

**THE SPENDING OF PUBLIC MONEY IN NO-FEE SCHOOLS  
IN THE SEKHUKHUNE DISTRICT OF LIMPOPO PROVINCE**

**BY**

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## Dedication

I dedicate this project to my beloved wife, RaesibePheladi, for her outstanding support throughout my studies. To my daughters Kgaogelo, Rorisang and Baswa and my son Tumisang, you always give me joy and happiness.

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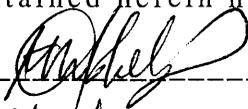
I want to thank all those who participated in this project, especially school principals who insured that arrangements were made at the schools.

Above everything I want to thank God, the mighty God of Mount Zion, who gave me the power, wisdom and good health that enabled me to carry on with my studies. I knelt down on my knees now and then to ask you, Almighty God, to carry me through even in difficult times.

## DECLARATION OF ORIGINALITY

I, KGETJEPE LUCAS MAMPHEKGO (STUDENT NO: 27420630) hereby declare that this dissertation of limited scope for the degree of Magister of Education at the University of Pretoria, has not previously been submitted by me for a degree at this or any other university; that this is my own work in design and execution and that all material from published sources contained herein has been duly acknowledged.

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



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

08/02/2012

## ABBREVIATIONS

CP	Chairperson
DoE	Department of Education
FO	Financial Officer
HoD	Head of Department
LTSM	Learner Teacher Support Material
MEC	Member of the Executive Council
NNSSF	National Norms and Standards for School Funding
P	Principal
SA	South Africa
SASA	South African Schools Act, 84 of 1996
StatsSA	Statistics South Africa
SGB	School Governing Body
T	Treasurer

## ABSTRACT

The purpose of this research was to investigate how no-fee schools spend public money. It investigated what the schools spend the money and how they do it. The research investigated how decisions of spending are taken by all the stakeholders at the schools. The research wanted to find out whether the public money in no-fee schools was wisely spent or not.

The literature review found that education funding has been at the centre of political reforms since 1994 to address equality and equity. The introduction of no-fee schools was an attempt to increase access towards quality public education through provision of more resources.

The research found evidence of non-compliance by schools in certain areas on how schools should use funds as provided by SASA. It was found that schools do not spend the public money according to the prescript guidelines. There was evidence of fruitless and unwise spending. The research found that the powers that were given to schools SGBs through SASA were sometimes usurped by school principals as a result of the void created by the SGBs. It was revealed that some schools issue fraudulent cheques. Despite the no fee policy, schools still charge certain compulsory fees. The research revealed that certain functionaries directly involved in the use of school money still lack proper financial training, knowledge and skills.

Despite the allocation of resources through the no-fee schools policy to schools, there were findings of inefficient and fruitless spending. Some of the sampled no-fee schools showed non-compliance with the guidelines in regard to correct spending and accountability. The different roles and responsibilities of each component of the SGB need to be clarified. Officials need to assist in this regard.

There is a need for continuous training by education officials of SGBs on the utilization of school money. There is a need for improved monitoring and supervision as money cannot be utilized without proper monitoring and supervision. Despite the reports that are given to stakeholders there are still complaints from parents that need to be fully addressed by SGBs.

## KEY WORDS

Accountability

Budget

Decentralisation

Equality

Equity

No-fee schools

Public money

Responsibility

Spending

Transparency

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# **CHAPTER 1**

## **BACKGROUND AND ORIENTATION**

### **1.1 STATEMENT OF PURPOSE**

The study investigated how no-fee schools spend public money. It also investigated on what schools spend the money and how they do it. The research investigated whether or not the allocated National Norms and Standards (hereafter referred to as Norms and Standards) money was wisely used in the no-fee schools for the purpose of redressing the inequalities in public education. The research further investigated whether or not the decisions and actions of the different role-players contributed towards efficient and effective spending of public money in no fee schools.

### **1.2 INTRODUCTION**

The historical background of education transformation can be traced to the period before and after 1994 but for the purpose of this study the period after 1994 is discussed. The democratization of South Africa (SA) in 1994 took the transformation of the education system to another level with far-reaching efforts towards improvements. For the first time in South Africa's history, a government has one mandate for education - to plan the development of education and training system for the benefit of the country as a whole and its people (White Paper on Education and Training, 1995:10).

The major task of the democratic government of South Africa in education provisioning was to create a system of equity that will provide the citizens especially the learners with good quality education. The transformation of the education system evolved from nineteen separate and disparate systems of education into one single system of education (van Rooyen, 2008: 1). The impact of funding on the transformation of the education system was what this study focused on.

### **1.3 BACKGROUND TO EDUCATION FUNDING IN SOUTH AFRICA**

The South African education system has undergone major changes since 1994 as prior to 1994 the then apartheid laws in South Africa ensured unequal education provision based on

race (van Rooyen 2008:2; Mestry and Naidoo, 2009:107). In order to overcome the past inequalities in education, the South African government had to address certain key broad policy areas and principles. These broad policy principles were access to education, barriers that prevent learners from attending school, equity, the constitutional right of equal access to educational institutions, to reduce the inequalities in education opportunities and to ensure the equitable sharing of resources (White Paper on Education and Training, 1995:70). From the above policy areas and principles it was clear that the system needed massive changes to improve access to schooling of learners from different racial groups.

The adoption of the Constitution in 1996 had a far-reaching impact on addressing inequalities in South African education. Chapter 2 of The Constitution of the Republic contains the *Bill of Rights*. Section 29 of the Constitution of the Republic of South Africa of 1996, guarantees the right to a basic education or schooling. The above section provides that:

Everyone has a right to:

- a basic education, including adult basic education; and
- further education, which the state, through reasonable measures, must make progressively available and accessible.

This right to basic education as articulated in section 29 of the Constitution is a strong positive right as it imposes a positive obligation on government to provide access to education for all irrespective of race (Roithmayr, 2005:383). To address the legacies of inequitable opportunities the constitution principally guarantees equal education rights for all persons (White Paper on Education and Training, 1995:12).

According to Joubert and Prinsloo (2000:30) a right is defined as something one is entitled to, the ability to claim something, which in this case means that access to basic education, is a right not a privilege. The right to education is also included in section 9 of the Constitution which guarantees the right to equality for all citizens. The preamble of the South African Schools Act, Act 4 of 1996 (SASA) provided a new path in terms of schools funding in South Africa as it aims at improving the quality of education funding when it stipulates that:

this country requires a new national system for schools which will redress past injustice in educational provision, provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all people's talent and capabilities.

The passing of SASA in 1996 which was followed by the introduction of the Norms and Standards in 1998 was a response by the government to address the historical challenges regarding *access, redress, equity, equality* and *quality education*.

The Norms and Standards policy which was finally implemented in 2000 by the Provincial Education Departments was also an effort to address the historical challenges as indicated in the Government Gazette (DoE, 2006:29). Section 36 of SASA imposes a responsibility on all governing bodies to improve the quality of education by raising additional resources to supplement those which the state provides as public funds. This is made possible by section 36 of SASA that gives powers to school governing bodies to seek additional fees from other sources in addition to the Norms and Standards money.

The report of 2001 titled: Education Achievement in South Africa: Achievements since 1994 (Department of Education, 2001) indicates that after 1994 most of the public schools opted to supplement the resources given by the state by charging mandatory school fees. The report further indicates that, while the mandatory fees were aimed at improving *access, equality, equity and quality* in public schools, this was not achieved, but instead the gap widened. This gap was between public schools patronized by the middle class or wealthy class and those in the rural areas, of former homelands and township schools (DoE: 2006:13).

The report of the Department of Education of 2001 further states that the charging of mandatory fees had negative consequences for the poorest rural and township schools and those which were formerly under homelands systems. The mandatory fees charged were either too little or too much for the parents of the affected public schools. Most of the parents in public schools were unable or unwilling to pay the mandatory school fees as agreed (DoE, 2001).

The charging of school fees on the other hand barred learners from poor families to attend schools of their choice because of the higher fees charged in some public schools. This was despite section 39 of SASA which makes provision for exemption as this function was not properly implemented.

In 2003, a report which assessed the implementation of the Norms and Standards for School Funding since it began in 2000 was released (DoE, 2003:61). The report indicated that the majority of former models C schools received Section 21 status and the majority of the poor rural schools and townships were Section 20 status schools. The former schools received the allocations as a transfer directly into the school's bank account while the latter schools had provincial education departments procure goods and services on their behalf according to existing departmental arrangements.

The section 21 and 20 schools' inheritance of unequal stock of movable and immovable property continued even after the allocations from Norms and Standards money (DoE, 2003:61). The 2003 report (DoE, 2003:61) further indicates that provinces were not allocating the same amount per learner as some of the poor provinces allocated as little as R50 per learner while some of the less poor provinces could allocate as much as R450 per learner. The above illustrations show that there was unequal allocation per learner per province and unequal poverty across the provinces, which further exacerbated the inequality of education provisioning. The 2003 report recommended that an adequate per-learner allocation should be set nationally instead of provincially.

In 2006, the then Minister of Education, Ms Naledi Pandor, amended the Norms and Standards to be National Norms and Standards for School Funding (NNSSF) (DoE, 2006). The Minister divided schools into quintiles from 1 to 5 (DoE, 2006). Those in quintiles 1 and 2 were listed as the poorest schools and quintile 5, the least poor schools. Section 35(1) of SASA provides that the Minister must determine national quintiles for public schools for the allocation of NNSSF after consultation with the Council of Education Minister of Education which includes the Members of the Executive Council (MEC) for education in the provinces.

The ranking of schools into quintiles became the funding approach by state. It developed a resource targeting list of all public schools which the then Minister of Education, Ms Naledi

Pandor, used to determine how much each school must receive on an annual basis. In consultation with the Provincial Departments of Education the Minister must determine the no-fee threshold by 1 August of each year in terms of paragraph 157 (DoE, 2006:37) and Section 39 (7) of SASA on the no-fee schools policy which became effective on 1 January 2007 (DoE, 2007:3).

Section 39 of SASA provides that there will be no school fees charged for learners who attend the no fee schools as charging school fees may violate the guarantee of *equality* in terms of section 9 of the Constitution (Roithmayr, 2003:382). The no fee schools policy was determined in terms of the poverty table (Government Gazette 2006:36). The poverty scores are based on the National Census conducted by Statistics South Africa (StatsSA) in terms of paragraph 156 of the same Gazette. In the above Gazette, it is said that all parents of such learners need a total prohibition on compulsory school fees unless the allocations to a no-fee schools do not reach the no-fee threshold (DoE, 2006:47).

Section 21 of the SASA provides for the establishment of self-managing schools by permitting schools to apply for functions that were traditionally carried out by the state (Marishane & Botha 2004:96). Section 21 of SASA provides that SGBs have mandatory functions and a responsibility to manage the allocated funds. Section 21 of SASA also provides for democratic school governance and accountability. Mestry (2006:36) found that most SGBs delegate financial functions to others to manage the finances on their behalf. The above statement is confirmed by Bisschoff and Mestry (2003:42) who say that SGBs may delegate financial management to an individual or individuals who have the necessary expertise, specialized knowledge or skills in school finances. By virtue of his or her position as school principal as an overseer of most of the school activities is in a favourable position to be delegated to manage the school money on behalf of the SGB.

The implementation of the no-fee schools policy has brought added challenges regarding the administration of school finances. The no fee schools which had little income before now receive considerably more money to administer. In 1996, the school in which the researcher worked each learner was being charged a school fee of R50,00 and for 320 learners it amounted to R16 000, 00 per annum. The same amount for the same number of learners was replaced by NNSSF in 2007 which was R543 per learner and amounted to R193 760, 00 per

annum. This huge difference or increase of more 250% generated a lot of interest among different stakeholders while at the same time it brought administrative challenges to the SGBs and the school principals at no fee schools. The study would reflect on the impact the policy of no fee schools had on the sampled schools in the district of Sekhukhune.

The research was essential to establish on what and how the school spend their public money. The SASA, the provincial prescripts and other published Gazettes as reflected in the above discussion were legislated to help the schools to manage their finances effectively. Through the provisioning of public funds, the state aims to improve quality of education in public schools. Therefore, this financial management research was necessary to test whether those who were given the authority to spend the funds were accountable. The research wanted to find out how financial management of public money was used and accounted for at no-fee schools.

#### **1.4 RATIONALE**

The rationale for this study was to gain knowledge of no-fee schools and on how they utilize the public money. The no fee schools have been chosen as a result of their similar background as they were among the poorest schools in South Africa. Most of the schools in Greater Sekhukhune were categorized as no-fee schools as determined by the poverty level in which they are found. These schools are now getting a significant amount of money through the NSSF policy. The research sought to find out how and on what these schools spend the public money on and how and why they do it. The investigation verified whether or not this public money was wisely spent in line with the aims of the no-fee schools policy and other policies that aimed to redress the past imbalances by the state.

Stakeholders have the right to demand accountability and transparency from those given powers by SASA to use the public money. The aim was therefore also to find out if and how schools account in a transparent way for the use of the public money in no-fee schools.

Sound financial management practices are an essential aspect of spending school money as they enhance the standing and integrity of the SGBs and school principals in the community. According to Shapiro (1995:1) financial management includes among others spending, monitoring and control. The rationale for the research was also to explore aspects of the

financial management training that was provided by the Department of Education to SGBs and principals since 2007 after the introduction of the no-fee schools in order to empower them to perform such functions.

## **1.5 RESEARCH PROBLEM**

Since the inception of the Norms and Standards and the creation of a number of no-fee schools, many public schools are now in a position where they can expend considerable sums of public money. There are concerns about schools and SGBs' capability to manage financial processes and spend money in a transparent and accountable manner. The study therefore analysed and reported on how the public money was spent in no-fee schools.

## **1.6 RESEARCH QUESTION**

### ***1.6.1 Main research question***

The main research question of the study is:

How do schools spend public funds in no-fee schools in the Greater Sekhukhune District of Limpopo?

### ***1.6.2 Sub-questions***

The following are the sub-questions to support the main question above:

- How do the schools make decisions with regard to the spending of the public funds in the no-fee schools?
- On what do schools spend most of the public money?
- What is the relationship between the spending and the prescripts as provided by the Department of Education?
- How do schools account for the spending of the public funds in no-fee schools?

## **1.7 RESEARCH AIMS**

In order to collect the appropriate data, the following aims will be pursued.

- To investigate how schools make decisions with regard to the spending of the public money in the no-fee schools.
- To find out on what schools spend most of the public money at schools.
- To establish what the relationship is between the spending and the prescripts as provided by the Department of Education.
- To establish how schools account for the spending of the public funds in no-fee schools.

## **1.8 WORKING ASSUMPTIONS**

The implementation of the no fee schools policy was meant to reduce the inequalities in public schools. The policy believes that through pumping money into poorest schools through the Norms and Standards (later NNSF) the conditions of these schools will improve. The working assumption was that schools do not spend the public money wisely in line with the vision of the state to redress the inequalities in education. The next working assumption was that there were problems regarding how the schools use public money. The last assumption was that schools were guilty of fruitless expenditure despite the no fee school policy that advocates accountability, transparency and responsibility.

## **1.9 DEMARCATION**

Demarcation in this study here refers to the area or location where the study was conducted. The area was in the district of Sekhukhune in the Limpopo province. The researcher resides and works in the demarcated area of the study.

## **1.10 LIMITATION OF THE STUDY**

The limitation of the study was the limited time span for the duration of the study as the researcher conducted research of limited scope. Five schools were sampled and the collected information confined to the five schools as the information cannot be generalised to other schools.

Money is a sensitive issue which creates suspicions and perceptions. Some of the participants gave limited responses to the question. Despite being given an assurance of confidentiality and anonymity, it seemed some of the participants assumed the information they would

provide could be used to incriminate them. The other limitation was that I was given financial records which reflected figures as the end product of the spending process. The action and processes that led to the outcome of such figures would not be traced with complete accuracy.

## **1.11 RESEARCH DESIGN**

In the research design the research approach that was used was qualitative research. Only schools which fitted the criteria of no-fee schools were sampled.

### ***1.11.1 Research approach***

The research approach used was qualitative approach. The study employed is case study. Each sampled school was treated as a case on its own to allow the researcher to have an in-depth understanding about the phenomenon of spending (Maree, 2010:81).

### ***1.11.2 Sampling***

Five schools were sampled among the secondary and primary schools in the district of Sekhukhune. The sampled schools make up less than a quarter of the schools in the area. A few schools were used to form a sample as this study is qualitative research that intends to study the financial situations of no-fee schools in Sekhukhune District. Patton (2002:231) concurs that the nature of an qualitative inquiry is that it focuses on a relatively small sample to yield insights and in-depth understanding of a phenomenon. Purposive sampling was used to allow the researcher to investigate the schools that had more features which were common e.g. quintile 1-2 schools. Participants' selection was purposeful, so as to focus on those participants in the population that are of interest and relevant to the investigation (Xaba, 2011:203). Only participants dealing with financial matters at school were interviewed

### ***1.11.3 Data collection***

The research instruments used in the study were interviews and document analysis.

#### **1.11.3.1 Interviews**

The first method of data collection was interviews that were conducted at the sites in Sekhukhune District. The participants who were interviewed were directly involved in the financial expenditure of these schools were: school principal, SGB chairpersons, treasurers

and finance officers. Semi-structured interviews methods were preferred as the researcher was able to make follow-up questions during the interview sessions. All interviews were recorded and later transcribed as raw data.

### **1.11.3.2 Document analysis**

The second method which was used for data collection was document analysis. Financial records examined fall within two categories. The first category was primary sources which included among others: school budgets; monthly financial records and statements; annual audited financial statements; deposited books; and daily cash books; claims of proof of payments etc. The second category was secondary sources examined included were minutes of SGB as well as minutes of finance committees and documents of quotations of procurement. As part of the document analysis the schools permitted the researcher to take along some copies of the documents for use during data analysis.

### ***1.11.4 Data analysis and interpretation***

The instruments used for data collection were interviews and document analysis. The researcher used themes and sub-themes from the transcripts to analyse the data. The method used was content analysis. Different codes were used to distinguish the schools from one another. The codes for the different components which appear on the chapter on data analysis and interpretation were used to differentiate the components

## **1.12 CONCEPTUAL FRAMEWORK**

The following key concepts form part of the discussion: spending, public funds, no-fee schools, monitoring and control, accountability, transparency and responsibility.

Section 12 of SASA defines a public school as an ordinary public school and/or a public school for learners with special needs and the MEC for education must provide appropriate funds for such schools. Section 15 of SASA further defines a “public school” as a juristic person, with legal powers to perform its functions. Therefore a “public money/fund” in a public school means money allocated to a public school through the policy of the NNSSF). According to Mestry (2004:130) school funds should be administered as rigorously as any public funds to ensure that the money is properly accounted for.

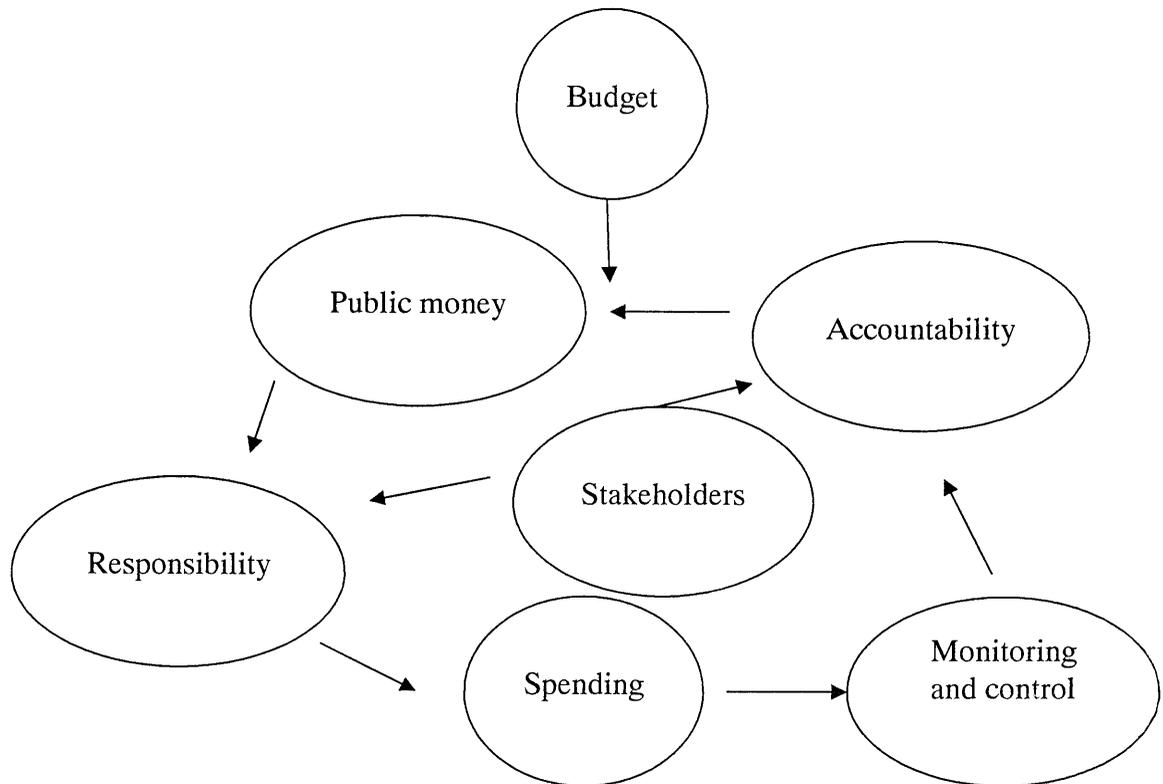
No-fee schools are all public schools where all learners are supposed to pay no fees levied by the SGB. No-fee schools in terms of the policy are ranked from quintile 1 to quintile 2 and more recently quintile 3 was included in some of the provinces (DoE, 2007:3)

Monitoring and control of the school budget means putting the checks and balance in place for managing the school money. Mestry (2004:130) emphasizes that checks and counter-checks are necessary to avoid the mismanagement of funds by any person or group of persons.

Accountability is defined by Mestry (2004:127) as being answerable to one's clients, one's colleagues, responsible to one's employer, the state of being accountable, liable and responsible for certain actions or decisions. Accountability is further defined by van Rooyen (2008:7) as a way of reporting on the control and use of resources, by those accountable for their control and use and to those to whom they are accountable. Hansraj (2006:6) defines accountability as a person's duty to give account of having executed his/her duty in terms of set criteria and determined standards, in other words, whether or not the work has been satisfactorily completed. Perry (2007:32) points out that accountability necessitates reporting to other people and having a moral responsibility about what one is doing, which suggests that accountability involves conscious effort to respond one's actions of performance.

The concept responsibility is defined by van Rooyen (2008:6) as an assignment to complete a specific event or activity. According to Bisschoff & Mestry (2003:50) responsibility is defined as the duty that rests on a person to carry out a task to the best of his or her ability. The study tried to clarify the difference between accountability and responsibility so that there is a clear distinction between the two concepts. The research report further distinguished the different responsibilities carried out by the different stakeholders within each school as guided by SASA, the financial prescripts and other policy guidelines within the school. It was found from literature review that financial management frequently used different concepts, among the concepts recorded were the following: Spending, public money, monitoring and control, accountability, responsibility and stakeholders. From the above concepts the researcher developed an own financial management model which appears below. The relationship between the concepts is explained under the model in figure 1.

## Financial spending at the no-fee schools



**Figure 1: Financial spending at no-fee schools**

The above diagram illustrates the spending of public money at no fee schools. The spending has to be informed by the budget which needs proper monitoring and control. The schools through the SGB and school principal have to be accountable to all the stakeholders on how they spend the public money. The school principal has to account to all relevant stakeholders within and outside the school. The parents as stakeholders have a responsibility to make inputs during budgeting processes on how the money should be spent. Thus those given powers to spend the money should be held accountable and should also use the powers to spend the money and should do so with responsibility.

### 1.13 THEORETICAL FRAMEWORK

The study is located within the power of decentralisation theory (Chikoko, 2008:248). According to Steyn (2002:254) and Serfontein (2010:93) decentralisation is defined as the devolution of decision-making powers from higher levels to the lower levels. In this case the central authority is the provincial department of education. According to Steyn (2002:256) the importance of this theory is to empower the participants where the seniors empower the

juniors. Prior to 1994 education systems lacked both financial and management accountability owing to problems of over-centralisation and limited legitimacy of the political authorities (Mestry 2006:27).

The provision made in SASA to elect SGBs in schools resulted in the changes that ushered in the decentralisation of powers as the state devolved more of its powers to SGBs. Prinsloo (2006:356) states that the establishment of SGBs represents a significant decentralisation of power in the South African school system. The aim of SASA in decentralising power to the governing body was an increase of democratic participation in the governance of schools (Prinsloo, 2006:356). The decentralisation of financial control as part of school based management indicates that decentralisation moves the schools towards autonomy and self-management which is aimed at school improvement (Steyn, 2002:254; Marishane & Botha, 2004:95).

The literature investigated how decentralisation of power within the schools had a hand in helping in the improvement of school financial management. Prinsloo (2006:365) indicates that while decentralisation was expected to increase the democratic participation in school governance, this is sometimes not the case. It seems that the involvement of the community at the school is not fully realised. Therefore decentralisation theory is an attempt by the school authorities to involve community in the form of shared decision-making powers. Chikoko (2008:248) states that decision-making powers do not necessarily reach all targeted stakeholders simultaneously; therefore supports the idea that power has to be devolved.

#### **1.14 TRUSTWORTHINESS**

According to Maree (2010:113) 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 conclusions (Maree, 2010:113). Maree (2010:13 ) furthers says trustworthiness is an objective standard that serves as the barometer of measuring the outcome which, in this study, was the outcome of the research process. The researcher recorded the exact responses of the participants and also used direct codes from the prescripts when analysing data to reinforce trustworthiness of the research report.

## **1.15 ETHICAL CONSIDERATIONS**

All the participants were given letters of informed consent which informed them of their right to participate voluntarily and freedom to withdraw from participating at any given time if they so wished. The participants were also informed about the purpose of the research. The participants were assured that the information collected would be treated with confidentiality as well as the anonymity of their identity and the school they were attached to. A pledge of secrecy was signed by the researcher in the presence of every participant. The participants were assured that the information collected will not be used against them or used to prejudice them in future.

## **1.16 SIGNIFICANCE OF THE RESEARCH**

The research revealed the position of the sampled no fee schools with regard to the financial expenses. The schools gave important documents, which they utilise during actual spending. The documents which were used during the deliberations were as follows: school budgets, the prescripts and SASA and the other policies produced at school level such as school finance policy.

The research also revealed both good and bad financial practices within the sampled schools. This was checked against the basic financial practices such as accountability and transparency regarding sound financial practices. While schools carry out their financial obligations, it has been found that there are both positives and negatives that need to be reinforced and corrected respectively: The positive and negative sides of all these practises are discussed in detail in chapter 4-5. Thus the significance of the research was not only the detection of weaknesses but also of the strengths that schools conduct efficient and effective spending

## **1.17 CONCLUSIONS**

In conclusion, this chapter discussed changes in the education system in South Africa in brief prior to and after 1994. It was indicated that since 1994 the funding has shifted from exclusive funding in terms of race to more inclusive and integrated funding. The chapter reflected on among others sections 20, 34 and 36 of SASA that deal with the role the state

plays in education funding as well as the different roles and functions of various stakeholders at the school.

Chapter 2 will use the literature to analyse the concept of financial management in schools.

## CHAPTER 2: FINANCIAL MANAGEMENT IN SCHOOLS

### 2.1 INTRODUCTION

The first chapter of this research discussion gave details on how the historical funding of education changed after 1994. In the first chapter it was revealed how educational funding has evolved in the country until the declaration of no fee schools. The literature review focused on how the changes in educational reforms contributed towards improving the management of the money allocated to public schools by the government. This second chapter would deal with literature which considers different research studies that researched financial management in schools

### 2.2 EQUALITY AND EQUITY

A major task of South Africa's new government in 1994 was to design a racially more equitable education system (Fiske & Ladd, 2006:95). In essence, the educational reforms dealt with how to transform and eradicate the inequalities and injustices of the past in building a new educational dispensation founded on the constitutional principles of equality, social justice, freedom and reconciliation (Nieuwenhuis and Mokoena, 2005:128).

The goal of the democratic government was to address *equality* and *equity* in terms of resource distribution to schools. These two concepts of *equality* and *equity* have been used more in the democratic era to evaluate the progress made by the education system towards achieving these goals. According to Fiske and Ladd (2006:95) *equality* is described as including the full and equal enjoyment of all rights and freedoms. *Equality* has to do with sameness, or as stated in public policy, as something to do with non-discrimination (Samloff, 2001:17).

Research done by Fiske and Ladd (2006:100) found major progress was evident in public spending per learner as more and more learners were being enrolled in schools which were previously differently resourced and racially discriminatory. Roithmayr (2003:392, 405) argues that the system of charging school fees created constitutional problems with regard to access and equality, it created disparities in expenditures per learner that discriminate on the

basis of race and class. The no fee-charging model is in a way the state's attempt to try to bridge the disparities among the schools in the country.

*Equity* here refers to the promotion of racial equity and equal distribution of resources in the state education system (Fiske and Ladd, 2006:96). According to Marishane & Botha (2004:96) *equity* refers to impartial and consistent application of rules governing (financial) resource allocation to schools. The government has from time to time evaluated the progress made in the distribution of resources especially regarding school funding prior to and after 1994. Prior to 1994 more resources were allocated to schools serving white learners while schools serving the black majority were systematically deprived of qualified teachers and physical resources (Fiske and Ladd, 2006:96). According to Samoff (2001:17) *equity* has to do with fairness and justice. In education *equity* is a condition that provides opportunities to improve the quality of education for all (Braslavsky, 2001:30).

### **2.3 SCHOOL BUDGETS**

The preparation of a school budget is a statutory requirement in terms of section 38(1) of SASA which stipulates that a governing body of a public school must prepare a budget according to prescriptions determined by the member of the Executive Council for Education (MEC) for the following financial year. Sub-section 2 of section 38 of SASA stipulates that a budget must be approved by the governing body after presentation for consideration and approval of a majority of parents present and voting at a formal meeting. According to Hansraj (2007:49) it was found that most schools in townships do not involve stakeholders in the budgeting of school money.

A school budget spells out the expected income and expenditure of the school for the next year. The projected income and expenditure require budget monitoring and control which includes safeguarding the funds of the school and ensuring they are spent as authorized (Mestry and Naidoo, 2009:110).

Budget monitoring and control ensure regular checks and counter-checks to avoid mismanagement of funds by any persons or group of persons (Mestry 2004:130). Budget monitoring and control can also prevent abuse and fraud (Mestry & Naidoo, 2009:110).

Budget monitoring and control are, however, a specialized activity that can only be undertaken by persons with expert knowledge and skills (Mestry & Naidoo, 2009:123).

In many schools, the SGB, the finance committees and school principals are unable to work out practical solutions to financial problems, on account of lack of financial knowledge, skills and expertise (Mestry 2006:28). Mestry and Naidoo (2009:123) also found that there was no proper budget monitoring and control in most of the township schools in South Africa, which is likely to be a worrying factor.

School governing bodies elections are based on the principles of the democratic values of representation, equal participation and openness (Serfontein, 2010:98). The core business of the SGB should be governed by the same values. The use of public funds at school should be based on the same values of representation, transparency and openness as a way of ensuring sound financial practices. Bisschoff *et al* (2003:9) point out that the emphasis in the administration of school money should be on transparency and collective sharing of information.

## **2.4 DECISION-MAKING PROCESSES REGARDING SPENDING SCHOOL MONEY**

Decision-making processes remain crucial at school level as section 20 of SASA has devolved more authority and responsibility for decision-making powers to school governing bodies. According to Mestry (2006:27) more powers have been devolved from central authority to the schools than was previously the case. SASA and the prescripts on financial management in Limpopo, among others, provide guidelines to SGBs on how they should to manage the finances of the school.

There is an indication of global trends of more devolution of decision-making powers from central level to the lower level (Botha, 2004:239). The devolution of authority and responsibility to schools and increased stakeholder participation can be mentioned as examples in this regard (Botha, 2004:239). The school governing body represents the broader community at the school and every decision that they take is understood to be in the interest of the community they represent but sometimes this is not the case. According to Mncube (2009:93) SGB members often accept decisions taken by the principals as they are afraid of

being suspected of *betrayal*, and therefore, pretend to be involved in decision making. Serfontein (2010:99) also points out that SGBs sometimes also implement policies due to political pressure rather than to statutory functions, which in a way distracts them from their functions.

More devolution of power to school governing body indicates that schools are now moving towards greater autonomy which among others includes financial management functions. The issues of devolved powers and shared decision-making are all related to the move towards institutional autonomy, the so-called school based management or self-management of schools (Botha, 2004:239).

The SGB and the school principal should accept the responsibility that schools finances are administered correctly (Hansraj, 2007:20). According to Mestry (2006:129) many school principals lack financial knowledge, skills and expertise. This situation in a sense should make the work of school governing bodies more difficult as many of these bodies look for guidance from the principals. The statement by Perry (2007:32) that principals are under pressure to account for all decisions and actions to anyone and anytime, emphasises the importance of the role the principal should play in decision-making processes.

Section 37(1) of SASA stipulates that 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 (HoD). This in essence means that the HoD must ensure that governing bodies are well trained so that there are sound financial management and an effective and efficient SGB (Mestry, 2006:35). According to Mestry (2004:127) the SGBs are not effectively trained to manage school finances efficiently and, even worse, the school principal and SGB do not work collaboratively with each other in managing the school finances.

Other than the above factors some governing bodies lack economic literacy and numeracy (Mestry and Naidoo, 2009:110). Improvement of the financial position of the school can only be achieved if the SGB and school principal know what is expected of them but sometimes the SGBs are not empowered to take decisions as expected. Marishane and Botha (2004:96) maintain that once the SGBs are empowered, they may rightfully be expected to account for their decisions and the nature of performance that resulted from these decisions. Those given

powers to manage the school funds e.g. the SGBs should not only make decisions but they should also ensure that those decisions are in the best interest of the school. These decisions should be accounted for and defended by the same body

## **2.5 ACCOUNTABILITY**

SASA entrusts the powers to govern and account to stakeholders to SGBs. Section 20 (9) of the Act obliges the SGB to present an annual financial statement reports to parents as a way of accounting to parents on how they spend the school money. According to Ngidi (2004:261) the changes that were brought about by SASA are to devolve more responsibilities and accountability to the SGBs. While the accountability intends to curtail the misappropriation of funds and misuse of power in schools there are still complaints from districts not receiving financial statements from schools (Serfontein 2010:102)

Perry (2007:34) says the imperative for more accountable spending by the schools arises in part to justify the spending of the school at all levels. Prinsloo (2006:365) states that the school is accountable for how the funds from the state that have been paid into the school funds are used by the governing body. The principal is accountable to the school governing body for the use of school funds and the SGB should hold the principal accountable if the governing body authorizes him or her to use such funds (Prinsloo, 2006:365). Prinsloo further says the principal cannot be held accountable in terms of section 16(3) of the Schools Act but the SGB as a collective can. In terms of section 37 of SASA the governing body has a responsibility to ensure that school funds are correctly administered in accordance with the directives issued by the HoD.

## **2.6 INTERNATIONAL PERSPECTIVE ON EDUCATION FUNDING**

International research done by Finn & Kanstoroom (2000:64) found that efficient and effective finance management must be preceded by a spending approach policy. The approach serves as a prerequisite to yield good financial spending results. The spending approach is said to have empowered the school principals to perfect the job of practising sound financial practices. Finn & Kanstoroom (2000:71) argue that there is a need to develop a guide for school principals on how to approach the spending of money in the schools. This

spending approach can help the school principal not only to take crucial decisions but also to ensure that those decisions contribute to the effective management of school money in all public schools.

International law supports the claim that the state must provide access to basic education for those who cannot pay fees (Roithmayr, 2003:395). The concept of decentralization which is in vogue in many countries of the world is aimed at greater equity (Braslavsky, 2001:23). In education decentralization is aimed at regulating the improvement of management in the provision of educational services, which includes how money is spent at different levels. According to Braslavsky (2001:23) countries such as Germany, Great Britain, Nigeria, Argentina, France and Chile have encouraged decentralization in decision-making processes and management of educational services to address inequalities. The above statement supports the initiatives in South African school funding to move towards equity and equality through increased education funding through state resources.

## **2.7 LEGAL FRAMEWORK**

Section 15 of SASA empowers the school as a juristic person with full legal authority to perform its functions. Section 16 of SASA stipulates the role of SGBs as “governance” and the role of the school principal as “professional management” under the guidance of the Head of Department.

According to Serfontein (2010:96) school governance is an act of determining policy and rules by which schools are to be organized. A much broader definition is provided by the United Nation’s Commission for Global Governance which stipulates that: *governance refers to the sum of ways institutions manage their own affairs, It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken* (in Serfontein 2010:96). The distinctive roles of the SGB and the school principal in this proper management of school finances should not be seen as contradictory but as complementary to the smooth running of the school.

Section 16 A (1) of SASA further stipulates that the school principal of a public school represents the HoD when acting in an official capacity and is therefore accountable not only to the HoD but to the SGB as well. The South African case of *Willem Sternberg Schoonbee*

and 17 others vs. MEC for Education and HoD (Case No: 33750/01) in Mpumalanga found that it is wrong to view the principal as the chief accounting officer accountable for managing the school funds (Joubert and Bray, 2007:128). The judgment of the above case set a precedent that the school governing body and not the school principal is accountable for the use of funds at school. Section 37(1) of SASA provides that the SGB must administer the public money at a public school, although it may delegate such a function to administer the money on their behalf (Mestry, 2006:36). In the judgment of the case of *Willem Steenberg Schoonbee vs. MEC for Education* above the judge found that the principal has a duty to assist the governing body in the execution of its statutory functions such as the financial management.

## 2.8 CONCLUSION

The literature review revealed a number of insights about the financial management at the public schools. There is evidence that there is an increase in public spending per learner in previously less resourced schools which is a step closer to equity. The budgets of the schools have been decentralised to schools and schools have more say in the financial management of the school money. Despite the fact that schools have a say in budgeting, schools still lack systems to monitor the proper utilisation of school funds.

The literature revealed that both the SGBs and school principals still lack proper skills and knowledge on financial management. It was also revealed that there is lack of co-operation between different role-players at schools and the lack of knowledge by the different role-players on financial matters other the ones mentioned above. The literature review showed that there are clear indications that schools are forced to account as stipulated by the SASA. International perspectives on school financing indicate that schools are given more powers as way of strengthening school based financial management.

The literature has not investigated how the changed roles of the treasurers and finance officers affect financial management at schools. The financial prescripts of Limpopo Province delegate most of the job description that was previously done by the treasurers to finance officers. These changed roles can contribute positively or negatively towards the financial management school money. While the literature review had indicated the increased allocations of funds per learner to previously poor-resourced schools, it did not reveal

whether the increased funds have been adequately used in terms of purchasing enough  
Learners Teacher Support Materials (LTSM)

## CHAPTER 3: RESEARCH DESIGN

### 3.1 INTRODUCTION

The previous chapter explored the literature on the funding of education in South Africa. It also explored the funding of education from an international perspective. The review of literature on school funding revealed the important role the stakeholders play with regard to financial management, especially those directly involved in the use of public money at schools. Further it showed that it is essential that those stakeholders take responsibility to ensure that the funds are spent in effective and efficient manner. By so doing they would be helping not only the schools but also the state in moving with speed towards *access, equity* and *equality*. In order to find the answers to the research questions a qualitative research methodology was employed.

### 3.2 RESEARCH APPROACH

The researcher employed qualitative research as a research approach to answer the research questions. The qualitative research was chosen above the quantitative research method as it was more relevant to the type of questions which were asked. Qualitative approaches seek an understanding of the phenomenon in its context-specific setting (Golafshani, 2003:598). According to Nieuwenhuis (in Maree, 2010:81) the qualitative approach helps researchers to have a deeper understanding of a phenomenon. According to Johnson & Onwuegbuzie (2004:14) qualitative approach uses rich written description provided by informants regarding a phenomenon. Data were generated from two sources i.e. participants as informants at the schools and financial documents from the schools

To acquire a deeper understanding of the phenomenon the researcher visited the sites to get the views, experiences as well as perceptions from the participants. These were the participants who were directly involved in the spending of the money at the school - school principal, SGB chairpersons, treasurers and finance officers. The study was conducted within the sampled schools' premises, thus each school was a natural setting which enabled the researcher to have physical contact with the participants and do the interpretation of the situation in its own surrounding (Dencing & Lincoln, 2005:25).

The researcher conducted the research in five schools in different circuits in one district of Sekhukhune. The researcher employed a case study design and each school was treated as a case on its own. The case study design was chosen as this method studies each case within a clear boundary (Creswell, 2006:95). The case study as design gave the researcher a chance to interact with the participants in their natural setting and the context of the setting was also considered. According to Patton (2002:231) cases are selected purposefully for in-depth understanding of a particular phenomenon or situation. According to Punch (2005:145) a case entails a “bounded system” that occurs within a particular locality; therefore each school will be studied within its context.

The no-fee schools are unique. They fall under quintiles 1 - 2 and are mostly rural schools. In other words the schools that were sampled were schools that were initially charging school fees which were now declared no fee schools. These are the schools which were the poorest or poorly resourced in the country. The other unique feature of these schools was that they were using the same prescripts/guidelines on the utilization of the National Norms and Standards for Schools Funding (NNSSF) of the Limpopo Department of Education and the research was conducted within the schools of Limpopo province.

### **3.3 EPISTEMOLOGY**

The problems that accrue as a result of spending school moneys turned out to be more complex issues than perceived. These problems prompted the researcher to study the phenomenon of spending public money at the no-fee schools. The phenomenon of spending is the subject of this study.

According to Nieuwenhuis (in Maree, 2010:55) epistemology is how one comes to know reality or a means of how we come to know the truth (Henry et al. 2004:15). The participants such as the members of school governing bodies, school principals, school treasurers and finance officers were interviewed to allow them to share with the researcher what they know, do and what they do not know or do. These are the role-players at schools involved in spending of school money. These role-players at school were in a better position to give the correct information about the utilization of money at their schools than other stakeholders, as they were directly involved in spending school money.

It is their views, experiences and perception which assisted the researcher to establish the reality or have knowledge about the situation of the financial utilization of the public money in each school. The information was interpreted by the researcher and every effort was made to ensure that the researcher represented the information obtained as accurately as possible.

### **3.4 PARADIGM**

The research paradigm used was interpretivism, which is a theory of meaning, understanding and also literary interpretation of events or phenomenon (Maree, 2010:58). 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 (Creswell, 2006:19). According to Creswell (2006:20) interpretivism is where individuals seek understanding of the social world by giving meaning to it. Interpretivism allowed the researcher to look into the deeper meaning of the phenomenon with the purpose of giving meaning to it. Interpretivism was employed to interpret the literary texts from interviews and documents about school financial records such as budgets, financial statements, finance policy *etc.*

### **3.5 SAMPLING**

The nature of qualitative inquiry is that it focuses on relatively small samples to yield insights and in-depth understandings of a phenomenon (Patton, 2002:231). This was a small sample as only five (5) schools were sampled among hundreds schools in the district. The researcher sampled five schools from different circuits in one district of Sekhukhune to conduct a thorough study on how these schools use public money.

#### **3.5.1 Purposive sampling**

The researcher used purposive sampling to select the schools in which to conduct the study. The researcher targeted no-fee schools in Limpopo with the purpose of comparing the similarities and differences between them. The purpose of the study was to gain insight knowledge on how those schools spent their money to achieve *access, equity, redress, equality and quality of education.*

### **3.5.2**      *Proportional sampling*

The schools were chosen proportionally in terms of primary and secondary schools. There are more primary schools than secondary schools in the Sekhukhune district (Limpopo Department of Education, Budget Speech, 2007/8:13) hence more primary were visited than secondary schools. The ratio of primary schools to secondary schools is 2:1.

The proportional sampling used was guided by the ratio of the school in the district to allow fair contributions by the two types of schools. Proportionally there were more primary schools in the sample than secondary schools. There were three primary and two secondary schools. According to Wallinann (2006:276) the proportional sampling method is used to conduct research in cases which fall into different categories. Primary and secondary schools were treated as different categories.

## **3.6**      **DATA COLLECTION**

The research instruments used were interviews and document analysis Interview questions were set out in an interview schedule before the actual interviews began, but questions were not provided to the participants before the interview started.

### **3.6.1**      *Interviews*

Punch (2005:170) describes an interview as a data collection tool of great flexibility, which can help the researcher to be dynamic in approach. According to Punch (2005:170) interviews help to collect information so that one may gain a deeper understanding of a phenomenon or situation. Semi-structured interviews were used to enable the researcher to make follow-up questions to probe or give more clarity to the question to avoid ambiguity.

The interviews were arranged in a way that would enable the researcher to ask the same set of questions to all respondents. For example the interviewees in the same positions were asked the same set of questions. The researcher was flexible about the time spent on each question. All questions were presented to the interviewees through verbal communication. Interview sessions were recorded on an audio tape recorder after getting permission from each participant. A minimum of twenty minutes and a maximum of thirty minutes were assigned for each participant during the interviews.

The recorded information provided the researcher with raw data. The recorded data also enabled the researcher to transcribe the information and to replay the recorded messages during data transcription.

To verify or confirm the responses, further interviews were conducted on the participants to saturate data.

### **3.6.2 Document analysis**

Other than the interviews the second method was used to collect data was document analysis. Document analysis was employed when the researcher used school financial records to check or verify the information. Financial records were used as primary sources to check how the spending was done and which records were kept and how they were kept.

The other primary sources which were used included school budgets, monthly financial records, finance policies, audited financial statements, deposit books and daily cash books, cheque books and purchase slips and other relevant primary documents. Secondary sources of financial expenditure records that were also checked were minutes of finance committees and any other available relevant documents related to expenditure of public money at these schools.

Documents were checked at the schools. The researcher asked permission to keep copies of some of the following documents in the researcher's personal file: finance policies, annual audited financial statements and school budgets. These copies gave the researcher ample time to peruse and analyze the documents at home or elsewhere.

## **3.7 DATA ANALYSIS AND INTERPRETATION**

The method used to analyse data was content analysis. According to Nieuwenhuis (in Maree 2010:101) content analysis is a systematic approach that identifies and summarizes the message content. The researcher used the transcribed information from audio tapes and documents to transcribe the data.

Content analysis was suitable for this study as it allowed the researcher to look at the contents of the reports and analyze them. The researcher used transcripts and document to compare the similarities and difference of information. According to Nieuwenhuis (in Maree, 2010:101) content analysis could help researcher to look for similarities and differences to corroborate or refute theory and assumptions.

All the transcribed data was coded to generate themes and sub-themes. The method to be used to interpret the information was interpretive coding. Interpretive coding interprets what is in the transcripts by using variables (Wallinan, 2006:312). The researcher used codes such as the letters of the alphabet to classify and sort out similar information, in order to group them together. The researcher used codes to identify themes and sub-themes. These themes and sub-themes were used as headings and sub-headings respectively when the researcher analysed the data.

The information collected from interviews and documents helped the researcher to do data interpretation as well. According to Starks and Trinidad (2007:1375) the researcher's own interpretation is important as it is assumed that he or she had to understand the phenomenon from the nature of his/her own world. Using the information from the transcripts and documents, the researcher analyzed the information from the participants' own perspectives and from each school's position.

### **3.8 TRUSTWORTHINESS AND VALIDITY OF THE RESEARCH**

The rigour of this research tried to ensure trustworthiness and validity.

#### **3.8.1 *Trustworthiness***

According to Onwuegbuzie and Leech (2006:239) there is no method that is guaranteed to yield valid data or trustworthy conclusions on qualitative research but these methods are imperative for ruling in or out rival interpretations of data. Every study carried out needs to have a concluding interpretation based on facts and trustworthiness which are regarded as an acid test of data analysis, findings and conclusions (Nieuwenhuis in Maree 2010:113). The researcher ensured trustworthiness of the data by doing member checking where participants were afforded an opportunity to verify facts to avoid misrepresentation of facts

(Onwuegbuzie & Leech 2006:241). To avoid subjectivity, the researcher analyzed the transcripts with an open mind, trying to be fair, objective and unbiased. The transcribed data was taken back to the participants to verify the statements they gave. This also gave the researcher an opportunity to do follow up by conducting the second interview.

### **3.8.2**      *Validity*

To validate data, the researcher crystallized findings and conclusions from various data sources (Maree 2010:81). The researcher used the participants' responses and information from documents. The participants' responses, the financial documents from schools and the researcher's interpretation formed part of what is known as crystallization (Maree 2010:81). The crystallization also added value to the credibility and trustworthiness of the research.

## **3.9**      **ETHICAL CONSIDERATIONS**

The issue of ethical considerations was important as they were supposed to protect the identity of participants.

### **3.9.1**      *Voluntary participation*

The participants were informed about the right to participation during the visit to the sites. The participants were informed that their participation was voluntary and there was no remuneration by any means. It was further clarified that anyone was free to withdraw at any given time if they so wished. However, the researcher emphasised their contribution to the study was valued as the outcome of the study might be important to change the way schools manage their public money.

### **3.9.2**      *Informed consent*

All participants signed letters of informed concerned. These letters contained the conditions on how the research would be conducted and the rights of participants. The letter was signed before the actual interview started, attached Annexure B.

### **3.9.3**      *Confidentiality and anonymity*

All participants were assured that the information provided would be treated in the strictest confidentiality. They were also assured that the information collected could not be used

against them or prejudiced by the statements they make during the interview or thereafter. Participants were assured that the names of the school and names of the participants would be anonymous in the research report and thereafter. The letters that guaranteed the intent of the secrecy was shown and signed by the researcher in the presence of each interviewee before the interview process, attached as Annexure C

### **3.10 CONCLUSION**

The chapter dealt with the process of data collection and the approaches used when analysing data. The methods which were primarily used in the collection of data were interviews and document analysis. The next chapter will present the data analysis and interpretation.

## **CHAPTER 4**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 INTRODUCTION**

The first purpose in this chapter was to examine and analyse the data collected from various participants that were interviewed to provide evidence on how the sampled no fee schools spend their monies. Data were collected from the following stakeholders: the school principals, SGB members, the school treasurers and finance officers. Direct quotes from the respondents were used to confirm or provide evidence.

The second purpose of this chapter was to analyze information from documents collected at schools which included financial records, minutes from committees, policies etc. The researcher examined school records like receipt books, audited financial statements, compositions of finance committees, schools financial policies as well as minutes of finance committees. These documents were used to verify whether the schools used the Schools Act and the prescripts provided by the department of education in Limpopo that guide all public schools in the province on how to manage the school money efficiently and effectively.

#### **4.2 ANALYSIS OF DATA**

According to Punch (2005:196) qualitative data analysis is centrally inductive in nature although deductive reasoning is also needed for generation of theory as well as verification of theory. The view of inductive reasoning is equally shared by Schumacher and McMillan (2001:461) who says qualitative data analysis is primarily an inductive process which organizes data into categories.

Data was organized was organised into codes and categories to identify themes and categories. There was a strong emphasis on comparing the similarities and differences of the information collected from the various participants.

The research findings were obtained from both the interviews and documents and were organized under the following themes:

- The impact of the no fee schools policy,
- The decision-making processes in the use of school public money,
- Budget priorities,
- Accountability by various stakeholders,
- Transparency in the use of school money,
- Issues of procurement in the spending of school money,
- Perceptions of parents and educators on the spending of public money, and
- Challenges encountered by the schools in the spending of school money

The sub-themes were inserted under the relevant themes to support a particular idea or ideas.

The discussion that follows analyses the responses from the different participants. The identity of the schools and the respondents needed to be protected hence the use of different codings in the discussion. Principals were coded P1 - 5 (P for principal), chairpersons of SGBs were coded as CP1 - 5 (CP for Chairperson), treasurers were coded as T 1- 5 (T for treasurer) and finance officers were coded as FO 1- 5 (FO for finance officer). The above codes were used when analysing data to protect the identity of participants

#### **4.3 THEME 1: THE IMPACT OF THE NO-FEE SCHOOLS POLICY**

The first question of the research interview was about the impact the no fee schools policy had on the functioning of schools since its inception in schools since 2007. This was an introductory question to the two participants, school principals and chairpersons of the SGBs. These questions served as a point of departure for the above participants in all interviews of each school. This was against the background that all the schools where researched was conducted were no fee schools.

The responses from the participants during the interviews showed that they understood the meaning of the concept no fee school very well. The question was mainly answered with the participants making a comparison between paying fees and no fees periods at these schools. The participants indicated how the no fee schools policy brought relief not only to the

majority of parents who were unable to pay charged school fees but also to the middle class parents whose children attend those schools.

All the participants agreed that the no fee schools policy is a non-discriminatory policy as it applies to all learners irrespective of the status of the parents in the community. The participants also indicated that the policy did not come as a relief to poor parents only but it also enabled the schools to pay some of the things which they could not afford before. This is summed up by the response below:

*We have hired a security guard, a gardener and a clerk who helps with the administration of the school. We have also built a strong room for storage of important things at school. (P5).*

Emotions can either be expressed through words or seen. When the researcher was conducting interviews, the researcher was able to read the emotions expressed by the participants especially school principals. There were emotions of appreciation and enthusiasm. The researcher could either have misconstrued those emotions for “nerves” as money is a sensitive issue to talk about hence they did not know which questions would be asked.

It took a great deal of persuasion to convince some of the school principals to participate in the interviews. This was because the school principals were the ones the researcher approached to communicate the decision to conduct the research about the schools finance components. Because of being in that position at schools some principals kept on postponing the interviews or deliberately deciding not to inform the participants about the changed times scheduled for the interviews. Those principals were reluctant to talk about the money issue especially as it related to their schools.

The reflections by the SGBs on the policy were positive, they were happy about the amount of money given to their respective schools. On the other hand some of the SGBs were equally concerned about how the money was being spent.

*This school erected two new fences, one inside the other, which parents see as a wasteful expenditure. (CP5)*

The conclusion that can be drawn from the above extract is that even though some schools use the money to benefit the school one SGB complained that the school money was not fruitfully spent.

Appreciation was expressed by one of the SGB participants who indicated that the timing of implementing the no fee schools was long overdue. The participants' wish was that if the policy had been implemented earlier its effects could have been more different than they are now as the extract below illustrates:

*We can imagine if the policy was introduced immediately after 1994, our school would have been far better than it is now. (CP4)*

It was clear that parents wished that the state had implemented the policy of no-fee schools earlier than it was done.

The literature review indicated that the concept equality was used more in the democratic era than prior to 1994. The 2001 education report (Department of Education, 2001:8) indicated that access to primary and secondary schooling improved significantly, with near universal enrolment in the primary schools and enrolment of 86% of secondary school in 1998 as a result of democratic era and the effect of the Norms and Standards. It was also indicated in the 2003 education report (DoE, 2003) that there was a dire need for the state to eradicate the *inequality* of the past.

Regarding school funding *equality* was used to evaluate the progress made so far to close the gap between the previously more resourced schools and poorest schools in the country to achieve equality. The efforts to close the gap between better resourced schools and poor ones were an attempt to move towards equality or make the school the same. According to Samoff (2001:17) equality is about sameness or non-discrimination.

In the 2003 education report on education (DoE, 2003)) it was revealed that despite the Norms and Standards adopted in 1998, which was implemented in 2000, the gap between the

poorest schools and the previously well-resourced schools was increasing instead of decreasing. The question that the report wanted to find answers to was: What is the position of the poorest schools which were declared no fee schools since 2007 in terms of moving towards achieving *equality* and *equity*.

Principals were more satisfied about the no fee policy than other components.

*The no-fee schools policy is one of the best policies ever from the government. (P5)*

The above statement was contradicted by the SGB chairperson who hails from the same school:

*Parents are thankful ...but the only problem is the way the money is being used, where we as parents have little say. (CP5)*

School principals indicated that schools could now afford to purchase more school resources with the money which they could not do previously. The financial position of those schools was indicated as far better than the time when those schools were charging school fees. The participants indicated that there more changes with regard to resources now available at schools. The no-fee schools policy allocates less money to schools which are in quintile 4 - 5 than the poorest in quintile 1 - 2 schools (Government Gazette No. 29179). This is an effort to try to close the gap of *inequality* between these schools.

Though the participating principals showed more satisfaction about the policy, the researcher recorded one principal who emphasized that there is still a long way to *equity*. Participants gave the responses that schools do not have resources such as libraries and laboratories. They indicated that the aim of equity in resources distribution has not been achieved. This was confirmed by the remarks of one principal in question:

*But I must indicate no money is enough, we still need things like laboratory, library etc. (P 4)*

The statement above shows that the schools in the sample still lag behind in terms of physical amenities. To address the problem of *equity*, there is a need for other measures from the state other than the no fee schools policy to deal with backlog of infrastructural resources. While the policy of no-fee schools has moved education a step further towards *equality* in terms of funding, the findings show the state schools are still a long way from *equity*.

#### 4.4 THEME 2: DECISION-MAKING PROCESSES

The powers of the school governing body are clearly set out among others in section 20 of SASA. According to Marishane and Botha (2004:101) schools require increased decision-making authority over the expenditure of state-allocated funds to schools in order to be in a better position to account for its use. The research wanted to find out what decision-making powers were more appropriately practised at schools. These were decision-making powers which were mainly concerned with the spending of public money at these schools. The question put to the participants that enquired about decision making powers was: How do you arrive at the decision of spending money at school? This question was directed to all participants in the research.

The word budget or budgeting was mentioned by every participant on answering the question which said: How do you spend the school money? The mentioning of the concept budget or budgeting showed that spending was done guided by the budget document or school needs. What was clearly different was the different approaches the schools followed to conduct their budgeting processes. The following extracts clearly indicate the differences:

*The finance committee is responsible for drafting a budget. All stakeholders are called upon to make their inputs. (CP4)*

*The SGB draft the budget and let members of the staff to make inputs. The draft budget is taken to parents for further inputs. (P1)*

*The SGB sits and decide on what can they can they utilize the money for. Thereafter we take what the SGB has suggested to allow the staff-members to allow them to give their inputs. (P3)*

Most of the participants agreed during the interviews that they formed part of the budgetary process at their schools. The participants indicated budgeting processes were not done as a competence of one stakeholder. It was found that regardless of whoever initiates the drawing up of the budget between the SGBs or finance committee, the budget drafting process was done as a joint or as a consultative process where stakeholders were afforded opportunities to make their suggestions and inputs. Thus decision-making processes on budgeting were undertaken as a joint endeavour.

According to Mestry (2006:27) the state has devolved some powers to the school governing body. One key function of the school governing body is to draft the school budget and ensure that the budget is fully implemented. The school budget must be approved by the parents of the learners at the school. The question linked to the school budget was: Who has more influence on the drawing up of the budget?

It was found that the school principal had more influence on the budgeting decision than all other components. The school principal forms part of the finance committee which in terms of the prescripts is required to draft the budget on behalf of SGB. The principal sits in the school governing body as an ex-officio member, and has an opportunity to influence decisions when school governing bodies make inputs and suggestions on the budget. The principal also sits on departmental school subject committees, which submit their departmental needs to the finance committee during the drafting of the budget. The principal by virtue of his or her position sits in when the parents approve the budget. In a way the principal is in a position to influence the decisions when the budget is finalised or approved.

The procurement process was revealed as one contentious issue where decision-making powers are involved. It was confirmed that the SGB delegates some of its powers to the finance committee. It was found that the school principals were the most influential stakeholders behind the decision making during procurement processes. The following question was asked to the school principal: Do you influence the processes on procurement? One response was as follows:

*Yes, as an ex-officio member I influence the processes ... the committee is infiltrated by local issues. (P1)*

This influence of the school principal in taking decisions also included the decision to select or appoint who should render a particular services or service at the schools. This is despite section 37 (1) that gives powers to the SGB not the principal to establish and administer a school fund.

The discussion can be concluded by saying that there was sufficient evidence that proved that school principals possess more powers at school in terms of financial spending than other role-players within the schools.

#### **4.5 THEME 3: BUDGET PRIORITIES**

There were similar responses given by the participants to the question which enquired about the impact of the no-fee schools policy on the functioning of schools and to the question that enquired about the major budget priorities in the schools. The participants indicated that the money allocated to schools from government is mainly used to purchase LTSM. The LTSM are things such as computers and photocopiers, specific books, stationery. Others budget priorities highlighted were the hiring of personnel such as clerks, security and gardeners which were unavailable at these schools before. On assessing the school budget it was found that travelling costs were recorded as the third major budget priority after LTSM and additional personnel paid by the schools.

#### **4.6 THEME 4: ACCOUNTABILITY**

Sections 36 and 37 of SASA state functions and responsibilities of the school governing bodies while section 16 (A) of the same Act states the functions and responsibilities of the school principals. According to Prinsloo (2006:365) the principal is accountable to the governing body and the governing body should hold the principal accountable for financial matters even though the matter is not specifically entrusted to the principal by the statute. Prinsloo (2006:365) further says that the school governing body is accountable for financial management of the school as this duty is a statutory function of the school governing body.

The question on accountability was directed to the principals, SGBs, school treasurers and finance officers to give their experiences on how they account for the use of school money. The analysis below deals with the responses of the participants separately.

The concept accountability was understood differently by principals and SGBs. The research found that the SGBs understood accountability as reporting. The reports of the SGB were about the annual financial statement to the parents or the community which elected them. According to the SGBs accountability starts and ends when presenting annual audited financial statements to parents.

Principals understood accountability not only as a way of reporting only but also as taking responsibility for one's action. The school principals differentiated between accountability to parents and professional accountability to their seniors. According to van Rooyen (2008:7) professional accountability refers to accountability that emanates from the professional responsibility delegated to school principals by the department of education. Other than reporting about school finances to the parents and the community the school principals also indicated that they make submission of financial records to the education department. Principals viewed accountability as being answerable for any wrong doing that could emanate as a result of maladministration of school money. The following quotes below confirm some of those different responses by participants on how they understood accountability from their respective positions:

*I am accountable to all stakeholders, parents, SGB, teachers and the department. (P2)*

*After we audited our financial books we call the parents meeting to report about how the school used finances in the previous year. (CP2)*

*The school treasurer reports about school finances in all SGB meetings. Parents are given feedback on how we spent the money during parents' day. (P5)*

*We call parents' meetings. The treasurer present annual audited statements every year. (CP5)*

Most of the above responses from principals indicated that school principals believed that they were accountable to parents, SGB and the department. The participants of the SGBs, chairpersons and treasurers, cited parents as the stake holders to which they are accountable for how they spent the school money in the previous year. The finding was that both principals and SGBs acknowledge being accountable towards their schools, though in a different way.

The question on accountability was also directed to school treasurers. The question enquired on how and to whom they account for the spending of school money. The extracts below were some of the responses on how they understood their accountability.

*I am accountable to the principal. I read the recent bank statement to the SGB every time we have a SGB meeting. (T3)*

*I am accountable to the principal. I also account to other stakeholders during parents' days... In every SGB meeting I give report on the recent expenditure and balance as per monthly statements. (T1)*

It was found that treasurers were accountable to their respective school principals. Some indicated that they were also accountable to school governing bodies and parents. They indicated they account to the parents when they present annual financial statements to parents.

The prescripts from the department, supported by the respective finance policies of the schools, stipulate that part of the accountability of the school treasurer is to ensure that school cheques are signed procedurally. One of those written guidelines on using school money prohibits the signing of a blank cheque. It was found that some school treasurers as members of school governing bodies contravene the guidelines as they admitted to be involved in the signing of blank cheques. The extracts below confirm those claims:

*Yes, on emergency cases we sign blank cheques, but we do not do that very often (T1)*

*Yes, but on rare occasions...we know it is illegal but sometimes we are forced by urgent circumstances (T5)*

*Yes, but I know I am not allowed to tell you about that. (T3)*

The above responses revealed that although school treasurers know about the illegality of signing blank cheques they nevertheless continued with this illegal action. The danger about this illegal action is that money can be spent for other purposes than what it was intended for. There is a possibility for a blank cheque to get lost or that it could be used fraudulently by a person in possession of it. In other words a blank cheque is not safe.

The last participants to respond to the question on the accountability on the use of school money were school finance officers. It was found that there was a contradiction between what the finance officers were doing and what they are supposed to do in terms of the prescripts guidelines. Some of the treasurers had not yet delegated the responsibility for the work they previously did to the finance officers, but instead they continued to do the work that is supposed to be done by the finance officers. Some of the school finance officers had not yet assumed their duties as prescribed by the prescripts. Some of the finance officers do not form part of finance committees at the schools. Some of the schools do not even know about the prescripts of the department and are therefore not aware of their job description. It was difficult to find out clearly whether the finance officers were accountable as some do not do what is expected of them.

All schools showed compliance with auditing requirements as they were able to provide the researcher with audited financial statements. Each school had appointed auditors to audit its finances. The audit opinion given in all schools was more or less the same. The auditors' opinion as quoted from one of the schools simply reads as follows:

*We examined the finance books of school...required by section 42 of South African schools Act and in our opinion the school did maintain the proper account records according to our audit findings.(School C*

## 4.7 THEME 5: TRANSPARENCY

According to Perry and McWilliams (2007:35) the concept transparency means to make something visible or public to permit improvement in turn. The research wanted to establish whether the participants practise transparency when using school money. The question was: How do you ensure that there is transparency in the use of school money? The following responses from four different schools stakeholders were given:

*We spend according to the budget. We inform teachers, parents and SGB about our expenditures. (P1).*

*I instruct the treasurer to present a report to the SGB on all financial transactions that took place in every meeting (P5)*

*Every time when there is new allocation the principal call SGB to a meeting. We then decide things which could be purchased. (CP3)*

*The finance committee attends to the issues of procurement. (P4)*

The above responses indicate that there were different interpretations of the word “transparency”. The school principals see transparency as an action of openness, for instance when you involve different stakeholders during the drawing up of a budget or procuring goods and services. It was found most of the school principals were transparent and open in handling the uses of finance at schools. The SGBs understood transparency as when the principals called them to a meeting and showed them how much money was allocated to their respective schools. Some of the responses were irrelevant to the questions even when the researcher used probes.

Not all the participants responded the same. One SGB member complained about a lack of transparency in one school as shown:

*As for transparency, it is always not there as principal is the only person who authorizes spending. (CP4)*

The researcher observed that transparency has been practised by the majority of schools to share how much was allocated to the school. Knowing the amount of money in the coffers of the school and using the money is a different thing. There was evidence that educators felt there was no transparency in the use of school money. There is a need for schools to be open and transparent on how actual spending is conducted.

#### **4.8 THEME 6: ROLES AND RESPONSIBILITIES OF DIFFERENT STAKEHOLDERS**

The questions that enquired about the roles and responsibilities of different stakeholders in the management of school money were either directly or indirectly asked. The participants were able to respond to the posed questions during the interview process. The roles and responsibilities of different stakeholders were divided into sub-themes as follows:

- The roles and responsibilities of school principals in financial management,
- The roles and responsibilities of SGBs in the management of school finances,
- The roles and responsibilities of school treasures in the contribution towards effective spending at school,
- The roles and responsibilities of the education department with regard to financial spending at schools, and
- The roles and responsibilities of school finance officers with regard to school financial management

##### ***4.8.1 Sub-theme 1: The roles and responsibilities of school principals in financial management***

Throughout the discussions the researcher discovered that principals had the most influence on the tasks of financial management. The influence of school principals was evident during the drafting of school budgets. This indicated that the principals had powers to influence the decision making process on budgeting. The following extract show principals' influence:

*As an ex-officio member of the finance committee I participate a lot to influence the decisions on the school budget. (P 1)*

The school principals' influence on electing those who should serve or appointed in certain position on financial management committees at school was acknowledged by one participant who said:

*Some educators have been influencing me not to help the school treasurer on her role. They allege it is the principal who influence her appointment on the position for the reasons known to those educators. (FO 4)*

The influence of the principal is not only limited to the budget but is evident in procurement processes. On the question regarding principals' influence in the finance committee during procurement processes, these were some of the responses of the principals which confirm their acceptance of influencing the decisions and they responded as follows:

*As an ex-officio member of finance committee I also want to influence the decisions as I am accountable to SGB, parents and the department. (P2)*

*There are decisions which I influence like pushing for an appointment of a person I have seen the good work he or she has previously done somewhere else. (P3)*

Section 37(1) of SASA provides that the SGB must administer funds at a public school, although it may delegate such functions to someone to administer the school money on its behalf. It was found that no school cheque could be signed without the authorization of school principals who acted on behalf of the SGBs at the schools. The statements below confirm that the authorization of school cheques has been delegated to the principal:

*Authorization is always done by the principal. (T5)*

*The principal is the one who authorize for every payment. (T2)*

*The principal is the one who authorizes the signing of every school cheque. (T3)*

The quotes above confirm that the principals did the authorisation which is the function of the SGB. The research found that every school cheques issued was authorised. This authorisation was important in terms of the prescripts. The invoices must correspond with all records

concerning the transaction and the principal has to ensure correct record keeping as well. This authorisation also fulfils the role of the principal in terms of section 16 (A) which requires principals of public schools to represent the HoD to ensure that every financial transaction that is carried out is authorised.

The important role that school principals could play was overshadowed by the irregularity that accompanied the signing of the blank cheques at some schools. Some school treasurers admitted some blank cheques were authorized by the school principals and in some cases those cheque were given to the same school principals. While the participants raised claims of compelling reasons for violating the rules that forbid the signing of a blank cheques the fact of the matter is that signing a blank cheque is regarded as a fraudulent activity in terms of SASA and is punishable by law.

The accuracy of school records is an important step towards ensuring the effectiveness and efficiency of using the school money. The responsibility for the accuracy of all financial records lies with the principals as stated by SASA. The prescripts of the department of education in Limpopo province on the Norms and Standards (2008:21) stipulate that the principal or an officer delegated by the principal shall keep and maintain accurate records pertaining to financial transactions. The keeping of accurate records and the submission of such records to the department by the school principal in all public schools is not only a responsibility but it is also an obligation. The findings in this research indicate that the checking of the records by school principals was duly done as confirmed by the extract below:

*Yes, I do the checking but the principal is the one who does monitoring and control ... the finance officer does all the work and the principal checks everything. (T4)*

Despite the fundamental knowledge the school principals had with regard to the management of school funds it was found that there is a need for retraining and equipping school principals. It was found that principals have received little training in financial management to equip them with financial knowledge and skills. School principals need the training to deal effectively with any maladministration on school finances. The acquiring of knowledge would enable them to utilize such knowledge to guide and empower the SGB for accounting

purposes. Section 16(A) of SASA requires principals of public schools to report malpractices as he/she represents the HoD at the school. As a professional leader, the principal should do everything that is expected of him or her to ensure that what the governing body and provincial department do is legal, fair, reasonable and permissible (Prinsloo, 2006:364). The acquisition of proper knowledge and skills through training the principals would help them to fulfil their role of providing proper guidance to the SGB in managing school finance effectively.

#### **4.8.2 *Sub-theme 2: Roles and responsibility of the SGBs in the management of school finances***

Section 20 of SASA gives school governing body a mandate to manage school funds. There has been a move towards self-management or decentralization which devolves more authority and responsibilities to school to manage their resources (Mestry, 2006:27). The school governing bodies have a role to ensure that the resources of the school which include the school money are well managed.

It was found that for the past two years the school governing body had not received proper training in the two circuits where research was conducted. The school governing bodies in the schools where research was done were elected into office in 2009 and did not receive adequate training on financial matters. The following responses illustrated the above point:

*Since we assumed office in 2009, we have never received any training. (CP5)*

*As for the rest of the SGB members, we were never trained. (CP4)*

The training of the SGBs was not done despite section 19 of the SASA which stipulates that the Head of Department (HoD) should provide introductory training for newly-elected school governing bodies to enable them to perform their functions. This responsibility was not yet carried out at the time when the research was conducted. It was found that the SGBs were not adequately trained to manage the school finances and therefore the financial management at the school was not as effective as it should be. It was also found that the key task of keeping records of assets, liabilities and financial records was not done by the SGB but instead it was performed by the school principals.

The positive finding was that all schools through the SGBs were able to present annual audited financial statements to the parents. This was illustrated by their positive responses to the question that asked: How do you account to the different stakeholders on the use of school money? The SGBs indicated that they present their annual audited financial statements of the previous year to the parents every year. The following findings with regard to annual audited financial statements were also made: All the schools audited their school books for 2009, four schools supplied the researcher with the annual audited financial statements of 2010 at the time when the research interviews were conducted in March /April 2011. The extracts below confirm the findings above:

*We account to parents after we audited our books, we issue notices for parents' meetings. (P1)*

*After we have audited our financial books we call parents meeting to report about how the school used the finances in the previous year. (CP2)*

Section 39 of SASA as supported by section 4.4 of the government prescripts of the department of education in Limpopo province stipulates that all public schools which have been declared no fee schools must not charge mandatory school fees from any learner. One school was found to have contravened the section as mentioned above as it charged a fee every month with the pretext that it is "casual money". It was found that the school obliged every learner to pay R4, 00 every month as casual money in order to pay for gas or fire wood for preparation of learners' food. This money amounted to R48, 00 per learner per year. The following extract confirms the finding:

*All learners pay R4, 00 each as casual money for gas every month. (FO3)*

The SGB of the school failed in their duty as they subjected both learners and parents to the payments even though this was against the departmental policy of no fee schools. The SGB is the custodian of the interests of both learners and parents. The payment of casual money on a monthly basis as indicated above contradicts what is contained in the gazette (Gazette No. 29179:2006) that states that all schools in quintile 1 – 2 may not levy any school fees.

#### **4.8.3 *Sub-theme 3: Roles and responsibilities of the school treasurers towards effective spending at school***

As previously confirmed by the literature in chapter 1 paragraph 3 of this report, the SGB can delegate the administrative financial functions to the school principal. The school principal can delegate the same administrative financial functions to the school treasurer or any other person who has knowledge about financial matters. According to Steyn (2002:254) decentralisation represents the devolution of power from a higher level to a lower level. The research found that delegation of powers is practised in most of the schools as in most responses the principal should act on behalf of the SGBs. According to Marishane and Botha (2004:95) the decentralization of financial control has become an important strategy that is aimed at improving school financial management. It was found that schools use decentralization of powers to deal with the improvement of financial management at the schools.

Despite the provincial prescript that says the treasurer shall be the chairperson of the finance committee, the treasurer of one school was not the chairperson. The chairperson of the finance committee was instead elected from among other members of the finance committee. It was found that this practice contradicted the guideline in the prescripts which stipulates that school treasurers shall be the chairpersons of the finance committees.

It was also found that even though there was a finance officer at some schools, who is supposed to do his or her work as stipulated in the prescripts, the treasurer continued to do the work of finance officer. As a result there was conflict between the said treasurer and the finance officer. It was also found that four schools established finance committees in line with the prescript. Credit should be given to the school treasurer of the respective school as in terms of the prescript it is the school treasurer who is charged with the responsibility of establishing school finance committees. There was an exception as one school used an adjudication committee instead of the finance committee to deal with matters of procurement. This body was not properly constituted as it was formed by the current serving SGB without the involvement of the parents outside the current serving SGB. It was found that such an adjudication committee performed the function of the finance committee because there was no finance committee at that school.

#### 4.8.4 *Sub-theme 4: The roles and responsibilities of the department of education with regard to financial spending at schools*

The research established that the current SGBs at the schools at which research was done were elected in 2009. Section 19 of SASA stipulates that the HoD should provide training for new governing bodies to enable them to perform their duties. It was found that the school governing bodies were not adequately trained as confirmed by the respondents below:

*Since we assumed office in 2009, we have never received any training (CP5).*

*The department conducted meetings especially for signatories. As for the rest of SGB members we were never trained (CP 4).*

*No the current SGB which started work in 2009 did not receive any training from the department of education. (P 1).*

The school principals indicated that they complied with monthly and quarterly financial reports that they submitted to the department. After submissions of quarterly or monthly financial reports the department of education should in turn provide them with feedback reports. They indicated that feedback reports had not been given to the schools thus leading to a suspicion that the records were either checked or not checked by the departmental officials.

It was found that all schools received their 50% allocations for 2011. This was shown in documents on financial statement that showed that money was deposited into the school accounts during the last quarter of the previous year.

The other finding was that some of the schools ignore the directive from the departmental prescripts which stipulate that any expenditure above R30 000, 00 must be approved by the department first before it can be carried out. The school should apply for permission to spend any amount more or equal to R30 000, 00. The following response bears testimony to the finding to the question: Do you apply to the department if you want to spend any money above R30 000, 00?

*No, we have spent more than R30 000, 00 many times but we didn't apply. (P 1)*

The response illustrates that while schools do not follow departmental policy on applying for the use of a specific amount the department of education did not provide enough monitoring to ensure that schools adhere to such a directive.

#### **4.8.5 Sub-theme 5: The role and responsibilities of school finance officers with regard to school financial management**

The work of the finance officer is clearly stipulated in the prescripts as the main compiler of monthly and quarterly financial statements. Research results indicate that there were different interpretations of the work by treasurers at the schools. In three schools finance officers were administrative clerks appointed either by the school or the department.

In response to the question: Describe your function as a school finance officer, the following responses were given.

*My work ...is to record all school monies. I also record the minutes of the finance committee. (FO 4)*

*My job ... is to collect casual money from learners every month. (FO 3)*

*My main work is to do typing for the office and other educators. I ... only collect casual money every Friday day. (FO 5)*

The finding shows that at some schools treasurers do not utilize the services of the finance officer when dealing with school financial records. Some of the school finance officers were not even allowed to attend procurement committee meetings to record information or minutes as they are supposed to do as per the guidelines of the prescripts. The casual money also came into the picture and as alluded to earlier and the payment of such money was a contravention of the policy of no fee schools.

### **4.9 THEME 7: PERCEPTIONS OF PARENTS AND EDUCATORS ON THE SPENDING OF PUBLIC MONEY AT NO FEE SCHOOLS**

According to Mestry (2004:130) school funds should be administered as rigorously as public money. During the interviews the researcher sought the perception of the stakeholders

especially parents and educators on the use of school money. The following sub-themes were identified: The perception of parents on how schools use the public money and the perception of educators on how schools use the public money.

#### **4.9.1 Sub-theme 1: Perceptions of parents on how schools use public money**

What follows are the responses given by of SGB members after the following question was posed: What are the perceptions of parents about the use of money at your school?

*Parents complain about how money is used. There is an element of dissatisfaction.  
(CP 5)*

*I can say some parents do complain of how the money is utilized at the school. (CP 4)  
Parents are very happy on how we use the school money. (CP3)*

*Before I became a member of the SGB I had the perception that money is not well spend at school. Ever since I became a member I realized that some of the perceptions are not true ... perceptions of misuse of school money still persists on the mind of some parents. (CP1)*

Despite the financial reports given to parents as alluded to earlier in chapter 4 item 4.8.2 under sub-theme of roles and responsibilities of SGBs in the management of school finances (paragraph 5) as the above extracts illustrate that there were perceptions from some parents that school money was being misused. There was only one school SGB member who indicated that the parents were happy but surprisingly this is the school where learners pay R4, 00 every month. More than 80% of the participants from SGBs indicated that the majority of parents still believed that schools were not using the money fruitfully.

#### **4.9.2 Sub-theme 2: Perceptions of educators on use of school money**

The perceptions of educators on the use of school money were also explored. To the question regarding the perceptions of the educators on how the schools used school money, the following responses were given.

*The principal is not transparent on how the school uses the money. (FO 3)*

*Educators are complaining about how the school uses money, they believe that there is no transparency on how the school uses the money. (FO 5)*

*I think the way we have been handling our finances is we have been criticized. We have been trying to be transparent but those criticisms are still there. (FO 1)*

Generally educators did not complain about the use of school money but rather about the transparency in the execution of spending. The other finding was that there was a poor relationship between the school principal and the educators and they do not collaborate well on the handling of financial matters.

#### **4.10 THEME 8: ISSUES OF PROCUREMENT IN THE SPENDING OF SCHOOL MONEY**

Procurement at schools involves money given to schools by the department through the Norms and Standards. The research on the use of school money could not be complete without the researcher analyzing the issue of procurement processes. Procurement forms the cornerstone of financial spending, as the money that was utilized at school has to be used following procurement processes. The prescripts provide clear guidelines on what the schools should do in procuring goods and services.

One of the guidelines from the prescripts obligates schools to establish finance committees. It was found that in all sampled schools those committees were established except in one school where the committee is called the assessment or adjudication committee formed by SGB members and the principal as ex-officio member as shown by the extract below:

*The adjudication committee is formed by one member of the SGB and the principal as ex-officio. (P 3)*

When perusing the guidelines of financial usage in the prescripts there is no mention of any committee referred to as adjudication committee. The prescripts talk of establishment of finance committees. The interpretation of the school to establish such is not in line with the guideline.

Regarding the question on procurement processes, the following similar responses were distinguished: The schools use finance committees to deal with procurement processes. It was found out that the services of the service providers were engaged where quotations were sought to consider the best bidder. The issue of the lowest price was the dominant factor when selections were made with some emphasis on the consideration of profiles of the service providers and the proof of excellent service rendered elsewhere.

It was found that the difference was in how the schools finalized the deals of procurement. In some schools the finance committee deals with the processes of selections and appointments of the service providers without the authorization of the SGB while on the other hand it was indicated that the finance committee is the one that does recommendations to the SGB which then finally ratify or reject. However, the prescripts indicate that the SGB is the final arbiter of the procurement process.

#### **4.11 THEME 8: CHALLENGES ENCOUNTERED BY SCHOOLS IN THE SPENDING OF SCHOOL MONEY**

Many challenges were mentioned by participants during the interviews. Those challenges had impacted, either positively or negatively, on the overall management of school funds at the no fee schools. The following question was put to principals: Which challenges do you experience or have you experienced in managing the expenditure at your school? The responses that were given by the school principals varied. Two principals agreed that there were challenges they experienced with regard to financial management as the extracts below indicate:

*The challenges I have experienced is unforeseen expenditure on things which the school has not budgeted for. (P2)*

*The challenge we normally have is unbudgeted expenditure. There are many programmes from the department which interferes with our budget. (P 4)*

The above statement means that schools were sometimes compelled to meet other financial obligations that were not budgeted for. It was evident that schools sometimes spend money not budgeted for.

The other finding made was that the schools experienced challenges of finance committees which have vested interests in the procurement processes.

*Some of the SGB and adjudication committee members have close relatives whom they want to be appointed. (P 3)*

*The finance committee has vested interests in the school money. (P 5)*

Another finding made was that some of the service providers had vested interests in the budget, election etc. These people put pressure on some school principals to consider them for selection by either nook or crook, even if this could compromise their identity. The issue of buying or bribing those who have the power to do them favours during the tender process has not been proved conclusively by this research. However, there were strong indications from the participants about the issue of relatives and friends in tenders' procurement.

#### **4.12 CONCLUSION**

It seemed that some of the SGBs are faced with numerous challenges especially on management of school finances. According to Xaba (2011:201) the numerous challenges in governance of schools seem to be mainly related to ability or inability to execute functions as prescribed by SASA and indeed the research indicated the many challenges faced by the SGBs regarding financial management. The finding is that some of school governing bodies at the sampled schools do not execute their function of managing school finances as provided by the prescripts and SASA.

## **CHAPTER 5: OVERVIEW, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

It was clear that the financial expenditure at school is the responsibility of the school governing body as stipulated in sections 36 and 37 of SASA. The SGB should, in terms of the sections above, involve all stakeholders during planning of financial expenditure. SASA empowers the school governing body in particular to manage the school money. As shown in chapter 2 under decision- making processes regarding spending school money (paragraph 1) which states that funding has moved from centralization towards decentralization of its powers to schools.

The aim of this research was to study the management of finance in the no fee schools in order to gain knowledge on how they use their finances. The reason is that the no fee schools money is given to schools as public money. The research findings are aimed at answering the main and sub-questions that were posed in the first chapter of the study.

### **5.2 OVERVIEW OF CHAPTERS**

The summaries below constitute a synopsis of each chapter.

#### **5.2.1 *Chapter 1***

Chapter one provided a background of the schools funding in education system of South African schools. It provided an orientation to the system of funding prior to and after 1994. The chapter included the rationale, research problems and the main research question with sub-questions and concluded with the aims that the study hopes to achieve.

#### **5.2.2 *Chapter 2***

Chapter two presented the literature on education funding from a national and international perspective. The chapter started by clarifying the concepts of *equity* and *equality*. The chapter also presented what various authors had to say about school funding as well as on financial

management. Important concepts related to school funding such as decision making, accountability, transparency, roles and responsibilities were discussed. The chapter also dealt with the legal framework, conceptual framework and theoretical framework in relation to the study.

### **5.2.3 Chapter 3**

Chapter three focused on the research design, sampling and data collection methods. The reason for the choice of particular research methods, sampling methods and data collection methods were outlined. The chapter also explained how data and data interpretation were undertaken by the researcher. The chapter concluded with a consideration of the rigour of the research that clarifies how the research had to ensure trustworthiness of data.

### **5.2.4 Chapter 4**

Chapter four presented the analysis and interpretation of the facts obtained from interview questions and documents collected at various sites. The results and findings were interpreted and the chapter analyzed the experiences and perceptions of the participants on the use of school money at each site. The interpretations and analysis of the research formed the basis of the research findings which led to recommendations and the identification of topics for further research.

### **5.2.5 Chapter 5**

Chapter five summarizes the research report to provide findings, conclusions and recommendations.

## **5.3 FINDINGS**

The study produced a number of findings that are illustrated in the discussion below.

### **5.3.1. Research findings from the literature review.**

The literature review discussed earlier in this research report indicated that post-apartheid education funding in South Africa has been at the centre of political reform. Education was seen as one of the areas where *inequality* existed for many years prior 1994. Although the National Norms and Standards for School Funding began in 1998 it was the 2003 Report on Education (Government Gazette No. 25031:61) which made a breakthrough as it

recommended reforms of funding to redress past imbalances which existed in schools. The proposed reforms of funding were formula based and non-racial and as a result the no fee policy was introduced. The policy wanted to address the inequality that existed across the schools in the provinces of South Africa.

By trying to achieve increasing access towards free education a major step forward was taken with the introduction of no fee schools in January 2007 (van Rooyen, 2008:2). The poorest public schools were given more funds to accelerate access to education and to move towards equity and equality. The primary responsibility of the state was to empower schools through governing bodies and provide schools with resources such as funds and infrastructure. To achieve the objectives the state enacted laws that decentralised more powers to governing bodies to enable them to look after those resources.

Sections 36 and 37 of SASA provide guidelines for the school governing body about its roles and responsibilities with regard to the management of school funds. In other words school governing body is seen as the custodian of school money. By virtue of his or her position the principal is often delegated by the school governing body to manage the school money on their behalf. According to Mestry (2006:37) collaboration among all stakeholders, transparency of decisions making procedures are necessary to ensure the effective and efficient management of school finances has been found wanting. The interpretation of research results and findings formed the major part of the research. There were a number of findings about the use of money in the public schools that were sampled and within the bracket of no fee schools in terms of the policy. The research findings cannot be generalized to other similar schools as the research was qualitative.

### **5.3.2**      *Research findings*

#### **Finding 1**

Principals of schools were more satisfied with the no fee policy as its impact is seen in the increased purchase of LTSM. This is indicated in chapter 4, section 4.3. Theme 1 paragraph 5, that reported the schools were in a better position than they were when they were charging schools fees.

It was also found that some schools also do spend money in such a way that learners do not benefit. An example can be seen at a school where money was used for paving the surrounding. Paving does not necessarily add value to the teaching and learning. It was indicated that the LTSM were not adequate but the school engaged in paving which was over R30 000, 00 stipulated as limit by the prescript. It was indicated in chapter 4, section 4.8.4 sub-theme 4 paragraph 3 that the SGB did not even apply for permission to spend the R30 000, 00 even though the prescript of Limpopo province provides that schools should apply for permission to spend any money above such amount. One can say the assumption made earlier in chapter 1 item 1.8 paragraph 1 that some schools do not spend money fruitfully and wisely appears to be true.

### **Finding 2**

It was found that schools utilise the school budget when spending the school money. It was indicated by every participant interviewed that the schools were guided by the school budget when they actualised their spending money. The difference was however on how those school budgets were drafted' adopted and implemented. This is confirmed in Chapter 4 item 4.5 paragraph 1 which stated that budgeting was a competence of stakeholders.

### **Finding 3**

This study found that even though SASA in terms of section 37 empowers the SGB to manage school finances, the SGBs in some schools take hands off approach and this creates a space for the school principals to execute functions of the SGBs. The void created by the SGBs at sampled schools made principals usurp the powers of the SGBs and take control in school financial matters. In chapter 4 under themes 4.4 paragraph 5, it was shown that principals do not only influence decision making but also determine the implementation of such decision on spending school money. This also includes the influence the school principals have during the processes of procurement.

### **Finding 4**

There were cheques that were fraudulently signed as blank cheques by some school treasurers even though they knew this was illegal. These cheques were given to the school principal with the pretext of trust and honesty to purchase some of schools needs on behalf of the SGB. The danger about this practice is that there is a possibility of the blank cheques getting lost or

being used for different purposed than what it was initially intended for. This practice is illegal, unauthorised and fraudulent expenditure. This practise illustrates that spending was at certain times not related to the prescripts as provided by the Department of Education.

### **Finding 5**

It was reported that all schools through the school principals accounted to stakeholders on informing them how much money was allocated for each year. The meetings were held where reports were presented to parents as annual financial statement. This can be regarded as the most important form of accountability by the SGBs and principals. The accountability towards the spending of money by the school principal through submission of records to departmental officials was also commendable. The problem of accountability is registered by school treasurers in chapter 4, theme 4, where it was indicated that treasurers seem to be more accountable to the school principals than SGBs hence their work on financial management is not satisfactory. The parents as members and non-members of SGBs complain about the transparency on the use of school money. Further the components interviewed shared the perception of educators who felt there was lack of transparency in the use of school money and complained about lack of transparency as recorded in discussion 4.7 Theme 5: of chapter 4.

### **Finding 6**

The research found that there were schools that still charge learners certain fees on a monthly basis under the pretext that it is casual money. The document analysis of school budgets revealed that schools have a budget item for food preparation at the school where this issue was raised. It was revealed that the casual money was charged despite claims that its intention was to cover costs for preparation of food for learners. This is illegal as the no fee school policy states that no learner attending such schools will be charged any fee at any time.

### **Finding 7**

Financial management needs proper skills and knowledge. The training was provided in certain circuits for SGBs while other circuits claimed that such training never happened for the current SGBs since they were elected in 2009 as recorded in chapter 4 in section 4.8.2 sub-theme 2 paragraphs 2. This lack of training disempowers the SGBs despite the powers given to them by section 37 of SASA. Even though principals never complained about lack of training it is important for them to be trained on new aspects of financial management

through use of soft ware such as computers to save time and improve the skills already possessed.

### **Finding 8**

The research found that those who have been given the responsibility to look after school money by keeping school records do fulfil this responsibility especially the school principals. But at the same time the reports revealed the conflicting roles of the treasurer and finance officer. In one incident the school treasurer refused to provide the finance officer with the daily records of vouchers, cash books etc even though the prescripts highlight the keeping of those records as the responsibility of the finance officer. As such some of the finance officers are not given responsibility in the finance committee. There was one incident where a finance officer was barred from attending procurement committee meetings despite the stipulation in the prescript that the finance officer by virtue of his or her position is the secretary of the procurement committee.

### **Finding 9**

The study recorded the conflict between SGB and finance committees on procurement matters. These components showed conflicted interests on who should be hired or appointed to do the job. Even though issues of corruption were not clearly spelled out, it was indicated that some of the procurement committee members connive before such processes took place. The fact that public money was the cause of such conflicts was an indication that something was wrong. This is one aspect of financial management at schools that needs further research.

## **5.4 CONCLUSION ON FINDINGS**

In conclusion, one can summarise the research findings in the following manner: Some stakeholders perform their roles and responsibilities as guided by the rules and regulations while some of them contravene the same rules and regulations. The role of this research was to indicate whether there was compliance with the rules and to report on areas where there is non-compliance.

The other objective of the research was to gain knowledge on whether the schools manage and use the Norms and Standards money effectively and efficiently. Despite the guidelines

from SASA and prescripts for schools, the research confirms that there are schools that still engage in illegal activities that contravene those guidelines.

## **5.5 CONCLUSION ABOUT THE WORKING ASSUMPTION**

In conclusion, the working assumption as stipulated in chapter 1 that schools do not spend the public money wisely has proven to be true. Schools do not follow the guidelines in the prescripts. This has been proven by the responses and the records from the sampled no-fee schools. Some of the sampled no-fee schools were involved in fruitless expenditure but most of them do utilise them correctly.

## **5.6 RECOMMENDATIONS FOR THE IMPROVEMENT OF PRACTICE**

The recommendations are made in line with the research report and suggest means or strategies of improving the situation as found in the sampled schools. The following are suggested:

### **5.6.1 *Recommendation 1: The provision of training for school governing bodies and school principals***

Section 19 of the School Act obligates the Head of the Department of Education in every province to provide introductory training for the newly elected school governing bodies to enable them to perform their duties. The school governing bodies were not effectively trained to deal with the management of financial matters as effectively as possible. The department of education should put a plan in place to train the SGBs on a yearly basis to improve their knowledge and skills on financial matters. The training should include newly-appointed school principals.

### **5.6.2 *Recommendation 2: Improved monitoring and supervision***

There is a need for monitoring and supervision by the circuit officials to ensure fruitful and procedurally correct spending. Structures such as finance committees should be trained and empowered to perform its functions. Although monitoring and supervision will not prevent abuse and abuse completely, it will keep abuse in check and reduce temptation of the committees to engage in fraudulent activities (Mestry and Naidoo, 2009:110) As indicated in the research report the monitoring of the finance committees needs to be strengthened as

some of these committees, instead of making recommendations to the school governing body, may serve as final authorities on selecting service providers. The strategic position on monitoring and supervision must be clearly spelt in all policies e.g. all the decision of the finance committee must be ratified by the SGB before implementation.

### **5.6.3**      *Recommendation 3: Attendance to complaints of parents and educators*

Although section 20 of SASA provides for the presentation of annual financial reports, parents still complain about receiving no financial statements from school (Serfontein 2010:102). The research found that even though financial reports were presented to parents, complaints remain. These complaints come as a result of a lack of transparency on the reports such as how certain workers are appointed as labourers. Some of the parents lack information as a result of not attending some of the meetings organised for them as a form of a report back. These complaints should not be dismissed as of less importance but should rather be treated as genuine challenges that need attention. It is essential that school financial affairs should be handled in a transparent manner to the satisfaction of all stakeholders. The schools should take stock of all complaints raised either directly or indirectly and engage with the intention of finding a lasting solution.

### **5.6.4**      *Recommendation 4: Doing away with two allocations per year.*

It is difficult for the schools to implement the budget effectively as the money to schools in Limpopo as the schools are allocated 50% of the total allocation per semester. The implementation of the budget is difficult as sometimes that money earmarked for certain projects cannot just be done in one semester. The money for a certain semester had to be withheld while still waiting for the next allocation. It is recommended that the policy of semester allocation be done away with but instead allocate the grant once off per year.

## **5.7**      **SUGGESTED TOPICS FOR FURTHER RESEARCH**

The researcher suggests that research should be done on how schools procure goods and services. The researcher did not have enough time to specifically deal with the issue and it seems fraudulent activities creep in during this process.

The researcher suggests that research needs be done on how auditing of school books is done. The fact that all the audited statement express the same wording without using the words such a qualified, unqualified or disclaimers on all audited reports do not reveal the full financial management controls at schools.

## **5.8 CONCLUDING REMARKS**

Prior to 1994 various systems in education lacked both financial and management accountability owing to problems of over-centralization and limited legitimacy of the political authorities (Mestry, 2006:27). SASA as well as the prescripts define roles of the school governing body, school principal, treasurer and finance officer. I investigated the roles of the above stake-holders in the spending of public money at the schools.

Schools were seen taking more responsibilities in terms of budgeting. The SGBs delegated powers of implementation of school budget to the school principals and treasurers at schools. Other than fulfilling instructional leadership roles, principals also assisted the school governing body in managing finances at school with the purpose of improving accountability towards stakeholders. Despite the efforts of the principals the schools still have a long way to go to ensure that the money given to them is wisely spent.

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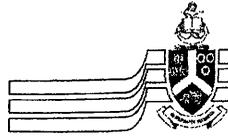
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EM 10/11/01

**DEGREE AND PROJECT**

MEd

The spending of public money in no-fee schools in the Sekhukhune District in Limpopo Province

**INVESTIGATOR(S)**

Kgetjpe Lucas Mamphekgo

**DEPARTMENT**

Department of Educational Management and Policy Studies

**DATE CONSIDERED**

31 October 2011

**DECISION OF THE COMMITTEE**

APPROVED

Please note:

*For Masters applications, ethical clearance is valid for 2 years*

*For PhD applications, ethical clearance is valid for 3 years.*

**CHAIRPERSON OF ETHICS  
COMMITTEE**

Prof L Ebersohn

DATE

31 October 2011

CC

Prof J.L. Beckmann  
Jeannie Beukes

This ethical clearance certificate is issued subject to the following conditions:

1. A signed personal declaration of responsibility
2. If the research question changes significantly so as to alter the nature of the study, a new application for ethical clearance must be submitted
3. It remains the students' responsibility to ensure that all the necessary forms for informed consent are kept for future queries.

Please quote the clearance number in all enquiries.