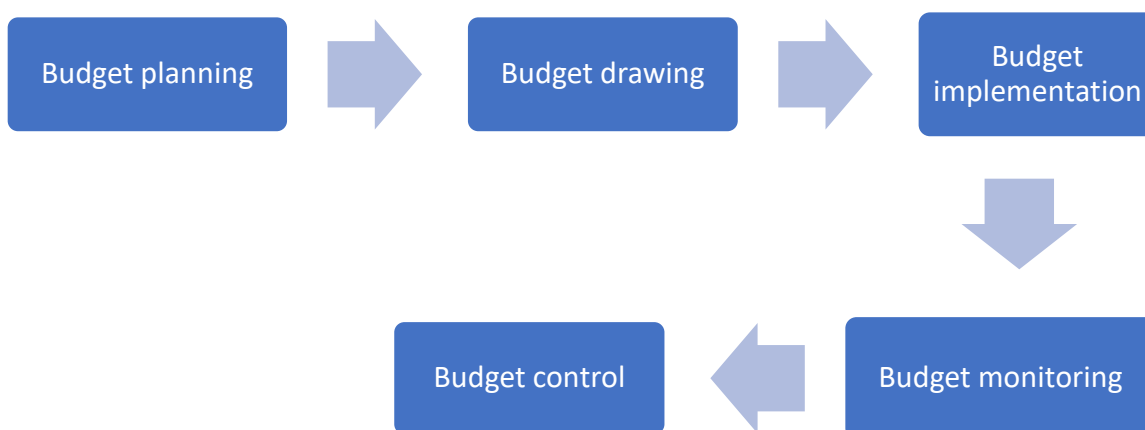
- **Theoretical foundations**

To avoid having biased findings, I have integrated economical, psychological and sociological sub-theories into my main theory of participatory budgeting in assisting people to have a more complete understanding of budgeting (cf. chapter 3). An understanding of theories on participatory budgeting is essential for understanding the practice of effective budgeting.

In this study, I have used five phases of budgeting which are budget planning, budget drawing, budget implementation, budget monitoring and budget control as the main elements of my strategic framework for effective budgeting. These elements are imperative to effective budgeting because they result in fair allocation of resources, reduction of corruption, enhancement of transparency and a culture of democracy, an improved decision making process, involvement of stakeholders in budgeting process and improved organisational procedures, which ultimately ensure that a budget supports schools' ultimate goal of providing quality education to learners.

In the following section, I have inserted a figure which shows phased participatory process, followed by how various stakeholders must implement five phases of participatory budgeting.





**Figure 6: Phased participatory process**

**Source:** Compiled by the researcher, PP Chaba (7 March 2023)

#### **7.7.1.1 Budget planning phase**

This section sets out how various stakeholders must implement the budget planning phase.

- Principal, chair of the governing body, learner representative and finance committee agree to have a combined budget meeting of staff, parents, learners and finance committee.
- The functions of the finance committee should include, drafting or revising the finance policy, considering revenue sources to estimate the funding that will be available and funds needed to be raised, to provide guidelines on how a budget should be planned, to invite proposals from the stakeholders, to refine the proposals based on the availability of funds and to develop a budget proposal. During the budget planning phase, the finance committee provides guidelines on how a budget should be planned. The committee should consider the school as a cost centre, involvement of stakeholders, sources of revenue, availability of all required documentation such the vision and mission statements, school development plan, school finance policy, maintenance plan, municipal service statements, asset register, financial statements and previous budgets, consider how will suppliers and service providers be gauged and chosen, how will payments for budgeted items be affected; how will invoices be checked against the budget; how will petty cash be reconciled

against the budget; how will and how regular will income and expenses be reconciled against the budget, the recordkeeping system for monitoring purposes and the appointment of an auditor or professional accounting officer, cut-off dates for audited financial statements and submissions for control purposes.

- Stakeholders develop proposals.
- Finance committee refines the proposals based on the availability of funds.
- Stakeholders vote on the funding proposals.
- Finance committee develops budget proposal.

In figure 7 below, I illustrate the assumptions of participatory budgeting theory.



**Figure 7: Assumptions of participatory budgeting theory**

**Source:** Compiled by the reseacher, PP Chaba (17 December 2023)

After the budget has been planned, the governing body members use the budget proposal as basis to develop the draft budget.

### **7.7.1.2 Budget drawing phase**

This section sets out how various stakeholders must implement the budget drawing phase.

- The governing body considers the documents such as the school's development plan, vision and mission, maintenance plan, finance policy, and school's total income in drawing up a budget.
- The chair of the governing body convenes a parent meeting so that they can endorse the proposed budget.
- The treasurer of the governing body presents the budget at a parent meeting. The budget is linked to the school's development plan and academic improvement plan for ratification.
- The secretary of the governing body writes down all the proceedings of the parent meeting and records the number of votes casted on each motion.
- Each parent who attended the meeting signs the attendance register.

After the budget has been drawn, it must be implemented.

### **7.7.1.3 Budget implementation phase**

This section sets out how various stakeholders must implement the budget implementation phase.

- The schools' financial administrators allocate money to programmes and services in line with paragraph 6.4 of the Limpopo Prescripts.
- The governing body members make sure that each item receives all the money that was allocated to it in the budget.
- The finance committee members identify reasonable suppliers and service providers using the criteria of fairness, equitability, transparency, competitiveness, and cost-effectiveness.
- The procurement committee seeks quotations from suppliers and service providers.
- The treasurer contacts suppliers and service providers to check their availability for the service.

- The members of the finance committee compare the prices of the suppliers and make a recommendation.
- The finance officer, as the secretary of the finance committee, writes a letter; have it signed by the chair of the governing body before that letter is sent to the appointed supplier and service provider.
- After the products and or services are delivered the finance committee pays for the services rendered to the school.

The budget must be monitored.

#### ***7.7.1.4 Budget monitoring phase***

This section sets out how various stakeholders should implement budget monitoring phase.

- Principals keep the financial records so that the schools' financial administrators are able to compare the expenditures to budgeted amounts, manage budget deviations, and effectively implement the budget.
- The treasurer presents the financial statements to governing body members and parents.
- The governing body take corrective action in case the actual income and expenditure deviate from the projected income and expenditure.
- The principal presents the financial statements to educators.

Budget control is the final phase to ensure effective budgeting.

#### ***7.7.1.5 Budget control phase***

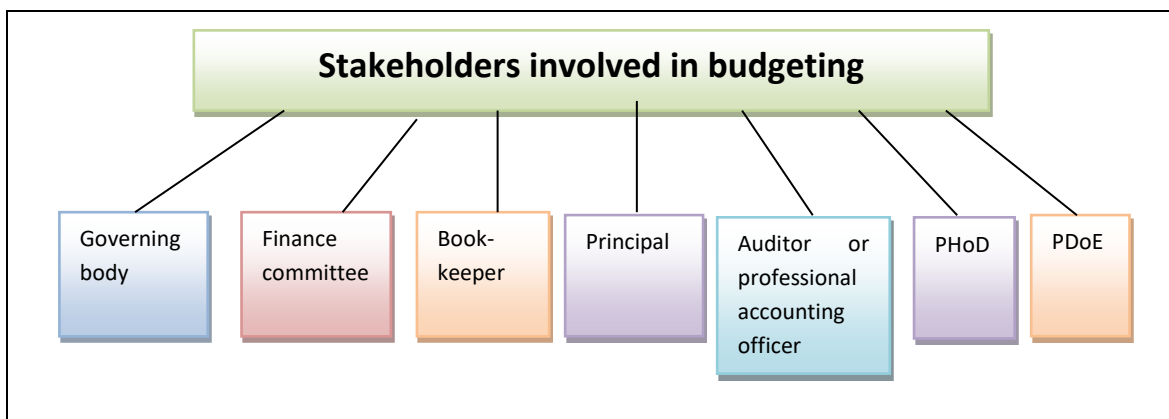
How various stakeholders must implement the budget control phase is set out below.

- The principal submits the budget to the Circuit Manager for approval.
- The Circuit Manager approves the school's budget.
- The governing body appoints an auditor, or if not reasonably practicable, a professional accounting officer.
- School's financial administrators submit the financial statements to auditor or professional accounting officer. The auditor audits the school's financial statements while the professional accounting officer examines the school's

financial statements if it is not possible for the governing body members to appoint an auditor.

- The governing body reviews the audit report.
- The principal submits the audit report to the Circuit Manager for examination.
- The PHoD examines the audit report and financial statements.

In figures 8 and 9, I indicate how different stakeholders are involved in budgeting. I further displayed my strategic framework to indicate how stakeholders are involved in budgeting so that effective budgeting is practised at their schools.



**Figure 8: Stakeholders’ involvement in budget practice**

**Source:** Compiled by the reseacher, PP Chaba (7 November 2022)

### 7.7.2 Stakeholders’ involvement in budgeting

In the following table, I display how different stakeholders are involved in budgeting.

<p><b>Governing body</b></p> <p>Manage the administration of school’s funds.</p> <p>Establish the finance and procurement committees.</p> <p>Adopt the finance and procurement policies and to procure goods and services.</p> <p>Establish a school as a cost centre.</p> <p>Have a fundraising policy in place.</p> <p>Decide on the amount to be raised.</p> <p>Raise additional funds in line with the need analysis made during the budget planning phase.</p> <p>Its secretary writes down all the proceeding of the parent meeting and to record the number of votes casted on each motion during that meeting, presents the financial statements to parents and governing body members and to contacts the suppliers and service providers personally or telephonically to check their availability for services. Draft or update the vision and mission statements and school development plan.</p>
--

Draft a budget using the Financial committee's budget proposal.

Mandate its chair to convene a parent meeting in order to endorse the draft budget.

Its treasurer presents in a parent meeting a budget which is linked to school development plan.

Take corrective action in case the actual income and expenditure deviate from the projected income and expenditure.

Appoint an auditor.

Review the audited report.

Submit the audited report to PHoD

### **Finance committee**

Develop and make available the finance and procurement policies. Provide guidelines on how the budget should be approached and planned.

Invites input from relevant stakeholders on budget goals and objectives.

Estimate the funds the school expects to receive.

Is guided by the school's development plan, vision and mission, maintenance plan, finance policy, and school's total income in drawing up a proposed budget.

Identifies reasonable suppliers and service providers.

Compares their prices of the suppliers and service providers; recommend the appointment of service providers and to pay for the services of the school.

The finance officer as the secretary of the finance committee writes a letter to appointed suppliers and service providers.

### **Bookkeeper**

- Properly prepare financial statements to avoid fruitless and wasteful expenditure resulting from financial statements which are not properly prepared.

### **Principal**

- Act as accounting officer.
- Report annually to PHoD on "the effective use of available resources".
- Keep all school's records safe or see to it that it is kept safe.
- Manage the implementation of policy and legislation, including those regulating schools' budgets.
- Assist the governing body with the management of the school's funds, by —
  - o providing information
  - o giving advice
- Prevent any financial misappropriation by any staff member or by the governing body of the school.
- Submit the quarterly, annual financial statements, budget and audit report to Circuit Manager for examination and to approve a budget.
- Report any misappropriation of finances to the governing body of the school and to the PHoD.
- Manage the use of learning support material and other equipment.
- Provide accurate data when requested to do so.

**Auditor**

- Audit the financial records.
- Submit the audited report to relevant schools.

**Stakeholders at school level**

Develop proposals; vote on the funding proposals and to identify programmes and services.

**School's financial administrators**

Allocate funds to programmes and services and to submit financial statements to auditor.

**Parents**

Sign the attendance register during a parent meeting to ratify a budget.

**PHoD**

- Consider schools' audited financial statements and if a school fails to submit its statements, the PHoD must issue a certificate of non-compliance.
- Appoint the Auditor-General to audit the school's financial statements if she/he suspects that the school's finances have not be utilised properly and may, based on the Auditor-General's report, withdraw the school's section 21 functions.
- Provide schools with information on amount of State funds each school will receive.

**PDoE**

Provide information on how the State funds should be allocated to schools

The following figure displays stakeholders' involvement in the budgeting processes.



**Figure 9: Roles and functions of stakeholders in budgeting process**

Source: Compiled by the researcher, PP Chaba (7 November 2022)

## 7.8 Suggestions for further research

It became apparent from this study that there are topics that require more research. Some of these topics include investigating the importance of finance policy for the correct utilisation of the schools' finances. A school's finance policy is essential to its budgeting process because it must be considered during the planning phase. The policy must contain provisions on how the school's funds will be allocated. The governing bodies use the finance policy to monitor their school's budget.

It is important to investigate the confusion of the meanings attached to the concepts "bookkeeper", "accounting officer", "principal", "finance officer" and "auditor". There is confusion in the literature about who is who and what the roles and responsibilities are of a bookkeeper, finance officer, an accounting officer, the principal and an auditor. These concepts are used interchangeably, and this causes confusion. It is not clear whether the finance officer or the principal is responsible for keeping the school's records safe. As per section 16A(2)(v) of the Schools Act (RSA 1996b), the principal must keep all school's records safe while the finance officer keeps the school's funds books as per paragraph 5.1.6 of the Limpopo Prescripts (LDoE 2020). There is confusion on who, between the bookkeeper and the finance officer, must prepare the school's finances. As per Circular M3 of 2017 (DBE 2017) and Circular M1 of 2017 (DBE 2017), bookkeepers must prepare the finance statements to avoid fruitless and wasteful expenditure that results from financial statements that are not properly prepared. The Schools Act (RSA 1996b) and the Limpopo Prescripts (LDoE 2020) are silent on the role and responsibility of a bookkeeper. In terms of paragraph 5.1.5 of the Limpopo Prescripts (LDoE 2020), the finance officer must prepare the school's finances. Section 43(2) of the Schools Act (RSA 1996b) and Circular M1 of 2018 (DBE 2018) equate the roles and responsibilities of a professional accounting officer with that of an auditor with regard to auditing the schools' finances. The roles and responsibilities of an accounting officer, the principal and the governing body are used interchangeably. Rangongo, Mohlakwana and Bechmann (2016:2) maintain that on discovery of any unauthorised, irregular, fruitless and wasteful expenditure, the principal as accounting officer is required to report such activity in writing to the PHoD in fulfilment of his or her legal obligation as required in section 16A (2)(k) of the Schools Act (RSA 1996b). According to Circular M3 of 2017 (DBE 2017), neither the principal nor the governing body



members of public schools are accounting officers because none of them belong to an accounting body recognised by the Companies and Intellectual Property Commission in terms of the Close Corporations Act of 1948. Familiarity with the meaning attached to these concepts is valuable in avoiding misunderstanding. Financial decision making at schools will be improved and corruption and mismanagement of funds will be minimised because the roles and responsibilities of stakeholders in schools will be separated to avoid conflict of interest and put a single person in a position to manage the school's funds. These people will execute their roles and responsibilities responsibly and avoid overlapping roles and responsibilities to ensure effective budgeting at schools.

An in-depth study of the applicability of the Public Finance Management Act to schools would be vital. As the Public Finance Management Act regulates financial management in the national and provincial institutions and ensuring that all revenue, expenditure, assets and liabilities of those institutions are managed effectively and efficiently as per section 2 (1999b), there is confusion as to whether this Act applies to schools because no mention is made of schools in the Public Finance Management Act. The institutions which are referred to in section 2 of the Public Finance Management Act are outlined in section 3 of this Act and include the departments, public entities and Constitutional institutions (RSA 1999b). National and provincial policies differ in this regard. According to paragraph 8.7.3 of Limpopo Prescripts (LDoE 2020), schools' funds must be monitored and controlled in line with the Public Finance Management Act while in terms of Circular M1 of 2019 (DBE 2019), whether schools received section 21 status, their financial management must be provided for in the Schools Act. As per Circular M1 of 2019 (DBE 2019), schools are not listed in sections 2 and 3 of Public Finance Management Act as institutions to which Public Finance Management Act applies. According to section 36 of the Public Finance Management Act, every department and constitutional institution must have an accounting officer and no mention is made of the schools. The National Treasury (2000:26) maintains that as long as the accounting officer is responsible for submission of all reports, returns, notices and other information to the relevant legislature, executive authority, the relevant treasury or the Auditor-General, the PHoD and principals and the governing bodies are the accounting officers by virtue of being accountable to their respective departments. Circular M3 of 2017 (DBE 2017) refutes that the PHoD, principals and governing bodies are the accounting

officers. According to this circular, an accounting officer must belong to an accounting body recognised by the Companies and Intellectual Property Commission in terms of the Close Corporations Act of 1948 (DBE 2017) and the PHoD, principals and governing bodies are not. Whether the Public Finance Management Act should be applied to schools or not, will benefit those schools which have been awarded section 21 status because these schools are self-managing schools with autonomy and decision making powers with regard to the schools' finances and property (RSA 1996b, s 21). These schools will decide whether or not to have their schools' finances regulated by the Public Finance Management Act.

While my study focussed on budgeting, that is the how; it became evident that a qualitative study where the content of Section 21 schools' budgets is critically evaluated, would be a most valuable study. Section 21 schools are self-managing schools with autonomy and decision-making powers with regard to the schools' finances and property (RSA 1996b, s 21); therefore, it is the responsibility of the governing bodies of section 21 schools to draw their budgets. When the government awards section 21 status to a school, it expects the school governing body to be financially accountable in executing the functions allocated to it. The DBE has to train the governing body members so that they are able to handle the government allocation (RSA 1996b, s 19). With the skills that they have acquired through training, the governing body members will implement effective budgeting after going through the five phases of budgeting which are planning, drawing, implementation, monitoring and control.

I found that educators are bullied by their principals and a study into how principals' bullying behaviour affects schools' financial management would be a significant study. Principals are not the only ones who implement a budget. Everybody who will be implementing the budget should be involved in drawing it up to minimise delays, avoid misunderstandings that may arise during the implementation phase (Dibete 2015:32), and promote commitment towards achieving its goals (Isaac *et al* 2015:7). Educators, like other school stakeholders, implement the budget, but if they are not treated well by not being involved in the budgeting processes, the budget will not enable the school to attain its aims and objectives of improving the education of learners.

The following section deals with the conclusion of the research.

## **7.9 Conclusion of the research**

I investigated the budgeting practices at two primary schools in the rural area of the Maleboho Central Circuit in the Capricorn District, Limpopo Province to find out whether the selected principals, SMT members and the parent governors effectively draft the budget and practise budgeting. The findings that emanated from this study indicate that the SMT members and the governing bodies do not have skills and knowledge that will enable them to effectively practise budgeting because PDoE does little to empower the governing bodies in the Maleboho Central Circuit with skills and knowledge with regard to practising effective budgeting. Having acquired section 21 status does not have much impact because the principals of the participating schools are still in charge of managing the schools' finances. This implies that they are unilaterally drawing up the budget and thus failing to practise participatory budgeting. The budget will not enable the school to attain the set aims and objectives as long as relevant stakeholders are not actively involved in the budgeting processes. To make matters worse, parent governors who are in majority in the governing bodies are marginally literate which provides opportunities for principals to use the schools' funds as they wish instead of improving the quality of education for learners. It became evident that participants have insufficient knowledge of laws and policies which resulted in them not being guided by the legislative framework when they practise budgeting. Insufficient knowledge of laws and policies resulted in poor budgeting practises.

## **7.10 Chapter 7 conclusion**

In chapter 7, I provide a summary of the study and outline synopsis of the research findings. Findings are discussed with the intention of answering the sub-questions. The chapter concludes with recommendations on how the principals, SMT members and parent governors can approach current challenges in the fulfilment of their legally defined roles and execute their responsibilities in relation to budgeting. Lastly, I mention a number of specific suggestions for further research. If that Code of Conduct can be documented, principals will understand that their subordinates are not working for them but are working with them because both of them have been appointed by the same department and that what brought them at schools is to shape the future of learners. I strongly suggest that this phenomenon be investigated.

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## APPENDICES

### APPENDIX A: Ethical clearance certificate



#### UNISA COLLEGE OF EDUCATION ETHICS REVIEW COMMITTEE

Date: 2021/10/13

Ref: **2021/10/13/32153465/23/AM**

Name: Mrs PP Chaba

Student No.: 32153465

Dear Mrs PP Chaba

**Decision:** Ethics Approval from  
2021/10/13 to 2026/10/13

**Researcher(s):** Name: Mrs PP Chaba  
E-mail address: 32153465@mylife.unisa.ac.za  
Telephone: 082 5160 682

**Supervisor(s):** Name: Prof SA Coetsee  
E-mail address: Coetzsa1@unisa.ac.za  
Telephone: (012) 337-6170

**Title of research:**

**Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

**Qualification:** PhD Education management

Thank you for the application for research ethics clearance by the UNISA College of Education Ethics Review Committee for the above mentioned research. Ethics approval is granted for the period 2021/10/13 to 2026/10/13.

*The **medium risk** application was reviewed by the Ethics Review Committee on 2021/10/13 in compliance with the UNISA Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.*

The proposed research may now commence with the provisions that:

1. The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached.
2. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.



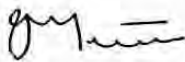
University of South Africa  
Preller Street, Muckleneuk Ridge, City of Tshwane  
PO Box 392 UNISA 0003 South Africa  
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150  
[www.unisa.ac.za](http://www.unisa.ac.za)

3. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the UNISA College of Education Ethics Review Committee.
4. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
5. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing.
6. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
7. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
8. No field work activities may continue after the expiry date **2026/10/13**. Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

*Note:*

*The reference number **2021/10/13/32153465/23/AM** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Kind regards,



**Prof AT Motlhabane**  
**CHAIRPERSON: CEDU RERC**  
motlhat@unisa.ac.za



**Prof PM Sebata**  
**EXECUTIVE DEAN**  
Sebatpm@unisa.ac.za

Approved - decision template – updated 16 Feb 2017

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**APPENDIX B: Letter to the Limpopo Department of Education to request permission**

Title of my research: **Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

Date\_\_\_\_\_

Head of Department  
Limpopo Department of Education  
Polokwane  
0700  
015 290 7600

Dear Sir/Madam

I, Chaba Phuti Peggy, am doing research towards a PhD under supervision of Professor Coetzee from the Department of Educational Leadership and Management at the University of South Africa. The aim of the study is to critically evaluate budgeting practices at two primary schools in the Maleboho Central Circuit and to use the findings to inform the development of a strategic framework for effective budgeting at primary schools in South Africa. I write to you because the two primary schools are located in Maleboho Central Circuit in Limpopo Province.

The study will entail analysing the schools' finance documents such as budget statements for 2020 and 2021, financial statements for 2020 and 2021, mission and vision of the school, documents in relation to staff meeting in which the budget was addressed, documents in relation to parents meeting in which the budget was addressed, documents in relation to governing body meetings in which a budget was addressed, audited financial reports for 2020 and 2021, school development plan and finance policy. I undertake not to divulge the information from these documents. I will conduct recorded interview with the one principal and with one School Management Team member from two schools. Five governing body members from each school will participate in focus groups. All participants will be asked questions on how they perceive their role and responsibilities with regard to budgeting, how the schools go about to adopt a budget, and the challenges they

experience with regard to budgeting. Both interviews and focus groups will take approximately one hour.

By participating in this study, the selected schools will evaluate their current budgeting practices and identify the challenges that they will have to address. Because the strategic budgeting framework which I planned to develop as my original contribution will provide them with a "structural plan" that addresses all the parts that are critical to good budgeting, the strategic framework could aid these schools in addressing the identified challenges. The findings of this study will provide valuable insights to the PDsoE, school principals, educators and governing bodies on the challenges likely to be encountered during the budgeting processes at schools. PDsoE will be able to use the findings to devise strategies to improve the managerial skills of principals that would enable them to effectively practice budgeting.

I foresee no risks for participants. To protect them from contracting Covid-19, I will make sure that the interview and focus group discussion venues are spacious enough to enable us to adhere to the social distancing rule. The tables and chairs that we will use will be cleaned with sanitised cloths. Each participant will be given a sealed face masks to cover the mouths and nose, sanitised his/her hands and temperatures will be taken before we proceed with interviews and focus group discussions. If the temperatures are below the acceptable level, we will proceed with the interviews and focus group discussions. If the temperatures for some of the participants are not below the acceptable level, I will request Life Orientation educator to provide the affected participants with counselling before we proceed with interviews and focus groups. After the interviews and focus groups were conducted, I will urge those affected participants to go to the nearest clinic for examination. To protect the schools and participants' identities and ensure confidentiality, I will refer to the participants and schools as anonymous.

All data collected will be used for academic purposes only.

There will be no reimbursement or any incentives for participating in the research.

I will give the participants my e-mail address to contact me if they want to know about the research's findings. I will write letters to the participating schools and the Limpopo Department of Education after the completion of the study. If the stakeholders in these



organisations are interested in the report, I will make copies for them. Others may find the report online and in UNISA's library.

You may contact me on:

Cell: 082 5160 682

e-mail: 32153465@mylife.unisa.ac.za.

Yours sincerely

---

Chaba Phuti Peggy

Educator

Supervisor: Prof SA Coetzee

DEd, MEd, BEd, B.A.Ed., LLB, Certificate Programme in Law, Advanced Short Course in Outcomes-based Assessment in Higher Education and Distance Learning

Department of Educational Leadership and Management

College of Education

Tel: (012) 337-6170

E-mail:coetzsa1@unisa.ac.za

## APPENDIX C: Permission letter from Limpopo Department of Basic Education



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**  
CONFIDENTIAL

Ref: 2/2/2      Enq: Makola MC      Tel No: 015 290 9448      E-mail: [MakolaMC@edu.limpopo.gov.za](mailto:MakolaMC@edu.limpopo.gov.za)

CHABA PP  
P Box 459  
BOCHUM  
0790

### RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH

---

1. The above bears reference.
2. The Department wishes to inform you that your request to conduct research has been approved. Topic of the research proposal: **“DEVELOPING A STRATEGIC FRAMEWORK FOR EFFECTIVE BUDGETING IN PRIMARY SCHOOLS IN SOUTH AFRICA: A CRITICAL EVALUATION OF BUDGETING PRACTICES”**
3. The following conditions should be considered:
  - 3.1 The research should not have any financial implications for Limpopo Department of Education.
  - 3.2 Arrangements should be made with the Circuit Office and the School concerned.
  - 3.3 The conduct of research should not in any way disrupt the academic programs at the schools.
  - 3.4 The research should not be conducted during the time of Examinations especially the fourth term.
  - 3.5 During the study, applicable research ethics should be adhered to; in particular the principle of voluntary participation (the people involved should be respected).
  - 3.6 Upon completion of research study, the researcher shall share the final product of the research with the Department.

REQUEST FOR PERMISSION TO CONDUCT RESEARCH : CHABA PP Page 1

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Cnr 113 Biccard & 24 Excelsior Street, POLOKWANE, 0700, Private Bag X 9489, Polokwane, 0700  
Tel: 015 290 7600/ 7702 Fax 086 218 0560

***The heartland of Southern Africa-development is about people***

4 Furthermore, you are expected to produce this letter at Schools/ Offices where you intend conducting your research as an evidence that you are permitted to conduct the research.

5 The department appreciates the contribution that you wish to make and wishes you success in your investigation.

Best wishes.



Mashaba KM

DDG: CORPORATE SERVICES

17/01/2022

Date

#### **APPENDIX D: Letter to the principals to request permission**

Title of my research: **Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

Date \_\_\_\_\_

Dear principal

I, Chaba Phuti Peggy, am doing research towards a PhD under supervision of Professor Coetzee from the Department of Educational Leadership and Management at the University of South Africa. The aim of the study is to critically evaluate budgeting practices at two primary schools in the Maleboho Central Circuit and to use the findings to inform the development of a strategic framework for effective budgeting at primary schools in South Africa. I write to you because I obtained permission from the Limpopo Department of Education to include your school in the study.

Your school has been selected because it has acquired section 21 status.

The study will entail analysing the schools' finance documents such as budget statements for 2020 and 2021, financial statements for 2020 and 2021, mission and vision of the school, documents in relation to staff meeting in which the budget was addressed, documents in relation to parents meeting in which the budget was addressed, documents in relation to governing body meetings in which a budget was addressed, audited financial reports for 2020 and 2021, school development plan and finance policy. I undertake not to divulge the information from these documents. I would like to conduct recorded interviews with you as the principal, and with a School Management Team member. I would also request permission for all five governing body members to participate in focus groups. All participants will be asked questions on how they perceive their role and responsibilities with regard to budgeting, how the school go about adopting a budget and the challenges they experience with regard to budgeting. Both interviews and focus groups will take approximately one hour and will be arranged to not interfere with normal school activities.

I foresee no risks for participants. To protect participants from contracting Covid-19, I will make sure that the interview and focus group discussion venues are spacious enough to enable us to adhere to the social distancing rule. The tables and chairs that we will use will be cleaned with sanitised cloths. Each participant will be given a sealed face masks to cover the mouths and nose, sanitised his/her hands and temperatures will be taken before we proceed with interviews and focus group discussions. If the temperatures are below the acceptable level, we will proceed with the interviews and focus group discussions. If the temperatures for some of the participants are not below the acceptable level, I will request Life Orientation educator to provide the affected participants with counselling before we proceed with interviews and focus groups. After the interviews and focus groups were conducted, I will urge those affected participants to go to the nearest clinic for examination. To protect your school and participants' identities and ensure confidentiality, I will refer to the participants and school as anonymous. Although the participation of your school in this research project is very important to me, it is voluntary.

All data collected will be used for academic purposes only.

There will be no reimbursement or any incentives for participating in the research.

By participating in this study, your school will evaluate its current budgeting practices and identify the challenges that it will have to address. Because the strategic budgeting framework which I planned to develop as my original contribution will provide you with a "structural plan" that addresses all the parts that are critical to good budgeting, the strategic framework could assist your school in addressing the identified challenges. The findings of this study will provide valuable insights to the PDsoE, other school principals, educators and governing bodies on the challenges likely to be encountered during the budgeting processes at schools. PDsoE will be able to use the findings to devise strategies to improve the managerial skills of principals that would enable them to effectively practice budgeting.

I will give you, together with the School Management Team member and the governing bodies of your school my e-mail address to contact me if anyone of you want to know about the research's findings. I will write letter to your school about the completion of the study.

If you and other participants in your school are interested in the report, I will make copy of the report for your school.

If you agree to participation, please indicate your consent to participation by signing the accompanying consent form.

Should you have any queries, or want to know the results of the study, please feel free to contact me.

Cell: 082 5160 682

e-mail: 32153465@mylife.unisa.ac.za.

Yours sincerely

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Chaba Phuti Peggy

Educator

Supervisor: Prof SA Coetzee

DEd, MEd, BEd, B.A.Ed., LLB, Certificate Programme in Law, Advanced Short Course in Outcomes-based Assessment in Higher Education and Distance Learning

Department of Educational Leadership & Management

College of Education

Tel: (012) 337-6170

E-mail:coetzsa1@unisa.ac.za

**APPENDIX E: Principal's permission to conduct research at the school**

**Title: Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices.**

I, \_\_\_\_\_, agree that the school can participate in the abovementioned study. The details of this research and its purpose have been explained to me. I have received an information letter to keep.

By signing, I consent

1. that the school may participate
2. to grant the researcher access to financial documents
3. that the researcher may make copies of the financial documents
4. to the possible future use of the findings to inform government
5. to the dissemination of findings as agreed

Principal's Name (Please print): \_\_\_\_\_

Principal's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX F: Consent form for the principal**

I, \_\_\_\_\_ (participant's name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation. By signing, I consent to participate and confirm that

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I am aware that the interview will be recorded.

Participant's Name (Please print): \_\_\_\_\_

Participant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**APPENDIX G: Information sheet for school management team members**

Date \_\_\_\_\_

**Title: Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

Dear Prospective participant

I, Chaba Phuti Peggy, am doing research towards a PhD under supervision of Professor Coetzee from the Department of Educational Leadership and Management at the University of South Africa. The aim of the study is to critically evaluate budgeting practices at two primary schools in the Maleboho Central Circuit and to use the findings to inform the development of a strategic framework for effective budgeting at primary schools in South Africa. I write to you because I obtained permission from the Limpopo Department of Education to include your school in the study and your principal agreed and gave me permission to contact you and provided me with your contact details.

You are invited because you are responsible to effectively budget the school's finances. I will request to have a recorded interview with you on effective budgeting. You will be asked questions on how you perceive your role and responsibilities with regard to budgeting, how your school goes about adopting a budget and the challenges you experience with regard to budgeting. The interviews will take approximately one hour and will be arranged to not interfere with normal school activities.

By participating in this study, you will evaluate current budgeting practices at your school and identify the challenges that your school will have to address. Because the strategic budgeting framework which I planned to develop as my original contribution will provide you with a "structural plan" that addresses all the parts that are critical to good budgeting, the strategic framework could assist your school in addressing the identified challenges. The findings of this study will provide valuable insights to you on the challenges likely to be encountered during the budgeting processes at your school.

I foresee no risks for participating in this study. To protect you from contracting Covid-19, I will make sure that the interview venue is spacious enough to enable us to adhere to the social distancing rule. The tables and chairs that we will use will be cleaned with a sanitised cloth. I will give you a sealed face mask to cover your mouth and nose, sanitised your hands and take your temperature before we proceed with interview. If your temperature is below the acceptable level, we will proceed with the interview. If your temperature is not below the acceptable level, I will request the Life Orientation educator to counsel you before we proceed with interview. After the interview, I will urge you to go to the nearest clinic for examination.

In any publication emerging from this research, you will be referred to by a pseudonym. Once the research has been completed, the findings will be presented in a published thesis.

I will store hard copies of your answers for a period of five years in a locked cupboard in my study. For future research or academic purposes, electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval. Hard copies of your answers will be destroyed after five years. Electronic copies will be permanently deleted from the hard drive of the computer with the use of a relevant software program.

There will be no payment or any other incentive for participating in this study.

This study has received written approval from the Research Ethics Review Committee of the College of Education at Unisa. If you are interested, I can give you a copy of the approval letter from this committee.

Although your participation in this research project is very important to me, it is voluntary. Should you wish to withdraw at any stage, you are at liberty to do so without any negative consequences. If you would like to participate, please indicate that you have read and understood this information letter by signing the accompanying consent form and returning it to me.

If you would like to be informed of the final research findings, or should you require any further information or want to contact a researcher about any aspect of this study please contact Phuti Peggy Chaba on 082 5160 682 or e-mail 32153465@mylife.unisa.ac.za. The findings are accessible for five years.

Should you have concerns about the way in which the research has been conducted, you may contact my supervisor, Prof Coetzee on [coetzsa1@unisa.ac.za](mailto:coetzsa1@unisa.ac.za).

Thank you for taking the time to read this information sheet and for participating in this study.

Thank you.

---

Researcher's signature

Phuti Peggy Chaba

Researcher's name



## **APPENDIX H: Information sheet for parent governors**

Date \_\_\_\_\_

Title: **Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**

Dear Prospective participant

My name is Phuti Peggy Chaba and I am doing research towards a D Ed under the supervision of S.A. Coetzee, a professor in the Department of Education at the University of South Africa. I am inviting you to participate in a study entitled “**Developing a strategic framework for effective budgeting in primary schools in South Africa: A critical evaluation of budgeting practices**”.

This study is expected to collect important information that could benefit you as a parent governor on practicing budgeting in line with the prescribed relevant national and provincial law and policies.

You are invited because you are responsible to execute your role and responsibilities of practicing budgeting in line with the prescribed relevant national and provincial law and policies. I obtained your contact details from your principal. I will request to have a recorded focus group discussion with you on practicing budgeting. By participating in this study, you will become knowledgeable on your role and responsibilities on practicing budgeting in line with the prescribed relevant national and provincial law and policies. The focus group discussions will take approximately one hour. You may not feel comfortable to answer questions on your school’s finances. However, the findings of the interviews are for academic purposes only. Your identity and responses will be kept confidential. I will be the only person to access your responses, although your answers may be reviewed by people working on the study such as members of the Research Ethics Review Committee to make sure that the research was carried out properly, unless you give permission for other people to see the records. Your name and contact details will be kept in a separate file from any data that you provide. A focus group is a type of group “interview” in which

the researcher leads a discussion with a small group of individuals to examine in detail how they think and feel about the topic. While I will make every effort to ensure that you will not be connected to the information that you share during the focus group, I cannot guarantee that other participants in the focus group will treat information confidentially. I shall, however, encourage all participants to do so. For this reason I advise you not to disclose sensitive personal information in the focus group.

By participating in this study, you will evaluate current budgeting practices at your school and identify the challenges that your school will have to address. Because the strategic budgeting framework which I planned to develop as my original contribution will provide you with a "structural plan" that addresses all the parts that are critical to good budgeting, the strategic framework could assist your school in addressing the identified challenges. The findings of this study will provide you with valuable insights on the challenges likely to be encountered during the budgeting processes at your school.

I foresee no risks for participating in this study. To protect you from contracting Covid-19, I will make sure that the focus group venue is spacious enough to enable us to adhere to the social distancing rule. The tables and chairs that we will use will be cleaned with a sanitised cloth. I will give you a sealed face mask to cover your mouth and nose, sanitised your hands and take your temperature before we proceed with interview. If your temperature is below the acceptable level, we will proceed with the interview. If your temperature is not below the acceptable level, I will request the Life Orientation educator to counsel you before we proceed with the focus group. After the focus group discussion, I will urge you to go to the nearest clinic for examination.

In any publication emerging from this research, you will be referred to by a pseudonym. Once the research has been completed, the findings will be presented in a published thesis.

I will store hard copies of your answers for a period of five years in a locked cupboard in my study. For future research or academic purposes, electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval. Hard copies of your answers will be destroyed after five years. Electronic copies will be permanently deleted from the hard drive of the computer with the use of a relevant software program.

There will be no payment or any other incentive for participating in this study.

This study has received written approval from the Research Ethics Review Committee of the College of Education at Unisa. If you are interested, I can give you a copy of the approval letter from this committee.

Although your participation in this research project is very important to me, it is voluntary. Should you wish to withdraw at any stage, you are at liberty to do so without any negative consequences. If you would like to participate, please indicate that you have read and understood this information letter by signing the accompanying consent form and returning it to me.

If you would like to be informed of the final research findings, or should you require any further information or want to contact a researcher about any aspect of this study please contact Phuti Peggy Chaba on 082 5160 682 or e-mail [32153465@mylife.unisa.ac.za](mailto:32153465@mylife.unisa.ac.za). The findings are accessible for five years.

Should you have concerns about the way in which the research has been conducted, you may contact my supervisor, Prof Coetzee on [coetzsa1@unisa.ac.za](mailto:coetzsa1@unisa.ac.za).

Thank you for taking the time to read this information sheet and for participating in this study.

Thank you.

---

Researcher's signature

Phuti Peggy Chaba

Researcher's name

**APPENDIX I: Principal's consent to participate in the study (Return slip)**

I \_\_\_\_\_, (participant's name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the interview.

I have received a signed copy of the informed consent agreement.

Participant's Name (Please print): \_\_\_\_\_

Participant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX J: School management team members' consent to participate in the study  
(Return slip)**

I, \_\_\_\_\_ (participant's name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the interview.

I have received a signed copy of the informed consent agreement.

Participant's Name (Please print): \_\_\_\_\_

Participant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**APPENDIX K: Parent governors' consent to participate in the study (Return slip)**

I, \_\_\_\_\_ (participant's name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the focus group discussions.

I have received a signed copy of the informed consent agreement.

Participant's Name (Please print): \_\_\_\_\_

Participant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX L: Confidentiality agreement for parent governors**

I \_\_\_\_\_, grant consent that the information I share during the focus group may be used by Phuti Peggy Chaba for research purposes. I am aware that the group discussions will be digitally recorded and grant consent for these recordings, provided that my privacy is being protected. I undertake not to divulge any information that is shared in the group discussions to any person outside the group in order to maintain confidentiality.

Participant's Name (Please print): \_\_\_\_\_

Participant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (Please print): \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_