

**MANAGEMENT OF SCHOOL FINANCES BY SCHOOL GOVERNING BODIES
IN RURAL SCHOOLS: A CASE OF FOUR PRIMARY SCHOOLS IN THE
BUTTERWORTH EDUCATION DISTRICT.**



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JANUARY 2017

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IN RURAL SCHOOLS: A CASE OF FOUR PRIMARY SCHOOLS IN THE
BUTTERWORTH EDUCATION DISTRICT.**

BY

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Dissertation submitted in fulfilment of requirements for the degree of

Master of Education
University of Fort Hare
Together in Excellence

University of Fort Hare

Supervisor: Dr N. Pylman

January 2017

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Declaration

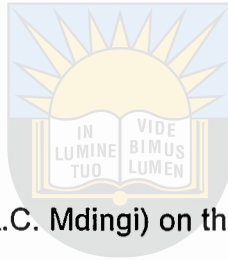
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Management Of School Finances By School Governing Bodies In Rural Schools: a case of four primary schools in the Butterworth Education District

Is my own work. It has never been submitted for a degree or examination before in this university or any other University. Sources in this study have been fully indicated and acknowledged by means of complete reference.



Signed



K.C. Mdingi) on this 16 day of March 2017

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Dedication

This study is dedicated to my late grandfather, Johnson Stena Mdingi.



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Acknowledgements

My greatest appreciation is directed specifically to people who contributed immensely to the success and completion of this exercise listed below:

Dr N. J. Pylman for the expert guidance, suggestions, patience, complimentary opinions and motivation which contributed much toward the completion of this study.

My friends, M. Sifuba, A. Ntshwanti, T. Jonas and Shirley, for encouraging me to go on when I more than often lost interest in pursuing the study.

The school communities that warmly accepted me during the field work and the maximum co-operation of participants.

The University of Fort Hare, particularly the Govan Mbeki Research and Development Centre (GMRDC), for awarding me a fee waiver to assist towards the completion of this study.

My lovely wife, Siphokazi, my three sons Aviwe, Vuyo and Aya who persevered loneliness for many days that I spent away from home studying in East London.

The almighty God for taking care of me and sustaining my life towards the realisation of this dream.

Abstract

The implementation of the South African Schools Act in 1996 was the first attempt to involve parents in the governance of schools. This decentralization initiative within the school context serves as a mechanism to strengthen the decision making authority of SGBs. Thus, financial management is a crucial governance function of the SGB. The aim of this study was to explore the management of finances by SGBs in selected rural schools in the Butterworth Education District in the Eastern Cape Province. A qualitative study was conducted using a series of in-depth semi-structured interviews with parent-governors, principals and teachers. The study employed purposive sampling to select four rural primary schools. The sample comprised four principals, four parent SGB members and four teacher SGB members. The discussion of the findings illuminates numerous reasons for SGBs' inability to manage finances efficiently. Parent and educator governors apportion the blame for this under-performance on numerous contexts as well as external factors. Key findings highlighted crucial aspects in relation to financial management, which include SGBs' lack of understanding of their roles and responsibilities, the necessary skills, knowledge and expertise; lack of collaboration amongst educator and parent-governors; and lack of continuous and focused training of SGBs. Decentralization serving as a mechanism to strengthen the decision making authority of SGBs seemed unable to serve its purpose in relation to SGBs who lack the necessary skills, knowledge and expertise to manage finances in their respective schools.

Keywords: School governing bodies, financial management, rural schools

Acronyms

CIM:	Common Information Model
DoE:	Department of Education
ELRC:	Education Labour Relations Council
FINCOM:	Finance Committee
HoD:	Head of Department
LTSM:	Learner Teacher Support Material
NYC:	New York Charter
PAM:	Public Administration Management Act
PFMA:	Public Finance Management Act
PTA:	Parent Teacher Association
SAICA:	South African Institute of Chartered Accountants
SASA:	South African Schools Act
SGB:	School Governing Body
SNP:	School Nutrition Program



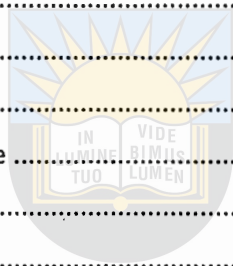
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CHAPTER ONE

CONTEXTUALISATION AND ORIENTATION OF THE STUDY

1.1 Background

The decentralisation of South Africa in 1994 took the transformation of education system to another level with far reaching efforts towards improvements. Decentralised school governance presupposes a development of power from central level of government down to local level (Squelsh, 2000). This is generally based on the premise that the state should share its power with other stakeholders, particularly those closer to schools, on a partnership basis (Marishane, 1999). Mestry (2006) argues that prior 1994, various systems in education lacked both financial and management accountability owing to problems of over-centralisation of control and limited legitimacy of the political authorities. This became more evident through laws which in this case led to South African Schools Act no.84 of 1996. This Act stipulates the decentralisation of power to schools through the establishment of School Governing Bodies with considerable powers. Thus, the purpose of the South African Schools Act is to devolve the responsibility and authority for governance of public schools to the governing bodies of those schools. This, in itself, is an acknowledgement by the state that it cannot control schools by itself; it should form partnership with other stakeholders, in particular with those closely associated with the school (Marishane, 1997).

Mestry (2006) states that the Schools Act (DoE, 1996) prescribes that schools manage their own funds. It provides guidelines for the School Governing Body (SGB) and the principal on their roles and responsibilities in managing the school finances. The South African Schools Act no.84 of 1996 section 20(1) (a) states that the School Governing Body of a public school must promote the best interests of the school and strive to ensure its development through the provision of quality education to learners as the school. The School Governing Bodies' financial responsibility finds expression in both sections 30 and 21 which stipulate the management of finances. Section 21 of the South African Schools Act provides for the establishment of self-governing schools by permitting schools to apply for functions that were traditionally

carried out by the state. It can be argued that the South African Schools Act places School Governing Bodies in the position of trust to manage the finances of the school. Thus, the financial responsibility of the School Governing Body requires expertise to carry out this responsibility. Moreover, the Act makes it clear that the School Governing Body has to be trained at beginning of every year and be assisted by the principals as well as other officials of the Department of Education in the performance of this function.

Van Wyk (2004) notes that the government recognises that many School Governing Bodies, particularly in the rural and less disadvantaged urban areas, do not have the required skills and experiences to exercise their own powers and many difficulties in fulfilling their functions. Heysterk and Paquette (1999) assert that the ability of parent governors to govern schools depends on their skills, including financial skills, knowledge and experience of governance. Moreover, Bush and Heysterk (2003) and Heysterk (2006) state that such abilities required by governors are more determined, among other things, by their educational background, especially the literacy levels.

Heysterk (2006) further postulates that poorly educated parents lack management expertise while many struggle to interpret the contents of SASA. Van Wyk (2004), Bush, Joubert, Quist, Chalufu, Heysterk, Maile and Van Rooyen (2004) assert that training given to School Governing Bodies by the Department of Education is usually ineffective as many department officials selected to train the SGBs are not experts in financial management.

Conradie (2002) maintains that these functions are not really governance functions in the proper sense of the word, but mainly financial management responsibilities that lighten the state's financial commitment towards the school. It is therefore questionable whether School Governing Bodies in these areas will be able to carry these extra responsibilities because the literacy levels of the parents is not high, and the parental governors are not well equipped for their expected governance functions (Heysterk, 2004). Since the establishment of School Governing Bodies, one of the critical problems confronting the Provincial Department of Education has been the capacity building of School Governing Bodies, especially those from the previously marginalised and disadvantaged communities as many of these do not yet have the required skills and experience to exercise their new power; many experience

difficulties in fulfilling their basic functions or qualifying for additional functions (Matala & Pampillis, 2001).

Mestry (2006) asserts that some members of the School Governing Bodies and principals either have little knowledge of the South African Schools Act or simply interpret it incorrectly, which results in many schools experiencing financial mismanagement. Mestry further states that although the Provincial Department of Education provides financial management training for School Governing Bodies, many schools still encounter problems in these areas. Karlsson (2002) argues that by devolving such functions to the School Governing Body, the state may unintentionally be contributing to a perpetuation of inequalities in the school environment because disadvantaged groups tend to under-participate while individuals who are comparatively better off are able to better protect their interests (Pany & Master, 1994, cited by Nyambi, 2005).

The role of the School Governing Body is, therefore, critical in terms of the governance of school finances. Section 16 (2) of South African Schools Act of 1996 states that it acts on behalf of the school and stands in position of trust towards the school. Davies (1998) asserts that a school is a juristic person with the legal capacity to perform functions and on behalf of the school. This implies that a public school may enter into a legal contract with another subject to purchase books and other resources and also carries all the responsibilities and all liabilities attached to its status. This view is also held by Van de Linde and Strauss (1998) when they state that the existence of School Governing Bodies is the result of a state and, by implication, a governing body is a legal persona or justice person (an entity capable of being a bearer of rights and duties).

Van Deventer and Kruger (2003) state that it is imperative for both School Governing Body members and the principal to perform their financial tasks with circumspection and thoroughness. According to Morgan, Fraser, Cairns (1992), many parents do not want to serve in the School Governing Bodies because they lack the expertise a governor requires.

Selesho and Mxuma (2012) state that financial management involves maintaining liquidity in the face of overarching conditions both on the supply side (income) and on the demand side (expenditure). In order for the School Governing Body to be able

to realise the objectives of the school, it needs to be knowledgeable about financial management. These authors further state that on the part played by governors insofar as the management of school finances is concerned, few governing bodies are assertive. From this view, it can be deduced that educators and principals may undermine the authority of SGBs despite having effective finance policies. This view is supported by De Clerq (2002), cited by Nyambi (2005), who states that in most developing countries, the managerial and financial benefits rarely materialize because of lack of capacity, resources and systems to manage these functions. Based on this view, the allocation of section 21 to schools, which provides schools with the authority to manage their own finances, might not benefit rural schools.

Bisschoff and Mestry (2003) note that financial management is an integral aspect of effective school management and therefore occupies, in terms of status and influence, a position within the management structures similar to that of curriculum management. This places a huge responsibility on the School Governing Body. It is against this background that the problem statement below is now offered.

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1.2 Statement of the Problem *Together in Excellence*

According to Mestry (2006), the School Governing Bodies and principals either have little knowledge of section 21 of the South African Schools Act no.84, 1996 or simply interpret it incorrectly, which results in many schools experiencing financial mismanagement. Mestry further states that although the provincial Department of Education provides financial management training for School Governing Bodies, many schools still encounter problems in this area. Van Wyk (2004) asserts that the government recognises that many SGBs, particularly in the rural areas and less advantaged urban areas, do not have the required skills and expertise to exercise their new power, and many have difficulty fulfilling their functions. To investigate the research problem, the study sought to answer the following research questions:

1.3 Research Questions

- How do school Governing Bodies manage finances in rural primary schools in the Butterworth Education District?

1.3.1 Sub-Research questions

- What processes are SGBs involving in relation to determining budget priorities?
- What are the patterns of communication between educators, principal and the SGB in relation to the budgeting process?
- What challenges do SGBs experience with management of school finances?
- What is the interface between instructional requirements and expenditure patterns of the schools?

1.4 Purpose of the Study

The purpose of the study is to explore the management of school finances by School Governing Bodies in rural schools in the Butterworth Education District.

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1.5 Objectives of the Study *Together in Excellence*

The objectives of this study are to:

- Explore the processes employed by SGBs in determining budget priorities.
- Investigate the patterns of communication between educators, principal and the SGB in relation to budgeting process.
- To determine the challenges that SGBs experience with the management of finances.
- Investigate the interface between instructional requirements and expenditure patterns of the schools.

1.6 Rationale of the Study

As a school principal in the Butterworth Education District, I have shared experiences with other school principals where they constantly refer to this exercise

as quite challenging and frustrating. This generated my interest on the matter to get detailed first-hand information from the actual participants. Besides, Selesho and Mxuma (2012) state that financial management for School Governing Bodies involved maintaining liquidity in the face of ever-changing conditions both on the supply side (income) and the demand side (expenditure). In order for the School Governing Body to be able to realise the objectives of the school, it needs to be knowledgeable about financial mismanagement. Mestry further asserts that although the Provincial Department of Education provides financial management training for School Governing Bodies, many schools still encounter problems in this area.

1.7 Significance of the Study

The study sought to unearth experiences of SGBs in the execution of their mandatory functions as section 21 rural schools in the Butterworth Education District. This effort may assist SGBs and the DoE to benefit from the findings of the study. The study could also enable SGBs to acquire a better understanding of the challenges pertaining to financial management responsibility they face in rural schools during the execution of this responsibility. Through acquisition of information in relation to these challenges, SGBs will be better capacitated to deal with them. Moreover, they will be important contributors in the decentralisation of powers to schools for better management of school finances. The researcher hopes to positively contribute in this sphere, given its importance in school financial management by SGBs in the Butterworth Education District.

1.8 Delimitations of the Study

The study was conducted at four purposively selected primary schools in the Butterworth Education District in this Province of the Eastern Cape and was limited to four section 21 rural primary schools.

1.9. Definition of Key Terms

Management: according to Bisschoff and Mestry (2003), *management* refers to the act or skill of controlling and making decisions about finances by the School Governing Body. In this study, management refers to the ability of handling finances of the school by the SGB in a blameless manner which is within the ambit of the law governing the process in both the schools and the public sector in general.

School Governing Body: means *governing body* as contemplated in section 16 (1) where the governance of every public school is vested in its governing body and may perform only obligations and exercises only such rights as prescribed by the Act. According to the South African Schools Act no.84 of 1996, this SGB membership comprises elected members, the school principal and co-opted members. In this study, SGB would mean elected members of governing body comprising of individuals from the following categories; parents of learners at the school, educators, members of staff who are not educators, and co-opted people with the necessary required skills to manage finances.

Rural Schools: it is a school wherein poverty reduction and levels of education/literacy are low; most of them are dilapidated mud schools. In this study, schools refer to schools in the former homelands where black people live in the countryside, are poor and predisposed, to some extent, with old fashioned culture, Gardner (2008).

Budget: budget is a management tool or mechanism by means of which the management team of the school can estimate and plan, utilise and co-ordinate, control and evaluate the human material and other resources of the school in financial terms. In this study, *budget* refers to processes followed when planning and estimating the finances of the school by the School Governing Body in the selected primary schools in the Butterworth Education District.

Accountability: is when somebody takes responsibility, answerability, changeability and accountability to the school. In this study, *accountability* refers to involving the stakeholders using all possible reporting mechanisms and instilling the implicit

values pertaining to the utilisation of the school finances in a periodic manner throughout the financial year of the school.

1.10 Research Paradigm, Design and Methodology

1.10.1 Research paradigm

According to Joubish *et al* (2011), a paradigm is a worldview, a whole framework of beliefs, values and methods within which research takes place. Guba and Lincoln (2005) state that qualitative research paradigm is attempting to make qualitative research rigorous as qualitative and creative myriad methods for qualitative research. This study is located within the interpretive paradigm. Nieuwenhuis (2007) states that interpretivism focuses on people's subjective experiences, on how people construct the social world by sharing meanings and how they interact with or locate to each other. The interpretive paradigm allowed the participants to state their views regarding the management of school finances by SGBs in selected rural schools in the Butterworth Education District. This enabled the researcher to interpret and understand the participants' subjective interpretations on the management of school finances by SGBs in the selected rural schools.

1.10.2 Research Design

The overarching design adopted for this study is a case study design. According to Neieuwenhuis (2012), case studies are aimed at gaining greater insight and understanding of the dynamics of a specific situation. The researcher used a case study of four primary schools in the Butterworth Education District to gain greater insight in the financial management by SGBs.

1.11 Research Approach

A qualitative approach was employed in this study. Qualitative researchers are interested in understanding the meaning people have constructed, that is, how people make sense of their world and experiences they have of the world (Merriam,

2009). The qualitative research approach helped the researcher to explore the perspectives and experiences of the participants on the management of finances by SGBs in the selected rural schools. Priesole (2002) posits that qualitative methodology is a category of research design that elicits verbal, visual, tactile and olfactory data in the form of descriptive narratives like field notes, recordings, transactions from radio, television and other written records. Besides, research that utilises a qualitative methodology will draw on data collection methods such as participants, observation, in-depth interviews and/or focus groups (Jennings, 2002).

1.12 Research Methodology

Creswell (2007) refers to methodology as the strategy or plan that links methods to actions and governs the choice and use of methods. Aspects that guided the research methodology of this study include: the sample and sampling techniques, how data were gathered, the analysis process, strategies to ensure trustworthiness, credibility and ethical considerations. In order to determine the perceptions of the various stakeholders' financial management of the School Governing Body, a qualitative research is primarily concerned with the views on how individuals interact with the social world and construct reality (Merriam, 2002).

1.12.1 Sample and Sampling

Purposive sampling was used to select four rural primary schools in the Butterworth Education District. In purposive sampling, participants are chosen for a particular purpose (Leedy & Omrad, 2001). They further postulate that in purposive sampling, people are aware, knowledgeable and informed about the phenomena the researcher is investigating. Bogdan and Biklen (2007) note that purposive sampling is a non-random sampling technique in which a researcher solicits persons with specific characteristics to participate in a research study.

1.12.2 Data Collection Instruments

Semi-structured interviews were employed in this study. Newton (2010) states that semi-structured interviews in qualitative research have strengths and weaknesses. They further state that strengths include positive, high validity, complex questions and issues can be discussed to avoid pre-judging given the pre-set questions and the recording therefore is easy. Limitations include dependency on skills, unconscious signals, time consuming, expensive, not very reliable and difficult to analyse.



1.13 Data Analysis

Data analysis can be described as the process of bringing order, structure and interpretation to a massive amount of data in search of general statements about relationships and underlying themes that build grounded theory (Maree, 2007).

1.14 Trustworthiness and Credibility

Lincoln and Guba (2000) advocate that ensuring credibility is one of the most important factors in establishing trustworthiness in qualitative research. They emphasize that credibility refers to the idea of internal consistency, where the core is to ensure rigor in the research process and communicating this to others. Data triangulation was employed in this study wherein data was collected at different times and from different participants.

1.15 Chapter Outline

Chapter 1

Chapter one presents the background to the research problem wherein the statement of the research problem finds expression as well as research questions, the purpose of the study, rationale and aims, research paradigm, design and

methodology. The terminology used is unpacked, through definitions, and the chapter concludes with a chapter outline.

Chapter 2

Chapter two presents an in-depth description of the theoretical framework in which the study is located, details the concept of decentralization with all that underpins it through thorough discussion of the formal model and the legal framework for managing school finances by School Governing Bodies.

Chapter 3

This chapter presents an overview of the overall research design and methodology used in the study. It also unpacks the sampling and data collection instruments used in the study. Strategies to ensure trustworthiness and ethical considerations are also discussed.

Chapter 4

In this chapter, the researcher presents, analyses and discusses the findings of the data gathered from participants. Data was coded into themes. Various challenges confronting the SGBs were identified by the researcher which are as a result of both contextual factors and external factors. An external factor which is beyond the control of schools seemed to be the lack of continuous and focused training of SGBs by the Department of Education. The next chapter gives a summary of the entire study, concludes the study, and provides recommendations for practice and further study

Chapter 5

This chapter presents the summary of the entire study, draws conclusions on all arguments raised and brings forth recommendations based on the findings of the study. The chapter further proposes recommendation for further studies in this field.

1.16 Summary

In this chapter, the background and orientation to the study are covered. The problem statement and the objectives of the study are also clearly stated. The research questions, the rationale, the significance of the study and the literature review are explored. In addition, the research paradigm design and methodology, data analysis, delimitation of the study as well as the chapter outline are explained.

The next chapter details the theoretical framework and Literature review.



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CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

The previous chapter is the introductory chapter to the study. This chapter employs the decentralization theory to explore the management of school finances by School Governing Bodies in selected rural primary schools in the Butterworth Education District. The literature review is, thus, conducted in a manner consistent with the following headings and sub-headings: the conceptualization of school governance; school governance in relation to section 21 schools; composition of the School Governing Body (SGB); legal framework for financial management; financial responsibilities of SGBs; challenges experienced by SGBs; and an international perspective on financial management in schools.

2.2. Theoretical Framework

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Simon (2011) and Trochim (2006) note that a theoretical framework provides a well-supported rationale to conduct a study and helps the reader to understand the researcher's perspective. The theoretical framework is the researcher's lens through which he/she views the world (Merriam, 2001). Escalada (2009) asserts that the theoretical framework strengthens the researcher's research by connecting the research to existing knowledge which is guided by a relevant theory.

2.2.1 Decentralization Theory

This study is guided by the theory of decentralization. Smith (2016) defines *decentralization* as the transfer of decision-making authority closer to the consumer or beneficiary. The passing of the South African Schools Act (section 16) stipulates that SGBs are responsible for the governance of the school which opens the possibility of more direct involvement in school activities. Thus, the core of this policy initiative and legislation points to a process of decentralized decision-making as well

as a significant process of democratization in the ways in which schools are to be governed (Pylman, 2013). According to this theory, decentralization of school management is generally understood to refer to the devolution of the decision-making authority from the higher central level to the lower level (Botha, 2012). Even though decentralization is a process which has been implemented in both the private and public sector, the focus of decentralization in this study refers to the transfer of power from the Department of Education to the School Governing Body. Pylman's (2013) stance is that when *decentralization* is applied to an educational context (e.g. schools), it suggests an increase in the school autonomy and the sharing of decision-making with teachers, parents, and the community at large. Within the educational context, the concept of decentralization originates from the belief that the state alone cannot control schools and that it should share powers with other stakeholders, particular those close to schools like School Governing Bodies (Marishane & Botha, 2011). Kathyola and Job (2011) and Siddle and Koelble (2012) support this view when stating that decentralization is a multi-faceted concept that may refer to a transition from governance structures in such a manner that power, resources and capacity are dispersed to sub-national actors. Pylman (2013) is of the view that the existence of a high range of terms and processes (deconcentration; delegation; devolution; centralization; and centralized power), embraces a complex and, at times, a confusing and ambiguous set of concepts. The section below therefore attempts to explore the meaning and different perspectives of *decentralization* as revealed in literature.

This study is guided by the theory of decentralization. Smith (2016) defines decentralization as the transfer of decision-making authority closer to the implementers.

This model explains the steps to be followed by school Governing Bodies as their blueprint in managing school finances. Bush (2004) classified the main theories of educational management into six major models of educational management, namely: formal, collegial, political, subjective, ambiguity and cultural. This study uses the formal model as the researcher assumes that schools are hierarchical systems in which principals use rational means to pursue agreed upon goals. Principals possess authority legitimized by their formal positions within the schools and are accountable to School Governing Bodies for their activities (Bush, 2004). Levacic

(2007) as cited by Anderson and Lumby (2005) explains that the school, as an organisation of structures, is a collectivity with clear aims and goals, which are pursued through formal structures and rational decision-making.

Formal models give prominence to official structures, rational processes, the authority of leaders and accountability; these may be linked to the school-management tasks identified by Clarke (2007), namely: planning, organising, leading and controlling. The administration of school finances is an integral part of effective school administration (Mestry, 2004; Ntseto, 2009). Each of the above-mentioned tasks will be discussed regarding financial management and a brief exposition of financial management is discussed below so as to conceptualise financial accountability within the framework of financial management.

According to Simon (2011) and Trochim (2006), a theoretical framework provides a well-supported rationale to conduct a study and helps the reader understand the researcher's perspective; a good theoretical framework assures the reader that the type of investigation the researcher supposes is not based solely on personal instincts or guesses, but is rather informed by established theory and empirical facts obtained from credible studies. Merriam (2001) advocates that a theoretical framework is the researcher's lens with which to view the world.

2.2.2 Administrative Decentralization: Shifting perspective

The purpose of the concepts below is not to explain the distinction in detail, but to give expert perspectives on decentralization from literature in order to establish a universal understanding of the role it plays in school governance and the management of school finances by SGBs, in particular. Administrative decentralization can take place in very different forms, with totally different effects on public administration organisations. Each form of decentralization is described briefly below.

Deconcentration, as a form of administrative decentralization, moves the same public administrative organizational structure to a geographical location closer to the

citizen (USAID, 2011). Within the South African context, administrative authority and decision-making powers in relation to school finances have been transferred to School Governing Bodies.

Delegation or school autonomy refers to the assignment of specific decision-making authority, namely, the transfer of managerial responsibility for specifically defined functions to local governments (Siddle & Koelble, 2012). Within the school context this concept refers to administrative or legal transfer of responsibilities to elected or appointed school governing bodies such as school governing boards, school councils and school management committees. Section 21 schools in South Africa, where School Governing Bodies manage school finances, maintain infrastructure and raise additional funds, are examples of autonomous schools.

Devolution is the permanent transfer of decision-making responsibilities in education from central government to lower levels of government such as provinces, municipalities and districts (USAID, 2011). According to Edquist (2005), devolution is often seen as the most serious form of administrative decentralization since it moves authority and responsibility away from direct control of the central government. Edquist (2005) concedes that devolution provides the lower levels of government with absolute and direct authority as stated by law. From this statement, it can be argued that the governance of every public school is vested in its governing body, which reduces the role of central government to the execution of indirect supervision.

Decentralization initiatives within these three types may, thus, serve as a mechanism to strengthen the decision-making authority of SGBs thereby increasing system-wide accountability and efficiency in relation to the management of finances; improving access to quality education; and enhancing resources through support to schools from communities, parents and the private sector.

2.3. Conceptualization of School Governance

The South African Schools Act (section 16(1)) entrusts the governance of schools to SGBs; however, according to Visser (2003), no definition is afforded the term *governance*. According to Van Wyk (2004), mere guidelines for the distribution of power and only sketchy assistance in the division of authority are provided. Fareed

and Waghid (2005) concede that these guidelines give rise to the existence of a dichotomy between ideals of democratic policies and the manner in which they are interpreted and implemented. Governors are elected on a constituency basis (e.g. parents elect parents, teachers elect teachers); however, once they are elected, they are all equal governors of the school. Their responsibility is to govern the school within the framework provided by the South African Schools Act and not to represent the sectoral interests of the group from which they are drawn (Roos, 2009). This implies that all SGB members must synergise their operative efforts towards the provision of quality education for learners. Lekonyane and Maja (2014) conceptualize school governance on the basis of school governance roles and functions as outlined in the South African Schools Act. In terms of section 20(1)(a) of the Act, the major role of the SGB is to promote the best interests of the school and strive to ensure its development through the provision of quality education. The Schools Act further stipulates that functions allocated to SGBs are, *inter alia*: the SGBs' ability to maintain and improve the school's property, to determine the extra-mural curriculum of the school and the choice of subject options in terms of the provincial curriculum policy, to purchase textbooks, educational materials or equipment for the school, to pay for services rendered to the school, determine the language policy of the school, and establish a code of conduct for learners and other functions consistent with the Act.

Xaba (2011) notes that serving the best interests of the school also finds expression in section 20 (e-j), which includes supporting the principal, educators and other staff of the school in the execution of their professional functions. Furthermore, these functions imply an important skills-based and expertise-based requirement of financial management and accountability. Serfontein (2010) concludes that governance must, thus, be defined by studying different interpretations thereof.

School Governing Bodies stand in a position of trust towards the school and must, furthermore, act in good faith and not engage in any unlawful conduct or conduct that may jeopardise the interests of the school (Lekonyane & Maja,2014). Since SGBs receive public funds, they must disclose to all stakeholders plans showing the source of the funds and what the funds will be used for and when and how these will be used. It must also disclose how and when the funds were used and who benefited from such utilisation (Republic of South Africa, 1999). Xaba (2011) asserts that the

requirements needed for the execution of Section 21 functions seem to be an enormous challenge for SGBs in that they require expertise.

2.3.1 School governance in relation to Section 21 schools

Section 21 schools contain certain additional functions which can be allocated to the SGBs of schools that are seen as having the capacity to perform them. Contrary to popular belief, most of these additional functions are actually additional financial responsibilities and do not add significantly to the powers of SGBs (Roos, 2009). Based on this statement, Section 21 schools manage their own finances, with the Provincial Department of Education depositing the school's allocation into the school's account at the beginning of every financial year, after the schools have submitted audited financial statement reports (Louw, 2013). By comparison, the Provincial Department of Education manages the finances of non-Section 21 schools. Orders for school requirements are placed via the Provincial Department of Education. As Section 21 schools are responsible for managing their own finances, governance needs to be scrupulous to avoid any untoward behaviour, fraud or corruption.

2.3.2. Strengths and Weaknesses of the School Governing Body System

The Review Report (2004) lists the strengths of governing system as follows:

It is infusing of positive values into the technical leadership and executive management of the school. Helping representatives and widening participation in all facets of the school's decision making and functioning; helping to promote co-ownership of and co-responsibility for the school's challenges; and bringing professional expertise to be on the technical leadership and executive management of the school, without any costs (through co-option); promoting teamwork and collaboration among the stakeholders and trying to introduce a form business orientation to the functioning of the school (Review Report, 2004).

Notwithstanding the above-mentioned strengths, several weaknesses of the school governing system are highlighted by the Review Report (2004). These weaknesses are as follows:

- Skills deficit among the SGB members, which include illiteracy (language proficiency- English in particular), technical and/or professional skills;
- Contextual limitations such as lack of public transport to attend meetings in the evenings, the time of meetings, and the social climate in which many schools operate contribute to the weaknesses of School Governance;
- Apathy displayed in non-attendance of meetings and workshops and low participation at these forums (when members do attend) as well as lack of implementation orientation with regard to decisions taken by the SGB;
- Lack of teamwork motivated by dominance of particular people in the SGB decision-making and implementation. Lack of trust between members, pride and ignorance which also contribute to the weaknesses; and
- Under-representation as a result of lack of commitment from parents of learners to be elected as parent members of the SGB.

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2.4. The Legal Framework For Managing School Finances By SGBs

The section below aims to explain and understand the different policies in relation to the management of finances in South African public schools. These policies and legislation aim to provide guidelines for school governing bodies and the principal on their roles and responsibilities in managing the finances of the school. Legislation and policies which are in congruence with the stipulations of the South African Constitution and are referred to in the section below.

2.4.1 The White Paper on Education and Training (1995)

The White Paper describes the process of transformation in education and training which brings into being the system serving all people, a new democracy, and the Reconstruction and Development Programme (RDP). The policy gives guidelines of

establishing a funding system in a democratic South Africa. This policy authorises the Members of the Executive Council for Education in provinces to fully exercise their legislative competence in relation to categorising schools and establishes the National Norms and Standards for school governance and finance. It states that the framework must be developed on the basis of principles which are in line with the constitution, consistent with South African experiences and likely to raise quality and effectiveness of schooling where it is most needed. The White Paper further provides that the School Governing Bodies should be representative of the main stakeholders in the school. The White Paper also provides guidelines on the financing of public schools.

2.4.2 The Constitution of the Republic of South Africa, Act no. 108 of 1996

Section 239 of the Constitution refers to public schools as state organs with School Governing Bodies as accounting authorities.

The 1996 Constitution provides a clear idea of the kind of Public Service Management that was envisaged and clear guidelines for the transformation process (Presidential Review Commission, 1998) has recommended the following but not limited to:

- Professionalism, impartiality and excellence;
- Accountability and Transparency;
- Participatory policy-making; and
- Ensuring accountable and transparent stewardship of public resources, so as to build the kind of society envisaged in the 1996 Constitution.

2.4.3 The South African Schools Act no.84 of 1996 (SASA)

Soudein (2006) asserts that the South African Schools Act of 1996 can be regarded as the cornerstone of education legislation passed by the New Democratic government. The purpose of the South African Schools Act was to lay down the rules for the democratic governance of schools, thus outlining the powers and duties of various members of the school community with respect to school governance.

Joubert and Prinsloo (2009) state that the purpose of the South African Schools Act is to provide for school education in South Africa, and in particular, the organisation, governance and funding of all schools.

Several authors (Karlsson, 2002; Calita, 2001; Oosthuizen, 2003; Swartz, 2009; Naidu, 2007; Van Wyk & Lemmer, 2002; Quan-Baffour, 2006; Clase, 2007; Clarke, 2007; Clarke, 2009; Beckmann & Prinsloo, 2009; Joubert & Prinsloo, 2009) refer to functions of the SGB with regard to the financial management of the school stipulated in Section 36-43 of the South African Schools Act. This Act is key in discussing the powers of SGBs with regard to the management of school finances. Mahlangu (2008) states that all these functions should be carried out in terms of the broader legal framework within which SGBs operate.

According to SASA, the functions of School Governing Bodies of Section 21 schools, in relation to the management of school finances, include *inter alia*: (1) the opening of a bank account, (2) preparation of an annual budget to be approved by parents in parents' meeting; (3) keeping records of all funds received and spent by the school, and (4) purchasing of educational materials and resources and (5) a submission of an audited annual financial statement to Department of Education.

2.4.4 Public Finance Management Act no 1 of 1999

School finances should be managed within the broader framework of the Public Finance Management Act no 1 of 1999. The intention of this Act is to ensure that there are no deficit balances, while overdrafts and loans are limited as far as possible (DoE, 2008). The Act seeks to regulate financial management to regulate the use of public funds. It also ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently where transparency and accuracy would be key. An inference that can be made is that School Governing Bodies have a huge responsibility in ensuring efficient and transparent management of school finances.

2.5. Decentralization of Power in Schools

Prinsloo (2006) postulates that decentralisation is a strategy to increase the democratic participation in school governance, but that is sometimes not the case as it seems that the involvement of the community at the school is not fully realised. According to Steyn (2002) and Serfontein (2010), decentralisation is the devolution of decision-making powers from higher levels to lower levels. In this study, the central authority refers to Provincial Department of Education. Steyn further states that the importance of this theory is to empower the participants where the seniors empower the juniors. Mestry (2006) asserts that prior 1994, education systems lacked both financial and management accountability owing to problems of over-centralisation and limited legitimacy of the political authorities. This system left a deeply entrenched inequality between white schools and black schools in general (Young, 2004; Chilsholm, 2005, Fiske & Ladd, 2005) as cited by Mngoma (2009).

Prinsloo (2006) states that the establishment of School Governing Bodies represented a significant decentralisation of power in the South African School system. He further states that the aim of the South African Schools Act was to decentralise power to the School Governing Body in an attempt to increase the democratic participation in the governance of schools. Marishane and Botha (2004) agree that decentralisation of finance control, as part of school based management, indicates a move towards autonomy and self-management which increases the democratic participation in School governance.

2.5.1 School Governing Bodies: Conceptualized

Beckmann (2009) defines a School Governing Body as the body provided for and formed in terms of Section 16 of South African Schools Act and also constituted in terms of that Act. It exercises functions in terms of the decentralisation of power to school communities. The School Governing Body consists of a majority of parents (the representatives of the parent community), a number of educators, administrative staff (where available) in the case of secondary schools and learners. It is responsible for the governance of the school (SASA). Brown and Duku (2008) view school governance as a feature of school leadership in South African schools.

According to SASA, all public schools in South Africa must have democratically elected School Governing Bodies. Mahlangu (2005) advocates that the primary role of having a School Governing Body is to enable parents to have greater say in the education of their children and to bring democracy to the local level.

2.5.2 Functions of SGBs in relation to management of finances

Le Roux (1990) defines financial management as the enterprise's financial activities. The financial manager is responsible for the effective planning, organisation, co-ordination, delegation and control of all the financial activities in the enterprise as she/he strives to achieve the enterprise's primary objective. Le Roux further states that financial management involves constantly making decisions about how the financial activities of an enterprise should be planned and controlled with the help of information that is available. Mokoena (2005) argues that the SGB in these schools are empowered to take control and responsibility for educational and organisational matters in their schools.

Notwithstanding the above discussion of the functions of the SGBs in relation to management of finances, it is important for the research to navigate on two terms which are: Section 20 and 21 schools that have to be differentiated for the realization of the problem statement, and the purpose and objectives of this study, as discussed in chapter one. Therefore, SASA 84 of 1996 names two categories of public schools as: Section 20 and Section 21 schools. Moreover, section 21 schools refers to a school that has been allocated responsibilities of carrying out the further functions listed, which deal with management of finances by SGBs in Section 21 of the Act. Motala and Pampallis (2011) assert that Section 21 schools are more responsible for their own affairs, but this does not mean they are independent schools.

Caldwell and Spinks emphasize that these schools are entitled to authority of making decisions related to allocation of resources as a consequence of decentralization to the school level. DoE (2002) asserts that the allocation of these extra powers and responsibilities makes these schools self-reliant, hence they are also known as self-managing schools. While DoE (1998:28) stipulates that Section 20 schools do not have approval to procure their own goods and services according to existing

departmental arrangements; these schools are informed by paper budget so as to prepare them to understand the actual costs of running the school.

Joubert and Prinsloo (2009) stress the importance of understanding the financial function and successful implementation; a good understanding of basic financial management concepts will help in the effective management of finances. Mestry (2004) argues that financial management is the performance of management actions connected to the financial aspects of the school, with the aim of achieving effective education. Mestry further states that the SGB's position regarding the governance and financial management of public schools is spelt out in Section 16 as well as in Section 39 of SASA (2007). Furthermore, Mestry (2004) emphasizes that in the public sector, financial management focuses on the prioritisation and use of scarce resources on ensuring effective stewardship over public money and assets and on achieving value for money in meeting the objectives of government i.e. rendering the best possible services. This must be done transparently and in terms of all relevant legislation. According to Nieuwenhuis (2001), one of the aspects in ensuring the effective and efficient management of an educational institution is financial management, which is intimately related to planning, organisation, supervision, monitoring and evaluation.

The Review Report (2004) further indicates that functionality should not merely be based on paperwork; it should be what schools are actually doing in relation to these designated functions (where one of them is budget) which forms part of management of school finances. However, the Review Report (2004) discovered that despite training of SGBs over a number of years, research, surveys and reviews of the status and functionality of SGBs in the country reveal that the role of SGBs in executing their functions remains a challenge.

Nieuwenhuis (2007) argues that the creation of SGBs and the allocation of decentralised functions and responsibilities imply that SGB and school principals are accountable for the proper and efficient execution of these functions. Mestry (2004) points out that the SGB is responsible and accountable for the management of all funds and that the principal must facilitate support and assist the SGB in the execution of these statutory functions. Therefore, the SGB members are responsible and accountable for the management of school finances. Financial management

skills are essential for them to effectively perform these responsibilities. From these assertions, it can be deduced that in order for SGBs to be accountable for the effective management of finances, they need to have financial management skills.

2.6. Financial Management: Structures, and Process

Idasa (2004) describe financial management in detail and outlines all that management entails. Bisschoff & Mestry (2009) explain the roles and responsibilities of the finance committee and this concurs with the prescripts of SASA Section 2. Mestry (2004) and Clarke (2007) outline the nature and structure of finance policy that is the responsibility of the SGBs.



2.6.1 Management of School Finances

Research done by Du Preez and Grobler (1998) has indicated that there is a correlation between sound financial management and effective, efficient SGBs; the HoD must ensure that School Governing Bodies are trained continually. According to Financial Management Manual Guidelines (2011), good financial management will help the organization to make effective and efficient use of resources, achieve objectives and fulfil commitments to stakeholders, become more accountable to donors/funders and other funding agencies and beneficiaries, gain advantage in competition for increasingly scarce resources and prepare long-term financial sustainability and diversify income and manage risk. The manual further lists four good financial management components, namely: clear finance strategy, a plan for generating income, a robust financial management system and a suitable internal environment. Nyambi (2004) contends that SGBs should have the capacity to manage the finances well but also to translate these financial resources into physical resources that promote quality education on a cost-effective basis. School management understanding and analysis will help the investigator navigate the phenomenon. School Governance is a new territory for the overwhelming majority of South African communities and given such responsibility and accountability, there is a great risk of maladministration and mismanagement of resources (Joubert, 2004; Motala & Pampallis, 2000; Naidu, Mestry, Mosonge & Ngcobo, 2008).

Idasa (2004) describes financial management as the management and recording of the flow of money, planning for its future use and ensuring that it is well spent and not misused. Lewis (2003) defines it as entailing planning, organising, controlling and monitoring the financial resources of an organisation to achieve objectives. Maritz (2005) outlines that the most important reasons for financial management in organisations is to ensure that the organisation knows how much money it needs, how to get the money it needs and how use that money to achieve its goals in an ethical, responsible and sustainable way.

Van Rooyen (2007) cites Mestry who defines financial management as the performance of management action connected with the financial aspects of schools with the aim of achieving effective education and points out that this begins with having clear picture of what needs to be achieved and then using every possible resource to work towards that objective. Maritz (2005) posits that financial management involves the past, the present and the future. To that end, proper financial management means keeping record of all the money the organisation has already received or spent (the past), controlling and managing the money that is still in the organisation (the present) and making decisions about the future of the organisation. Maritz further states that financial management thus involves three different, but connected functions, which are: (1) Financial planning; (2) Financial control and (3) Financial monitoring.

Idasa (2004) includes, in the financial management process, basic accounting systems which entail recording all income of the organisation, recording all expenditure, providing a detailed analysis of transactions and allowing for the production of accurate reports.

Resulting from the above definition, it is clear that financial management is mainly about the proper utilisation of funds through having appropriate systems to ensure that this happens. This also includes recording all expenditure, providing a detailed analysis of transactions and allowing for the production of accurate reports. This requirement, especially the recording and production of accurate reports, implies accountability to the organisation's stakeholders. This, in essence, implies financial accountability and thus the concept *accountability* warrants an understanding. According to the South African Schools Act no.84 Of 1996, Section 37(1), the

governing body of a public school must establish a school fund and administer it in accordance with directions issued by the Head of Department.

2.6.2 The Finance Committee

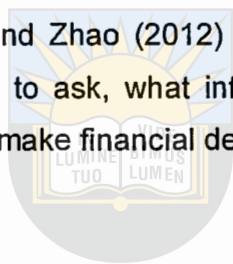
Committees and sub-committees may be established by the School Governing Body to execute its various duties and functions (South Africa, 1996b) and facilitate the effective and efficient management of school resources (Bisschoff & Mestry, 2009). Since the financial responsibilities of School Governing Bodies are massive, it is imperative that every school establishes a finance committee with its various sub-committees to tap the expertise within parent component or from the community at large (Anderson & Lumby; 2005). Swartz (2009), Naidoo (2007) and section 30(1)(c) of SASA advocate that the governing body of a public school may establish committees, including a finance committee and allied sub-committee. The finance committee should be democratically elected to ensure legitimacy (Bisschoff & Mestry, 2009). The finance committee should be made up of a treasurer (as the chairperson), the SGB chairperson, the principal, the finance officer (bursar) and an educator representative; additional members could be co-opted if the above constituents lack expertise (SASA, 1996). Therefore, the finance committee may be composed as follows:

Treasurer (Chairperson – who must be a member of the SGB); Principal; Educators; Parents; and Co-opted members. Swartz (2009), Mestry (2004), Joubert and Prinsloo (2009) and Clarke (2000) explain the composition of the finance committee and its roles and responsibilities; members should be competent for the assigned responsibilities, and there should be accountability, transparency and representatively or membership. The SGB relies on information that the committee provides and should periodically scrutinise its activities. According to Bisschoff and Mestry (2004), Clarke (2007), Mokoena (2005) and Mestry (2004), the finance committee has clearly defined functions to perform. Section 30 of SASA states that the SGB may establish committees such as an executive committee, finance committee, a committee for fund-raising etc., depending on the needs of the school.

2.6.3 Roles and Responsibilities of the Finance Committee

Chapter two of the South African Schools Act (Section 2) outlines the following functions of the finance committee:

Support the treasurer in administering his/her duties; Draw up the budget each year; Advise on fund raising; Advise the SGB on the amount of school fees to be charged; Advise the SGB on exemptions from school fees; and Assist the financial officer in drawing up annual financial statements; and suggest who should be appointed as auditor. Moreover, this committee has to develop a finance policy which details the roles, budget process, fundraising and all procedures that pertain to the handling of school finances. Cureton, Stone and Zhao (2012) opine that committee members should know the proper questions to ask, what information to review and how to analyse and use the information to make financial decisions.



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2.6.4 Finance Policy

Mestry (2004) concurs with Clarke (2007) in stating that the School Governing Body of every public school must ensure that there are proper policies and procedures in place for the effective, efficient and economic management of the school's finances.

Clarke (2008) asserts that one of the main purposes of the school's financial policy is to put in place a system of controls (checks and balances) to ensure that the school's finances are safeguarded and correctly managed. Knight (1998) believes in the finance policy as a document that sets out the regulations, practices and procedures necessary for the prevention of fraud. Bisschoff and Mestry (2003), in (Mestry 2004) and Mestry and Clarke (2007), assert that the school's finance policy should, as a minimum requirement, comprise cash management and procurement procedures as well as internal control measures.

According to Cereton, Stone and Zhao (2012), the finance committee needs to convene frequent meetings with all relevant stakeholders to report on the income and expenditure of the school.

2.6.5 Financial Accountability of SGBs

Xaba and Ngubane (2010) advocate that financial accountability is the cornerstone of ensuring that schools disburse funds allocated to them for the sole purpose of advancing the best interests of the learners. Robinson and Timperly (2000), as cited by Xaba and Ngubane (2010), define accountability as “a condition under which a role holder renders an account to another so that a judgement may be made about adequacy of the performance”. Brinkerhoff (2001) states that financial accountability rests upon an appropriate legal framework, which, in many cases, includes: constitutional provisions, laws and regulations such as laws on institutional structures mandated for executing and monitoring the budget, laws on public procurement, regulations on accounting and bookkeeping, property management and so on.

Anderson and Lumby (2005) advocates that accountability is the most important concept in education, and its influence has been increasing during the 1990s; it refers to the individual being answerable to another for work (goal-oriented behaviour), resources, results and /or services, and can be measured in quality, quantity, cost and time and perhaps sanction; accountability assumes institutional authority to call on an individual or group to account for his/her actions, while responsibility is the moral sense of duty to perform appropriately. The annual report and financial statements are mechanisms for discharging accountability (Bisschoff & Mestry, 2009). In fee-paying schools, the accountability is heightened by the legal requirement that there should be an annual meeting of parents to approve the school budget (Bush, 2005).

A global view states that to accomplish the objective of financial accountability, FASB (2006) postulates that financial reporting and accounting should communicate information about an entity's financial position as reflected by assets and liabilities, transactions and other events and circumstances that change these in terms of financial performance and cash flows.

Accountability, according Leithwood and Earl (2002), encompasses giving a report on: furnishing a justifiable analysis or explanation; providing a statement of explanation of conduct; offering a statement or exposition of reasons, causes,

grounds, or motives; or simply providing a statement of facts or events. Accountability is a condition under which a role holder renders an account to another so that a judgement may be made about the adequacy of the act of reporting (Robinson & Timperly, 2006). They further cite Tetlock who asserts that accountability usually implies that people who do not provide a satisfactory justification for their actions will suffer negative consequences ranging from disdainful looks to loss of one's livelihood, liberty, even life.

Beckmaann (cited by Maile, 2002) points out that accountability follows the exercise of power, use of resources and implementation of policy and is inextricably linked to democratic management and other related concepts such as participation, empowerment and transparency. This notion implies that unlike in the past when principals took decisions alone, this is no longer possible as they may not be able to take decisions unilaterally without involving the other stakeholders on matters pertaining to finances. Giving account involves things like reporting explaining and/or justifying the occurrences of educational activities.

According to Van Rooyen (2007), the governing body is charged with the financial accountability function of school financial management which entails an obligation to account for the financial actions as legally prescribed; this is provided for in terms of establishing a school fund, collecting and controlling funds and most importantly, ensuring that school funds are disbursed exclusively for educational purposes. Texas education Agency (2003) contends that accountability involves identifying the goals and objectives of an organisation, measuring its performance and comparing its performance to internal or external standards. It also creates an evaluation mark among the three administrative functions of governmental organisations, namely: (1) Planning; (2) Management and (3) Budgeting.

Xaba and Ngubane advocate that proper management of school finances is pivotal to the success of all educative teaching endeavours of any school. They further state that equally important is financial accountability, which is, according to legislation, a requirement in schools. This implies ensuring effective, efficient, economical and transparent use of financial and other resources within the school, which includes taking appropriate steps to prevent any unauthorised, irregular and fruitless and

wasteful expenditure which, in essence, implies being accountable for the school's finances (Republic of South Africa, 1999).

This accountability is very specific, for it refers to financial accountability. By implication, the responsible persons for school finances are held accountable for funds received and spent in pursuit of organisational goals. Lewis (2003) defines financial accountability as a moral or legal duty placed on an individual, or group or organisation to explain how funds, equipment or authority given by a third party has been used. Lewis asserts that those who have invested not just money but also time, effort and trust in the organisation are interested to see that the resources of the organisation are used effectively and for the purpose for which they were intended.

This can be viewed as a hierarchical chain where accountability is based on policies in place which guide the operations to ensure that finances are used for lawful purposes (Reich, 2006) as this means compliance with regulations and laws by responsible persons. It is evident here that financial accountability implies keeping a handy paper trail of every cent spent with validation that it has been spent or utilised in line with the school's goals or objectives to ensure that there is no misappropriation or mismanagement of school finances.

Ray, Candoli and Hack (2005) assert that accounting, auditing and reporting are used to provide the necessary data and interpretation to determine costs and benefits within the financial foundations of the schools. They further advocate that this exercise promotes transparency and open lines of communication among the stakeholders and those managing the school finances.

According to Xaba and Ngubane (2010), the provisions of the Schools Act in so far as financial accountability is concerned, imply a reporting function; it is also clear that the act, as a directive to governing bodies and school principals, locates financial accountability within a legal framework and thus implies that schools are, by law, obliged to adhere to principles of school financial accountability. Maritz (2005) briefly outlines financial accountability in the table below:

Table 1: An Outline of general Financial Management

FINANCIAL ACCOUNTABILITY		
	FINANCIAL MANAGEMENT	
FINANCIAL PLANNING financial strategy & financial budgeting	FINANCIAL CONTROL Internal controls & external control.	FINANCIAL MONITORING record keeping, financial statements, financial analysis & financial reporting

Source: Department of Education (1998)



2.6.6 Financial Planning

School governing bodies must synergise their operative efforts, roles and responsibilities in relation to the management of finances with the guiding principles stipulated in the different policies. With school governing bodies given full responsibility of managing the finances of the school, finance systems, the formation of relevant communication structures, committees, financial policies and report mechanisms play a pivotal role in the efficient management of school finances.

2.6.6.1 Financial Organization

Planning is a vital component of effective school financial administration (Dupreez; Grobler; Looock & Shaba, 2003). The planning of school finances usually begins with the drafting of a budget (Kruger, 2005; Niemann, 2002, and Maritz, 2005) asserts that financial planning is located within the framework of financial management and further points out two very important principles regarding financial management , namely, financial responsibility and accountability, which are:

- a) Financial responsibility, which implies that finances must always be managed in a responsible way and that an organisation like a school must make sure that it receives enough money and spends it wisely. This is in line with the prescripts of Public Finance Management act; and

- b) Financial management, which implies that an organisation must be able to account for where its money comes from and the way the money is spent; such accountability helps the organisation to keep track of what has been done with the money and allows for an explanation of activities to stakeholders.

Van der Westhuizen (2002) defines planning as a management task which is concerned with deliberately reflecting on the objectives of the organisation, the resources as well as the activities involved and drawing up the most suitable plan for effectively achieving these objectives. This can also be expressed as a schedule of activities, in monetary terms, aimed at achieving school organisational goals. This would be determination of the financial goals of the school, monitoring management progress in achieving those goals, establishing sound financial policies, monitoring whether the school's activities adhere to those policies and reviewing the school's financial control system in order to safeguard the resources of the school.

Maritz (2005) makes the point that financial planning is a process that a school uses to work out what resources it has available, what resources it needs and where extra resources can be found. Maritz further points out that financial planning consists of two most important tools, namely, the financial strategy and budgeting.

2.6.6.2 Financial Strategy

According to Maritz (2005), financial strategy is concerned with medium to long-term financial needs of the school organisation. Maritz further asserts that financial strategy can be seen as a way of securing medium to long-term financial future goals of the school and involves ways to reduce expenditure as briefly discussed below.

Ways to reduce expenditure:

Maritz (2005) postulates that apart from finding sources of income, financial strategies must include expenditure with the aim of seeing how less money can be spent, while at the same time continuing to do have the same amount of expenditure by for example: cutting some expenditure on some of its services when it sees that the impact of such services does not justify the amount of money being spent; or

outsourcing when it seems cheaper to get someone from outside the school to carry out a specific task than employing a full-time worker to do it.

2.7. Budgeting

The Finance Management Manual (2011) advocates that when developing a budget, there has to be consideration of organisational priorities, inflation rates, identification of persons responsible for monitoring and controlling the budget; and expenditures and consideration of budget policies that govern the preparation and control of the budget. Mestry (2006) states that the South African Schools Act gives the School Governing Body full responsibility for managing the school finances, including preparing the budget annually. Clarke (2008) argues that preparing the annual budget is probably the biggest challenge of the School Governing Body.

Mestry (2005) advocates that the budget is intended as a mechanism for setting goals and objectives and thereafter measuring the progress towards these objectives, identifying weaknesses or inadequacies and controlling and integrating the diverse activities carried out by numerous curriculum departments; it is an essential component of financial planning covering one financial year and provides a good idea of how it plans to utilise its physical and financial resources; when developing the budget, it is important to identify spending priorities by establishing the needs of the different curriculum departments and other school projects. Marishane and Botha (2004) concur with this view for they advance that this planning is goal-orientated, and this focuses on the question: how best can we use the available resources to improve the performance of our learners?

Davies and Anderson (1992) emphasize that it is worth considering how the budgetary process is undertaken, who is involved and how staff make contributions to the process so as to regard it as a financial expression of the educational goals of the school rather than as a sensitive plot by senior staff to exploit them. According to Hongye (2002), the budget is a policy statement declaring the goals and specific objectives an authority wishes to achieve by means of the expenditure concerned. Kruger (2002) asserts that if managers of the school are to organise school finances effectively, the first requirement is that they should be knowledgeable regarding the

effective administration of school finances as per SASA, as well as per Departmental rules, regulations and procedures on management of school finances and understanding the financial statements and records.

Clarke (2007) argues that preparing the annual budget is probably the biggest challenge of the School Governing Body. Clarke further states that a budget is a forward-looking process which should be guided by the school's vision for the future and a realistic assessment of the risks. Budgeting is the process of planning and controlling future operations by comparing actual results with planned operations; the budget is a detailed plan that shows how resources will be acquired and used over a specific time interval. Its purpose is to allow management to project activities into the future so that the objectives of the organisation are co-ordinated and met; it also helps to ensure that the resources necessary to achieve these objectives are available at the appropriate time and also helps management to control the organisation (Sullivan & Dekker, 2009). This is the view that is also held by Nieman (2001). Any budget system consists of four key elements: policy objective, centre of financial responsibility, expenditure items and source of finance (DoE, 2008).

Bisschoff (1997) summarises the purpose of the budget as assisting systematic planning; qualifying objectives and identifying priorities; coordinating activities and communicating plans within the organisation; motivating and increasing the accountability of middle management; authorising expenditure and activities; controlling, monitoring and analysing expenditure; and evaluating performance. Ntseto (2001) argues that a budget is a financial control technique as well as a plan. Berkhout and Berkhout (1992) hold the view that budget systems cannot function without effective and appropriate control.

Section 38(1) of SASA states that the governing body of a public school must prepare a budget each year according to guidelines determined by the Member of Executive Council in a Provincial Gazette; this should show the estimated income and expenditure of the school for the following financial year. This section of SASA substantiates SASA's Section 21. One of the most significant aspects of planning resources at any school is budgeting, and the school's mission and objectives can only be realised through a budget (Bisschoff & Mestry, 2009; DoE, 2008). This also finds expression in Johnston *et al.* (2009) wherein they advocate that the

organization's goals and objectives are translated into a set of activities used to generate the budget, which is shaped by input from stakeholders on curriculum-related and other needs; a motivation for such needs; all needs placed in priority order; the estimated amount needed for each item or activity; and the timeframes for satisfying the needs. Marishane and Botha (2004) argue that the evaluation of a budget involves a critical examination of the extent to which money allocated to various projects succeeded in achieving the objectives.

There are several types of budgeting processes, namely: zero-based budgeting, incremental budgeting, programme budgeting and performance budgeting (Bisschoff & Mestry, 2005; DoE, 2008). The focus of this study is not necessarily on types of budgeting but the major principle in financial management is budgeting by School Governing Bodies as well as submission of it to the head of the Department as part of financial management by them (SGBs). Niemann (2002) states clearly that a budget should not be regarded as a mere list of figures; it should be a refinement or precise processing of the educational programme in financial terms.

It is public policy expressed in amounts of money and is the actual embodiment of policy and of implied policy objectives. Oosthuizen, Botha, Bray, Van Kerken and Van der Westhuizen (2003) assert that a budget is essentially a detailed plan expressed in monetary terms of activities that have to take place within a specified period. Applied to a school, this means that a budget should be a scheduled plan which indicates the estimated future income and expenditure. In addition, a budget serves as an important mechanism used in ensuring financial accountability in schools and enables an individual to establish whether at any stage, expenditure exceeds the budgeted amounts and to take timely remedial steps.

Schools are entities that rely entirely on public funds to be operational and to deliver on their educational mandate. To this end, Pauw, Wood, Van Der Linde, Fourie and Visser (2002) contend that because public money belongs to the people, it must always be used in ways that are in the public interest or of public benefit.

Maritz (2005) makes reference to three types of budget, namely:

The operating budget (annual budget), which shows how much money will be needed over a longer period, such as a year or for the duration of a specific project

or programme. In this type of budget, the budget amounts are usually divided into major categories (salaries, benefits, computer equipment, office supplies), but these major categories can be divided into smaller, very specific items if needed; the cash budgets that show how much money has to be spent in order to buy, operate and maintain major pieces of equipment, for example, buildings, cars, computers, furniture and others.

2.8. Financial Control Systems

According to Maritz (2005), financial controlling involves activities like determining policy, determining delegated powers and determining responsibility. Financial control is the process of ensuring that money is appropriately used for the intended purposes and that the income and expenditure is effectively managed. Clarke (2009) states that in terms of SASA, control of a school's finances is very much the responsibility of the SGB. Even if this legal responsibility can be delegated, it still remains the responsibility of the SGB to ensure that the school's finances are controlled and accounted for. Clarke further advocates that it should be clear that taking care of the school's finances should be seen as the primary responsibility of the SGB. According to DoE (2008), financial control procedures should cover a range of issues which include but not limited to determination of financial procedures, collection of money, recording, reporting and accountability. The financial planning of school finances and its control are interdependent and closely linked with each other (Ntseto, 2009). It can be deduced that the same relationship exists between the "budget and control since a budget is a planning instrument" (Bisschoff, 1997). Oversight by the board of directors has three main functions, namely, to determine the financial roles of the school and monitoring management progress in achieving those goals; and to establish sound financial policies and monitor whether the school's activities adhere to those policies and review the school's financial control system in order to safeguard the resources of the school (Reich, 2006). Control activities are those policies and procedures which help ensure that a school's administrative directives are followed. They help guarantee that the actions necessary to reduce risk are carried out. Control activities occur throughout an organization and include a range of activities as diverse as approvals,

authorizations, verifications, reconciliations and periodic reviews of performance, security of funds and separation of functions.

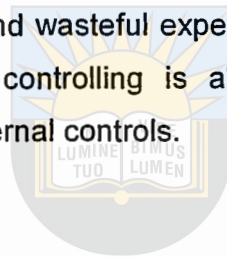
The South African Schools Act no.84 of 1996 states that the management of schools must comply with certain criteria regarding the monitoring and control of financial resources. The SGB has to comply with all the requirements that are related to the planning and organisation of the financial functions. Moreover, the SGB must at least be knowledgeable about the procedures for regular reporting and regular balancing of books, regular and punctual maintenance of all records, documents, books and regular stock-taking as well as prescribed audit inspections (Oosthuizen, 2003). Section 38(1) of SASA states that the governing body of a public school must prepare a budget each year according to guidelines determined by the Member of the Executive Council, which shows the estimated income and expenditure of the school for the following financial year.

Marishane and Botha (2004) argue that evaluation of the budget involves critical examination of the extent to which money allocated to various projects succeeded in achieving the objectives. Section 38A (2) states that a governing body may not pay or give to a state employee employed in terms of the Employment of Educators Act, 1998 (Act no 76 of 1998), or the Public Service Act, 1994 (Proclamation no.103 of 1994), any unauthorised (a) remuneration; (b) other financial benefit; or (c) benefit in kind.

The purpose of a control system is to minimise opportunities for mismanagement, dishonesty and fraud as well as to protect the school's personnel from charges of mismanagement and fraud and to ensure that the school's money is spent on the educational purposes only. Internal controls are designed to provide reasonable assurances that the organisation's objectives are achieved efficiently and economically (Clarke, 2009). Knight (1993) in Mestry and Naidoo (2009) state that the budget monitoring and control is a necessary and important activity that enables the school finances committee and the SGB to take corrective action timely should income and expenditure deviate significantly from the projected income and expenditure. It also includes the safeguarding of the funds and ensuring that they are spent as authorised. The SGB must ensure the existence of policy and execution of a sound watertight financial policy, including management procedures. Regular

counter-checks are necessary to avoid mismanagement of funds by any person or group of persons (Mestry, 2004).

In this respect, organising school finances should include aspects such as drawing up a school policy; setting up a structure within the school to handle administrative and financial matters; delegating certain functions to clerks, class teachers and the treasurer; and coordinating activities (Kruger 2005; Ntseto, 2009). Ntseto (2001) asserts that a “budget is a financial control technique as well as a plan”. Berkhout and Berkhout (1992) corroborate this view: “budget system cannot function without effective and appropriate control”. Moeti (2007) and National Treasury (1999) state that the Accounting officer must take effective and appropriate steps to prevent unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct. This financial controlling is also based on two fundamental controls: internal controls and external controls.



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2.8.1 Internal Controls

Internal controls are a system, procedures and processes that are implemented to minimise the risk (and any financial consequences) to which the department (school) might otherwise be exposed as a result of fraud, negligence, error, incapacity or other causes (Guidelines for Accounting Officers, 2000). The purpose of a control system is to minimise opportunities for mismanagement and fraud as well as protect the school’s personnel from charges of mismanagement and fraud, to ensure that the school’s money is spent for the intended educational purposes only. Internal controls are designed to provide reasonable assurances that the organization’s objectives are achieved efficiently, effectively and economically (Guidelines for Accounting Officers, 2008).

According to the Financial Management Standard for Schools (2008), internal control aims to provide as much assurance as reasonably possible that asserts are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly. Moeli (2007) states that the accounting officer must take effective and appropriate steps to

prevent unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct.

Maritz (2005) contends that the aim of an internal control structure is to ensure that the organisation achieves all its goals and that effective and efficient internal controls should maintain reliable financial records, protect assets of the organisation, authorise transactions and provide accountability. There two important forms of internal controls, namely: the accounting and financial procedures manual and delegation of responsibility.

In order to improve processes as well as deter any form of embezzlement and mismanagement of funds, it is better to have a longer trail of approval levels with different persons tasked with different functions, which will include receiving cash, banking, ordering, authorising payments, signing cheques and keeping accounts and records (Knight, 1993; Naidoo, 2005). With various levels of approval being required, it will take longer to make a purchase decision, for instance, completing a written requisition form, signing by the immediate supervisor or HoD, or submitting to the finance officer and principal as members of the Finance Committee; these contribute to safeguarding 'separation of powers' (Bisschoff & Mestry, 2009). One key feature of any internal control system should be built-in independent checks on performance.

Internal controls are systems of policies and procedures that protect the assets of an organisation, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations (Cuomo, 2005). Mestry (2004) holds a view supported by Clarke (2008) which states that the governing body of every school must ensure that there are proper policies and procedures in place; these would ensure effective, efficient and economic management of the school finances; in addition, the governing body must have systems in place to monitor and evaluate the correct implementation of policies and procedures and to report thereon. The finance policy is, arguably, one of the most important policies that the governing body has to put in place. Clarke (2008) states that one of the main purposes of the school finance policy is to put in place a system of controls (checks and balances) to ensure that the school finances are safeguarded and correctly managed.

According to Clarke (2008), Mestry (2006) and Bisschoff and Mestry in Mestry (2004), the school finance policy should, as a minimum requirement, comprise the following:

Cash Management which include, but is not limited to: safe storage of cash; daily banking of monies received; proper accounting records; financial transactions supported by source documents and monthly reconciliation of the cash book with the bank statement; internal controls which include internal checks (checking of one person's work by another); segregation of duties; internal audits; functioning finance committee (FINCOM); establishment of audit committees; audit trails, that is, the ability to check every stage of any transaction.



2.8.2 The Accounting and Financial Procedures

An accounting procedures manual is a document or a record of the policies and procedures for handling financial transactions. The manual describes in detail how the organisation's money must be handled (for example, paying bills, depositing cash and transferring money between funds) and who is responsible for what. The manual would include details relating to accounting procedures which concurs with the view held by Cuomo, 2005; Lewis, 2003; Engelbrecht, Jooste, Muller, Chababa & Muirhead, 2003.

2.8.3 External Control: Auditing

According to Maritz (2005), auditing is a form of external control and is a comprehensive analysis by a professional from outside an organisation. The auditor compiles a report that shows how well the organization is managing its finances. Auditing is a legal requirement for schools in South Africa. In this regard, the South African Schools Act Section 43(1) clearly states that the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 to audit the records and financial

statements to be submitted to the Head of Department within six months after the end of each financial year. Van Rooyen (2007) attests to this and states that the school's finance committee must reconcile all financial documents, files and ledgers, before the end of January of each year to be submitted to the auditors. Vern and Garfield (2005) assert that an audit report should *inter alia* include a list of recommendations for any improvements, additions or deletions in the accounting system, together with the rationale for such recommendations.

A summary of financial management is outlined in figure:1 below

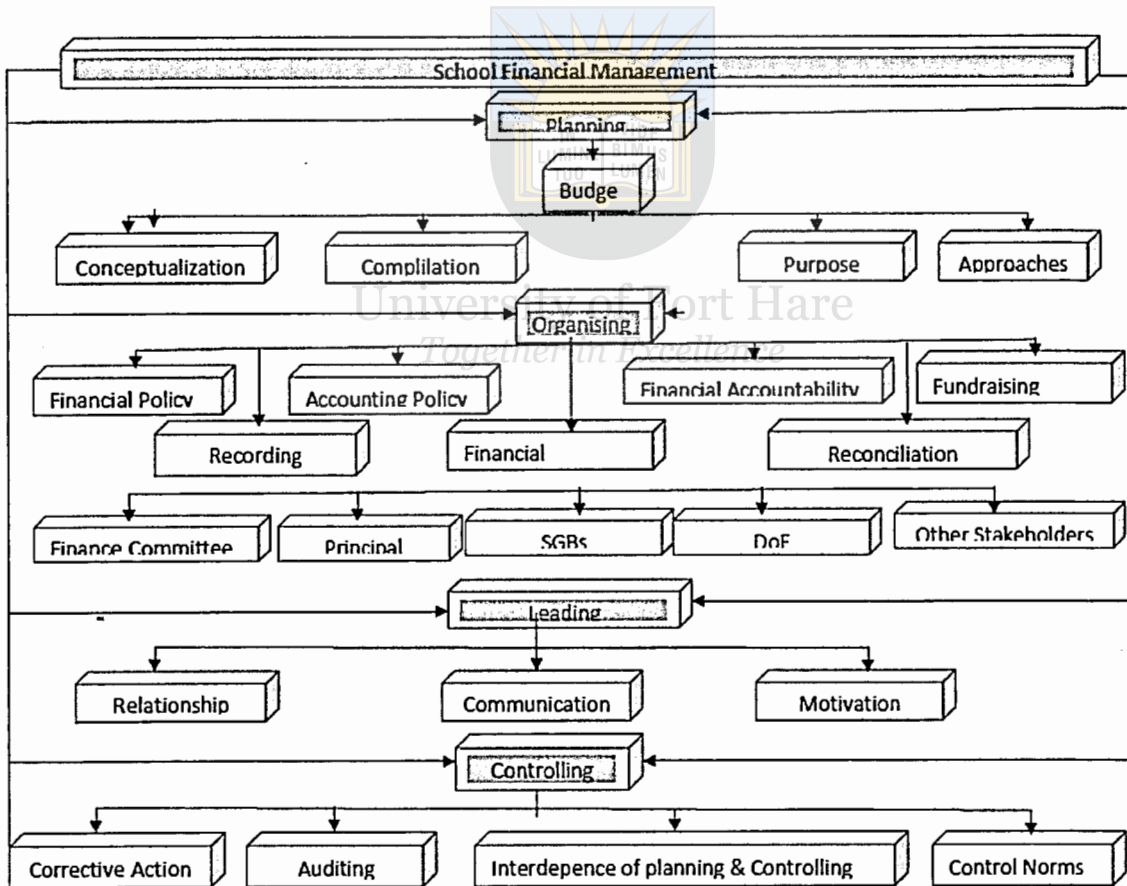


Figure 1: A summary of School Financial Management

Financial planning of school finances and its control are interdependent and closely linked with each other Ntseto (2009). **Source: MOET (2010).**

2.9. Financial Management In Schools: An International Perspective

Bush and Heysterk (2003) postulates that in many countries, legislation has given huge powers and responsibilities to school governors and PTAs such that school heads now require a certain level of approval before they can actually execute any financial responsibilities. According to Bush and Heysterk (2003), this has resulted in conflicting relationships between the school heads and school governors. Kindiki (2009), in describing the situation in Kenya, argues that some of the reasons for decentralising school governance are: to improve decision-making regarding teaching and learning, effective use of resources and contributing to more effective practices and outcomes. Balarin (2008) in James *et al* (2010) advocates that most governing bodies in England were operating effectively but that they are over-complicated, overloaded and overlooked.

In most countries, PTAs exist as informal voluntary bodies with little or no authority at all, except in Djibouti, Zambia, USA and in some states in Nigeria (USAID, 2009; Okendu, 2012). Payne (2003) notes that schools in Uganda do not have SGBs or PTAs but school committees which are responsible for the management of the universal primary education grant and all school affairs. In South African schools, the role of PTAs is confined to fundraising activities and organizing social events to raise funds for the school.

2.9.1 School Based Management

Caldwell and Spinks (1998) advance that in self-managing schools, the governance and management was devolved to SGBs and SMTs, respectively, broadly known as site-based management or decentralization or local management of schools. One of the objectives of decentralisation in education is to raise the standards of learning and teaching in schools by bringing school management nearer to the people it serves so that the quality, efficiency and effectiveness can be improved by encouraging parental and community participation (Adams & Chapman, in Dawn, 2007; Herman, 2002). The concept of self-managing has featured in many countries, including South Africa, and has weighed heavily on the workings of school physical resources and the management of finances. It is evident that self-management in

South African schools has led to enhanced accountability pressures for principals and governing bodies (Anderson & Lumby, 2005).

Caldwell and Spinks (2004) advocate that school-based management in a system of public education is a systematic and consistent decentralization of authority and responsibility to the school level to make decisions on significant matters related to school operations within a centrally determined framework of goals, policies, curriculum, standards and accountability. The USA, despite being a liberal democracy and federation with a highly developed, decentralised school system, has struggled to provide quality schooling to children in areas in which race, class and language diversity prevail (Herman, 2007). Honnagan (2004) defines decentralization in education as dispersal of decision-making powers to the lower levels of an organization. Samad (2010) concedes that all stakeholders of schools should share the decision making power at school level and further outlines the objectives of decentralization of schools in Kenya as follows:

- Democratization;
- Regional or ethnic pressure alleviation;
- Improved efficiency; and
- Enhanced quality of schooling.

Indriyanto (2005) and Samad (2010) concur with Indriyanto when proclaiming that decentralization promotes democratization in the education sector and gives broad opportunities for the improvement of educational programs in schools.

With this study seeking to understand the role of SGBs in managing school finances in rural schools, the financial management in different countries is now to be reviewed.

2.9.2. Kenya

The Kenyan education system is not without challenges due to political, socio-economic, inadequate coverage of the school formal curriculum, welfare and more importantly, poor management practice. Literature reveals that governance in that country is autocratic in nature because schools are described as isolated cases of

autocratic leadership in an environment that is fast embracing democracy in managing public affairs (Sifuna, 2000). The Education Act of 1968 gave rise to the Board of Management Act (BOM) for any maintained or assisted schools other than a primary school maintained by the local authority. Kindiki (2009) posits that many school head teachers often emphasize the selection of less educated BOM members who may rarely question their ineptitude in running the school.

Kindiki (2009) concedes that instead of selecting more qualified BOM members, they (head teachers) elect close relatives or less qualified members of the BOM. MOEST (2001) reveals that most members of the school management bodies, especially Boards of Governors (BOGs) and Parent Teacher Associations (PTAs) are not able to adequately monitor the daily activities of the school. Financial management and budgeting, age and experience are also mentioned as other challenges considered alongside academic qualifications that face members of most BOMs (Kindiki, 2009). Some members, especially in primary schools, lack basic literacy skills and are not able to firmly articulate management issues. The Kamunge Report (1998) and Koech Report (1999) articulated roles in financial management to the BOM members. A lot of research pertaining to budgeting of secondary schools' finance was conducted in the larger Uriri District. Issues such as financial training, budgeting and strategic planning were addressed; however, not much was done in the area of improving financial management in schools (Republic of Kenya, 2012).

The Republic of Kenya (2012) further notes that in many schools, principals take advantage of the ignorance of the Management Boards to misappropriate school funds. The mismanagement of funds usually results in poor classroom accommodation and inadequate sporting facilities. Okech (2005) notes that head teachers of secondary schools in Kenya have inadequate knowledge of policies and regulations regarding finance and budgeting since there has not been a strong emphasis on financial management during the training of teachers in Kenyan universities and colleges.

2.9.3. Lesotho

Principals in Lesotho can still be regarded as the custodians of school finances and are instrumental in the implementation of approved budgets. Motsamai, Lynette and De Wet's (2011) study in the Mafeteng district of Lesotho found that finances in schools are administered and managed by principals. Among other things, principals carry out the financial management of their schools. According to Section 21 of the Education Act of 2010 (MOËT, 2010), the principal of the school is the chief accounting officer of the school and is, as such, responsible and accountable to the management committee or school board for the control and use of school funds; the principal maintains and controls records of income and expenditure of the school; prepares an annual budget for a school and submits it to the school board for its approval.

According to Clarke (2007), the management of school finances by principals involves the task of budgeting, coordinating and leading auditing finances within the school. Kruger (2005) and Ntseto (2009) are of the view that organizing school finances should include aspects such as drawing up a school financial policy; setting up a structure within the school to handle administrative and financial matters; delegating certain functions to clerks, class teachers and the treasurer; and coordinating activities. They further argue that leadership should be enhanced through communication with all stakeholders, which should be both internal and external in the school. These approaches are in direct contrast with finance management strategies in South African schools, where SGBs, unlike principals, are responsible for the management of school finances.

2.9.4. Finland

Publications from the Ministry of Education (Finland, 2007) allude to the provision of schooling that is based on financing from the state and municipalities in which the municipality, as the schooling provider, makes decisions on the allocation of finances to any individual school or district; reports that showed up reveal that about 90% of funding comes from the government, including departmental, local, regional state and national authorities. Finland (2007) further reveals that this move was enhanced

in 2010 wherein 58% of the funding is from the local authority and 42% is from the government and that decision making is in the competence of the school. In Finland, allocations are made based on different guidelines in both primary and upper primary schools, and the principal is in charge of the institution's total budget and monitors it; this responsibility, by way of extension, can be assigned to training managers.

Publications from the Ministry of Education (Finland, 2007) emphasize that this system of decentralization requires very strict bookkeeping from all schooling providers and is regularly checked by outside auditors. Finland (2007) further reveals that School governance is mostly part of the municipality's democratic system that is mainly governed by the Local Government Act. The relationship between the state and the municipality descends from special legislation governing education and finances. This arrangement in Finland warrants the appointment of representatives to the decision-making bodies of the municipal education and training consortia. Principals are perceived as experts in financial decision-making; however, the final decision is made in accordance with the municipal ordinance. The Finland Constitution establishes the right to free primary education. Section 31 of the Finnish Basic Education Act stipulates that education, books, educational materials and learning resources are free.

2.10. Summary

This chapter presented the theoretical framework in which the study is located. The literature was consulted in a manner consistent with the following headings: decentralization theory, school governance, composition of SGBs, legal framework for managing school finances by SGBs, school governing bodies (conceptualized), theoretical framework on school financial management and Financial management in schools: an international perspective. The next chapter deals with the methodology.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter departs from the literature review presented in Chapter 2. This chapter explores the methodological orientation and paradigm in which the research is located. The research procedure and its appropriateness is discussed. It outlines the the following: research orientation, research paradigm, research design, sampling procedures, how access to participate was granted and describes the data collection and data analysis techniques, trustworthiness and ethical considerations.

3.2 Research Orientation

This research is located in the qualitative approach and aims to describe and understand, in a subjective manner, the nature of financial management by School Governing Bodies in the four selected rural primary schools in the Butterworth Education District. Qualitative research aims to provide an in-depth understanding of people's experiences, perspectives and histories in context and is often characterised by a concern to find the actors' perspectives, semi-structured context-sensitive methods, rich data, explanation at the level of meaning and how and why questions (Spencer et al, 2003). Pring (2000) posits that to understand other people, therefore, requires the understanding and interpretation which they give to what they do. Cohen, Manion, and Morison (2007) agree that the context is to understand the subjective world of human experience. They further state that it focuses on action, is situational and future-oriented. This research aims to help acquire knowledge on the strategies used by SGBs to manage school finances in the selected rural schools.

According to McMillan and Schumacher (2001), qualitative studies can provide a detailed description and analysis of a particular practice, process and event. In order to determine perceptions of various stakeholders regarding financial management by School Governing Bodies, a qualitative research design that is expository, descriptive and contextual was used in this study. Merriam (1998) observed that

qualitative researchers are interested in understanding the meaning people have constructed in making sense of the world and the experiences they have of the world. The researcher's interaction with participants has promoted a better understanding of the phenomenon. Leedy and Ormrod (2001) state that qualitative research is beneficial to answer questions about the complex nature of a phenomenon from the participant's point of view. This approach helped to gain information on financial management by SGBs in each school; this made it possible to interact with people who are directly involved in the management of school finances. Each sampled school was treated as a case on its own in this research in order to have an in-depth understanding about the phenomenon of financial management (Maree, 2010). Adopting a qualitative research approach in this study helped the researcher to explore the perceptions and experiences of all the participants on the management of finances by SGBs in the selected rural schools.

3.2.1 Research Paradigm

The interpretive paradigm was employed in this research. Guba and Lincoln (2005) identify five main paradigms of contemporary qualitative research namely: positivism, post-positivism, critical theories, constructivism and participatory, co-operative paradigm. The researcher viewed the interpretive paradigm as having the potential to discover new perceptions on the phenomenon under investigation. This paradigm enabled the researcher to interpret and understand the participants' subjective experiences and interpretations on the management of school finances by SGBs in the selected rural schools.

According to Maree (2010), the interpretive paradigm is a theory of meaning, understanding and literary interpretation of events or phenomenon. Creswell (2006) believes that the research paradigm is the theoretical lens through which a particular stance or a basic set of beliefs that guides the action of the researcher on a particular situation or phenomenon is viewed. A paradigm is a cluster of beliefs and practices associated with a particular world view about how scientific practices should take place (Becker & Bryman, 2004). It also refers to philosophical frameworks that guide the researchers in carrying out their research (Gibbons & Sanderson, 2002).

An Interpretivist research paradigm strives to understand and describe human nature, and according to the researcher, this created space for the researcher to gain better understanding of the process, patterns of communication and financial responsibilities of SGBs in the selected rural primary schools. Gray (2005) advocates that in this paradigm, knowledge is subjective and diagraphic while truth is context-dependent, unlike natural sciences that look at consistencies in the data in order to reduce laws (nomathetic). There are, therefore, multiple realities which are constructed, and observations and interpretation are crucial aspects of the interpretive paradigm (Denzin & Lincoln, 2003). According to Weaver and Oslon (2006), a qualitative methodology within the interpretive paradigm shares the same philosophical foundation which is in support of the view that there are multiple truths and realities. Furthermore, the interpretive paradigm is mostly associated with methodological approaches that give opportunities for the voice, concerns and practices of research participants to be heard (Cole, 2006). Bhengu (2005) contends that positivists and empiricists aim to predict, control, and explain; whilst interpretivists aim to understand and restructure. In this research, the researcher interacted with participants in four different rural primary schools to find the most appropriate information to answer the stated research questions. Creswell further advocates that interpretivism is where individuals seek an understanding of the social world by giving meaning to it. In this study, the researcher used the Interpretivist approach to interpret the literary texts from interviews and documents on the management of school finances in selected rural primary schools in the Butterworth Education District.

3.2.2 Case Study Design

Yin (2009) defines case studies as follows: "A case study is an empirical inquiry that investigates a contemporary phenomenon in-depth and within its real-life context, especially when the boundaries between phenomena and contexts are not clearly evident". Yin (2009) further states that case studies are empirical investigations in that they are based on knowledge and experiences and involve the collection and analysis of data which seek to describe a particular case in detail. Robso (2000) remarks that case studies opt for analytical rather than statistical generalisation, that

is, they develop a theory which can help the researcher to understand other similar cases, phenomena or situations. In this research, the researcher was dealing with specific contexts and a case study was considered as most appropriate to address the research purpose and objectives.

Yin (2009) also states that in general, case studies are preferred when (a) “how” and “why” questions are being posed; (b) the investigator has little control over events; and (c) the “focus is on contemporary phenomena within a real-life context”. According to Taylor (2000), research designs are defined as constructed plans and strategies developed to seek, explore and discover answers to research questions. Case studies are some of the most used methods in qualitative research; they are an in-depth study of constructed, naturally occurring social situations and imply a focus on a particular instance of something more general which can illustrate broader themes and processes (O'Reilly, 2009). McMillan and Schumacher (2006) and Creswell (2007) state that a case study can be regarded as an exploration or examination or in-depth analysis of a “bounded system” or a single/multiple case study over a period of time, through detailed, in-depth data involving multiple sources of data collection.

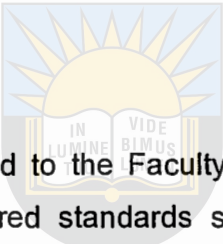
Case studies offer the opportunity for a holistic view of a process (Patton & Appelbaum, 2003). Stake (2000) believes that case studies are useful in the study of human affairs because they are down-to-earth and attention-holding.

The ultimate goal of a case study is to uncover patterns, determine meaning, have consistent conclusions and build theory (Patton & Appelbaum, 2003). The main steps of a case study comprise: collecting evidence, analysing evidence and reporting the findings (Kohlbacher, 2006). The researcher, during the investigation, employed the skills espoused above by the scholars in order to arrive at the findings as well as recommendations for improved management of finances by SGBs in schools. The researcher used a case study of four rural primary schools and conducted in-depth, semi-structured interviews with sampled teachers, SGB members and principals with the view of understanding in detail their views on the management of finances by SGBs.

3.3 Methodology

Creswell (2007) describes a methodology as a strategy or plan that links methods to actions and governs the choices and use of methods. The methodological issues discussed in chapter one provided the context for closer consideration of the practical dimensions of the research method employed in this study. The methodology in this study refers to the approach that was employed by the researcher during the research process which was based on the following: approval process, sampling strategies and selection of respondents, data collection instruments, data analysis, trustworthiness and credibility and ethical considerations.

3.3.1 Approval process



A research proposal was submitted to the Faculty Research and Higher Degrees Committee. Having met the required standards set by Faculty of Research and Higher Degrees Committee (FRHDC), the researcher had to apply for permission from the Department of Education to conduct the research in the selected rural primary schools in the Butterworth Education District of the Eastern Cape Province. An application for ethical clearance was submitted to the University of Fort Hare. Contact with the prospective participants was sought face to face meetings and by telephone. Participants were also provided with a cover letter which clearly described the research and its purpose, information about protection of rights, confidentiality and the voluntary nature of the study. An informed consent form which details the intent of the study, the use of potential findings and any potential consequences for the participants was provided to all participants. All participants were afforded an opportunity to read the consent form with the proviso that participation is strictly on a voluntary basis and could be ceased at any time during the study's research duration (see Appendix G). The participants of the four schools (for the case study) were requested to sign informed consent forms for the interview process.

3.3.2 Sampling and Sample

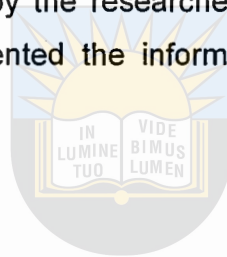
Purposive sampling was used to select the four rural primary schools in the Butterworth Education District. In purposive sampling, people are chosen, as the name suggests, for a particular purpose (Leedy & Omrod, 2001). They further advocate that in purposive sampling, people are aware, knowledgeable and informative about the phenomena the researcher is investigating.

Cohen, Manion and Morrison (2007) advocate that the quality of research stands or falls not only by the appropriateness of the methodology or the instrumentation but also by the sample that has been adopted. Schwandt (2007) views purposive sampling as chosen not only for representativeness, but for relevance to the research question, analytic framework and explanations developed in the research. According to McMillan and Schumacher (1993), purposive sampling means that the researcher searches for information-rich key informants, groups, places and events to study.

Patton (2002) explains purposive sampling as a dominant strategy in qualitative research that seeks information-rich cases which can be studied in-depth. Patton (2002) further asserts that the nature of qualitative inquiry is that it focuses on relatively small samples to yield insights and in-depth understanding of phenomena. The researcher selected four rural primary schools in the Butterworth Education District to gain insights and knowledge on how SGBs in those schools manage their finances. Some rural schools are inaccessible, so purposive sampling helped the researcher to target schools that could be reached fairly easy. The advantage of purposive sampling is that it takes into consideration convenience, homogeneity and maximum variation which deal with diverse characteristics or experiences that may reveal important patterns, as well as theoretical sampling based on the elements thought important to explore the theoretical construct.

Once the four schools were selected, three respondents per school were selected as follows: the school principal, the parent SGB member and the teacher serving in the finance committee. Malan (2001) states that the use of purposive sampling procedures is typical of qualitative research; because reputable sources represent "informed-rich cases", they yield sufficient data for "thick", ideographic descriptions

that will “transport” readers to the contexts and situations where the investigation took place. Information-rich participants were identified in the schools of Butterworth Education District wherein attention was given to diversity with regard to gender, years of management, level of education and school proto type. The table used in Chapter 4 of this study summarizes the approach observed by the researcher. The principal serves in the SGB as an *ex-officio* member. The teacher was selected due to his/her involvement as a member of the finance committee. The parent was involved on the basis of being an SGB member and also a member of the finance committee. Their views, experiences and perceptions assisted the research to establish the reality and to gain knowledge on financial management in each school. The information was interpreted by the researcher, and every effort was made to ensure that the researcher presented the information obtained as accurately as possible.



3.4 Data Collection Techniques

In this section, the researcher discusses the nature of in-depth-personal interviews, the advantages and disadvantages of interviews, interview settings, the interview schedule, transcribing of interviews, document analysis and the organisation of interview data.

3.4.1 Interviews

Weirsmas (2000) defines an interview as the face-to-face confrontation between the interviewer and the participant or group of respondents. In this study, semi-structured interviews were used. These were conducted in English, with code switching to IsiXhosa for the purposes of gathering rich information in a relaxed atmosphere. This method was used at each of the selected schools in the Butterworth Education District. Participants involved were directly involved in the financial management of these schools, that is, the principal, parent, SGB member and a teacher serving in the finance committee. Semi-structured interviews were preferred to allow space for follow-up questions during the interview sessions. All interviews were recorded and

later transcribed. Malan (2001) asserts that qualitative interviews, especially sources of qualitative data, are useful in evaluation research.

Merriam (1998) notes that the purpose of interviewing is to find out what is on someone else's mind. Since this cannot be directly observed or measured, the interviewer has to ask questions in such a way as to obtain meaningful information. Mestry (2006) argues that semi-structured interviews include questions based on the functions of the School Governing Bodies in managing the school's finances. Punch (2005) describes an interview as a data collection tool of great flexibility, which can help the researcher to be dynamic in approach. Punch further argues that interviews help to collect information so that one may gain a deeper understanding of a phenomenon or situation. According to Shneiderman and Plainsant (2005), an interview is a technique, wherein the interviewer uses core question guidance to ensure that the same areas are covered with all interviewees.

The interviewees were given an opportunity to elaborate on their responses during the interview process. The interview schedule was arranged in such a way that the researcher was able to ask the same questions to all respondents. The researcher was flexible about the time spent on each question. All questions were presented to the interviewees through verbal/oral communication. Interview sessions were digitally recorded on an audio tape recorder after getting permission from each participant before the interviews. The recorded information provided the researcher with raw data, which enabled the researcher to replay the recorded information during the data collection. The logic is to verify or confirm the responses from participants in order to saturate data. Field notes were taken by the interviewer for triangulation. The disadvantage of interviews, according to Jones (2007), is that the reliability of data might be threatened by participants who might commit the error of not being frank and honest.

Yin (2009) states that a good interviewer needs to be able to put an interviewee at ease, needs good listening skills and needs to be able to manage an interview situation so as to collect data which truly reflect the opinions and feelings of the interviewee concerning the chosen topic(s).

3.4.2 Interview Setting

Yin (2009) argues that a quiet, comfortable location should be chosen, and the interviewer should give consideration to how s/he presents him/herself in terms of dress, manner and so on, so as to be approachable. The interview took place at a time and venues convenient to the participants. The interviews were conducted in the administration block of the school and in a classroom to ensure an environment that is free from noise and comfortable to the interviewees. It was explained that the interviews would be conducted in English, but interviewees could respond in any language of their choice. The interview schedule was translated into IsiXhosa for governing body members. Each participant was asked for his/her permission for interviews to be tape recorded. Once permission was received, the interview was conducted in a professional and non-biased manner, ranging in time duration from 60 to 70 minutes.

3.4.3 Discussion of the interview schedule

The interview schedule was based on simple, semi-structured, open-ended questions (see appendix B) in an attempt to allow for in-depth probing and extended responses. The interview schedule, as reflected in the appendices, has a section that required personal information to the variables such as gender, age, qualifications and experience in the management of school finances. The interview schedule comprises ten (10) questions covering areas meant to ensure that questions address the same themes on financial management in schools by SGBs.

In an effort to enrich the researcher's understanding on the phenomenon being investigated, the focus of question one was on processes observed by SGBs in reference to determining budget priorities. Question two was on patterns of communication among role players in reference to the budgeting process. Question three was on successes in performing the roles and responsibilities on management of finances. Question four was on the interface between instructional requirements and expenditure patterns of schools. Question five was on understanding the functions of financial management in schools. Question six focused on understanding the specific roles of participants in relation to the management of

finances. Question seven focused on the level of success in performing these roles. Question eight focused on training and other forms of assistance to perform the tasks that the participants are assigned by the DoE. Question nine focused on the level of involvement of stakeholders in the budgeting process (even through making timely reports on their operations as role players) and the ability to strike a balance on the competing school needs. Question ten focused on implicit values that the role players have to observe in discharging their duties.

3.4.4 Documents

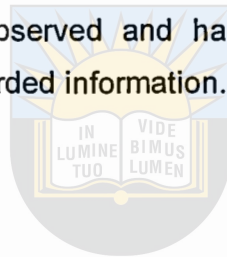
Yin (2009) advocates that collection of documented material such as letters, diaries and a wide range of written materials can produce qualitative information. Yin further states that these materials can be particularly important and useful in trying to understand the philosophy of an organisation as may be required in ethnography. Horngren *et al* (2002) describe financial source documents as original records of financial transactions. The primary objective of the researcher was to check on the availability, as well as the safe-keeping of the source documents which include: cash payments and cash receipt transactions, petty cash vouchers, payment records, cash journals, general ledger, bank reconciliation statements, trial balance, cheques, cheque counterfoils, requisition forms, bank statement, monthly income returns, payment order books, asset register, procurement policy, finance policy and audited financial statement.

Document analysis was used as a second method of data collection when dealing with financial records to check or verify the information. Financial records were used as primary sources to check how the management of finances was done, which records were kept and how they were kept. Primary sources included documents like school budgets, monthly financial records, finance policies, annual financial statements, deposit slips/books and daily cash books, cheque books and other relevant primary sources. Other sources include minutes of the SGB and finance committee meetings, including procurement quotations.

In this study, the examination of formal documents on finance management by SGBs was essential in defining the nature and purpose of the phenomenon. It also assisted

in the classification and verification of data on values, beliefs, leadership styles and chains of command in relation to the management of finances at the selected rural primary schools in the Butterworth Education District.

Three strategies were employed, namely: data (interview transcripts and reflective field notes) and investigator triangulation (the researcher independently read and coded the transcripts); these were used to strengthen the study. Rich, thick descriptions allow the readers to make decisions regarding transferability, and in this study, enabled the readers to transfer information to other settings and thus determined whether the findings could be transferred (Creswell, 2008). Reluctance was, in some schools, displayed by participants in availing the documents. The reluctance that the researcher observed and had its own basis on either non availability or inaccuracies in recorded information.



3.4.5 Transcribing the interviews

Kvale and Brinkmann (2009) explain that a transcript is a translation from one narrative made-oral discourse into another narrative mode – written mode. Audio recording of the interviews involves abstraction from the live physical presence of the conversing persons, but without the advantage of body language such as posture and gestures. Transcription of the interview conversations to a written form involves a second abstraction where the tone of voice, intonations and breathing are lost. In short, transcripts are impoverished, decontextualized renderings of live interview conversations. All the interviews were recorded and transcribed verbatim.

The researcher listened to the recordings several times, and everything was written down. All data transcriptions were photocopied, with originals stored in a safe place unaltered. Photocopies of raw data were then used for analysis (Strauss & Corbin, 1999). Yorkshire and Humber (2009) state that data is utilized for producing a written version of an interview; it is a full “script” of the interview or conversation. It is time consuming process, and it approximately takes almost six hours to transcribe one hour interview. They further state that when transcribing, consideration should be given into whether and how these feelings and meanings can be communicated on paper by using punctuation marks. If in doubt, listening to the original recording to

clarify any potentially ambiguous statements is recommended; data should be transcribed verbatim and all identifying information removed from transcripts.

3.5 Data Analysis

Bogdan and Bilken, cited in Kolb (2012), state that data analysis is a systematic process of sifting and arranging all information obtained from interview scripts, field notes and other material collected to increase an understanding of the data to be, a presentation of what has been discovered. Yin (2009) advocates that qualitative research involves summarising the mass of data collected and presenting the results in a way that communicates the most important features. Yin (2009) further states that in qualitative research, we are also interested in discovering the big picture but use different techniques to find it; for the most part, we are interested in using data to describe a phenomenon, articulate what it means and to understand it. Most types of analysis involve the categorisation of verbal or behavioural data for purposes of classification, summarisation and tabulation Yin (2009).

In this study, I used thematic networks which are ways of organising the qualitative data to unearth the themes. These themes surfaced from the responses of the participants which were later grouped together and analyzed as responses. Hatch (2002) proclaims that this data analysis is referred to as a “systematic search of meaning”. Ary, Razavich and Sorensen (2006) indicate that analysis involves reducing and organising the data, synthesising, searching for significant patterns and discovering what is important. Typically, in qualitative research, data analysis commences during the data collection process (Cohen, 2005).

The thematic analysis was used since it allows researcher to focus on thoughts and actions related to the focus study (Maykut & Morse, 1994). Thematic analysis was used by the researcher to analyse the transcribed interviews. Nieuwenhuis' (2007) guidelines were used to reduce, condense and group the content of the interviews. A coding frame was drawn up, thus providing for verbatim reporting, where applicable. The thematic analysis was done within the framework of the core management tasks, namely: planning, organising, leading and controlling. Re-checking of captured important insights that emerged from the data was done, and patterns and themes

which could be linked to the research question were identified and described. The identification of emergent themes allowed information to be analysed and compared with related literature. Data analysis is a spiral that is equally acceptable to a wide variety of qualitative studies (Leedy & Ormrod, 2005). The researcher, in view of this definition, examined the data several times using the following steps to get a sense of what it contains as a whole: (1) organized the data in smaller units; (2) identified general categories or themes, and sub-themes, and (3) integrated and summarized the data for the readers.

Put differently, the researcher referred to the views expressed by Creswell as cited by Leedy and Ormrod (2005) and embarked on making small units of data, gathered sense of data collected, developed themes as well as sub-themes which were classified by integrating and summarizing them.

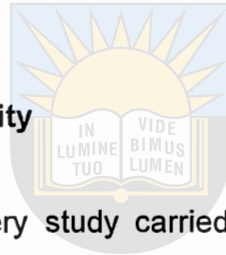
All transcripts were read, and data was dotted down and segmented. Qualitative data analysis is often heavy on interpretation for it often focuses on smaller number of people and data tend to be detailed and rich (Yorkshire & the Humber, 2009). The data analysis was used to divide the data into themes such as "current situations at the school", "challenges", "causal factors", "solutions" and/or "reporting", that is, data were processed, mapped, interpreted and results presented.

Morrow and Smith (2000) state that the writing of other presentations of findings should exemplify a balance between the investigator's interpretations and the supporting quotations from participants. This is because an over-emphasis in the researcher's interpretations, at the cost of participant quotes, will leave the reader in doubt as to where the interpretations come from; an excess of quotes will cause the reader to become lost in the stories.

The main questions of the interview directed the analysis and were used to create the first main coding categories. The data contained in the categories inspired further questions and resulted in sub-coding, which was utilized to analyze data in greater detail. The collected data were re-read repeatedly, and the themes and participants' comments were compared.

3.5.1 Structural Coding

Kvale and Brinkmann (2009) note that the goal of coding is the development of categories that capture the fullness of the experiences and actions studied. Coding of a text's meaning into categories makes it possible to quantify how often specific themes are addressed in a text, and the frequency of themes can be compared and corrected with other measures. In the light of this view, the researcher made a descriptive label for each identified category and labelled all relevant themes and patterns. A short description for each category was written so as to know what categories stand for, and several examples of each category were given to eliminate confusion.



3.6 Trustworthiness and Credibility

Maree (2010) advocates that every study carried out needs to have concluding remarks based on facts and trustworthiness; these attributes serve as the acid test of data analysis, findings and objective standards that serve as the barometer of measuring the outcome which, in this study, was the outcome of the research process.

In this study, issue of trustworthiness was obtained through the use of two different data collection sources. The piloting of the interview schedule also rendered the instrument, as well as the data collection, reliable and trustworthy. Member checking was also used, which allowed the researcher to take the information collected from the respondents back to them for verification and confirmation. They had to check if their responses were correctly interpreted by the researcher. The researcher achieved this by taking the content of transcribed interviews back to the respondents for confirmation. The process is referred to as "credibility" by Creswell (2007). Torrence (2013) states that it is important to ascertain the quality and trustworthiness of qualitative research, and he acknowledges the need to acknowledge and discuss the imperfections of qualitative research and enact the deliberative process of academic quality assurance. Morse (2002) states that the study is trustworthy if only the reader of the research report judges it to be so. Graneheim and Lundman (2004) assert that trustworthiness has been further divided into credibility, which

corresponds roughly with the positivist concept of internal validity; dependability, which relates more to reliability; transferability, which is a form of external validity; and confirmability, which is largely an issue of presentation.

Bogdan and Biklen (2003) argue that the verbatim account of the participants allow the researcher to acquire an understanding of the response in totality.

3.7 Ethical Considerations

Collecting data from people raises ethical concerns, and ethics are therefore considered to deal with beliefs about what is right or wrong, proper or improper and good or bad (Goddard & Melville, 2001). Ethics is a system of moral principles and/or rules of conduct which deals with what is right or wrong, proper or improper, good or bad (McMillan & Schumacher, 1993).

Neuman (2006) explains that research has an ethical-moral dimension in that the researcher has the moral and professional obligation to be ethical even when the researched are unaware about ethics. In this study, there was consideration of purpose, content, method, reporting and outcomes according to the ethical principles and practices, and participants were not coerced into participating.

McMillan and Schumacher (2001) indicate that informed consent is achievable by providing the subject with an explanation that at any opportunity, they may terminate their participation in the study. They further state that consent be signed by all participants as an indication of understanding of the study and consent to participate. The researcher ensured confidentiality of all respondents and information made public, including the names of respondents, could not be linked with any participant.

Confidentiality, anonymity and feedback were guaranteed to all participants. All information was kept confidential unless otherwise agreed upon in advance through informed consent. Diener and Crandall in Cohen *et al* (2007) state that the research participant has the right to refuse to take part or withdraw once the research has begun. Honesty was central during the reporting time as this is an integral part of the ethical standards. Ethical consideration is often implied in building trust, maintaining

good relations, respecting norms of reciprocity and sensitivity considering ethical issues. The following *ethos* formed the code of ethics for this study:

Gaining entry: appropriate channels of communication were used to gain permission solicited from all participants, including the department of education in the Butterworth Education District. As advocated by Burgers (1998), all parties must be informed of the aims of the research project, research methods and nature of participation, confidentiality and possible publication of results.

3.7.1 Autonomy and Respect for persons

Wassenaar (2006) posits that the researcher must obtain informed consent from respondents as one of the ethical requirements for research on humans. Wassenaar further advocates that the autonomy principle finds expression in most requirements for voluntary informed consent by all research participants. The autonomy of both the participants and the investigator is to be respected. In this study, the consent form was meant to guarantee that the prospective respondents understood the nature of the research and have a right to voluntarily decide whether or not to participate. Either party faces legal ramifications if any deviation occurs from the obligation that binds them (de Vos *et al*, 2002). A copy of the consent form is attached as an Appendix in this study.

3.7.2 Non-Maleficence

According to Wassenaar (2006), the principle of non-Maleficence supplements the autonomy principle and compels the researcher to ensure that no harm befalls the participants as a direct or indirect consequence of the research. In this study, the researcher guaranteed the participants their anonymity. This was observed through non-usage of the real names of the participants as well as those of the schools. Verbal consent in this regard was then tape recorded. The researcher ensured that the participants understood the aims of the study and informed them that they were making a time commitment; they agreed to share their knowledge and experiences. The written consent form was left with the respondents to ensure that they could read at their own time and pace in case they had any questions about the process

after the researcher had left the site. The researcher in this study used direct and simple language for better understanding of the participants. They were also allowed to code-switch in the languages of their choice even though the interviews were conducted in English. This was done to avoid language barriers to the participants.

3.7.3 Beneficence

In the light of the principles advocated by Wassenaar (2006), that the researcher must attempt to maximize the benefits that the research will afford the participants in the research study. I have given the best of my ability to ensure that the participants gain new knowledge about financial management in schools. Even though I am not certain whether the participants interviewed in this study benefited from the findings of the investigation, I will strive to ensure that the SGBs in this field are made aware of the best practices and how best their situation can be turned around for best performance for there is always room for improvement.



3.7.4 Justice

Despite the principle being complex, Wassenaar (2006) advocates that the principle dictates that the participants be treated by the researcher with fairness and equity. It has a bearing even on the selection of participants. In this study, the participants were made aware of their right to decide on whether to participate or not in the study. To the best knowledge of the researcher, all forms of discrimination towards any participant in terms of gender have been avoided in this study. This was also observed with regards to education qualifications of the respondents.

3.8 Summary

This chapter presented an overview of the overall research design and methodology used in the study. It also unpacked the sampling and data collection instruments used in the study. Strategies to ensure trustworthiness and ethical considerations were also discussed. The next chapter presents data, data analysis and data discussion.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter is aimed at introducing the reader to the data that was collected from participants on the management of finances by School Governing Bodies in four rural primary schools in the Butterworth Education District. Hence this chapter deals with the presentation, analysis and interpretation of data that was collected in this study. The findings are qualitatively presented in line with the objectives of the study. In this chapter, the researcher attempted to clearly distinguish between actual findings and interpretations.



4.2 Data Analysis

Hofstee (2006) views the section on the presentation, analysis and interpretation of data as the heart of the research because of its fundamental role of giving the feedback and concerns of the researcher. Data analysis comprise three concurrent flow of activities, namely: data reduction, data display and the research findings derived from the study. The three activities are now presented.

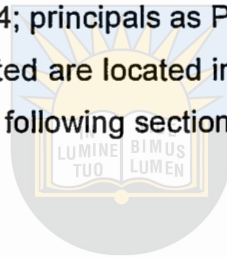
4.2.1 Data Reduction

According to Dhlamini (2009), data reduction refers to the process of selecting, sampling and transforming data that appear in written-up field notes or transcriptions. The researcher only used critical information in line with the objectives of the study to analyse and interpret. The transcribed data was tabulated prior to preparing and organising the content thereof in order to enable the researcher to 'hunt' for themes and patterns (Halldorson, 2009; Attard & Coulson, 2012). The second phase in the reduction process involved the highlighting of sentences and/or excerpts from the full text of each participant that could be used to answer the research questions (Halldorson, 2009). In the third phase, the highlighted sentences were compared and

contrasted in order to identify critical information in line with the objectives of the study and to also search for missing information.

4.2.2 Data Display

In this section, the raw data was placed into logical, meaningful categories which were holistically examined in order to find a way to communicate the interpretations to others. For ethical considerations, the schools and participants in this study cannot be named, but will be referred to as schools A, B, C and D. The participants which comprised School Governing Body members, school principals and teachers are referred to as SGB 1, 2, 3 and 4; principals as P 1, 2, 3 and 4; and teachers as T 1, 2, 3 and 4. All schools represented are located in rural areas. The contexts of the four schools are represented in the following section.



4.2.3 Contexts of the Schools

University of Fort Hare

A brief description of the four schools that participated in the study is as follows:

School A

The school was established by very few people who, due to frustration of not having a school, decided to build one which was to be easily accessible. Currently, the school has almost all the necessary facilities that can promote teaching and learning in the form of infrastructure and personnel. There are 10 warm bodies of teaching staff and only one support staff member, with the learner population of 355. This is a sign that overloading on the part of educators is possible given the number of learning areas offered in the school. The school accommodates learners from grade 'R' to grade '9' and is a quintile 1. The poverty index level shows that the community is impoverished. The medium of instruction is IsiXhosa in grade R-3, which is the mother tongue of all learners enrolled in the school and English from Grade 4 to 9. Interest on educational matters is secondary to parents, and very few are enlightened as shown in the table indicating qualifications of interviewees. The school has been given a Section 21 status without proper scrutiny by the DoE in terms of the standards set for a school to qualify for Section 21 status. This then leaves the principal as the most knowledgeable person in most management matters

although questionable on management of finances given the fact the principal has no qualification in the field being investigated in this study. The school does have a finance clerk who is fresh from school with no work experience and is not highly qualified in the field as well. It is arguable that the members of the SGB in the school have serious limitations in relation to the work to be done pertaining to finances of the school given the wrongly acquired status although the school is privileged to have a finance clerk. It is situated in the Mquma local municipality in the Butterworth Education District.

School B

The school is situated at Cuba location at Mquma municipality. It was established in 1980 and has 14 teachers. The learner population is 450 whilst the teacher population is 08. The school is short of 3 educators, and this situation results in overcrowded classes with one teacher per learning area. The school accommodates grades R to grade 7, which is at quintile 2, and the medium of instruction is both English and IsiXhosa. This quintile issue suggests that levels of economy in the area are low, and this also implies that the community may not be a well-educated community, something which has to do with literacy level of parents. The school is a Section 21. The interest of the community in educational matters of the school is low. Parents of the school, in the main, are low income earners, and some are not earning at all and mostly depend on the government grant. Therefore, it was found that school B's situation is similar to that of school A above, but does not have a finance clerk and solely relies on teachers who also do not have the necessary expertise in the field of finance management.

School C

This school was established in 1978 due to a high demand for learners to be admitted in the then only school in the vicinity, which was overcrowded by learners. It is situated at Msobomvu Township in Butterworth. Currently, it has an enrolment of 1049 learners and 25 educators, with no special attention to gender equity or balance. Therefore, this situation shows that in this school, the teacher-learner population is skewed. The medium of instruction is English and IsiXhosa although

the mother tongue of learners is IsiXhosa. The school accommodates learners from Grade R – 7, placed at quintile 2 and is section 21. The school does not have a finance clerk although it has been having a vacancy for more than two years, with no attempt from DoE to fill it due to unjustifiable moratorium.

School D

The school was established in 1937 and is situated at Mission location in Butterworth in the Mnquma Municipality. The school's learner population is 416 with 10 teachers predominantly females and the teacher-pupil ratio is skewed, which is a recipe for overcrowding in in classes. The school accommodates learners from grade R to 7, is placed at quintile 2 and is a Section 21. This structure of the school is adherence to the re-alignment of schools given that there had been many prototypes in the province which in some cases classes that belong to secondary (grade 8 & 9) were attached to primary schools. A similar situation, as revealed in the first three schools that participated in the study, was found even in school D. The community is relatively enlightened given the geographical placement of the school.

4.2.4 Demographic characteristics of participants

During the interview process, participants were asked to respond to demographic questions which included gender and educational qualifications. In this study, a total number of twelve participants were interviewed. Table 2 shows the distribution of participants by gender.

Table 2: Distribution of participants by Gender

Participants	School A		School B		School C		School D	
	M	F	M	F	M	F	M	F
SGBs	1	1	1	1	1	1	1	1
Principals	1		1			1	1	
Teachers	1		1			1		1
Total	3	1	3	1	1	3	2	2

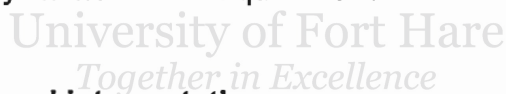
From the data contained, in Table 2 it could be deduced that that nine participants were males, whilst seven participants were females.

The distribution of participants in relation to their qualifications is depicted in Table 3 below.

Table 3: Distribution of participants in relation to highest qualifications

Participants	School A	School B	School C	School D
SGBs	Grade 10	Grade 12	Grade 8	Grade 5
Principals	BA (Hons)	BSc (Educ)	Dipl. In Educ.	Dipl. In Educ.
Teachers	B Ed	Dipl. In Educ.	Dipl.in Educ.	Dipl. In Educ.

Evidence in Table 3 revealed that all the principals are suitably qualified for their respective positions, with two of them holding diplomas in education whilst the other two are in possession of degrees. All the teachers are also adequately qualified, with two holding diplomas in education and one in possession of a degree in education. The highest qualifications for SGB members comprise grade 5, 8, 10, and grade 12 school qualifications. Also noteworthy is the fact that all educator and parent governors do not have any finance related qualifications.



4.2.5 Thematic analysis and interpretation

The data in this section was derived from transcribed interviews. The following themes were identified in the data analysis: SGBs' understanding of their role regarding financial management; collaboration amongst stakeholders in relation to the budgeting process; training of school governing body members; challenges experienced by school governing body members in relation to the management of finances; instructional requirements in relation to the budget; and implicit values required for the successful management of finances in schools.

4.2.6 Summary of common themes

After sorting the collected data, the researcher formulated common themes guided by the main research question, sub-research questions and research objectives of the study which were as follows:

Main research question

- How do school Governing Bodies manage finances in the selected rural primary schools in the Butterworth Education District?

Sub-Research questions

- How do SGBs understand their role in relation to the management of finances?
- What are the patterns of collaboration between educators and the SGB in relation to budgeting process?
- What implicit values are expressed through the financial management process?
- What is the interface between instructional requirements and expenditure patterns of the schools?



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Purpose statement

The purpose of the study was to explore the management of school finances by School Governing Bodies in selected rural schools in the Butterworth Education District.

Objectives of the study

The objectives of this study were to:

- Explore the processes employed by SGBs in determining budget priorities.
- Investigate the patterns of communication between educators, principal and the SGB in relation to budgeting process.
- To determine the challenges that SGBs experience with the management of finances.
- Investigate the interface between instructional requirements and expenditure patterns of the schools.

Theme 1: SGBs understanding of their role in relation to financial Management

The accounts expressed by principals, teachers and parent-governors indicate different perceptions of what this role entails. The following comments made by school principals seemed to capture the essence of their roles:

P1: *“As a person I am very much aware of financial management of finances in schools for I know that it is a regulated process for appropriate use of funds.”*

P3 : *I understand financial management to be about managing funds from the DoE each year, and those monies have to be reported to both the department and communities/stakeholders. This exercise is guided by the paper budget from the Department of Education wherein the actual budget is done by stakeholders, teachers and SGB”*

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P4 : *“In my view, management of finances means how monies are managed, cost centres be taken into consideration, involvement of all stakeholders, teachers and SGB. Cashbook management is to be done and reported to the Circuit manager every 20th day of the month”*

The accounts expressed by principals indicate no serious difficulties regarding their understanding of the most basic function in terms of financial management.

Parent members of the SGB seemed to operate from different perceptions in terms of their understanding of financial management. The following comments best illustrate their sentiments:

It seemed as if the parent-governors' understanding of financial management purely revolves around accountability and control of expenditure, which is a minute part of financial management.

SGB 2: *“My understanding is that the principal meets with the Senior*

Management Team of the school and tell us what to do with the money. They are the ones who know the priorities of the school. I am really not sure because I am not hands-on for I am not even a signatory in finances of the school.”

SGB 3: “I think I am not well aware of the finer details of finance management, reason being that I was never trained on the matter or learnt anything officially, but I use my personal wisdom on daily basis. I’m involved because I have signing powers.”

SGB 4: “My understanding is that monies must be used properly and reports be done to the SGB every year. I would also say I’m involved because there is no cheque that is signed and money used without my knowledge.”

It appeared that all parent SGB members generally fell short of a proper understanding of their roles and responsibilities regarding the management of school finances. The different views expressed by the participants are reminiscent of their lack of understanding and proper grounding in terms of this important management function. What is also disturbing is the fact that one governor stated that they rely on the principal to tell them what to do with the money, which clearly indicates a lack of understanding of this important role. Furthermore, two parent-governors stated their understanding in terms of the involvement to the signing of cheques, and an inference that can be made is that they are apparently being side lined in the decision-making processes related to the planning and management of finances and, therefore, used to “rubber stamp” decisions taken elsewhere.

A teacher-governor seemed to have captured the essence of financial management within the school context when she stated:

T1: “This has to do with the day-to-day records of expenditure and keeping proper trail of all transaction on the finances of the school.”

This view is congruent with the views of principals who shared the same sentiment.

From this view, it appeared that the management of school finances is mostly shared between educators who seemed to have a better understanding of this role.

Theme 2: Training of SGBs

Chief among the reasons for the difficulty in understanding their roles involves the lack of training of SGB members. The following comments best illustrate these sentiments:

P1: *“Disaster is in many forms, but I believe appointing a principal with no skills in financial management is a recipe for disaster to the whole school. Ever since, I got promoted, no training has been conducted despite my numerous submissions of request to the department for appraisal and development in this field, nothing happens. I therefore rely on scanty information to manage the finances of my school whilst everyone sees me as a knowledgeable person.”*

SGB1: *“There is no proper capacitation on this matter from the Department of Education. I am only fortunate because I have my little background on finances”*

P2: *“Yes, there is training which is not specific on finances but only done during the induction of SGBs, which takes hardly three hours.”*

Principals and parent-governors blame the difficulties in the management of finances on the lack of training of educator and parent-governors. These excerpts bear testimony of the participants' declaration that the Department of Education is not fulfilling its duties in terms of training SGB members. Training given to SGBs is also regarded as ineffective. The extracts below attest to this view:

P3: *“The qualifications of the facilitators in these one day workshops in this field are questionable to an extent that this responsibility should be outsourced by the department for efficiency and quality purposes not just malicious compliance.”*

From this participant, we learn that the departmental officials responsible for conducting the training lack the necessary skills and knowledge to conduct these workshops. SGBs cited lack of continuous training as a major stumbling block that hinders effective performance of SGBs. The following comments best illustrate their sentiments:

P4: If truth be told, this mini-training is once in three years, which means it is only meant to induct the newly elected SGBs without having enhanced the level of understanding of those who were serving before the election process.”

SGB2: lack of continuous extensive training through workshops because SGB parents, in particular, do not to participate to their fullest potential for they always feel inferior to either the principal or teachers who serve in the SGB.”

SGB3: “More emphasis was on nutrition, and this has been the focus point of the facilitators. Not much was said about finances. We were just cautioned in passing about signing of blank cheques. The training we received just cautioned us about other operations of the SGB, nothing else.”

In addition to the lack of continuous training was the lack of focus of these training sessions. For instance, one parent-governor stated that the emphasis was only on school nutrition and the signing of cheques. These accounts mean that the capacitation of SGBs in these training sessions is highly unlikely and remains a challenge.

Theme 3: Collaboration amongst stakeholders in relation to the budgeting process

In reference to this theme, the participants shared their experiences on the processes and structures involved in the budgeting process. The following extracts made reference to the involvement of the relevant committees and sub-committees:

P1: *“All sub-committees of the SGB are involved and are made to present their budgets which are later consolidated. Then this has been done, we allow no deviation in the budget”*

P2: *“We involve people, for I do it with the SGB where all stakeholders are represented in as far as I know, then is taken to teachers and later to the general meeting of parents for approval.”*

P3: *“When we draw our budget, we involve all sub-committees of the SGB to take informed decisions. We do the actual presentation in the general meeting in March of the following year for we believe that it is linked to financial report.”*

Evidence from the above excerpts revealed constant communication and collaboration between the school and parent-governors. In this sense, principals shared information in respect to finances with school governors and all related stakeholders. These sentiments are in stark contrast with the views of parent- and educators governors. The following remarks aptly highlight this contradiction:

SGB2: *“By the way, you are recording, but this information is for your own consumption hey, please do not tell the principal that I told you that he does not involve us in planning and decision-making but calls us just for signing cheques.”*

This sentiment is supported by an educator-governor when he says:

T.2: *“There are no meetings that sit to decide and plan; signatories are only*

summoned to come sign whenever the need arises and without any convincing explanation. There is clear side-lining of parents, and this seems to be the order of the operations in some of the schools, especially those SGB members who seem to be questioning the principal.”

The accounts expressed by these participants indicate serious difficulties in terms of collaboration, despite positive claims made by principals in this regard. Excerpts like “...he does not involve us in the planning and decision making...” and “There is a clear side lining of parents...” are clear indications of the fact that parent-governors are being undermined by principals. These views also relate to lack of team work among educator-governors and parent-governors; these accounts can only mean that SGBs find it a real challenge to cooperate harmoniously to promote the best interest of the school.

To this end, it seemed as if principals are largely the driving force in all planning and decision-making in relation to the planning and reporting of the budget. Furthermore, no mention is made of any other structures, for example, the finance committee or treasurer thereof. Although all structures seemed to be involved during this process, an inference that can be made is that parent members of the SGB, in particular the chairperson does not seem to be in control or tasked with this exercise and merely seen as participants. The excerpt by one of the parent-governors captures this view succinctly when claiming that: “*teachers are manipulating the budget.*”

SGB 3: “Committees are involved; parents in the form of SGB are also involved. Draft budget is done toward the end of the year but presented at the beginning of the following year. Teachers manipulate the budget.”

The sentiment expressed by this participant is reminiscent of the view that parent-governors are being easily manipulated by educators and that their opinions and inputs in such budget planning meetings are not taken seriously. A teacher also candidly expressed an opinion that the budgeting and financial planning process is the sole domain of the principal when she stated: “*I think I only get involved on cleaning matters, uniform inspection and noise monitoring, not on finance matters. It*

is the principal's issue and the chosen few.” Although collaboration between the principal and SGB and respect for the principal by the SGB is stipulated and encouraged by the Schools Act (1996a), it does not refer to domination by principals, in particular regarding finances of the school.

Theme 4: Challenges experienced in relation to the management of finances

Various challenges relate to difficulties in realising the effective management of finances by SGBs. Views expressed by the participants included the following:

P1: *“Unfortunately, in this school, parents do not attend meetings, for example,*

last year when we were supposed to report on finances, few parents showed up and they were less than 10 in total.”

P3: *“The attendance of the meetings is not pleasing at all.”*

P4: *“The non-attendance of meetings by parents is a serious concern to me, for I am of the view that the school cannot properly function without parents’ input.”*

Principals blamed the difficulty in managing school finances collaboratively and effectively on the non-attendance of meetings by parents. This, they claim, results in the exclusion of the majority of parents when important decisions regarding finances are taken. These views were corroborated by teachers. One teacher stated:

T1: *“Attendance is not good at all because some members of the SGB do not avail themselves in planning meetings and only attend when there is a general meeting only to differ with those who attend meetings.”*

This assertion links parent-governors to the non-attendance of important planning meetings, in particular, meetings related to the budgeting processes. This non-attendance of meetings gives rise to lack of information amongst parent-governors, which ultimately leads to confrontation and conflict in meetings. However, this sentiment is not shared by all educators-governors as one teacher candidly

expressed an opinion that explains parent-governors' absence from meetings. In this regard, the teacher commented:

T3: *"The attendance is never good because meetings are only called once a year, and there is strong feeling among stakeholders that they are only called when there is a problem at school or when the damage has already been done whereas they were not involved at the planning stage."*

From this participant, we learn that meetings are not regularly held, for example, only once a year when problems are experienced at the school, without involving them in any of the planning processes. This claim was corroborated by parent-governors who stated that the lack of a harmonious relationship between principals and parent-governors makes it difficult for them to sometimes attend meetings and give their full cooperation. One SGB member stated:

SGB 1: *"The behaviour of some principals causes parents serving in the SGBs*

to feel inferior, and this has a negative effect on meaningful parental participation in the SGB, especially in managing school finances; some go to an extent of influencing other parents not to attend meetings on the basis of their dissatisfaction by a particular occurrence at the school. "

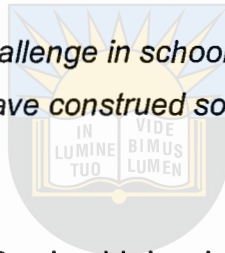
This participant cited the behaviour of the principals as a major stumbling block hindering active participation and a harmonious relationship between parent-governors and principals. According to this view, principals expressed their dissatisfaction regarding particular occurrences by intentionally not sharing any information regarding finances and by also influencing other parents not to attend meetings. Parent-governors also blamed their lack of participation on what they sense as a form of discrimination against them due their literacy levels. This participant remarked:

SGB 2: *"We do not even want to serve in the SGB because we hold a view that says that the role is for the literate and well educated people."*

Thus, there is a feeling amongst parent-governors that you cannot serve the best interests of the school if you are not educated, hence their reluctance to serve as members of the SGB. The absence of an effective school financial policy and lack of fundraising skills are two major concerns highlighted by principals. The following remarks aptly highlight this challenge.

P1: *"The unavailability of policy guidelines for the consumption of SGB members and lack of skills to raise funds to supplement the little that we get from the department as expected by law."*

P2: *"Fundraising is a challenge in schools, you know, parents do not cooperate at all for they have construed some political statements and the no-fee school notion."*



The School Act stipulates that SGBs should develop and implement various policies such as a finance policy and also contribute to the school finances through various fundraising activities. In order for any school to manage its finances effectively and efficiently, a finance policy must be developed by the SGB. Additional funds to supplement the income of any school are imperative and the SGBs' inability to raise funds consequently results in schools falling short of proper school facility maintenance.

Theme 5: Instructional requirements in relation to the school's budget

All participants agreed that the budgets for the respective schools are not enough; however, despite operating on "shoestring" budgets, priority is given to instructional requirements of the schools, for example, the buying of books, curricular activities and the payment of Grade R practitioners. Parent-governors, principals and teachers shared the same perceptions when they remarked as follows:

SGB 1: *"The budget is not enough."*

SGB 3: *"Yes, there is a budget. All processes are followed and books as well electricity receive top priority."*

P4: *“Some which include insufficient money to run the school.”*

“The problem in this school is that the money is fundraised in order to pay the Grade R Practitioners; we hold a strong view that this is not the responsibility of schools but that of the department to pay these teachers”

T4: *“Although it is not an easy thing to strike a balance between these two, given that there is never enough money; priority is given to buying of books, curriculum activities and co-curriculum activities while extra-curricular ones are secondary.”*

A major challenge mentioned by one of the teachers is the fact that schools generally fall short on their budgets due to the late payment of subsidies by the Department of Education. The remark below highlights this challenge:

T3: *“It is a serious problem for the programs of the school start in January whereas the DoE deposits these monies only in April... sometimes way beyond April, and this causes unnecessary tensions between teachers and learners.”*

This obstacle does not only hamper the school program but is also the cause of frustrations and tensions amongst learners and teachers.

Theme 6: Implicit values required for the efficient management of finances

The content of section 38(1)(j) of the PFMA provides that schools submit a written assurance that effective, efficient and transparent financial management and internal control systems are implemented in schools. Furthermore, the South African Schools Act provides that the governance of a public school is vested in the governing body that stands in a position of trust towards the school. In essence, this also refers to accountability, which is the state of being accountable, liable and responsible for certain actions or decisions. Thus, the school governing body is accountable to the parents for school funds and the principal who is, by virtue of his position, an *ex-officio* member of the school governing body can play a supportive role in ensuring

that the school's finances are managed in a transparent and efficient manner. Participants shared their experiences as follows in reference to this theme:

P1: *"We have keen interest on transparency because at some point in this School, the treasurer and SGB chairperson were implicated in fraud and corruption due to them signing cheques that unduly benefited them at the expense of the school. Answering your question, the issue of trust, honesty and transparency are very important for they set one free in times of difficulty. I think on this one, I am on top of the game."*

The above extract shows that this participant views values of trust, honesty and transparency as indispensable for the efficient management of school finances. Moreover, these values are exhibited by the school in their daily handling and management of financial matters. The important role that this principal fulfils in terms of transparency, trust and honesty is also highlighted. However, this sentiment is contradicted by one of the teacher participants who aptly stated that:

T1: *"There is a very bad tendency of chosen few getting involved in spending processes of the school, so transparency only ends up being a lip service/ bickering."*

An inference that can be made is that claims of "transparency" does not translate into action within the schools, when the participant says: "... *transparency only ends up being a lip service.*" Furthermore, this extract is an indication that principals claim to be transparent with all finance related matters, but their actions reveal the contrary. This view is corroborated by another educator-governor who noted that:

T2: *"SGBs, parents, in particular, are still signing off blank cheques as instructed by the principals."*

The claims made by the participant in relation to the signing of "*blank cheques as instructed by the principals*" do not only highlight the lack of transparency, but also stresses the dominant behaviour of the school principal regarding the management of finances. These claims bear testimony to the lack of transparency which is a

requirement when dealing with public funds, especially at school level. One parent-governor highlighted the importance of accountability when he said:

SGB1: "As a chairperson of the SGB, I account for every financial expenditure with the treasurer and guard against improper expenditure."

4.3 Document Analysis

Documents that were observed and analyzed in all four participating schools, and these include, *inter-alia*: Trial balance, SARS records, Annual Financial statements, Bank statements, Bank reconciliation, petty cash journals, ledgers, payment cash books, receipt books, asset register and order voucher book.

Findings from the documents analyzed:

The findings are based on the stipulation of legislation SASA Section 42 (1996) wherein it is stated that SGBs must keep a record of funds received and spent by the public school and of its assets, liabilities and financial transactions; and as soon as practicable, but not later than three months after the end of each financial year, draw up a annual financial statements in accordance with the guidelines determined by the Member of the Executive Council.

The researcher found that in some schools, more than one bank account was utilized, and this was without the permission of the MEC. There is glaring non-compliance with the school's finance policy; as a matter of procedure, three quotes are required before effecting any purchase, but schools in this regard do not comply. There is serious extortion through unclearly charged fees from learners. This is found to be very serious by the researcher given that section 37(7) (c) prohibits this behaviour by SGBs. The researcher also discovered that in some schools, there is no bank conciliation done and even some cheque counter foils lack clear details of expenditure. Another finding was that donations to school are not used for the

purpose for which the funds were raised and as originally intended, and the fundraising proceeds are not well structured. In some schools, payments were made without the approval of all those in position of authority. Schools also run a risk of paying in advance and not receiving the items and may even face difficulties in getting refunds for the advanced payment. Paper trail of payment requisition vouchers, invoices and delivery notes are still a great concern since some schools have not generated them. To a large extent, schools do not observe their own finance policies to the letter, and this reduces these policies to just pieces of paper that are found in schools. The researcher also found that in some schools, the Asset register is not updated whenever a new asset is purchased, and this is as a consequence of schools not having an asset policy. Schools subjecting themselves to unplanned ordering of items is frequently experienced. Schools are falling victim of speculative expenditure wherein cost-effectiveness and cost-efficiency are overlooked. In essence, schools still lack the necessary skills and expertise to manage their finances.

4.4 Discussion of Findings

The preceding sections presented the data and findings of the study. This section presents the discussion of the findings. The discussion of findings is embedded within the literature reviewed in Chapter 2. The decentralization theory is used as the overarching framework for discussing the findings. This framework forms the cornerstone of the management of finances by school governing bodies in rural schools as decentralisation initiatives serve as a mechanism to strengthen the decision-making authority of school governing bodies in relation to accountability and efficient management of finances.

The discussion of findings illuminates six important themes. In this section, the themes referred to are: SGBs' understanding of their role in relation to financial management; the training of SGBs; collaboration amongst stakeholders in relation to the budgeting process; challenges experienced in relation to the management of finances; instructional requirements in relation to the school's budget; and implicit values required for the efficient management of finances. Each of these themes is explained in greater detail below.

4.4.1 SGBs' understanding of their role in relation to financial management

According to several authors (Naidu, 2007; Clase, 2007; Clarke, 2009; Beckmann & Prinsloo, 2009; Joubert & Prinsloo, 2009), the functions of the SGB in relation to the financial management of schools are clearly stipulated in Sections 36-43 of the South African Schools Act. However, despite the stipulation of these functions and guiding principles, it seems as if SGBs in these selected rural schools do not have a proper understanding of this important function. Joubert and Prinsloo (2009) stress the importance of a good understanding of all financial functions and the need to be familiar with basic financial management concepts and the implementation thereof. They argue that a good understanding of these concepts will help and contribute towards the efficient management of finances by SGBs. It appeared that all SGB members interviewed in this study fell short of a proper understanding of their roles and responsibilities regarding the management of school finances. In terms of executing the management the finances, it is clear that SGBs in the selected rural schools, and, in particular, parent-governors fell short of a proper understanding and lack the capacity to execute this important governance function effectively and efficiently.

4.4.2 Collaboration amongst stakeholders in relation to the budgeting process

The planning of school finances usually begins with the drafting of a budget (Kruger, 2005). Mestry (2006) concurs with this view when stating that the South African Schools Act gives the SBG full responsibility for managing the finances, including preparing the annual budget. Several participants, including educators and SGB chairpersons interviewed in this study, indicated that they were excluded from financial decisions in relation to the preparation of the budget, as this activity was reserved for a selected few because the principal and/or chairperson of the SGB did not discuss this with them. Clarke (2007) argues that preparing the annual budget is probably the biggest challenge for SGBs. It is against this backdrop that Mestry (2004) asserts that although the SGB is responsible and accountable for the management of all funds, including the planning of the budget, the principal must facilitate, support and assist SGBs in the execution of this task. As a result of the SGBs' poor financial management, most governance functions are deferred to

educators and principals, which, in turn, creates tension with other governors who see themselves as being dominated and merely used as “rubber stamps” (Grant-Lewis & Naidoo, 2006). This role might have the tendency to position the principal above all other members of the SGB and thus create conditions of dominance. This occurrence is contrary to the principles set out in Section 30 of the South African Schools Act which provides for the SGB of a school to set up a finance committee with sub-committees. The core of this policy initiative and legislation points to a process of decentralized decision-making and when *decentralization* is applied to an educational context, for example schools, it suggests an increase in school autonomy and the sharing of decision-making with teachers, parents, and the community at large (Pylman, 2013). The sentiments expressed by participants indicate serious difficulties in terms of collaboration, despite positive claims made by principals in this regard.

It also seemed as if parent-governors are being manipulated by educator-governors and that principals are largely the driving force in all planning and decision-making in relation the planning and preparation of the budget. This is in stark contrast with Mahlangu’s (2005) view that the primary role of a school governing body is enable parents to have a greater say in the education of their children and to bring democracy to a local level. For instance, the devolution of decision-making and administrative decentralization transferred the authority in relation to finances from the Department of Education to SGBs (Pylman, 2013). Thus, replacing deferring this important management function to principals and educators creates tension which hinders harmonious collaboration between parent and educator governors.

4.4.3 The Training of SGBs

Training of SGBs in financial management is essential in empowering and capacitating them with skills for execution financial management tasks. This view is supported by Du Preez and Grobler (1998) who assert that there is a correlation between sound financial management and effective, efficient SGBs. The HoD must ensure that SGBs are trained continually. Grant-Lewis and Naidoo (2006) note that the bureaucratic listing of SGB roles and responsibilities requires them to be trained to understand the legalese, be familiar with the Constitution, the South African

Schools Act and various provincial education Acts, as well as departmental regulations and policies. However, principals and parent-governors blame the difficulties in the management of finances on the lack of training of educator-parent governors. The lack of continuous training, ineffective training provided by departmental officials and lack of focus during training sessions are cited as major stumbling blocks contributing towards the difficulties experienced by SGBs. These views are supported by Van Wyk (2004) and Bush (2004) who claim that the training given to SGBs is usually ineffective as many departmental officials selected to train the SGBs are not experts in financial school management. Mestry (2004) affirms this view when stating that an important challenge faced by SGBs in relation to financial management is the lack of the necessary knowledge and skills for financial management.

4.4.4 Challenges experienced by SGBs in relation to financial management

Challenges experienced by SGBs in executing this important governance function (managing of finances) are manifested in various defensive behaviours. Principals and educators tend to apportion the blame for the difficulties experienced on the non-attendance of planned meetings by parent-governors, the unavailability of finance policies, and SGBs' inability to raise funds through fundraising efforts. Parents, in turn, blame educators for undermining them due their low literacy levels, thus creating feelings of inferiority amongst them.

A factor that further complicates the relationship between educators and parent-governors seemed to be the undemocratic behaviour of principals which results in a lack of harmonious relationships between the principal and parent SGB members. Indeed, most of the challenges listed here are in line with the findings of The Review Report (2004), which highlighted apathy in non-attendance of meetings and workshops, lack of teamwork and dominance by particular people as major stumbling blocks. A factor that further complicates the execution of this governance function (management of finances) is the unavailability of financial policies.

The organising of school finances should include drawing up a policy on the management of finances (Kruger, 2005). Clarke (2008) affirms this view when stating that one of the main purposes of the school finance policy is to put a system of

controls (checks and balances) in place to ensure that the school finances are safeguarded and correctly managed. However, Dieltien's (2005) contention is that school governors lack the capacity to develop policies that govern the management and usage of resources.

4.4.5 Instructional requirements in relation to the budget

Despite all the challenges that beset the management of finances in the selected schools, it seemed that every effort is made to provide for the instructional needs of learners. Nyambi (2004) notes that the SGB should have the capacity to translate financial resources into physical resources that promote quality education. Governors blamed the late payment of subsidies by the Department of Education as a major barrier which causes schools to generally fall short of their budgets. This late payment does not only hamper the school program but is also the cause of frustrations and tensions amongst educators and learners.

4.4.6 Implicit values required for the efficient management of finances

One of the participants (principal) views trust, honesty and transparency as indispensable for the efficient management of finances. The findings of several researchers affirm the importance of implicit values that are imperative for the efficient management of finances. Xaba and Ngubane (2010) assert that accountability is the cornerstone of ensuring that schools disburse funds allocated to them for the sole purpose of advancing the interest of the learners. According to Van Rooyen (2007), the governing body is charged with the financial accountability for management of finances, which entails an obligation to account for all prescribed financial actions.

Section 239 of the South African Constitution refers to public schools as state organs, with school governing bodies as accounting authorities, stressing the importance of accountability, transparency, professionalism and participatory

decision-making. Based on the findings of this study, it is noteworthy to mention that most, if not all, of the above values are not displayed by SGBs in this study. One participant referred to the value of transparency as *“being a lip service.”* The claims of trust, honesty and transparency by one participant (principal) are disputed by an educator participant (teacher) who noted that all these values are not translated into action with the *“signing of blank cheques”* by parent-governors and the involvement of a *“chosen few”* in the spending processes of the school. These actions translate into lack of trust between principals and SGBs in terms of financial management. The South African Schools Act gives the responsibility of financial management to SGBs and not to principals. Although some participants claimed efficiency in terms of the management of financial records, evidence proved otherwise and contradicts claims of accountability. This pertains to non-compliance with the school's finance policy, donations that are not used for intended purposes, fundraising proceeds that are not well structured, payments that are made without approval of those in authority, and the absence of payment requisition vouchers and invoices.

The implementation of the South African Schools Act in 1996 was the first attempt to involve parents in the governance of schools and to set guidelines for self-managing and governing of schools. Self-managing of schools, also referred to as decentralization, means that the State delegates authority to schools for a shared decision-making model engaging various stakeholders. Decentralization initiatives within the school context serve as a mechanism to strengthen the decision-making authority of SGBs, including increasing system-wide accountability and efficiency in the management of finances. Financial management is a crucial function of school governance; however, from the findings of the study, it is evident that SGBs in these selected rural schools do not have the capacity in terms of skills and expertise to make this important governing function a reality.

While decentralization has many positive aspects which include the elimination of government bureaucracy and increased efficiency and accountability, it seems not to be a solution to SGBs who are not competent, experienced and knowledgeable about governance, in particular, financial management.

4.5 Summary

In this chapter, the researcher presented, analysed and discussed the findings of the data gathered from participants. Data was coded into themes. From the findings, it was evident that SGBs in all the participating schools are not capacitated to fulfil that crucial management function efficiently. Various issues seemed particularly pertinent to SGBs' ability to manage finances efficiently. Some of these challenges are linked to contextual factors which include: SGBs' lack of understanding and capacity to manage finances; lack of collaboration amongst stakeholders in relation to financial planning; non-existent financial policies and the high rate of parent-governors' absenteeism from meetings; late payment of subsidies by the Department of Education which results in budgetary constraints; and failure to display indispensable values inherent to the management of finances. An external factor which is beyond the control of schools seemed to be the lack of continuous and focused training of SGBs by the Department of Education. The next chapter gives a summary of the entire study, concludes the study, and provides recommendations for practice and further study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This final chapter concludes the study by providing a synthesis of the literature and research findings. A synopsis of the foregoing chapters will firstly be provided. The key findings of the study are summarized, and potential contributions of the study are also presented. A concluding statement as well as recommendations for practice and further study are provided.



5.2 Synopsis of Chapters

The main purpose of the study was to explore the management of school finances by school governing bodies in selected rural schools in the Butterworth Education District. Four objectives were formulated, namely: to explore SGBs' understanding of their role pertaining to the management of finances; the patterns of collaboration between educators and parent-governors in relation to the budgeting process; the implicit values expressed through the financial management process; and the interface between instructional requirements and expenditure patterns of schools.

Chapter One

In this chapter, the background and orientation to the study was covered. The problem statement and the objectives of the study are clearly stated. The research questions, rationale, significance of the study and literature review were explored. In addition, the research paradigm design and methodology, data analysis, delimitation of the study as well as the chapter outline was explained.

Chapter Two

This chapter presented the theoretical framework in which the study is located. The literature was consulted in a manner consistent with the following headings: decentralization theory, school governance, composition of SGBs, legal framework

for managing school finances by SGBs, school governing bodies (Conceptualized), theoretical framework on school financial management and financial management in schools: an international perspective.

Chapter 3

This chapter presented an overview of the overall research design and methodology used in the study. It also unpacked the sampling and data collection instruments used in the study. Strategies to ensure trustworthiness and ethical considerations were also discussed.

Chapter 4

In this chapter, the researcher presented, analysed and discussed the findings of the data gathered from participants. Data was coded into themes. From the findings, it was evident that SGBs in all the participating schools are not capacitated to fulfil that crucial management function efficiently. Various issues seemed particularly pertinent to SGBs' ability to manage finances efficiently. Some of these challenges are linked to contextual factors which include: SGBs' lack of understanding and capacity to manage finances; lack of collaboration amongst stakeholders in relation to financial planning; non-existent financial policies and the high rate of parent-governors' absenteeism from meetings; late payment of subsidies by the Department of Education which results in budgetary constraints; and failure to display indispensable values inherent to the management of finances. An external factor which is beyond the control of schools seemed to be the lack of continuous and focused training of SGBs by the Department of Education.

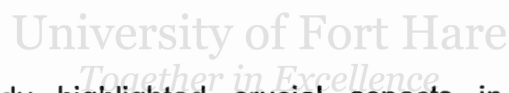
Chapter 5

This chapter presents the summary of the entire study, draws conclusions on all arguments raised and brings forth recommendations based on the findings of the researcher. The chapter further proposes recommendations for further study in this field.

5.3 Summary of the Main Findings

The discussion of findings is embedded within the literature reviewed in Chapter 2. The decentralization theory is used as the overarching framework for discussing the findings. This framework forms the cornerstone of the management of finances by school governing bodies in rural schools as decentralisation initiatives serve as a mechanism to strengthen the decision-making authority of school governing bodies in relation to accountability and efficient management of finances.

The discussion of findings illuminates six important themes. In this section, the themes referred to are: SGBs' understanding of their role in relation to financial management; the training of SGBs; collaboration amongst stakeholders in relation to the budgeting process; challenges experienced in relation to the management of finances; instructional requirements in relation to the school's budget; and implicit values required for the efficient management of finances.



Findings from this study highlighted crucial aspects in relation to financial management by school governing bodies in selected rural schools in the Butterworth Education District. Despite the fact that the focus of this study was not aimed at challenges experienced by SGBs in terms the execution of this important governance function, it appeared that several context based as well as external challenges are besetting SGBs in the execution of this task. Aspects that seem to be of importance are discussed below.

It appeared that all SGB members in this study fell short of a proper understanding of their roles and responsibilities in relation to the management of finances. Thus, it appeared that SGBs in these schools lack the necessary skills, knowledge and expertise to execute this important task successfully.

Several participants, including educator-governors and SGB chairpersons indicated that they are excluded from financial decision-making in relation to the preparation and planning of the budget, as this activity is reserved for a selected few. There is also a tendency to position the principal above all other members of the SGB, thus creating conditions of dominance. There is a lack of collaboration amongst all

stakeholders as most governance functions are deferred to educator-governors and principals. Deferring this important management function to principals and educators creates tension which hinders harmonious collaboration between parent- and educator governors.

The lack of continuous training and ineffective training by departmental officials and lack of focus during training sessions are cited as major stumbling blocks contributing towards difficulties experienced by SGBs.

Absenteeism from meetings by parent-governors, SGBs' inability to raise funds, the undemocratic behaviour of principals which hinders a harmonious relationship between the principal and parent-governors, lack of team work, and non-existent financial policies surfaced as major challenges.

Every effort is made to provide for instructional needs of learners; however, the late payment of subsidies by the Department of Education which results in budgetary constraints seemed to hamper schools' efforts to address all their educational needs and the provision of quality education.

The values of trust, honesty, transparency and accountability surfaced as implicit values that are imperative for the successful and efficient management of finances. Despite the importance of these values, evidence in the study suggests that these values are not displayed by some of the educator-governors, in particular, principals. Decentralization, as a mechanism to strengthen the decision-making authority of SGBs, seems to fail as a solution for SGBs who are not competent, experienced and knowledgeable about governance, in particular, financial management.

5.4 Potential Contributions

The study attempted to unearth experiences of SGBs in the execution of their mandatory functions as Section 21 rural schools in the Butterworth Education District. This effort may, in turn, assist SGBs and the DoE to benefit from the findings of the study. The study could also enable SGBs to acquire a better understanding of the challenges pertaining to financial management responsibility they face in rural schools during the execution of this responsibility. Through acquisition of information

in relation to these challenges, SGBs will be better capacitated to deal with such challenges. Moreover, they will be important contributors in the decentralisation of powers to schools for better management of school finances. The researcher hopes to positively contribute in this sphere, given its importance in school financial management by SGBs in the Butterworth Education District.

5.5 Conclusion

Evidence in this study revealed that school governing bodies do not really succeed in managing finances efficiently. Various factors which vary from context-based challenges to external factors which are beyond the control of SGBs are responsible for this state of affairs. The empowerment of SGBs, improved collaboration amongst all stakeholders, the training of SGBs and displaying values and trust, transparency and accountability are indispensable for the successful and efficient execution of this important governing task. Although these findings cannot be generalised to all governing bodies in the country and all rural schools, in particular, this study provided valuable insights into SGBs' ability to manage finances in rural schools.

5.6 Recommendations

The recommendations from this study are as follows:

5.6.1 Recommendations for practice

- Empowering and training of SGBs

Training of SGBs based on capacity building on different aspects of school governance as this will enable them to execute their roles and responsibilities from positions of authority. In-depth training on different aspects pertaining to the management of finances which include the training of different committees, for example, the finance committee and guidance on the drafting of finance policies. Training should be conducted on a continuous basis, and workshop facilitators should preferably be experts in their respective fields. Training should be context based to cater for unique conditions and circumstances in a particular school. With

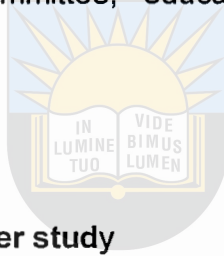
in-depth training being cost-effective and time-consuming, SGBs could also be encouraged to form clusters with neighbouring schools to share information and discuss challenges experienced.

- Support and mentoring from the Department of Education

Task teams should be established at district level to render continuous mentoring and support to schools.

- Regular meetings to promote collaboration

Regular feedback and planning meetings between the different stakeholders which include parents, the finance committee, educators and SGBs are vital for accountability and transparency.



5.6.2 Recommendations for further study

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Comprehensive studies on financial management in other school systems, for example, former Model C schools should be carried out.

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APPENDICES

Appendix A: University Ethics Clearance



University of Fort Hare
Together in Excellence

ETHICAL CLEARANCE CERTIFICATE REC-270710-028-RA Level 01

Certificate Reference Number: PYL031SMDI01

Project title: Managing of school finances by School Governing Bodies in selected rural schools: A case study of four primary schools in Butterworth Education District.

Nature of Project: Masters

Principal Researcher: Khayaletu Chris Mdingi

Supervisor: Dr JN Pylman

Co-supervisor:

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research

The Principal Researcher must report to the UREC in the prescribed format, where applicable, annually, and at the end of the project, in respect of ethical compliance.

Special conditions: Research that includes children as per the official regulations of the act must take the following into account:

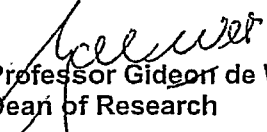
Note: The UREC is aware of the provisions of s71 of the National Health Act 61 of 2003 and that matters pertaining to obtaining the Minister's consent are under discussion and remain unresolved. Nonetheless, as was decided at a meeting between the National Health Research Ethics Committee and stakeholders on 6 June 2013, university ethics committees may continue to grant ethical clearance for research involving children without the Minister's consent, provided that the prescripts of the previous rules have been met. This certificate is granted in terms of this agreement.

The UREC retains the right to

- Withdraw or amend this Ethical Clearance Certificate if
 - Any unethical principal or practices are revealed or suspected
 - Relevant information has been withheld or misrepresented
 - Regulatory changes of whatsoever nature so require
 - The conditions contained in the Certificate have not been adhered to
- Request access to any information or data at any time during the course or after completion of the project.
- In addition to the need to comply with the highest level of ethical conduct principle investigators must report back annually as an evaluation and monitoring mechanism on the progress being made by the research. Such a report must be sent to the Dean of Research's office

The Ethics Committee wished you well in your research.

Yours sincerely


Professor Gideon de Wet
Dean of Research

04 June 2015

Appendix B: Letter from Department of Education



Province of the
EASTERN CAPE
EDUCATION

STRATEGIC PLANNING POLICY RESEARCH AND SECRETARIAT SERVICES
Steve Vukile Tshwete Complex • Zone 6 • Zwelitsha • Eastern Cape
Private Bag X0032 • Bhisho • 5605 • REPUBLIC OF SOUTH AFRICA
Tel: +27 (0)40 608 4773/4035/4537 • Fax: +27 (0)40 608 4574 • Website: www.ecdoe.gov.za

Enquiries: NY Kanjana

Email: nykanjana@live.co.za

Date: 30 July 2015

Mr Khayaletu Chris Mdingi

New Look Location

P.O. Box 715

Ngqamakhwe

4990



Dear Mr Mdingi

PERMISSION TO UNDERTAKE A MASTERS STUDY: FINANCIAL MANAGEMENT BY SCHOOL GOVERNING BODIES IN THE FOUR SELECTED RURAL PRIMARY SCHOOLS

1. Thank you for your application to conduct research.
2. Your application to conduct the above mentioned research in four schools under the jurisdiction of Butterworth District Office of the Eastern Cape Department of Education (ECDoE) is hereby approved based on the following conditions:
 - a. there will be no financial implications for the Department;
 - b. institutions and respondents must not be identifiable in any way from the results of the investigation;
 - c. you present a copy of the written approval letter of the Eastern Cape Department of Education (ECDoE) to the Cluster and District Directors before any research is undertaken at any institutions within that particular district;
 - d. you will make all the arrangements concerning your research;
 - e. the research may not be conducted during official contact time, as educators' programmes should not be interrupted;
 - f. should you wish to extend the period of research after approval has been granted, an application to do this must be directed to Chief Director: Strategic Management Monitoring and Evaluation;



- g. the research may not be conducted during the fourth school term, except in cases where a special well motivated request is received;
 - h. your research will be limited to those schools or institutions for which approval has been granted, should changes be effected written permission must be obtained from the Chief Director: Strategic Management Monitoring and Evaluation;
 - i. you present the Department with a copy of your final paper/report/dissertation/thesis free of charge in hard copy and electronic format. This must be accompanied by a separate synopsis (maximum 2 – 3 typed pages) of the most important findings and recommendations if it does not already contain a synopsis.
 - j. you present the findings to the Research Committee and/or Senior Management of the Department when and/or where necessary.
 - k. you are requested to provide the above to the Chief Director: Strategic Management Monitoring and Evaluation upon completion of your research.
 - l. you comply with all the requirements as completed in the Terms and Conditions to conduct Research in the ECDoE document duly completed by you.
 - m. you comply with your ethical undertaking (commitment form).
 - n. You submit on a six monthly basis, from the date of permission of the research, concise reports to the Chief Director: Strategic Management Monitoring and Evaluation.
3. The Department reserves a right to withdraw the permission should there not be compliance to the approval letter and contract signed in the Terms and Conditions to conduct Research in the ECDoE.
 4. The Department will publish the completed Research on its website.
 5. The Department wishes you well in your undertaking. You can contact the Director, Ms. NY Kanjana on the numbers indicated in the letterhead or email nykanjana@live.co.za should you need any assistance.



NY KANJANA
DIRECTOR: STRATEGIC PLANNING POLICY RESEARCH & SECRETARIAT SERVICES
FOR SUPERINTENDENT-GENERAL: EDUCATION



Appendix C: School Letter

LUKHANYISO J.S.S - UNITY IS STRENGTH



P. O. Box 18, NQAMAKWE, 4990

Contact number: 083 394 9398

Telefax: 047 487 9841

DATE: 13th October 2015

C.K. Mdingi
New Look Location
P.O. Box 715
NQAMAKWE
4990



Sir

RE: GRANTING PERMISSION TO CONDUCT RESEARCH AT LUKHANYISO J.S.S.

University of Fort Hare
Together in Excellence

I, Magcoba Z. the Principal of Lukhanyiso J.S.S., EMIS No. 200300240 grants you a permission to come at our school to conduct a research as per your request.

We wish you all the best in your endeavors.

Yours sincerely

Magcoba Z. (Principal)

LUKHANYISO J.S.S. SCHOOL
P. O. BOX 18
NQAMAKWE 4990
PRINCIPAL
DATE 13/10/2015

Appendix D: Interview Schedule

Interview Schedule for Participants

NB: The survey is meant for academic purposes only and will be treated with confidentiality.

The primary objective of this study is to explore the management of school finances by School Governing Bodies in the selected rural schools in the Butterworth Education District

SECTION A: PARTICIPANT INFORMATION

1. Code of participant
2. Date .../ ... / 2016
3. Contact Details (for follow up purposes only)
Tel/Cell#.....
4. Occupation of informant
5. Male Female



University of Port Hare
Together in Excellence

SECTION B

1. What is your understanding of financial management in schools?
2. What is your role or what role or responsibilities do you fulfill in the management of finances?
3. To what extent are you successful in performing your role or responsibilities regarding the management of finances?
4. What training or assistance do you receive or have you received in relation to financial management?
5. How do you involve parents and teachers in the budgeting process?
6. Do you have a school budget? and what processes are followed when drawing up a budget for the school?
7. How often do you give parents a report on financial matters of the school?
8. How does the school budget provide for all the needs of the school?
9. How often do you prepare a financial statement and reports for parents?
10. How important are the values of trust, honesty and transparency in the management of finances?

Appendix E: Letter to School Principals to Conduct Research

New look location
P.O. Box 715
Ngqamakwe
4990
12 October 2015

The principal
Lukhanyiso
Butterworth Education District
Butterworth
4960

Sir

REQUEST TO CONDUCT A RESEARCH IN YOUR SCHOOL

I Khayaletu Chris Mdingi, a Master of Education student at the University of Fort Hare, East London Campus, wish to be allowed to conduct a research in your school. This matter has already been communicated with the Provincial Department of Education as well as the Butterworth Education District wherein permission has since been granted.

I hope that you will find this in order so as to enable me finalize my studies at the above mentioned institution.

University of Fort Hare
Together in Excellence

Yours sincerely
K.C. Mdingi
Principal of Butterworth High



Appendix F: Provincial Approval Letter to Conduct Research



Province of the
EASTERN CAPE
EDUCATION

OFFICE MANAGEMENT & SUPPORT SERVICES

Butterworth Education District • Mission Location • Butterworth • Eastern Cape
Private Bag X3019 • Butterworth • 4960 • REPUBLIC OF SOUTH AFRICA
Tel: +27 (0)47 4017743 Website: www.ecdce.gov.za

Enquiries: Ms T.V. Sukwana

Date: 08/10/2015

TO : K.C. MDINGI
FROM : THE DISTRICT DIRECTOR: BUTTERWORTH
DATE : 08 OCTOBER 2015

SUBJECT : PERMISSION TO CARRY OUT RESEARCH PROJECT IN SCHOOLS

Permission is hereby granted for you to visit schools in the Butterworth District in line with the Acting Superintendent General's approval as well as the attendant conditions. You will also be required to make the necessary logistical arrangements including making the school managers aware.

Schools that you will be visiting are the following:

1. S.W. Mbang J.S.S
2. Ncapayi J.S.S.
3. Davies J.S.S.
4. Lukhanyiso J.S.S.

The Department wishes you well in your research studies.

Thanking you in anticipation

Yours in service


.....
M.A. JACK
DISTRICT DIRECTOR

building blocks for growth



Namva eliqoqambileyo!

Appendix G: Consent Forms

NAME OF APPLICANT

Ethics Human 2011

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OFFICE USE ONLY

Ref	Date
-----	------

If possible, our organisation would like to come back to this area once we have completed our study to inform you and your community of what the results are and discuss our findings and proposals around the research and what this means for people in this area.

INFORMED CONSENT

I hereby agree to participate in research regarding *Financial Misconduct* I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

I have received the telephone number of a person to contact should I need to speak about any issues which may arise in this interview.

I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.


Signature of participant

University of Fort Hare
Together in

Date: *27/10/2015*

I hereby agree to the tape recording of my participation in the study


Signature of participant

Date: *27/10/2015*

NAME OF APPLICANT

Ethics Human 2011

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OFFICE USE ONLY

Ref	Date
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If possible, our organisation would like to come back to this area once we have completed our study to inform you and your community of what the results are and discuss our findings and proposals around the research and what this means for people in this area.

INFORMED CONSENT

I hereby agree to participate in research regarding *Environmental Monitoring*. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

I have received the telephone number of a person to contact should I need to speak about any issues which may arise in this interview.

I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.

[Signature]
.....
Signature of participant

Date: *23/10/2015*

I hereby agree to the tape recording of my participation in the study

[Signature]
.....
Signature of participant

Date: *23/10/2015*

NAME OF APPLICANT

Ethics Human 2011

<<

>>

OFFICE USE ONLY

Ref	Date
-----	------

If possible, our organisation would like to come back to this area once we have completed our study to inform you and your community of what the results are and discuss our findings and proposals around the research and what this means for people in this area.

INFORMED CONSENT

I hereby agree to participate in research regarding *Financial Management* I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

I have received the telephone number of a person to contact should I need to speak about any issues which may arise in this interview.

I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.


Signature of participant Date: *28/10/2015*

I hereby agree to the tape recording of my participation in the study


Signature of participant Date: *28/10/2015*

Document approved by UREC: 11 August 2011, V01

NAME OF APPLICANT

Ethics Human 2011

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INFORMED CONSENT

I hereby agree to participate in research regarding Education Management understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

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I understand that if at all possible, feedback will be given to my community on the results of the completed research.

N.V. Mtelwana
Signature of participant Date:.....

I hereby agree to the tape recording of my participation in the study

N.V. Mtelwana
Signature of participant Date:.....

Document approved by UREC: 11 August 2011, V01

NAME OF APPLICANT

Ethics Human 2011

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INFORMED CONSENT

I hereby agree to participate in research regarding *financial Management* understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

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I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.

[Handwritten Signature]
Signature of participant

Date: *23/10/2015*

I hereby agree to the tape recording of my participation in the study

[Handwritten Signature]
Signature of participant

Date: *23/10/2015*

Document approved by UREC: 11 August 2011, V01

NAME OF APPLICANT

Ethics Human 2011

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I understand that if at all possible, feedback will be given to my community on the results of the completed research.

M. M. [Signature]
Signature of participant Date:.....

I hereby agree to the tape recording of my participation in the study

M. M. [Signature]
Signature of participant Date:.....

Document approved by UREC: 11 August 2011, V01

NAME OF APPLICANT

Ethics Human 2011

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INFORMED CONSENT

I hereby agree to participate in research regarding *Foodbank Management*. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

I have received the telephone number of a person to contact should I need to speak about any issues which may arise in this interview.

I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.

[Signature]
Signature of participant

Date: *27/10/2015*

I hereby agree to the tape recording of my participation in the study

[Signature]
Signature of participant

Date: *27/10/2015*

Document approved by UREC: 11 August 2011, V01

NAME OF APPLICANT

Ethics Human 2011

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INFORMED CONSENT

I hereby agree to participate in research regarding Journal Management I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

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I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.

.....[Signature].....
Signature of participant Date: 27/10/2015.....

I hereby agree to the tape recording of my participation in the study

.....[Signature].....
Signature of participant Date: 27/10/2015.....

Appendix H: Editing signed certificate

No. 29, 2nd Avenue, Summerstrand, Port Elizabeth

**Professional
EDITORS
Group**



To whom it may concern:

This document certifies that the dissertation whose title appears below has been edited for proper English language, grammar, punctuation, spelling, and overall style by Ruby Mann, a member of the Professional Editors' Group whose qualifications are listed in the footer of this certificate.

Title:

**MANAGEMENT OF SCHOOL FINANCES BY SCHOOL GOVERNING
BODIES IN RURAL SCHOOLS – A CASE OF FOUR PRIMARY
SCHOOLS IN THE BUTTERWORTH EDUCATION DISTRICT**

Author:

MDINGI K.C.

Date Edited:

06 January 2017

Signed:

A handwritten signature in black ink, appearing to read 'Ruby Mann', is written over a horizontal line.

Ruby Mann

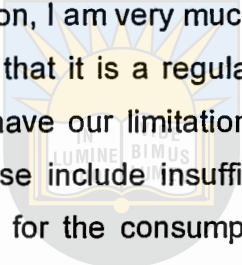
Appendix I : Transcribed Data

Topic: Management Of School Finances By School Governing Bodies In Selected Rural Schools: a case of primary schools in the Butterworth Education District.

The Interviewer Asked Participants the First Question (Question 1)

Interviewer: What is your understanding of financial management?

Principal A : mh mh... As person, I am very much aware of financial management of finances in schools for I know that it is a regulated process for appropriate use of funds, but as the school, we have our limitations in living to the expectation for a number of reasons. Some these include insufficient money to run the school, in-availability of policy guidelines for the consumption of SGB members and lack of skills to raise funds to supplement the little that we get from the department as expected by law.


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Probe: oh yah! this sounds really good! can you tell more on this if you do not mind measking.

Principal A : "Sure no problem , there is a committee that specifically deals with the budget, called FINCOM, with informed roles. When I budget, I do A needs analysis and give that information to the SGB, then report to general parents meeting where we display transparency, and all committees are involved and their needs are taken into consideration through procurement process. That is my understanding of finance management in schools. There is no clear distinction of roles between the finance clerk and the treasurer such that in our school, we have decided to have a joint meeting that they do not have to fight over the turf for they have to complement one another instead of competing with one another"

Interviewer : Thank you so much, wow! that was really impressive.

The same question was asked from Principal B to Principal D

Principal B: "Well I think I understand though mmh I cannot be that sure for these things keep on changing. These roles are kind of interwoven, and there is no clear distinction and as the school, we decided a long time ago that we shall save ourselves time by allowing the finance committee to do everything and unfortunately, we do not have someone in the employ of the school to do the clerical work as in most cases, it ends up being my business alone".

Probe : why it is so?

Principal B : "It all depends on the taste or interpretation of the circuit manager who sometimes when comparing with other principals, requires a different approach on the finance matters".

Principal C "I understand financial management to me is about managing funds from the DoE each year, and those monies have to be reported to both the department and communities/stakeholders. This exercise is guided by the paper budget from the Department of Education wherein the actual budget is done by stakeholders, teachers and SGB".

Principal D : "In my view, management of finances of finances means how monies are managed, cost centres be taken into consideration, involvement of all stakeholders, teachers and SGB. We do not have a procurement committee to do the work, all we do is we use the finance committee on the basis that there is not enough personnel. Cashbook management is done and reporting done to the Circuit manager every 20th day of the month; that's all I know".

The same first question asked from all principals of the four schools was also asked by the researcher from all Chairpersons of SGBs and the responses were as follows:

SGB A : "As a chairperson of SGB, I account for every financial expenditure with the treasurer. This I happened to learn about in a workshop conducted by the Department of Education (which was very brief for my liking for it just lasted for few hours) which was my first ever since being elected as the chairperson in this school".

SGB B : "My understanding is that the principal meets with the Senior Management Team of the school and tells us what to do with the money. They are the ones who know the priorities of the school".

SGB C : "I think I am not well aware of the finer details of finance management,

reason being that I was never trained on the matter or learnt anything officially, but I use my personal wisdom on a daily basis, The challenge is that even when these workshops are convened, they exclude other role players so you find only a few of the role players are invited to the workshop who, in turn, do not share the acquire information on the basis that they are confused by what was said and shared in the workshop given the language used by the facilitators”.

SGB D : “I really do not have an idea of what you are talking about for all I know is the finance committee which does all the work, maybe because I am new in the **SGB**, I am not aware of such; in fact, in many things the principal seems to be knowing all these things. My understanding is that monies must be used properly and reports be handed to the SGB every year”.

Researcher (probe) have you shared all?

SGB D : "oh! yes, yes, I think I have answered your question sir".

Then the focus on the same issue of "understanding of financial management was on teachers, and the interviewed had this to say:

T-A : “This has to do with the day-to-day records of expenditure and keeping proper trail of all transactions on the finances of the school”.

T-B : “We are happy here at school. The principal is transparent for he presents the budget to everyone and everything is known to us”. I have to be honest with you, in our school, we do not have this committee that procures and as such, there is no clear process that is followed in doing this work”.

T-C: "er ... What I know is that I was never trained on this thing or learnt anything formal but is all my personal curiosity and wisdom. The finance committee which procures and this being the official route takes a long time to resolve a problem, and such delays which may be a recipe for instability at school may crop up”.

T-D: "Managing school finances means being procedural not contradictory to the Acts of government. It means documentation of purchases and invoices. The above would be a true reflection of proper management.

Treasurers/finance clerks when asked the same question had the following responses:

SGB A : "My understanding is that funds are from the Department of Education,

paper budget is key, receipts for fund raising are made available at the time of need and are reflected in the receipt book. Deposits are done at the bank, and receipts are filed here at school".

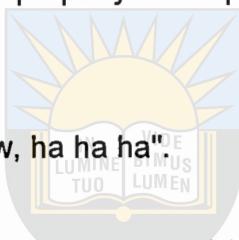
SGB B : " It means the way of managing funds of the school and the way you distribute the funds for the school's needs. Teachers, principal and SGBs are involved in the process".

SGB C: "Given that monies are not spent properly, the budget has to be done properly and virement is not done properly as this happens in other schools, but here at school, the budget is done properly"

SGB-D : "Monies are to be used properly and reports be submitted to SGB and parents".

Probe: Are you done Sir?

SGB-D: "Yes Sir, I am done now, ha ha ha".



THE INTERVIEWER ASKED THE PARTICIPANTS THE SECOND QUESTION AS REFLECTED IN THE INTERVIEW SCHEDULE (QUESTION 2):

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INTERVIEWER: What is your role or what role or responsibilities do you fulfill in the management of finances?

P-A: "There is no clear distinction of roles between the finance clerk and the treasurer. As such, in our school, we have decided to have a joint meeting so that they do not have to fight over the turf for they have to complement one another instead of competing with one another. You see, given that fund raising is a challenge in our school due to non-co-operation of parents, I devise other means like looking for sponsors elsewhere like Eskom; I also write asking for donations; I later inform the SGB about my moves and inform the the entire community. For example, we have contacts with Chippa United Foot Ball Club since we expect them to adopt the school".

Probe : Okay, I understand your point. Thank you for sharing these moves with me.

P- B : "I do not have a clear understanding of my role, but I do not sign anything for we were told by the Department that it is wrong for the Principal to sign cheques. I have a serious concern on handling of petty cash in particular when there is change which gets used without following the due process. This is often experienced when there is a match and cheques signed were more than the amount required due to

things like discount being negotiated, and there is change from the money requests from the school. So this is my role as the principal to ensure that everything is done according to the book. There is no clear distinction of roles between the finance clerk and the treasurer. As such, in our school, we have decided to have a joint meeting that they do not have to fight over the turf for they have to complement one another instead of competing with one another”.

INTERVIEWER: Thank you, can we go to the next question for you?

P-C: “All I do is to ensure that finances are utilized according to budget, avoid over-expenditure as well as under-expenditure. I ensure that school funds are banked, and monies raised by the school are taken good care of. My role is to ensure that finances are utilized according to the budget. We avoid over-expenditure or under-expenditure. To ensure that school finances are banked, donations and fundraising are taken to the bank. We observe the reporting mechanisms as prescribed by the donors, and we have sound relations with the donors”.

P-D: “I supervise everything and ensure proper spending by sub-committees of the SGB, guard against over-spending. If there is shortage in one cost centre, we loan from another one that still has enough money and also ask for donations from the community. We also interact with donors while some sponsors do not want to be known by the public”.

THE RESPONSES OF OTHER PARTICIPANTS ON THE SAME QUESTION WERE AS FOLLOWS:

SGB-A: “I make sure that the budget is properly structured and guard against improper expenditure; I also assist in raising funds for the grade R teachers where parents are expected to pay the money”

INTERVIEWER: Does this mean you sometimes have improper expenditure in the school? If so, would you mind telling me more about it or provide examples of such instances?

SGB-A : “No no no, I just say if there is anything that can come up as improper expenditure, as we hear about these challenges in other schools, and I do not want to go to jail, I have to do my work properly and be thorough”.

INTERVIEWER: Okay, thank you for this explanation.

SGB-B: “I am really not sure because I am not hands-on for I am not even a signatory in finances of the school; the controversy is on management of change

when there has been a sporting activity which required purchase of catering and transport payment for it does not go to the bank, it ends up being used as the petty cash, and this makes no one to know the petty cash amount. I oversee and ensure that monies are spent. There is harmony in the school, and things are done peacefully here".

Probe: You mean there is no problem whatsoever?

SGB-B: "Oh! yes, everything is done peacefully here".

SGB-C: "My understanding is that this is about the signing powers. We are informed about any cheque to be signed. We also have a financial report once a year"

SGB-D: "It is guarding against misuse or misappropriation. Everyone signs something that he/she knows if not known to him, he/she does not sign"

Probe: Are you through?

SGB-D: "I can say no money is used without my knowledge; no cheque is signed without my knowledge".

T-A: "Mine is just to express the needs of teachers whenever there is a finance committee meeting. Sometimes I am asked to scribe for the meeting as many parents do not have the skill to record minutes".

T-B: " I do understand although I am not really hands on as a teacher, I am not signing; I guard against mismanagement of finances. Even the signatories are monitored, and all expenditures are monitored".

T-C: "My duties are to collect monies, doing cashbook, statements and financial reports for the month"

Probe: Do you have any letter with you appointing you to do this wok?

T-C: "No, it is something that was discussed and agreed in one finance committee meeting"

T-D: "Everything is recorded that talks to SGB matters and purchases. Also I am a signatory at the bank and in-contact is available. I also collect statements from the Bank".

INTERVIEWER ASKED TREASURERS/FINANCE CLERKS THE SAME QUESTION AS ABOVE:

SGB-A: "My role is to monitor the operations of SGB in finance matters. I take up Virement matters with the principal of the school. I check the cost centers and expenditure patterns of the school. So, this is my role as a finance clerk here at

school".

SGB-B: "My role is signing of cheques when approved. Collect bank statements from the bank, ensure that they are kept in safe place here at school is to keep receipts/ records of the school. The principal has the access to the strong room and no one else".

SGB-C: "My role is to collect monies, doing cash book, statements from the bank and financial report for the month".

SGB-D: "No money is used without my knowledge, no cheque is signed without my knowledge. So that is basically what I do as a treasurer of the school".

THE INTERVIEWER ASKED THE THIRD QUESTION (QUESTION 3):

To what extent are you successful in performing your role or responsibilities regarding the management of finances?

RESPONDENTS HAD THIS TO SAY:

P-A: "We are not very successful in doing the job due to a number of shortfalls.

There are also constraints like having to consult everytime expenditure is to be made and delays on payment of subsidies by the department, something which makes it very difficult to even improvise in addressing challenges of the school. This is made more difficult by parents who are not willing to assist the school financially; they are not willing even to assist with voluntary contributions".

P-B: "I can say we are not successful due to challenges that confront us on a daily basis such that I can say handling these finances is a frustration and a risk of being charged by the department or end up in jail if anything goes wrong although we have not been properly equipped with the necessary skill to perform this function. It is a frustration indeed. Challenges are experienced in this regard, They pose a threat to the process, and mistrust and suspicions arise. I happen to know everything pertaining to finances more than teachers and everybody else; I sometimes fall into a trap of using money on something that it was not budgeted for by the school. This is as a result of the pressure on me by teachers who want their programs to go ahead despite not being budgeted for".

P-C: "We are successful, I can say, because there no protests from parents on

financial reports and management. There are no learners that have revolted questioning management of finances. The same applies to teachers, and this is so because of transparency that we display in handling the school finances."

P-D: "I can say we are fine because there had been no scandal or uprising or complaint or riot on the basis of poor management of funds. We are assisted by the support we get from the Circuit manager in this field. This is so despite the frustration we get around the late payment of tranches to schools by the Department. As a principal, in many instances, I use my own money and refunded at a later stage by the school. The finance officer is good, so this is very helpful to me as the principal in playing my role. As a principal, I do not sign at all".

SGB- A: "We are performing very well as the school although there are challenges which we are able to sort out spot-on. Deposits by the Department of Education come down to our school very late. Monies are taken from other budget posts to cater for school children".

SGB-C: " I can say we have been successful for the past three terms and all is going well. Transparency is key in our operations".

SGB-D: " I can say we are successful for there has been no complaint from all stakeholders, including children and parents. I am not complaining, even myself as the chairperson of the SGB".

T-A: " I really do not have much to say in this matter, but there are challenges that confront the school in the entire process."

Probe: Would you mind sharing with me why you do not have much to say?

T-A :" Er..... It is a very sensitive matter and can compromise me if I can share with you so please understand my situation. I would say we are successful for we do not have any problems with the auditors for there has never been any disclaimer. The department does not fulfill its legislative mandate... that of subsidizing the school on time; as such, we feel the operations of the school are hamstrung by the inefficiencies of the department and this is usually a recipe for instability in schools".

INTERVIEWER: Okay, I understand.

T-B: "Challenges are experienced which pose a threat to the process and mistrust as well as suspicion which arises in the process of managing these finances. The principal is the one who knows everything pertaining to the finances more than teachers and everybody else. Sometimes the principal falls into a trap of using money on something that is not budgeted for by the school. This is as a result of the

pressure exacted by teachers on the principal for they want their programs to go ahead despite not being budgeted for."

T-C: " I can say yes we are successful. My experience in the field speaks for me, for there has been no audit finding or query in our finances as the school. So....Ja....we are indeed successful".

T-D: "Not that successful, but there is nothing that stops our operations even if the principal is not around. The SGB makes means that things must happen here at school all the time".

When Finance clerks/Treasurers were asked the same question, they had this to say:

SGB- A: "We have no problems with audits, and there is no disclaimer. The Department of Education does not pay out on time, and this results in shortfalls. Delays of the DoE affect the school operations, for example, while the year and activities start in January, monies are only deposited in April or even beyond by the Department. The school tries to address the matter, but finances are not enough".

SGB-B: "We are trying to be successful. Documentation collection is a challenge and assisted by the principal and security guards, I find a breakthrough on this matter. Things are difficult for me because I am also teaching; therefore, my focus is divided and I feel this requires someone who will only focus on finances and nothing else. I am sometimes distracted from my teaching for I have to attend to finance matters. This is very difficult because to collect receipts from teachers tend to be difficult wherein some would get lost in the process. Sometimes I will be compelled to go to the bank even if I did not intend going to town on a particular day. I also feel this is costly to me and very inconveniencing".

SGB-C: "We are very successful. I can say, everything is fine".

SGB-D: "Here at school we are not successful although the principal is open and approachable. Monies from the DoE are not enough, and the school is frequently vandalized. There is no security. Parents are very difficult when it comes to donations. We request a donation of R50.00 to supplement the little that the school has, but parents do not even attend meetings so attendance is always poor".

THE INTERVIEWER ASKED THE PARTICIPANTS THE FOURTH QUESTION (QUESTION 4):

INTERVIEWER: what training or assistance do you receive or have you received in relation to financial management?

P-A: "Disaster is in many forms, but I believe appointing a principal with no skills in a financial position is a recipe for disaster to the whole school. The only mini-training I received from the department is when I was still Head of Department in another school. Eversince, I got promoted, no training has been conducted; despite my numerous submissions of request to the department for appraisal and development in this field, nothing happens. I therefore rely on scanty information to manage the finances of my school whilst everyone sees me as a knowledgeable person"

P-B: "Yes, there is training which is not specific on finances but only done during the induction of SGBs, which takes hardly three hours. This has a potential of leaving people with insufficient information. It is a once-off training. The very workshop is overloaded in terms of the numbers of the attendees, and justice is not done. Giving this kind of responsibility, of managing funds, without a background in finance management or proper training of us as principals is, in one way, destining us for failure if not a free ticket to fail, especially on things that include misappropriation of funds. I have not been developed to the level that one would wish to reach in managing these finances so I still need capacitation in this area".

P-C: "The qualifications of the facilitators in these one day workshops in this field are questionable to an extent that this responsibility should be outsourced by the department for efficiency and quality purposes, not just malicious compliance. Even when we make submissions on finance matters at the district office, there is no proper checking of any errors that might have occurred at the school level. I really need a workshop, an extensive one, both on PFMA and Finance Management Guidelines of the DoE".

P-D: "The SGB training is the one that helps the school because we get pamphlets for easy reference. If truth be told, this mini-training is once in three years, which means it is only meant to induct the newly elected SGBs without having enhanced the level of understanding of those who were serving before the election process. My wish as the principal is that this should be continuous to ease the load on my

shoulders which, to a certain level, compromises me and causes unnecessary suspicion from certain corners of stakeholders, that I am not utilizing the money as directed by law".

SGB-A: "There has been no proper training on the matter; I need more capacity from the DoE. I just now rely on my personal background."

SGB-B: "If it was not for our helpful principal, we would be in trouble as the school. The so-called workshop is not satisfactory at all. The lack of continuous extensive training through workshops because SGBs (parents in particular) do not to participate to their fullest potential for they always feel inferior to either principal or teachers who serve in the SGB. The workshop that I attended was about the signing which is done after careful consideration of a request presented to the SGB. The principal also helps when we have challenges. The standard of the workshop was not satisfactory at all".

SGB-C: "I only had my first and only training in 2015 which was conducted by the DoE. The point of emphasis in that workshop was Nutrition money expenditure. There was not much that was said about general management of school finances in the workshop. We were also just cautioned about signing blank cheques wherein we were told that that exercise is illegal".

T-A: "Training is what is not done correctly by our department. I suspect for those who have attended, they would come back confused and not different from ones who use their personal wisdom or interpretation of the policies that guide the process of managing the school finances".

T-B: " Oh yes! there is training which is not specific on finances but only done during the induction of SGBs. There is no precise capacitation. This has a potential of leaving people with insufficient information due to lack of detail. The workshop is overloaded in terms of numbers of attendees and justice is not done".

T-C : "Here at school, there is no training that has been received except workshops by DoE at the district. Even that workshop is not good; it is just a repetition of the same thing that we already know".

T-D: "Yes there is training even though it does not live to expectation".

THE FINANCE CLERKS/TREASURERS HAD THIS TO SAY:

SGB-A: "I was offered training where I got a certificate of attendance and the quality of it remains a concern".

SGB-B: "Yes, I received training by DoE twice; the budget issue was raised in that workshop. The cost centers issue was also raised".

SGB-C: "I have not received any training ever since I was employed by the school. I only rely on what I learnt at school. I also capacitate myself for I fear to fail the school while doing my work. Personal interest is the drive to be on top of my game".

SGB-D: "The training we received just cautioned us about other operations of the SGB... nothing else, as if the officials were responding to something that they were reported about concerning the operations of SGBs. They were very impartial on the matter, with unnecessary over-emphasis on the negatives and likely consequences instead of capacitating us. Time was a challenge for the real business of the day. I can say yes, but time if not the duration of the workshop was a challenge for it was too loaded, but congested into a one day affair".

THE INTERVIEWER HAD TO ASK THE FIFTH QUESTION (QUESTION 5):

INTERVIEWER: How do you involve parents and teachers in the budgeting process?

P-A: "We have sub-committees that are involved. We make them to submit their budgets to the finance committee which I am part of; these budgets are consolidated into an implementable budget. Even learning areas are taken into consideration in this committee. We allocate money to different cost centers according to needs and money available".

P-B: "Here at school, I do the budget together with the SGB then take it to teachers for discussion. Later on, it is taken to a general meeting for approval. Ja.... that is how we do it and involve parents".

P-C: "When we draw our budget, we involve all sub-committees of the SGB so as take informed decisions. The SGB is, in the process, represented by the chairperson, treasurer and the secretary. This we do because of the time constraints and limited personnel in the school. We then present it to the general meeting of parents. We do the actual presentation to the general meeting in March of the following year for we believe that it is linked to financial report".

P-D: "Meetings sit and involve all committees and SGB not FINCOM, then it is taken to parents. The potential of finances is a concern".

Probe: if you do not mind, could you please explain to me what you mean by potential?

P-D: "Oh.....no problem, I mean the money is not enough for all the needs of the school, so we try and rob Peter to pay Paul through prioritizing our activities although this causes tensions in the school as if other committees are less important as compared to others. We do not have a choice but explain to the affected ones".

SGB-A: "We need parents and teachers in all that we do, so we involve them and discuss things together. In our discussions, priority is always given to Nutrition for this is meant to benefit our children to frequently come to school".

Probe: if you do not mind me asking, would you please tell me what causes these tensions and how do you solve them?

SGB-B: "For sure, I don't mind. We become patient with them until they agree after a lengthy period for we avoid imposing budget to them".

SGB-C: "FINCOM sits first, then the SGB, then presentation is made to parents in a general meeting which is tasked to approve the proposed budget. Matters are then taken into consideration which include Infrastructure, electricity, LTSM, and many other things".

SGB-D: "The SGB meetings sit, and teachers follow by holding their own which feeds to the SGB, then parents are convened to a general meeting which decides on many issues of the school. Attendance is usually poor on the part of the parents".

SGB-B: "Teachers are represented in the SGB and Senior Management Team. Then the whole staff team gets the information through the representatives. In the first week of every school calendar year, parents are informed about the previous year's expenditure; they are also informed about the plans for the current year. In this meeting, they are given everything for the year. Tensions usually run high in these meetings. Parents are called to a general meeting to approve the budget. Attendance of these meetings is usually poor on the part of parents".

Probe: are you are aware of any reasons for parents not to attend this meeting in numbers?

SGB-D: "Yes I do, they are not interested in their children's education in the first place, and they do not like meetings that are to discuss monetary matters for they do not want to pay. They believe that education is supposed to be free, so no money must be paid to the school".

T-A: "Most of the things are decided by the SGB here at school, so there is very little

that we do as teachers, but we take what we are given as a budget for the school. Sometimes we direct learners to go complain to the SGB or the principal when they want to complain about something that is not happening which they expect to happen at the school which has financial implications".

T-B: "I can say we involve all affected people in the school, and the budget is adopted in a general meeting of parents although we keep on changing the budget during the year".

T-C: "Committees, parents, SGB are involved. Draft is done towards the end of the year but presented at the beginning of the following year to all stakeholders. Be that as it may, I think I only get involved on cleaning matters, uniform inspection and noise monitoring and not on finance matters. It is the principal's issue and the chosen few".

T-D: "SGB plays a leading role in the budget process. Transparency is key in their operations".

Probe: Do you have any finance committee or finance policy in your school?

T-D: "There is no FINCOM here at school; in fact, it is not functional and just merely exists. There is no know finance policy here".

THE SAME QUESTION WAS ASKED TO THE TREASURERS/ FINANCE CLERKS AND THEY HAD THIS TO SAY:

SGB-A: "The SGB members present the budget to teachers then to parents, which is are final. Then when the decision has been taken, it becomes a final budget. Not everyone becomes satisfied with allocations for the sub-committees that are in existence at school, but I must mention that there is no infrastructure committee at school".

SGB-B: "Committees sit and budget, and teachers will be explained to in a staff meeting about the budget proposed. Each committee has a parent serving in it or chairing it. We engage in this exercise during the last week of November or first week of December. For approval, the general parents' meeting is called".

SGB- C: "The Principal, SGB, Senior Management Team and teaching staff are taken on board, then the budget is presented to the general parents' meeting. Dates that are not busy are targeted for such a meeting to adopt the budget".

SGB-D: "Teachers and parents sit down to do the budget. Things like furniture are

purchased by them for the school".

THE INTERVIEWER ASKED PARTICIPANTS THE SIXTH QUESTION (QUESTION 6):

INTERVIEWER: Do you have a budget and what process are you followed when drawing budget for the school?

P-A: "Yes, we do have a budget and the prices that we follow are the ones which I have explained in the previous question. We do not have a different processes from the one already explained".

P-B: "Yes, there is a budget which caters for all activities giving priority to things that did not materialize the previous financial year. This is what we call push over approach"

P-C: "Yes, the process is the same as the one explained in the previous question. Transparency and objectivity informs these moves by the management of the school. I am knowledgeable through documents received from the DoE. My personal experience as a principal works for the school. It must be said that the DoE is not doing justice in training SGBs in finance matters. Some parents do not attend workshop for only the treasurer and chairperson attend. Even the language that is used at the workshop is a barrier to parents".

P-D: "Yes, centers are the guide as per the paper budget of the DoE. Towards the end of the year, it does not work and we do it at the beginning of every year, that is, in January".

SGB-A: "There is a budget which involves the SGB, teachers and SMT. Parents are involved at presentation time, but the budget is not enough, so prioritization is the way. Now for example, the computer laboratory is under construction".

SGB-B: "Yes, there is a budget, and all processes are followed. LTSM is the top priority followed by electricity. There is reviewal of a budget pertaining to LTSM due to material that was extra the previous year, so we spend less on it".

SGB-C: "Yes. The basis of the budget is the previous year's budget. The new budget is informed by the previous year".

SGB-D: "Yes, we do. Learner numbers are a determining factor".

T-A: "Yes we have. All role players are expected to do their best for the school to have a budget. So the budget is drawn through suggestions coming from small

committees and teachers".

T-B: "There is not much difference between the earlier explanation and the one I would give now for the process is still the same".

T-C: "Yes we do, and committees put their plans down where needs are solicited from conveners. The procurement committee sits and distributes the funds according to the presented need of the committees. Then breakdown is taken to teachers and SGB for endorsement".

T-D: "Yes we do have it, but it is symbolic because we do not stick to it at all here. Things are done in a most casual way, for example, there was no budget for the Grade 9 farewell and for Grade R graduation ceremony. This is a sin of either poor planning or insufficient funds that are allocated to schools to operate by the DoE".

WHEN TREASURERS AND FINANCE CLERKS WERE ASKED THE SAME QUESTION THEY HAD THIS TO SAY:

SGB-A: "Yes, we do have budget. The SGB sits and later teachers are informed, then parents will be made aware. They are the ones who finalize the budget for the school. The budget stretches from April to April of the following year. It must be said that the budget always falls short of catering for the needs of the school so the budget is not realistic at all".

SGB-B: "Yes, there is a school budget. The budget is informed by the monthly bills and debts of the school. Extra mural activities and infrastructure are also taken into consideration during the process of budgeting".

SGB-C: "Yes, we have it. The basis of the budget is the previous year's budget. The new budget is informed by the previous year".

SGB-D: "We are trying every year to have a budget, but it is not easy at all for us. Budget falls short of the needs of the school. We embark on this exercise at least once a year, that is, in January if possible or postpone to either March or April"

THE INTERVIEWER MOVED TO ASK PARTICIPANTS QUESTION SEVEN OF THE INTERVIEW SCHEDULE (QUESTION 7):

INTERVIEWER: How often do you give parents a report on financial matters of the school?

P-A: "We observe this obligation for we report at least four times a year to parents on finance matters".

P-B: "Here at school, we do it once a year. We do it at the beginning of every year due to poor attendance of meetings by parents".

P-C: "Frequency..... mh... No, we do it once a year, but we do submit reports to the DoE on a monthly basis and quarterly to the SGB".

P-D: "Let me not waste your time, we report only once a year to parents for obvious reasons that they do not come when a meeting is convened. Thank you".

SGB-A: "The behaviour of some principals cause parents serving in the SGBs to feel inferior, and this has a negative effect on meaningful parental participation in the SGB, especially in managing school finances. Some go to an extent of influencing other parents not to attend meetings on the basis of their dissatisfaction by a particular occurrence at the school".

SGB-B: "We do not even want to serve in the SGB because we hold a view that says that the role is for the literate and well educated people".

SGB-C: "We only report to parents once a year. Even SGB is not called except when there is a need for money to be used by the school. You will be surprised that this promotes signing of blank cheques here at school because no meetings are called by the principal; it is really bad".

SGB-D: "We report once a year in March. I can say at the begin of the year".

T- A: "Attendance is not good at all because some members of the SGB do not avail themselves in planning meetings and only attend when there is a general meeting only to differ with those who attend meetings frequently. This causes discontent in parents to an extent of leaving meetings saying that the SGB has to put its house in order for they cannot continue watching people who are supposed to be speaking in one voice differing in public. We do get reports at least once a year from the principal and the SGB as teachers".

T-B: "It is done at once a year, at the beginning of the year".

T-C: "Once a year , sometimes in March er..... We do not have clear reporting time here at school. The attendance is never good because meetings are only called once a year, and there is a strong feeling among stakeholders that they are only called when there is a problem at school or when the damage has already been done whereas they were not involved at the planning stage".

T-D:" We do get a report twice a year, for example, we get reports about tours and

reflections on operations during the year".

WHEN FINANCE CLERKS/TREASURERS WERE ASKED THE SAME QUESTION THEY HAD THIS TO SAY:

SGB-A: "We report quarterly, but attendance is not improving. Travelling distance is the problem confronting parents. The majority of our parents are involved in small businesses, and some are street vendors who cannot leave their businesses for a school meeting. Even when we try evening or afternoon meetings, we are not successful at all".

SGB-B: "We report in January or February, that is, in the first quarter to be precise".

SGB-C: "This we do once a year here at school".

SGB-D: "We do it in January taking advantage of the fact that parents are available for some are still pursuing proper registration of their children and are still keen to hear about the year's program of the school".

THE INTERVIEWER ASKED THE PARTICIPANTS THE EIGHTH QUESTION OF THE TEN QUESTIONS IN THE INTERVIEW SCHEDULE (QUESTION 8):

INTERVIEWER: How does the school budget provide for all needs of the school?

P-A: "We have a serious challenge on this matter due to unexpected circumstances. As the school, we revise the original budget, and this we do quarterly. Where we are unable to do it, we defer a program to the following year".

P-B: "How are we expected to run schools without subsidies for the whole term and also expected to fulfill additional functions? The notable delay in paying out subsidies to schools renders us principals as failures and causes instability in schools; the view that stakeholders hold is that the principal does not want a particular program to take place due to funds that are not available on the basis of the delay by DoE. The pressure is too much for one to attend to all competing needs of the school. Money is a determining factor; this dictates to the school. We even fundraise for the school where we send letters to parents informing them about it. We send these letters at the beginning of the year".

P-C: "We do needs analysis as the school which translates to programs of the school. Money is not enough for all the needs of the school. As the school, we

improvise to make things happen. What worries if not frustrate us more are the delays of the DoE in depositing the monies that are due to the school. This becomes more glaring when it comes to money for nutrition, which is a real frustration. This makes us to sometimes rob Peter to pay Paul. We do not have any prescribed way of handling this challenge and simply think and implement whatever solution comes our way. The pressure is too much for one to attend to all competing needs of the school. The situation becomes very confusing because we are told all the time that the school year starts in January and ends in December and our budget goes as such.

P-D: "I do not want to state the obvious... one thing for sure, the money is not enough for the needs of the school. There has to be an increase in what is given to schools because these people know that indeed, there are competing needs and if not addressed properly, can result in the destruction of the school by angry learners. The problem in this school is that the money is fundraised in order to pay the Grade R Practitioner. We hold a strong view that this is not the responsibility of schools but that of the department to pay these teachers".

SGB-A: "There is a delay to pay out by the DoE what is due to schools, and this makes it difficult to cater for the ever competing needs of the school. All we just do is to prioritise them, that is it".

SGB-B: "We just cannot afford to attend to all needs of the school in one year. All that we do is to reshuffle the budget to accommodate the pressing ones for the sake of progress and harmony in our school".

SGB-C: "The teachers manipulate the budget whenever there is a burning matter as people who are at school at all times and who feel the heat of the moment. They later report the matter to the SGB for ratification, and we do not have a problem with that for it prevents riots as well as instability at school. The principal maneuvers without the knowledge of the SGB any matter that seeks to address the competing needs, and parents would be reported to later by the principal of any changes in the budget. The due process is not followed when doing this".

SGB-D: "We try by all means to respond to some urgent matters which were originally not in the budget through virement from other cost centres, something we do not even do according to the acceptable standards of finance management. This is a serious problem facing schools, but when we do it here at school, we do it once a year in March".

T-A: "This is not easy for us given the limited amounts of money that are deposited by the department for the operations of the school. This is nothing else but a daily frustration which can even lead to a total collapse of the school when learners demand certain things from the school".

T-B: " I can say this is a serious problem. There is never enough money for our operations and when we ask parents to assist, they run away and claim that education is free".

T-C: "There is not enough for all the needs. Centralized procurement is a challenge, especially when it comes to change that is supposed to go the way of the school. We are even frustrated by the top slicing of the budget by the department that is supposed to be coming the way of the school. This forces the school to do the same activities, and this does not sit well with us. Although it is not an easy thing to strike a balance between these two, given that there is never enough money, priority is given to buying of books, curriculum activities, co-curriculum activities and extra-curricular ones are secondary. Sometimes this poses a threat to the school for learners. In collaboration with some teachers, they would push for extra-curricular activities to be top in the priority list and if not so, they would be tempted to leave the school in preference of schools that have those activities. This will have a potential of subjecting the school to closure".

T-D: "Priority is given to LTSM and curriculum activities; so co-curriculum and extra-curriculum activities are secondary in our operations as the school. This approach helps us manage the needs of the school".

FINANCE CLERKS AND TREASURERS HAD THIS TO SAY:

SGB-A: "We know there is not enough money for all the needs, but what we do is to rotate the priorities and opportunities so that we do not appear as being obsessed by a particular need at the expense of others".

SGB-B: "I cannot say the budget is okay, but activities in place are a determining factor, for example, this goes back to planning. We are, most of the time, forced to raise funds to address these needs through things like concerts, fun run, funny day and other things that have a potential to help the school get money".

SGB-C: "Not enough money for them, but we try by all means not address them. Virement is done to address the challenges if not needs by taking money from other

cost centers of the school budget for which we believe this is the legal process for school".

SGB-D: "The money is not enough at all to cater for the needs of the school. Learner numbers fluctuate over the years, and the DoE does not take this matter seriously and likes paying to school based on the wrong learner numbers. We sometimes rely on the intervention of the principal who uses his money sometimes to avoid any instability in the school".

THE INTERVIEWER ASKED THE PARTICIPANTS THE NINTH QUESTION (QUESTION 9):

INTERVIEWER: How often do you prepare a financial statement and reports to parents ?

P-A: "Mh.....financial statements, we hold four meetings per year, and each term is reported. That is what I can say. We do this once per year, somewhere in January/February, for we do not want to run a risk of not complying with the department. If we do not comply, we will not get the subsidy. Actually, the department made things easy for schools by identifying accredited auditors to service our schools whenever that time comes".

P-B: "We submit this once a year just shortly after schools have reopened after December holidays. We prepare them at the beginning of the year only".

P-C: "We do this once a year. Financial reporting is done by the auditors. Ours is to present them to the SGB and be shared with parents in a parents' general meeting".

P-D: "Financial statement is done monthly, but for the consumption of parents is done once a year".

AGB-A: "Oh! This we do quarterly here at school although not sure if I understand this thing".

SGB-B: "Financial statement is done and copies are availed to parents on the day of the general meeting. When the meeting is over, we take the copies back for safekeeping at school".

SGB-C: "We do them once a year".

SGB-D: "We do the statement once at the beginning of the year".

T-A: "This is done by the auditors before the end of June of every financial year".

T-B : It is done once a year".

T-C: "Once a year".

T-D: "It is done once a year in March".

FINANCE CLERKS AND TREASURERS HAD THIS TO SAY:

SGB-A: "We do this quarterly. The curiosity of parents in finance matters helps us deal with the matter, and these meetings are the ones which are well attended".

SGB-B: "The parent component of the SGB meets quarterly and reports but the general meeting of parents gets the report only in February".

SGB-C: "The financial statement is done monthly but not reported to parents".

SGB-D: "We are trying to have it but it is always overshadowed if dominated by complaints from parents".

THE INTERVIEWER ASKED THE TENTH QUESTION (QUESTION 10):

INTERVIEWER: How important are the values of trust, honesty, and transparency in the management of finances?

RESPONSES OF PARTICIPANTS WERE AS FOLLOWS:

P-A: "Oh yes, very important. I try to live to the expectations of the DoE and parents as well. I make sure that we report to stakeholders frequently to take away any suspicions that there is something that is not right in our operations in managing the school finances. We have keen interest on transparency because at some point in this school, the treasurer and SGB chairperson were implicated in fraud and corruption due to them signing cheques that unduly benefited them at the expense of the school. Answering your question, the issue of trust, honesty and transparency are very important for they set one free in times of difficulty. I think on this one, I am on top of the game"

P-B: "All these elements you have mentioned are important in the management of finances. What is exciting here at school is that I use an open door policy, and the information is easily accessible to any interested party for we have nothing to hide in our management operations, especially finances".

P-C: "Very important, for these prevent unnecessary unrest in the school hence

there are no longer riots. Proper management of finances brings about peace as informed by the stipulated principles that all role players have to observe all the time".

P-D: "Very important. All monies are deposited through the bank. These are very important values. All monies are deposited through the bank, something which suggests that no individual stands a chance of not involving others".

SGB-A: "If not there, this will cause the school to be unstable, and corruption may come up. The school does have that challenge of not being transparent. Some of these things are absorbed and managed".

Probe: What do you mean by absorbed and managed?

SGB-A: "I mean we discuss it within the SGB and not take it to the public".

SGB-B: "If truth be told, if these values you have mentioned are taken seriously, they will cause the school to be unstable, and corruption may crop up. Be that as we understand it, the school does have the challenge of not being transparent. Some of these challenges are absorbed and managed to avoid chaos" SGB-A.

SGB-C: "Iyhoo kanene uya recorder, kodwa yeyakho mos le information, ungamxeleli uPrincipal ukuba ndikuxelele ukuba akasifaki xa kugqitywa izinto usibizela ukuza ku sayina qha".

[by the way, you are recording, but this information is for your own consumption hey, please do not tell the principal that I told you that he does not involve us in planning and decision making but calls us just for signing cheques. The issue you are raising is very important though here at school it is not there at all]

SGB-D: "Everything is done according to the book. These values are held high by the school"

T-A: "They are all important because they remove suspicions and everybody knows how much is used and how much is left in the account of the school. There is a very bad tendency of a chosen few getting involved in spending processes of the school, so transparency only ends up being a lip service/bickering".

T-B: "They are all essential for the smooth running of the school without any disruptions either by parents or learners. SGBs, parents in particular, are still signing blank cheques as instructed by the principals. There no meetings that sit to decide and plan; signatories are only summoned to come sign whenever the need arises and without any convincing explanation. There is clear sidelining of parents, and this seems to be the order of the operations in some of the schools selected, especially

those SGB members who seem to be questioning the principal”.

T-C: "Very important for operations be known to every role player for accountability purposes. The preamble of SASA gives the rationale, wherein the governance of schools is said to be in the hands of parents, but the principal either sidelines or bypasses us as teachers to an extent of excluding us on matters of finance”.

T-D: "To be trustworthy means we must report frequently to avoid unnecessary suspicions and that when done would mean we are transparent. Eversince our school attained Section 21 status, about seventy (70%) percent of my time is utilized on functions I never envisaged doing, let alone having the necessary skills to do these, but given the illiteracy level in that community, teachers are believed to be knowing and capable of doing everything. So we get involved in most cases, and we can say these values are observed by the school”.

WHEN THE FINANCE CLERKS & TREASURERS WERE INTERVIEWED ON THE MATTER, THEY HAD THIS TO SAY:

SGB-A: Consultation is the order of the day. Transparency is also central in our operations. If truth be told, if these values you have mentioned are not taken seriously, they will cause the school to be unstable, and corruption may crop up. Be that as we understand it, the school does have the challenge of not being transparent. Some of these challenges are absorbed and managed to avoid chaos”.

SGB-B: "It is important to have these principles in place for harmony and team work”.

SGB-C: "This is a must observe thing. We solicited advice from a gentleman who use to be a principal who helped our school a great deal. We utilize him as a mentor to the school for good governance purposes”.

SGB-D: "Everything is done according to the book. These values are held high by the school”.