

CHAPTER 1

ORIENTATION

1. Introduction

In any organization, financial resources are one of the important aspects which have to be managed economically, effectively and efficiently. A school is one example of such organizations the financial resources of which have to be managed economically, effectively and efficiently in order to achieve its main core function, namely quality teaching and learning. In order for the school to run its activities smoothly, its financial policy has to be formulated and implemented in line with the policies, rules, regulations, and Acts of the Department of Basic Education. The financial policy of the school has to be formulated by the School Governing Body (SGB). The SGB as the accounting executive authority formulates the financial policy and the principal as the accounting officer with his/her school management team (SMT) members manage the school finances according to the SGB policy. When the principal implements the financial policy of the SGB he or she should be in line with the Department of Basic Education's in financial policy and other relevant financial legislation such as the Public Finance Management Act, 1999 (PFMA).

After the dawn of democracy in South Africa on 27th April 1994 there arose a need to change the system of education in the country. The aim of this was to make the education system to be more representatives and to give different stakeholders an opportunity to have a say in the education of this country. As a result of this different education stakeholders were engaged to participate actively in the development of education in the country. The then school committees and parents associations were then replaced with a more representative body that would represent parents (who have children at that school), teachers (employed at that school), learners (enrolled at that school in grades 8 – 12) support staff (employed at that school) and co-opted members (co-opted members are co-opted in terms of their expertise) (Republic of South Africa, 1996: Sec 23).

2. Background of the Study

The Department of Basic Education has categorized schools into quintiles according to the levels of poverty in the community where the school is established. Quintiles are statistical values that divide a frequency distribution into five parts, each containing a fifth of the population. The Department of Basic Education uses these quintiles to determine the degree of poverty in that community. Schools falling under quintiles 1 and 2 are regarded as the poorest and poor respectively, schools in quintiles 3 and 4 are better and best respectively. The schools in quintile 5 are regarded as self-sufficient and have best infrastructure and parents of the children who attend at the schools falling under quintile 5 can afford paying school fees. The schools in quintiles 1 – 3 were later declared as no-fee schools. This means that parents whose children are schooling at these schools are exempted from paying school fees. Because of these new developments and the good fruits of democracy for free education, government is allocating huge sums of money into schools (Republic of South Africa, 1996, Sec 98).

The governance of school finances by SGB calls for certain expertise from the SGB members. It is therefore essential for SGB members to possess financial management skills. Members of the SGB need to be equipped to draw and analyze school budget, financial statements and where appropriate to manage school finance (Davidoff & Lazarus, 1997:107). But a concern is that many SGBs are not well trained and as such they do not know what is expected of them with regard to school finances. ‘They only sign cheques and do not work according to their budgets’ (van Wyk, 2004:53).

The problem of capacity is more pronounced in rural areas where schools are less able to recruit appropriate SGB parents’ component members or find SGB parents’ component with the necessary skills and expertise (Creese & Early, 1999:2). In black rural schools the illiteracy level of parents is high with the result that SGB parents’ component members are not well equipped for their governance functions (Nyambi, 2004:12). While SGBs are tasked with this big task of governing school finances the biggest challenge is that in most of the rural areas the SGBs do not have the required skills and expertise to exercise their powers regarding to financial governance as stipulated by Law (Motala & Pampalis, 2005:153).

Despite the above mentioned challenges phased by public schools stated above financial management, revenue collection, expenditure, and assets of public schools have to be managed efficiently economically and effectively as propagated by the Public Finance Management Act, 1999 (PFMA). This Act determines responsibilities of persons entrusted with the financial management in government institutions as stated in Section 35 (Republic of South Africa, 1999). The following are the duties of the SGBs as stated by the PFMA:

- ✓ They should perform their statutory functions within the limits of the funds authorized for the relevant vote.
- ✓ In performing their statutory function, monthly financial reports must be submitted.
- ✓ All directives to the principal having financial implications must be in writing.
- ✓ The implementation of directives having financial implications which may result in unauthorized expenditure should be reported to the SGB by the principal in writing.
- ✓ The financial policies of the school and the responsibilities of the SGB should comply with this Act (Republic of South Africa, 1999, Sec 63-64).

The principal of the school is the chief accounting officer on matters relating to the management and leadership of the school under the watchful eye of the SGB which reports on matters relating to the governance of the school.

The SGB has to make sure that the money at the school is used effectively and efficiently. The SGB has to draw a financial policy to control the use of money. Although the SGB is not at the school on a day-to-day basis, the principal of the school has to utilize money in terms of the wishes and resolutions of the SGB. SGBs should have the capacity to manage the finances well and also to translate the financial resources into physical resources that will promote quality education (Nyambi, 2004:10).

The principle underlying the establishment of financial governance as the role of SGBs is that the responsibility of management of financial resources should be delegated to those who use them as far as possible. Delegated system of financial governance is based on the belief that if decisions

about financial resources are taken at the operational part of the process better quality decisions shall emerge (McAlister & Connolly, 1990:34).

The SGBs in public schools stand in a position of trust towards the schools. Hence the SGBs shall be responsible for developing policies on substantive issues including the drawing of budget and determining school fee (Mda & Mothata, 2000:75). In addition to the above the SGB has a duty to raise school fund (Piek, 1991:12). According to SASA it is the responsibility of the SGB to augment the allocation given to the school by the State. In most schools in the disadvantaged rural areas of South Africa the challenge to raise money by people without expertise and often from people living below the subsistence level is indeed a daunting if not an impossible task (Mda & Mothata, 2000:76).

The role of SGB in education in the governance of school finances is that of partnership with the State in providing quality education (Dekker & van Schalkwyk, 1995:483). "Nowhere in education is the principle of partnership of the State and SGBs more important than at the level where the question of how to provide the most effective education for all children in South Africa is addressed (Dekker & Lemmer, 1995:157)". The partnership of the SGB with the State on looking after the governance of school finances should be based on trust and openness.

3. Statement of the Problem

According to Section 21 of the South African Schools Act, 86 of 1996 (SASA) there are certain functions which the SGB of an institution has to apply for to the Head of the Department of education in that province. The functions are:

- ✓ To maintain and improve the school's property, building and grounds.
- ✓ To buy textbooks, educational materials or equipment for the school.
- ✓ To pay for services to the school rendered by different suppliers.

As a consequence of these functions being conferred to the SGB, the Department of Basic Education is supplying huge sums of money to schools which the SGB should use appropriately.

Despite all these efforts by the Department of Basic Education there are complaints of schools with broken windowpanes, schools with no fences, schools with no boreholes or water, schools which fail to pay for service and schools which receive qualified to adverse audited financial reports. Some schools do not have a single basic equipment to be shown to the learners, no electricity, water and proper toilets (Melanie-Ann, 2010:6).

Hence the statement of the problem is to investigate the extent to which the SGBs are skilled in handling school finance. The judicious handling and use of the financial resources by the School Governing Body in the overall development of the school is of the utmost importance. Consequently, this study investigates whether or not the Department of Basic Education takes into consideration the capacity of the School Governing Body members in execution of their duties and responsibilities when they are put in place after three years. For the SGBs are tasked to execute most of the functions contained in the South African School Act, 1996 within the context of the Public Finance Management Act 1999. It appears that the SGBs do not have the required capacity to implement the PFMA and SASA.

Hence the financial accountability is promoted at school by devolving responsibilities to the SGBs where resources are actually used and can most effectively be managed (African National Congress, 1995:38). The law makes provision for all schools to have formally constituted SGBs that shall be fully involved in the overall governance of the school finances (Squelch, 1994:101). The SGB by virtue of law have the power to maintain the school's freedom to apply financial resources in the way that they can switch expenditure according to school needs (Everard & Morris, 1996:198).

It is therefore the duty of the SGB to make sure that it uses financial resources effectively to ensure that education remain affordable. All schools must operate sound financial management practices that support financial objectives. It is therefore the duty of the SGB to perform the following functions:

- ✓ Establish proper financial management and accounting procedures.
- ✓ Maintain reliable systems of internal control including safe guarding against fraud.
- ✓ Fulfill the requirements of public finance and accountability.

- ✓ Ensure that financial resources are used for the purpose intended for (Coleman & Anderson, 2000:149).

The governance of school finance is therefore the terrain of the SGB (Sorenson & Goldsmith, 2006:6).

4. Aim of the study

The aim of this study will be to investigate the efficacy of the School Governing Bodies in the implementation of SASA, PFMA and school based financial policies in the governance of school finances.

5. Objectives

The objectives of the study are:

- ✓ To determine to what extent the School Governing Body does take into account the implementation of SASA and PFMA in the utilization of the financial resources of the school.
- ✓ To investigate the ability of the SGB concerning the drawing and implementation of the school based financial policies.
- ✓ To evaluate the role of the School Governing Bodies in controlling school finances.
- ✓ To determine the financial management skills available among individual school governing body members.

6. Research Questions

In line with the above mentioned objectives the following research questions are relevant to this study:

- ✓ Do SGBs have the required capacity to implement SASA and PFM in the use of financial resources?
- ✓ Do SGBs have the ability to draw and implement school based financial policies?
- ✓ Which financial management skills are available among individual SGB members?

7. Definition of Concepts

The following terms will have the following meaning in regard of this research proposal.

- ✓ School Governing Body will mean authorized accounting body consisting of parent' representations, educators' representations and learners in the case of those schools that offer grade 8 upwards and support staff at school (Republic of South Africa, 1996).
- ✓ Efficacy means the ability to perform functions as stipulated, the satisfactory output of service to achieve set objectives (Cloete, 1995:27).
- ✓ Governance-right or power to enforce rules or give orders, determination of the policies and rules by which an institution is to be organized and controlled (Potgieter, Visser, Van der Bank, Mothata & Squelch, 1997:11).
- ✓ Tsimanyane Circuit refers to one circuit of the Limpopo Education Department in greater Sekhukhune in the Dennilton cluster circuits.
- ✓ Capacity is the mental ability to do something, rendering of services without wasting money, material and labour (Cloete, 1995:9).
- ✓ School fund means all monies received by a public school irrespective of the source as contemplated in section 39 of SASA.
- ✓ Prescript means rules and regulations and standards set for the managing and control of school funds in public schools in Limpopo Province.
- ✓ Quintiles are statistical values that divide a frequency distribution into five parts, each containing a fifth of the population (Microsoft Encarta, 2007).

8. Research Design

A research design is a strategic framework for action that serves as a bridge between the research question and the execution of the research (Merriam. 1998:45). Research design draws the planning of a scientific inquiry by designing a strategy for finding out something (Babbie, 1994:183).

Research design is like a journey planner which indicates which route to follow in order to reach your destination. It is a blue print of the research project that precedes the actual research process. The importance of a research design is to plan and structure a research project in manner that the eventual validity of the research findings is maximized by minimizing where possible or eliminating potential errors (Mouton, 1996:107).

8.1. Choice and Rationale for Design

For the purpose of this research a qualitative research design will be used as procedures are not as strictly standardized as in other approaches. Qualitative research emphasizes validity in their research and its methods allow the researcher to stay close to the empirical world. By listening to people when they talk about what is on their minds and looking at the documents they produce, the qualitative researcher obtains first hand information of social life unfiltered through concepts, and operational definitions (Azaliah College, 1999:75). In qualitative research the researcher is part of the observation as he/she tries to gain firsthand, holistic understanding of the phenomenon under investigation. Qualitative research is suitable for an investigation that cannot be done experimentally for practicality. Although the main focus will be qualitative research, quantitative research will also be used. This is because graphs and statistics will be used to analyze the information gathered.

9. Research Methods

Research is a systematic procedure of collecting and analyzing data for some purpose (White, 2004:8). Furthermore, research is a procedure by means of which an endeavor is made to obtain answers to questions and to solve identified problem(s) in a systematic way within the support of verifiable facts (Brynard & Hanekom, 1997:2). It encompasses the interpretation of data in order to reach a conclusion. All research should have some utility. Proper methods in every research need to be followed to the later in order for that research to be valid and reliable.

This research shall use a mixed approach of qualitative and quantitative methods. These two methods shall complement each other in this research. The product of qualitative method is richly

descriptive and the qualitative researcher is flexible in how he or she conducts his or her research (Merriam, 1998:8). A phenomenological strategy for inquiry will be used in executing this study because phenomenology is concerned with the understanding of social and psychological phenomena from the perspective of the people involved. Subjective experience is at the centre of the inquiry. The emphasis is the individual's subjective experience. Qualitative research tries to understand people from their own frame of reference. It empathizes and identifies with people it studies in order to understand how they see things. In qualitative research the researcher looks at people and settings holistically. People are studied in the context of their past and their present situations. It usually involves field work. The researcher must physically go to the people, setting, site, institution in order to observe the behavior in a natural setting (White, 2003:16).

It relies heavily on verbal data and subjective analysis. Qualitative research observes and describes in words and formulates a conclusion. It deals with data that is principally verbal (Vermeulen, 1998:10-12). Qualitative research is an inquiry in which the researcher collects information face to face in a situation by interacting with selected persons in their settings. It is flexible in method. It is the inquiry that is grounded in the assumption that individuals construct social reality in the form of meaning and interpretation, and these constructions tend to be transitory and situational (McMillan & Schumacher, 2001:395).

As indicated that this research shall use a mixed approach quantitative method shall also be used. Quantitative research presents statistical results represented with numbers or graphs. Data collection and analysis shall be undertaken by means of numerical statistics and graphs (White, 2003:13).

In this research study SGB members from the nine sampled schools shall be interviewed at their respective schools. They shall express their feelings and knowledge about the questions that shall be posed to them. Their responses shall be recorded.

10. Study Area

The study will take place in the Limpopo Province in the Greater Sekhukhune District. The main focus will be on schools in the Tsimanyane Circuit in the Dennilton Cluster. It is in this area that the researcher wants to examine the capabilities of SGB with regard to their financial governance.

11. Population

Population is the possible elements that can be included in the research. Population is set of elements that the researcher focuses upon and for which the results obtained can be generalized (White, 2004:49). The elements in this research proposal refer to the members of the School Governing Bodies attached to the 39 schools in the Tsimanyane circuit. The minimum number of SGB members in a school is 5 while the maximum number is 9. The size of the population of this research project is a total of 200 SGB members.

12. Sampling

Sampling means to make a selection from the population in order to identify the elements or people to be included in the research (White, 2004:52). A sample is individuals selected from a large group of persons called the population (MacMillan & Schumacher, 2001:54). Random sampling will be used in this research as this is the ideal sampling method to be used for this kind of study because the probability of being selected is equal for all members of the population. It is a method that allows a combination of different methods for data collection that may lead to the same conclusion (Creswell, 1998:119). According to Stoker as cited by de Vos, Strydom, Fouche and Delpont (2005:194), where a population is two hundred, the sample should consist of 32% which are 64 respondents. The sample size of 64 respondents from the nine sampled schools in the Department of Basic Education in Tsimanyane Circuit in Limpopo province will be interviewed.

13. Data Collection Methods

Data should be collected from the sample chosen (Bless & Higson-Smith, 1995:89). The researchers will use the following data collection methods:

13.1 Interviews

Interviews involve asking respondents a series of open-ended questions in order to find out from them things that cannot directly be observed or to find more information. Interviews shall be used to enter into other person's perspectives. Interviews are communication with a purpose (Creswell, 1998:62). The interviews will take the form of an in-depth interview. On depth-interviews is a formal or informal discussion with an individual to gather in-depth information on a specific matter. During in-depth interviews participants do not need to be able to write and read in order to respond to the questions. This instrument for data collection provides an excellent opportunity to probe and explore questions and establish personal contact with participants to elicit rich and detailed responses. During in-depth interviews questions can be flexible and be tailored to suit each person (Durance & Karen, 2005:231).

Interviewees, referring members of the School Governing Bodies of the selected schools shall be asked the same questions to respond to them. The researcher shall record the responds of the interviewees as they speak. Interviewees shall be given an opportunity to elaborate on their explanations and what they know.

13.2 Document analysis

The official documentation of the SGB shall be examined. An analysis of documentation may reveal some of the activities which the SGB was unwilling to talk about in their interviews and this shall confirm their perceptions reported by interviewees. Documents related to SGBs' activities will be observed, including records of past events that were written or printed. These will include letters, diaries, official minutes, regulations, laws, policies, and resolutions (Creswell, 1998:62).

Documents will be fitting instruments to collect data because they will give a true picture of events as they unfolded in the past. Document analysis supplements interviews. They permit the understanding of a programmed setting in a way that is not entirely understandable through insight of respondents obtained through interviews. Whatever one cannot understand through interviews one may use official documents of the SGB to understand that (McMillan & Schumacher, 2001:77).

13.3 Focus Group

It is a formal way to collect information through small group discussions. A focus group is an important data collection method as participants can build on one another's comments and they are not costly. Participants listen to one another and become aware of their opinions on a topic. It can reach more people than interviews. Participants can take advantage of the shared experience. It assists in generating and evaluating data from different subgroups of a population (Cohen, Manion & Morrison, 2007:376).

The focus group that shall be used to collect data comprises of three financial committee members of the school Governing Body. The three financial committee members shall comprise of the following SGB members: chairperson, treasurer, financial officer and the principal.

14. Data Analysis Methods

Data received from the sampled population will be analyzed, organized, scanned, re-evaluated, and represented. The analysis of the interview data qualitative research tends to result in descriptions of an interpretative view of the events. Data analysis involves searching out the concepts behind the actualities by looking for codes, then concepts and finally categories. The analysis of data will be done thematically. Qualitative research investigation works with the wealth of rich descriptive data collected through methods such as in depth interviews, focus group and document analysis. The methods of data analysis are more of holistic synthetic and interpretation (Mouton, 1996:169).

The massive amount of data available has to be filtered until only that which is critical to the research remains. The main idea is to eliminate irrelevant data until data critical to the research is identified and studied (Brynard & Hanekom, 1997:48-49).

The following 6 stages of generic framework for analyzing data from a qualitative enquiry will be used.

- ✓ Stage 1: Bracketing and phenomenological reduction
- ✓ Stage 2: Delineating units of meaning
- ✓ Stage 3: Clustering of units of meaning to form themes
- ✓ Stage 4: Summarizing each interview, validating it and where necessary, modify it.
- ✓ Stage 5: Extracting general and unique themes from all the interview and making composite summary and
- ✓ Stage 6: Representing and visualizing (Groenwald, 2004:17).

As part of the quantitative method data collected shall also be represented by means of graphs. The information which is represented by graphs shall be analyzed and synthesized accordingly.

15. Ethical Considerations

Since qualitative research deals with human beings it is necessary to take into consideration the ethical responsibilities of conducting a research into mind. Potential costs of using questionable methods must be balanced with the benefits of conducting a research (McMillan & Schumacher, 2001:182). The following ethical consideration shall be adhered to when conducting this study:

- ✓ Informed consent. There is going to be the signing of an informed consent declaration by the respondents acknowledging confidentiality. All possible or adequate information on the aim of the research, procedures, disadvantages and dangers to which respondents may be exposed to shall be provided. The respondents will be told of their rights to withdraw from the study at any time and should be legally and psychological competent to give consent.

The researchers will reveal his credibility (Babbie & Mouton, 2001:231). Informed consent from the respondents shall be secured first before they participate in the research.

- ✓ Privacy. The privacy and confidentiality of the participants shall be preserved by maintaining the anonymity of the participants (Creswell, 2009:173).
- ✓ Release or publication of the findings. The report shall be compiled as accurately and objectively as possible and will avoid plagiarism and fabricated findings on the release of findings or publication (Babbie & Mouton, 2001:232).
- ✓ Respondent fatigue. As soon as it is noticed that the respondents are tired or show signs of tiredness, there shall be adjournment to the investigations till the following day (Creswell, 2009:170). Respondents must be protected from any physical and mental discomfort.
- ✓ There shall be openness and honesty with the respondents (McMillan & Schumacher, 2001:182).
- ✓ The respondents shall be informed on all aspects of the research that may influence the willingness to participate, and answer all inquiries of respondents on features that might have negative influence (McMillan & Schumacher, 2001:182).

16. Outline the Research Report

The programme of the study will be divided in to five chapters. The five chapters which are the outline of the research report will be structured as follows:

Chapter 1

This chapter discusses the introduction, background of the study as well as the statement of the problem. The aim of the study is clearly stated and explained in this chapter. A brief explanation of the research methodology, research design, choice and rationale for design, study area, population, sampling, data collection methods, and data analysis methods are described in this chapter. The ethical considerations which the researcher has to adhere to are stated in this chapter.

Chapter 2

This chapter deals with the literature on budget, skills required for financial management and the effects of lack of financial skills. Financial control mechanism and financial accountability are also dealt with in this chapter. This chapter is aimed at determining and exploring how much it is already known on the subject of financial management and how much has been written on it so far. A literature review provides significant deeper insight into the dimensions and complexity of the problem. If research is a source for building a knowledge base it is then indeed essential to learn about previous thinking on the topic.

Chapter 3

Research methodology shall be described in this chapter. This shall include the description of the research design, choice and rationale, population, and sampling techniques.

Chapter 4

It is in this chapter that the different data collection strategies shall be used to collect data. After data shall have been collected it shall be analyzed and interpreted in order to uncover the skills and competence of the SGBs in controlling school finance using a variety of methods meant specifically for this. All these steps are meant to ensure the validity of the research findings of this research report.

Chapter 5

The findings of this research proposal shall be indicated in this chapter.

Chapter 6

The conclusion and recommendation for future action shall be outlined in this chapter.

17. Summary

This chapter intends to describe the purpose and the boundaries of this research study. The background against which this research study took place was detailed and explained thoroughly. The problem associated with this research study was mentioned. The research design was described and crucial concepts were explained. The ethical considerations which shall be taken into consideration in this research study were outlined.

CHAPTER 2 LITERATURE REVIEW

1. Introduction

A public school is a *juristic* person with legal capacity to perform its functions. This means that every public school may buy, sell, hire or own property, enter into contracts make investments and sue or be sued. All these functions are performed by the SGB. The SGB has a duty to act on behalf of the school. SASA prescribes how a school should manage its funds. It also provides guidelines for the SGB on the roles and responsibilities in managing the finances of the school (Republic of South Africa, 1996: sec 15).

The governance matter in every public school is vested in the SGB of that school. The governance of school finance is one area of responsibility of the SGB of every public school. The SGB of every school has to ensure that a budget is drawn for the school and this budget should take into consideration the needs of the school. The budget of the school should ensure that finances of the school are used effectively, efficiently and economically (Potgieter *et al*, 1997:19).

The SGB should formulate and adopt financial policies in their respective schools. After the formulation, adoption and implementation of financial policies such policies should be monitored by the SGB (Mc Lennan, 1996:36-37). The money that the SGB should budget, control, set policies for comes from the state. The state should fund public schools from public revenue and the SGB should ensure that it supplement the financial resources supplied by the state through fundraising and donation (Bisschoff, 1997:127).

2. Budget

It is the responsibility of the SGB to draw a school budget for each academic year. In drawing the budget thought should be given on how to increase revenue through fundraising, selling of unwanted equipments or hiring school premises (Everard & Morris, 1996:201).

A budget is a planning instrument of financial resources which contributes in a constructive way towards preventing the disruption of the educational programmes as a result of insufficient financial resources (Van der Westhuisen, 1995:375). A school's budget reflects the school priorities, educational objectives and seek to achieve the efficient use of funds. A school budget needs to be subjected to regular effective financial monitoring (Mestry, 2004:129).

No objectives can be reached unless funds are budgeted for that purpose. Tax payers' money should be used to reach the set objectives hence, interest in public expenditure is fairly high. These interests in the allocation of funds become quite obvious during debates on annual estimates (Coetzee, 1991:62).

Budget is a planning instrument for income and expenditure by the SGB. It is part of the governance function of the SGB that relates to estimates of income and costs with the view to realize the school's long and short term aims and objectives. It is the expression of the school's mission in monetary terms (Bisschoff & Mestry, 2003:65).

A budget is a forecast of expenditure and revenue for a specific period of time and enables an institution to set priorities and minor progress towards the attainment of selected goals (Gildenhuis, 1997:154). Before the budget is becomes an operational budget it must be it must be presented to a general meeting of parents convened at least 30 days notice for approval by a majority of parents present (Bisschoff & Mestry, 2003:36). An operating budget is planned for a specific period. The financial year of all schools is from 1 January to 31 December annually. The budget period for schools coincides with the beginning and end of the academic year. An approved budget serves as a control instrument to ensure that the school programmes are executed efficiently and effectively. An approved budget is used to control the expenditure of each budget vote (Gildenhuis, 1997:155).

An annual budget of a school must be in accordance with the format as may be described and must contain the following:

- ✓ Estimates of all revenue expected to be raised during that financial to which the budget relates.

- ✓ Estimates of expenditure for that financial year per vote and per main division within the vote.
- ✓ Estimates of all direct charges against the revenue fund of that financial year (Republic of South Africa, 1999, Sec 27).

The SGB may table an adjustment budget in a general meeting convened specially for that. The adjustment may be required due to the following reasons:

- ✓ Due to unforeseen economical and natural events.
- ✓ Due to unforeseen and unavoidable expenditure recommended by the SGB or any committee to whom the task has been assigned.
- ✓ The roll over of unspent funds from the preceding financial year.

The SGB may do virement between main division within the same votes after it has been accepted and approved in an SGB meeting. (Republic of South Africa, 1999:Sec 43).

2.1 Approaches to Budget

There are three approaches to budget that the SGB may decide on which approach does it deem it fit when it need to prepare a school budget. They are as follows:

- ✓ Programmatic approach. It starts with the current year's budget, updated for any changes anticipated in activities and prices. This is essential incremental approach.
- ✓ Limited plan approach. This form of approach uses historical budget as the basis and then costs are the prioritized within the school development plan.
- ✓ Full plan approach. This approach is based upon a comprehensive plan from which the budget is delivered. This is in essence a zero based budget approach (Knight, 1983:110).

The allocation of financial resource by the SGB should be based on any one or combination of the following strategies:

- ✓ Open market. This entails each department or cost center justifying for the financial resources they need.
- ✓ Creeping incrementalism. The SGB assess the percentage increase available and then raises last year's quota for each department by that portion.

- ✓ Formula. It involves determining the allocation by number of weekly pupil-periods that they teach and level of expenditure they need for each pupil (Knight, 1983:118).

2.2 The Purpose of a Budget

A budget is aimed at planning and controlling the financial activities of a school in order for the main function of the school which is teaching and learning can be realized in an environment that is conducive (Bisschoff, 1997:110). The budget can be implemented to control expenditure by limiting expenses to the budget amounts and prevent unauthorized expenditure.

From the governance point of view a budget has the following functions:

- ✓ It measures the competency of the SGB in estimating cost and expenditure.
- ✓ It determines the accuracy of income estimates made by SGB.
- ✓ It serves as an instrument to determine the capacity of the SGB members to keep within the limitations set for expenditure within their control.
- ✓ The periodical control of the budget weekly, monthly or quarterly reveals unauthorized expenditure (Cloete, 1991:197).

A budget is a financial plan of expenditure and revenue. It is a tool of accountability and management instrument. It spells out the details of expenditure and financial income (Du Toit Knipe, Van Niekerk, Van der Waldt & Doyle, 2002:151).

2.3 The Budget as a Tool for Proper Governance to SGB

The budget is an indispensable tool which the SGB should use to govern the finances of the school properly. A school budget should be used for prior control purposes and *ex post facto* control (Gildenhuys, 1993:410 - 411). Below are some of the issues of importance for which a budget is used as a tool for governance:

2.2.1 Systematic planning. The budget assists the SGB in the systematic planning of their activities. For the SGB to draw an acceptable budget the SGB is compelled to prioritize activities in order to realize the mission of the school. Systematic planning is to ensure that sufficient funds are available for the activities identified as priorities in an endeavor to fulfill the school's dreams (Conradie, 2002:154).

- 2.2.2 Quantified objectives. This is made possible when certain objectives are quantified in monetary terms. Learners are taken to various educational tours which are budgeted for in order for the learners to experience first hand information or experiences in the different work environment (Conradie, 2002:154).
- 2.2.3 Increase accountability. The SGB must be able to explain to the parents the reason(s) and the necessity of each budget vote. The SGB is also accountable for the cost effectiveness of each budget vote after it has been spent (Conradie, 2002:154).
- 2.2.4 Facilitates decision making on spending. After the budget has been approved in a general parents meeting, the SGB then knows what the spending priorities are and how much resources will be available for application. If a specific request for spending on an item which was not approved in the budget arises the SGB has a good reason(s) to deny that (Conradie, 2002:154).
- 2.2.5 Evaluation of performance of measured effectiveness of SGB. The budget assist the SGB in *ex post facto* comparison of amounts allocated for specific items and real expenditure give an idea of the capacity of SGB to control financial resources of the school (Conradie, 2002:154).

From the above statements one can realize that a budget is one of the important tools that the SGB must have in order to manage the finances of the school properly. It assists in controlling, monitoring and analyzing expenditure. It does also coordinate activities and communicate plans within the school (Bisschoff, 1997:67). A budget shall assist the SGB when making financial decision.

3. Skills Required to be in Charge of Finance

The following skills are essential for individual(s) who is/are in charge of finance.

- ✓ The ability to interpret relevant financial legislation and policies such as PFMA, SASA and treasury regulations.
- ✓ Cash handling skills.
- ✓ Ability to draw cash appropriation schedules.
- ✓ The ability to interpret financial statements.

- ✓ The ability to compile income and expenditure reconciliation statements.
- ✓ The regular comparison of actual expenditure with scheduled amounts of the voted schedule.
- ✓ The ability to appropriately perform cash management activities.
- ✓ Understanding of a budget and its function (Cloete, 1998:267-268).
- ✓ Decision making skill. Almost every decision in the school has a financial implication. The SGB should have sound financial knowledge to control budget make cost benefit analysis and estimates in planning and use financial resources optimally (Van der Waldt & Du Toit, 2005:301).
- ✓ Communication skill. The ability to convey the correct financial information accurately is important to the SGB (Van der Waldt & De Toit, 2005:227).

The SGB as the accounting authority should ensure that all its members have financial skills. These financial skills will assist them to effectively, efficiently and economically use the school finances as expected of them. Financial skills and knowledge of financial legislation are high priorities in governance of school finance because the most important functions of the SGB revolve around finances and policies (Heystek, 2006:478).

Therefore the SGB as the accounting authority should ensure its members use their financial skills to ensure that funds are only used for what they are appropriated for and should report any irregularities that are detected in the use of school finance. The SGB as the accounting authority should ensure that the principle of separation of power is adhered to when dealing with school finance. The implementation of the principle of power is financial decision making skill, that shall benefit the SGB as decision shall not be taken by an individual (Cloete, 1998:269). This principle of separation of power can be enhanced by the formulation of financial committee within the SGB which shall monitor and approve all expenditure, check financial records internally, maintain accounting documents and records systematically and accurately and control the financial matters of the school (Republic of South Africa. 1996:Sec30).

All the above can only be executed if the SGB members have financial skills. The corner stone for effective, efficient and economical financial governance is financial skills.

4. Effects of Lack of Financial Skills

Public money belongs to the people; hence it must be used in the public interest. It is meant for the beneficiary, good service and investments for its owners, the people (Pauw, Wood, Van der Linde, Fourier, & Visser, 2002:15). A lack of financial skills may result in one of the following financial misconducts

- ✓ Failure to comply with the relevant financial legislation and policies.
- ✓ Failure to establish a system of internal audit under the control of an audit committee.
- ✓ Failure to adhere to appropriate procurements and provisioning a system which is fair, equitable, transparent, competitive, and cost effective.
- ✓ Make or permit unauthorized expenditure, an irregular expenditure or a fruitless and wasteful expenditure (Republic of South Africa, 1999; Sec 81-83).

The lack of financial skills often leads to corruption as there are no financial control mechanisms. Usually where there is no skilled financial official, the former cannot interpret balance sheets, income statements, cash flow management and any notes to those statements.

Every country has legislation governing procedures for the efficient and effective management of public money. PFMA lays down the basic rules for public financial management and complies with Section 216 of the 1996 Constitution which provides for treasury control. The details of the regulations for the use of allocated funds are found in the Treasury Regulations that came into effect on 5 June 2000. They range from internal control of planning, budgets, assets and liability management, banking and cash management, accounting and reporting among other things (Pauw *et. al*, 2000:42). Procurement Acts and the regulations are the second complex legislation by which the use of public funds can be controlled and which the SGBs should thoroughly know.

The School Governing Body is part of the governance of the school under the authority of the National and Provincial structures of government, namely the Minister of Education, the Member of the Executive Council (MEC) and the Head of the Department. The School Governing Body is

tasked with the responsibility of making at school policies and laying down broad guidelines for planning and decision making at school.

The primary aim of governance reforms in schools after the dawn of democracy in April 1994 was to democratize schools. The different policies which the new government introduced are aimed at responding meaningfully to different capacities and contexts of the population of the country with the core values of collective decision making (Karlsson, 2002:328).

5. Financial Control Mechanisms

The cost efficient and effective use of financial resources is central to the goal of improving the quality of education. South Africa education system is ineffective and wasteful. It is characterized by duplication of costs and under utilization of financial resource. There is a lot of corruption and misappropriation of funds in most schools (African National Congress, 1995:40).

In order to avoid all the above mentioned things in schools, the SGBs should take upon themselves to control school finance adequately. The SGB should ensure that receipt must be issued for all monies received and receipt must be obtained for all amounts spent. No expenditure over the amount laid down may be incurred by without permission from the SGB. As part of control mechanism the SGB must at no stage use hire purchase to acquire goods. The SGB should make sure that the school account should not be over drawn and no loans may be given from school fund (Piek, 1992:142).

General financial circumstances of the school need to be monitored thoroughly through financial analysis strategies. Financial control and planning requires the SGB to fully be involved in preparing and controlling the school budget (Van der Waldt, van Niekerk, Doyle, Knipe & du Toit, 2005:302).

The SGB must manage the expenditure, including the safeguarding of assets and the management of revenue. It must prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the

school (Republic of South Africa, 1999, Sec51 (b)). There should be risk control measures that are put in place in every organization, including schools. There should be a limitation of such delegated authority.

There are two control mechanisms that can be used to prevent wasteful, unauthorized and fruitless expenditure. Control can either be prior control or *ex post facto* control. A prior control is prescribed control. It is a control measure which is based on prescriptions. The prescriptions are framed before anything takes place. *Ex post facto* control is exercised after the act has taken place. An example of *ex post facto* control is auditing. It consists of control of results against predetermined objectives and aims. (Gildenhuis, 1993:410-411).

The following financial control mechanisms are used:

- ✓ Any documents and cheques should be countersigned by at least two people. There should be internal control measures which operate within each financial division aimed at verifying compliance with control procedures and the accuracy of data. (Pauw *et al.* 2002:148).
- ✓ Authorization has to be obtained for all expenditure and has to be granted for the transference of money from one subdivision under the same vote.
- ✓ There should be segregation duties. Duties are assigned to individuals in a manner that ensures that no single individual controls the authorization, execution and recording of transactions. Segregation is a critical fraud prevention measure which can be used to detect fraud and theft (Pauw *et al.* 2002:160).
- ✓ Financial reporting is a useful control measure that should also be used. Subordinates should report to the supervisor on activities entrusted to them. Reports have to meet a particular standard that have been agreed upon. Reporting can be weekly, monthly or quarterly. Monthly reconciliation statements have to be submitted to the supervisor as another way of reporting (Cloete, 1998:240). Monthly expenditure and a financial report should be given to the SGB (Limpopo Education Department, 2009:12).
- ✓ Inspection. The work done by the sub-ordinate official dealing with finance should be inspected regularly. Inspection should take into consideration frequency, terms of reference and time limits (Du Toit, Knipe, van Niekerk, van der Waldt & Doyle, 2002:241).

- ✓ Internal audit. There should be thorough examination of all financial transaction records. All records of financial transactions must be kept safe at all times (Berkhout & Berkhout, 1992:77).
- ✓ Procedural prescriptions. There should be prescribed procedures for activities to control functional routine activities. Prescriptions serve as a prior control and merely provide the conditions for acceptable activities. This control measure should be followed by an explicit control measure (Du Toit *et al.*, 2002:242).
- ✓ Statutory compliance. Compliance to statutory legislative frameworks such as SASA and PFMA prevents unauthorized, irregular, fruitless and wasteful expenditure (Pauw *et. al*, 2002:154).
- ✓ Completeness. This ensures that no valid transaction has been omitted from accounting and related systems. This control technique includes the following:
 - i. Pre-numbered forms. All forms which have monetary value once completed should be authorized to control their issuing and use.
 - ii. Reconciliation. It is used to identify the difference between two or more sets of entries of figure (Pauw *et al*, 2002:160).
- ✓ A school bank account must never be overdrawn and under no circumstances must a blank or cash cheques be issued. No private cheques should be cashed from school fund even if those cheques were issued by the school. Cheques must be crossed at all times and marked not transferable and be issued to the payee only.
- ✓ Loans should not be granted to any person from the school fund and no advanced payment should be made. All cheques should be substantiated by an approved payment voucher with adequate documentation. Adequate documentations in this regard shall refer to claim forms, original invoices, adjudication procurement documents and delivery notes.
- ✓ The SGB should during each meeting inspect all expenditure incurred since its previous meeting. Inspect all supporting vouchers to make sure that they are in line with all Prescripts and other Departmental directives. The SGB should at all times satisfy itself that the expenditure is in accordance with the approved budget and PFMA regulations (Limpopo Education Department, 2009:10 -12).
- ✓ Governance. The SGB should set in place management activities required for directing and controlling the school. The governance activities may include determining decision making

and reporting frameworks and maintaining effective risk management (Pauw *et al.* 2002:154).

- ✓ Strategy. The SGB should put in place strategies to serve as control mechanisms for finance of the school. The strategic objectives of the school, mission and vision should be reconciled with the financial resources available (Pauw *et al.*, 2002:154). Strategies of the school indicate the direction which the school intends to follow and this serves as a financial control mechanism.
- ✓ Measurement and evaluation. Measurement and evaluation helps the SGB to objectively determine the productivity of programmes at the school. This shall ensure that the correct remedial action is taken on time for the smooth running and effective use of financial resources. Performance measurement and programme evaluation are not panaceas for corruption (Henry, 2007:149).

The governance functions of the School Governing Bodies through which school democracy was intended to become a daily practice has problems which are due to social inequalities at schools. Unless all governance functions are equally accessible and equally practices in school the democratization of schooling in the republic of South Africa is unconvincing, weak and policy rhetoric (Karlsson, 2002:328 – 329).

6. Financial Accountability

A controlling body in a position of authority such as SGB is vested with powers to enforce accountability in school (Bush & West-Burnham, 1994:319). It is imperative that all SGBs should be accountable governing bodies. They should continue on ensuring that the schools are operating according to the policies of the Department of basic Education when dealing with the governance of school finances (Packwood, 1989:59). People's money is entrusted to public schools and the people expect sound management of it supported by effective and economic measures to ensure accountability for this money. Accountability is the legal obligation of the administrative authority, in this instance the School Governing Body to report and reason on its functioning to the organs that have the right to take steps towards giving effect to the administrative authority's

responsibility. The School Governing Body should ensure that there is adequate accountability by putting adequate mechanisms in place (Pauw *et al.* 2002:137).

Financial accountability means the use of public money in terms of norms of propriety, austerity and efficiency (Maile, 2002:327). The SGB should give account of actions taken related to financial resources and the SGB should be held accountable for their actions (Mestry, 2004:127). All funds allocated to the school should be accounted for. The SGB should put mechanisms in place to ensure that the budget is being controlled efficiently and responsibly so that it can account to all stake holders. The SGB should monitor the budget continuously throughout the year in order to account for every cent that is to be used. The School Governing Body must do an annual financial reporting. Parents of the learners at that school should be able to comment on and acknowledge the annual report (van der Waldt *et al.*, 2005:304).

The Constitution of the Republic of South Africa of 1996 imposes strict requirements for a democratic financial policy. Public accountability, transparency and public participation in financial decision making should be adhered to. Parents and the community at large should participate in the education of their children (van der Waldt *et al.* 2005:12). The SGB ensures financial accountability by:

6.1 Reporting

Each year the SGB has to read an audited financial statement to parents not later than March. A copy of that financial statement has to be sent to the Head of Department on or before 30 June yearly. The purpose of submitting financial statement to the Head of Department is to keep him or her informed about the usage of school fund and to show accountability (Mosana, 2001:31). The SGB must appoint a registered auditor to audit the records and financial statements at the end of each financial year as a way of ensuring accountability. If it is not possible to appoint an auditor a person approved by the Member of the Executive Council (MEC) in the Province may appoint a person to examine the books. Any person who has a financial interest in the affairs of a public school should not be appointed to examine or audit the books of a school. If the MEC deems it necessary, he or she may request the Auditor General to undertake an audit of the records and

statements of the school (Republic of South Africa, 1996:Sec42 and 43). The prepared financial statement of the school for each year should be in accordance with the general accepted accounting practices (Republic of South Africa, 1999:55(1) b). Quarterly financial reports should be submitted to the circuit office before the 7th of the following month while monthly expenditure as well as monthly bank reconciliation report should be given to the finance committee and SGB on a monthly basis (Limpopo Education Department, 2009:12).

Audit is the process that is used to ensure that the funds were actually spent for the intended purpose and in the prescribed manner as stipulated in the budget of the school and other supporting documents made for that purpose as shall be indicated in the minutes of the SGB. Compliance with legislative mandates and prescribed procedures are evaluated during the audit process (Klingner & Nalbandian, 1998:72)

Financial reporting is the most important means of conveying information. Communication function as a skill needed in financial matters is crucial in this regard. Financial reporting assists in providing information on financial obligations, the effects of transactions, events and circumstances that could change the availability of financial resources. It tries to give explanation and interpretation that can help the different types of users to understand and interpret information properly. It provides information to decide whether services are being provided properly and to provide continuation of services. Financial reporting gives an indication as to what extent does the SGB fulfill their financial responsibilities of accountability. It provides information on resources supplied to the school and other information that can assist users to make meaningful decision about the allocation of resource. Finally, financial reporting provides information to the public as to how cash and other liquid resources are obtained and spend (Van der Waldt *et al.* 2005:304-305).

6.1.1 Principles of Effective Financial Reporting

- ✓ Organizational principle. Proper financial systems should be put in place which includes accounting function and system support functions.
- ✓ Management principles. There should be corporate management at all different levels with the structures of the SGB.

- ✓ Quality of information. Financial information should be readily available at all times when required and such information should be relevant, short to the point, complete and up to date.
- ✓ System design principle. Systems that are used by the SGB to provide financial reporting should be based on recognized system design principles.
- ✓ Financial accounting principles. The SGB should incorporate the use of generally accepted accounting principles and practices when they are doing financial reporting.
- ✓ Management of accounting principles. There should be provision of cost accounting and availability of management accounting models aimed at decision making.
- ✓ Audit and security principles. There should be audit of all financial books during each financial year and there should be adequate control and audit tools (Van der Waldt *et al.* 2005:305).

6.2 Public Participation

SASA Section 39 encourages community involvement in matters pertaining to finance at school. The SGB has to present a drafted school budget to parents for approval. No school budget will be regarded as legitimate unless it has been approved by a majority of the parents (Republic of South Africa, 1996).

6.3 Openness and Transparency

The principal and the SGB chairperson shall approve expenditure while the financial officer completes entries on the relevant documents. The financial committees approve all payments. The aims of the school governing bodies are to locate main decision-making powers with those groups and individual best placed to assess the impact of decisions on the learners. The South African School Act espouses the decentralization of power to school governing bodies. It, however, acknowledges that this has to be balanced against the effectiveness of the school governing body.

“The democratization of education includes the idea that stakeholders such as parents, educators, learners and other members of the community should participate in the activities of the school” (Potgieter *et al.* 1997:6).

The SGB as the accounting authority must ensure that the school maintains effective, efficient and transparent systems of financial and risk management and internal control. There should be a system of internal audit under the control and direction of an audit committee (Republic of South Africa, 1999:Sec 51).

6.4 Financial Records Keeping

The SGB is responsible for the submission of all reports, returns notices and other information on finance to a general parents meeting and to the Department of Education as may be required by PFMA. The SGB must keep full and proper records of the financial affairs of the school (Republic of South Africa, 1999, Sec 51 and 55). As part of its duty and to ensure accountability the SGB must at all times keep all financial records handy and safely. The following should be done regarding to all financial records of the school:

- ✓ Keep all records of funds received and spent in a safe for audit purposes. The sharing of safes is not permissible (Limpopo Education Department, 2009:13).
- ✓ Keep all records of the school’s assets, liabilities and financial transactions.
- ✓ Draw up annual financial statements in accordance with the guidelines provided by the Member of Executive Council in the Province.
- ✓ Financial statement should be drawn up as soon as possible but not later than three months after the end of the financial year.

Members of the school governing body must be accountable to one another for their contributions to be a shared task team (Bush & West Burnham, 1995:318).

The SGB must make sure that the following financial records are readily available:

- ✓ Trial balance sheet.
- ✓ Statement of assets.

- ✓ Deposit book.
- ✓ Cash analysis book.
- ✓ Bank statements.
- ✓ Reconciliation statements.
- ✓ An order book.
- ✓ A cheque book.
- ✓ Documentary evidence of payment (Campher, du Preez, Grobler, Loock and Shaba, 2003:3). The above documents are useful in controlling school finance. The SGB should therefore have expertise in keeping financial records.

7. Managerial Authority of the SGB Relating to Finance

The SGB may establish committees to assist in the execution of its financial responsibility. Such committees may include the financial committee, fundraising committee and internal audit committee. The number of members of each committee may vary from school to school and from committee to committee. A parent member component of the SGB must be the chairperson of that committee. The treasurer of the SGB must be a parent and that parent must chair the financial committee and fundraising committee of the SGB (Republic of South Africa, 1996:Sec30). A finance committee must be established with the following people as members: the principal, the SGB chairperson, treasurer and finance officer. The number of financial committee members should not be more than 9 and members of the parent component must be in majority (Limpopo Education Department, 2009:3) .

Despite the financial responsibility mentioned in section 20 of SASA, there are allocated functions which include more financial responsibilities. These allocated functions are in section 21 of SASA. School governing bodies having the necessary capacity to govern the schools may apply for these functions stated below to the Head of Department of Basic Education in the Province (Potgieter *et al*, 1997:32- 33). The allocated financial responsibilities include the following:

- ✓ To maintain and improve school's property, building and grounds occupied by the school.
- ✓ To purchase textbooks, educational materials or equipment for the school.

- ✓ To pay for services rendered to the school e.g. water, electricity and telephone (Republic of South Africa, 1996, Sec21).

The Provincial Department of Education may withdraw the allocated functions to an SGB in terms of SASA.

A public school is a juristic person with legal capacity to perform its functions. The school may enter into a service agreement with a supplier or may be able to purchase goods or services. The school performs all these functions through its SGB. The SGB acts on behalf of the school. When the school enters into a contract agreement it is the school that is liable for payment of the services or goods received and not individual SGB members (Republic of South Africa, 1996:Sec15).

8. The Use of School Funds in Schools

The school funds in a school must be used for the following purpose:

- ✓ For education purposes in connection with that school or another school. If it is for educational purpose with another school there must be an agreement between the two schools and permission must be obtained from the Head of Department.
- ✓ Performance of SGB functions and educational purposes agreed in between the SGB and the Head of Department.
- ✓ Payments of expenses towards repairs, renovations and maintenance of school property.
- ✓ Payment of security services in respect of the school and its property and services related to the running of the school (Limpopo Education Department, 2009:4).

9. Procurement Process to be followed by the School Governing Body

The SGB of a public school must develop and implement in that school an effective and efficient supply chain management system for the acquisition of goods and services. The supply chain management system must always be fair, equitable, transparent, competitive and cost effective. It should be consistent with the Preferential Procurement Policy Act, 2000. The supply chain management system must at least provide for demand management, acquisition management,

disposal management, risk management and regular assessment of the supply chain performance (Republic of South Africa, 2003, Sec3).

The procurement process in every public school should be done based on three quotations. Where possible, the lowest quote should be accepted. The financial committee of the SGB must serve as the bid adjudication committee and recommend the appointment of service providers. When the financial committee shall be adjudicating the quotations, factors of price, quality and guarantee must be taken into consideration during the adjudication process. The recommendation should be represented to the SGB for approval and acceptance (Limpopo Education Department, 2009:11).

The procurement of goods and services either by way of quotations or through bidding process must always be within the threshold values as determined by the National Treasury from time to time (Republic of South Africa, 2003:6 (1and2)). If in a specific case it is virtually impossible to invite competitive bids the SGB may procure the required goods or services by other means provided that the reasons for that deviation from inviting competitive bids are recorded and approved by the SGB (Republic of South Africa, 2003:Sec6(4)).

The threshold for procurement at schools is below R30 000, 00. Any amount that exceeds R30 000, 00 such bids must be referred to the Circuit office. Schools are not allowed to subdivide quotes in order to fall within their threshold. Payments must only be done when services have been rendered or goods delivered. Service providers must be paid within 30 days of receipt of invoice. Schools are at liberty to use the departmental database or develop their own database of suppliers on a rotational basis (Limpopo Education Department, 2009:12).

The procurement activities performed by the SGB should be fair, equitable, transparent, competitive and cost effective (Republic of South Africa, 1999, Sec 51).

All members of the SGB and those who serve in the supply chain management system must comply with the highest ethical standard in order to promote mutual trust, respect and an environment where business can be conducted with integrity, fair and in a reasonable manner. The National

Treasury's Code of Conduct for Supply Chain Management must be adhered to by all SGB members involved in the supply chain management (Republic of South Africa, 2003:Sec 8).

10. Financial Misconduct by the School Governing Body

The SGB of a public school commits an act of financial misconduct if it willfully does the following:

- ✓ Fails to comply with the provisions of PFMA and SASA.
- ✓ Makes or allows an irregular expenditure.
- ✓ Makes or permits a fruitless expenditure.
- ✓ Makes or permits a wasteful expenditure.
- ✓ Within the SGB every member is an individual and liable for any financial misconduct committed by the SGB.
- ✓ The SGB commits an act of financial misconduct if it willfully or negligently fails exercise its financial powers or perform its financial duties (Republic of South Africa, 1999: Sec82).

11. Managing Financial Risks

The legislature appropriates large amount of money to public schools in order for these institutions to provide quality education. The appropriation of financial resources goes along with a number of risks which may let the good intention of the Parliament to fail. Financial risks management is management activities aimed at reducing the probability and minimizing the impact of unexpected loss of financial resources. The SGB should make sure that it protects people's capital and it improves performance. The following should be used by the SGB in order to manage financial risks:

11.1 Authorization and Supervision

Authorizations and supervision aimed at ensuring that every financial transaction is approved in accordance with specific or general authorities. The techniques that are used in these regard include the following:

- ✓ Limitation of delegation. Officials who have received delegated authority from accounting officer may authorize financial transactions within the limitations of such delegated authority (Pauw *et al.* 2002:157).
- ✓ Counter Signing. Only responsible SGB member with the appropriate knowledge and authority are expected to counter sign payments vouchers (Pauw *et al.* 2002:159).

11.2 Segregation of duties

Segregation of duty ensures that no single individual can control the authorization, execution and recording of financial transactions. The SGB should ensure that the financial officer keeps only the financial transactions while the SGB treasurer sign the cheques and the SGB chairperson and the principal approves payment. The Principal should keep the cheque book safely.

11.3 Accuracy

This is aimed at making sure that valid transactions are accurate, consistent with the original transaction data and recorded on time. This is done by cross balancing (Pauw *et al.* 2002:161)

11.4 Validity

The SGB should make sure that all recorded financial transactions should be legal compliant and should represent the economic events that actually occurred.

11.5 Security

The SGB should ensure that information and physical assets are restricted only to authorized personnel. It should ensure that there is safe room or security access or control systems so that important information and assets are locked are locked in this at all time. This is aimed at preventing unauthorized access to confidential documents, information and physical assets. Security may also be improved by the introduction of logical access system. This is done by using

technological devices in which electronic control systems to programmes and documents are accessed through passwords (Pauw *et al.* 2002:160).

11.6. Error handling

The SGB should put risk management strategies in place to be able to detect and report errors that occurred on financial transactions and be quick to come with corrective action(s). There should be procedures in place to detect errors by doing routine internal checks/audits. The SGB should maintain a register of things that need to be corrected and subsequent verification of the correction(s) (Pauw *et al.* 2002:162).

11.7 Audit

The SGB has the primary responsibility for putting in place systems of internal control for financial resources. Internal audit provides objective assurance of the functionality of internal control systems. It provides disciplined approach of evaluating and improving the effectiveness of risk management and governance process in the school. All relevant documents, individuals and physical properties should be readily available during audit process (Pauw *et al.* 2002:163).

Internal audit at school must be augmented by an external audit which must be done by an external independent person /body which has no financial interests in the affairs of the school. The Auditor that shall have been elected by the SGB must express an opinion on the fair presentation of the financial statements of the school. The Auditor should determine the compliance of the school with the various laws such as PFMA, SASA, financial regulations, institutional policies and internal control procedures (Piek, 1992:148). The auditor should also perform audit to determine whether the school has employed satisfactory management measures in procuring goods and services. Goods and services should be procured economically and be used effectively and efficiently (Pauw *et al.* 2002:167).

12. Financial Management

Financial management is the process of developing and putting systems in place to ensure that financial resources are spent for the purpose for which they have been appropriated (Klingner & Nalbandian, 1998:72). The complexity and increasing size of schools as public institutions and the scarcity of resources have placed an enormous emphasis on the importance of financial management. The SGB shall not be an exception in this regard for they too are tasked with the responsibility of looking after the public money. Resources should be managed carefully to ensure that funds given to school by government and private donors are used effectively, efficiently and economically. Principles of proper bookkeeping under financial management system must be adhered to strictly by the SGB (Van der Waldt *et al.* 2005:301).

As part of financial management a school may have only one general financial account. All monies collected by parents, pupils and educators on behalf of the school must be deposited into this account. This includes money donated to the school. All the money that is collected and deposited into the school account should be budgeted for future use (Butchel, 1995:201).

12.1 The Five Fundamentals of Financial Management

- ✓ Alertness. The SGB should have a plan in place a plan to deal with financial problems and other challenges that may surface during the financial year.
- ✓ Agility. The SGB should be entrepreneurial, transparent and be communicative. All employees attached to the school as a public institution should be a mechanism to empower them.
- ✓ Adaptability. Continuous improvements of the quality of programmes run at the school should be encouraged in order to promote service delivery (quality teaching and leaning).
- ✓ Alignment. The SGB should saturate itself with knowledge by effectively, efficiently and economically merging its technology. The school should work hand in hand with the private sector and the community at large in order to achieve its social goal.

- ✓ Accountability. The SGB should have mission and vision that focuses on the needs of learners, parents and the community and the country at large. Accountability should be improved for the public interest (Henry, 2007:159).

13. Principles of Public Financial Administration

The principles of public finance administration resemble those of which public administration is founded. The SGB as the accounting authority of the school should take cognizance of the situation of the school in order to avoid serious financial implications (Hanekom & Thornhill, 1993:53). The following are the principles of public financial administration:

13.1 Legislative Sovereignty

Sovereignty of Parliament is contained in the 1996 Constitution of the Republic of South Africa by stipulating that all government expenditure must be authorized. At school level the SGB as the accounting authority should authorize all financial expenditure. The Minister of the Department of Basic Education is answerable to Parliament and should introduce all measures that have financial implications. These measures ensure that accounting authority may be summoned in public for public action having financial implications (Thornhill & Hanekom, 1995: 115).

13.2 The Requirements of Administrative Law

All financial transactions should be carried out within the parameters of the law. The SGB has to be *au fait* with the legal requirements pertaining financial responsibility. The SGB should be conversant with the administrative law in executing their financial responsibilities. All relevant legislative prescriptions relevant to public finance must be thoroughly known by the SGB for efficient, effective and economical use of financial resources (Thornhill & Hanekom, 1995:116)

13.3 Acknowledgement of Community Values and Norms

The SGB when considering financial expenditure should take into consideration the community values and norms. It should prioritize on matters that are based on community values and norms that will promote quality teaching and learning (Thornhill & Hanekom, 1995:115).

14. Summary

Literature review spells how much is already known on the topic of discussion. Proper financial governance is one of the most important aspects of any institution. Every public school should have financial policies in place in order to control and monitor the use of its finances. In addition to the financial policies relevant financial legislation has to be followed to the latter. Money given to each institution has to be accounted for fully. It is the sole responsibility of the SGB to put in place various mechanisms to monitor and control the use of finance in every public school.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

1. Introduction

A research is a systematic procedure of collecting and analyzing data for some purpose (White, 2004:8). Furthermore research is a procedure by means of which an endeavour is made to obtain answers to questions and to solve identified problems in a systematic way within the support of verifiable facts (Brynard & Hanekom, 1997:2). It encompasses the interpretation of data in order to reach a conclusion. All research should have some utility.

A builder has to follow a plan in order to erect the structure of a house. It is the plan that has been drawn by the architecture that needs to be followed. Just like a builder who wants to erect a house using a plan, a researcher needs to have a research design in order to conduct the research project. Research design represents the glue that holds the research proposal together. The research design will indicate the methods to be used in collecting data, the population, the sample and data analysis methods. Research is a scientific inquiry, investigation and study that are aimed at establishing facts to reach new conclusion. The data collected in a research should be collected appropriately using correct available techniques and procedures

In this chapter methodology of the research as well as the research design, the procedures that are to be followed to collect and interpret data shall be discussed. This is done in order to clearly spell out the research paradigm within which this investigation shall be conducted. It shall also be stated how the validity and reliability of the research findings shall be enhanced.

2. Research Design and Methodology

2.1 Research Design

A research design refers to the plan and structure of the investigation used to obtain evidence to answer the research questions. It provides the procedures for conducting the study. A research

design indicates how the research is set up. It shows how all parts of the research such as population, sample, methods of collecting data and data analysis strategies are brought together in order to address the research questions (White, 2003:42).

Research design is like a journey planner which indicates which route to follow. It is the blue- print of the research project that provides the actual research process. The rationale of the research design is to plan and structure a research project in such a way that the validity of the research findings maximized by minimizing and eliminating potential errors where possible (Mouton, 1996:107-108).

2.2. Research Methodology

Proper methods in every research inquiry need to be followed to the latter in order to be valid and reliable. For the purpose of this study qualitative and quantitative research methods shall be used to investigate the efficacy of the members of School Governing Body in the governance of school finances.

Qualitative research methodology shall be used because it is a naturalistic inquiry that uses non interfering data collection strategies to discover the natural flow of events and processes. Qualitative research methodology collects data by interacting with the selected people in their settings through in-depth interviews and by obtaining relevant documents. Qualitative research methodology enables the researcher to know and understand how individuals in their natural settings, interpret their everyday life experiences and believes (McMillan & Schumacher, 2001:393).

Qualitative methodology refers to research which produces descriptive data. It entails discovering novel or unanticipated findings and the possibility of altering research plans in response to accidental discoveries (Brynard & Hanekom, 1997:29).

While qualitative research methodology shall be used, a phenomenology approach shall be utilized as this approach aims to understand and interpret the meaning that subjects give into their everyday lives. The researcher shall enter the subject's life and world. This shall be accomplished through the

use of naturalistic methods, analyzing the subjects' conversations and interaction with him or her. Data shall be collected and analyzed within specific context (De Vos, 2000:80).

Experiences are examined through the detailed description of the people being studied. Through the process of collecting and analyzing data, the researcher brackets his or her own experiences in order to understand those of the informants (Creswell, 1994:12).

Qualitative research methodology has the following advantages:

- ✓ It enables the researcher to study human experiences in great details and in depth,
- ✓ The method stays closer to the experiences of the participants.
- ✓ It gives the people who will read the findings a deeper understanding of what was discovered (Neuman, 2000:99).

A qualitative researcher tries to understand people from their own frame of reference and sets aside his/her own beliefs, perspectives and predispositions. In qualitative research the researcher is sensitive to the effects on the people feelings. People and settings are examined holistically. People, settings or groups are not reduced to variables but are viewed as a whole. It allows the researcher to stay close to the empirical world as it emphasized validity (Merriman, 1998:6-7).

Although the researcher shall use the qualitative research method for the greater part of this research, quantitative method shall also be used. Data collection and analysis shall be done numerically and by means of graphs (De Vos, 2000:242).

From the above paragraphs it can be deduced that this research shall be conducted through a mixed approach of quantitative and qualitative methods. The two methods shall complement each other in this research.

2.3. Population

Population refers to a collection of events or individual's having the same features that a researcher is interested in studying (Mouton, 1996:134). It contains the possible elements that can be included

in the research. It is a set of elements that a researcher focuses upon and for which the results obtained can be generalized (White, 2004:49).

The population in this research project shall be the different members of School Governing Bodies in various schools attached to the 39 schools in Tsimanyane Circuit. The size of the population for this research project is 200 SGB members.

2.4. Sampling

A sample is a group of subjects or individuals selected from a large group of persons called population. The key aspect of sampling is representativeness (Mouton, 1994:136). Sampling means to make a selection from the population in order to identify the elements or people to be included in the research. A sample should have approximately the characteristics of the population relevant to the research in question (White, 2004:52).

For the purpose of this research project a random sampling shall be used. This is the ideal sampling technique to be used in this kind of a study because the probability of every individual of the population of being selected is equal for all members of the population. It is a method that allows a combination of different methods for data collection that may lead to the same conclusion (Creswell, 1998:119). In random sampling each individual in the population theoretically has an equal chance to be selected for the sample (De Vos, 2000:195).

The 39 schools were each allocated different numbers from 1 up to 39. These numbers were then placed in a hat. The number of elements that should make up the sample was drawn from the hat. The numbers in the hat were stirred and a number picked. The process was repeated until the total number of SGBs selected form the required sample (White, 2004:51).

According to Stoker as cited by De Vos, Strydom, Fouche and Delpont (2005:194), a population of 200 should have a sample size of 32%. For the purpose of this research project a total sample size of 64 respondents were interviewed. These 64 respondents were SGB members from 9 schools in Tsimanyane circuit.

2.5. Data Collection Methods

Data should be collected from the sample chosen (Bless & Higson-Smith, 1995:89). There are a number of research tools that can be used to collect data. Data collection techniques that shall be used in this research study are interviews, document analysis and focus group (McMillan & Schumacher, 2001:269). For the purpose of this research project the above research data collection methods shall be used.

2.5.1. Interviews

Interviews involve asking respondents a series of open-ended questions in order to find out from them things that cannot directly be observed or to find more information. Interviews assist the researcher to enter into other person's perspective (Creswell, 1998:62).

Consequently for the purpose of this research interviews shall take the form of an in-depth interview. In depth interviews is a formal or informal discussion with an individual to gather in depth information on a specific matter. During in-depth interviews participants do not need to be able to write and read in order to respond to the questions. This instrument of data collection provides an excellent opportunity to probe, explore and establish personal contact with participants to elicit rich and detailed responses. During in-depth interviews questions can be flexible and be tailored to suit each person. Interview question could be repeated or their meanings explained in case the respondents did not understand what was asked (Durance & Karen, 2005:231). The researcher could probe the respondents to give more information were the respondents did not give a complete answer(s). For the purpose of this research project open ended questions shall be used.

The interview protocol followed in the study is as follows:

- ✓ Appointment and dates determination were made 6 weeks prior to the interview session,
- ✓ Assurance of confidentiality was made to the participants in respect of their responses and their schools and names.

- ✓ The purpose of the interview was stated before the interview session, and
- ✓ Questions were repeated in case respondents did not understand or hear the question properly.

2.5.2 Document analysis

Document analysis is a non interactive strategy for obtaining qualitative data with little or no reciprocity between the researcher the participant (Macmillan & Schumacher, 2001:451). Documents are ready made source of data that shall be made accessible to the researcher to scrutinize them with the aim of gathering information (Merriam, 1998:112). The types of documents used for this research were those that are officially used by the SGB. These included minutes of meetings, memos, draft proposals, allocation letters for norms and standard money and audited financial statements. They are documents that provide an internal perspective of the school. The use of documents in data collection has the advantage that their presence does not intrude upon or changes the setting in ways that the investigator often does. They are not dependent upon the whims of human beings whose cooperation is essential for collecting reliable data through other techniques (Merriam, 1998:112).

The documents of the SGBs were examined such as meeting proceedings, processing of claims until payments were made to the service provider and other financial governance issues which the SGBs may be unwilling to talk about in their interviews and confirm their perceptions reported by interviewees. Documents related to SGBs activities were examined including records of past events that were written or printed. These included letters, diaries, official minutes, regulations, law, Acts, policies and resolutions (Creswell, 1998:62). Documents will be fitting instruments to collect data because they give a true picture of events as they unfolded in the past.

Furthermore financial documents for the previous three years (2008, 2009 and 2010) were also examined. The purpose of examining all the above documents for the years stated was to compare the responses from interviews to what is contained in the documents.

2.5.3 Focus Group

It is a formal way to collect information through small group discussions. A focus group is an important data collection strategy as participants can build on one another's comments and are not costly. Participants listen to one another and become aware of their opinions on the topic. It can reach more people than interviews. Participants can take advantage of the shared experience. It assists in generating and evaluating data from different subgroups of population (Cohen *et al*, 2007:376). For the purpose of this study the focus group is the financial committee, which comprises of the following SGB members: chairperson, treasurer, financial officer and the principal.

2.6. Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of collected data. It is a messy, ambiguous, time consuming, creative and fascinating process (De Vos, 1995:301). Data analysis process does not proceed in a fixed linear fashion. The researcher moves in analytic cycle (Creswell, 1998:142).

Data received from the sampled population shall be organized, scanned, re-evaluated and represented. Analysis of the data collected tends to result in descriptions of an interpretative view of the events. Quantitative data analysis is primarily an inductive process of organizing the data into categories and identifying relationship among the different categories. It is a systematic process of selecting categorizing, comparing, synthesizing and interpreting in order to provide explanation of phenomenon. Data analysis entails the following phases:

- ✓ Continuous discovery throughout the entire study,
- ✓ Categorizing and ordering of data after data collection,
- ✓ Qualitatively assessing the trustworthiness of data and
- ✓ Writing and synthesizing of themes (McMillan & Schumacher, 2001:500-503).

Data analysis in qualitative study takes place simultaneously with data collection. Data analysis focuses on the following:

- ✓ Becoming familiar with data and, identifying main themes,
- ✓ Examining data in depth to provide detailed description of the setting, participants and activities,
- ✓ Categorizing of data into themes.
- ✓ Interpreting and synthesizing the organized data into general conclusion (White, 2003:72 - 73).

Data analysis is a process of understanding and interpreting the contents of the qualitative data and finding common issues. The process of data analysis and interpretation can be tedious and time consuming (Gay & Airasian, 2004:244).

Data analysis involves searching out the concepts behind the actualities by looking for codes, then concepts and finally categories. The analysis of data was done thematically. The following 6 stages of generic framework for analyzing data from a qualitative study in phenomenology were used:

- ✓ Bracketing and phenomenological reduction,
- ✓ Delineating units of meaning,
- ✓ Clustering of units of meaning to form themes,
- ✓ Summarizing each interview, validating it and where necessary modify it,
- ✓ Extracting general and unique themes from all the interviews and making composite summary.
- ✓ Representing and visualizing (Groenwald, 2004:17).

2.7. Trustworthiness

The following strategies shall be used to enhance the trustworthiness of this research:

- ✓ Credibility

- ✓ Validity, and
- ✓ Reliability

2.7.1 Credibility

Credibility refers to the degree to which the results approximate reality is judged to be reasonable and trustworthy. Credibility is enhanced when research design takes into account sources that may distort the findings. Results should not be generalized to other situations because human experiences are unique. To achieve credibility the researcher encourages the participants to provide valid and in-depth description of situation and confidentiality shall be adhered to (McMillan & Schumacher, 2001:162).

2.7.2 Validity

Validity is an attempt to check out whether the meaning and interpretation of an event is sound or whether a particular measure is an accurate reflection of what the researcher intended to investigate (Vithal & Jansen, 1997:32). Validity refers to the truthfulness and authenticity of information gathered. Fair, honest interpretation of data is very important in enhancing the validity of the research findings. To enhance validity of the research findings participants responses must be recorded and responses be compared with the financial documents analyzed (Fowler, 1993:259).

2.7.3 Reliability

Reliability refers to the consistency of the researcher interactive style (Fowler, 1993:258). To eliminate the possibility of biasness with the aim of enhancing reliability different strategies shall be used to cross reference findings and interpretations. Data collected through interviews were compared to data collected from financial documents, such as financial statements, cheque requisition book and minutes of the SGB. All financial records documents shall be used to enhance reliability.

3. Summary

In this research study qualitative method and quantitative methods are explained. It is also indicated were they are going to complement each other. These two methods are appropriate for this research study. Population, sampling method and the different techniques for collecting data were highlighted. The research design and the steps that were taken to ensure trustworthiness of the research findings were outlined and fully described.

CHAPTER FOUR

DATA COLLECTION, ANALYSIS AND INTERPRETATION

1. Introduction

Data collected from the SGB members as respondents from the nine different schools in Tsimanyane Circuit shall be compared and analyzed accordingly. The comparison shall be done with the literature findings in order to investigate the efficacy of the SGB in the governance of finances at school. Data collection was done through the use of the following techniques: interviews, focus group and documents analysis. Data collection in this research study shall be through the use of document analysis, observation, interviews and focus group (Neuman, 2000:33).

2. Analysis and Interpretation of the Research Questions

The analysis and interpretation of data from the interviews schedules A- C (Appendix A -C) was done and while documents observation (Appendix D) was used to validate and determine the reliability and truthfulness of the information provided when the questions in appendix A - C were answered.

A total of sixty four SGB members were interviewed. This comprised of forty six parents' components and eighteen educators. The schools from which the SGB members were interviewed are School A with six SGB members, School B with nine SGB members, School C with six SGB members, School D with six SGB members, School E with eight SGB members, School F with eight SGB members, School G with six SGB members, School H with nine SGB members and School I with nine SGB members.

The composition of the schools is as follows: five primary schools and four secondary schools. Each of the nine schools has two educators and the rest are parents excluding the principal of each school.

3. Knowledge of legislation

The SGB members were asked as to what is SASA. SGB members from Schools A-I indicated that it is an Act that deals with education related matters. When this question was answered SGB parent components in all these schools were quiet. Educators seem to know the existence of SASA. The educator components were the ones that attempted to answer the question.

The SGB members were further asked about the sections of SASA which deals with the provision of the allocated functions of the SGB. SGB members in all the nine schools did not know the required sections.

The SGB members were asked as to how important is SASA in the governance of school finance. They SGB members in all the nine sampled schools indicated that it is important as it guides the SGBs on the way schools should be run.

Although one will believe and think that SASA should be a document that is available in all the schools and every member of the SGB should have this document this was not the case. All individual SGB members in all the nine schools visited (school A-I) did not have a copy of this document. There is a copy of SASA in six schools (school B, school E, school F, school G, school I and school H). The copy of SASA in all these six schools is written in English. The remaining three schools (school A, school D and school C) do not have a copy at all.

The SGB members were asked about what is PFMA. The SGB members from all the schools indicated that they do not know what it is. It is only in two schools (School E and school G) where the educator component of the SGB attempted to answer the question.

The SGB members were asked about the main provisions of the PFMA. All the SGB members in the schools visited (school A, school B, school D, school E, school F, school G, school H and school I) they literally indicated that they know nothing about PFMA.

The SGB members were further asked about the sections of PFMA which are applicable to the SGB. The SGB members in all the schools visited (school A, school B, school C, school D, school

E, school F, school G, school H and school I) could not say a word except to move to the next question. It was not surprising as they could not even try to attempt the question because they categorically indicated that they do not know what PFMA is. One cannot expect them to know the contents of the Act if they do not know it.

The SGB members of the sampled schools were asked as to how important is the PFMA to the governance of the school finances. In all the schools the interviewees all indicated that they do not know as they have not come across such a document.

PFMA document is not available to all these nine schools that were visited. When asked if the department has ever supplied the document to schools. The answer was a sounding no.

4. Financial Policy

The SGB members were asked about the availability of financial policy at their respective schools. The SGB members from four schools (school B, school G, school E, and school F) did ascertain boldly that they have a school based financial policy. This was also confirmed when the researcher observed documents. The school based financial policy was found in school B, school E school F and school G. All the remaining five schools (school A, school C, school D, school and school I) did not have a financial school based policy. They tried to cheat by indicating that it is available but when it was requested to make it available so as to see its contents they could not produce anything.

The SGB members were asked as to how was the financial policy drawn. In two schools (school B and school G) of the four schools which had a school based financial policy the interviewees all indicated that the financial policy was drawn by the school principal while in the other two schools (school E and F) the interviewees indicated that they do not know who has drawn the financial policy as they found it when they assumed duty as members of the SGB in their respective schools. The other five schools (school A, school C, school D, school H and school I) could not attempt this question as they do not have a school based financial policy.

The SGB members were further asked as to who participated in the drafting and the ultimate drawing of the school based financial policy. Two schools (the one that inherited the financial policy, school E and School F) indicated that they do not know as they found it when they came into office as SGB members as to how was it drawn they do not know. The other two schools (school B and school G) said it was the single handed effort of the principal as they did not know what to include in that document. These four schools (school B, school E, school F and school G which answered this question) are those schools which have the school based financial policy.

The SGB members were asked as to who implements the school based financial policy. In School B the SGB members indicated that it is the SGB, the principal and the school management team who has to implement the school based financial policy. In school G the SGB said the financial committee of the SGB. SGB members and the principal are responsible for the implementation of school based financial policy. SGB members in school E indicated that The SGB and the principal are responsible to implement the school based financial policy. The SGB members in school F indicated that the financial officer, the principal, finance committee and the entire SGB is responsible to implement school based policy. The other five schools (school A, school C, school D, school H and school I) which did not have the school based financial policy did not attempt this question as they did not even have a school based financial policy.

The SGB members in all the nine schools visited were further asked as to what is the significance of the school based financial policy. The five schools (school A, school C, school D, school H and school I) which indicated that they do not have the school based financial policy indicated that they do not know the importance of school based financial policy hence they did not bother themselves to have one.

The SGB in school B indicated that school based financial policy is important for the SGB because it shall assist the SGB in sound and proper financial management of the school to meet the financial obligation of the school.

In school E the SGB members indicated that the school based financial policy assists in the way financial matters within the school should be run. They further went on to say that the school based financial policy serves as guide to the SGB, the principal and the school management team on how financial related matters should be handled.

The SGB in school G indicated that school based financial policy is important to them as it provides them with an idea on how to take decisions on financial related matters. The principal and the SGB chairperson should follow it to the letter when approving payments for goods and services.

In school F the SGB members indicated that school based financial policy is an important document that guides the SGB on how finances of the school should be used.

5. Budget

The SGB members of the nine schools sampled were asked who draw the school's budget. The SGB members in school A all indicated that they do not know. When asked if the school has a budget they again indicated that they do not know. In school A there is literally no school budget.

The SGB members in school B indicated that the school budget is being drawn by the treasurer of the school SGB. In this school the budget is available.

The SGB members in school C said that the principal of the school is in charge of drawing the school budget. In school D the school budget is available.

The SGB members in school D said that the school budget is drawn by the principal of the school and the school management team. This school did not have a copy of a school budget.

The SGB members in school F indicated that they do not know who draws the school budget. They went further to indicate that they are not aware if it does exist in this school as they have not seen one. This document is not available from this school.

The SGB members in school G indicated that everybody within the school is involved in drawing school budget. Educators from the various departments within the school sat down and list their preferred items and activities which they wish to undertake. The different list from various cost centers/departments shall then be submitted to the School management team which in turn shall consolidate the list and submit their draft list to the school budget committee comprising of school financial committee members and other additional members. The school budget committee shall draw a budget looking at the various cost centers and then submit the draft to the school SGB. The school SGB shall then make a final budget draft after it shall have considered various factors such as school mission and vision, price and priorities. The school draft budget which shall have been

drawn by the entire SGB is then taken to the parents meeting for a final say and approval. This school has a school budget.

The SGB members in school H indicated that the school budget is drawn by the financial committee. There is a school budget in this school.

The SGB in school I indicated that the school budget is drawn by the principal and the school management team. At this school there is a school budget.

6. Financial Control and Monitoring

Control and monitoring is part and parcel of risk management by the SGB. Financial control and monitoring lead to standardized actions that increase efficiency prevent malpractices and waste of financial resources and lead to performance appraisal of the way finance is used. If control and monitoring are ineffective officials may exploit the situation for their own gain. Monitoring determine the degree of success and identify implementation problems (Van der Waldt & Du Toit, 1997:49,201,279).

As a way to ensure financial control and monitoring financial reports have to be submitted regularly. Control and monitoring over the collection, banking and use of public funds have to be done conscientiously. Inspection, auditing and reports should be used to control and monitor school finance (Cloete, 1991:207-209).

The SGB members from the nine schools sampled were questioned on how control and monitoring of the use of school finance is being carried out. The SGB members from the nine schools sampled were asked as to what are the mechanisms used to control and monitor school finance.

The SGB members from school A indicated that there are no mechanisms put in place in this institution that are used to control and monitor the use of school finance. They also indicated that a proof to this point is that their school finance get finished at an early stage during each quarter that they find it difficult to run the activities of the school during each financial year. The SGB members confessed that yearly they encounter financial problems.

The SGB in school B said that mechanisms for controlling and monitoring school finance are there. They indicated that in each SGB meeting they check all expenditure incurred since the previous

SGB meeting. Inspection of supporting vouchers is done by the SGB members to ensure that they are in accordance with governmental prescripts. The SGB satisfies itself that the expenditure is in accordance with the approved budget. The mechanism for controlling and monitoring school finance are contained in the school based financial policy.

The SGB members in school C school D, school H and school I indicated that the control and monitoring mechanism are there but not enough. The only control and monitoring tool used is that cheques should be signed by two people in order to prevent the stealing of school money. This was the only control mechanism that is in place. It was noted that payments are sometimes done before the relevant officials could approve payments at some stage. There is no school financial policy in place in school C, school D school and school I.

The SGB members in school E school F and school G like in school B mechanisms to control and monitor school finance are present. These are well stipulated in their respective school based financial policies. The mechanisms to control and monitor school finance in these schools include the signing of cheques by two people, no payment should be done before it approved by the relevant people, all supporting documents should be attached to a requisition form.

7. Financial Accountability

All funds allocated to the school should be accounted for. The SGB should be able to stand confidently and tell parents of the learners attached to the school where they serve on how they used the school finance. Accountability is important to every institution as it focuses on the services, outputs and results of the public institution. Accountability is synonymous with answerability (Starling, 2002:155). Accountability is imperative because it ensures compliance to provisions of various legislative provisions such as SASA and PFMA. Financial books of every school should be taken to the auditors as a way of enhancing accountability and through which financial statements shall be checked and the school's activities and procedures be evaluated (Van der Waldt & Du Toit, 1997:361).

The SGB members from the nine schools that were sampled were asked on how they ensure accountability on the use of school finance.

The SGB from four schools (school B, school E, school F and school G) showed a willingness to be accountable in the use of school finance. They indicated that their school budget is approved by parents and this is part of parents' participation. Each year financial books are taken for audit purpose to an independent financial auditor. When the books are returned from the auditors the financial statement is read to the parents in a parents meeting. Accountability in these schools (school B, school E school F and school G) is ensured through parents participation, holding of parents meeting, audited statements and by reporting to the Department of Education by sending the audited statement. These actions from school B, school E, school F and school G were supported by the minutes of the SGBs, copies of audited financial reports and their submission books to Tsimanyane Circuit office.

The SGB members in school A, school C, school D, school H and school I ensure accountability by taking their financial books to independent auditors. The audited financial statements are never read to parents. This was confirmed when there were no minutes indicating that a meeting with parents was ever held discussing financial audited statements. There were no minutes that indicated that even the SGB discussed the audited statement. The audited statements were send to the Department of Education without been seen first by the SGB. Financial accountability is adhered to by taking financial books to the independent auditors and reporting to the Department of Education. Parents' participation is not encouraged or is never done.

8. Financial Reporting

Financial reporting is very important in the governance of school finance as part of accountability. Financial reporting should be done in compliance with the following financial legislative framework: SASA, PFMA and Auditors Act, 1999. At the end of each financial year the SGB should take their financial books to an independent financial auditor who should inspect their books and prepare a financial statement in accordance with the general accepted accounting practices (Republic of South Africa, 1996: Sec 42 and 43). There should be an audit of all financial books during each financial year (Van der Waldt *et al* 2005:305). Inspection, written financial reports are part of financial reporting (Van der Waldt & Du Toit, 1997:361). The SGB members were asked as to how often they speak about financial matters in the SGB meeting.

The SGB in school B indicated that the SGB speaks of financial matters in every meeting. This was confirmed by the SGB minutes.

In school E, school F and school G the SGB speak of financial matters once a quarter. This was confirmed by the SGB minutes.

The SGB in school A, school C, school D school and school I they seldom speak of financial matters in their meetings. The only time when they speak of financial matters is when there is a problem related to finance. In all these schools (school A, school C, school D school H and school I they spoke of financial matters once and in some instance not at all during the financial year.

The researcher went further to ask the SGB members as to who report to them about financial matters. In school B and school G it is the treasurer of the SGB who reports on financial matters. While in schools E and school F it is the financial officer who reports to the SGB on financial matters.

In school A, school C, school D, school H, and school I it is the principal who reports to the SGB on financial matters if that happens to take place.

9. Financial Officer

The SGB members from the sampled schools were asked as to what is the role of the financial officer. The SGB in school B, school E, school F and school G indicated that the financial Officer is there to assist the treasurer of the SGB. The financial officer controls and records income and expenditure of the school and keeps all financial records.

In school A, school C, school D, school H and school I the SGB did not know what is the role of the financial officer. They regarded the treasurer of the SGB and the financial officer as one person.

As to who appoints the financial officer the SGB members from school A, school C, school D, school H and school I indicated that the financial officer is appointed by the SGB members. The SGB members in school B, school E, school F and school G indicated that the financial officer is appointed by the principal and then introduced to the SGB.

10. Security of SGB Financial documents

Safe keeping of financial documents is a burning issue in the governance of school finance. It is very important for the SGB to know as to how by who are the financial documents kept safe.

The SGB members of the various sampled schools were asked as to who keeps the school's cheque book. The SGB members in school B school E, school F and school indicated that the principal of the respective schools keeps the cheque book.

In school A, school D and school I the SGB members indicated that the school's cheque book is kept by the treasurer while in school C and school H the SGB members indicated that the school's cheque book is kept by the financial officer.

It was further asked where the cheque book is kept and if their respective schools have safe rooms. The SGB members in school B, school C, school E, school F, school G, school H and school I indicated that the cheque book is being kept by the principal.

In school A the cheque book is being kept by the treasurer of the SGB while in school D the cheque book is being kept by the deputy principal.

As to the availability of a strong room the SGB members in all the sampled schools (school A, school B, school C, school D, school E, school F, school G, school and school I) they all have safe rooms.

The SGB members were asked as to where is the cheque book kept. In school A the cheque book is kept at treasure's home while in school D the cheque book is kept in the deputy principal's car.

The SGB members from seven schools (school B, school C, school E, school F, school G, school H and school I) indicated that the school cheque book is kept in the safe room by the principal.

From the nine sampled schools the SGB members were asked about the availability of a safe. In all the nine sampled schools there was no safe.

11. Fund raising

Fund raising is an activity which the SGB should be conversant with in order to augment the finance given by the Department of Education and the one paid by parents.

The SGB members from the nine sampled schools were asked if they ever raise funds for their schools. In all the nine sampled school the SGB never tried to raise funds for their respective schools. They view this as the responsibility of the principal of the school.

12. Collection of School Money

The SGB members of the nine sampled schools were asked as to what procedure they follow when collecting school money. The SGB members in school A, school C and school H indicated that a receipt is issued to the payee immediately upon receipt of the money.

The SGB members from school B indicated that only one person collects money from parents and that person issue a receipt upon receiving the money

The SGB members in school I indicated that they are not aware of the person who collects money. It is the responsibility of the principal. Receipts are issued to those who have paid money.

The SGB members in school D indicated that learners who have paid school money are written in an exercise books and no receipt is issued.

The SGB members in school E, school F and school G indicated that school money is collected by the financial Officer. The school finance officer issue receipt to every person who shall have paid school money. Upon receipt of the money the treasurer will bank the money within two days.

13. Approval of Payments.

The SGB members from the sampled schools were asked as to who approves payments in their respective schools. In all the nine schools sampled for this study the SGB indicated that it is the chairperson of the SGB and the principal who should approve all payments. No payment should be done without being approved first. They further indicated that schools sometimes do pay goods and services without first being approved.

14. The Importance of the Ability to Interpret and Read Financial Bank Statements

The SGB members in all sampled nine schools were unanimous in indicating that it is important for all of them to be able to interpret bank financial statements. They indicated that this shall help them in good financial management of the schools finances and proper governance of school finance. Although they indicated that it is important to be able to read and interpret bank financial statements they are unable to read and interpret such statement as they have not been exposed to that. They have not been trained in a work-shop on how to read and interpret bank financial statements.

15. Financial Skills

Five schools (school A, school C, school D, school H and school I) indicated that their financial skills are very poor and four schools (school B, school E, school F and school G) their financial skills are below average. All SGB members from the nine sampled schools agreed that financial skills are necessary for the proper governance and management of financial resources. These SGB members indicated that training on financial governance and relevant legislation is crucial to SGB of every school in order to maintain good governance of financial resources. The SGB members in all these nine sampled schools for the greater part of their term in office they rely heavily on the knowledge of the principal of the school. They are at times not sure if the principal of the school is misleading them or is taking them to the proper direction.

16. Level of literacy

The majority of SGB members of the parent component are below grade 7. These parents are unable to read and write. In all of the nine schools sampled there is only one parent from each school who has managed to pass grade 7. These parents who have gone schooling up to grade 7 are the ones that are trying their best in reading and writing both Sepedi and English. But they find it extremely hard to understand documents written in English. The educator components of the SGB in all these nine sampled schools have degrees or diplomas. These educators seem to be reluctant or not willing to read legislation such as PFMA, SASA and other documents that deal with finance.

17. Financial Roles and Responsibilities of School Governing Body

The SGB members from the nine sampled schools indicated that the roles and responsibilities of the SGB are as follows:

- ✓ to look after the school buildings and surrounding,
- ✓ to make sure that the educators teach learners,
- ✓ to solve school problems and
- ✓ to look after school finance.

18. The Role of the Financial Committee

The SGB members of the sampled schools were asked as to what are the roles of the financial committee. There were only two schools which responded to this question. The SGB members in school G and school H indicated that the school financial committee is there to draft school budget and assist the SGB of the school to manage the finances properly. The finance committee is there to inspect all financial documents in order to verify itself that things are done properly.

The SGB from the remaining seven schools could not attempt to answer the question as the financial committee in their respective schools does not exist. The seven schools which did not have financial committees are school A, school B, school C, school D school E school F and school I. The roles of a financial committee are unknown to the SGB members attached to these seven schools.

The SGB from all nine sampled schools were asked as to what financial expertise should members of the financial committee possess. All SGB members from the sampled schools indicated that they do not know except to say they must be good in addition and subtraction.

19. Allocated Functions of the School Governing Body

The SGB members of each of the sampled schools were asked as to which allocated functions of the SGB have been given to them. The SGB members from all nine sampled schools did not know which allocated functions have been given to their respective schools.

20. Requirements for Section 21 Status

The SGB members of the nine sampled schools were asked as to what a school should do in order to be a Section 21 school. All the SGB members from the nine sampled schools indicated that they do not know the requirement which a school should satisfy in order to be a Section 21 school.

21. Treasurer Appointment

The SGB members of the nine sampled schools were asked as to how is treasurer of the SGB appointed. The SGB members from all sampled schools indicated that the treasurer is elected by the SGB.

The SGB members from all the nine sampled schools were further asked as to what expertise they look for when they are appointing the treasurer of the SGB. The SGB members from school A, school C, school D, school E school H and school I indicated that they just appoint looking at no expertise. In school B, school F and school G the SGB members indicated that when they appoint the treasurer they look at someone who is good in numbers.

22. Financial Concepts

The SGB members from the nine sampled schools were asked what financial concepts they know. All the SGB members from the nine sampled schools indicated that the only financial concepts that they know are budget, fund raising and audit.

23. Importance of Knowledge of Financial Concepts

The SGB members of the various sampled school were asked as to what is the value of the knowledge of financial concepts. All the SGB members from the nine sampled schools did not know the value of the knowledge of financial concepts.

24. The Availability of Documents

The availability of the following financial documents was requested from the SGB members:

- ✓ Prescripts for the Management of school funds in public schools 2009/2010.
- ✓ SGB minutes book 2008-2010.
- ✓ Audited financial statements.
- ✓ National norms and standards for school funding.
- ✓ Allocation letters for 2008-2010.
- ✓ School budgets 2008-2010.
- ✓ Monthly Expenditure and income statements.
- ✓ Monthly reconciliation statements.
- ✓ Treasure's receipt book.
- ✓ School deposit book.
- ✓ SGB Training Manual 2009-2010: Training Manual Two: Financial Management.
- ✓ Claim forms.

Four schools (school B, school E, school F and school G) have copies of prescripts for the management of school funds in public schools. These schools indicated that the stipulations of this prescript are not adhered to. School A, school C, school D, school H and school I indicated that they do not have the document, they have misplaced it.

All the nine schools have SGB minutes books although the minutes were not up to date. Some of the minutes in all the schools sampled were written on loose papers stapled in the minute's book while in some instance the minutes were drafts.

All the nine schools have audited financial reports which vary from qualified to unqualified reports. National norms and standards for school funding document is only available in two schools (school B and school G).

All schools were able to produce allocation letters for 2008-2010. The various amounts are represented by a graph below.

Figure 1: Allocations for School A

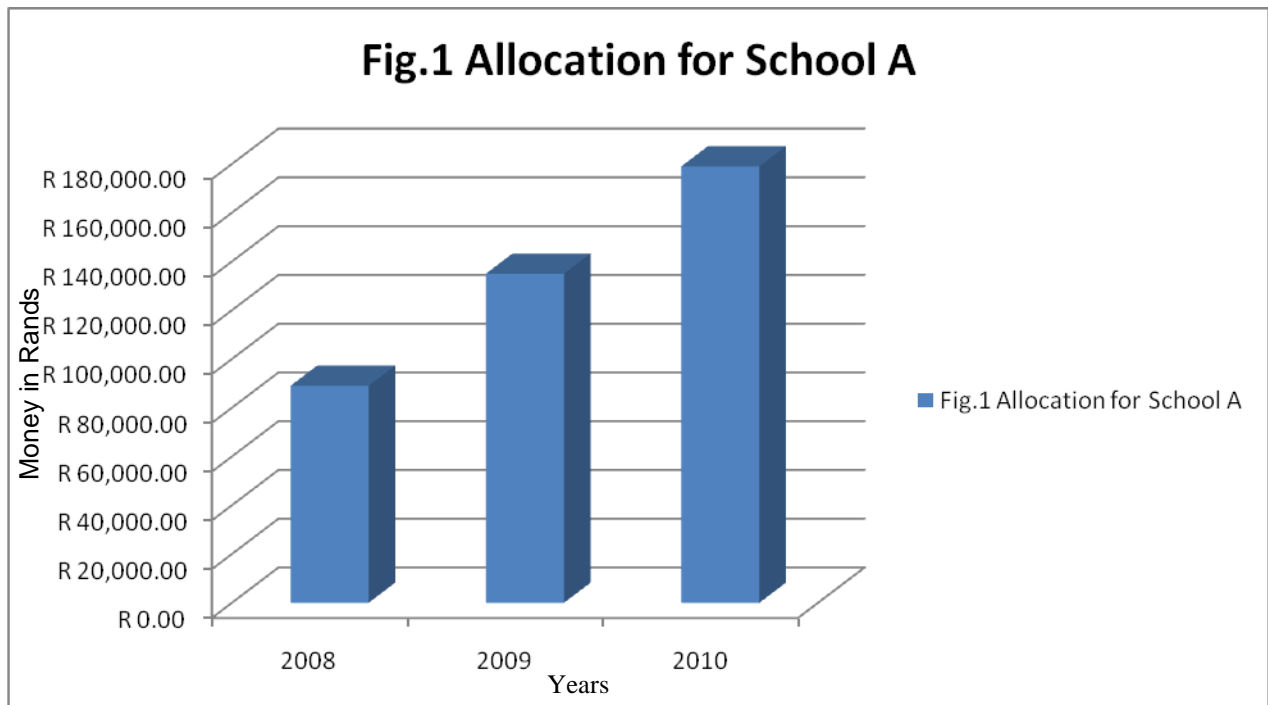


Figure 2: Allocations for School B

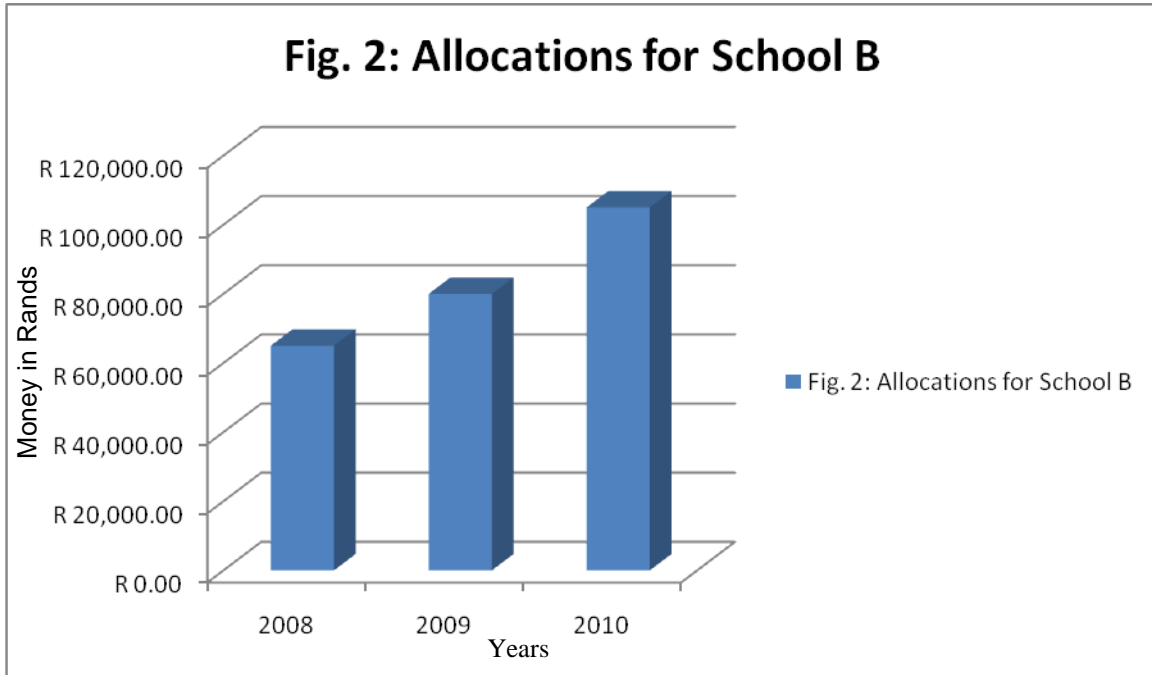


Figure 3: Allocations for School C

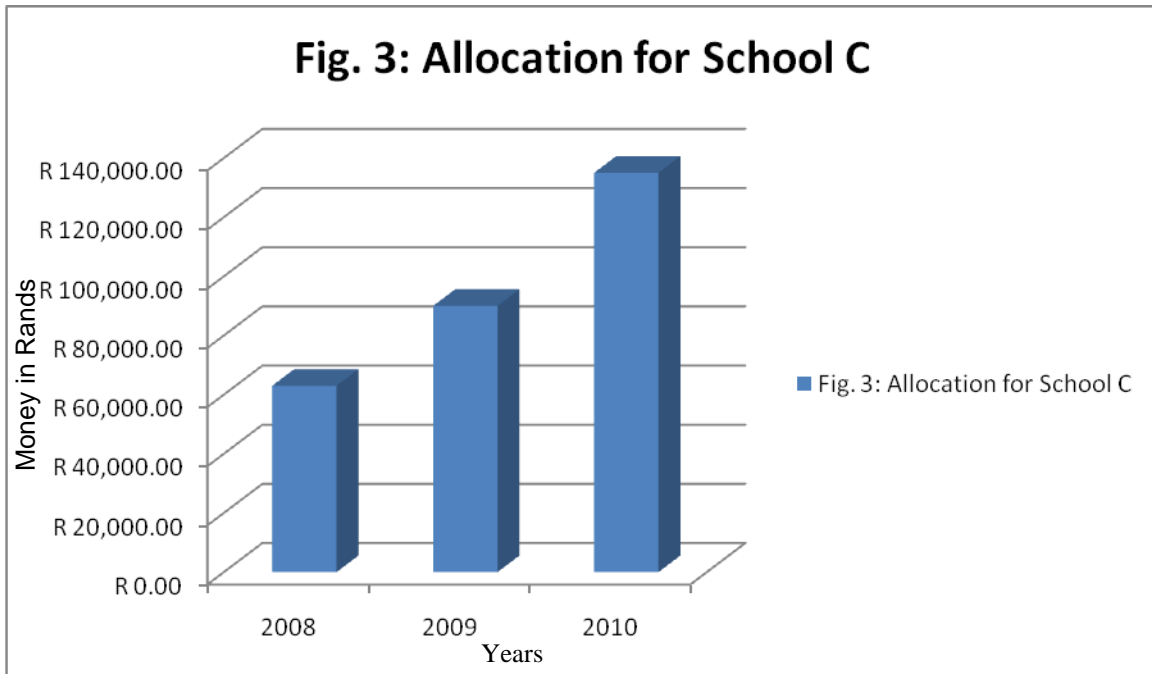


Figure 4: Allocations for School D

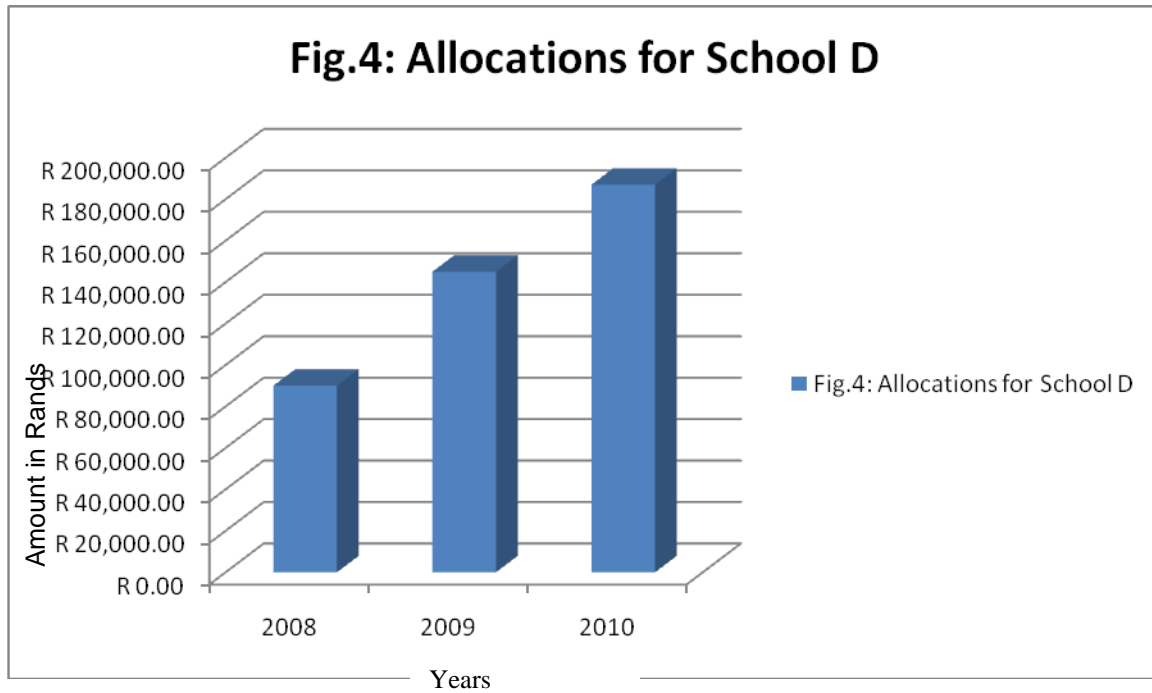


Figure 5: Allocations for School E

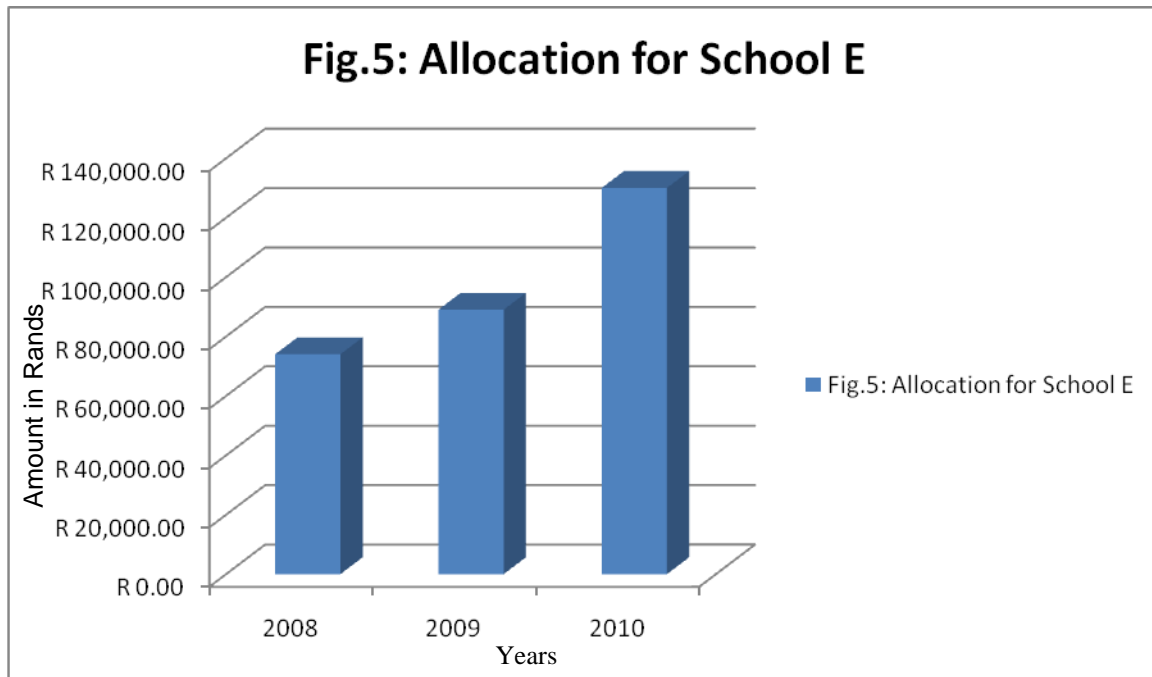


Figure 6: Allocations for School F

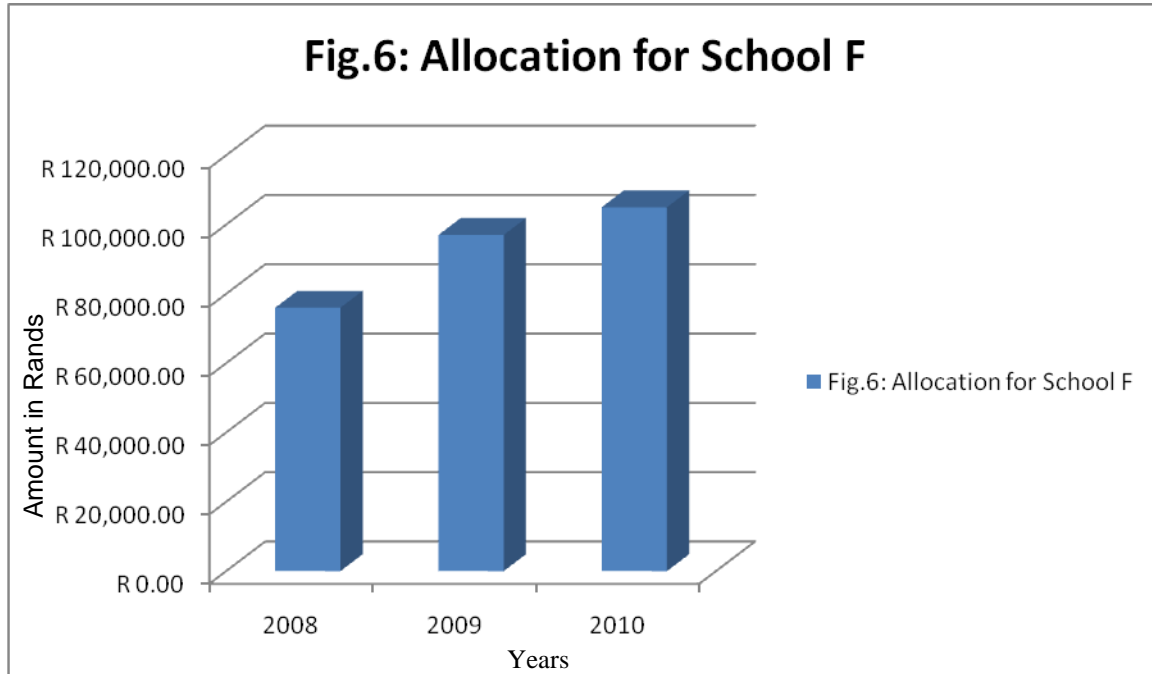


Figure 7: Allocations for School G

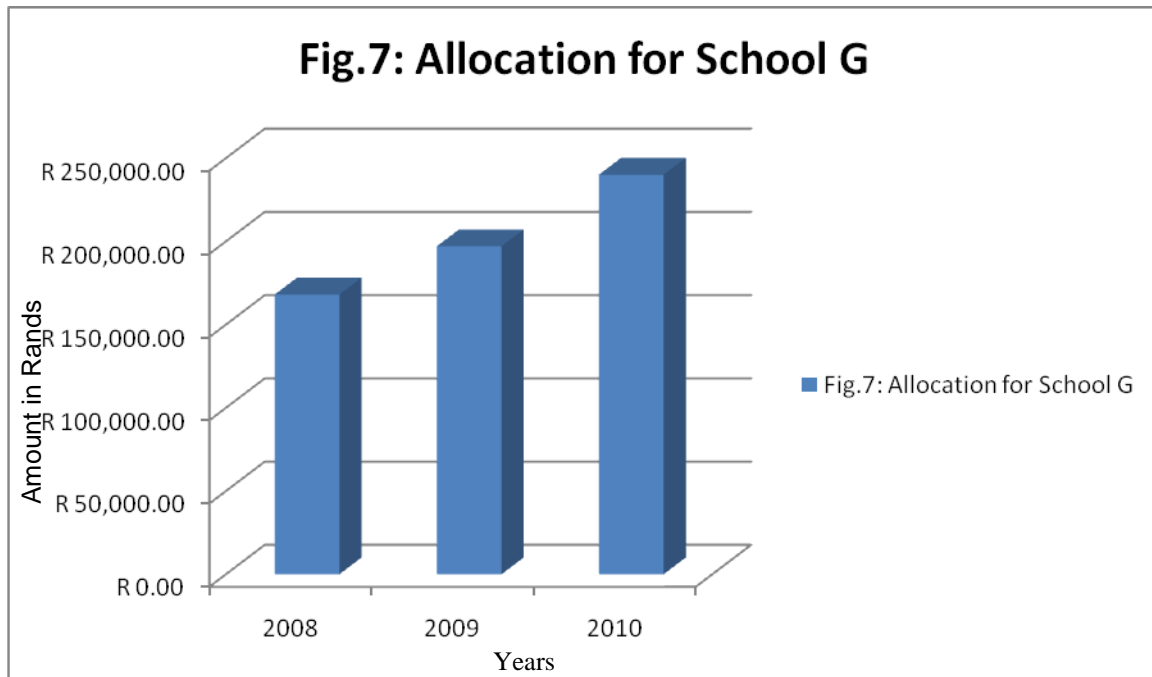


Figure 8: Allocations for School H

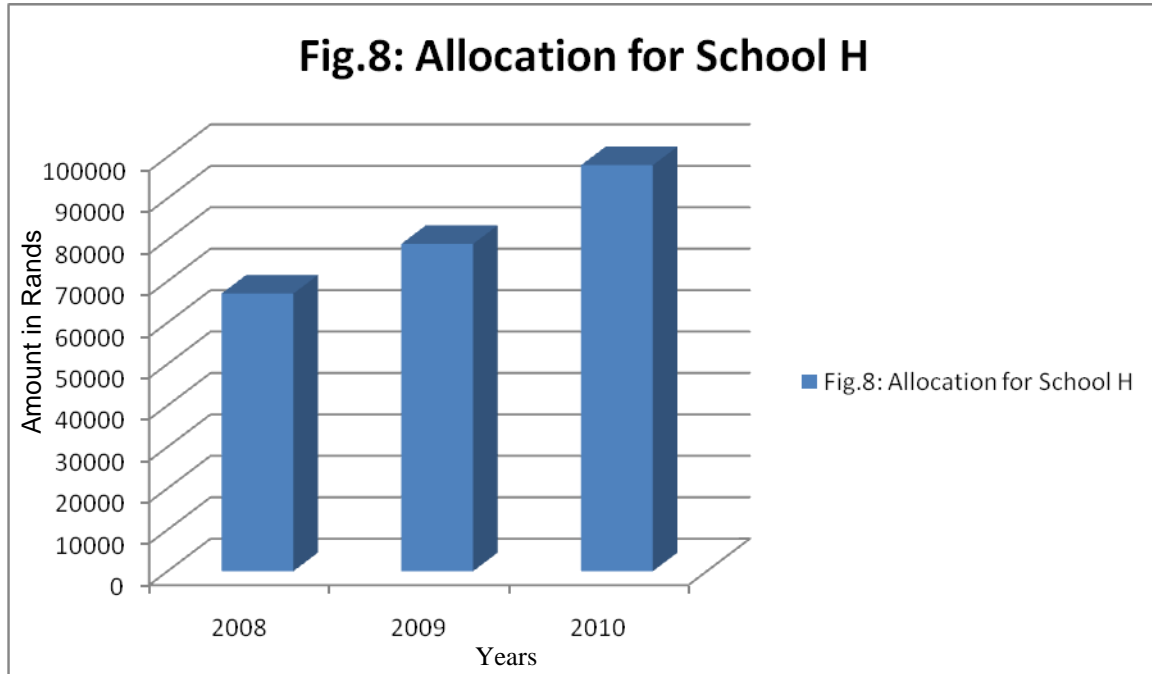
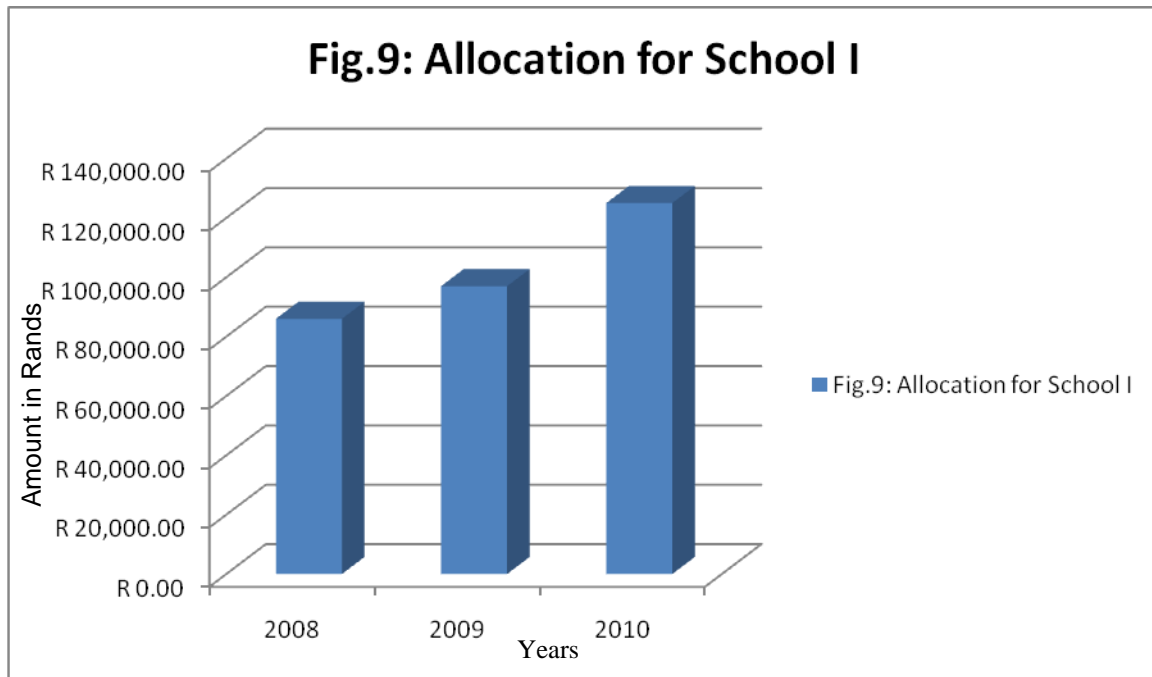


Figure 9: Allocations for School I



From the above graphs it can be deduced that there was an increase in financial allocations from 2008-2010 in school A- I. This is an indication that the Department of Basic Education wants conditions in schools to be improved in order to pave way for quality education. This money that is given to schools yearly has to be used effectively, efficiently and economically by putting in place appropriate financial governance systems in place. It is the duty of the SGB to fulfill the mandate of good governance

Monthly reconciliation statement and monthly expenditure and income statements for 2008-2010 in all the sampled schools were available. Treasure's receipt book and school deposit book were available in all the sampled schools

All the schools sampled were able to produce claim forms. The claim forms were not up to date as some were not signed to indicate that they were approved. Some claim forms did not have cheque numbers and amount on them. This incident cut across all the nine schools sampled.

25. Summary

There are still a lot of problems in many schools particularly the way school finance is being handled. Financial legislation such as PFMA is unknown to most of the SGB members. The provisions of various financial framework and prescripts are not followed. Consequently there are no school based financial policies and no enough financial control and monitoring mechanisms. The SGB members in most of the schools are incapable to raise funds for their respective schools. This activity is left in the hands of the principals. The level of literacy of the members of the parent component of the SGB is very low and as a result of this they do not understand and know the provisions of SASA. Consequently they do not know their roles and responsibilities fully.

CHAPTER 5

FINDINGS

1. Introduction

This chapter deals with the findings of the research study. Data collected and analyzed shall yield the findings of the research proposal. Findings of this research study shall be confined to the efficacy of the School Governing Bodies in the governance of school finance in Tsimanyane Circuit, Limpopo. The findings to these research findings shall be confined to the data collected and analyzed. The findings of this research study are as follows:

2. Knowledge of Financial Legislation

The SGB members in schools around Tsimanyane Circuit do not know legislation and related documents such as procurement policy that deal with finance. PFMA is totally unknown to them. The SGB members know of the existence of SASA but the contents of this document is a taboo to them. The SGB members have never read this document. They are not sure if this document does exist at their respective schools.

3. School Based Financial Policy

Very few schools in Tsimanyane circuit have documented school based financial policy. This is because the SGB members do not have the expertise to draw them. The SGB members literally do not know what to include in such policy and what steps to follow when such policy is drawn. In the few schools which seem to be fortunate to have school based policy in most cases that policy is the brain child of the school principal. To a larger extent the SGB members in those schools which have school based financial policy they are not conversant with it's content, a very good example to indicate that they were not involved in the discussion and the final discussion of that document. Some of the SGB members inherit the school based policy from the previous SGB members without discussing that policy. They just rubber stamp it.

All the SGB members in Tsimanyane schools do admit that school based financial policy is important in that every school is a must to have it. This school based financial policy shall guide the SGB members on how to govern and manage financial matters.

4. Budget

Very few schools in Tsimanyane circuit follow the proper guidelines for drawing a school budget. The majority of schools do not follow the guidelines of drawing a budget. In most cases is the principal alone who draws the school budget or members of the school management team are tasked to draw the school budget. In these instances the budget is never tabled in the SGB meeting or staff meeting for inputs. Parents are not given the opportunity to approve the school's budget. The SGB is kept in the dark about the contents of the budget and it does not even know if the budget exists at their schools or what.

Majority of SGB members in schools around Tsimanyane do not have the expertise to draw the school budget.

5. Financial Control and Monitoring

There are no adequate financial control and monitoring mechanisms in most of the schools in Tsimanyane circuit. The only control mechanism that is practiced by all the schools in Tsimanyane circuit is that a cheque must be signed by two signatories to make it valid.

Other control and monitoring mechanisms are violated in most of the schools. This includes payments that are done before approval is made by the SGB chairperson and the principal of the school. Because of lack of expertise in the drawing school budget, budget is not used as a tool to control expenditure. In most schools because of lack of adequate control and monitoring mechanisms that are in place schools ran out of budget for the greater part of each academic year.

Some schools in Tsimanyane circuit do not speak of financial matters in their respective meetings despite being one of the stipulations of SASA that financial report should be given to the SGB

members quarterly. Income and expenditure is never discussed in SGB meetings in most of the schools in Tsimanyane Circuit. Most schools find themselves napping as for the greater part they are in the dark as far as money matters are concerned.

6. Financial Accountability and Financial Reporting

Accountability is not exercised maximally by SGBs in Tsimanyane circuit schools. Some schools do not encourage parents' participation in matters of school finance as they do not discuss budget issues with parents. Although all schools comply with SASA by taking their financial books to independent registered auditors, the report from the auditors in most schools is not discussed with parents. The opinion of the auditors as well as the entire report of the auditors is not communicated to parents

7. Financial Officer

There is confusion among most SGBs in schools around Tsimanyane circuit. There is no dividing line between the financial officer and the treasurer. The work of the financial officer is confused with that of the treasurer. Most of the SGBs in Tsimanyane circuit schools do not know who appoints the financial officer at school.

8. Security of Financial Documents

All schools in Tsimanyane circuit are keeping their financial documents safely in a safe room. There is confusion among SGB members as to who is responsible for the safe keeping of school cheque book.

9. Fund Raising

The SGB in almost all the schools in Tsimanyane circuit do not have the expertise to raise funds for the school and they have never tried to raise funds for their respective schools. The responsibility

for raising funds for the school is viewed by SGBs in Tsimanyane as the work of the school principal.

10. Collection of School Money

The SGBs in Tsimanyane circuit indicated that when money is collected receipts are issued to the payees before the money is banked. There are only a few schools which do not issue receipts to payees.

11. Approval of Payments

All the SGBs in Tsimanyane circuit indicated that all payments and services should be approved by the chairperson of the SGB and the school principal. In an instance where the SGB chairperson and the school principal do not understand they shall convene an SGB meeting in order to seek for clarity. In some schools payments of services and goods are paid before approval is sorted out. In some schools there are no claim forms and supporting documents to approve a claim. Yet such kinds of claims have been paid already.

12. The Importance of the Ability to Interpret and Read Financial Bank Statements

The SGBs in all the schools around Tsimanyane circuit unanimously indicated that it is important for them to be able to read and interpret financial bank statements. They indicated that they are not knowledgeable in reading and interpreting bank financial statements.

13. Financial Skills

The financial skills of the SGBs in Tsimanyane circuit leave much to be desired. They do not have financial skills necessary for the governance and management of school finance. The SGBs in most of the schools in Tsimanyane rely on the financial expertise of the school principal.

14. Level of Literacy

The level of literacy among the parent component of the SGB members in almost all the schools in Tsimanyane circuit is very low. This makes the parent component of the SGBs in Tsimanyane circuit to be unable to read documents and Acts that are written in English. The school principals and educator component of the SGBs in most schools in Tsimanyane circuit have to interpret documents and Acts to the majority of parents SGB component. This hinders the smooth financial governance by the SGBs in Tsimanyane circuit schools.

15. Financial Roles and Responsibilities of School Governing Body

The SGBs in Tsimanyane circuit are not conversant with their financial roles and responsibilities. This can be attested by the fact that most of the schools cannot raise funds for their respective schools in order to augment the funds provided by the Department of Basic Education, they cannot prepare budget for their schools, they cannot read audited financial statements to parents, they cannot report among themselves about the financial positions of their respective schools as required by SASA, they cannot improve school conditions by purchasing equipments and they cannot follow financial regulations policies and relevant Acts. Majority members of the SGBs in Tsimanyane circuit do not know the stipulations of SASA.

16. Financial Committee

In majority of schools in Tsimanyane circuit the SGBs have not established financial committees. In few schools were the SGBs have established financial committees they are dysfunctional. It only exists for compliance with government regulations. It hardly ever performs its entrusted duties. It is established for complies with regulation and relevant Acts and authorities.

17. Allocated Functions of the School Governing Body

Almost all the SGBs in Tsimanyane circuit do not know the stipulations of SASA. They do not know the allocated functions of SGB.

18. Requirements for Section 21 Status

Almost all SGBs in Tsimanyane circuit do not know the requirements for a school to be declared a section 21. This is another indication that the stipulation of SASA is unknown to the SGBs in Tsimanyane circuit

19. Treasurer Appointment

The treasurer in SGBs in schools around Tsimanyane is appointed by the SGB itself. When the treasurer is appointed in almost all the SGBs they just randomly appoint without looking at the expertise of that person being elected.. In a few schools they look at a person who can count, add and subtract. No other skill is required except the one mentioned above.

20. Financial Concepts

SGBs in Tsimanyane circuit have a problem with financial concepts. The only financial concepts known to most SGBs in Tsimanyane circuit are budget, audit and fund raising. The SGBs in Tsimanyane circuit find it difficult to understand financial issues because they do not know financial concepts. Financial concepts are a corner stone for the understanding of financial related matters. The SGBs in Tsimanyane circuit did not know the value of knowledge of financial concepts.

21. The Availability of Documents

There is a problem regarding financial records keeping in most schools. Financial documents were not readily available. The documents of very few schools were in order but the majority failed to produce them when requested which was an indication that the required documents were not available. Audited financial statements, allocation letters were available, SGB minutes book was available but not up to date in most of the schools in Tsimanyane circuit. Only a few schools in Tsimanyane circuit have copies of prescripts for the management of school funds in public school for 2009 and 2010.

22. Norms and Standard Allocations

As indicated in their yearly financial allocation letters, schools in Tsimanyane circuit are given massive amount of money which is estimated in millions of rands. The money allocated to schools in Tsimanyane circuit increases yearly. This is the money which the SGBs in Tsimanyane circuit have to make sure that it is used fruitfully for the benefit of the learners.

This money is not being handled properly in most schools. Most of the SGBs in Tsimanyane circuit cannot take decisions that are intended to improve the conditions of their schools. Some schools do not have a single computer that is used for administration purpose never mind of thinking of changing the curriculum of their schools to include computer literacy. The massive amount of money goes down the drain.

23. Summary

From the data collected in this research study it is quite clear that the SGBs have a problem in the governance of the school finance. This is mainly due to the following:

- ✓ Insufficient financial skills among SGB members.
- ✓ Lack of Knowledge and understanding of the different financial legislative framework such as PFMA, procurement policy and SASA.
- ✓ Inability to formulate school based financial policy.

Consequently due to the fact that SGBs cannot understand financial legislative framework there are no sufficient mechanisms put in place to control and monitor school finance. There are little signs of financial accountability from the SGB in various schools.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

1. Introduction

The research study has now been thoroughly conducted and the researcher has come with shocking findings that are happening in some of the schools in the country. The level of literacy particularly in the rural villages of this country is a matter of great concern. It is unfair to entrust people who cannot read and write with the responsibility of looking after the financial resources of institutions that are suppose to look at the future of the your generation. Governance of school finance needs to be entrusted in the hands of those people that are qualified to perform such duties. Things should not be done for the sake to satisfy government regulations.

2. Conclusion

The Department of Basic Education seems not to take the issue of school governance into consideration. How can the Department of Basic Education allocate massive amount of millions of tax payers' money in the hands of people who are manipulated by those who knows?

The SGBs in Tsimanyane need to be taught on financial legislation, regulations and policies. The SGBs cannot implement what they do not know.

The issue of inability to read and write is a challenge to the SGBs in Tsimanyane circuit. This is one factor that aggravates the non compliance by the SGBs in Tsimanyane with statutory requirements.

The SGBs in Tsimanyane circuit are not efficient in the governance of the school finances. This is mainly due to the following:

- ✓ because of the lack of financial skills in the SGBs.
- ✓ they cannot implement the stipulations of SASA, PFMA, financial regulations prescripts for the management of school funds in public schools .
- ✓ they could not formulate and implement school based financial policy.

Proper governance cannot be executed if policy and other relevant statutory document such as SASA and PFMA are not followed to the latter.

2. Recommendations

The recommendations according to this research study are as follows:

- ✓ The SGBs of all schools should be paid stipend so that they can be motivated. If there can be compensation, absenteeism of SGB members to meetings shall be reduced drastically.
- ✓ There should be a minimum qualification to serve as an SGB member in addition for just being a parent or a guardian.
- ✓ SASA, PFMA, Supply chain policy and other financial regulations should be provided to schools and every SGB member should be provided with a copy of such documents.
- ✓ SGB members should be taught about SASA, PFMA and other financial documents.
- ✓ SASA, PFMA Supply chain policy and other financial documents such as prescripts should be available in all languages.
- ✓ Circuit office should regularly support the SGBs and monitor their progress.
- ✓ SGB should be taught on how school based financial policy is drawn .When the financial policy shall have been drawn it must be used maximally.
- ✓ For the effective quality governance membership to SGB should be opened to those who have interest in taking a particular school forward. Leadership skills and financial skills as law should be some of the requirements for a person to serve as a member of the SGB.
- ✓ Budget of a school is not one man's issue. All stake holders should be actively involved in the drawing of school budget. If active participation is encouraged the budget shall be owned by everybody.
- ✓ Schools should conduct their own internal audit which must be enforced by the circuit office. The internal audit should be conducted by the financial committee at least once a month. This should be done despite the fact that there is no such stipulation in SASA. This shall be in compliance with PFMA.
- ✓ SGB should have fund raising committee.
- ✓ The SGB should be taught of its roles and responsibility.

- ✓ SGB should make sure that the school has a safe to keep all financial documents of the school including the cheque book. The cheque book is the property of the school hence nobody is allowed to keep the cheque book in his/her house or car.
- ✓ SGB should be taught about the reading and interpretation of financial bank statements.
- ✓ SGB must use the school budget as a control mechanism to curb corruption, over expenditure, wasteful expenditure.
- ✓ All payments should only be executed once they have been approved by the relevant people.
- ✓ The circuit office should once a month send an educational official to check the financial documents of each school.
- ✓ Financial reporting should be done regularly. This should be done in almost every meeting.
- ✓ SGB should be taught on how monthly reconciliation statements are drawn.

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APPENDIX A

INFORMED CONSENT LETTER

I am undertaking a research study with the following topic: *The Efficacy of School Governing Bodies in the Governance of School Finances in Tsimanyane Circuit, Limpopo Province.*

The purpose of this research study is to investigate the efficacy of School Governing Bodies in the implementation of SASA and PFMA in the governance of school finances. In this study you shall be asked questions in the form of an interview.

There will be no pain/discomfort involved in your participation. There shall be no risk of your safety. There is no direct benefit to your participation but you may discover something about the way in which you make decisions.

The information obtained through this interview will be used solely for this research study. Any information obtained from you in connection with this study will be kept confidential and be available only to the researcher. If this research study is published, your name and that of your school will not be disclosed. Your name will not appear in any of the data forms used to collect information

Your participation in this study is voluntary. You are free to withdraw your consent and to discontinue your participation at any time

INTERVIEW QUESTIONS

IMPLEMENTATION OF FINANCIAL SCHOOL BASED POLICY, SOUTH AFRICAN SCHOOLS ACT NO 86 OF 1996 (SASA) AND PUBLIC FINANCE MANAGEMENT ACT NO 1 OF 1999 (PFMA) BY THE SCHOOL GOVERNING BODY

Interviews shall be used because of the following reasons:

- ✓ They are flexible. Interviewers can look for specific answer and questions may be repeated or explained in case the interviewee does not understand or did not hear the question properly,
- ✓ Response rate of interviews is much better as compared to mailed questionnaire,
- ✓ Interview environment can be standardized by making sure the interview is conducted in privacy,
- ✓ All question s are answered. Spontaneous answers may be more informative than answer which participants had time to think,

- ✓ Interviewer has more control over question order, and
- ✓ Non verbal behavior is observed with ease and this can assist in the assessment of the validity of the respondent's answers (White, 2003:76).

1. What is SASA?

RESPONSE:.....
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2. Which sections of SASA deals with the provisions of the allocated functions of SGB?

RESPONSE:.....
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3. What are the mechanisms used by the SGB to control and monitor school finance?

RESPONSE:.....
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4. Who draws the financial budget at this institution?

RESPONSE:.....
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5. How does SGB ensure accountability?

RESPONSE:.....
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6. What is PFM?

RESPONSE:.....
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7. What are the main provisions of PFMA?

RESPONSE:.....
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8. Which sections of PFMA are applicable to the SGB?

RESPONSE:.....
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9. Does the SGB have financial policy?

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13. According to you (SGB) what is the significance of school based financial policy?

RESPONSE:.....
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14. How often do you speak about financial related matters in SGB meetings?

RESPONSE:.....
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15. Who reports to you (SGB) about financial matters?

RESPONSE:.....
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16. According to you (SGB) what is the role of the Financial Officer?

RESPONSE:.....
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17. Who is/are at liberty to appoint the Financial Officer?

RESPONSE:.....
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18. Who keeps the cheque book?

RESPONSE:.....
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19. Where is the cheque book kept?

RESPONSE:.....
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20. Do you have a safe at your institution?

RESPONSE:.....
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21. Who keeps the keys for the safe?

RESPONSE:.....
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22. Does your institution have a strong-room?

RESPONSE:.....
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23. Who controls access into the strong room?

RESPONSE:.....
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24. Who chairs financial committee meetings?

RESPONSE:.....
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25. Do you ever raise funds for the school?

RESPONSE:.....
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26. Who approves payments?

RESPONSE:.....
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3. How good are you in financial skills? State your opinion by making an appropriate choice.

RESPONSE:

1	2	3	4	5
Poor	Below average	average	Good	Very Good

4. What is your level of literacy?

Below Grade 7	Between Grade 8-11	Passed Grade 12	Have Degree/Diploma

RESPONSE:.....
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5. What are the financial roles and responsibilities of SGB?

RESPONSE:.....
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6. What are the roles and responsibilities of the financial committee?

RESPONSE:.....

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7. Which allocated functions have been allocated to your school?

RESPONSE:.....

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8. What does a school need to do in order to be a Section 21?

RESPONSE:.....

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APPENDIX C

FOCUS GROUP (FINANCIAL COMMITTEE)

1. How is a treasurer appointed?

RESPONSE:.....
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2. What expertise should such a person possess?

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3. Who approves payments in the SGB?

RESPONSE:.....
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4. As a financial committee what is your role in the SGB?

RESPONSE:.....
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5. What financial expertise should members of the financial committee possess?

RESPONSE:.....
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6. How important are the following documents?

6.1 PFMA

RESPONSE:.....
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6.2 SASA

RESPONSE:.....
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6.3 School based financial policy

RESPONSE:.....
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7. What procedures do you follow when collecting school money?

RESPONSE:.....
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8. What do you do to prevent corruption and mismanagement of school funds?

RESPONSE:.....
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9. Which financial concepts do you know?

RESPONSE:.....
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10. What is the value of knowledge of financial concepts for the SGB?

RESPONSE:.....
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APPENDIX D

DOCUMENTS

The following documents shall be requested from the financial committee to determine their availability and be examined.

	DOCUMENT	Yes	No	Comment
1	Availability of SASA			..... ..... ..... ..... ..... .....
2	Availability of PFMA			..... ..... ..... ..... .....
3	Prescripts for the Management of school funds in Public schools			..... ..... ..... ..... .....
4	School financial policy			..... ..... ..... ..... .....
5	SGB minutes book 2008-2010			..... ..... ..... .....

			
6	Audited financial statements 2008-2010			..... ..... ..... ..... ..... .....
7.	National Norms and Standards for School funding			..... ..... ..... ..... ..... .....
8	Allocation letters for 2008-2010			..... ..... ..... ..... ..... .....
9	School budgets 2008-2010			..... ..... ..... ..... ..... .....
10	List of financial committee members			..... ..... ..... ..... ..... .....
11	Monthly Expenditure and income statements 2008-			.....

	2010			..... ..... ..... ..... .....
12	Monthly reconciliation statements			..... ..... ..... ..... ..... .....
13	Treasurers' receipt books			..... ..... ..... ..... ..... ..... .....
14	School deposit book			..... ..... ..... ..... ..... ..... .....
15	SGB Training Manual 2009-2010?SGB Training manual Two: financial management		

16	Claim forms		
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LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF EDUCATION OFFICE OF THE HEAD OF DEPARTMENT

Enquiries : Nemalili Eastern(Manager: Office of the HOD)
Tel Ext. : (015) 290 7702

Date : 11 June 2010.

Mr. T. J. Bapela
Box 220
Masemola
1060

Email: bapelatj@yahoo.com

Dear Sir

RE: APPLICATION FOR A PERMISSION TO CONDUCT RESEARCH

1. Thank you for your letter dated the 13 May 2010. We are indeed humbled by the interest displayed by yourself on matters which of course affects our education system.
2. In the light of your request, i therefore grant you permission to conduct research in schools around Tsimanyane circuit for your Master degree. It is however important to indicate that prior arrangements to conduct the latter should be arranged in advance so that teaching and learning is not sacrificed.
3. Once more, we wish you all of the best in your studies and assure you of our cooperation in this regard.

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Cnr 113 Biccard & 24 Excelsior Street, POLOKWANE, 0700 Private bag X9489, POLOKWANE, 0700
Tel.: (015) 290 7602/7655, Fax: (015) 297 0937, E-mail: mnisivv@edu.limpopo.gov, ramukhadim@edu.limpopo.gov

The heartland of Southern Africa - development is about people

Yours Sincerely



Benny Boshielo
Head of Department-Education
Limpopo Province

10 June 2010

Cc: General Manager: Maphwanya M.T.
District Senior Manager-Sekhukhune District