

**THE FINANCIAL ACCOUNTABILITY OF
SCHOOL GOVERNING BODIES**

by

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DECLARATION

I, Pinkie Norah Mbatsane, declare that this thesis,

THE FINANCIAL ACCOUNTABILITY OF SCHOOL GOVERNING BODIES

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

Signed: _____

On this _____ day of _____

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SUMMARY

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The need to transform education from its apartheid past resulted in the introduction of school governing bodies (SGBs). SGBs are democratic structures that allow for stakeholder participation in school matters in line with the demands of the Constitution of the Republic of South Africa.

Section 21 of the South African Schools Act (SASA) (84 of 1996) stipulates specific functions for SGBs. These functions are allocated only on the basis of significant growth in the performance of an SGB. SGBs must apply to be allocated these functions, after satisfying themselves first that they can self-manage their school, and after the MEC has certified the said performance. Schools in the Mpumalanga province were all allocated these functions simultaneously without applying for them.

One of the functions that SGBs perform is the establishment and administration of school funds. Because schools are state institutions, SGBs are expected by law to be accountable for the funds they manage. They must account to all stakeholders who contribute to the school fund. To be able to administer the funds, as well as to give proper accountability thereof, SGBs need to have particular financial

management and accounting skills. The aim of this study was to investigate the extent to which SGBs are able to account to stakeholders for the school funds they manage. The study further investigated whether the kind of accountability given to parents and the state is “hard” or “soft”.

A case study involving three schools: a rural school, a semi-urban school and an urban school, was conducted. SGB members of these schools and officials from the department of education were interviewed for information and also to solicit their opinion on current financial accountability processes. An analysis of official SGB documents was also conducted to strengthen the information gathered through interviews.

It has emerged from the findings of the study that some SGBs in Mpumalanga are still experiencing difficulties in following the correct procedures in giving a financial account to parents and the state. There is an indication from the study that capacity to handle finances is still a big challenge for schools that are not in the rich quintile.

KEY WORDS

School Governing Body (SGB)

rural school

semi-urban school

accountability

section 20 school

quintile

urban school

state

school fund

section 21 school

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CHAPTER I

CONTEXTUALISATION AND PROBLEM STATEMENT

1.1 INTRODUCTION

The history of the South African education system prior to 1994 is best explained in the context of the apartheid system of government. Under the apartheid system, the education system was differentiated by race (Whites, Indians, Coloureds and Blacks). According to the Ministerial Review Report on School Governance (hereafter Review Report) (2004: 26) there were up to 15 education departments. The different education departments used different approaches to school governance, which took the form of school committees, school boards or management councils. With the whole government system lacking legitimacy and respect among the majority of the population, especially among blacks, apartheid education, its policies and system were vehemently opposed as part of the general struggle against the entire government. For this reason, school committees were frowned upon as legitimizing the apartheid system and were therefore not beneficial to the school or the communities they represented.

When the new government was elected in 1994, part of the challenge was to design a new education system based on the principles of the new Constitution of the Republic of South Africa (hereafter Constitution) (Republic of South Africa, 1996, Act no. 108) This included equity and redress of past

inequalities and discrimination (Department of Education (hereafter DoE), 1995: 12).

In 1995 the government published the White Paper on Education and Training which laid the foundation for education reform in South Africa. The new education system made provision for provincial ministries of education, in line with the provisions of the Constitution for a provincial sphere of government. The Mpumalanga education department was one of the provincial ministries charged with transforming the education system in the Mpumalanga province. As a means of effecting the transformation in schools, it became important that school governance become an area of focus.

School governance from its apartheid past became the focus of reform as indicated in the Draft Education White Paper 2 of 1995 (DoE, 1995). This policy document gave birth to the South African Schools Act (hereafter SASA) (Act no. 84 of 1996).

The SASA is a tool by which education in public schools is democratized. Democratization includes the idea that stakeholders such as parents, teachers, learners and community members must participate in the activities of the school (Potgieter, Visser, Van der Bank, Mothata and Squelch, 1997:6). The SASA gives meaningful functions to school governing bodies which may also be increased in accordance with their growing expertise (Potgieter et al., 1997:7).

Section 20 of SASA describes the functions which a governing body of a public school must perform in order to actualize the provisions of the Act. The Act also provides for additional powers (Section 21) which governing bodies may apply for in order to expand the scope of control over matters of school governance. Thus, depending on the level of capacity of a SGB, it must perform either the functions stipulated in Section 20 and other relevant sections such as sections 25, 26, 27, 28, 36-41 or those functions stipulated in Section 21, which are regarded as additional (SASA 1996b). In Mpumalanga the situation is rather different because all public schools were granted “Section 21 status” in 2003 (Mpumalanga Department of Education, 2003). In terms of this status, Mpumalanga schools were allocated the following additional powers:

- To maintain and improve school’s property and buildings and grounds occupied by the school, including school hostels.
- To determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy.
- To purchase textbooks, education materials or equipment for the school.
- To pay for services to the school.
- To perform other functions consistent with this Act and any provincial law.

The implication of this status means that Mpumalanga SGBs have more areas of accountability. Within this ambit, the SGBs exercise greater control over funds designated for their schools from government as well as those collected from parents. This study seeks to determine whether SGBs in Mpumalanga understand and perform their obligation to account for the financial resources under their control.

1.2 STATEMENT OF THE PROBLEM

Education transformation in South Africa brought in a new pattern of school organization that called for the empowerment of SGBs to assume responsibility for their schools within national and provincial policy frameworks (DoE, 1995: Draft Education White Paper 2). This pattern not only fulfills the principles of democracy such as inclusivity and participation, it also attempts to correct the legacy systems of the past regime. This legacy included school committees which consisted of parent representatives but had limited decision-making powers. These were followed by Parent-Teacher Associations (PTAs) which, in black schools, did not have the skills and knowledge to govern, while in white schools the State placed a great deal more responsibility in the hands of parents (Review Report: 2004).

With past arrangements repealed as a result of the new dispensation, the commitment of government is to develop a democratic system that provides for participation of all stakeholders with a vested interest in education (Van Wyk,

2004: 49). This delegation of power calls for particular capacities from SGBs who must exercise power on a day-to-day basis. Because the delegation involves the management of funds both from parents and the State, it is important that SGBs possess financial management skills. Davidoff and Lazarus, (1997:107) indicate that members of the school community need to be equipped to analyse budgets and financial statements and where appropriate, to manage finances. Nyambi (2004:10) expands this further in suggesting that SGBs should have the capacity not only to manage the finances well, but also to translate these financial resources into physical resources that will most cost effectively promote quality education.

The history of school governance from the perspective of apartheid suggests that very little (if any) useful institutional capacity or lessons from the past exist to support the execution of responsibilities expected of SGBs today. This argument is based on the fact that pre-1994 SGBs (with a few exceptions) functioned in an environment that was not only hostile, but also hindered institutional learning. According to the Review Report (2004:26), in the 1950"s parents were instrumental in mobilizing against Bantu education, an action which obviously must have rendered the school environment hostile. It should therefore come as no surprise that the new SGBs which came into power just after 1997 had capacity problems. In a survey conducted for educators about the functionality of

SGBs, Van Wyk (2004:53) identified concerns that many SGBs are not well trained and as such, they do not know what is expected of them with regard to school finances. “They only sign cheques and do not work according to the budget.”

The problem of capacity is more pronounced in rural areas, where schools are less able to recruit governors or find governors with the necessary skills and expertise (Creese & Early, 1999: 2). Another factor contributing to this situation is the fact that in black rural schools, the illiteracy level of parents is high, with the result that the parent governors are not well equipped for their expected governance functions (Heystek in Nyambi, 2004:12).

In the Mpumalanga province, of the 1785 public schools in 2005, the majority fall in the category of rural and poor (Mpumalanga EMIS Report on schools’ budgets, 2005). Research has revealed that SGBs of these schools, as argued by Motala and Pampallis (2001:153), do not have the requisite skills and experience to exercise their new powers. The SASA (S37, 38, 42 & 43) provides clear prescriptions of how SGBs should manage their school funds. Mestry (2004: 126) maintains that there are many principals and SGB members who lack the necessary financial knowledge and skills to manage these funds as expected. In the financial year 2003/2004, the Ehlanzeni region of Mpumalanga had 468 public schools that received State financial subsidy for the payment of telephone accounts, office stationery,

necessities, media collection, toiletries, day-to-day maintenance as well as municipal services (Ehlanzeni Regional Annual Report, 2004). In terms of the SASA, SGBs were expected to account to parents and the State not later than 30 June 2004 how that money was spent, including funds collected from parents. A total number of 193 SGBs had not submitted such a report to the Head of Department (hereafter HOD) by July 2004. Nine out of the 193 had to be totally exempted from auditing their finance books because they could not afford it (Ehlanzeni Finance Report, 2005).

A question that could be raised in the context of the above exposition is how realistic is the expectation that SGBs could discharge their responsibility under conditions of limited capacity.

The framework for financial accountability for government resources (assets, funds and other relevant resources) is provided for in the Public Finance Management Act (hereafter PFMA) (Republic of South Africa, 1999, Act no.1). Section 36(c) (1) of the PFMA indicates that every department and every constitutional institution must have an accounting officer. This Act does not however specify that a school as a public institution must also have an accounting officer (Bisschoff & Mestry, 2003: 60).

An accounting officer in a State institution has an employee relationship with the employer, which allows the employer to apply hard accountability. The position of SGBs in schools is

different, in that such a relationship does not exist. Parent members of the SGB are elected on the basis of having children attending that school (SASA S23). Standing for elections is a choice for parents who want to volunteer their services to serve in the SGB. Educators, learners and non-educators volunteer for representation in decision-making bodies. The public school, a juristic entity, according to SASA (S15), uses volunteers to handle public finances, for which they must account to the public and the State. The question that arises from the above is the nature of accountability that should be involved, that is, whether the State has a legal ground to force SGBs to account (hard accountability) or should they only convince them as responsible citizens to give financial accounts after spending the school funds (soft accountability).

This study therefore tests the capacity and ability of SGBs in the Ehlanzeni Region to perform their allocated functions. It further investigates how SGBs account to parents and the State.

1.3 AIMS OF THE RESEARCH

The aims of this research are to:

- Determine the extent to which SGBs of Section 21 schools in Mpumalanga's Ehlanzeni region are able to account for the school funds they manage.

- Investigate what the SGBs' perceptions are regarding their areas of accountability, that is, State, parents and the public.
- Determine the knowledge, understanding and skills in financial management that SGBs require to improve their culture of accountability.

To assist in conducting the study, the above aims emanating from the problem statement have been expressed in terms of the following research questions:

- To what extent are SGBs accountable for school funds?
- To whom are SGBs accountable for the way they manage the school funds?
- What knowledge, understanding and skills are required by SGBs to improve their capacity to manage school funds?

1.4 RATIONALE

The study aims to explore the extent to which financial accountability takes place in school governance. It is hoped that the study will shed further light on the constraints faced by SGBs in executing their responsibilities. The study will contribute to the body of existing knowledge regarding financial accountability and the management of school finances by SGBs as well as inform policy review on the functioning of SGBs.

1.5 RESEARCH DESIGN AND METHODOLOGY

1.5.1 RESEARCH DESIGN

The general aim of this study is to investigate how SGBs perceive, understand and act upon their obligation to account for the school finances they manage. The following section contains a summary of the methods the researcher used in collecting data for this particular study. The following approaches were employed:

1.5.1.1 A LITERATURE STUDY

An extensive review of relevant literature from international and local sources was conducted. The sources consisted of books, theses, dissertations, journals, reports as well as discussion papers. Knowledge obtained from the literature was used in stating the significance of the problem, developing the research design, relating the results of the study to previous knowledge, and suggesting further research (McMillan & Schumacher, 2001: 108).

1.5.1.2 QUALITATIVE INQUIRY

Because the researcher wanted to tap into people's lived experiences, their descriptions and interpretation of their particular experiences, a qualitative method was the most appropriate. Merriam in Mestry (2004:126) indicates that qualitative research is primarily concerned with the view that individuals interacting with the social world construct about

qualitative reality. Qualitative researchers are interested in understanding the meaning people have constructed in making sense of the world and the experiences they have in it.

Within the context of qualitative inquiry, the researcher used the following methods: ethnography, to enable a description and interpretation of the financial accountability culture of SGBs, and case study, to obtain the participants' description of lived experiences of thoughts about and feelings for financial accountability. In collecting data for the project, the researcher conducted semi-structured interviews and extensive document analysis. Semi-structured interviews are a type of interview where the researcher uses guiding questions and yet stays open to following the leads of informants and probing into areas that arise during interview interactions (Hatch, 2002: 94). This strategy is relevant in ensuring that all possible information about the phenomenon in question is obtained. The document analysis strategy was relevant in that it allowed the researcher an opportunity to peruse all minutes of parents' meetings, finance committee meetings and audited financial statements to get an understanding of how financial matters are handled. The semi-structured interviews and the probing enabled the researcher to create an atmosphere where discussions were relaxed, comfortable as well as enjoyable.

The sample population for this study was drawn from members of school governing bodies. The sampled schools

comprise two public primary schools and one public secondary school. The schools represented rich, average and poorest schools in terms of their quintiles. The justification of the methodology and the definition of the types of schools are explained in detail in Chapter 3.

1.5.2 DATA ANALYSIS

Data from the interviews and document analysis was analysed and interpreted in relation to the literature survey. Just as Hatch (2002:149) advises, data analysis started soon after data collection had begun. This enabled the researcher to keep track via field notes of impressions, reactions, reflection, as well as tentative interpretations. Hopefully lessons and/or solutions to the challenge of financial accountability of SGBs will emerge from the findings of this study.

1.6 ETHICAL CONSIDERATIONS

McMillan and Schumacher (2001: 196) define research ethics as dealing with beliefs about what is right or wrong, proper or improper, good or bad. According to Leedy (1993:128), ethics refer to simple considerations of fairness, honesty, openness of intent, disclosure of methods, the ends for which the research is executed, a respect for the integrity of the individual, the obligation of the researcher to guarantee unequivocally individual privacy and an informed willingness on the part of the subject to participate voluntarily in the research activity.

The topic of this study is rather sensitive in that it deals with finances. Displaying your financial status, whether good or bad to a stranger is not an easy thing to do. Although the researcher thought it would be difficult for SGBs to make their financial documents available, this was not the case. SGBs of school A and B did not have a problem with making their financial documents available; School C could not make theirs available.

Participants were informed in advance of their right of choice to participate and they were given time to make such a decision. The researcher gave the respondents an assurance that data will be kept confidential and anonymous. Permission to use available information for this research was obtained from the Department of Education. The researcher completed and submitted an ethics form to the Department of Education Management, University of Pretoria and was able to live up to that declaration.

1.7 DELINEATION AND LIMITATIONS OF THE STUDY

Regenysis (2003: 11) defines delineation as a scope that sets the limits and defines the proposed area of study. The focus of this study was to investigate the financial accountability patterns of school governing bodies within three categories of schools. The study was conducted in the Ehlanzeni region, which is composed of all categories of schools as defined by the Norms and Standards policy.

The most apparent limitation of this study was the confusion created by the researcher's role¹ as a departmental official, as well as accessibility of members of school governing bodies.

1.8 EXPOSITION OF THE CHAPTERS

The chapters of this dissertation have been arranged as follows:

CHAPTER ONE

This chapter deals with the introduction, problem statement, rationale, aims of the research, clarification of concepts, methodology undertaken, delineation as well as limitations of the study. The chapter sets the scene by putting the study in the context of current educational reform issues and challenges of South African education.

CHAPTER TWO

There is a legitimate (and reasonable) expectation that those entrusted with public resources should be able to account for their use. This chapter focuses on the financial responsibilities expected of SGBs of public schools. This includes a thorough exposition of the meaning of functions related to this concept and how the SGBs are expected to perform these functions.

¹ The researcher's job in the Department of Education involves issues of school governance.

CHAPTER THREE

This chapter focuses on the design and research methodology employed in the study. It includes preparations for data collection (including data collection tools), the data collection exercise as well as the data analysis.

CHAPTER FOUR

This chapter focuses on the findings from the data collected as well as the analysis of these findings. The analysis of the findings was guided by the interview questions administered during field visits.

CHAPTER FIVE

This chapter presents the researcher's conclusions and recommendations on the basis of the research interpretations made from the analysis process in Chapter 4.

1.9 CLARIFICATION OF CONCEPTS

1.9.1 ACCOUNTABILITY

Lello (1993:1) says accountability involves reporting to other people in either a voluntary or compulsory capacity. It means having a moral responsibility about what you are doing. It means being answerable to other people both junior and senior to yourself. He goes on further to emphasize that accountability is part of the essential administrative cement in a democratic society. Fidler, Russel and Simkins (1997:22) distinguish between two types of accountability as follows:

HARD ACCOUNTABILITY

1. There is an expectation that A will act in ways that are consistent with legitimate requirements of B.
2. A will render some form of account to B for their performance.
3. B may exercise sanctions over A if A fails to conform to B's expectation, for example, a chief director has underspent on his/her budget for a particular year, the Head of Department expects him to account for the under spending.

SOFT ACCOUNTABILITY

1. This is when B has a legitimate right to influence the behaviour of A.
2. The right of B is not accompanied by any means of ensuring compliance or punishing non-compliance.
3. Success depends on influence strategies available from B to convince A that compliance is worthwhile.

All parties involved in school financial management are accountable to learners and their parents as well as to the community and the provincial education department, for the school funds they manage (Campher, du Preez, Grobler, Loock and Shaba, 2003:2). It is, however, not clear in terms of the SASA as to what nature of accountability should be involved, that is, whether the State has a legal ground to

force SGBs to account (hard accountability) or should they only convince them as responsible citizens to give financial accounts after spending the school funds (soft accountability).

1.9.2 FINANCIAL ACCOUNTABILITY

According to Maile (2002:327), financial accountability refers to the use of public money in terms of norms of propriety, austerity and efficiency. Supporting this, Mestry (2004:127) sees financial accountability as referring to giving an account of actions taken and being held accountable for these actions. Accountability is the state of being accountable, liable and responsible for certain actions or decisions (Watt et al. in Mestry, 2004).

1.9.3 EDUCATION MANAGEMENT

Potgieter, et al (1997:1) explain professional management in a school as being the day-to-day administration and the organization of teaching and learning.

Glatter in (Bush and Coleman, 2000: 4) sees education management as being concerned with the internal operation of educational institutions, and also with their relationships with their environment, that is, their communities.

1.9.4 SCHOOL GOVERNING BODY (SGB)

A School Governing Body (SGB) is a body of parents, educators, the principal, and learner representatives that is democratically elected tri-annually to perform governance functions for a school as contemplated in S16(1) of the SASA. Section 23 (6) provides for the co-option of community members to assist in discharging its functions, who also become SGB members. This body also determines the policies and rules by which a school is organized and controlled (DoE, 2002:8).

1.9.5 A SECTION 20 SCHOOL

The SASA stipulates the basic functions that all public schools in South Africa must perform (S20). The concept “section 20 School” is used to refer to schools that have not been allocated extra functions to perform, as opposed to those that perform additional functions listed under section 21 of the SASA. Section (111) of the National Norms and Standards for School Funding (hereafter NNSSF) (DoE, 2002) indicates that schools in this category have not been granted approval to procure their own goods and services. Provincial departments only inform such schools of their subsidies without transferring the money into their banking accounts

1.9.6 A SECTION 21 SCHOOL

The SASA (S21) provides that additional functions may be allocated to SGBs that have the capacity to perform, upon application to the HOD. Upon approval by the HOD, the school is allocated additional functions such as maintaining and improving their school property and buildings, determining their extra-mural curriculum, purchasing textbooks, material and equipment as well as paying for services rendered to the school (SASA: S21). Such a school has the power to procure goods listed on their subsidy document. These goods include office stationery, consumables, textbooks, equipment and toiletries. The subsidy money is deposited directly into the school's account.

1.9.7 QUINTILE

A quintile is a category into which a school is classified in terms of the poverty index. The physical condition of the school as well as the relative poverty of the school community are used to determine the school's quintile (NNSSF: 1999). Provincial Departments determine poverty indexes of schools on a sliding scale with the poorest getting more and the richest getting less subsidy. These are the National Norms and Standards for School Funding (DoE, 2002).

1.10 CONCLUSION

The capacity of SGBs to account for the way they manage school funds remains a serious challenge for all schools in South Africa. The discussion in this chapter outlines the problem under investigation and presents the aims and rationale of the research. The purpose of the study is to determine the extent to which school governing bodies account for the school finances they manage.

This chapter has also provided an exposition of the research design. The study was conducted in two primary schools and one secondary school. The schools differ in terms of their poverty ranking quintiles. The chapter has also highlighted the identified limitations of this study.

CHAPTER 2

THE FINANCIAL ACCOUNTABILITY OF SCHOOL GOVERNING BODIES

2.1 INTRODUCTION

The transformation of education in South Africa is underpinned by important democratic principles laid down in the Constitution (Republic of South Africa, 1996a). Amongst other issues, these principles require participation of citizens in matters affecting their welfare. The reform of the education system in general included issues of organization, governance and funding of schools. The provisions around these areas are contained in the Education White Paper no. 2 published in 1995 (DoE, 1995). These provisions were later enacted in the South African Schools Act in 1996. The SASA (84 of 1996b) provides for the establishment of governing bodies with considerable powers at all public schools (Motala & Pampallis, 2001:151). SGBs are tasked with supplementing the resources supplied by the State in order to improve the quality of education provided by the school (SASA: S36).

School governing councils shared the same turbulent past as the rest of institutions of society during the apartheid period. Not only were they despised by the communities they were supposed to represent, they also lacked power to make influential decisions (Review Report 2004). The Review Report (2004: 27) also notes that towards the 1990s a new breed of school governing councils (called PTAs/PTSAs) emerged,

which enjoyed a high level of popular legitimacy. This new breed of governing councils focused increasingly on school issues and much less on political issues. This is not surprising because during the 1990s, with the unbanning of political parties and the release of political prisoners like Nelson Mandela, the country entered a period of “hope” marked by negotiations and a search for a common future for all races.

2.2 SCHOOL GOVERNING BODIES

School Governance, loosely defined, refers to a set of functions and duties performed to ensure SGBs function in the best interests of the school. Governance is a broader concept than management (Wood, 1996) and includes roles of a fiduciary and overseeing nature. School governing bodies are required by law to account both to government, those who elected them and to the greater community.

Although the intent of the law in establishing SGBs is noble, the goals envisaged in legislation are not always realised. Creese and Early (1999:100) commenting on SGBs in England and Wales, note that they form an important link in the accountability chain. At the same time, they note the contrast between the intention of the legislation and what happens in reality on the ground. In March 2005 the Australian government issued a discussion paper entitled “Review of School Governance in Victorian Government Schools” (2005). Two critical questions reflecting a

disjuncture between legislative intent and practice are framed as follows:

“Within the context of the Government’s Blueprint for Government Schools, what should the roles and functions of school councils be?”

“Do the current functions and powers of school councils contained in legislation reflect that role?”

The South African context is hardly different from its international counterparts. Chaka and Dieltiens (undated) pose the following similar questions with respect to SGBs:

“Are SGB members able to represent their constituencies? Do they have the capacity to carry out their functions?”

Van Wyk (2004:53) notes a perception amongst educators that SGBs do not know what is expected of them. It would appear from both an international and local perspective that school governance still faces some challenges, which in some cases have begun to raise policy questions. It must be noted that in cases of a gap between policy and practice, there is often the temptation to review policy, perhaps because it is often the easier thing to do.

2.3 FINANCIAL RESPONSIBILITIES OF SGBs

In terms of the legislation SGBs have been mandated to perform financial responsibilities in the following areas:

2.3.1 SCHOOL FUND AND ASSETS

Public schools in terms of SASA would normally receive funds from a combination of the following sources:

- State subsidy
- School fees
- Donations and fundraising.

However, because most schools in Mpumalanga are located within poor communities, SGBs rely solely on the State subsidy for their school budgets. The State subsidy is granted on a sliding scale according to quintiles which define the poverty ranking of schools. Motala and Pampallis (2001:171) emphasize that the subsequent lack of sufficient public funding for education has resulted in a situation where the affluent subsidize their children's education with private resources, while the poor rely on a State which has insufficient resources to fund an acceptable level of education provision.

Table 1 provides the current quintile ranking for Mpumalanga.

Table 1: Quintile Ranking For School Funding in Mpumalanga

Quintile	Poverty Level	Amount Per Child
A	Poorest	R827.11
B	Poor	R504.90
C	Average	R383.51
D	Least rich	R323.45
E	Rich	R126.88

(From: Mpumalanga 2005 Schools Budget)

In 2005 Mpumalanga province had a total of 1785 public schools. These schools received government funding in line with provisions of the SASA (Mpumalanga Department of Education (2005), Schools Budgets).

Based on the quintile table, the 1785 Mpumalanga schools were classified into the different quintiles as per Table 2 below:

Table 2: Mpumalanga Public Schools in 2005

Quintile	Number of Schools
A (Poorest)	501
B	393
C (Average)	319
D	289
E (Rich)	278
TOTAL	1785

(From: Mpumalanga Department of Education, 2005, Schools' Budgets)

It is a requirement of the SASA that schools must open a banking account where funds will be kept (SASA S37). The Education Foundation Trust and Mpumalanga Department of Education (MDE) (2001:8) maintains that no other banking account or trust should be established for the purpose of school fees. The SGB may invest surplus money into a separate account only after approval is granted by the Member of the Executive Council (MEC) (SASA: S37). The SGB is ultimately accountable to the providers of the funds who are parents, private donors, the Department of Education and the public, concerning the expenditure of funds (Van Wyk 2004: 53).

All income due to the school should be identified and all collections should be receipted, recorded and banked (Mestry 2004:129). At no stage should the value of cash on hand held in the safe exceed R2 000.00 (including petty cash held at the school) (Department of Education, 2001: 8). According to Potgieter et al. (1997:45), nobody may keep the school's money under his or her personal control unless it is for immediate use for approved expenditure. They further argue that nobody may deposit the school's money into any bank account other than the one which exists in the name of the school.

2.3.2 SCHOOL BUDGET

The SGB of a public school must prepare a budget for their school each year (SASA: S38; Potgieter et al., 1997:48). The budget serves as a guide to spending the school funds. The budget, according to Bisschoff (2003: 65), is a mission statement of a school expressed in monetary terms. How the income is divided depends on the mission statement. The budget should reflect the school's prioritized educational objectives, seek to achieve the efficient use of funds and be subjected to regular, effective financial monitoring (Mestry, 2004:129). The National Norms and Standards for School Funding (hereafter NNSSF) demands of the State to put aside a subsidy for all schools annually. To decide on the subsidy, the provincial departments must produce a resource targeting list of all schools in the province.

The subsidy amount allocated for a learner covers all recurrent costs needed per learner per annum. These are costs for the building of new classrooms and other constructions, immovable capital improvements and repairs, recurrent costs easily separated from other costs, other recurrent and minor capital equipment costs and hostel costs (NNSSF: S80). Money allocated for the payment of municipal services, office stationery, day-to-day maintenance, necessities, toiletries, media collection and telephone accounts is deducted and deposited directly into the school's banking account. Both this money and that raised by the

SGB through charging school fees from parents and other means, is managed by the SGB.

The SGB must then draw up a budget based on this subsidy. The basic work on the budget must be done by the finance committee (Potgieter et al., 1997: 48). They further advise that SGBs must elect finance committees made up of people who have adequate skills in budgeting and accounting procedures. These finance committees may include people who are not SGB members, but are elected on the basis of their expertise (SASA: S30). Before the budget is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present and voting (SASA: S38; Bisschoff and Mestry, 2003: 36).

2.3.3 FINANCIAL RECORDS AND STATEMENTS

In terms of the SASA (S42) the SGB must maintain financial records and within three months after the end of the financial year (31st March each year), draw up an annual financial statement. In order to draw up such a statement, the SGB or its delegated committee such as the finance committee, will need to maintain up to date records of the school's finances. Finance records will include any of the following:

- Income and expenditure;
- Trial balance sheet;

- Statement of assets.

Accurate financial records are an essential requirement for reliable financial accounting. Documents of evidence are important in supporting transactions that occur on a day-to-day basis. The SASA (S110) therefore specifies categorically that SGBs must keep documents as evidence of correct dealings with suppliers and contractors and records of how materials and services were used. These documents must be kept in such a way that they can be easily produced when needed. Campher et al. (2003:3) suggest that a school financial management system consisting of the following documents should be in place:

- A receipt book;
- Deposit books;
- A cash analysis book;
- Bank statements;
- Reconciliation statements;
- An order book;
- A cheque book;
- Documentary evidence of payments.

It becomes apparent therefore that keeping of financial records is a skill that must be learnt by SGBs. The Review Report (2004:113) reveals that many SGBs generally lack capacity for bookkeeping, a skill gap which could be detrimental for prudent financial management.

2.3.4 ANNUAL FINANCIAL AUDIT

The SGB is required in terms of the SASA (S42) to submit the school's annual audited statement to the Department of Education within six months after the end of the financial year. This audited statement should further be made available to any member of the public or parent upon request.

The purpose of submitting financial statements to the HOD is to keep him or her informed about the usage of school funds and to show accountability (Mosana, 2001:31). This responsibility, as cited by the Australian Department of Fair Trading (2003:79), is essentially to safeguard school assets and ensure that financial resources are deployed to further school goals and objectives.

Section 43(2) of the SASA provides that if an audit is not practicable for a particular school, such a school should appoint a person to examine the books instead. The person appointed must be either qualified to perform the duties of an auditor or accountant or be a person approved by the MEC for this purpose.

Whilst this may sound like a concession for schools that cannot afford an audit, the reality is that there are small and poor rural schools who would find this provision of the SASA very stressful. These schools usually fall within quintile one and receive the highest subsidy amount in terms of the

ranking. But the fact that these schools may have an average of 20 to 30 learners in their enrolment, means that their total subsidy amounts actually deposited into their accounts would range between R1 900 and R10 000 annually. The SGB members in these schools usually have low levels of education and less exposure; they work for six days a week. The questions that should be raised here are how feasible is it for these schools to secure such a service within the constraints of such meagre incomes? Are the amounts of subsidy allocated to these schools really addressing the question of redress as envisioned by the Act? Is the State reasonable in expecting higher levels of financial accountability when its total contribution cannot even buy bookkeeping services?

2.4 ALLOCATED FINANCIAL FUNCTIONS OF SECTION 21 SCHOOLS

In terms of SASA, schools that have displayed sufficient capacity levels of financial management can be granted additional powers listed in section 21, over and above the normal powers of the SGB. Although the SASA provides that Section 21 powers are only granted if the Head of Department is satisfied that there is sufficient capacity in the SGB to handle the added functions, it has already been mentioned that Mpumalanga schools did not have to seek approval for these extra powers. These were given automatically to all schools in terms of a legislative provision (Mpumalanga Department of Education, 2003). As I will argue later, the

intent of this legislative provision is different from the current practice. The reasons behind this “blanket” devolution of Section 21 powers are not documented in detail in the above legislative documents. Anecdotal evidence seems to suggest that these powers were granted because of the failure of the government supply chain management system within the Mpumalanga Department of Education. The Department had intended to continue performing Section 21 functions such as payment of services and purchase of textbooks on behalf of these schools until such time as they displayed sufficient capacity. However, inefficiencies within the Department meant that accounts remained overdue until services to schools were suspended. The Department, or more precisely political leaders in the province, could not produce a strong argument for withholding these powers as the education department had not demonstrated the capacity to render these functions. Consequently all schools in Mpumalanga were granted the Section 21 status.

It must be mentioned that although SGBs in Mpumalanga have Section 21 status, in practice they only perform three of the four functions. These are:

- Payment of services to the school;
- Maintenance of school buildings and property;
- Determining the extra-mural curriculum of the school and choice of subjects.

In 2004 some members of the Mpumalanga Department undertook a study visit to three provinces - Western Cape, Northern Cape and Eastern Cape, in search of lessons around the devolution of the power to purchase textbooks and educational materials for schools (Mpumalanga Department of Education (2005), Procurement of Learner Support Material). The purpose was to design an appropriate model for Mpumalanga on the management of this function. Recommendations have already been made for the devolution of the function of purchasing textbooks to SGBs. Lessons from the other provinces suggest that in order for SGBs to fulfill this Section 21 function, they may need to set up appropriate systems as indicated in Table 3:

Table 3: Infrastructure required supporting a procurement function

Section 21 function	Infrastructure required
1. Purchase of textbooks (Learner Support Material)	Supply chain framework including <ul style="list-style-type: none"> • Tender policies & procedures • Tender committees • Supplier database Human Resource development Programs to offer: <ul style="list-style-type: none"> • Tendering policies and procedures • State procurement processes • Ongoing budget management and monitoring • Dealing with suppliers

The implementation of the NNSSF came into effect in 2000 (NNSSF: S13). It must be pointed out that S19 of SASA provides for the capacity building of SGBs where the Head of Department is of the view that such capacity is required. If the argument that the Mpumalanga Department withheld the full devolution of Section 21 powers on the grounds of insufficient SGB capacity holds true, what capacity was judged to be present in 2003 for the decision to be taken to devolve all the functions and yet allow them to perform three only? Why has the outstanding level of capacity needed for the purchase of learner support material (hereafter LSM) not had been provided since 2003? What capacity has been judged to be present to allow for the “risk” to be taken now with some measure of confidence?

It could be generally accepted that the development of schools and the capacity levels of SGBs will differ from one school to the other. It was for this reason that the allocation of the section 21 functions was conditional on proven sufficient capacity of an SGB. Whilst the blanket allocation may have advantaged, in a way, SGBs that do not yet have such capacity because they did not have to go through rigorous evaluations, it would seem however that this was to the disadvantage of the capacitated SGBs. The withholding of the function to purchase LSM is also applied in a blanket form. What would be the legal consequence of such if these capable SGBs were to act against such a treatment after their power allocation was gazetted in 2004?

Answers to the above questions may be difficult to find but it must be noted that the Mpumalanga Department of Education has a legislative obligation in terms of SASA to ensure the full intent of the Act is realized.

2.5 HOW SGBs ACCOUNT FOR THEIR FINANCIAL PERFORMANCE

In the government framework, State entities are compelled to account to cabinet on the use of State resources as per provisions of the PFMA. Although schools are excluded from the obligations of the PFMA (Schedule 4), the SASA obliges them to account for the school's finances at least explicitly to the Head of Department and implicitly to the parents or any interested party (S43).

It must be noted that although the school principal has accountability over all activities that concern the school, school finances are excluded from that package. According to the SASA (S37), The Education Foundation Trust and MDE (2001) and Bisschoff & Mestry (2003), the accounting officer for school finances is the SGB. Reference can be made to the *Schoonbee and others v MEC for Education* case in Mpumalanga. In that case the Pretoria high court ruled in favour of the school principal and the SGB although school finances were alleged to have been mismanaged (Moseneke, 2002).

Kouri (1999:17) suggests that accountability means to justify decisions and actions. He poses the following questions to school boards:

“Have you experienced your board being faced with an issue of competing accountability between provincial government and the public? How did you resolve it?”

I would like to return to the two distinctions of accountability proposed by Fidler, Russel and Simkins (1997:22) in Paragraph 1.9.1. I would like to put forward the proposition that the SASA leads to a competing accountability between the Head of Department and the parents. In SASA (S43) the following provisions apply:

A governing body of a school shall:

- (S5) Submit to the Head of Department within six months, a copy of the audited annual financial statements.
- (S6) At the request of an interested person, make available records of funds received and spent as well as the audited statements.

The two provisions above relate to how the SGB accounts financially to its stakeholders. There are however very clear differences in them. In the first instance (S5) the provisions are explicit in terms of “to whom” and “by when”. Framed in this manner, this provision confers some power on the Head of Department to measure both the level and quality of

accounting, and to impose appropriate sanction should the SGB fail to conform. This form of accountability is consistent with hard accountability.

In the second provision (S6) the matter of accountability to the other stakeholders is framed in ways that put no obligation on the SGB to account unless “there is an interested person who presents a request”. The parents (who constitute an important stakeholder group) have not been conferred any power to demand accountability or enforce compliance from the SGB. The only recourse parents have is perhaps the power to withhold their vote. This would be consistent with soft accountability.

I do not want to suggest that policy makers had intended to compete for accountability nor that they had intended to short change parents on the issues of accountability. This may perhaps be a case of a discrepancy between protecting the minimum legal accountability aspects required by the State (Gauteng Department of Education, 1997: S3) and governance by (and accountability to) the citizenry. Notwithstanding this, there is a strong case for SGBs to provide higher levels of accountability to parents than to the State. Some supporting arguments are the following:

- The model of School Governance supports and strengthens principles of democratic governance enshrined in our Constitution. Communities will benefit from higher (and enforced) levels of financial accountability in that they learn to demand the same

from all elected representatives, for example, Local government.

- Communities will be able to screen and choose the right calibre of office bearers because they will know what performance standards these candidates must achieve.
- The direct contribution into the school account by parents of rich schools is often higher than that of government. Logically, such parents should demand and receive higher levels of accountability.

2.6 SGB TRAINING

The capacity of the SGBs to understand how to account is another matter of concern. Borrowing from Kouri (1999:17), one would say that SGBs must be able to justify their financial decisions and actions. My personal view on financial justification means being able to produce documented evidence of financial reports, professionally compiled entries of analysis, neatly filed receipts of payments, invoices, bank statements and others. One other form of accounting, as described by Creese and Early (1999: 107) is the governors' annual report and meeting with parents.

The DoE (2001) stipulates that the treasurer of the SGB who is also the treasurer of the finance committee in the Mpumalanga Province, must prepare annual reports on the budget, income and expenditure and the balance sheet. According to the Education Foundation Trust and MDE

(2001), the treasurer and the bookkeeper must have knowledge of accounting and bookkeeping. This demand is difficult to fulfill in practice, since it is highly unlikely to find a parent in rural areas with such skills. An article submitted to the Ministerial Committee on School management and governance (2003:6) submits that where SGBs have a limited understanding of their role and are not accountable to parents, there are often problems such as low participation by parents, abuses of power and authority, and a lack of transparency. What model of a capacity building program would be able to empower these parents from a low ABET level of education up to the level of a bookkeeper?

2.7 CONCLUSION

This chapter has dealt with the history of school governance in South Africa leading to the establishment of a democratic status. It has been established that the roles of SGBs are, and will remain a big question locally as well as internationally, as many questions are being posed around their functioning. Their financial management responsibilities which are regarded mainly as school fund and assets, compilation of the budget, keeping of financial records and auditing of finance books have been discussed. It has transpired that these responsibilities demand a certain measure of capacity from the SGBs, which is currently not available in practice. This now raises questions on the quality of capacity building programs that the Mpumalanga

province is using, as well as their strategy to determine and build capacity.

The implementation of the S21 status in Mpumalanga has also raised questions around its consistency with the SASA stipulations. The SASA permits that S21 status be conferred on the basis of sufficient capacity, but the decision here seems to have been based on some underperformance by one wing of the department. This blanket allocation of the status to all Mpumalanga schools meant that some SGBs should not have qualified due to lack of capacity and others were delayed from assuming a complete allocation.

A competing accountability situation between the State and the parents was also observed in the provisions of section 42 (5 & 6). In terms of this provision, accountability to parents is left to chance whilst accountability to the State is made explicit. This chapter ends with an enquiry into the effectiveness of capacity building programs offered to SGBs in the Mpumalanga province. The big question here was on the kind of programs that would give people with low education levels a chance to master bookkeeping and other financial skills.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

McMillan and Schumacher (2001:166) define research design as a plan for selecting subjects, research sites, and data collection procedures to answer the research questions. The design gives an explanation regarding the choice of the sample population, where these respondents are stationed, how they will be involved in the study as well as the circumstances under which they will be studied. It is a plan that acts as a bridge between the theoretical discussions of the opening chapter and the subsequent chapters that cover:

- Specific styles of research;
- Specific issues in planning a research design e.g. sampling, validity, reliability, ethics;
- Planning data collection (instrumentation); and
- Data analysis (Cohen, Manion & Morrison, 2002: 73).

A qualitative research design differs inherently from a quantitative research design in that it usually does not provide the researcher with a step-by-step or a fixed recipe to follow. In qualitative research, the researcher's choices and actions determine the design (Strydom, Fouché, Poggenpoel & Schurink, 1998:81).

The previous chapter considered the theoretical presentation of financial accountability, what it is and how it should be done. Through the research design for this study, subjects and research sites were selected and data was collected in order to answer the research questions. The NNSSF categorizes schools into five poverty ranks (quintiles), although only three of these quintile categories were studied. The three categories representing the poorest, the average and the rich provided ample evidence of funding differences to schools, as well as support for the arguments relating to the capacity of SGBs to account for school finances.

3.2 THE QUALITATIVE APPROACH

In Chapter 1, it was indicated that the approach for this study is qualitative. Qualitative research describes and analyses people's individual and collective social actions, beliefs, thoughts, and perceptions. The researcher interprets phenomena in terms of the meanings people bring to them (McMillan & Schumacher 2001: 395). According to Cohen et al. (2002: 137), some characteristics of this approach are that:

- Humans actively construct their own meanings of situations.
- Meaning arises out of social situations and is handled through interpretive processes.
- Behavior and, thereby, data are socially situated, context-related, context-dependent and context-rich.

To understand a phenomenon, researchers need to understand the context because situations affect behaviour and perspectives and vice versa.

This approach was chosen to enable the researcher to describe and analyse SGBs' collective actions, in the process of handling school finances, as well as their thoughts and perceptions regarding accountability to stakeholders for the funds they manage. The approach is seen as the best to entice from the SGBs an understanding as to whether their type of financial accountability is "soft" or "hard." The approach also allows the researcher an opportunity to closely interact with the participants within their own context.

Cohen et al. (2000:156) however cite a few problems with the qualitative approach as follows:-

- Participants may be falsely conscious, deliberately distorting or falsifying information.
- The presence of the researcher may cause reactivity from participants, leading them to avoid, impress, direct, deny, and influence the researcher.
- Difficulty of focusing on the familiar – participants being so close to the situation that they neglect certain, often tacit, aspects thereof.
- The open-endedness and diversity of the situations studied could be problematic. There could be a temptation to overemphasize the difference between

contexts and situations rather than their gross similarity or their routine features.

McMillan and Schumacher (1993: 14-15) also indicate that the qualitative approach can be:

- Time consuming and demanding as data is obtained through it is voluminous;
- More expensive than quantitative research;
- More prone to human bias and error because the researcher becomes immersed in the phenomenon being studied.

The financial accountability phenomenon is sensitive in itself because it analyses the actions of SGBs' relating to public money and therefore needs a closer study. The SGB of a school may feel uncomfortable to reveal their financial status to a stranger; furthermore an SGB that does not handle finances correctly may fear to reveal this shortcoming. The researcher used a case study technique because this has the capacity to "shed light" on phenomena (like processes, events and persons.) Case studies strive to portray what it is "like" to be in a particular situation, to catch the close-up reality and "thick description" of participants' lived experiences of thoughts about and feelings for a situation (Cohen et al., 2000:182). This enables the researcher to establish exactly what it is like to be in a position of public accountability as a school governing body and to be able to correctly understand, describe and interpret experiences as well as the culture of financial accountability.

Within the qualitative methodology, this researcher also employed an ethnographic approach. According to McMillan & Schumacher (2001: 35), ethnography is seen as a description and interpretation of culture or a system. The understanding is that the ethnographic method helps the researcher to understand the accountability culture and the behaviour of SGBs within the identified quintiles. Regenysis (2003:16) says the purpose of ethnography is to describe and explain the relationship between “culture” and behaviour. It was used to describe and explain the accountability culture and the behaviour of SGBs within the identified quintiles.

3.3 DATA COLLECTION

Qualitative data are collected by interacting with research participants in their natural settings (Hoberg, 1999:76). The researcher therefore interacted with members of SGBs who are also on the finance committees, to draw out of their experiences, their descriptions and interpretation of their financial accountability system. The approach was through a case study of one school from the poorest quintile, one from the average and another from the rich quintile. In addition to the interaction with SGB members the researcher also interacted with departmental officials relevant to the subject of school funding. As an ethnographer, the researcher became “immersed” in the situation during fieldwork, ensuring that information provided by participants indicates

their feelings, attitudes and understanding of accountability regarding all funds received in the name of their school.

The researcher employed semi-structured interviews for individual SGB members and departmental officials, as well as document analysis to collect evidence from documents.

3.3.1 INDIVIDUAL SEMI-STRUCTURED INTERVIEWS

To ensure that collected data is balanced in terms of its richness, the researcher engaged members of sample SGBs and departmental officials in individual semi-structured interviews. Because the study was on a small scale, only the school principal, chairperson of the finance committee who is a parent, the treasurer and a finance officer who is an educator, were involved at school level. Two departmental officials dealing directly with matters of school funding were also involved. Semi-structured interviews were relevant for this study in that the researcher used guiding questions and yet remained open to following the leads of informants and probing into areas that arose during interview interactions (Hatch 2002:94). Explaining this further, Cohen et al. (2000:268) say that in less formal interviews the interviewer is free to modify the sequence of questions, change the wording, explain them or add to them.

The purpose of these interviews was to provide insights into the manner in which SGBs account to the State and the

public for all finances they receive for their schools within a particular year.

Interviews were audio taped to avoid missing valuable information and also to avoid disturbing the attention of respondents during the interview. All taped information was then transcribed verbatim for the purpose of data analysis.

3.4 PREPARING THE INTERVIEWS

The main data collection method for this study was semi-structured individual interviews; the preparation thereof was such that it allowed for a conducive and relaxed environment. Semi-structured questions are, according to Merriam (1998: 74), more flexibly worded and the interview is a mix of more or less structured questions. Usually, specific information is required from all respondents, in which case there is a highly structured section to the interview. But the largest part of the interview is guided by a list of questions or issues to be explored, and neither the exact wording nor the order of the questions is determined ahead of time.

To ensure that interviewees answered all research questions, interview questions were divided into four categories.

3.4.1 CATEGORIES OF QUESTIONS

CATEGORY A

This part covered the profile of the participant in relation to SGB activities as well as information about the school. Answers to this category of questions gave demographic information about the participants.

CATEGORY B

This category consisted of experience, behaviour (how they actually account for finances) and knowledge questions. The idea was to allow participants to demonstrate their experience in preparing financial accounts, how they actually account as well as knowledge of how they should account for funding. Answers to this category of questions were intended to respond to the first research question.

CATEGORY C

Questions in this category were meant to deal with feelings and attitudes. The idea was to establish what the feelings, perceptions and attitudes of SGB members are towards financial accountability. Answers to this category of questions were meant to respond to research question two.

CATEGORY D

This category dealt with the participants' views and opinions about financial accountability. Answers to this category of questions were meant to respond to the third research question.

3.5 CASE STUDY

Merriam (1998:27) defines a case study as a thing, or single entity, unit around which there are boundaries. The case could be a person such as a student, a teacher, a principal; a program; a group such as a class, school, community; a specific policy; and so on. Qualitative researchers also study groups of individuals who have had a similar experience but may not be interacting with each other (McMillan & Schumacher, 2001:398). All school governing bodies in the country share a similar experience of being agents of transformation in school governance.

SGBs in the Mpumalanga province have all been awarded section 21 status. They share the experience of handling school funds according to the SASA specifications for section 21 schools. A close study of their specific cases assists in unravelling the challenges surrounding the phenomenon of financial accountability. This is possible because a case study provides a unique example of real people in real situations, enabling readers to understand ideas more clearly

than by simply presenting them with abstract theories or principles (Cohen et al., 2000:181).

The complex dynamics surrounding the financial operations of SGBs need to be explained. Case studies, according to Cohen et al. (2000:181) have the capacity to investigate and report the complex dynamics and unfolding interactions of events, human relationships and other factors in a unique instance.

The study is of limited scope, given the fact that the researcher selected only three schools from three quintiles, using purposeful sampling. Patton (1990) in McMillan & Schumacher (2001:400) defines purposeful sampling as “selecting information-rich” cases for in-depth study when one wants to understand something about those cases without needing or desiring to generalize to all such cases. Kumar (1999:162) maintains that the primary consideration in purposive sampling is the judgment of the researcher as to who can provide the best information to achieve the objectives of the study. The researcher only goes to those people who in his/her opinion are likely to have the required information and be willing to share it. This researcher therefore used her own judgment in selecting the three schools.

The participants in the study were selected from three quintile groups; quintile one - poorest schools, quintile three

- average and quintile five - rich schools (Mpumalanga Department of Education, 2005, Schools Budgets).

3.5.1 SCHOOLS IN THE CASE STUDY

As indicated earlier, the sampling of schools that participated in the case study is purposeful; the researcher handpicked three schools on the basis of their quintile ranking. Patton (1990), cited in Denzin & Lincoln (2000:73), maintains that the logic and power behind purposeful selection of informants is that the sample should be information rich. The three schools represent available types of schools, i.e. primary and secondary schools. The choice involves one urban, one semi-urban and one rural school. This sample affords the researcher an opportunity to establish whether the culture of accounting for finances is influenced by the type of a school and the social context within which the school finds itself. In order to make a clear distinction among the three quintiles, the following explanation thereof is given.

3.5.2 QUINTILES

A quintile is a category into which a school is classified in terms of the poverty index. To effect redress and improve equity, public spending on schools must be specifically targeted to the needs of the poorest, hence the need for each province to rank its schools into five categories (quintiles) ranging from the poorest twenty per cent to the wealthiest

twenty per cent (DoE, 2002, NNSSF: 152; Bisschoff & Mestry, 2003: 21).

In determining the poorest schools, several criteria are taken into consideration (Bisschoff & Mestry, 2003: 22):

- The poverty or wealth levels of the community;
- The resources of the school;
- The income levels of the parents or guardians of learners at the school.

QUINTILE ONE

Schools in this category are ranked the poorest and therefore targeted to benefit the most from the available resources. In the Mpumalanga province, schools in this category are allocated an amount of R827.11 per learner per annum for recurrent costs (Mpumalanga Department of Education (2005), Schools Budgets). One school from a rural community was sampled in this quintile. Rural schools usually lack resources and the parents usually have very low levels of education or none at all. This selection was for the purpose of comparing the financial accounting culture of this type of a school quintile with schools in other quintiles.

QUINTILE THREE

Schools in this category are ranked average in terms of their poverty levels. In the Mpumalanga province schools in this

category are allocated an amount of R383.51 per learner per annum for recurrent costs (Mpumalanga Department of Education (2005), Schools Budgets). The school selected from this quintile represents schools with an average supply of resources and average literacy levels among the parents. The school selected in this quintile is a township school. The majority of the parents in the township have a job but may not necessarily be professionals.

QUINTILE FIVE

Schools in this category are ranked wealthy. In the Mpumalanga province, schools in this category are allocated an amount of R126.88 per learner per annum for recurrent costs (Mpumalanga Department of Education (2005), Schools Budgets). This category of schools is rich in resources. The school that participated is a former Model C, Afrikaans medium school in the town of Lydenburg. The majority of parents are employed and can afford higher school fee payments.

3.6 DOCUMENT ANALYSIS

Document analysis is a non-interactive strategy for obtaining qualitative data, with little or no reciprocity between the researcher and the participant (Mcmillan & Schumacher, 2001:451). Documents are a ready-made source of data easily accessible to the imaginative and resourceful investigator. They are usually produced for reasons other

than the research at hand and are therefore not subject to the same limitations as specific data collection instruments (Merriam, 1998:112). The types of documents used for this particular research were those that are officially used by the office of the school governing body. According to McMillan & Schumacher (2001:451), official documents can take the form of minutes of meetings, memos, working papers and draft proposals. They are documents which provide an internal perspective on the organization.

The use of documents in data collection has the advantage that their presence does not intrude upon or alter the setting in ways that the presence of the investigator often does. They are not dependent upon the whims of human beings whose cooperation is essential for collecting reliable data through interviews and observations (Merriam, 1998:112). The researcher took time to go through official documents of sample SGB activities that have a bearing on financial matters. These were in the form of minutes of the finance committee meetings reflecting decisions to spend funds and approval of requisitions, minutes of the SGB meetings to check for areas where they ratified expenditures as prepared by the finance committee, the finance policy, the budget, minutes of parents' meetings where they were given an account of their monies, as well as records of audits for financial books. The researcher took a further step to analyze departmental policies on finances, official departmental memos and circulars as they were made available. The details thereof will be discussed in the next chapter.

3.7 DATA ANALYSIS AND INTERPRETATION

Qualitative data analysis is primarily an inductive process of organizing the data into categories and identifying patterns (relationships) among the categories (McMillan & Schumacher, 2001: 461). It involves organizing what you have seen, heard, and read so that you can make sense of the data collected (Regenysis, 2003:34).

Hoberg (1999:131) maintains that data gathering and data analysis are interwoven. As suggested by Silverman (2000:119), in order to focus and shape the study as it was progressing, the researcher began with a tentative data analysis process while collecting data in order to avoid playing “catch-up”.

Data was collected through tape recordings, and then transcribed into hard copies. McMillan and Schumacher (2001: 453) advise that in a case like this, some documents should be photocopied with a brief description of what they are, their categories as well as their use. This was followed by repeated reading of the transcribed data, highlighting relevant themes and placing them into categories. The data was then compared, categorized, patterns identified, divergent responses noted, possible explanations and propositions recorded. The final step was then to analyse and interpret the data.

3.8 CONCLUSION

This chapter dealt with the research design and methodology used in this study. The main method employed was the case study, implemented by means of individual semi-structured interviews. The interviews were coupled with a document analysis of official documents used by SGBs. The case study involved three schools purposefully selected from quintiles A, C, and E of the poverty ranking categories.

CHAPTER 4

RESEARCH FINDINGS AND DATA ANALYSIS

4.1 INTRODUCTION

In Chapter 2 an indication was given of the numerous concepts and theories of financial accountability both from a local and international perspective. These concepts have informed both the design of the questionnaire and methodology used to conduct the study.

This chapter outlines the results obtained from the study of sampled SGBs in rural, semi-urban and urban schools in the Mpumalanga province. The data obtained from the questionnaire responses is presented, analyzed and findings interpreted.

Financial accountability is one demanding obligation SGBs must carry out. As democratically elected governance structures, they stand to account to the State, parents and the public for the public funds they manage. By being awarded section 21 status, schools in South Africa are expected to move to an even wider scope of financial control and financial management. It is therefore desirable that an exercise of power by parents is fruitful, apt and free from harm, something that can be secured not by regulation, but through clear accountability (Maile, 2002:327).

This investigation has attempted to answer the research questions tabled in Chapter 1 by researching the financial accountability of SGBs in rural, semi-urban and urban schools.

4.2 SETTING FOR THE INTERVIEWS

As indicated in Chapter 3, interviews were the main source of data collection. Permission was obtained from the regional director to enter schools in the Ehlanzeni Region. Interviews were conducted at three schools which differ in their poverty index as well as their locations. Two of the schools are primary schools and the third is a secondary school. Appointments were made through the principals of those schools. All principals of the three sampled schools as well as their finance officers, two of whom are educators and the third an administration officer, were interviewed at their respective schools. The remaining respondents were interviewed at places of their choice. All respondents at school A (rural) and the treasurer at school B (semi-urban) were interviewed in a combination of Siswati and English. The rest of the respondents in schools B and C were interviewed in English. The respondents were free to respond in their choice of these two languages.

All respondents were made aware of their right to choose to participate or not. All respondents willingly chose to participate. All interviews were tape recorded and respondents had no problem with that arrangement.

4.3 FINDINGS

4.3.1 INDIVIDUAL INTERVIEWS QUESTIONNAIRE

A questionnaire consisting of four categories of questions was developed and administered. Of the 12 subjects one, the treasurer in school C,

was not available. Overall this represents a response rate of 92%. All responses were then arranged per question on Excel spreadsheets showing each respondent's response per question. A summary of the findings is discussed below

4.3.1.1 DEMOGRAPHIC DATA

Table 4: Demographic Data of Respondents

SCHOOL TYPE	QUINTILE	DESIGNATION	LEVEL OF EDUCATION	MEMBER CATEGORY	EXPERIENCE	RACE
A RURAL	1	Principal	Gr.12 + FDE	Management	2	Black
		Chairperson	Gr.12 + FDE	Parent	6	Black
		Treasurer	ABET-STD 4	Parent	6	Black
		Finance officer	Gr.12 + FDE	Educator	9	Black
B SEMI-URBAN	3	Principal	B.COM+FDE	Management	10	Black
		Chairperson	B.ED +PTD	Parent	+12	Black
		Treasurer	Gr.12 +PTD	Parent	5	Black
		Finance officer	B.PAED	Educator	5	Black
C URBAN	5	Principal	BA+ Diploma	Management	6	White
		Chairperson	LLB	Parent	4	White
		Treasurer	B.COM	Parent	5	White
		Finance officer	Secretary 3yr Dipl.	Admin officer	9	White

The demographic data about the respondents was collected during the interviews as an introduction to the sessions. Table 4 indicates that the selected SGB members have between 2 to 12 years experience in

managing SGBs.

Table 4 reveals that the majority of SGB members interviewed (10 of 11, or 91%) have education levels above grade 12. It is only the treasurer of the rural school that has an education at primary school level. This gives an indication that some schools in Mpumalanga, regardless of their social contexts, are managing to recruit SGB members with a reasonable level of education. It is however, noticeable that the differences between the qualifications, those of parent members in particular, is that those of schools A and B are general in nature, whereas those of school C are of law and accounting, which makes them more relevant for the financial functions of the SGB. This confirms Heystek's (2004: 8) statement that the abilities of the parental governors to govern schools depend on their skills, knowledge and experience with respect to governance.

All respondents have experience in the SGB of not less than two years. This shows that some of them were involved in the first generation of SGBs and others in the second generation. An interesting aspect that is emerging is that schools are somehow managing to retain experienced SGB members. The experience coupled with educational qualifications would, under normal circumstances, be expected to assist members in performing their finance functions better. This however seems to be not the case at these schools, because the finance officers of both schools A and B complained of doing the financial administration work alone.

4.3.1.2 EXPERIENCE IN FINANCIAL ACCOUNTABILITY

This category of questions tested the respondents' experience in school financial management.

4.3.1.2.1 THE MEANING OF FINANCIAL ACCOUNTABILITY

All eleven participants responded to the question on the meaning of financial accountability. Some of the responses received were as follows:

- | | |
|--------------------------|---|
| School A
Principal | Financial accounting means reporting about finances. Telling parents as to how much was collected and how it was spent during the year. |
| School A
Fin. Officer | Every cent that gets into the school account must be known. |
| School A
Chairperson | It means being able to collect money, use it and then go to parents to inform them how you used the money and also be able to draw a budget |
| School B
Chairperson | Eh---- it simply means to be answerable for the finances that the school receives. Starting from the budget that you draw, that for that financial year. How you are going to operate, eh-- how you are going to make use of the funds and also to keep track of the expenditure in relation to the money in the bank. |
| School B
Treasurer | It means that as a thing comes to me I must account like eh-- requisition, I must know what happened with that, like if the parents want to know about something in the finance, I must account what happened with this amount of money. It means that I must be open to them and I must tell them the truth and I must be honest about what happen with their money. |
| School C
Principal | Recording the income and expenditure and reporting back to stakeholders. |

principal reporting back to stakeholders.

School A
Treasurer Let's say we want to inform parents about how much we received and spent. We start by holding a caucus where educators indicate how much we received from parents or the State. We then set a date as to when we can invite parents for such information. In that meeting the finance officer explains clearly to parents how much comes from the State and how much was contributed by parents.

In general, respondents view financial accountability as being answerable, being able to collect money, spend it and then give a report to parents about how it was spent. Every cent that is collected must be banked, monitored and accounted for. One respondent provided a rather ambiguous answer to the question, which focused mostly on the process followed in reporting to parents.

4.3.1.2.2 HOW SGBs REPORT ABOUT EXPENDITURE ON SCHOOL FUND

All eleven respondents indicated that their schools hold an annual meeting for parents in October of each year. The following are examples of responses to the question on how SGBs report about their expenditure to parents:

School A
Chairperson We hold a meeting with parents, we inform them as to how much was collected, how much was spent and how much is remaining . We have just had a

meeting in November.

- School A Fin. Officer Meeting. In our meeting we explain how money was spent. It doesn't end there we further take this report to a meeting of parents. The report is tabled for them to either accept or reject it. All expenditure is reported to educators during morning meetings. Every member of the school is kept informed, there are no surprises.
- School C Principal At the budget meeting in October. But then parents don't like meetings. That's the problem we have with former model C schools. It is difficult to get parents because everybody is doing professional work.
- School A & B Principals We issue invitations to the parents for a parents meeting. The meeting is in October of every year. We then give a report to the parents about the money. In this meeting we also discuss the budget for the following year. Everything is written down on paper for them to read, most of them cannot read though, but they do receive the document.
- School B Fin. Officer We do our financial statement at the end of the year and then call parents to a meeting where we report about the income and expenditure. We give them a chance to query whatever they want to query about the expenditure.
- School C Fin. Officer In October, at the budget meeting. The treasurer presents the financial report to the parents.

The general findings for this question were that the SGBs of all three schools follow a similar pattern of financial reporting. They invite

parents to a budget meeting in October. In this meeting the SGBs give financial reports of how much money was received and also how it was spent.

4.3.1.2.3 SCHOOL FUND FOR 2005

Table 5: School fund received by sample schools in 2005

SCHOOL	STATE SUBSIDY	SCHOOL FEES RECEIVED
A	R112, 883.00	R44, 000.00
B	R120, 000.00	R150, 000.00
C	R15, 000.00	Above R2M

The parent members from schools A and B were not sure of the amount of subsidy their schools received from the State.

4.3.1.2.4 SUBMISSION OF FINANCIAL STATEMENTS TO THE STATE

All eleven participants responded to the question on the submission of financial statements. Respondents indicated that finance officers compile income and expenditure statements, balance sheets as well as income and expenditure reports in preparation for an audit. All three SGBs have their finances audited at the end of the school year. Auditing costs them a lot of money as the principal of the urban school said: “we audit our books every year, it costs us more than R3 000.00”. The chairperson of the semi-urban school and the principal of the rural school also cited their concerns about the cost of auditing. The principal of the rural school said “we rely on the State subsidy, most parents do not afford to pay”. The treasurer of the rural school also commented “we are looking forward to the no-fee school policy, it is difficult to pay

for our children”. The audited statements are then submitted to the State around March or April annually.

Respondents cited different reasons for their submission of the audited statements to the State. Respondents from the urban school, the principals and the finance officers regard the submission as an obligation to account, whereas both the treasurers and chairpersons of the rural and the semi-urban schools understand the submission to be a means to release the subsidy for the following year. The treasurer of school A did not have any idea as to whether or not such a submission was made.

4.3.1.2.5 COMPILATION OF FINANCIAL REPORTS

All eleven respondents answered this question. The treasurer of the urban school compiles the financial report with information gathered from the finance officer. This is consistent with the duties of an SGB treasurer. The situation is different at the semi-urban and rural schools, because the treasurers do not have the capacity to do that. The finance officers carry the duty of compiling the financial reports. The finance officer of the rural school was quoted saying “I work alone on the books. No one seems to understand financial matters here”.

It came out clearly that although reasonably educated, the parent members of the SGB at the rural and semi-urban schools have very little understanding, knowledge or skills in financial management.

4.3.1.2.6 THE IMPORTANCE OF FINANCIAL ACCOUNTABILITY

All eleven participants responded to the question on the importance of

financial accountability of the SGB. Responses were as follows:

All three principals involved in the study and the chairperson of the semi-urban school see financial accountability as a way of clearing negative perceptions regarding the use of public funds. The chairpersons of the urban and the semi-urban schools regard financial accountability as a legal matter where public funds are concerned.

The principal of the semi-urban school and all three finance officers feel that financial accountability needs to be taken into consideration when electing SGB members in order to ensure that parents with the necessary skills and knowledge are elected.

4.3.1.3 KNOWLEDGE OF FINANCIAL MANAGEMENT

4.3.1.3.1 HOW THE SGB DETERMINES A SCHOOL BUDGET

All eleven participants responded to the question on how a school budget is determined. The treasurer of school A struggled to understand what a budget is. For him a budget refers to the bank balance which the finance officer always reads to them from the bank statement.

The chairperson, the treasurer and the school principal of the semi-urban school said the SGB and the school management team (SMT) meet to determine their budget needs. The chairperson and the principal of school C said the SGB is very experienced in budget preparation so they already know what the school will need, although

they still consult with school management. The SGB knows that 25%-30% of the parents will be exempted, so they always project a school fee increase at that level every year. The finance officer of school C said this is a task delegated to the finance committee which consults with school management.

The rest of the respondents from schools A and B said that the finance committee collects inputs from educators and then compiles the school needs for the year. By comparing their budget needs against the allocated subsidy amount, the SGB determines how much each parent must pay as a supplement.

4.3.1.3.2 INFORMING PARENTS ABOUT THE BUDGET

All eleven respondents referred to a budget meeting that is held annually in October. Examples of the responses are indicated as follows:

School A Principal Parents discuss the budget in a meeting before the end of the preceding year. Parents make inputs on the budget or reduce some items if they think they are not necessary. The inputs are usually poor because many parents have little understanding of the processes.

School A Treasurer As I indicated that after the budget caucus we invite parents to a meeting towards the end of the year to give them the budget. We indicate to them how much we have received from the State and how much each parent shall have to contribute.

- School A
Fin. Officer Time is usually against us, we do it around
October when giving them the financial report.
- School B
Treasurer When we report we call on a parents meeting.
The teacher from the school (finance officer) and
myself, must have seen all what happened, all
must have been written, we put it on the agenda,
“vhele sesiyakuplan”- when we report we say this
is what happened on such and such a date.
- School C
Principal During October we've got a budget meeting. Then
the previous year's financial statements are
presented so that they know what happened to
their money and how it was used. And then the
new budget is presented and parents can
question how their money was spent and why
there is an increase in the school fee. And they as
parents must adopt the budget for the following
year. A notification for such a meeting is given in
30 days.
- School C
Chairperson At the annual budget meeting.
- School B
Principal We hold a budget meeting in October. Parents are
called to make inputs on the budget but they
can't, they don't understand it.

All schools hold such budget meetings to present the draft budget to the parents. Parents are invited during that month to come and check the financial statements from the auditor, for them to be able to ask questions in the meeting. All respondents indicated that parents do not generally make use of this opportunity.

At the budget meeting, parents are given an opportunity to make inputs into the budget; this opportunity is also rarely used by the parents in all school quintiles.

The Education Foundation Trust and MDE (2001) indicate that the chairperson of the finance committee may, with great care, delegate some tasks to committee members. He must however be sure that those persons know exactly what is expected of them and also know how to do the job. The treasurer of school C has been delegated to present the budget to the parents at this meeting, whereas at schools A and B the delegation is on the finance officers because the treasurers do not have capacity to do so.

4.3.1.3.3 SPENDING THE BUDGET

All respondents answered the question on how the budget is spent. All three schools involved in the study have finance committees. The general practice is that all requisitions are submitted to the finance committee which then approves or disapproves the requisitions. The chairperson of school A however said the finance committee does not approve financial claims because they do not have a budget; it is the “duty of the SGB”. The principal and the treasurer of school A, however contradict this statement by saying that the finance committee does approve requisitions. Educators at school A receive feedback from the finance committee the morning after the finance committee meeting as an obligation. Schools B and C on the other hand, do not consider themselves obliged to give immediate feedback to educators, because they are not the owners of the money.

The treasurers of Schools A and B monitor spending on the budget by being very strict when it comes to signing cheques, whereas the treasurer of school C visits the school every week to check all requisitions and payments. The principal and the finance officer of school C must give reports to the treasurer of how much was spent on a weekly basis.

A quotation system is used for the procurement of goods. The principals, the chairpersons and finance officers of all three schools indicated that the SGB applies the principle of three quotations when buying items or services. A reasonable amount of authority to approve certain expenditures has been delegated to the school principals of school B and C. School A claims a history of misappropriation of funds by the principal and therefore allows the principal very little access to the finances of the school. The treasurers of schools A and B feel that the principal must have the last say on matters of procurement as head of the school, whereas the chairperson of school A feels that it should be himself having the last say on these matters.

4.3.1.3.4 UNDERSTANDING WHAT SECTION 21 STATUS MEANS

Ten participants responded to the question on understanding what section 21 status means. All three principals of participating schools understand Section 21 to mean more responsibility for the SGB, being self-managing, independence and also that subsidy money will be deposited directly into the school's banking account. The principals of school B and C also mentioned accountability as an important matter in section 21 status. The treasurer of school A said for him section 21 means that the State is happy with their performance as the SGB, that is why they receive "cash" as subsidy.

For the chairpersons of schools B and C and the principal of school C, section 21 involves being able to do things on your own, having authority to procure goods such as textbooks and stationery and the payment of services to the school. The chairperson of school A defined it as saying to the SGB “go and perform”. Nine respondents indicated that they were instructed by the department to apply for the section 21 status.

The responses to this question are given below:

- | | |
|--------------------------|--|
| School A
Principal | The SGB that we have now is working very hard, they are trying by all means to improve the environment of the school I think the department is aware of our ability to perform that is why they said we must be section 21. |
| School B
Chairperson | There were forms that were given to us to say are you ready to do this? Do you have the infrastructure? Do you have the knowledge and the capability to do this? And then we said yes. |
| School A
Chairperson | We applied for all the functions because usually they allocate more money for municipality services. We then applied to veriment the money to cover other needs. I can't remember exactly which functions were finally allocated to us. |
| School A
Fin. Officer | I remember that there were forms and we were supposed to apply. We were told that there is transformation that must happen, the department wants us to be section 21 and we must apply. That is the information we got. We never actually took |

time to assess our capability regarding that, but we were only told about the advantages and disadvantages and we decided to apply.

School C
Principal Our school boards were accountable then and when the SGBs were elected ours was to adjust to the new Act. The SGB applied for the functions but someone is withholding the power from them.

School B
Treasurer The department realizes that there is improvement at schools, yes there are other problems and areas that need development, so they said you can now become a section 21 school.

School A
Treasurer With that one, I really don't know. We have educated people in this school they could have make the application.

School C
Fin. Officer I have no idea. I think there must have been an application to that effect.

4.3.1.3.5 SECTION 21 FUNCTIONS THEY ARE PERFORMING

Ten participants answered the question on the new functions that SGBs are performing now that they have been allocated section 21 status. The responses were as follows:

School A
Principal They decided to appoint security guards to take care of the school. We pay them from the contribution of the parents. The office furniture you are seeing here also comes from them. I don't think there is actually anything very new because we are not buying textbooks yet, we only write

requisitions of those books we would like to have.

- School A
Treasurer I don't know really. I actually don't see any difference. Now that I have worked for this long in the SGB, I realise that it is not easy to misuse public funds particularly if the chairperson and treasurer are strong people.
- School A
Fin. Officer We feel that the functions are few because, e.g. we are not buying furniture for learners. We do have a certificate but we have not started performing well. I think the department has not yet made it clear for us.
- School A
Chairperson Mm----- not much, but we are going on with our work. There is progress. But we have not been really aware that we have been allocated section 21 status. We thought it was just a certificate, not that we already have the powers to act. We are still working as we did in the past, there is nothing new. The department is still buying books for us, maybe it is still in the process, they will tell us.
- School C
Chairperson The school has for long been doing its own maintenance of the school from parents' contribution. I don't think there is anything new that we are doing now. Except for the payment of teachers and handbooks, parents here finance all their activities.

- School B
Principal The payment of services for the school and the maintenance of buildings. I think that is all. I think the department is still going to explain the issue of the certificate; it could be that they want us to assume the functions in phases. The textbooks--I don't know but I think with support we can manage to do it. The issue is with the procurement processes.
- School B
Chairperson That one is a bit difficult for me to answer, but I think the additional functions that we have is that of monitoring the finances, that of ensuring that teaching and learning which is the core-business of the school takes place, and that of ensuring that there is remarkable improvement in the development of the school.
- School B
Treasurer Telkom gave us computers, we now have thirty computers, and we built the verandas and ramps as we want our school to be an inclusive school. Certificate--I'm not aware of that.
- School C
Principal Nothing new in as far as I'm concerned -- you see the State is still doing the purchase of handbooks and stuff-- We don't know why.
- School B
Fin. Officer I think the department wants to do things one at a time. We have not been allocated all the functions yet. A certificate? I am not aware --eh-but I think people must first be conversant with procurement procedures before we can be allowed to buy textbooks. For now I don't think we are ready.

Of the ten members who responded to the question, only three were

aware of the certificate and what it means for the school. Four members were not even aware of the allocated powers.

4.3.1.4 THE ACTIONS OF SGBs

4.3.1.4.1 THE OPERATIONS OF FINANCE COMMITTEES

All respondents indicated that their schools do have finance committees. According to the treasurer of school A the finance committee meets twice or thrice in a month whereas other respondents indicate that the finance committee meets once a month. Although the finance committee of school C only meets once a quarter, there is weekly monitoring of expenditure by the treasurer. The treasurers and chairpersons of schools A and B seemed uncertain of who the finance committee members for their SGBs are. The chairperson of school A's SGB is also the chairperson of their finance committee. For school B the chairperson of the finance committee is the principal. For school C the treasurer of the SGB is the chairperson of the finance committee.

The treasurer of school A indicated that the finance committee meets with the entire SGB twice or thrice a week. The principal and the finance officer from the same school said the SGB and the finance committee never meet. Respondents from schools B and C indicated that their finance committees meet with the entire SGB once in a term.

4.3.1.4.2 PAYING FOR SERVICES

All participants responded to the question on the payment for services to the school. Examples of the responses were as follows:

- School A
Principal
- If the due date for such an account comes before the date of the next finance committee meeting, the Principal requests the treasurer, and the chairperson to sign a cheque for us. We then go and pay but if the due date is after the meeting, we present all such accounts to the finance committee meeting for approval. From this meeting we also make it a point that we deliver a report about the expenditure made to the educators when we have a staff meeting, for transparency.
- School A
Treasurer
- We check the bill. If we take the telephone as an example, when the bill is received we know it must be paid, we verify the amount as tabled before we can sign the cheque.
- School A
Fin. Officer
- When we receive our mail, all such bills are given to me. If the due date is prior to a meeting date we inform the chairperson who in turn gives permission to proceed with the payment. This is however not common. If the due date is after the committee meeting the account will be presented to the finance committee meeting and then payment is made after the meeting.

- School C Principal The SGB has given me the powers to approve such payments. I cannot get the finance committee to sit each time there must be a payment. Approved regular items I pay for them.
- School C Chairperson The management of the school does that.
- School A Chairperson When the statement comes we discuss it and then pay. We do not take it to the finance committee because we regard them as a sub-committee and they do not have a budget.
- School B Chairperson The finance committee presents to the governing body and then the entire governing body scrutinizes every transaction that is there in order to ensure that everything is right and in that light also endorse it.
- School B Principal We make requisitions which are submitted to the finance committee. The committee checks and then payments can be made. For the regulars we have permission from the SGB to pay immediately.

A significant amount of authority has been given to the school management of the urban school as opposed to the management of the rural and the semi-urban schools. At the urban school, this is supported by a close monitoring system where the treasurer visits the school every week to check on all requisitions and payments made. Less monitoring is done at the other two schools, resulting in less flexibility in using the finances.

4.3.1.4.3 PURCHASE OF TEXTBOOKS

All eleven participants responded to the question on the function of purchasing textbooks. The three school principals, chairpersons of school B and C, as well as the treasurer of school B, regard the action by the department to withhold the power to purchase textbooks as unfair and unnecessary. The principal and the chairperson of the urban school see this act by the State as a waste of financial resources because if the school could buy the books themselves they would save a lot of money. The treasurer and the chairperson of school B feel that the Department does not trust them, yet allocated them section 21 status.

The finance officers of school A and B regard the delay to allocate LSM powers as a fair move because the current members of SGBs do not have enough capacity to handle huge accounts. Their argument is based on the fact that even now they find themselves handling the finance books alone. The finance officer of school B was quoted saying “then they must appoint more people to work on the books, I am also an educator and have lessons to offer”. The chairperson and the treasurer of school A and the finance officer of school C had no problem with the current arrangement and would accept any change that the State may bring later.

4.3.1.4.4 SCHOOL FEE INCREASE

All eleven participants responded to the question on school fee increase. The school fee at the rural school is R50-00 p.a. The school collects about R45 000 and receives about R112 800 from the State p.a. This amount has not increased for years because a number of parents cannot afford it. The treasurer indicated that they are eagerly waiting

for the implementation of the no-fee school policy. A number of parents apply and get exempted from paying school fees. There are also those who neither apply nor can afford to pay.

The school fee for the semi-urban school is R200-00 p.a. The amount is a result of an increase of R50-00 which came in the previous year. It is very difficult to increase the amount of school fees because parents cannot afford to pay. The school collects about R200 000 and receives R140 000 from the State p.a. Parents who apply for exemption are then exempted from payment. The exempted parents are required to do a service for the school to make up for non-payment of fees.

The school fees at the urban school increase annually. There are parents who get exemptions from payment and the shortfall is calculated into what the affording parents pay. The school collects more than R2m and receives about R15 000 from the State p.a. The school is able to maintain a sound bank balance each year.

4.3.1.4.5 CONTRIBUTIONS BY PARENTS AND THE STATE

All eleven participants responded to the question on the contributions by the State and the parents. Respondents from the rural and the semi-urban schools regard the State as the most contributing stakeholder into the funds that must be managed by the SGB.

The chairperson of the semi-urban school however feels that the contributions of both stakeholders are equally important, because both are of great value to the school.

The respondents from the urban school regard parents as the most

contributing stakeholder of funds that must be spent by the SGB. According to the principal and the chairperson of school C, the amount of R15 000-00 they receive from the State as subsidy is just a bonus. It is not enough to pay for one month's services to the school.

4.3.1.4.6 COMPARISON OF ACCOUNTABILITY PROCEDURES.

All participants responded to the question on the comparison of accountability systems. The system used to account to parents and the State on finances is the same for all three schools. The system is as specified by the SASA (S42). All respondents agree that they present a draft budget to the parents in October. In the same meeting parents are given a report on how finances were spent during the year. This will then be followed by an audit of the financial books after which a report is sent to the HOD. The only opportunity given to parents to deliberate on the finances is in the October meeting, way ahead of the audit which happens at the beginning of the following year.

The principal of the rural school feels that the accounting procedure needs to be revised to allow parents a chance to get an audited financial report. According to her, there are expenditures that occur after the October meeting, which parents do not know about. Other respondents from the rural school feel that the accounting process is fair, since after all, parents understand very little of the financial report they receive.

The chairperson of the semi-urban school is aware of the disparity in the way that financial accounting is done to parents and to the Department, but feels that the Department deserves more attention since it represents the government. The principal and the finance officer of the semi-urban school feel that accountability should be equal

for both parents and the State because they both contribute enormously into the school fund. It is difficult though to do that, because the majority of the parents have little education.

All three respondents from the urban school feel that parents should get more feedback because of the obvious fact that they contribute the most into the school fund.

4.3.1.4.7 READINESS TO PERFORM ALL SECTION 21 FUNCTIONS

All eleven participants responded to the question on the readiness of SGBs to perform all section 21 functions. Participants from the rural school regard themselves as being ready to handle all section 21 functions. They claim that the experience of the current SGB can enable them to handle large sums of money. The concern of the principal is that the coming SGB elections could hamper progress, in that new members without valuable experience could be elected. The main concern of the finance officer is the lack of financial management skills among SGB members, a situation which leaves him with a double responsibility. Low levels of education and financial management skills were cited as a challenge that needs attention during SGB elections.

The chairperson, finance officer, treasurer and the principal of the semi-rural school also regard themselves very ready to perform all section 21 functions. The chairperson indicated that they would, however, need training on how to deal with tenders.

The principal, chairperson, and the finance officer of the urban school argue that they would do a better job than what the Department is doing now regarding the purchase of LSM and other equipment. The

principal was quoted saying “the books are too much, it’s better that we get the money and buy them ourselves.” The SGB is currently running a huge budget of over R2m and there is no way they can fail to perform the remaining function of purchasing LSM.

4.3.1.4.8 THE NEED TO IMPROVE ACCOUNTING PROCESSES

All participants responded to the question on the need to improve the accounting processes legislated in the SASA. Respondents from the urban and semi-urban schools suggest that the SASA be amended to give recognition to parents equal to that of the State. The respondents from the rural school are happy with the way that financial accounting is done at the moment. There is, however, a feeling from the principal of the school that the State should subsidize the auditing activity, as it consumes a lot from their budget.

4.3.1.4.9 SGB TRAINING IN FINANCIAL MANAGEMENT

All participants responded to the question on training. The respondents from the rural and the semi-urban school regard the training they received as very helpful. The chairperson of the rural school is however unhappy with the fact that the trainers happen to be school principals. The finance officer of the semi-urban school feels that the standard of training was unacceptably low. He was even quoted saying “those people from the regional office, we could have trained them instead”. They also feel that financial management training should be conducted continuously.

The chairperson of the urban school said he was never invited to any such training. The principal of that school feels that his SGB is sufficiently qualified on financial management issues, so that attending training sessions would be a waste of their time.

4.3.2 INTERVIEWS WITH DEPARTMENTAL OFFICIALS

To strengthen the database, the researcher also held telephonic interviews with two officials of the Department of Education. Their inputs on the topic were as follows:

4.3.2.1 EDUCATION MANAGEMENT INFORMATION SERVICE RESPONDENT

Question: What prompted the Department to allocate section 21 status to all schools and why are you still withholding part of those functions?

Answer: The department had pressure to deliver services to schools whereas the Supply Chain Management was not coping. The legislature then took a decision to immediately declare all schools section 21.

Although certificates were issued to schools to allocate them all the functions on section 21 of SASA, we are still withholding the purchase of LSM because it involves a lot of money. The feeling is that SGBs are not ready to handle bulk procurements, signing of contracts with suppliers and all processes of tendering.

We went to observe the practices of other provinces that have already practically devolved this function to their SGBs. As a Department we are now afraid that these schools may take us to court for still

withholding the function whilst on paper it was released long ago.

4.3.2.2 FINANCE DEPARTMENT RESPONDENT

Question: How can you describe the financial reports you receive from schools and what kind of support are you giving to them?

Answer: The financial reports we receive from schools vary in their quality. There are reports that are very good and unqualified, they are very few though. There are also a number of reports that come unqualified. The thing is that as a start we said we want to focus on making them report, regardless of whether the report is good or bad. Once the report is received, we release their subsidy. That only was a nightmare; we had to fight with many of the schools. With the small schools that do not have enough money to pay for bookkeeping services we did their books ourselves.

The second step we are going to take will be ensuring that the reports are unqualified and professionally presented. This process will start in 2006.

The kind of support we give to them is training on financial management. The training we had so far focused on financial recording and reporting. We want them to be able to analyse and interpret financial statements. We also go to individual schools if the problems are severe.

4.4 CONCLUSION

This chapter recorded the findings from the interviews as presented by

the respondents. It also went on to analyse the patterns emerging from the data that was collected from the three schools involved in the study.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

The previous chapter focused on the analysis of the collected data. In this chapter the researcher interpreted the findings to try and find answers to the research questions posed in Chapter one of this study. The following sub-topics were used in drawing conclusions:

- ◆ Capacity of SGBs to account for finances;
- ◆ Accountability practices of SGBs;
- ◆ Capacity building for SGBs.

5.1 CAPACITY OF SGBs TO ACCOUNT FOR FINANCES

One of the most common forms of financial accountability is the annual financial audit of the entity's records. In business for example, the company will account to its shareholders during an annual general meeting by presenting the company's financial statements. The ability to produce financial statements indicates the presence of capacity to account in a particular entity. However, even if financial statements may be produced, they may contain qualifications. These indicate weaknesses in either internal controls or governance.

Financial accountability is also measured in terms of being able to produce financial statements in time, in both business and government.

The first part of analysing the capacity of SGBs to account financially relates to their ability to produce the school's financial audit.

In general, the researcher noted that there is a fair understanding of the meaning of financial accountability. SGBs surveyed understood the obligation placed upon them in terms of resources under their stewardship. However there is often a difference between understanding one's obligations and having the capacity to fulfill them.

In terms of how and when schools account to the HOD the researcher found differing versions. In the urban school there are weekly systems for checking financial records by the treasurer. The school also has a computer program that records and updates every financial transaction performed. Under these circumstances the school updates and balances its books on a regular basis, thus keeping the records ready for audit at any time. In the other two schools the control of financial records is vested with the financial officer, who also fulfills the role of the treasurer. In both schools the treasurer has very little capacity and expertise to maintain and monitor financial records of the school.

The researcher found in the rural school that financial records were returned by the auditor for the school to rectify certain things relating to records of expenditure for the year. One can summarize that the records were either difficult to audit or contained insufficient information to make a professional audit possible. In the semi-urban school it was found that the governing body once lost a cheque amounting to R9 000.00 and it was cashed by an unknown culprit. The answers given by the respondent from the finance department also confirmed that many financial reports they receive from schools come with qualifications.

The interpretation is therefore that although respondents indicated a fair understanding of the duty to account financially, in two of the three

schools there was little capacity to prepare and produce financial reports of the school.

The second obligation that was investigated was that of the SGB to submit financial records in the required time. The researcher found that all surveyed schools submitted financial records on time. However, the motivation to submit is not always related to capacity or responsibility, but has more to do with the incentive to receive the State subsidy sooner. The researcher could not confirm that capacity has anything to do with the timeous submission.

5.2 ACCOUNTABILITY PRACTICES OF SGBs

The financial accountability processes of the SGBs are crafted in a way that accounting happens at three levels: the finance committee accounting to the SGB, the SGB accounting to parents and then the SGB accounting to the HOD.

In the urban and the semi-urban schools the researcher found the existence of a finance committee which is able to meet every month and then account to the entire SGB on a quarterly basis by presenting a written financial report. In the rural school however, the researcher found conflicting versions about how the finance committee accounts to the SGB. Statements made suggest that there is no expectation for the finance committee to account to the SGB. This seems to conflict with earlier indications that the SGB in this school understood the obligation to account.

With regard to accounting practices to the HOD, the researcher found in all the schools that although schools fulfill this obligation, there is a

lack of clarity as to whether this is sufficient, as the HOD hardly provides any feedback to the SGBs. In one school the HOD returned the financial report because the auditor had combined the income from the State with that from the parents. The response from a finance department official confirmed that giving feedback on incorrect reports has not been their focus so far; up until the end of 2005 they were only too happy to receive financial reports at all.

It would seem logical to conclude that the HOD's chief interest is limited to the accurate reflection of the State subsidy in the report. For example, the urban school voiced a concern that it seems the HOD hardly notices that the parents' contribution was more than R2m, whereas the State contribution was only R15 000.00.

In two schools the researcher found that although the SGB provides both written financial reports to the parents and also take pains to explain the report in detail, this seems to be a self-serving exercise as parents, due to low levels of literacy, cannot engage with the report or understand the financial information. They derive satisfaction from simply knowing how much is in the school account. In the third school the researcher found that the accounting process follows the stipulations of the SASA (S38). Parents are given thirty days notice of a meeting, during which time they are also invited to inspect financial records prior to the actual meeting day. The SGB at this school refuses vehemently to provide a written report to the parents. A comment made by the principal was that they "cannot make a copy for every man who walks in the street". There is, at the same time, no legislation that can enforce SGBs to give or not to give written financial reports to parents as owners of the money.

In analysing the accounting practices, the researcher found different

applications from the different schools. These seem to depend on to whom the SGB accounted. For example, only the HOD receives a report that is audited, whereas parents receive an incomplete preliminary financial report due to the timing of the budget meeting. With these different standards of financial accounting, it can be argued that current financial accounting practices of SGBs in Mpumalanga do not promote full and equal financial accountability. It can also be concluded that the practices that SGBs follow when accounting to parents are consistent with “soft accountability” because in the absence of legal direction to make a submission to the HOD, the matter is left to the discretion of the SGB.

5.3 CAPACITY BUILDING FOR SGBs

The Departmental SGB training program on financial management is conducted by departmental officials who are either working at the finance department or principals of schools who are used as training teams. In analysing the training processes, the researcher found that a “one size fits all” system is being used. All SGBs are subjected to the same training program, regardless of their level of development.

Upon analysis of the contents of the program provided, it was found that all training conducted so far focused on basic financial management skills. It was also found that the training team itself lacks deep knowledge of financial management. One finance officer commented saying “they did not know what they were saying, we actually could have trained them”.

In one school it was found that SGB members never attend financial management workshops because the school principal knows them to be

qualified accountants who have sufficient skills in financial management.

With the current inadequate training program, it can be concluded that the majority of SGB members who were subjected to them, are still lacking important skills they need to function as section 21 schools. The allegation that the Mpumalanga Department of Education withholds the power to purchase LSM on the basis that schools do not yet possess the necessary knowledge and skills to engage into prerequisite processes such as tendering and procurement, could thus be regarded as true. On the other hand, it could be concluded that the Mpumalanga Department has not, until now, done enough to build the capacity of SGBs for them to assume full section 21 functions.

5.4 RECOMMENDATIONS

The outcome of the investigation together with the literature study warrants the following recommendations:

- That the Department of Education should ensure that each school has an effective financial management system. This will ensure more accountable management of funds to enhance the quality of education.
- That government should consider revising section 42 of SASA to enforce compulsory and equal accountability to all stakeholders who contribute into the school fund.
- That short courses on financial management be introduced to upgrade the knowledge levels, skills and understanding of financial matters of SGB members.
- That SGB financial management training programs be

designed to suit various levels of capacity to allow a choice, depending on need.

5.5 CONCLUSION

The aim of this study was to investigate the extent to which SGBs in the Mpumalanga province account for the school finances they manage. This was done through posing research questions that were answered in Chapter 4 after the analysis of raw data. The research concludes that the financial accountability of SGBs in Mpumalanga is at a lower level than desirable. The most challenging area is the level of capacity that needs to be developed for SGB members to be able to compile, clearly understand and interpret financial reports, something which does not only need education, but specific expertise. The disparity in the accounting systems for the State and parents needs attention.

5.6 RECOMMENDATIONS FOR FURTHER STUDY

This study, like many others before it, has found that SGBs in Mpumalanga are not yet ready, some not even aware, that they are accountable for the extra mural curriculum and the choice of subject options, a function which has already been allocated to them. It is therefore recommended that not only should further research be done on how SGBs can become more accountable for the way they manage funds at their schools, but also on their awareness of their responsibilities in general.

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ANNEXURE A

INTERVIEW GUIDE

CATEGORY A

1.1 AREA WHERE SCHOOL IS LOCATED

Village	
Township	
Farm	
Town	

1.2 ENROLMENT

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

1.3 POVERTY RANKING

Quintile A	
Quintile C	

Quintile E	
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1.4 SGB LEVEL OF EDUCATION

Illiterate	
Primary school education	
Secondary school education	
Passed Matric	
Above Matric	

1.5 SGB REPRESENTATION EXPERIENCE

CATEGORY	MARK(x)	NO.OF YRS IN SGB
Parent		
Learner		
Educator		
Non-Educator		
Principal		

CATEGORY B

2.1 EXPERIENCE IN FINANCIAL ACCOUNTING

- ◆ What does financial accounting mean to you?
- ◆ How does your school report about expenditure on school fund?
- ◆ Did your school receive money from the State this year?
- ◆ How much was it?
- ◆ Did your school collect money from the parents this year?
- ◆ How much was it?
- ◆ How and when did your school submit a financial report to the H.O.D ?
- ◆ How was the financial report compiled?
- ◆ How and when did the school give a financial report to the parents?
- ◆ How important is financial accounting for the SGB of your school?

2.2 KNOWLEDGE OF FINANCIAL ACCOUNTING

- ◆ How does the SGB of your school determine the school budget?

- ◆ When do parents get to know about the school budget?
- ◆ How does the SGB of your school spend the budget?
- ◆ Who exactly, in the SGB, gives permission to spend?
- ◆ Your school has been awarded section 21 status, what does that mean to you?
- ◆ How did your SGB decide on the status?
- ◆ Which new functions are you performing now in Section 21 that you were not allowed to perform before the section 21 status?

2.3 THE BEHAVIOUR OF SGBs

- ◆ Does your SGB have a finance committee?
- ◆ How often does your finance committee meet?
- ◆ How often does the finance committee meet with the rest of the SGB?
- ◆ What process do you follow when paying for services such as electricity?
- ◆ Who is responsible for the purchase of textbooks and educational material?
- ◆ Was your school fee increased in the past two years? Why?
- ◆ Do you exempt some parents from the payment of school fee?
- ◆ How do you go about exempting parents from paying school fees?

CATEGORY C

3.1 PERCEPTIONS, ATTITUDES AND OPINIONS

- ◆ Which stakeholder contributes the most to the school fund that your SGB controls?
- ◆ How much do parents contribute to your school fund per annum?
- ◆ How much does the State contribute to your school fund per annum?
- ◆ How does your SGB account to parents for spending the school fund?
- ◆ What is your opinion about the way financial accounting is done to parents of your school?
- ◆ What is your opinion about the way financial is done to the department of education?
- ◆ Do you think your school is ready to function as section 21? Why?
- ◆ If you were given a chance to change some of the school financial accounting processes, what would you change?
- ◆ How would you describe the financial management training you received?
- ◆ Are there any new financial management skills you would still want to learn?

ANNEXURE B

BACKGROUND INFORMATION ON THE TYPE OF SCHOOLS

SCHOOL TYPE	RURAL- QUINTILE A	SEMI URBAN- QUINTILE C	URBAN- QUINTILE E
Enrolment	654 excluding Grade R	1255	695
No. Of Educators	19 Educators paid by the Dept.	42 Educators 2 paid by SGB	18 paid by Dept. 9 paid by SGB
No. Of SGB Members	10		
Support Staff	2 Admin Staff- paid by State. 2 Security Guards paid by SGB	5 G.A paid by State,	2 admin clerks- paid by SGB 2 G.A 3 paid by SGB
Annual School Fee	R50.00 per learner	R200.00	R3600 per learner
State Of Buildings	Buildings are old. No admin Blocks, well looked after	Old Buildings, well maintained.	Old, well looked after
Fencing	Fence, available and reasonable new	Fence available but old	Available
Electricity	Available	Available	Available

SCHOOL TYPE	RURAL- QUINTILE A	SEMI URBAN- QUINTILE C	URBAN- QUINTILE E
Telephone/ fax	Available	Available	Available
Computers	Three available. One from State and two bought by SGB	32, 1 bought by State	Learner 25 and 6 by SGB
Copier Machine	Not Available	Available	Available
Water	Borehole available and working	Available	Available
Status Of Sports Field	Not in a good condition. No budget to improve it.	Not available.	Available in good condition.
Toilets	Available and new pit toilets.	Available-waterborne.	Available- waterborne.

ANNEXURE C

P.O. Box 442
Komatipoort
1340
31 August 2005

To: The Regional Director
Ehlanzeni Region
P.O.Box 1014
Kanyamazane
1214

Sir

APPLICATION FOR PERMISSION TO CONDUCT RESEARCH IN EHLANZENI REGION

I am a Master's degree student at the University of Pretoria and currently doing research on the financial accountability of school governing bodies.

I am asking for permission to access the following:

- ◆ Schools: quintiles 1,3,and 5 within the region
- ◆ Statistical information regarding the audit of school financial books
- ◆ Data regarding schools who misappropriate school funds

Hoping for your favourable consideration on this matter.

Mrs P.N. Mbatsane

Approved/ not approve

Director

-----Regional

Date