

# **Public school principals' understanding of their role in financial management and the implementation of finance policy**

by

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Submitted in partial fulfilment of the requirements for the degree

Magister Educationis (Educational Leadership)

in the

Department of Education Management and Policy Studies

Faculty of Education

UNIVERSITY OF PRETORIA

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April 2013

## ACKNOWLEDGEMENTS

My sincere thanks are due to the following people for helping me with this research project:

My wife, Elsie Elisabee Mokoena, who passed away on 1<sup>st</sup> June 2010 while I was still doing the second year of my studies. She really supported me and encouraged me at all times.

My children, Brian Khutso Mokoena and Elizabeth Mmakhutso Mokoena, for their patience and understanding when I left them behind for the whole week to attend support sessions.

My aunt Annah Magabane for her support, especially when preparing for support sessions.  
My family, parents and friends for their support.

The Almighty God for protecting me while travelling long distances to attend support sessions and for the strength and courage that He gave me.

My supervisor, Dr Jean W Van Rooyen, for being available at all times to support me academically. He gave me guidance and continued support. My sincerest thanks go to him.

## DECLARATION OF ORIGINALITY

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### Declaration

1. I understand what plagiarism is and am aware of the University's policy in this regard.
2. I declare that the dissertation, "Public School Principals' Understanding of their Role in Financial Management and the Implementation of the Finance Policy" is my own original work. Where other people's work has been used, this has been acknowledged and referenced in accordance with Departmental requirements.
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## ETHICAL CLEARANCE CERTIFICATE

## **ABSTRACT**

The main purpose of this study is to probe the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The following research question was used to investigate the problem: “What is the understanding of public school principals in the Maviljan Circuit, Mpumalanga Province of their role in the management of finances and the implementation of the finance policy of their schools? This circuit is situated in a rural area. Principals in the majority of the schools are not well qualified in financial management and most of the members of the parent component of the School Governing Body are illiterate. The South African Schools Act, Act 84 of 1996 (hereafter referred to as SASA) states that the SGB, of which the principal is an ex-officio member, must perform a variety of tasks such as section 20 and section 21 functions. Thus, the promulgation of the South African schools Act introduced innovations in public schools and changed the role of the principal regarding finance management and the implementation of the finance policy. Roles, duties and responsibilities of school managers have been revised. School managers themselves have had to undergo a shift in their thinking with regard to their roles in the new millennium (Sebate, 2006). It is in the best interest of schools and their learners that principals have a clear understanding of their role in the management of public school finance and the implementation of the finance policy, enabling them to manage school finances and implement the finance policy effectively.

The problem was investigated by means of a qualitative research approach using semi-structured interviews and document analysis in a purposive sample of five primary schools in the Maviljan Circuit, Mpumalanga Province. The investigation has led to a deeper understanding of the problem under investigation. Based on my findings, a number of recommendations are made and a number of aspects for further investigation have been identified to help in empowering or capacitating principals with knowledge and skills so that they can have a better understanding of their role in the management of public school finance and the implementation of the finance policy.

## **KEY CONCEPTS / WORDS**

Finance

Implementation

Management

Policy

Principal

Public school

Role

Understanding

## **LIST OF ABBREVIATIONS**

AGM	Annual General Meeting of Parents
DoE	Department of Education
HOD	Head of Department
MDE	Mpumalanga Department of Education
MEC	Member of the Executive Council
NSSFA	Norms and Standards for School Funding Act
PFMA	Public Finance Management Act
RSA	Republic of South Africa
SASA	South African Schools Act
SGB	School Governing Body
SMT	School Management Team

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# CHAPTER 1: INTRODUCTORY BACKGROUND, PROBLEM FORMULATION AND AIMS

## 1.1 Introduction

The education system in South Africa is presently undergoing a process of transformation. The introduction of the South African Schools Act, Act 84 of 1996 (hereafter referred to as SASA) after the 1994 democratic elections is one of the exciting educational developments in South Africa.

Mabaso and Themane (2002: 11) in (Mahlangu, 2008: 1) indicate that *the South African Schools Act describes ideals for participation in school governance, which now faces a difficult challenge at post-apartheid institutions.*

Under the old dispensation school governance used to be characterised by authoritarian and exclusive practices. In the new dispensation, the law requires broad participation of stakeholders in the affairs of the school, including financial affairs through the medium of the School Governing Body.

Heystek (2004: 308-310) in (Mahlangu, 2008: 2) states that *the uncertainty about the exact function of both the principal and the parents is a contributing factor to the malfunctioning of the dysfunctional schools and negates the whole idea of the self-managing schools. The legislated functions of the SGB as established in section 20 and 21 of SASA (RSA, 1996a) do not provide enough clarity for those in the power to manage and govern effectively.*

However, the working relationship between principals and the SGB in public schools in South Africa is not always conducive to effective education. The question to be asked is, "Who is responsible for the management of public school finance and the implementation of the finance policy because of the shift towards collegiality and democratic ways of doing things?" School finance policy refers to a set of rules and regulations that are aimed at promoting good financial management and administration practices to be applied to all financial affairs of the school.



*According to Hansraj (2007: 2), although the principal is accountable for the accuracy of the books, the management of the school's finances is a primary function of the SGB of which the principal of the school is an ex-officio member.*

Hansraj further contends that the responsibility for the accuracy of the financial records lies with the principal, even though he or she does not have the task of maintaining the financial records on a regular basis.

It is not legally binding for the principal to perform this task because SASA empowers the SGB as a whole to manage and control public school finance. The National Norms and Standards for School Funding (hereafter the NNSF) make it possible for a lump sum of money to be allocated to the public school. The NNSF regulates the allocation of public money to public schools by the State based on their socio-economic status and the number of learners enrolled on the tenth school day of any given year in order to address equity, redress and access. The money allocated is for running the school the whole year, that is, from January to December. The money for buying firewood and for paying nutrition scheme helper mothers is deposited in the same school account because schools are not allowed to operate more than one account. With effect from 2012 the DoE in Mpumalanga will deposit money for nutrition scheme directly into the school account instead of appointing service providers to deliver food to the schools. This current arrangement will result in more money being deposited into the school account. Principals of schools therefore have the huge responsibility of ensuring that the money is properly managed and that there is accountability. This research has become necessary because it will hopefully capacitate or empower principals with knowledge on how to manage school finance effectively.

The Government must take into account the financial training of the SGB of which the principal is a member to enhance their management of public school finances and the implementation of the finance policy because a lack of financial knowledge and skills can result in poor management of finance or the implementation of finance policy.

*According to Makhubela (2005: 1), in a school where members of the school governing body lack the understanding or do not know how to go about controlling the school*

*finances, serious mismanagement of funds may occur. Makhubela (2005: 2) further contends that it seems as if the problem experienced by both section 21 and non-section 21 of the School's Act, is the lack of understanding or knowledge of financial control by those entrusted with the responsibility of controlling or managing public school finance.*

## **1.2 Types of schools in South Africa**

In South Africa there are different types of school, called independent and public schools. An independent school is the type of school established by any person at his or her own cost. It used to be referred to as a private school and does not rely much on the State and the fees charged for parents to pay are usually exorbitant or higher when compared to public schools.

A public school is established by the State with public money. Before attempting to probe the understanding of principals of their role in the management of public school finance and the implementation of finance policy it is important to know that in South Africa, after the 1994 general elections, SASA divided schools into two categories, that is, schools without section 21 functions or non-section 21 schools and schools with section 21 functions or section 21 schools. Schools without section 21 functions are schools that are regarded by the Government as not having the necessary capacity to perform section 21 functions while schools with section 21 functions are regarded as having the necessary capacity to perform section 21 functions and money is therefore deposited into the school's banking account for the SGB to use to perform the allocated functions. This has resulted in the financial roles of SGBs changing and becoming more complex. There are a variety of functions that SASA expects the SGB (of which the principal is an ex-officio member) to perform.

Section 20 (1) of SASA reads: *Subject to this Act, the governing body of a public school must:*  
*(a) promote the best interests of the school<sup>1</sup> and strive to ensure its development through the provision of quality education for all learners at the school*

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<sup>1</sup> Promoting the best interests of the school relates to S16 (1) (2) of SASA defining the relationship as a fiduciary one, that is, a relationship of trust between the SGB and the school.

- (b) adopt a constitution*
- (c) develop the mission statement of the school*
- (d) adopt a code of conduct for learners at the school*
- (e) support the principal, educators and other staff of the school in the performance of their professional functions*
- (eA) adhere to any actions taken by the Head of Department in terms of section 16 of the Employment of Educators Act, 1998 (Act No. 76 of 1998), to address the incapacity of a principal or educator to carry out his or her duties effectively*
- (f) determine times of the school consistent with any applicable conditions of employment of staff at the school*
- (g) administer and control the school's property, and buildings and grounds occupied by the school, including school hostels, but the exercise of this power must not in any manner interfere with or otherwise hamper the implementation of a decision made by the Member of the Executive Council or Head of Department in terms of any law or policy*
- (h) encourage parents, learners, educators and other staff at the school to render voluntary services to the school*
- (i) recommend to the Head of Department the appointment of educators at the school, subject to the Employment of Educators Act, 1998 (Act No. 76 of 1998), and the Labour Relations Act, 1995 (Act No. 66 of 1995)*
- (j) recommend to the Head of Department the appointment of non-educator staff at the school, subject to the Public Service Act, 1994 (Proclamation No.103 of 1994 and the Labour Relations Act, 1995 (Act No.66 of 1995)*
- (jA) make the recommendation contemplated in paragraph (j) within the time frames contemplated in section 6 (3) (1) of the Employment of Educators Act, 1998 (Act No. 76 of 1998)*

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In other words, everything the SGB does should be in the best interest of the school. The SGB is the trustee of the school, especially in terms of money deposited into the school account.

- (k) at the request of the Head of Department, allow the reasonable use under fair conditions determined by the Head of Department of the facilities of the school for educational programmes not conducted by the school*
- (l) discharge all other functions imposed upon the governing body by or under this Act, and*
- (m) discharge other functions consistent with this Act as determined by the Minister by notice in the Government Gazette, or by the Member of the Executive Council by notice in the Provincial Gazette.*

Section 20 (1) (a) of SASA is important because it compels the SGB to use available money to serve the best interests of the school and the learners and to ensure that the money is used effectively to provide quality teaching and learning. Section 20 (1) (g) of SASA is important because it compels the SGB to use available financial resources to maintain school property such as computers, chalkboards and photocopiers. The SGB is also compelled by this section to use money to maintain the school buildings and grounds occupied by the school. Section 20 (1) (k) of SASA creates opportunities for educators to be exposed to a variety of educational programmes and are likely to benefit from them. The implication for the financial management of public schools is that the SGB is likely to save money on capacity building programmes for educators. Section 20 (2) of SASA outlines fundraising by the SGB. The SGB can allow the community to use school facilities and charge a certain amount of money to raise funds. The implication for the financial management of public schools is that such income can be used to supplement the allocated funding to enhance quality teaching and learning. Section 21 (1) of SASA reads:

*Subject to this Act, a governing body may apply to the Head of Department in writing to be allocated any of the following functions:*

- (a) to maintain and improve the school's property, and buildings and grounds occupied by the school, including school hostels, if applicable*
- (b) to determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy*

- (c) to purchase textbooks, educational materials or equipment for the school*
- (d) to pay for services to the school*
- (dA) to provide an adult basic education and training class or centre subject to any applicable law*
- (e) other functions consistent with this Act and any applicable provincial law*

The above stated functions give a clear indication that the SGB has a huge task to perform. Although principals do not have specific functions to perform, the SGB is likely to delegate certain functions to it. It is therefore important for principals to have a clear understanding of their role in public school finance management and the implementation of the finance policy. In terms of section 16 (3) of SASA principals are not only expected to help the SGB in the performance of the above-mentioned functions but are also responsible for the professional management of public schools. This function is elaborated on with the subsequent addition of Section 16 (A) (2) of SASA which reads as follows:

- (a) The principal must in undertaking the professional management of a public school as contemplated in section 16 (3) carry out duties which include, but are not limited to:*
  - (i) the implementation of all the educational programmes and curriculum activities*
  - (ii) the management of all educators and staff*
  - (iii) the management of the use of learning support material and other equipment*
  - (iv) the performance of functions delegated to him or her by the Head of Department in terms of this Act*
  - (v) the safekeeping of all school records; and*
  - (vi) the implementation of policy and legislation*
- (b) attend and participate in all meetings of the governing body*
- (c) provide the governing body with a report about the professional management relating to the public school*
- (d) assist the governing body in handling disciplinary matters pertaining to learners*

- (e) assist the Head of Department in handling disciplinary matters pertaining to educators and support staff employed by the Head of Department*
- (f) inform the governing body about policy and legislation; and*
- (g) provide accurate data to the Head of Department when requested to do so*

According to section 16A (3) of SASA *the principal assists the governing body in the performance of its functions and responsibilities, but such assistance or participation may not be in conflict with:*

- (a) instructions of the Head of Department*
- (b) legislation or policy*
- (c) an obligation that he or she has towards the Head of Department, the Member of the Executive Council or the Minister; or*
- (d) a provision of the Employment of Educators Act, 1998 (Act No. 76 of 1998) and the Personnel Administration Measures determined in terms thereof.*

Public schools in South Africa have been further divided into quintiles according to their socio-economic status; the amount of money allocated to schools is determined by their socio-economic status. Schools classified as Quintile 1 and 2 are regarded as the poorest schools and receive more money than schools in other quintiles. Section 35 (1) of SASA reads:

*Subject to the Constitution and this Act, the Minister must determine national quintiles for public schools and national norms and standards for school funding after consultation with the Council of Education Ministers and the Minister of Finance.*

Principals of these schools therefore need capacity building in terms of the management of public school finance to be able to manage these finances effectively; the huge responsibility the principal faces makes it necessary for him or her to be capacitated or empowered with knowledge and skills. This research is therefore necessary because its findings are likely to

enable principals to have a clear understanding of their role in the management of public school finance and the implementation of the finance policy.

### **1.3 Problem statement**

*A person with a problem will usually seek a solution, some clarity or decision: likewise a problem statement is made with the purpose of obtaining further information on and greater understanding of the topic or also for seeking a solution to the problem identified (Mahlangu, 2008: 8).*

Although SASA does not give principals specific responsibilities with regard to finances, there is a perception in the area where I am working that principals are responsible for the financial management of their schools. The principal is only responsible for the management of aspects of the school finance if these are formally delegated to him or her by the SGB. The problem is that some principals are likely not to understand what their role is with regard to school finances. This therefore calls for a study to investigate how principals interpret and implement SASA in order to improve financial practice. There are also reports of conflict between the SGB and the School Management Team emanating from misunderstanding of who must control school finances. SGBs and principals are unable to work practical solutions to financial problems because of a lack of financial knowledge, skills and expertise.

### **1.4 Rationale for this research**

Since the introduction of SASA in public schools, giving the SGB the responsibility to manage and control finance, schools have been rocked by conflict between the SGB and the principal. The general view is that principals have an understanding that they have the authority to manage and control public school finance. It will be unfair to accept this view without substantiating evidence that can be obtained through research. This study therefore aims at investigating the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. SASA has allocated section 20 and section 21 functions to schools. In other words, SGB members have a huge task ahead of them. These functions include, among others, the management of finance and the implementation of the finance policy. All SGB members, including principals, must therefore have a clear

understanding of their role in finance management and the implementation of the finance policy.

*This study stresses the greater financial responsibility that is placed upon the school principal with the introduction of Section 21 schools, a term that is synonym with self-reliance (Hansraj, 2007: 14).*

The research will help in identifying the various problems experienced by SGBs and principals when implementing the school finance policy and recommend solutions to these problems.

### **1.5 Purpose of this study**

The purpose of this study is to probe the understanding of principals of their role in the management of public school finance and the implementation of the finance policy of their schools.

### **1.6 Research questions**

The primary research question arising from the problem statement is the following:

*What is the understanding of public school principals in the Maviljan Circuit, Mpumalanga Province of their role in the management of finance and the implementation of the finance policy of their schools?*

The following are subsidiary questions arising from the primary research question:

- *What is the principal's understanding of his/her role in the management of public school finance?*
- *What is the principal's understanding of the implementation of the finance policy?*
- *What is the principal's understanding of the role and function of a school finance policy document?*
- *How is the finance policy formulated?*
- *How is the finance policy assessed and updated?*



- *How are the finance policy and procedures implemented in the school?*

## 1.7 Research objectives

The objectives of the research are the following:

- To determine what the understanding of principals of their role in the management of public school finance is.
- To determine what the understanding of principals of their role in the implementation of the finance policy is.
- To determine what the understanding of principals of the role and function of a school finance policy document is.
- To understand procedures followed when formulating the finance policy.
- To understand procedures followed when assessing and updating the finance policy.
- To understand how school finance policy is implemented

## 1.8 Definition or clarification of key concepts

The key concepts used in the research are defined as follows:

### Understanding

According to Sinclair et al. (1999: 1662) *understanding is personal opinion or interpretation of a subject.*

### Role

*A person's or thing's function in a particular situation (Soanes & Stevenson, 2008: 1246).*

### Public school\*

This is the type of school open to all the citizens and usually financed by the State.

### Principal\*

According to SASA Chapter 1 the principal is *an educator appointed or acting as the head of a school.*

*Principal is the most important or senior person in an organization or group (Soanes & Stevenson, 2008: 1140).*

### **Management**

*The people managing an organization or who are in charge of running an organization and supervising staff are the people who are also responsible for administering and regulating resources such as finance, physical resources (Soanes & Stevenson, 2008: 909).*

### **Finance**

*The monetary resources and affairs of a state, organization or person. The management of large amounts of money especially by governments or large companies. Monetary support for an enterprise (Soanes & Stevenson, 2008).*

### **Implementation**

*Implementation means putting into practice what the policy states.*

*According to Soanes and Stevenson (2008: 990) implementation means performance of an obligation or to put something into effect.*

### **Policy**

*According to Soanes and Stevenson (2008: 1109) policy is a course or principle of action adopted or proposed by an organization or individual.*

*If policy is defined functionally, it means an explicit or implicit decision, or group of decisions which may set out directives for guiding future decisions, or initiate, sustain or delay action or guide the implementation of previous decisions (Beckman & Sehoole, 2004: 37).*

*According to Johannsen (1995: 238) policies are statements of aims, purposes, principles or intentions which serve as continuing guidelines for management in accomplishing objectives.*

*Financial policy refers to a set of rules and regulations that are aimed at promoting good financial management and administration practices to be applied to all financial affairs of the school.*

## **1.9 Research design and methodology**

*The word methodology comes from the word method, which refers to a procedure or way of doing things in an orderly manner (Makhubela, 2005: 4).*

This research is qualitative, involving semi-structured interviews with five principals of primary schools, and document analysis. This chapter explains the research methodology, research design and rationale for choosing the methodology and design. A qualitative research methodology, that is semi-structured interviews and document analysis, was used to provide an in-depth understanding of the social phenomenon being investigated or studied. Case study research design was assumed to be more appropriate for this research because it helps the researcher to understand how people interact and relate with one another. In this study case study research design helped the researcher to understand how principals relate and interact with other stakeholders such as parents, learners, educators, government officials, etc. The researcher believes that the social reality studied consists of principals with subjective experiences of finance policy implementation and therefore used interviews as one of the data collection strategies.

### **1.9.1 Data collection strategies**

#### **1.9.1.1 Semi-structured interviews**

The study was conducted using mainly semi-structured interviews. The researcher made use of a tape recorder to record the interviews. The venue for the interviews was determined at the convenience of the principals, namely in their offices.

#### **1.9.1.2 Document analysis**

Document analysis was used to supplement semi-structured interviews. The main purpose of using document analysis is to saturate the data by uncovering extra data about the social phenomena under investigation.

### **1.9.2 Sampling**

The researcher utilised a combination of purposive sampling and convenient sampling techniques. The researcher purposefully conducted the research in five primary schools of the Maviljan Circuit in Mpumalanga Province. The five selected schools have similar characteristics. The criteria used for/in the purposive sampling process were the following:

- They are all classified as Quintile 2 schools.
- They have similar socio-economic status.
- They are situated in rural areas.
- All lack resources for teaching and learning.

*The informants were chosen because they are likely to be knowledgeable about the social phenomenon being studied and the communities in which the schools are situated and because they play an important role in their respective SGBs (Mahlangu, 2008:12).*

Permission was granted by both the Mpumalanga DoE and the principals to have access to the research sites.

### **1.9.3 Data processing**

The researcher listened carefully to the recorded data and also carefully read data collected through document analysis in order to familiarise himself with the data. The data was interpreted and results thereafter presented.

### **1.10 Ethical considerations**

The principals of the selected primary schools gave permission for the research to be conducted in their schools. The information obtained from the research participants will not be revealed to any organisation, person or any other source. The interviewees were informed about this prior to the interview sessions in order to ensure that their privacy was guaranteed. The research participants were not forced to participate in the research and this was emphasised in the

permission letters. The permission letters indicated the dates of the interviews, time and venues. The interviews were tape-recorded and permission to do so was obtained from the research participants. The first thing the researcher did was to submit an ethics application to the Ethics Committee of the Faculty of Education of the University of Pretoria. The purpose was to ask for permission because the research participants are human beings.

### **1.10.1 Informed consent**

Before starting with data collection, the researcher ensured that he had gained informed consent from the research participants or interviewees. It was important for the researcher to explain thoroughly to the research participants the possible consequences of the study so that when they gave consent, it should be from an informed position. The research participants had freedom of choice and this freedom is guaranteed by the Constitution. They were afforded the opportunity to choose whether to participate in the research or not. The researcher ensured that the research participants were informed about the purpose of the study so that when they agreed to participate it would be informed consent.

*All parties were informed regarding the aims of the research project, research methods, and nature of participation, confidentiality, and possible publication of results (Burgess, 1989:6).*

No principal was coerced to participate in the research; they participated voluntarily. A fundamental ethical principle of social research is never to coerce anyone into participating; participation must be voluntary.

*It is not enough to get permission from people; they need to know what they are being asked to participate in so that they can make an informed decision (Neuman, 2003: 124).*

According to Bailey (1994: 458) *informed consent essentially entails making the subject fully aware of the purpose of the study, its possible dangers, and the credentials of the researchers.*

*Much social research necessitates obtaining the consent and co-operation of subjects who are to assist in investigations and of significant others in the institutions or organizations providing the research facilities (Cohen et al., 2000: 50).*

The researcher informed the research participants that they were at liberty to withdraw their participation at any time during the research project and that they would not be victimised for doing so.

### **1.10.2 Gaining access and acceptance**

A letter was written to the DoE, Mpumalanga Province to ask for permission to carry out the study in five primary schools in the Maviljan Circuit. Letters were also written to the research participants making a formal proposal to conduct the research with them.

*The first stage thus involves the gaining of official permission to undertake one's research in the target community (Cohen et al., 2000: 53).*

*This is confirmed by Simons and Usher (2000: 134) when they say gaining access is an important first stage in planning any educational research, and its ethical dimensions have been explored at length elsewhere.*

### **1.10.3 Anonymity and confidentiality**

*Anonymity refers to a situation in which even the researcher cannot link specific information to the individuals it describes, whereas confidentiality refers to a situation in which the researchers (although knowing which data describe which subjects) agrees to keep the information confidential (Tshivase, 2008: 102).*

The researcher endeavoured to maintain the principles of anonymity and confidentiality throughout the research process. In other words, information received from principals will not be disclosed to any person; it will remain confidential. The researcher ensured that there was a harmonious relationship between him and the research participants.

*Establishing working relationships and engaging in collaborative research has been suggested by several investigators, especially in the study of education (Burgess, 1989: 6).*

The researcher also ensured that the privacy of research participants was respected and that they were always treated with respect and dignity by not coercing or forcing them to participate in the research process.

*The second way of protecting a participant's right to privacy is through the promise of confidentiality (Cohen et al., 2000: 62).*

#### **1.10.4 Honesty**

The researcher ensured that the findings of the research would be reported honestly without misleading anyone.

*The investigator will report the findings in a complete and honest fashion, without misrepresenting what is done, or intentionally mislead anyone as to the nature of the finding (Lekalakala, 2006: 70).*

#### **1.10.5 Plagiarism**

*Basically plagiarism is the theft of ideas (Roberts, 2004: 28).* The researcher ensured that when using other people's ideas, he would give them proper credit.

## **1.11 Limitations of this research**

### **1.11.1 Constraints limiting this research**

The study was limited to five primary schools offering Grade R-7. The small sample size of five principals is a limitation because the source where the sample is obtained may be incomplete thus, affecting the generalizability of the research to other circuits. The study was likely to be limited by lack of time and cost implications as it involved travelling. Research participants were likely not to have enough time for interviews.

*Interview time is limited in recognition of the fact that everybody concerned is very busy and may well see the conduct of this research as unnecessary (Coleman & Briggs, 2002: 117).*

### **1.11.2 Setting of this research**

The study was conducted in five primary schools in the Maviljan Circuit, Mpumalanga Province. Only principals of these schools were interviewed using semi-structured interviews and thereafter document analysis was conducted to collect more data for the purpose of saturation.

## **1.12 Organisation of this study**

This study is organised into five chapters containing the following content:

Chapter 1 discusses the different types of public school in South Africa and the functions performed by the SGB of which principals are ex-officio members. The chapter provides the motivation or rationale for conducting this study. The problem statement and questions arising from the statement, purpose of the research and its limitations of the research are discussed in this chapter. It also clarifies key words or concepts. A brief explanation of the research methodology is also given in this chapter.

Chapter 2 provides a literature review or theoretical background of the social phenomenon to be investigated, namely “Public School Principals’ Understanding of their Role in Financial Management and the Implementation of the Finance Policy”



Chapter 3 deals with the research methodology. This chapter focuses on qualitative methods of collecting data, such as semi-structured interviews and document analysis. The data required to answer the research question was collected by using mainly interviews with the principals of the five primary schools of Maviljan Circuit, Mpumalanga Province, all classified as Quintile2 schools.

Chapter 4 presents the findings obtained from the interpreted data regarding the understanding of principals of their role in the management of public school finance and the implementation of the finance policy.

Chapter 5 contains a summary of and the limitations to the research, the conclusions drawn from the findings and recommendations regarding the understanding of principals of their role in the management of public school finance and the implementation of the finance policy.

### **1.13 In conclusion**

An overview of the research into the understanding of principals of their role in the management of public school finance and the implementation of the finance policy in the Maviljan Circuit, Mpumalanga Province is presented in this chapter. In Chapter 2 literature relevant to the social phenomenon being investigated is reviewed.

## **CHAPTER 2: A LITERATURE REVIEW ON THE UNDERSTANDING OF THE PRINCIPALS OF THEIR ROLE IN THE MANAGEMENT OF PUBLIC SCHOOL FINANCE AND THE IMPLEMENTATION OF THE FINANCE POLICY**

### **2.1 Introduction**

Chapter 1 provides a clarification of concepts, the reasons for conducting this research, the background to the research, the design of this research and the problem statement. In Chapter 2 a literature review regarding the understanding of principals of their role in the management of public school finance and the implementation of the finance policy is undertaken.

The role of principals as *finance policy implementers* in public schools was explored by various authors and researchers in the past. They wrote extensively about finance policy implementation which is discussed below.

According to Neuman (2003, 96), a literature review is based on the assumption that knowledge accumulates and that people learn from and build on what others have done.

There are different views on different aspects of public finance management and finance policy implementation. In other words, public finance management and finance policy implementation are viewed from different angles or perspectives by researchers. It was therefore necessary to conduct a literature review to determine what is already known about the social phenomenon under investigation because a literature review gives an integrated discussion of what is known at the moment with regard to the topic under study or what has already been written about it.

According to Mouton (2002: 119) *a literature review offers a synthesis of:*

- what has been written on the topic of the relevant study*
- what has not been written on the topic or is conceptually or methodologically inadequate for the purpose of elucidation*

*-how the researcher's proposal addresses the gap, silence or weaknesses in the existing knowledge base.*

After the demise of apartheid the new Government promulgated an important piece of legislation called SASA. This led to decentralisation in that it made the SGB of public schools responsible for the management and control of public school finance. The literature was reviewed by the researcher using books and journal articles that are related to the study

## **2.2 Themes**

A literature review was undertaken with regard to the following themes or aspects:

### **2.2.1 Understanding of the principal of his or her role in the management and control of public school finance and the implementation of the finance policy**

The SASA was formulated, inter alia, to provide guidelines to the SGB in the management and control of public school finance and the implementation of the school finance policy.

*According to SASA s.16A (2) (a) (vi) the principal must, in undertaking the professional management of a public school, carry out duties such as the implementation of policy and legislation.*

The implementation of policy includes among others, the implementation of the school finance policy if delegated to the principal by the SGB. The principal must also attend and participate in all meetings of the SGB as ex-officio member. In the Schoonbee case versus MEC for Education in Mpumalanga, the presiding judges ruled that SASA does not entrust the principal with specific duties relating to property, assets and management of school finance. The principal has the duty to facilitate and to help the SGB in the performance of its statutory tasks such as the management of school finance, the management of assets and property.

Section 16 (3) of SASA reads: *Subject to this Act and any applicable provincial law, the professional management of a public school must be undertaken by the principal under the authority of the Head of Department.* The principal, as a member of the SGB, is part of financial decision-making processes and is merely responsible for specifics as formally delegated to him or her by the SGB.

The SGB formulates policies and the principal implements as delegated and is accountable to the SGB on how the policies are implemented.

*While it may be necessary to distinguish between the role of the governing body and that of the principal, the school management team, and other educators, the distinction should not detract the constitutional principles for co-operative governance (Van Wyk, 2004: 54).*

*According to Hansraj (2007: 24) the principal is a member of the governing body of the school and cannot make decisions on his/her own and has to consult with all stakeholders on the governing body in relation to the financial management of the school.*

The very nature of the Act encourages collaborative and participative decisions. *Therefore, if a principal is not accustomed to such forms of decision-making, he or she will now have to change their manner of management to suit the changing circumstances (Hansraj, 2007: 25).*

### **2.2.2 Why do we need a finance policy?**

Schools need a finance policy to promote good finance administration and management practices and to help in co-ordinating financial activities and to provide clarity on procedure.

### **2.2.3 The process of policy-making with special reference to the finance policy**

Policy should first be debated upon. When drafting the school finance policy, the various stakeholders of the school should come together in consultative forums to make inputs and

thereafter the policy can be written. The policy makers must start by conducting research to find out how other schools have formulated their finance policies; research must precede the development of the finance policy.

#### **2.2.4 Aspects to be covered by the finance policy**

All public schools are expected to have the finance policy which must cover certain aspects.

According to van Rooyen (2007: 141-143) the finance policy must consist of the following aspects: the school's vision and mission statements including organization structure for financial management, issuing of receipts, petty cash, deposits, requisitioning for payment, approval and authorization of expenditure, payment for an acquisition, record filing, accountability/providing feedback and auditing.

#### **2.2.5 The school as a juristic person**

Schools like some government institutions are guided by legislation and have certain authority vested in them, such as the authority to enter into a contract, the authority to sue and the authority to own property and assets.

*According to SASA s. 15 every public school is a juristic person, with legal capacity to perform its functions in terms of this Act.*

The school is a legal person and acts through a body of persons called the SGB; the SGB acts as the agent of the school. The public school as a juristic person also means that it has property rights; everything in the school is owned by the school except the land and buildings (State property). The school has duty of care and maintenance. The school as a juristic person also has contractual rights; it can enter into a contract, can litigate and be litigated against. All moveable assets including furniture are the property of the school, not of the State.

According to SASA s.37 (5) all assets acquired by a public school on or after the commencement of this Act are the property of the school. This section is supported by section 52 (2) of SASA which reads as follows: *The assets and liabilities which are vested in a school contemplated in subsection (1) immediately prior to the commencement of this Act, vest in the public school in question.* According to SASA s. 52 (3) funds and other moveable assets used by, or held for on behalf of a public school contemplated in subsection (1) and which in law are the property of the State, remain at the disposal of the school, and devolve on the school on a date and subject to conditions determined by the Minister by notice in the Government Gazette, after consultation with the Council of Education Ministers.

### **2.2.6 The role and responsibilities of the SGB**

It is the responsibility of the SGB to ensure that learners are provided with quality education by providing educational resources such as teaching media. According to section 16 (2) of SASA *a governing body stands in a position of trust towards the school.* This implies that parents entrust the SGB with the responsibility of taking care of all assets and property of the school, including finance and must ensure that they are used to serve the best interest of the school and those of the learners.

Section 20 (1) (a) of SASA reads: *Subject to this Act, the governing body of a public school must promote the best interest of the school and strive to ensure its development through the provision of quality education for all learners at the school.*

The SGB must ensure that school property such as furniture, vehicles, computers, overhead projectors, photocopiers, classrooms, laboratories and libraries are properly maintained.

According to SASA section 20 (1) (g) *the governing body of a public school must administer and control the school's property, and buildings and grounds occupied by the school, including school hostels, but the exercise of this power must not in any manner*

*interfere with or otherwise hamper the implementation of a decision made by the Member of the Executive Council or Head of Department in terms of any law or policy.*

The public school is part of the community and the learners are provided by the community. A school cannot afford to operate in isolation. There must be interaction between the school and the community. This interaction is possible if the SGB allows members of the community such as parents, community-based organisations, faith-based organisations, businesses and traditional leaders to use facilities of the school for other educational programmes.

*Section 20 (1) (k) of SASA reads: The governing body of a public school must at the request of the Head of Department, allow the reasonable use under fair conditions determined by the Head of Department of the facilities of the school for educational programmes not conducted by the school.*

Financial resources provided by the State are not adequate to satisfy the needs and wants of all learners. It becomes necessary for the SGB to embark on fundraising campaigns to supplement these resources. The SGB can do this by allowing members of the community to use school facilities and charge a fee or tariff.

*Section 20 (2) of SASA reads: The governing body may allow the reasonable use of the facilities of the school for community, social and school fund raising purposes, subject to such reasonable and equitable conditions as the governing body may determine, which may include the charging of a fee or tariff which accrues to the school.*

Proper implementation of the curriculum is a prerequisite for the school to continue existing. The SGB must ensure that relevant curriculum is determined for all learners at the school and that it is properly implemented by supporting educators.

Section 21 (1) (b) of SASA reads: *Subject to this Act, a governing body may apply to the Head of Department in writing to determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy.*

Section 21 (1) (c) of SASA reads: *Subject to this Act, a governing body may apply to the Head of Department in writing to purchase textbooks, educational materials or equipment for the school.*

Section 21 (1) (d) of SASA reads: *Subject to this Act, a governing body may apply to the Head of Department in writing to pay for services to the school.*

The law in South Africa empowers the SGB to manage and control the public school finance in order to serve the best interests of the school and the learners.

*According to section 36 (1) of SASA a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school.*

The SGB can embark on various activities such as fundraising to supplement the financial and material resources supplied by the State. The SGB can use the money to provide additional educational resources such as teaching media to enhance the quality of teaching and learning. It is the SGB's responsibility because the law decrees it. In the Schoonbee case versus the MEC for Mpumalanga DoE it is stressed that the SGB has authority to execute its statutory functions relating to assets, liabilities, property and financial management of a public school and not the principal's role unless delegated to him or her by the SGB.



### **2.2.7 The role and responsibilities of the finance committee**

All schools should establish finance committees for the proper management of finance; the day to day running of school finance is impossible without a finance committee.

The finance committee is a sub-committee established by the SGB in terms of SASA. According to SASA s. 30 (1), *the SGB may establish committees*. These committees can include, among others, the finance committee. The finance committee is responsible for the management of finance, school assets and property on behalf of the SGB. The finance committee in most public schools consists of the finance officer (bursar), principal, SGB treasurer, petty cash officer and two to five additional members and they all have specific functions to perform. The term of office of the finance committee is one year. The finance committee is responsible for tasks related to the financial management of a public school formally delegated to the finance committee in writing by the SGB and it is accountable to the SGB for such responsibilities; it has to report to the SGB on a regular basis about these responsibilities.

### **2.2.8 Finance policy and review of the finance policy at regular intervals**

It is important to review the finance policy at regular intervals to keep up with modern developments. (Campher et al., 2003: 25) contends that some stakeholders of schools are in favour of reviewing the school finance policy at regular intervals. Every school should have a finance policy as well as a school policy.

*The finance policy should be reviewed and revised at regular intervals if necessary* (Campher et al., 2003: 25). It is important for all schools to have rules and regulations to guide the management and control of finance in order to avoid the maladministration of finance. These rules and regulations must be drafted by all stakeholders to avoid sabotage by those who feel that they are not part of the process. The school finance policy document provides guidelines for decisions in the future and it helps in guiding decisions that were taken in the past. It promotes good financial management and financial administration practices. If correct, procedures such as involving all stakeholders are followed in the drafting of the finance policy

document; the policy is then likely to be effectively implemented because it will be supported by all stakeholders.

Different types of approaches are used when developing and reviewing the finance policy. The SGB can use approaches such as an interactive approach, a stages approach and an incremental approach when formulating the finance policy. An interactive approach is the type of approach in which the various stakeholders are involved in the whole process of policy formulation and reviewing. A stages approach is the type of approach that poses a series of stages; the stages are not continuous because a completely different set of actors implement the chosen policy. An incremental approach is the type of approach in which policies are shaped by previous actions of people and policy learning is an on-going, incremental process, continuous and open-ended. This approach allows institutions such as public schools to amend, adjust and modify policy without any waste of time. The various stakeholders of a public school such as educators, parents, learners and support staff should be involved in the drafting of the finance policy to enable them to negotiate their different positions with regard to the policy. It is important to communicate with all stakeholders by calling a meeting so that the finance policy to be adopted is discussed by all before its implementation. The finance committee should be delegated with the responsibility of facilitating the process of policy formulation and reviewing. There must be regular meetings to ensure that there is effective interaction between the various stakeholders. The finance policy should be reviewed regularly and should be consistent with legislation such as SASA.

### **2.2.9 Administration of school funds to further the interests of schools**

The key function of schools is to provide quality education. Effective teaching and learning can take place only if there are the necessary educational resources.

According to Badenhorst (1987: 103) the school funds should be administered and applied to further the general and educational interests of the school.

The sensible use of a school's available funds to the benefit and in the interests of the learners brings about a positive attitude towards the school among the parents and the community in general. Good financial procedures can help in reducing fraud and maladministration of finance. According to Badenhorst the principal should take responsibility for compiling a policy document stipulating procedures to be followed by all stakeholders when handling finances. The views of Badenhorst are not in line with SASA because the Act empowers the SGB only to control public school finances to serve the best interests of schools. The principal can only assist and manage public school finance if this responsibility is delegated to him or her by the SGB.

### **2.2.10 Auditing**

SASA requires all public schools to send their financial statements to registered auditors for auditing to determine whether finances have been used to serve the best interests of learners.

*Section 43 (1) of SASA reads: The governing body of a public school must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005) to audit the records and financial statements referred to in section 42.*

Before referring the financial statements for auditing, the finance committee must ensure that internal auditing takes place; external auditing should be supplemented by internal auditing.

### **2.2.11 Delegation of financial duties**

SGB members are not always present at school. It therefore becomes necessary for them to delegate the implementation of the finance policy to the principal. The principal is responsible for the management of the public school finance if this duty is formally delegated to him or her by the SGB because the SGB is allowed by SASA to control and manage public school finance. In other words, there are no specific duties vested in the principal by the Act.

According to SASA s.16A (3) the principal is expected to assist the SGB in the performance of its collective functions and responsibilities.

These functions and responsibilities can include the management of finance, property and assets, which can be delegated to the principal by the SGB

*Beyond that, there is the possibility that there may be negative changes in the style of school principals and their relationships with staff; that financial delegation may distract principals and governing bodies from the educational purpose of the school; and that existing mismanagement may be magnified (Dimmock, 1993: 137).*

With regard to workloads of principals, my view is that a heavy workload can impact negatively on finance policy implementation. In other words, the principals are likely not to get enough time to implement the finance policy successfully as delegated to them by the SGB. It therefore becomes necessary for principals to delegate some of the financial duties to educators.

Although duties are delegated to the principal, it is important to remember that the SGB as a whole is accountable for how finances are controlled and managed.

### **2.2.12 Fundraising**

*Section 36 (1) of SASA reads: A governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school.*

In order to comply with the requirements of S. 36(1) of SASA and because the money allocated to public schools through norms and standards for school funding is not enough to provide for all the needs of the school, it becomes necessary for the school to embark on fundraising campaigns to supplement the public funds provided by the State.

According to Makhubela (2005: 19) *the SGB should establish school fundraising committees, which should control and monitor finances and also advise the SGB on financial matters and resource allocation.*

The fundraising committee is not responsible for controlling and monitoring finance. I do not support the views of Makhubela with regard to controlling and monitoring of finance.

*The SGB governed the school and was supposed to generate funds, while the role of the principal was to deliver his input on how the school funds were to be generated, managed and spent* (Mahlangu, 2008: 144).

Mahlangu agrees with Makhubela with regard to fundraising because both of them believe that schools can through fundraising generate a lot of funds.

### **2.2.13 Management of resources**

The SGB has the responsibility of managing resources such as buildings and grounds occupied by the school and movable assets such as furniture.

According to SASA s.21 (1) (a), the SGB may apply to the HOD to maintain and improve resources such as buildings, school property and grounds occupied by the school.

According to SASA s. 37 (1) *the SGB must establish a school fund for the sake of accountability.* Money received by the SGB is deposited into the school fund and this makes it possible for the SGB to manage and control the money with ease and to account for it. They account to the parents during the Annual General Meeting in terms of how the budget or money is used. Principals have a major role to play provided this responsibility is delegated to them by the SGB. This is confirmed by the Schoonbee case versus the MEC of Mpumalanga DoE in which the judge reversed the suspension of the principal and deputy principal of Hoërskool Ermelo. This

reversal is a clear indication that the principal is not entrusted with specific duties relating to property, assets and financial management by SASA.

Material resources such as teaching media, textbooks and furniture can contribute positively towards effective teaching and learning. It is therefore important for these resources to be properly managed.

#### **2.2.14 Cooperation between the SGB and the principal**

It is important to distinguish between the role of the principal and the role of the SGB. The principal's role is to manage school activities while the role of the SGB is to govern through the making of rules. Although they have different roles they must always co-operate with one another for school effectiveness. In a school where there is a lack of contact and collaboration, there is much conflict and misunderstanding.

*While it may be necessary to distinguish between the role of the governing body and that of the principal, the school management team, and other educators, the distinction should not detract from the constitutional principles for co-operative governance (Van Wyk, 2004: 54).*

The principal and the chairperson of the SGB are the most important people within the school as an organisation. The principal is the head of the SMT and the chairperson is the head of governors. Although the principal is managing and the chairperson is governing, all of them have a common purpose, namely to achieve quality education. It is therefore important for a relationship of trust and understanding to exist between them so that school effectiveness is promoted.

In other interviews with principals it was apparent that the principal and chairperson of the SGB work closely together and meet far more frequently than the whole SGB (Van Wyk, 2004: 62).

### **2.2.15 Authority given to principals**

The responsibility for the financial management of a public school and the concomitant authority to do so, lies with the SGB as bestowed on them by SASA. The SGB can delegate some responsibilities to the principal if it wishes to do so. The principal is compelled by SASA to assist the SGB in the performance of its functions. Section 16A (3) reads: *The principal must assist the governing body in the performance of its functions and responsibilities.*

## **2.3 IN CONCLUSION**

This chapter focused on the available literature dealing with the social phenomenon being investigated. The current law in education, SASA, gives the SGB the responsibility to manage and control public school finance, to manage property and assets, which differs from principals who are responsible for the professional management of public schools. It appears that principals have the perception that they are responsible for public school finance—hence the conflict between principals and SGBs in some South African schools. The views of some researchers are contrary to the prescripts of SASA because they regard principals as being responsible for the management and control of public school finance.

Many authors are in line with section 36 (1) of SASA because they support the fact that the SGB can supplement resources supplied by the State by embarking on fundraising activities. Some schools, according to some authors, are characterised by sound working relationships between principals and the SGB. There is a relationship of trust and understanding between principals and members of the SGB which contributes greatly towards effective teaching and learning. The Schoonbee case has proved beyond reasonable doubt that principals are not solely responsible for the control and management of public school finances but that it is the collective responsibility of the SGB. The roles of principals and SGBs are clearly specified in SASA and it is therefore important for principals to interpret this law correctly to avoid conflict and confusion within schools. The methodology to be used in the research is outlined in the next chapter.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 INTRODUCTION**

The literature regarding the understanding of principals of their role in finance management and the implementation of the finance policy was reviewed in Chapter 2. The research design and methodology are discussed in this chapter.

*The word methodology comes from the word method, which refers to a procedure or way of doing things in an orderly manner (Makhubela, 2005: 4).*

A qualitative research methodology was used in order to explore the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The type of research design and sampling techniques used are also explained in this chapter. This chapter also explains the process in which the data required to answer the research question was collected and analysed; it explains the procedures followed when collecting and analysing data.

### **3.2 THEORETICAL FRAMEWORK**

#### **3.2.1 Interpretive paradigm**

This research proceeds from a particular perspective. It is situated within an interpretive paradigm. There are beliefs and assumptions guiding this research.

##### **3.2.1.1 Ontological assumption**

Ontology questions the nature of being or existence (Wydeman, 2002: 16). According to the researcher's understanding, there are multiple realities; people view reality or social phenomena from different perspectives. What is good for one may not be good for another person. The researcher assumes that principals view finance management and the implementation of the finance policy differently. It was therefore proper to use a qualitative research methodology and interpretive paradigm in this research.



*The ontology resided in the social world of human interaction so a primarily qualitative methodology was most appropriate (Smyth, 2004).*

### **3.2.1.2 Epistemological assumption**

Epistemology is the nature of knowledge. The researcher's epistemological assumption is that knowledge can be acquired through sharing of experiences and interaction between individuals. This will involve participation by all in the research process.

*The epistemology of the framework was grounded in Habermas's practical interest where the prime motivation involved understanding the environment within which actions were taking place (Smyth, 2004).*

### **3.2.1.3 Methodological assumption**

The researcher's methodological assumption is that qualitative research methodology is more relevant or appropriate to this research project or the social phenomenon that the researcher wants to investigate. It was possible to gather information or knowledge that is trustworthy or credible through a qualitative research approach and qualitative research design such as case study research design because the research participants were studied in their natural setting and were afforded the opportunity to interact with one another.

This study is underpinned by the researcher's assumption or belief that effective management of public school finance and the implementation of the finance policy by principals can result in quality teaching and learning. The researcher believes that the social reality studied consists of principals with subjective experiences of finance management and finance policy implementation and therefore used interviews as one of the data collection strategies.

The following table shows that people view social phenomena from different perspectives or angles or they have different beliefs and assumptions. This table is included because it gives a very good exposition of interpretivism which the researcher has adopted to guide the study.

**Table 3.1:** *Beliefs and assumptions* (McCutcheon & Jung, 1999)

<i>Beliefs and assumptions</i>	<i>Positivism</i>	<i>Interpretivism</i>	<i>Critical Science</i>
<i>The nature of reality</i>	<i>Particular Quantifiable Fragmentable</i>	<i>Numerous Constructed Holistic</i>	<i>Social, economic; exists within problem of equity and hegemony</i>
<i>The relationship between the knower and the known</i>	<i>Detached</i>	<i>Interconnected; exchange of ideas</i>	<i>Interconnectedness entrenched in society</i>
<i>The nature of understanding</i>	<i>Events are enlightened in terms of factual reason and simultaneous effects</i>	<i>Events are understood through active mental work, relations with external context, contact between one's intellectual work and external background</i>	<i>Events are recognised in terms of social and economic impediment to true equity</i>
<i>The role of value in research</i>	<i>Value free</i>	<i>Value-bound</i>	<i>Connected to value of equity</i>
<i>The purpose of research</i>	<i>Realise the rules fundamental to reality</i>	<i>Realise events and significance people provide to phenomenon</i>	<i>Expose; recognise hindrances of justice, support power to liberate oneself from false perception</i>

### 3.3 RESEARCH AIMS

The purpose of the study is to test or probe the understanding of principals of their role in the management of public school finance and the implementation of the finance policy of their schools.

### 3.4 THE QUALITATIVE APPROACH AS A RESEARCH METHOD

There are various reasons why the researcher preferred to use a qualitative research approach which included, among others, the following: When conducting qualitative research, there are a variety of data collection strategies which a researcher can choose from, such as document analysis, semi-structured interviews, observation, etc. In qualitative research the research participants are studied in their natural setting which can result in research findings being more trustworthy or credible.

*Now it has become recognized that the contributions of qualitative research are much more wide-ranging and that it has an important place in its own right. Most significantly it has a key role to play in providing insights, explanations and theories of social behaviour (Huberman & Miles, 2002: 306).*

Qualitative research can help in addressing many groups of questions such as *what, why* and *how* questions.

The researcher has chosen qualitative research instead of quantitative research because his belief is that this approach will suit purposes of research best. The researcher is afforded the opportunity to interact with the research participants to share in their experiences. The fact that they are social beings makes qualitative research more relevant because there is an opportunity for a face to face interaction. A researcher conducting qualitative research deals with a small sample compared to the one conducting quantitative research. In qualitative research probing is possible; the researcher can ask further questions to saturate the data.

## 3.5 RESEARCH DESIGN

### 3.5.1 Qualitative research design

Qualitative research is the type of research in which the researcher is attached to the research process and he or she studies research participants in their natural settings, making use of non-experimental methods to collect data and the data is presented in the form of words.

#### 3.5.1.1 Case study

Case study is the type of research in which the researcher collects data directly from research participants in their natural setting and he or she makes use of multiple methods to gather data about the social phenomenon being investigated. This research is a case study based on semi-structured interviews and document analysis. The context for this case study is five primary schools; it involves the principals of these schools.

There are various reasons for choosing case study research which include, among others, the following: The strength of case study research is that the social phenomenon is investigated in its natural context in a real-life situation. It is easy for the researcher to interact with the research participants. The researcher can easily share his experiences with the research participants. The researcher is able to treat research participants ethically and with respect because he is in direct contact with them. Research bodies such as the British Educational Research Association insist that all educational research should be conducted within an ethic of respect for the research participants.

*The closer one comes to the people being studied the more important it is to ensure that they are willing to be studied and that what they say or do is reported in such a way that it is not prejudicial to their best interests (Coleman & Briggs, 2002: 110).*

A case study helps the researcher to understand how people interact and relate with one another. With regard to this research, the case study helped the researcher to understand how principals relate to and interact with other stakeholders such as educators, parents and

learners when implementing the school finance policy. A case study was used to conduct the research because it helped the researcher to understand the meaning constructed by principals with regard to the phenomenon being investigated. The other advantage of a case study is that it creates opportunities for the researcher to use multiple sources and techniques when gathering data. The researcher is able to determine in advance what type of evidence to gather and also the type of techniques to use when analysing the data. I used a multiple case study design.

### **3.6 SAMPLING TECHNIQUES**

Purposive sampling and convenient sampling techniques were considered appropriate for this study because principals are considered to be knowledgeable and experienced in the field of finance management and are easily accessible.

According to (Neuman, 2003: 210), the primary goal of sampling is to get a representative sample, or a small collection of units or cases from a much larger collection or population, such that the researcher can study the smaller group and produce accurate generalizations about the larger group. This research is based on purposive and convenient sampling; the research participants or key informants were selected for semi-structured interviews by a purposeful or purposive sampling technique. It is also known as non-probability sampling. The researcher extracted from a large database only those schools that have similar socio-economic conditions. The gathering of data took place in five primary schools in a population of 18 principals in the Maviljan Circuit, Mpumalanga Province.

### **3.7 RATIONALE FOR CONDUCTING THIS RESEARCH**

With this research question, “What is the understanding of public school principals in the Maviljan Circuit, Mpumalanga Province of their role in the management of finance and the implementation of the finance policy of their schools” I wanted to investigate how the role of the principal pans out in reality. The research was conducted in the Mpumalanga Province in the Maviljan Circuit of the Bohlabela District. The Bohlabela District comprises schools with poor socio-economic background and all the schools are regarded as the poorest schools and

are classified as Quintile 2 schools. In South Africa, schools are ranked from the poorest to the least poor using five quintiles according to the resource targeting table. Schools in quintile 1 to 3 are regarded as the poorest schools and schools in quintile 4 and 5 are regarded as the least poor schools. When ranking schools, the state takes into consideration the socio-economic status of the schools in order to address access, redress and equity. The respective schools have similar socio-economic conditions. Classification of schools into quintiles is a new concept in the education system in South Africa. The above factors provided the rationale for conducting research concerning the understanding of principals of their role in the management of public school finance and the implementation of the finance policy based on the fact that this is a new practice for principals of schools. This research is likely to generate a better understanding in principals of their role in the management of public school finance and the implementation of the finance policy and add to the existing body of knowledge relating to this problem. The Government as policy maker and principals as policy implementers may be interested in the research findings or results.

### **3.8 DATA COLLECTION METHODS**

#### **3.8.1 Data**

The type of data the researcher needed to answer his research question was in the form of words. The researcher wanted to use the data or the words to explain the understanding of principals in finance management and finance policy implementation or to understand the social phenomenon that was studied. The data for this study came from many sources, namely primary data sources and secondary data sources. The collection of primary data was done by means of semi-structured interviews. The settings for the collection of primary data were the schools of the identified principals. The collection of secondary data was done by examining finance documents such as the finance policy, minutes of finance committee meetings, budgets, audited financial statements, petty cash vouchers, deposit books, claim forms, etc. The research was conducted among principals in the Bohlabela District, Maviljan Circuit. It was based mainly on interviews. The interviews were supplemented by document analysis in order

to saturate the data. The duration of the interviews was one hour per session. All interviews with principals were tape-recorded. Provision was made for follow-up interviews where necessary.

### **3.8.2 Semi-structured interviews**

A semi-structured interview is the type of interview in which there is direct contact between the researcher and research participants and the researcher can do probing for further clarity; there is the possibility of asking open-ended questions. The research participants and interviewer agreed on the time and venue that was convenient and suitable for the interview meeting. The researcher set up an appointment for interviews and also informed the research participants about the purpose of the interviews; he or she explained that the interviews will be tape-recorded and also informed the participants about the duration of the interviews. This research was conducted using mainly semi-structured interviews with the principals of the identified schools. A letter was issued to each interviewee to outline the purpose of the interview. After issuing the letters, the researcher personally contacted each principal to make final arrangements for an interview date which was determined by the interviewee. The research participants were afforded the opportunity to determine the time for the interview. The interview consisted of two parts. During the first part the researcher presented an explanation of the research so that the research participants were able to share ideas on any aspects of the research. The semi-structured interviews were conducted during the second part. The interview period covered two months and each interview session lasted one hour.

### **3.8.3 Purpose of interviews**

For this research there were two interview meetings. The purpose was to gather the required information from the research participants and for the researcher to determine how principals understand their role in finance management and the implementation of the finance policy.

The researcher used multiple methods to collect data. These methods were semi-structured interviews and document analysis. The researcher conducted semi-structured interviews with five principals and carried out a document analysis of financial documents.

### **3.8.4 Advantages of semi-structured interviews**

The advantage of this data collection strategy is that it enables the researcher to clarify questions that are confusing to research participants. Semi-structured interviews make it possible for research participants to express their views at length.

*For the purpose of data collection, interviews have several advantages over printed questionnaires. Unlike questionnaires, interviews permit the researcher to rephrase questions that respondents do not understand, and interviews allow respondents to elaborate their ideas at length (Thomas, 1998:12).*

Interviews are able to provide an understanding of the participants' motives and emotional reactions which is not possible with other methods such as questionnaires. Interviews provide opportunities to the researcher to explain to the research participants the kind of information that the researcher needs and also explain the reasons for collecting the information.

*Talking with informants enables researchers to gather diverse types of information – the informants' patterns of thought, abilities, moral values, interests, ambitions, plans, judgments of other people, and recall of events (Thomas, 1998: 12).*

Interviews also enabled the researcher to describe to the interviewees the type of method used to record their responses and to explain the reasons why the method was used. The interviews were also used to put research participants at ease, to motivate them to give answers that are honest. It was possible for the interview schedule to have spaces to record notes and the interview was tape-recorded. Semi-structured interviews were flexible and enabled the researcher to do probing for further clarity. The gathering of data took place in five primary schools over a period of two months. The schools are situated in the Maviljan Circuit,



Mpumalanga Province. The data was collected after the official working hours of the principals in order not to inconvenience them. During the second round of visits to principals, semi-structured interviews were also conducted. These interviews were conducted at times specified by the principals to avoid disruption of their daily programmes. The duration of the interviews was one hour with each principal. These interviews were used to collect additional data about the concepts that emerged from the analysis of data of first round interviews. Each interview was tape-recorded.

### **3.8.5 Document analysis**

*Qualitative researchers collect data by interacting with selected persons in their settings (field research) and by obtaining relevant documents (Mathew, 2004: 29).*

The purpose of doing document analysis is to have a better understanding of finance policy implementation by school principals and also to understand factors influencing finance policy implementation. There are many finance documents that can provide information about finance policy implementation in schools. Documents such as the finance policy, audited financial statements, budgets, claim forms, cheque counterfoils and minutes of finance committee meetings are some of the finance documents that were analysed to provide the researcher with information in order to get a clearer picture of finance policy implementation in schools.

## **3.9 DATA PRESENTATION, CODING AND ANALYSIS**

The researcher analysed the data by using the following steps: familiarisation, identification of a thematic framework, charting, indexing, mapping, and interpretation and coding.

### **3.9.1 Familiarisation**

The researcher first familiarised himself with the data gathered before sifting and sorting could take place; this was done by listening to data that had been tape-recorded and by reading transcripts.

*Essentially, familiarization involves immersion in the data: listening to tapes, reading transcripts, studying observational notes (Huberman & Miles, 2002: 312). During the*

*familiarization stage, the analyst listens to and reads through the material, listing key ideas and recurrent themes (Huberman & Miles, 2002: 313).*

The researcher organised the data obtained through document analysis before reading it and preparing it for analysis.

### **3.9.2 Identification of a thematic framework**

Having familiarised himself with the data, the researcher did identification of a thematic framework. The key concepts and themes were identified during this step. The thematic framework helped the researcher to sift and sort the material. During data collection the researcher did concept formation, that is, conceptualisation in order to help him organise the data.

*A researcher organizes the raw data into conceptual categories and creates themes or concepts, which he or she then uses to analyze data (Neuman, 2003: 441).*

### **3.9.3 Indexing**

*Indexing refers to the process whereby the thematic framework or index is systematically applied to the data in their textual form (Huberman & Miles, 2002: 316).*

### **3.9.4 Charting**

During the charting step the researcher devised charts with headings and subheadings.

*Where a thematic approach is adopted, charts are drawn up for each key subject area, and entries made for several respondents on each chart (Huberman & Miles, 2002: 319).*

### **3.9.5 Mapping and interpretation**

*When all the data have been sifted and charted according to core themes, the analyst begins to pull together key characteristics of the data, and to map and interpret the data set as a whole (Huberman & Miles, 2002: 320).*

*Qualitative data analysis is essentially about detection, and the tasks of defining, categorizing, theorizing, explaining, exploring and mapping are fundamental to the analyst's role (Huberman & Miles, 2002: 309).*

During data analysis the data was categorized. The initial reading of transcripts was done.

### **3.9.6 Coding**

In analysing the data the researcher made use of open coding. *During open coding, a researcher focuses on the actual data and assigns code labels for themes (Neuman, 2003: 444).*

*Open coding is the process of breaking down, examining, comparing, conceptualizing, and categorizing data (Punch, 2006: 109).*

The responses by principals were organised and coded; they were sorted and thereafter grouped according to each research question.

*Coding helps you to organize your piles of data (in the form of notes, observations, transcripts, documents and to provide a first step in conceptualization, and helps to prevent 'data overload' resulting from mountains of unprocessed data in the form of ambiguous words (Walliman, 2004: 190).*

The researcher read through all the responses to each question. Important information was highlighted. The researcher reviewed the transcripts and did the final coding. Each participant's full transcript was coded and the coding list was finalised. Data analysis was completed and a report about the findings was compiled.

## **3.10 TRUSTWORTHINESS OF RESEARCH FINDINGS**

### **3.10.1 Reliability**

When conducting research, the researcher must ensure that the research results are accurate or reliable. If the research is conducted repeatedly by different researchers, there must be consistency; they must arrive at similar results. According to Neuman (2003: 178) *reliability*

*means dependability or consistency.* It suggests that the same thing is repeated or recurs under identical or very similar conditions. Accuracy or reliability of research results was enhanced by clarifying the following: The role of the researcher in the research setting was clearly described, the data collection strategies or methods were clearly specified by the researcher. The researcher compared data collected using semi-structured interviews with data collected using document analysis. In other words, the accuracy or reliability of the research findings was enhanced by using multiple methods of data collection. *A combination of data collection strategies employed reduced threats to reliability* (Tsoetsi, 2005: 152). Credibility and trustworthiness can be promoted by doing member checking. This implies verifying the researcher's understanding of the data he obtains from the research participants and using multiple methods of data collection such as observation, semi-structured interviews, unstructured interviews and document analysis.

### **3.10.2 Validity**

Validity is an important key to effective research. *If a piece of research is invalid then it is worthless* (Cohen et al., 2000: 105). Validity of the research findings was enhanced by making use of multiple methods of data collection, namely semi-structured interviews and document analysis. The findings were further enhanced by tape-recording the responses of participants. The language used by the researcher was familiar to the research participants to such an extent that they understood most of the questions asked. The researcher ensured that there was a relationship of trust and understanding between him and the research participants. This encouraged the informants to voluntarily share information pertaining to the social phenomenon under investigation.

## **3.11 LIMITATIONS OF THE RESEARCH**

The study was likely to be limited by lack of time and cost implications as the research involved travelling.

*Research participants may not have enough time for interviews. Interview time is limited in recognition of the fact that everybody concerned is very busy and may well see the conduct of this research as unnecessary (Coleman & Briggs, 2002: 117).*

The small sample size of five principals is another limitation because the source where the sample was obtained may be incomplete and thus could affect the generalisability of the research to other circuits. Some of the research participants caused delays because it was difficult to retrieve the reply slips. One of the research participants had passed away and was replaced, which caused further delays. Shortage of financial resources impacted negatively on the research process because it was difficult to appoint a research assistant or independent coder to help with data analysis.

### **3.12 IN CONCLUSION**

The purpose of this chapter was to provide an overview of the research design and methodology. The classification of schools into two categories, namely section 21 and non-section 21 schools and into quintiles, and the power given to the SGB are completely new concepts in South Africa. This new concept has resulted in the investigation of the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. This chapter has outlined the research methodology used by the researcher to collect data from the selected primary school principals in the Maviljan Circuit, Bohlabela District of Mpumalanga Province. This study employed two data collection strategies, that is, semi-structured interviews and document analysis. Document analysis provided the additional information needed to saturate the data. This chapter also deals with sampling, ethical considerations, the rationale for conducting this research, the theoretical framework, the trustworthiness of research findings and data analysis strategies. The findings of the research are presented in Chapter 4.

## CHAPTER 4: ANALYSIS AND INTERPRETATION OF RESEARCH FINDINGS

### 4.1 INTRODUCTION

The purpose of this study is to probe the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. Chapter 3 focuses on research methodology and research design. This chapter aims at formulating data collected through semi-structured interviews with five primary school principals and document analysis; it presents the findings obtained from the collected data regarding the understanding of principals of their role in the management of public school finance and the implementation of the finance policy as well as an analysis and interpretation of the data. The following documents were analysed during document analysis: minutes of the finance committee, finance policy, petty cash vouchers, claim forms, bank statements and the fundraising policy. In short, this chapter presents or reveals the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The data collected through semi-structured interviews and document analysis was coded and thereafter categorised. The following headings have been used to organise the research findings:

- Why do we need finance policy?
- The process of policy-making with special reference to school finance policy.
- Aspects to be covered by the finance policy.
- The school as a juristic person.
- The role and responsibilities of the school finance committee.
- The role and responsibilities of the SGB.
- The role and responsibilities of the principal.
- The finance policy and review of the finance policy at regular intervals.
- Auditing.
- Delegation of financial duties and checking.
- Fundraising.
- Management of resources.
- Financial decision-making.
- Effective management of public school finance.
- Transparency and accountability.
- The establishment of the school finance committee.

- The impact of the introduction of the SGB in public schools.
- Formulation of the school finance policy.
- The implementation of the school finance policy.
- Causes of poor implementation of the school finance policy.
- Keeping of financial records and accessing them.
- Empowerment of the SGB.
- The role and function of a school finance policy document.
- Challenges or problems encountered by principals with regard to public school finance.
- Budgeting.
- Strategies to prevent fraud and maladministration.
- Promotion of the participation of all stakeholders.

## **4.2 ANALYSIS**

The researcher used various analytical stages when analysing the data. The analysis of the data is discussed in detail in Chapter 3 and included stages such as familiarisation, identification of a thematic framework, charting, indexing, mapping, interpretation and coding.

## **4.3 SIGNIFICANT FINDINGS**

### **4.3.1 Semi-structured interviews findings**

#### **4.3.1.1 Finding 1**

##### ***Why do we need a finance policy?***

Three principals indicated that they need a finance policy in order to guide the school stakeholders on how to manage and control the public school finance. They further said that if there is no finance policy, school finance will be misused. One principal said that it is not necessary to have a finance policy because he has the necessary expertise to manage public school finance effectively without being guided by a finance policy. The fifth principal said that even if there is a finance policy he manages the school without being guided by it. He said that even if he does not follow the finance policy guidelines, there is effective management of finances at his school.

#### **4.3.1.2 Finding 2: The role and responsibilities of the principal**

The next question aimed at enquiring whether principals see themselves as having a role to play in the management of finance and the implementation of the finance policy:

***What role should principals play in the management of finance and the implementation of the finance policy?***

When asked about the role and responsibilities of the principal with regard to public school finance, two principals said that the overall management and control of finance is their responsibility and not the responsibility of the SGB. According to them, the SGB should not be given power by the law to manage and control public school finance because they are not always available at school. They further said that there is an increasing responsibility with regard to the role of managing and controlling public school finance. The new law, that is SASA, according to these principals, has resulted in principals becoming financial managers like bank managers instead of becoming instructional leaders. One of these principals said that he is the Chief accounting officer of the school when it comes to the management of public school finance and the implementation of the finance policy. Two principals said that the principal should see to it that the policy is being implemented accordingly but must report monthly to the SGB on how the policy is implemented. They further said that principals must work in conjunction with the SGB finance committee when managing and controlling the school finance. They also stressed the fact that *principals must ensure that there is effective teaching and learning and principals must therefore be instructional leaders instead of being financial managers*. All schools were established to provide quality education and educators are paid because of providing teaching and it becomes necessary for principals to support teaching and learning as instructional leaders. In other words, teaching and learning are primary activities in schools compared to other activities such as sports and fundraising which are secondary activities.

They further indicated that the Government has shifted more financial responsibilities to schools with the introduction of section 21 schools. The Government, according to these principals, expects them to manage and control school finance effectively despite the fact that they are supposed to be instructional leaders. It also emerged during the interviews that the increasing financial responsibility resulted in the establishment of committees such as the



finance committee, internal auditing committee, nutrition scheme committee and fundraising committee to assist principals in the management and control of public school finance. One principal said that the emergence of these committees has compromised the principal as a chief accounting officer because he or she must also account for the mistakes committed by other people. In other words, he was opposed to the idea of establishing committees. He said that it is not necessary to establish committees because the principal is the only accounting officer with regard to the management of public school finance and must therefore manage and control finance without involving other stakeholders. He further said that *the Government must not make the principal to be the only accounting officer because he or she shares authority with the various committee members*. In a democracy there is collective decision-making and with regard to accountability only one person who is regarded as the head of the institution is to account; meanwhile he or she does not take unilateral decisions. Principals must not only be chief accounting officers, they must also be chief decision-makers. He further said that the committees consume much time because the members must meet regularly to discuss issues pertaining to finance. This principal claimed that these meetings divert the attention of educators to such an extent that they can no longer provide effective teaching and learning in the classrooms. He added that the role of the principal is to ensure that the finance committee, which is the mother of all committees, is provided with all documents regarding financial matters. He indicated that one of the major responsibilities of the principal is to ensure that correct procedures are followed when procuring goods and services.

The findings of this research reveal that principals have different understandings of their role in the management of public school finance and the implementation of the finance policy. They are divided into two categories with regard to their leadership styles. Some still operate as in the past when the school was like a tall pyramid structure with the principal at the top of the hierarchy taking unilateral decisions and imposing his will on those at the bottom and expecting them to implement his or her decisions without question. In the other category of principals the school is like a democratic circular structure or flat control structure with no hierarchy. In this category there is contact and collaboration between the various stakeholders. The principal, as

the head of the school, involves other stakeholders in financial decision-making processes. There is collaborative decision-making and extensive consultation. In the hierarchical autocratic structure the principals indicated that there are always pressure groups or resistance from the educators because they claim that there is no transparency with regard to the way in which public school finances are managed and controlled. The Constitution of the Republic of South Africa promotes certain values such as transparency, rule of law, non-racism, non-sexism, and supremacy of the constitution and equality which must also be promoted by institutions such as schools. Educators are likely not to resist if these values are promoted.

In one school the principal indicated that he has not handed over finance books to the newly elected SGB because he does not regard them as being responsible for the management and control of the school finance. He clearly stated that he is the one responsible for school finance and not the SGB. When asked whether he sometimes meets with the SGB to discuss financial matters, he said that he meets with them once per term to report to them on how he utilised the finances. He further stressed the fact that most of the members of the SGB are illiterate and they therefore cannot control and manage finances of the school in the most effective way.

Two principals alluded to the fact that the Government must employ budget holders on a full-time basis to help them in the management and control of public school finance. One of them said that the bursar must not be given power to take financial decisions but can only advise the principal on how the budget should be implemented. Two principals said that the management and control of public school finance is the responsibility of the SGB. They said that as principals they are solely responsible for the professional management of their schools. They added that they can manage and control public school finance if this responsibility is delegated by the SGB. These principals seem to have a clear understanding of education law in South Africa, especially law pertaining to the management and control of public school finance.

One principal said that the role of the principal is to give guidelines to SGB members on how to formulate policies, including the finance policy, and to provide them with documents that inform them about finance. She further said that as a principal she must remain an ex-officio

member of the finance committee. One principal said that the school finance is in the hands of the principal as an implementer and no one should interfere in the day to day running of public school finance except the SGB. This principal further said that she is responsible for the procurement processes in consultation with the finance committee. One principal said that the principal should play a leading role in the formulation of school finance policy. The principal further said that it is his responsibility to advise the finance committee that the finance policy should be in line with SASA and the Constitution. One principal said that the role of the principal is to collect financial information when formulating the finance policy from different sources and distribute it to members of the SGB. The principal remarked, *Principals at schools are sources of information and the SGB cannot formulate the finance policy without the help of principals*. Most members of the SGB do not have the necessary skills and knowledge to manage and control public finance effectively. They need help from principals because principals are capacitated with skills and knowledge. Section 16A (3) of SASA reads: *The principal must assist the governing body in the performance of its functions and responsibilities*.

The following question was also asked and principals responded as outlined:

***Do you have any other information with regard to finance management to share with me?***

Two principals raised a concern that principals in all public schools are not allowed to sign cheques and they cannot understand why they are prohibited from signing. According to them principals must be the only signatories because they are the chief accounting officers at their schools. One principal said that *schools must operate like big companies such as Telkom, Vodacom, Sasol and Shoprite Checkers where there are Chief Executive Officers who have authority to take executive decisions, including financial decisions*. Most of the big companies are prosperous because of the efforts of chief executive officers who are given executive authority. Public schools are likely to be prosperous if principals are given executive authority, including financial decision-making. One principal said that the principal as an ex-officio member of the SGB should encourage and assist the SGB in developing the policies of the school of which the finance policy is one. She further said that the principal should see to it that the policies are in line with the departmental policies. The role of the principal, according to

one principal, is to give advice or direction to the SGB and educators on how to manage public school finance.

The researcher has found that there is ambivalence in the responses regarding the functioning or the role of the principal with regard to the management and control of public school finance and the implementation of the finance policy. The law says it is the responsibility of the SGB; the principal is responsible for the management of public school finance and the implementation of the finance policy if it is formally delegated to him or her by the SGB.

#### **4.3.1.3 Finding 3: The role and responsibilities of the finance committee**

With regard to the role and responsibilities of the finance committee in the management of public school finance and the implementation of the finance policy the following question was asked and the researcher aimed at determining whether finance committees have any role to play.

##### ***What is the role of the finance committee with regard to the management of public school finance and the implementation of the finance policy?***

Two principals said that the school finance committee has an important role to play in the management and control of public school finance and the implementation of the finance policy because without this committee educators can do as they please with regard to the utilisation of finances. One principal said that it is not necessary to have a finance committee because he has the necessary skills and knowledge to manage the finances of the school. Two principals said that the authority to manage and control finances should be given to them as principals and not to the finance committee because parent members of the committee do not have the necessary skills and knowledge to manage finances effectively. It is true that some members of the SGB do not have the necessary skills and knowledge but they can be trained to capacitate them because it is in terms of SASA that the SGB can establish committees.

#### **4.3.1.4 Finding 4: The role and responsibilities of the SGB**

With regard to the role and responsibilities of the SGB, the following question was asked and the principals responded as outlined:

***What do you think is the role of the School Governing Body in improving the management of public school finance and the implementation of the finance policy?***

In South Africa ultimate power is given to the SGB by SASA to control and manage public school finance. In their responses the principals showed that they do not perceive the involvement of the SGB in the same way. Three principals indicated that the control and management of public school finance, especially drafting and the implementation of the budget, should be a joint responsibility. In other words, the principal, educators, support staff and SGB should have a contribution to make with regard to the management of public school finance and the implementation of the finance policy. One principal indicated that she is responsible for the drafting of the finance policy and the budget and that it is her responsibility to present the budget to the SGB for recommendation to the AGM of parents; even though it is useless at the end of the day because the budget is not strictly followed. She indicated that the non-involvement of the SGB in the drafting of the finance policy and the budget is prompted by the fact that they are illiterate. She indicated that she is aware of the power given to the SGB by SASA but the level of illiteracy makes it impossible for them to participate fully in the management and control of public school finance. One principal said that it is important to fully involve educators and not the SGB members because educators are always present at school and have the necessary expertise. The principal further said that *consultative structures such as committees and teams must be established to encourage the involvement of the entire staff in financial management*. Structures such as teams and committees are important in a democratic dispensation because they create an opportunity for all stakeholders to participate in the activities of an institution, including financial activities. The other view is that all role players should be made to account for their actions and not only one person. There should be collective decision-making and collective accountability.

The responses of the principals also differed with regard to who should be responsible for the procurement of goods and services. One principal argued that the procurement of goods and services is her responsibility and not that of the SGB because the SGB is not always available at school. The principal further argued that the fact that she is always at school makes her the relevant person to do procurement of goods and services. One principal is totally against the system of obtaining quotations before buying because it creates unnecessary bureaucratic red tape and wastes much time. The principal further said that the fact that principals are not signatories in the bank is a clear indication that the Government does not trust them; only SGB members are trusted despite the fact that they lack financial knowledge and skills. The principal asked, *How can the HOD say that the principal is his or her representative at school level when he or she does not trust him or her?* The SASA gives the SGB instead of the principal the authority to manage and control public school finance, despite the fact that the principal is a representative of the HOD. It can therefore be concluded that the HOD does not have confidence in the principal with regard to the use of public school finance.

Three principals said that by law the SGB has an important role to play in the procurement of goods and services. One of these principals mentioned that SGB members should be trained first in their roles and responsibilities with regard to the procurement of goods and services.

The following question was asked with the aim of determining whether the introduction of SGB in public schools impacted positively or negatively on the running of public schools:

***What impact did the introduction of School Governing Bodies have on your role as a principal, especially with regard to the management of school finance?***

One principal responded by saying that SGB members sometimes take wrong decisions, which makes the school dysfunctional. He alluded to the fact that they lack understanding of their roles and responsibilities. He further said that this is caused by the fact that they are illiterate. One principal said that the introduction of the SGB in public schools has resulted in him not having the authority that he had during apartheid. His desire is that SASA be amended to give

financial power to principals. Two principals said that the most important role of the SGB is to conduct fundraising campaigns and to ask for donations. According to these principals the SGB is impacting positively on their schools because they can use the money to develop their schools further. One principal said that the introduction of SGBs in public schools did not have any impact on his school because he is still in charge of finance just as before.

#### **4.3.1.5 Finding 5: Implementation of the school finance policy**

The following questions were aimed at determining whether principals involve other stakeholders in the implementation of the school finance policy:

***How do you involve other stakeholders in the implementation of school finance policy? What are the duties, roles and responsibilities of these stakeholders?***

Two principals said that all stakeholders are involved in the implementation of the school finance policy. Educators, according to one of these principals, are part of the buying committee and are responsible for buying goods and services according to the budget plan. He said that before buying educators are afforded the opportunity to make requisitions. According to these principals the principal is the monitor of the whole process. One principal said that all SGB members are in charge of monitoring the implementation of the school finance policy. One principal said that the principal is the only person involved in the monitoring of the implementation of the finance policy because he is the one to account on how finances are used. She said that she is responsible for prioritising the needs of the school, plan for meetings and give financial reports to the SGB as well as raising funds for the school. One principal said that both the principal and the SGB are responsible for the monitoring of the implementation of the school finance policy. He indicated *that educators are regularly invited to meetings of the SGB where financial matters are discussed in order to enable them to participate by making contributions*. It is important for the SGB to create opportunities for educators to be part of their meetings to promote contact and collaboration with stakeholders. This will result in educators supporting all SGB initiatives and impact positively on teaching and learning. He further said that the finance committee is consulted from time to time, especially when they

want to buy something for the school. He added that the role of the finance committee with regard to implementation of the finance policy is to prepare audited financial statements to report to the AGM of parents. He added that it is the role of the principal to ensure that finance meetings are held according to the agreed policy and that all stakeholders participate actively.

With regard to the budget as part of the school finance policy, three principals indicated that the school finances cannot be managed correctly if the people responsible for finances are not directed by the budget; the budget provides guidelines on how public school finance should be utilised and who should be responsible for budgeting and its implementation. One principal said that the absence of a budget can result in the maladministration of finance. According to him, in order to avoid maladministration, one educator must be appointed as a budget holder to ensure its effective implementation. One principal said that the school can run properly even if there is no budget.

The following question was also asked and principals responded as follows:

***Who is in charge of monitoring the implementation of the school finance policy?***

One principal responded by saying that she is responsible for the monitoring of the implementation of the school finance policy because she is the chief accounting officer of the school. Two principals indicated that *the finance committee is responsible for monitoring the implementation of the school finance policy and that it reports to the SGB every month*. It is important for the finance policy to be properly implemented to enhance teaching and learning and to ensure that there are regular financial reports to the SGB. One principal said that the finance officer, with the help of the finance committee, is responsible for monitoring the implementation of the school finance policy. One principal said that the secretary and chairperson of the SGB and not the whole SGB are responsible for monitoring the implementation of the school finance policy.



#### **4.3.1.6 Finding 6: Functions of the school finance policy document**

With regard to the role of the school finance policy document, the following question was asked with the purpose of determining whether those who are managing public school finance are guided by the policy document or not:

##### ***What do you think is the role and function of a school finance policy document?***

Four principals responded by saying that the school finance policy document has an important role to play with regard to the management of public school finance because it provides guidelines to such an extent that it reduces maladministration and fraud. One of these principals added that the document helps in avoiding unauthorised and over-expenditure. At the school where there is no finance policy document the principal responded by saying that he does not think that the document has any role to play.

#### **4.3.1.7 Finding 7: The process of policy making with special reference to school finance policy**

With regard to the following questions, principals responded as indicated:

##### ***Which procedures did the school put in place when formulating school finance policy? Who are the stakeholders involved when formulating the school finance policy?***

Three principals said that it is the responsibility of the school finance committee to draft the school finance policy. They further said that the principal's role is to peruse the policy and check for any omissions or mistakes. The principals talked about the fact that during the process of policy-making educators are invited to regular meetings to enable them to make inputs. They also indicated that the inputs made by educators are referred to the meeting of the SGB for approval by the finance committee; the SGB is directly involved in the formulation of the school finance policy. Two of these principals said that it is not only educators who are involved in the formulation of the school finance policy. They said that other stakeholders such as support staff and parents in general are involved. They further said *when formulating the school finance*

*policy, we are guided by SASA.* It is important for all public schools in South Africa to adhere to the stipulations of legislation so that school finance policies are consistent with legislation.

One principal said that he is responsible for formulating the finance policy himself without involving other stakeholders because the involvement of other stakeholders wastes time since there are many meetings involved. One principal said that the school operates without a finance policy because members of the SGB do not attend meetings and it therefore becomes difficult to formulate the policy.

With regard to the formulation of the budget, three principals said that the budget is presented to the parents by the SGB for approval and adoption after the involvement of all stakeholders. They further said that the budget is approved by the parents for implementation by the SMT and the SGB. One principal said that a budget is available but useless because the school money is used randomly without being guided by the budget. He stressed the fact that although the money is used to serve the best interests of the school and the learners, there is most of the times over-expenditure. One principal said that the failure by SGB members to attend meetings results in the school not having a new budget but using the old one to guide the utilisation of finance.

#### **4.3.1.8 Finding 8: Formulation of school finance policy**

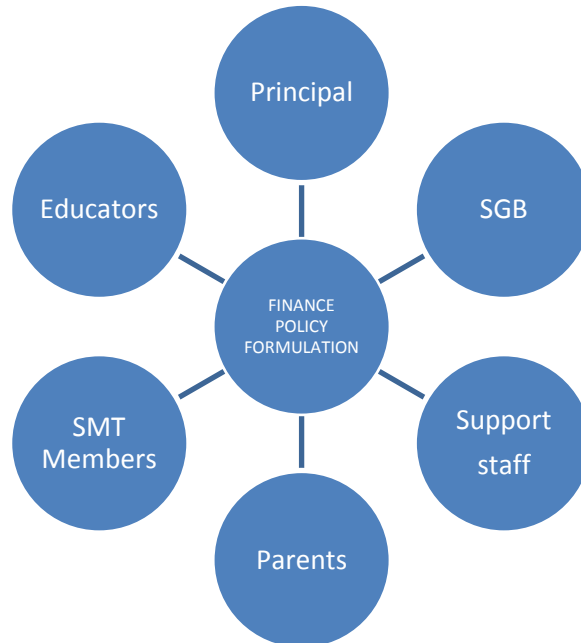
With regard to the formulation of school finance policy, the following question was asked:

***Who is responsible for drafting the school finance policy and what role do you play with regard to this function?***

Two principals responded by saying that the SGB, SMT and educators are responsible for the drafting of the school finance policy. They said that their role is to give guidelines to the SMT and SGB. One principal said that the finance committee with the help of the principal as an ex-officio member is responsible for drafting the school finance policy. She further said that the principal is a resource person and always uses her expertise to guide the drafting of the school finance policy. One principal said that as head of his school he is responsible for the drafting of

the school finance policy. He added that the SGB cannot be entrusted with the responsibility of drafting the school finance policy because its members do not have the capacity to do so and they are not always available at school.

The figure below depicts the various role players in some public schools in the formulation of the finance policy:



**Figure 4.1:** *Role players in policy formulation*

With regard to the following question, principals also responded in different ways:

***Which procedures did the school put in place when formulating the school finance policy?***

One principal responded by saying that no procedure was put in place when formulating the school finance policy because the SGB chairperson was the one who formulated the policy. One principal said that he was the one responsible for drafting the school finance policy and it was therefore not necessary to put procedures in place. One principal said that she networked with other schools to learn from them before drafting the school finance policy. Two principals said that *the school finance policy was drafted by the SGB through the finance committee and the*

*SMT in consultation with other stakeholders such as educators.* The consultation of all stakeholders in the formulation of the school finance policy impacts positively on teaching and learning because everybody feels that he or she is part of the process and will support the implementation of the policy. They further said that the process of drafting the school finance policy started with educators because they were the first people to be afforded an opportunity to make inputs.

The following question was also asked and principals responded differently: 7

***Who are the stakeholders involved when formulating the finance policy?***

Three principals said that they involved all stakeholders of the school, such as educators, the SGB, SMT and parents to help in the formulation of the school finance policy. They also indicated that they do not only involve stakeholders from within the school but also those from outside the school such as retired school principals and government officials. One principal said that he does not see any need to involve other stakeholders such as educators in the formulation of school finance policy because educators must always focus on teaching and learning which is their core or primary function. One principal said that *the most important people to be actively involved in the formulation of the finance policy are members of the finance committee who must always be at school.* Members of the finance committee have an important role to play in the formulation of the finance policy but they must involve other stakeholders such as educators to avoid sabotage of the implementation of the policy.

**4.3.1.9 Finding 9: Assessment and updating of the finance policy**

With regard to the assessing and updating of the school finance policy, the following questions were asked:

***Who is responsible for assessing and updating the school finance policy? How often does the School Governing Body assess and update the school finance policy?***

One principal said that the SGB is not responsible for the review of the finance policy. He indicated that as a principal he is the one responsible for the review of the policy. One principal said that the SGB reviews the finance policy through the finance committee on a quarterly basis and with the help of the finance officer. One principal said that the school finance policy is reviewed annually because the financial year of public schools is January to December each year. One principal said that it is not necessary to review the finance policy regularly because it is an unnecessary waste of time. He said that the finance policy is reviewed only if there is a change in Government law such as SASA so that it is consistent with the law. One principal mentioned that *all school stakeholders including educators, SGB, principal and admin clerk together with the finance committee are responsible for assessing and updating the school finance policy every three months*. The review of school finance policy is as important as the formulation of a new school finance policy and should also involve all stakeholders to ensure support for its implementation.

#### **4.3.1.10 Finding 10: Aspects of finance to be covered by finance policy**

With regard to the aspects of finance to be covered by finance policy, the following question was asked with the purpose of determining whether principals have an understanding of what a finance policy is:

##### ***What are the aspects of finance to be covered by the finance policy?***

Three principals indicated that there are a variety of aspects to be covered by the school finance policy which should include, among others, the following: Purpose of the policy, bookkeeping, procurement, petty cash, banking, assets, budget, financial responsibility, finance committee and auditing. These principals said that it is their responsibility to ensure that all these aspects are covered by the school finance policy in consultation with finance committees and the SGB. One principal said that the finance committee with the help of finance officer must ensure that all the necessary aspects are part of the finance policy. She therefore referred

the researcher to the financial officer for more information. In one school there was no school finance policy. It was therefore difficult for the principal to indicate financial aspects to be covered by the school finance policy.

#### **4.3.1.11 Finding 11: The school as a juristic person**

With regard to the following question, the principals also responded in different ways:

***The School Governing Body is legally responsible for the management and control of public school finance. Do you agree with this statement or not and why?***

Three principals said that they agree that the SGB is legally responsible for the management and control of public school finance and the implementation of the finance policy and that they are given this power by legislation called SASA. One of these principals said *although SASA gives the SGB power to manage and control public school finance, they do not have the capacity to do so because of their level of illiteracy*. Principals have an important role to play in capacitating members of the SGB by organising school-based workshops or training so that they are able to manage and control public school finance effectively. One of these principals mentioned that the school is a legal person because it has property rights, contractual rights and can sue and be sued. One principal said that the SGB without the principal cannot take resolutions. He added that SGB members are not capacitated to take sound financial decisions. One principal said that the SGB is legally responsible for the management and control of public school finance but his wish is that SASA be amended to give principals the power to manage and control public school finance. This principal accepts that the school is regarded as a juristic person because it acts through a body of persons called the SGB that are given power to govern by SASA.

Principals responded as follows to the following question:

***What are your views pertaining to the governance of public schools since the introduction of the South African Schools Act? Or how do you as a principal understand and interpret the stipulations of the South African Schools Act?***

Two principals said that the Government has committed a serious mistake by promulgating SASA and giving authority to the SGB. One of these principals supported this statement by saying that most of the SGB members do not have the necessary capacity to manage and control public school finance effectively. Two principals said that the Government is going in the right direction by giving financial power to the SGB. They said that *the fact that SASA does not give principals authority to manage and control public school finance will enable them to focus on their work as professional managers of schools and improve the quality of teaching and learning*. It is true that professional management of a public school is the responsibility of the principal as stipulated by legislation. Section 16 (3) of SASA reads: *Subject to this Act and any applicable provincial law, the professional management of a public school must be undertaken by the principal under the authority of the Head of Department*. One principal said that schools should be run like companies and be self-sufficient and that principals must be given power by SASA to manage and control public school finance. This principal continued by saying that the fact that principals are not given power to manage and control public school finance by SASA is a clear indication that the Government does not have trust in principals.

#### **4.3.1.12 Finding 12: Auditing**

With regard to auditing, the following questions were asked with the purpose of determining whether schools are functioning according to the prescripts of SASA:

***How often do you do internal auditing at your school? Is external auditing done at your school? If yes, what procedures are followed when preparing for external auditing?***

With regard to internal auditing one principal responded by saying that at her school internal auditing is done twice per month by the finance committee. Three principals said that they do auditing at the end of every month. One principal responded by saying that there is no internal auditing at his school. He further said that he is the one responsible for ensuring that the finances of the school are properly utilised to serve the best interests of the learners. He therefore does not see any need for internal auditing. With regard to external auditing two principals said that the DoE must appoint their own auditors to audit all finance books of the schools. They indicated that the fact that the SGB is given power to appoint their own auditors

promotes fraud and corruption because it ends up appointing companies that report in its favour even if there is maladministration of public school finance. One principal said that most members of the SGB are unable to interpret audited financial statements and it therefore becomes unnecessary to have SGBs in schools. Two principals asserted that the auditing of school finance books serves no good purpose because even if fraud and maladministration are detected by the auditors, no punitive action is taken by the Government.

#### **4.3.1.13 Finding 13: Delegation of financial duties and checking of the role of educators in the management of public school finance and the implementation of the finance policy**

The next questions aimed at enquiring whether educators have a role to play in the management of public school finance and the implementation of the finance policy:

***What role do educators play in the management of public school finance? How do you delegate some of the financial role functions to other stakeholders such as educators? What type of financial functions do you delegate?***

Two principals said that there are a variety of functions, duties and responsibilities that they delegate to educators. They said that they afford educators the opportunity to collect money from the learners and submit it to the finance officer, such as money for trips, bereavement, fund raising, etc. One principal indicated that it is not necessary to delegate financial duties to educators because at the end of the day he is the one to account for how public school finance is utilised and not the educators, especially when things go wrong. He said that educators are employed to focus on teaching and learning only. He added that the delegation of financial duties will distract the attention of educators and impact negatively on teaching and learning. When asked further whether he as a teacher should also be relieved from the management and control of public school finance, he said that it is impossible to relieve him because he is the head of the school and that he is the chief accounting officer. The only role that educators can play, according to this principal, is to make requisition of educational resources through the



finance committee in order to enhance teaching and learning. One principal indicated that *the delegation of financial duties relieves her of the heavy workload and she added that as a leader she delegates and supervises to ensure that duties delegated are effectively performed.*

Principals and SGBs cannot succeed in performing all tasks without delegating some of them to other stakeholders. They must ensure that financial duties and other duties are delegated so that all stakeholders feel that they are part of the school and that they are recognised. This principal further said that the SGB authorises the delegation of financial duties in a written form by nominating an educator and thereafter the educator accepts his or her nomination in writing. She mentioned that educators help the finance committee in doing monthly reconciliation of school finances by preparing cash receipt journals and cash payment journals. One principal is in favour of completely involving educators in the management and control of public school finance because they have the necessary financial expertise, especially those who did a course in financial management with universities. He further said that the other role of educators is to take care of school assets and to collect fundraised money from learners.

The following question was asked to determine whether principals recognise inputs made by educators with regard to the management and control of public school finance and the implementation of the finance policy:

***Why do you think school stakeholders such as educators should be involved in the management of Public School Finance and the implementation of school finance policy?***

Two principals said that the principal cannot run the school alone. They pointed out that it is important to consult with other stakeholders such as educators when managing and controlling public school finance, especially when making important financial decisions. They said that consultation creates opportunities for these stakeholders to share their expertise in order to improve the running of schools. One principal said that educators are class teachers and are responsible for collecting money from the learners, such as fund raising money and money for trips. She pointed out that educators must be involved in managing public school finance in order to avoid sabotage by them. She also indicated that the involvement of educators will

make them feel that they are part and parcel of the school and will therefore support all programmes of the school. One principal responded by saying that it is not necessary to involve educators in the management of public school finance and the implementation of the finance policy because it will distract their attention from teaching and learning.

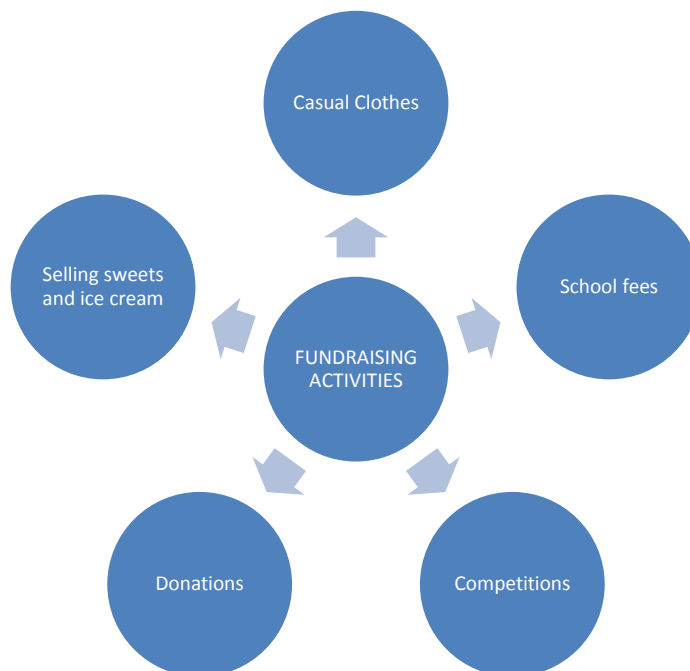
#### 4.3.1.14 Finding 14: Fundraising

With regard to fundraising, the following questions were asked:

##### ***How do you conduct fundraising at your school and who is responsible for fundraising?***

With regard to the above question informants responded differently. Two principals responded by saying that the responsibility to fundraise lies with the SGB. One of these principals said that the SGB derives its power to fundraise from SASA. Two principals said that all the school stakeholders, including educators, are responsible for fundraising. They further said that they do fundraising by embarking on various activities such as selling sweets, video shows, competitions, donations, wearing casual clothes.

The figure below shows the various activities that public schools embark on to raise funds:



**Figure 4.2:** *Fundraising activities*

One principal responded by saying that educators should not be involved in fundraising activities because their attention to teaching will be distracted. He added that *teachers are employed to teach and teaching is their primary function which should not be disturbed by secondary activities such as fundraising*. The most important function of teachers is to provide teaching and learning but this cannot prevent them from participating in fundraising activities.

#### **4.3.1.15 Finding 15: Financial decision-making**

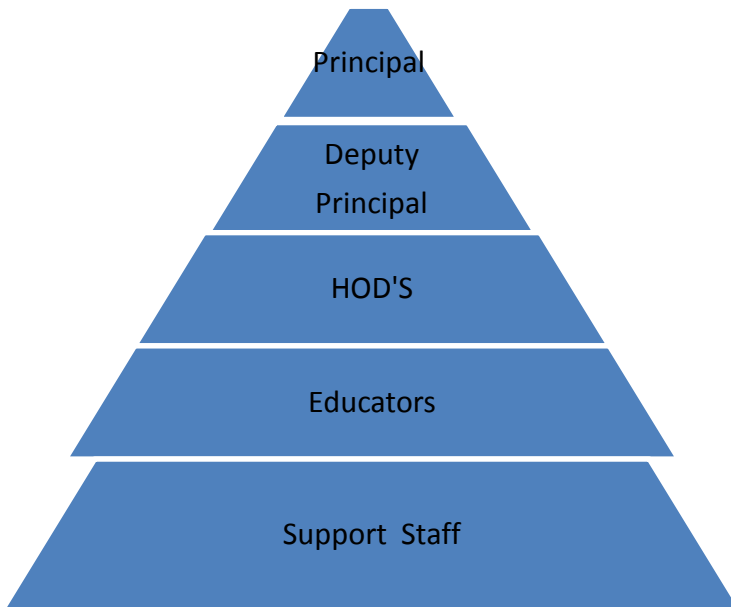
With regard to financial decision-making, the following questions were asked:

***Who do you think is responsible for financial decision-making at your school? Does the principal have any role to play in financial decision-making?***

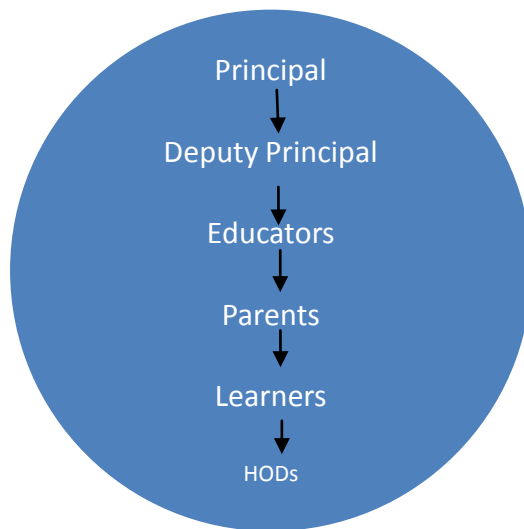
Three principals responded by saying that all stakeholders of the school participate actively in decision-making processes; there is collective decision-making.

One principal complained that SASA has given more authority to the SGB. She further said that although principals are part of the SGB they are ex-officio members, which means that they do not have the authority to make financial decisions on their own. This principal further said that SASA must give financial authority to principals because they are always available at school and should be regarded as chief accounting officers. She said that as the chief accounting officer of the school she and not the SGB should be regarded as chief financial decision maker. This principal referred me to the case between Hoërskool Ermelo and the HOD of Education of Mpumalanga Province. In this case the judge reversed the decision of the HOD to suspend the principal and his deputy. He argued that the judge reversed the decision of the HOD because there is no law in South Africa empowering principals to manage and control public school finance and this therefore makes it difficult for the Government to punish principals who mismanage public school finance. He further said that education law in South Africa must be amended to give principals authority to make financial decisions so that it becomes easy for the Government to punish principals who use public school finance to serve their own interests.

One principal said that the finance committee of the school must be responsible for financial decision-making. He further said that principals know most of the things that the school needs and therefore the finance committee cannot finalise anything without them. This principal said, *“If the school wants to purchase a soccer kit for example, the finance committee needs to inform me before buying it.* It is not necessary for everything to be reported to the principal because he or she can be distracted from his or her duties as professional manager of the school. One principal flatly said that financial decision-making is the role of the SGB and that it is given this authority by legislation. He added that the SGB must not be disturbed by other school stakeholders when managing and controlling public school finance. The principal said that he is an ex-officio member of the SGB and he therefore does not have authority to make financial decisions unless these are delegated to him by the SGB. He further said that the principal must always adhere to the financial decisions taken by the SGB. He added that the authority to make financial decisions rests with the SGB because it derives this authority from SASA. He pointed out that there is nothing that he as a principal can do to overpower the SGB with regard to the management and control of public school finance because they are backed by the law. One principal alluded to the fact that the chairperson of the SGB and nobody else can make decisions regarding payments for goods and services provided to the school. He explained that the whole SGB is solely responsible for financial decision-making. He pointed out that the principal may guide the SGB but he or she has no final decision-making authority. One principal said that he has more control of public school finances because he derives the authority from his status as an ex-officio member of the SGB and he can therefore make financial decisions without consulting with other stakeholders. This principal seems not to have a clear understanding of the meaning of the concept *ex-officio*. The research has revealed that schools operate differently with regard to financial decision-making and it is therefore important to show these differences by using the following figures:



**Figure 4.3:** *Vertical decision-making structures*



**Figure 4.4:** *Horizontal decision-making structure*

The following questions were asked and principals responded as indicated:

***Do you have more control of public school finance? Where do you derive the authority to control finance from?***

One principal responded by saying that he has the authority to control public school finance and that he derives the authority from the Government gazette. When asked further which gazette he is referring to, he responded by saying that SASA and PFMA give him the authority to manage and control finances and to make financial decisions. He said that he has authority to decide which goods and services to buy without consulting with the SGB because SGB members are not always available at school. One principal said that a principal is a chief accounting officer and must therefore have the authority to make financial decisions and ensure that finance is correctly handled. He further said the authority to control finance is derived from the MEC. Three principals said that all stakeholders of the school such as the SMT, the SGB, educators and learners are responsible for the control of public school finance and they therefore do not have the ultimate authority to manage and control finance.

**4.3.1.16 Finding 16: Effective management of public school finance**

The following question was asked to determine whether there are strategies in place to ensure that there is effective management of public school finance:

***Are there strategies in place to ensure that there is effective management of finance? What are the strategies?***

Two principals responded by saying that they have put strategies in place to promote effective management of public school finance such as regular training of SGB members, internal auditing of finance books and regular meetings of the finance committee. These principals added that they have appointed a petty cash officer and fundraising officer who ensure that public finance is used to serve the best interest of the school and the learners. One principal said that he ensures that financial records such as deposit books, cheque books, receipt books and analysis books are properly kept to prevent any person having access to them. Two principals said that they ensure that the administrative clerk prepares cash receipt journals and cash payment journals and submit these to the circuit office every month for checking.

#### **4.3.1.17 Finding 17: Transparency and accountability**

Concerning transparency and accountability, the following question was asked:

***How do you promote transparency at your school, especially with regard to how finance is managed and controlled?***

Two principals said that transparency at their schools is promoted through regular meetings such as staff meetings, committee meetings and parent meetings. They also said that *they involve all stakeholders of the school such as educators, parents, the SGB and support staff in financial decision-making processes to promote transparency*. It is important for all public schools to promote transparency by involving all stakeholders in the financial affairs of the school. They further said that financial circulars are distributed to all stakeholders to promote transparency and accountability. One of these principals indicated that her school has appointed an internal auditor to serve as watchdog. She added that the appointment of an external auditor is in terms of legislation and is adhered to. This principal also indicated that at the end of each year, finance books are taken for auditing and thereafter parents are invited to a meeting to discuss the findings of the auditor.

These principals indicated that the DoE requires all schools to submit cash payment journals and cash receipt journals on a monthly basis to promote transparency. One of these principals said that his administrative clerk is responsible for preparing these journals and that his responsibility as principal is to give support to the clerk. Two principals said that they promote transparency by delegating some of the financial roles and functions to educators and that they follow the approved budget of the school at all times. They explained that they make use of an open door policy in which anyone can come and ask anything concerning finance. They also said that the finance committee is directly involved in the payment of goods and services and this helps in promoting transparency at the school. One principal said that the finance committee reports to the SGB on a monthly basis, thereby promoting transparency.

The next question was aimed at enquiring whether schools have put measures in place to prevent fraud and maladministration of public school finance:

***How does the school finance policy ensure that fraud and maladministration of finance are prevented?***

Two principals responded by saying that the finance committee together with the principal does the reconciliation of finance on a monthly basis and reports to the SGB. They further said that when any cheque is issued the finance committee ensures that the school manager knows and that proper records are kept and that no blank cheques are signed. The principals further said that they ensure that educators are not given school money as loan even though the SGB insists that educators be given loans from school money because they pay back the money with interests. Two principals said that *their schools have established an internal audit committee to audit the finance books and thereafter they refer their finance books for external auditing at the end of each financial year.* These principles are consistent with the provisions of SASA.

One principal said that he prevents fraud and maladministration by ensuring that the school finance policy is drafted based on legislation such as SASA.

The following question aimed at determining whether principals communicate financial information to school stakeholders such as parents, learners and educators:

***How do you as a principal communicate financial information to school stakeholders such as parents, learners and educators?***

Three principals said that they play an important role in the dissemination of financial information to all stakeholders of the school. They have put measures in place such as the distribution of finance circulars from the Department for all educators to read and sign, and the calling of regular joint meetings of all stakeholders of the school to discuss financial matters.

One principal said that he does not see any need to communicate financial information to educators because their role is to focus on teaching and learning and nothing else. According to him involving educators in financial matters of the school impact negatively on teaching and



learning because it results in their losing their focus which is teaching and learning. One principal said that it should be the role of the SGB to communicate financial information to all stakeholders of the school because they are empowered by SASA to control and manage public school finance. This principal added that the SGB should disseminate financial information to all stakeholders through the finance committee.

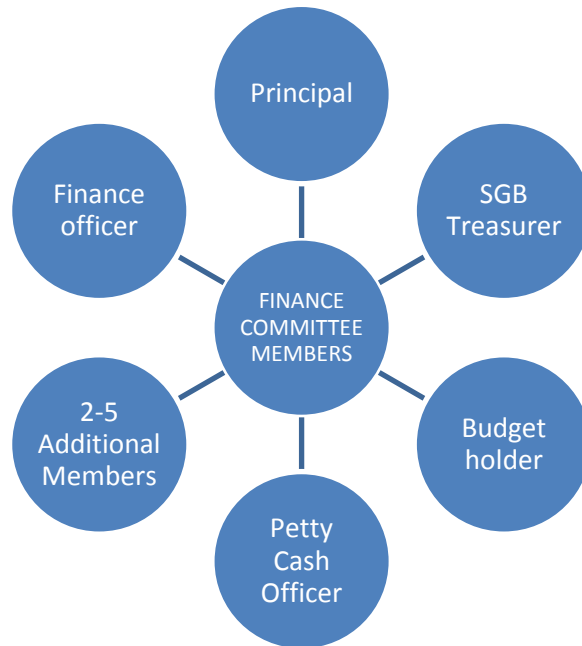
#### **4.3.1.18 Finding 18: Establishment of the school finance committee**

With regard to the establishment of the school finance committee, the following question was asked:

***What criteria do you use when establishing the school finance committee and who are the members of the committee?***

One principal said that it is not necessary to have such a committee because principals are chief accounting officers of schools and they can therefore manage and control finance alone. Two principals said that committees are necessary because they create opportunities for all stakeholders to participate in the activities of schools and they promote contact and collaboration between the various stakeholders. They said that finance committees at their schools are established by the SGB and this is done by consulting other stakeholders, especially educators. Two principals said that when establishing the finance committee they invite all stakeholders in writing to a meeting to create opportunities for all to elect representatives of their choice so that they do not sabotage the running of the school. They further said that a principal automatically becomes part of the finance committee because he or she is an ex-officio member of the SGB.

The following figure depicts a typical finance committee that can be found in a public school in South Africa:



**Figure 4.5:** *Composition of the finance committee*

#### **4.3.1.19 Finding 19: Impact of the introduction of the SGB in public schools**

With regard to the impact of the introduction of the SGB in public schools, the following question was asked:

***What impact did the introduction of School Governing Bodies in public schools have on your role as a principal, especially with regard to the management of school finance?***

Two principals said that the introduction of the SGB has shifted the control of public school finance from the principal to the SGB and principals have therefore been disempowered. They further said that the SGB's knowledge as far as finance is concerned is so limited that the members do not make any positive impact with regard to the proper control and management of public school finance and the implementation of the finance policy. Two principals said that the introduction of the SGB reduced the heavy workload of the principal. One of these principals added that most of the work is now done by the SGB members because they are the ones who manage public school finance in terms of SASA. One principal said that the introduction of the SGB has converted principals into barking dogs without teeth because they

are not able to make financial decisions on their own. He believes that the Government has committed a serious mistake by introducing governing bodies in public schools.

#### **4.3.1.20 Finding 20: Causes of poor implementation of the school finance policy**

The following question is aimed at determining the causes of poor implementation of the school finance policy:

##### ***What is your opinion of the causes of poor implementation of the school finance policy?***

One principal said that the non-involvement of other stakeholders by the SGB when making important financial decisions causes poor implementation of the school finance policy. Two principals said that the level of illiteracy of members of the SGB is the major cause of poor implementation of the school finance policy. They further said that lack of fundraising skills by SGB members makes it difficult to implement the school finance policy effectively. One principal said that at his school the finance policy is properly implemented because all school stakeholders are involved in financial decision-making. One principal said that the heavy workload experienced by him as a principal contributes greatly towards the poor implementation of the school finance policy. This principal added that poor implementation of the school finance policy is caused by overlooking policies of the Government, such as SASA.

#### **4.3.1.21 Finding 21: Keeping of financial records and accessing them**

With regard to the keeping of financial records, the following questions were asked:

##### ***Are financial records kept at the school? If yes, who is responsible for keeping them? How are such records kept? Who can access these records?***

One principal said that he is responsible for the keeping of financial records. According to this principal most of the records, for example cash receipt journals and cash payment journals are kept on his laptop. One principal said that financial records such as cheque books and receipt books at her school are kept by the financial administrator who is also referred to as the

administrative clerk. One principal said that financial records are kept at school and the responsibility is delegated to the financial officer to see to it that they are well kept in the school safe or strong room. When asked whether other people have access to the financial records, one principal said that the SGB, finance committee, himself, SMT, parents, departmental officials and educators have access to the financial records. One principal said that only the finance committee and the SGB have access to the financial records of the school. One principal said that it is not advisable to entrust educators and admin clerks with finance documents such as cheque books because they can be tempted to commit fraud.

#### **4.3.1.22 Finding 22: Empowerment of the SGB**

With regard to the empowerment of the SGB, the following question was asked:

***How do you as a principal empower the School Governing Body members to manage and control finance more effectively?***

Three principals said that they empower the SGB by organising school-based workshops. They continued by saying that they supply the SGB with the necessary documents such as circulars that explain their financial roles and duties. One of these principals added that she encourages the SGB to attend seminars conducted by the DoE. One principal said that it is not necessary to empower the SGB members because they are not directly involved in the management and control of public school finance as they are not always at school. According to this principal it is a waste of time and resources to empower the SGB because its members serve the school for a short period. He said that when their term of office expires, they go away with the knowledge and skills because new members are elected. One principal said that she empowers the SGB by creating an opportunity for the chairperson to give financial report to parents during the AGM. She further said that she empowers SGB members by involving them in all activities of the school, such as involvement in fundraising activities, getting quotations, buying educational facilities and maintaining assets of the school such as buildings, furniture and creating opportunities for them to network with other schools.

The following figure shows the various programmes that public schools embark on to empower the SGB:



**Figure 4.6:** *Capacity building programmes for the SGB*

#### **4.3.1.23 Finding 23: Challenges or problems encountered by principals with regard to public school finance**

The next questions aimed at enquiring whether principals face challenges or problems when managing and controlling public school finance and implementing school finance policy:

***What challenges or problems do you encounter in the implementation of the school finance policy?***

One principal said that sometimes quotations and receipts are not valid and not clearly written. Two principals said that poor implementation of the school finance policy is caused by the fact that most parent members of the SGB do not have the necessary capacity or skills to manage and control public school finance effectively and this creates a very serious problem for the school. One of these principals added that the major problem experienced by his school is fraud and maladministration of finance. One principal said that the procurement of services and

goods sometimes poses a challenge such as the collection of three quotations before buying. According to him the collection of quotations wastes much time and money because it involves travelling from one service provider to the other. This principal added that some of these service providers are not co-operative and some do not issue receipts. The principal pointed out that the heavy work load prevents him from implementing the school finance policy effectively. One principal said that *most parents are reluctant to attend meetings and it therefore becomes difficult to make important financial decisions when the majority of parents are absent*. Many parents, especially in the rural areas, have not yet realised how important their participation in the financial affairs of schools is. It is imperative for them to attend all meetings called by the SGB so that they do not delay the progress of the school. She further said that the SGB lacks transparency and there is poor control of public school finance.

#### **4.3.1.24 Finding 24: Strategies to prevent fraud and maladministration**

The following question aimed at determining whether schools have put mechanisms in place to prevent fraud and maladministration:

***How does the school finance policy ensure that fraud and maladministration of finance are prevented?***

With regard to strategies to prevent fraud and maladministration two principals mentioned that they have put mechanisms such as the establishment of an internal audit committee in place. One of these principals added that the SGB has appointed a budget holder who controls the budget to ensure that there is no over and unauthorised expenditure. Two principals mentioned that procurement of goods and services is not the responsibility of one person only. They pointed out that the procurement of goods and services committee has been established to ensure that fraud and corruption are prevented. One principal mentioned that the submission of cash receipt journals and cash payment journals to the circuit manager is another way of ensuring that fraud and maladministration are prevented at all costs.

#### **4.3.1.25 Finding 25: Promotion of participation by all stakeholders in the management of public school finance and the implementation of the finance policy**

Concerning the promotion of the participation by all stakeholders in the management of public school finance and the implementation of the finance policy the following question was asked with the purpose of determining whether there is collegiality or participatory democracy in public schools:

***How do you promote the participation of all stakeholders in the management of public school finance and the implementation of the finance policy?***

Three principals mentioned that they have put structures such as committees in place to create opportunities for educators to participate in the financial affairs of their schools. One principal responded by saying that educators must be afforded more opportunity to participate in the curriculum affairs of the school and not in its financial affairs. She further said that the extensive involvement of educators in the financial affairs of schools will result in them losing their focus which is teaching and learning. She added that the management of public school finance and the implementation of finance policy are the responsibility of the finance committee with the help of the principal. One principal indicated that the administrative clerk who is the financial officer of the school is made to participate more actively in the financial affairs of schools. He added that educators are sometimes invited to attend SGB meetings to make inputs.

#### **4.3.2 Document analysis findings**

The following documents were analysed to saturate the data collected through semi-structured interviews: minutes of finance committee meetings, minutes of SGB meetings, finance policy, fundraising policy, petty cash vouchers and claim forms.

#### **4.3.2.1 Finding 26: Implementation of the school finance policy**

According to the minutes of the finance committee of school A, B and D all school stakeholders participate actively in the implementation of the school finance policy. In school B the minutes indicate that the principal who runs the school on a daily basis must report to the SGB regarding the financial activities of the school. The researcher failed to draw a conclusion about school E because its finance documents such as the school policy and finance committee minutes were not available. The minutes of school C created the impression that the principal always dominates the implementation of the school finance policy.

#### **4.3.2.2 Finding 27: What the policy says about the financial records of the school**

The finance policy in school A says that all funds received must be paid into the school's bank account. It further states that receipts must be issued for all moneys received and the principal must ensure that such receipts have been issued to prevent fraud. The policy further indicates that the principal must keep petty cash and record all transactions with the help of the finance officer. The finance policy of school B says that the treasurer and two members of the SGB selected for the purpose by majority vote of the SGB must give their written approval for any payment made out of the fund. The findings from school C are that all receipts books must be kept by class educators. According to the policy of school D only the finance officer is assigned the responsibility of collecting and recording school funds from the learners. The findings in school D are that records of all collected money should be submitted to the treasurer for filing and safe keeping. It further states that there must be regular banking of all money by the principal. In all five schools there are receipt cash books to record money collected and expenditure is recorded in the payment cash books. In school E there are no proper financial records such as minutes of the finance committee and finance policy. The principal seems to run the school on his own, using common sense.



#### **4.3.2.3 Finding 28: Financial duties, roles and responsibilities of principals, the SMT, the SGB and educators**

The way in which the policy of school C is drafted indicates that educators do not have any important role to play in the implementation of the finance policy. The policy of this school does not say anything about the role of other stakeholders such as the SMT, the SGB and educators. According to the finance policy of School A and B all stakeholders— principals, the SMT, the SGB and educators –must ensure that the finance policy is properly implemented; all school stakeholders have an important role to play in the financial activities of the school. The role of the principal and the SMT, according to these policies, is to verify the moneys received before banking. The SGB’s role according to the two policies is to read audited financial statements to the parents at the AGM. The SGB is further responsible for the adoption of fundraising strategies, drafting and controlling the budget and approving tenders or quotations with the help of the principal. The role of educators is to collect money and submit it to the administrator every Friday. The constitution of the SGB in school A further states that the treasurer shall take charge of the finances of the school and compile a balanced financial report and should be informed about money donated or raised. The finance policy of schools A and B indicates very clearly that the finance committee meets regularly to discuss financial matters and thereafter reports to the SGB that in turn reports to the AGM of parents. The principal’s role in this regard is to advise the stakeholders and to make contributions, thereby promoting the effective management of public school finance and the implementation of the finance policy. There appears to be a lack of transparency in school C and E. In these schools there appears to be no finance committee because there are no minutes that indicate that meetings of the finance committee are not taking place. The principals appear to be responsible for nearly all financial affairs of the school and there is no communication of financial information to other stakeholders such as educators. The SMT and SGB have no role to play except for the principals who take control of everything. The finance policy of school D indicates that all stakeholders except learners have an important role to play in the financial affairs of the school.

#### **4.3.2.4 Finding 29: Functions of the school finance policy document**

It was difficult to draw a conclusion about school E because there is no finance policy document. In school D there is a finance policy document but it is not clearly written. One who reads the document cannot clearly understand what the role of the document is. According to the finance policy document of school C, its purpose is to safeguard money collected by the school. The finance policy documents of school A and B indicates that the role of the school finance policy document is to guide the functioning of the various stakeholders with regard to the management and control of public school finance.

#### **4.3.2.5 Finding 30: Formulation of the school finance policy**

The minutes of the finance committee of school A and B indicate that all school stakeholders participate in the formulation of the school finance policy. In school C there is an indication that the formulation of the school finance policy is dominated by the principal while in school E there is no school finance policy. The principal appears to manage and control finances using common sense. In school D there is a school finance policy that has been formulated with the principal and chairperson of the SGB taking a leading role.

#### **4.3.2.6 Finding 31: Aims and objectives of the school finance policy document**

According to the finance policy of school A and B the aims and objectives of the school finance policy are to ensure the existence of the standardised procedures for good financial administration practices that must be applied to all the financial affairs of the school. The finance policy of school B further indicates that the aims and objectives of school finance policy are to secure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the school. The aims and objectives of the school finance policy of school C are to safeguard the money collected by the school in order to prevent fraud and maladministration. The finance policy of school D does not state clearly what their aims and objectives are. The aims and objectives of the finance policy of school E are not known because there is no finance policy document and it was therefore difficult for the researcher to

draw a conclusion about this school's financial practice. The principal runs the school on his own using common sense.

#### **4.3.2.7 Finding 32: Stakeholders involved in the formulation of the school finance policy**

The absence of a school finance policy indicates that there is no participation by stakeholders in school E. According to the minutes of the finance committee of school A, B and D there is proper consultation of all stakeholders during the process of the formulation of the school finance policy. The minutes of the finance committee and the SGB of these schools indicate that all stakeholders of the schools are involved in the process of the formulation of the school finance policy. The minutes show that when there is formulation of a school finance policy, there is extensive consultation of all stakeholders and there are regular meetings. The minutes of the finance committee and the SGB of school C clearly indicate that during the formulation of the school finance policy not all stakeholders, especially educators, are involved.

#### **4.3.2.8 Finding 33: Aspects of finance addressed by the school finance policy**

The finance policy in school A, B, and D covers aspects such as the promotion of sound management of revenue, expenditure, assets and liabilities of the school, sources of income, opening of a cheque account, issuing of receipts for all moneys received, prohibition of loans and keeping of petty cash, preparation and adoption of a budget, appointment of the finance officer, three signatories for cheques and auditing. With regard to the above aspects the finance policy in school B indicates that the principal, SMT and finance committee are responsible. The policy of school A indicates that the SGB has a very important role to play in ensuring that the above mentioned aspects are taken care of and that the principal assists the SGB. The finance policy of school C does not cover most of the above stated aspects. It does not say anything about the role educators and the SMT must play with regard to the above aspects. School E does not have a finance policy at all which is contrary to education legislation.

#### **4.3.2.9 Finding 34: Strategies to prevent fraud and maladministration of finance**

The unavailability of a finance policy in school E indicates that there are no strategies in place to prevent fraud and maladministration of finance. The finance policies of the three schools, A, B and D indicate that they prevent fraud and maladministration by prohibiting loans, issuing receipts for all moneys received and proper control of petty cash. School B further says that the implementation of the budget is done by both the SMT and SGB to reduce fraud and maladministration. School A further indicates that it aims at promoting transparency and accountability as a way of preventing fraud and maladministration. The finance policy of school C does not say anything about strategies to prevent fraud and maladministration of public school finance.

#### **4.3.2.10 Finding 35: Promotion of transparency in the management and control of public school finance**

The absence of a finance committee, finance policy and minutes in school E indicates that there is no transparency in the management and control of public school finance. The principal takes unilateral financial decisions without involving other stakeholders such as the SGB. The finance policy of school A and B indicates that public school finance is controlled and managed by a finance committee with the help of the school principal and SMT to promote transparency. It is clearly stated in the financial policies of school A and B that the purpose of the policy is to secure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the school. According to the policies of all the schools except school C and E, structures such as committees and teams have been established to create opportunities for all stakeholders to participate in the financial affairs of the school, thereby promoting transparency.

#### **4.3.2.11 Finding 36: Assessing and updating the school finance policy**

According to the finance policy of school A the finance policy must be assessed and updated by the finance committee in consultation with the SMT and the SGB. The finance policy of school B states that the policy should be reviewed every three years by the newly elected SGB members.

The finance policy of school D states that the policy must be updated by the finance committee with the help of the principal and other stakeholders such as educators. The minutes of the finance committee of school C indicate that the finance policy must be updated regularly when the need arises to keep pace with modern developments. The absence of a school finance policy in school E resulted in the researcher not drawing any conclusion related to the school's financial practice.

#### **4.3.2.12 Finding 37: How the school budget should be implemented and who should take responsibility**

According to the finance policy of school A and D the budget shall only be drawn and implemented once the aims and goals of the school for the specific financial year have been identified and agreed upon. The finance policy of school D further indicates that there must be an internal auditor who will ensure that unauthorised and over-expenditure of the budget is avoided at all costs. The finance policy of school A further states that the budget cannot be implemented for capital projects such as the building of fences, paving etc. unless there are three quotations. According to the finance policy of school A the process of obtaining quotations must be monitored by the finance committee. The finance policy of school B states that the administration of the budget rests with the finance officer and the SMT under the leadership of the principal as authorised by the SGB. The minutes of finance committee of school A, B and D indicate that all stakeholders of the school, namely educators and support staff are afforded an opportunity to participate actively in the process of the formulation and implementation of the budget. The finance policy of school C states that the responsibility of controlling the budget rests with the principal only and the minutes indicate that proceedings in meetings for the formulation of a budget are dominated by the principal. The non-availability of minutes in school E indicates that the SGB is dysfunctional and the principal dominates the process of management of public school finance using common sense.

#### **4.3.2.13 Finding 38: How fundraising should be conducted and who should be responsible**

The minutes of the finance committee of school A, B, C and D indicate that a fundraising policy is developed and adopted by the SGB. School B and C state very clearly that the fundraising committee is responsible for fundraising. All four schools with the exception of school E indicated that the fundraising activities are video shows, casual days on Fridays, asking for donations and that these should be controlled by the finance committee and the principal and reported to the SGB. The finance policy of school B added by saying that funds will be raised by selling snacks and sweets, letting of sports facilities to members of the community and income from farming activities on the school premises. The finance policies of all schools except school C and E indicate very clearly that all stakeholders, including members of the community, are involved in fundraising activities. The finance policies of school B and D further indicate that the fundraising committee must have regular meetings and report regularly to the finance committee that in turn reports to the SGB.

#### **4.4 SUMMARY OF FINDINGS FROM THE LITERATURE REVIEW**

The responsibilities of principals as finance policy implementers in public schools were documented by various authors and researchers. This study was undertaken to probe or test the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The researcher reviewed the literature relevant to public school finance; he made conclusions drawn from the reviewed literature.

The following paragraph is summary of the conclusions drawn from the literature:

There are different views on different aspects of finance management and finance policy implementation in public schools. In other words, finance management and finance policy implementation in public schools is viewed from different angles or perspectives by researchers. It was therefore necessary to conduct a literature review to determine what is already known about the topic because a literature review gives an integrated discussion of

what is known at the moment with regard to the topic under study or what has already been written about the topic.

#### **4.4.1 The role and responsibilities of the SGB**

Section 16(1) of SASA reads: *Subject to this Act, the governance of every public school is vested in its governing body and may perform only such functions and obligations and exercise only such rights as prescribed by the Act.*

It is the SGB's responsibility because the law says it is their job. In the Schoonbee case versus the MEC for Mpumalanga Department of Education, it is stressed that the SGB has power to execute its statutory functions relating to assets, liabilities, property and financial management of a public school and not the principal's role unless delegated to him or her by the SGB.

#### **4.4.2 The role and responsibilities of the principal**

According to SASA, the principal is responsible for the professional management of a public school.

Section 16 (3) of SASA reads: *Subject to this Act and any applicable provincial law, the professional management of a public school must be undertaken by the principal under the authority of the Head of Department.*

The principal as an ex-officio member of the SGB is part of the financial decision-making processes and is merely responsible for specifics as formally delegated to him or her by the SGB. It was found that various authors promote the idea that the principal must, in fulfilling his role, co-operate with other stakeholders.

*While it may be necessary to distinguish between the role of the governing body and that of the principal, the school management team and other educators, the distinction should not detract the constitutional principles for co-operative governance (Van Wyk, 2004: 54).*

It has been found that the Constitution of this country supports these authors because it also promotes co-operative governance between the various levels of Government—local government, provincial government and national government. The principal as a professional manager of a public school must focus more of his attention on the promotion of teaching and learning and this view is supported by some authors.

#### **4.4.3 The role and responsibilities of the finance committee**

The finance committee is a sub-committee established in terms of SASA. According to SASA s.30 (1) *the SGB may establish committees*. The absence of finance committees in some of the schools where principals were interviewed is a clear indication that there is a lack of transparency and collegiality which is inconsistent with the Constitution Act, 108 of 1996.

#### **4.4.4 The school as a juristic person**

*According to SASA s.15 every public school is a juristic person, with legal capacity to perform its functions in terms of this Act.*

In other words, the school is a legal person and acts through a body of persons called the SGB; the SGB acts as the agent of the school. The conclusion to be drawn in this regard is that education law in South Africa gives power to the SGB and not to principals to manage and control public school finance.

#### **4.4.5 Formulation of the school finance policy**

It was found in the literature review that various researchers support the idea that all public schools should have a finance policy in order to be able to manage public school finance effectively.

*According to Campher et al. (2003: 25) every school should have a finance policy as well as a school policy.*



#### **4.4.6 Auditing**

The literature review revealed that the views of some authors and researchers are consistent with SASA because they promote the idea that all public school finance books must be internally audited and externally audited to determine whether finance is used to serve the best interests of schools and learners. It has been found that SASA requires all public schools to send their financial statements to registered auditors for auditing at the end of every financial year.

*Section 43 (1) of SASA reads: The governing body of a public school must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005) to audit the records and financial statements referred to in section 42.*

The conclusion that the researcher is drawing with regard to auditing is that not all public school principals are comfortable with the fact that public school's finance statements be subjected to auditing because it is likely to reveal fraud, corruption and maladministration of public funds.

#### **4.4.7 Delegation of financial duties**

The literature review revealed that some authors and researchers are in favour of delegating financial duties to the various stakeholders of public schools. It has been found that the principal is responsible for the management of public school finance if it is formally delegated to him or her by the SGB because SASA empowers the SGB to manage and control public school finance. In other words, there are no specific duties vested in the principal by the Act. It has also been found that SASA expects principals to assist the SGB in the performance of their duties.

*Section 16 (A) (3) of SASA reads: The principal is expected to assist the School Governing Body in the performance of its functions and responsibilities.*

The literature review has also revealed that some authors are against delegation of duties to other stakeholders such as educators.

*Beyond that, there is the possibility that there may be negative changes in the style of school principals and their relationships with staff; that financial delegation may distract principals and governing bodies from the educational purpose of the school; and that existing mismanagement may be magnified (Dimmock, 1993: 137).*

#### **4.4.8 Keeping of financial records**

The literature review has revealed that authors and researchers promote the idea of keeping financial records.

*According to Lekalakala (2006: 39) the SGB must ensure that all financial records are subject to checking at least once per week and the school manager must sign and take each record to indicate that checking has been executed.*

#### **4.4.9 Assessing and updating the school finance policy**

It is important to review policy regularly so that it is able to keep pace with modern developments; it must be consistent with the existing legislation such as SASA. According to the literature that was reviewed, the school finance policy must be reviewed regularly.

*The financial policy should be reviewed and revised at regular intervals if necessary (Campher et al., 2003: 25).*

#### **4.4.10 Fundraising**

The reviewed literature has also revealed that schools must embark on fundraising activities to supplement the financial resources provided by the State. Section 36 (1) of SASA reads: *A governing body of a public school must take all reasonable measures within its means to*

*supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school.*

*According to Makhubela (2005: 19) the SGB should establish school fund raising committees, which should control and monitor finances and also advise the SGB on financial matters and resource allocation.*

It was found that the views of Mahlangu are in line with the views of the above authors. *The SGB governed the school and was supposed to generate funds, while the role of the principal was to deliver his input on how the school funds were to be generated, managed and spent* (Mahlangu, 2008: 144).

## **4.5 A SYNTHESIS OF SIGNIFICANT FINDINGS**

### **4.5.1 Introduction**

There are several significant findings with regard to the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. This section summarises the important issues pertaining to this understanding. The five public primary school principals differed in some respects and had a number of things in common with regard to how they manage public school finance and implement the finance policy.

### **4.5.2 Semi-structured interviews**

The researcher interviewed the five public primary school principals in order to understand how principals understand their role in terms of management of public school finance and the implementation of the finance policy and how they interpret SASA.

### **4.5.3 Document analysis**

The researcher examined financial documents such as the school finance policy, minutes of the finance committee, audited financial statements, cash receipt journals and cash payment journals in order to understand how public school finance is managed.

#### **4.5.4 Findings with regard to the role and responsibilities of the principal in the management of public school finance and the implementation of the finance policy**

The research has revealed that principals in some schools have taken over the place and functions of the SGB in terms of the management and control of public school finance and the implementation of the finance policy. This situation results in principals not becoming instructional leaders because their focus are on the management of public school finance and this impacts negatively on teaching and learning. The lack of understanding of the role of principals in the management and control of public school finance and the implementation of the finance policy is caused by ignorance and lack of knowledge about the stipulations of SASA. The research has also revealed that principals lack understanding of education legislation in general and other policies that are related to education. Their lack of understanding makes it impossible for them to interpret the legislation for their subordinates. Although some of the principals have a clear understanding of their role, they operate differently. A typical example is school A and B where principals promote collegiality and unanimous or collective decision-making and school E where there is autocracy and unilateral decision making.

School E is contrasted with school A and B because the principal does not involve SGB members and other stakeholders in financial decision-making processes. She always takes unilateral financial decisions. The findings based on the semi-structured interviews have revealed that generally principals have a clear understanding of their role with regard to the management of public school finance and the implementation of the finance policy. The way in which principals responded indicated very clearly that they comprehend the prescripts of SASA. The problem is that they seem not to be willing to operate according to these prescripts because financial power is still concentrated in them. Some of the principals expressed concern that most of the parents elected to be part of the SGB are illiterate and do not have the ability to manage and control public school finance and to implement school the finance policy effectively. Some principals ignore the fact that they are expected by SASA to support SGBs while they are

responsible for the professional management of public schools. Some principals seem not to have a clear understanding of the difference between section 20 and section 21 schools and what their role is with regard to the performance of these functions.

The research has further revealed that in most public schools there are conflicts between principals and the SGB; here is confusion with regard to who is responsible for the management and control of public school finance. Some principals seem not to be aware of the limits in terms of exercising their power. They are most of the time interfering with the SGB governance function. The principals want to do among other things, formulation of rules and regulations.

#### **4.5.5 Findings with regard to the role of the school finance committee**

The study has revealed that in some schools there are no finance committees. The principal or chairperson of the SGB does the work that is supposed to be done by the school finance committee. Principals are therefore dominating the financial affairs of the school. The absence of finance committees in some schools creates an opportunity for principals to take unilateral decisions and to use public school finance to serve their own interests at the expense of the learners. The research has revealed that in schools where there are finance committees some are functional while some are dysfunctional. The research has also revealed that finance committees do not have clear action plans.

#### **4.5.6 Findings with regard to the role of the SGB in the management of public school finance and the implementation of the finance policy**

The research findings have revealed that principals make very important financial decisions without involving SGB members and other stakeholders. Principals claim that the parent component in the SGB are illiterate and lack understanding of policies of the Government in general. It has been found that three principals agreed that the SGB, especially the SGB chairperson, has an important role to play with regard to the management and control of public school finance and the implementation of the finance policy. These principals agreed that all stakeholders of the school, including SGBs should be involved in the financial decision-making processes. This, according to these principals, will contribute to the smooth running of the

school. Although there are principals who do not understand it appears that some principals are able to distinguish between school management and school governance. This is confirmed by one principal who said, *There is a difference between management and governance*. The principal added, *Principals are responsible for the day to day running of schools and implementation of rules and regulations made by the SGB while the SGB is responsible for the formulation of rules and regulations, that is, they govern by using rules and regulations and not common sense*. It has also been discovered that principals are aware of the fact that in order for SGBs to be effective, they need support from principals. This is confirmed by two principals who said that SGBs do not have the necessary skills and knowledge. They therefore need support from principals to be effective when managing and controlling public school finance and implementing the finance policy. The way in which one principal responded indicated that he does not realise that it is his responsibility to support the SGB for the effective control and management of public school finance and the implementation of the finance policy.

It has been determined that some principals regard themselves as chief financial officers of their schools and that the members of the SGB rely on them because they have financial expertise. It is, however, clear that there is no harmonious relationship between the principals and the SGB of these schools. The researcher discovered that in some schools SGB members are side-lined; they are not afforded the opportunity to participate actively in the financial affairs of the school. The researcher concluded that principals do not follow rules and regulations when managing public school finance and implementing the finance policy. Most of the time they use common sense or their own opinion when managing public school finance and implementing the finance policy. The researcher found that principals spend public money without consulting with other stakeholders such as the SGB.

#### **4.5.7. Findings with regard to the implementation of the school finance policy**

*An analysis of the data revealed that the financial school policy is central to all financial activities in schools and it must be designed and implemented by all stakeholders*

(Naidoo, 2006: ii).

The researcher has found that principals lack an understanding of how the finance policy should be used in order to promote effective management of public school finance. The conclusion reached with regard to finance policy implementation is that some principals understand that they have a role of supporting the SGB in the implementation of the school finance policy. Some principals are aware of the fact that their role as ex-officio members of the SGB is to advise the SGB and not to take over their place and functions, thus dictating terms to them. In schools where the SGB is not supported by principals and not involved in the financial affairs of schools, it is either done deliberately or principals are not aware or have misunderstandings about the prescripts of SASA. The other important finding is that some principals dominate the process of implementation of the finance policy. It is also very clear that principals take very important financial decisions without the knowledge of the SGB.

#### **4.5.8 Budgeting as part of the finance policy**

The major finding is that schools do not operate according to their budgets because the claim forms and invoices indicate that there is over expenditure in most of the items and line items in the budget. The budget in some schools is totally disregarded. It has also been found that in some schools the budget is drafted by the principal alone without involving stakeholders such as the SGB and educators. SASA prescribes that the budget in public schools should be approved by parents at an AGM. The researcher has found that in some schools the budget does not enjoy the attention of parents. The budget is prepared by the principal for the attention of the SGB who does not refer it to the parents.

The study has revealed that all schools have a budget, formulated either by all stakeholders of the school or by the principal alone. The problem with most of these schools is that their budgets are not followed when using finance. The minutes of the school finance committee in two schools revealed that the principal, in the past took very important financial decisions without involving other stakeholders. What impressed the researcher is that these decisions were taken to serve the best interests of the learners and the school as a whole. With regard to budgeting the researcher found that principals do not know the correct procedure to be

followed when compiling a budget. Some principals interviewed believe that it is their responsibility as principals to compile a budget and to control it. The researcher also found that some principals are of the view that a budget holder should be appointed on full time basis and be paid a full salary to help in the management and control of public school finance and the implementation of the finance policy. The parent members of the SGB, according to principals, are illiterate and do not have the capacity to compile and control a budget.

Some principals have indicated that the parent members of the SGB are not always available at school. They are therefore unable to participate actively in the formulation of the budget and its implementation.

#### **4.5.9 Findings with regard to the role and function of a school finance policy document**

The study has revealed that in some schools the school finance policy document plays a very important role in guiding finance committees and the SGB in the management and control of public school finance. It is only in a few schools that principals think that the school finance policy document is of no value because the SGB does not work according to it. They are most of the time using common sense when managing and controlling public school finance. It was found in the minutes of finance committees of some schools that the finance policy document is formulated not with the intention to implement it because there is no clear implementation plan. The study has also revealed that the finance policy document helps schools in preventing fraud and maladministration because it provides guidelines on how public school finance should be managed.

#### **4.5.10 Findings with regard to the formulation of the school finance policy**

According to Campher et al. (2003: 25) *every school should have a finance policy*. The research has revealed that in some schools there is no finance policy. The principal simply uses his opinion or common sense when managing public school finance and implementing the finance policy. In such schools the principal keeps all financial documents with him or her. Even if there



are finance officers at these schools, they are not involved in the formulation of the finance policy. In some schools where there is a finance policy, principals formulated it alone without involving other stakeholders. In general, the research has revealed that in the process of formulation of the school finance policy, not all stakeholders are involved.

#### **4.5.11 Findings with regard to assessment and updating of the finance policy**

The research has revealed that in some schools the finance policy is reviewed regularly and most schools review it on a yearly basis. The research has also revealed that public schools ensure that their finance policies are reviewed in such a way that they are consistent with SASA. In most cases, finance policies are reviewed by a newly established SGB; the members ensure that they review all policies before starting with their governance functions. Some policies make no provision for review. The finding is that finance policies that have not been reviewed for the past five years are out-dated and not in line with Government policy.

#### **4.5.12 Findings with regard to aspects of finance to be covered by the school finance policy**

With regard to the financial aspects to be covered by the school finance policy, it has been found that some principals understand what a finance policy should look like but few principals do not have a clear understanding of what the question entails. The majority of the principals indicated that a school finance policy must cover aspects such as the purpose of the policy, finance committee, duties of the finance committee, petty cash, budgeting, fundraising, auditing, the appointment of a finance officer, income and depositing and withdrawal of money by signatories. It has been found that in one school there is no finance policy and it was therefore difficult for the principal to indicate financial aspects to be covered by the school finance policy.

#### **4.5.13 Findings with regard to the school as a juristic person**

The findings have revealed that principals recognise the fact that the SGB is an agent of the school as a juristic person but they undermine their capacity because of their level of illiteracy. It is for this reason that principals attempt to take over the place and functions of the SGB in terms of school governance.

#### **4.5.14 Findings with regard to auditing**

With regard to auditing it has been found that some schools do not have internal control measures; there is no internal audit committee. In some schools principals have taken the responsibility of checking how public finance is used either on a weekly or monthly basis and they report to the SGB. In other schools cash receipt journals and cash payment journals are submitted to the circuit office every month to check whether public school finance is used properly to serve the best interests of the school and those of the learners. It has also been found that all schools submit finance documents to registered auditors at the end of every financial year as required by SASA. The researcher has concluded that some principals will not submit financial statements to auditors unless compelled by SASA to do so; they resist submission in order to conceal wrongdoing in terms of the management of public school finance and the implementation of the finance policy.

#### **4.5.15 Findings with regard to the delegation of financial duties or the role of educators in the management of public school finance and the implementation of the finance policy**

The study has revealed that some principals feel that educators should be involved in the management and control of public school finance and the implementation of the finance policy. The study has also revealed that some principals are of the opinion that educators should focus on their primary activity, which is teaching and learning. They believe that the involvement of educators in the management and control of public school finance and the implementation of the finance policy will disturb them and prevent them from providing effective teaching and learning. Generally, it has been found that principals lack transparency and are therefore acting contrary to legislation which requires that all school stakeholders be involved in all school activities.

#### **4.5.16 Findings with regard to fundraising**

The study has revealed that some principals have a total disregard for parents because they indicated that it is not necessary to incorporate them in fundraising activities; there is no

proper control of money from fundraising and there is a possibility of fraud and maladministration. The money raised is kept by educators for a very long time without them submitting it to the finance officer, which can create an opportunity for mismanagement. The study has revealed that some schools do not have fundraising committees which simply means that principals are dominating fundraising activities. In schools where such committees are available they do not function effectively and there are no proper control mechanisms to ensure that the money generated serves the best interests of the learners.

#### **4.5.17 Findings with regard to financial decision-making**

Regarding financial decision-making the findings have revealed that the majority of the principals interviewed believe that all stakeholders of the school should be involved in financial decision-making. It has been found that in these schools structures such as committees and teams have been put in place to promote collegiality and contact, and collaboration between the various stakeholders. The study has further revealed that in some schools there is an autocratic way of doing things. The principals seem to be at the top of the hierarchy. They dictate terms and take unilateral decisions and expect those at the bottom to implement their decisions without question. In short, there are two different types of principal leadership—autocratic leadership style with a hierarchical structure and collegial or democratic leadership style with a flat control structure. The research on the understanding of principals of their role in the management of public school finance and the implementation of the finance policy indicates that principals who use an autocratic leadership style are unilateral decision-makers. They lead schools that do not have structures such as committees and teams to promote collegiality and participation by all stakeholders in the financial affairs of the schools. No meetings are scheduled and this creates fertile ground for principals to make unilateral decisions. In schools where principals are dictatorial there is always conflict and misunderstanding between the various stakeholders.

In schools where all stakeholders are involved in financial decision-making, harmony prevails. There is also a relationship of trust and understanding between the principal, the SGB and

educators. Such schools have a purposeful school environment characterised by order, discipline and good manners. Furthermore the study indicates that principals are not properly trained on how to manage public school finance and implement the finance policy in the most effective way. They are therefore lacking the necessary knowledge and skills with regard to the management and control of public school finance and the implementation of the finance policy.

The conclusion that the researcher arrived at with regard to financial decision-making is that some principals follow correct procedures when financial decisions are to be taken. The study has revealed that in three of the schools effective communication takes place between principals and other stakeholders. It is only in two schools that there is no effective communication between the stakeholders. One of these two schools was worse because there was a total breakdown of communication between the principal and the SGB. When the researcher enquired further, the principal revealed that he had not yet done an official handover of finance documents from the old SGB to the new one.

There are no committees such as a school finance committee to promote collaborative decision-making. The absence of a school finance policy and minutes of both the finance committee and the SGB meetings indicates that both these structures do not exist and therefore financial decision-making rests with the principal. This situation has resulted in the researcher concluding that at these schools the principal is the sole controller of public school finance and implementer of the finance policy. There is no transparency at these schools and fraud and maladministration are the possible consequences. The Constitution of this country states that South Africa is a sovereign country founded on certain values. Transparency is one of these values. It therefore leaves the researcher with the conclusion that the principal's actions are inconsistent with the Constitution.

#### **4.5.18 Findings with regard to the effective management of public school finance and the implementation of the finance policy**

Although principals indicated that they keep proper financial records, the document analysis conducted revealed that there are no proper financial records, which simply means that there is no effective management of public school finance and implementation of the finance policy. The study has revealed that there are no structures such as committees and teams in some of the schools. The principals are therefore running the financial affairs of the schools on their own and they cannot be effective. In these schools there is no effectiveness with regard to the management of public school finance and the implementation of the finance policy because stakeholders such as educators feel alienated to such an extent that they sabotage projects and programmes that are aimed at achieving the vision, aims and objectives of the schools.

#### **4.5.19 Findings with regard to transparency and accountability**

*It is incumbent upon the SGB and the SMT to take accountability for all their financial activities by being transparent and responsible in the management of school funds (Naidoo, 2006: ii).*

Although principals have indicated that they promote transparency and accountability in a variety of ways, it was found through document analysis that there is no transparency in most of the schools. The researcher has therefore drawn the conclusion that there is no contact and collaboration between the various stakeholders because it is through structures such as committees and teams and other consultative forums that transparency is promoted. It has been determined that in schools where there are committees and teams in place there are no meetings. This is confirmed by the non-availability of minutes such as minutes of the finance committee; not all financial circulars are circulated to stakeholders such as educators and members of the SGB. In some schools finance officers have been appointed but they have no role to play with regard to the management and control of public school finance and the implementation of the finance policy. This situation has left the researcher with no option but

to conclude that there is no transparency at these schools. Some principals seem to be responsible for everything at the school. They keep cheque books and claim forms with them and they also do procurement of goods and services on their own; they do not share these roles and responsibilities with the finance committee and finance officer. It was also found that some schools have budget holders and buying committees but they are not afforded the opportunity to perform their functions. The findings of the research have revealed that some principals are unable to maintain trust between them and the SGB and educators because of their lack of transparency.

#### **4.5.20 Findings with regard to the establishment of the school finance committee**

With regard to the establishment of the school finance committee, it has been found that in schools where there are finance committees they are dysfunctional; correct procedures are not followed in some of the schools when establishing the school finance committee. Principals have been found to dominate the process of the establishment of a school finance committee because they regard themselves as being responsible for the financial activities of schools. There are no records such as minutes of the SGB that indicate how school finance committees are established.

#### **4.5.21 Findings with regard to the impact of the introduction of the SGB in public schools**

With regard to the impact of the introduction of the SGB in public schools, it has been found that principals are divided because some think that the introduction of the SGB impacted positively on public schools while some think that it impacted negatively on the general running of schools. Some principals do not recognise the SGB while some do. According to some principals it was not necessary for the Government to introduce SGBs because they do not have any positive impact with regard to the improvement of schools owing to their high level of illiteracy. The research has also revealed that principals who recognise the existence of the SGB in public schools have been relieved of the heavy workload by SGB members because they recognise their expertise.

#### **4.5.22 Findings with regard to causes of poor management of finance and the implementation of the school finance policy**

The research findings have revealed that there are various causes of poor management of public school finance and the implementation of the finance policy such as the failure by principals to involve other stakeholders in the financial affairs of schools, the lack of understanding of the SGB of their role in the management of public school finance and the implementation of the finance policy which is caused by the high level of illiteracy that principals take advantage of, undermining of Government legislation such as SASA by principals and a lack of support from Government officials because two principals indicated that Government officials visit schools not to support but to victimise them. The research has also revealed that parents in general do not render assistance to schools, especially with regard to fundraising activities. This lack of support is likely caused by the fact that most of the parents are illiterate and they therefore do not see any need to contribute towards the development of schools. They fail dismally to attend parent meetings. The non-attendance of meetings by parents is confirmed by attendance registers of previous AGM of parents. In one school for example only 31 parents out of 721 parents attended the AGM in 2010. Most of the learners are from poor socio-economic background and their parents work far away from home and come back to their homes once per month. It is therefore difficult for them to attend parent meetings.

#### **4.5.23 Findings with regard to the keeping of financial records**

With regard to the keeping of financial records the research has revealed that in some schools there is no proper record keeping. This problem is caused by the fact that principals want to do everything on their own, including filing of financial documents; they do not share financial responsibilities with other stakeholders such as finance officers and the finance committee. In schools where there is proper keeping of financial records stakeholders such as educators do not have access to them.

#### **4.5.24 Findings with regard to the empowerment of the SGB**

With regard to capacity building of SGB members it has been revealed that some principals are prepared to train SGB members to equip them with knowledge and skills to enable them to perform their tasks, including the management of public school finance and the implementation of the finance policy effectively. The principals believe that SGB members should be trained for an entire month instead of being trained for two days only. According to them the training period of two days is not enough in such a way that it cannot succeed in empowering the SGB with the necessary knowledge and skills. Only a minority of principals do not see any reason to train SGB members because they claim that training SGB members is a waste of Government resources because their term of office is very short. They claim that when the SGB's term of office expires, the members disappear with the skills and knowledge.

#### **4.5.25 Findings with regard to challenges encountered by principals with regard to the management of public school finance and the implementation of the finance policy**

With regard to the challenges faced by public school principals it has been found that they experience many problems which include, among others, the following: Many SGB members are illiterate and they therefore do not have the ability to perform their tasks as governors in the most effective way; the SGB members are not able to interpret legislation such as SASA and principals therefore take advantage of this because they are always manipulating financial processes; there are fraud and maladministration of public school finance, preventing schools from using the money to promote effective teaching and learning; there is no quality teaching and learning in some schools because principals have overloaded themselves with work of controlling public school finance instead of focusing on their core or primary function of providing instructional leadership; the failure by most parents to attend meetings makes it difficult for the SGB to take important financial decisions.

#### **4.5.26 Findings with regard to strategies to prevent fraud and maladministration**

With regard to strategies to prevent fraud and maladministration it has been found that some schools have devised internal control measures such as the appointment of a budget holder and the establishment of an internal audit committee. Other committees such as finance



committees are functional and help in preventing dominance of finance control by principals. Procurement of goods and services is not the responsibility of one person only. Schools have established buying committees to procure goods and services. The research has also revealed that all schools are expected to submit cash receipt journals and cash payment journals to the circuit manager every month to check whether public school finance is used properly to the benefit of schools and learners. In some schools there are no proper financial records, a situation caused by the fact that principals want to do everything on their own without involving the administrative clerks who are also finance officers. At these schools there are no functional finance committees and no internal auditing takes place. Other stakeholders do not have access to the financial records of the school and this creates a fertile ground for fraud and maladministration of public school finance.

#### **4.5.27 Findings with regard to the promotion of participation by all stakeholders**

The research has revealed that with regard to the promotion of participation by all stakeholders, some schools have structures such as teams and committees in place to create opportunities for educators, the SGB, non-educator staff and parents to participate actively in the financial affairs of schools. In fact it has been found that principals are operating differently in terms of leadership styles. In some schools the principal is at the top of the hierarchy taking unilateral decisions, and imposes his or her decisions on those at the bottom expecting them to implement them without question. There is no consultation when important financial decisions are made. In other schools there is a flat control structure with contact and collaboration taking place when important financial decisions are made; principals at these schools have adopted a collegial or democratic leadership style. There are regular meetings at these schools, thus promoting participation by all stakeholders.

Despite the fact that in terms of SASA, the SGB is responsible for the management and control of public school finance, the majority of principals still think that they are responsible for this activity. The responses of the principals indicate that they take advantage of the fact that SGB members are illiterate and do not have the capacity to manage and control public school

finance effectively. It can be concluded that the introduction of SASA, which makes provision for section 20 and non- section 21 functions, has resulted in many principals being overloaded with work because they believe that it is their responsibility to manage and control public school finance. Principals appear not to be instructional leaders because they focus more on the management and control of the public school finance even if this responsibility is not delegated to them by the SGB.

#### **4.6 IN CONCLUSION**

The purpose of this chapter was to provide the discussion of the interviews with research participants regarding their understanding of their role in the management of finances in public schools and findings from analysis of documents. The next chapter will provide recommendations and suggestions for further studies.

## CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 INTRODUCTION

This chapter presents a summary of key issues or research findings and the limitations of the research, conclusions drawn from the findings, recommendations and possible solutions with regard to the understanding of principals of their role in the management of public school finance and the implementation of the finance policy to help them address some of the problems related to the management of public school finance. In short this chapter provides the general overview of the research findings. The main focus of the research was to probe the understanding of principals of their role in the management of public school finance and the implementation of the finance policy with a view to providing recommendations for improvement. This study has been undertaken to contribute to the debate regarding the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The researcher presents data obtained from semi-structured interviews with principals of five primary schools in the Maviljan Circuit, Mpumalanga Province and document analysis of financial documents such as the school finance policy, minutes of the finance committee, audited financial statements, minutes of the procurement committee that reflect their understanding of their role in the management of public school finance and the implementation of the finance policy. The data obtained through document analysis expanded the data obtained through semi-structured interviews.

The understanding of principals of their role in the management of public school finance and the implementation of the finance policy is the foundation of the research because I discovered that principals think that they have authority to control and manage public school finance despite the fact that SASA gives the SGB power to manage and control public school finance. The misunderstanding of principals with regard to finance management leads to conflict between them and the SGB which impacts negatively on teaching and learning. This chapter also indicates whether the aims and objectives of the research have been achieved. Recommendations for improving the understanding of principals of their role in the management of public school finance and the implementation of the finance policy are also

provided in this chapter. The recommendations are based on the findings in Chapter 4. The chapter provides recommendations for further research in order to improve the understanding of principals. The summary and possible topics for future research on the understanding of principals of their role in the management of public school finance and the implementation of the finance policy are also presented in this chapter.

## **5.2 REVIEW OF THE RESEARCH**

Chapter 1 deals with the research problem and research questions that emanate from the problem, the aims and objectives of the research, research design and research methodology, and the definition of concepts.

Chapter 2 deals with the literature review on what previous researchers have said about the social phenomenon being investigated.

Chapter 3 deals with the research design and methodology, research aims, sampling techniques, the rationale for conducting the research, ethical considerations, data collection methods, theoretical framework, data analysis, trustworthiness of findings of the research, limitations to the research and summary or conclusion. Data was obtained primarily through semi-structured interviews and were supplemented by document analysis.

Chapter 4 presents the findings of the research based on semi-structured interviews and document analysis.

The South African Schools Act, Act 84 of 1996, section 16 (3) stipulates that a principal is responsible for the professional management of a public school. The researcher decided to conduct this research because of regular reports by the media of poor financial administration in public schools and conflict between the various stakeholders such as principals, the SGB and educators. The conflict is about power to manage and control public school finance. Principals seem to focus more on the control of public school finance instead of being professional managers and instructional leaders.

## **5.3 RECOMMENDATIONS FROM THE STUDY**

### **5.3.1 Introduction**

The intention of this research is to come up with recommendations that will enhance the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. There are a number of internal and external factors that contribute to a lack of understanding of principals in this regard. The following recommendations are made:

### **5.3.2 Aspects of finance to be covered by the school finance policy**

The fact that some principals lack understanding of aspects to be covered by the school finance policy is a clear indication that they need training. They need to understand that SGB members are compelled by legislation such as SASA to run the financial affairs of the schools. It is recommended that financial experts be invited to schools to help with the formulation of the finance policy.

### **5.3.3 The role and responsibilities of the finance committee**

Schools must ensure that all people who become members of the finance committee have financial expertise and are literate to such an extent that they can understand and interpret legislation such as SASA. It is also important that training be provided to members of finance committees to capacitate them with skills and knowledge that will enable them to perform their financial functions more effectively. Finance committee members should be afforded the opportunity to serve the SGB for more than two terms of office in order to avoid a situation whereby they disappear with valuable knowledge and skills after serving for one term only.

### **5.3.4 Role of SGB in the management and control of public school finance and the implementation of the finance policy**

Principals should not dominate but must involve SGB members in financial decision-making processes because the SGB is empowered by SASA to manage and control finance in public schools. SGB members should have a clear understanding of SASA and the school's finance policy to enable them to participate effectively in financial matters of the school. Principals must ensure that there are workshops to capacitate or empower SGB members so that they are

able to perform the tasks and responsibilities assigned to them by SASA. The Government must provide more clarity on the role of the SGB and principals with regard to the management and control of public school finance. There must be an intensive training of SGB members before and after the elections in order to capacitate them so that they are able to manage and control public school finance effectively.

*Section 19 (1) (a) (b) of SASA reads: Out of funds appropriated for this purpose by the provincial legislature, the Head of Department must establish a programme to provide introductory training for newly elected governing bodies to enable them to perform their functions and provide continuing training to governing bodies to promote the effective performance of their functions or to enable them to assume additional functions.*

There must be minimum requirements for one to qualify as a member of the SGB because it has been found that in most schools principals complain about the high level of illiteracy of parent members of the SGB. The provincial departments of education should help the SGB with guidelines on how to successfully co-opt members of the community with expertise so that they assist with the management and control of public school finance and the implementation of the finance policy.

*Section 30 (1) of SASA reads: A governing body may appoint persons who are not members of the governing body to such committees on grounds of expertise, but a member of the governing body must chair each committee.*

It is of crucial importance for principals to create opportunities for the SGB to network with other public schools to enable them to learn from others on how schools should be governed

### **5.3.5 Role of principals in the management and control of public school finance and the implementation of the finance policy**

It is strongly recommended that there be training of principals regarding their role in the management of public school finance and the implementation of the finance policy. All principals should be advised to register with institutions of learning such as universities to do a course in financial management in public schools. Principals should network with other institutions of learning so that they are able to learn from them how public school finance is managed and controlled. Principals must ensure that structures such as teams and committees are established to promote collegiality or contact and collaboration between the various stakeholders in public schools. All public schools should operate in accordance with the Constitution, otherwise their actions can be declared invalid by the courts of law. Formal training in financial management should be a prerequisite for appointment as principal.

It has been revealed by the study that some principals do not perform their functions effectively because they fail to assist the SGB in the performance of their tasks as governors of public schools. They seem not to be aware that they are required by SASA to support the SGB. It is therefore recommended that the Government provide all principals with copies of SASA and PFMA for them to read so that they have a clear understanding of what their role is and what the role of the SGB is. There is a need for principals to work in harmony with the SGB and to promote good human relations and teamwork.

### **5.3.6 Finance policy and review of the finance policy at regular intervals**

It is recommended that the finance policy be reviewed on yearly basis to enable it to keep up with modern developments. The people reviewing the policy must ensure that it is consistent with prevailing legislation such as SASA. All school stakeholders should be directly involved in the reviewing of the finance policy. New rules and regulations pertaining to finance must be communicated to educators, the SGB, support staff and principals.

### **5.3.7 Auditing**

It is strongly recommended that all schools have internal control measures such as internal audit committees to do checks and balances in order to prevent the misappropriation of finance. All public schools should be provided with administrative clerks to help with internal auditing processes. SASA should be amended to prevent schools from appointing their own external auditors because the SGB and principals are likely to collude with auditors not to reveal fraud and maladministration; the Government must take over the function of appointing external auditors.

### **5.3.8 Delegation of financial duties or the role of educators in the management of public school finance and the implementation of the finance policy**

Educators have an important role to play in the management of public school finance and the implementation of the finance policy. Principals must therefore ensure that educators are actively involved in the financial affairs of schools such as in fundraising activities and also in the requisitioning of goods and services provided that their core function, that is, teaching and learning is not compromised. This arrangement can help in promoting the culture of teaching and learning because educators will have a feeling that they are part of the school and there is no way they can sabotage school programmes. Principals must ensure that committees are established because it is through committees that educators can participate actively in the financial affairs of public schools. It is important to delegate financial duties to educators and also to check whether the delegated functions are properly performed.

### **5.3.9 Fundraising**

The SGB should involve members of the community with expertise to help in fundraising. All public schools should have fundraising committees that will help in co-ordinating fundraising activities. Proper internal control measures must be put in place to ensure that money raised is used to benefit the school and to serve the best interests of learners at all times. A finance officer must be appointed by all public schools so that money raised can be submitted to him or her for immediate banking purposes in order to prevent fraud and maladministration. All



members of fundraising committees should be trained before embarking on fund raising activities.

### **5.3.10 Financial decision-making**

The study has revealed that in some schools the principal is the sole financial decision-maker. This leadership style prompts educators not to support everything done by the principal, thus becoming a source of conflict between the principal and the different stakeholders. It is therefore recommended that all schools have committees and teams to promote collaborative decision-making. Regular meetings of these structures must take place and should be guided by the year planner. Effective communication is the most important tool that a principal can use to ensure that there is effective management of public school finance and the running of a school in general. Principals must therefore put mechanisms in place to ensure that there is effective communication. Schools should organise capacity building programmes such as workshops to empower principals and the SGB.

### **5.3.11 Effective management of public school finance**

Principals on their own cannot afford to perform all the tasks including effective management of public school finance and the implementation of the finance policy. In order for a school to have effective management of public school finance, structures such as committees and teams must be in place to enable other stakeholders to participate actively in the financial affairs of public schools. All school stakeholders must receive intensive training before and after the SGB elections. They must have a clear understanding of prescripts of legislation so that the actions and the decisions that they take are consistent with such legislation, especially SASA. All public schools must have a clear finance policy to be drafted by all stakeholders of schools. The Government must put mechanisms in place to prevent fraud and maladministration of public school finance so that the money is only used to serve the best interests of schools and those of the learners. The SGB should be encouraged to co-opt members of the community with financial expertise to become SGB members, especially those who previously served as members of SGBs in public schools.

### **5.3.12 Promotion of transparency and accountability**

Public schools should to establish committees and teams to promote transparency and accountability. There must be a clear action plan to be implemented by these committees. The SGB and principal must ensure that all circulars, including financial circulars, are circulated to all stakeholders. In order to prevent a situation whereby the principal dominates the control and management of public school finance there must be a clear job description for the finance officer. The SGB must ensure that there is a clear policy with regard to the keeping of cheque books and claim forms to prevent principals from keeping these financial documents with them and going to the extent of taking them to their homes. The SGB must also ensure that there are clear roles and responsibilities for budget holders and buying committees so that principals are prevented from doing everything without involving others.

### **5.3.13 Establishment of school finance committees**

The Government must appoint a task team that will visit schools to check whether finance committees have been established and whether correct procedures have been followed when establishing such committees. In schools where there are problems, the team must assist in solving such problems and ensure that finance committees are established in terms of guidelines provided by the Government. Principals must ensure that correct procedures are followed when establishing school finance committees, such as the involvement of all stakeholders and the issuing of invitations to all role players so that they become part of the process of establishing the school finance committee. The SGB must ensure that people who become part of the committee have the necessary skills and knowledge so that they contribute positively towards the running of the committee that will eventually contribute towards effective teaching and learning.

### **5.3.14 Impact of the introduction of the SGB in public schools**

Principals should be made to understand that they cannot do without the SGB. They must accept the existence of the SGB in public schools, more especially that they exist in terms of

legislation called SASA. They must know that their rejection of the SGB is contrary to legislation. In fact, principals must read SASA and the Constitution Act until they have a clear understanding of these acts. Principals must understand that the SGB can have a more positive impact if it is supported by them.

### **5.3.15 Formulation of the school finance policy**

Public schools should involve all stakeholders in drafting the finance policy. In order to involve these stakeholders they must establish structures such as committees, teams and other consultative forums. Principals must be properly trained so that they can be in a better position to assist the SGB in the formulation of the finance policy. Principals must help with identifying people with financial expertise who can assist in the formulation of the school finance policy. It is important for the SGB and principals to do networking with other institutions of learning so that they learn from them how the finance policy should be formulated.

### **5.3.16 Implementation of the school finance policy**

All schools should establish structures such as committees and teams and other consultative forums that will create opportunities for all stakeholders to participate actively in the implementation of the school finance policy. The districts should provide the SGB with proper training on how to effectively implement the school finance policy. The effective implementation of the school finance policy also requires the SGB and principals to network with other schools so that they learn from them on how things should be done.

### **5.3.17 Causes of poor implementation of the school finance policy**

With regard to the causes of the poor implementation of the school finance policy it is recommended that both principals and the SGB be fully trained on how to successfully implement the school finance policy. The training should be more relevant to SGB members because of their high level of illiteracy. All schools should be encouraged to have action plans to guide the implementation of the school finance policy. Principals should be encouraged to read SASA and PFMA so that they can have a clear understanding of what legislation states about the

management of public school finance, especially in terms of who is responsible for the management and control of public school finance. There should be deployment of officials to public schools to provide support pertaining to management and control of finance.

### **5.3.18 Keeping of financial records**

With regard to the keeping of financial records, it is important for principals to delegate this responsibility to finance officers and finance committees instead of doing this job on their own. Administrative clerks must be trained on how to keep records and principals must create opportunities for these clerks to network with other institutions of learning in order to learn best practices. Principals and the SGB must devise mechanisms that will ensure that all stakeholders have access to financial records in order to promote transparency. They must also ensure that records are not kept only manually but also electronically.

### **5.3.19 Empowerment of the SGB**

The DoE should provide principals with continuous training that will eventually help them to have a better understanding of their role in the management of public school finance and the implementation of finance policy. This will enable the principal to provide continuous training to SGB members to enable them to understand what their duties and responsibilities are. Principals should assist the SGB in identifying members of the community with leadership skills to be part of the SGB so that they are afforded the opportunity to share their expertise with the SGB. Parents should be encouraged to elect parents who have knowledge and skills to the SGB so that they are able to contribute positively towards the effectiveness of the school.

### **5.3.20 The role and functions of a school finance policy document**

With regard to the role and function of a school finance policy document it is recommended that all schools should have such documents and that it should have a clear implementation plan. It is also recommended that the SGB be encouraged to control and manage public school finance according to the prescripts of the school finance policy document instead of using common sense.

### **5.3.21 Challenges encountered by principals with regard to the management of public school finance and the implementation of the finance policy**

The major finding of this study is that there are many challenges faced by principals and SGBs when managing public school finance and implementing the finance policy. There is therefore a need to address the challenges in order to improve practice. The high level of illiteracy of SGB members poses a serious challenge to the effective management and control of public school finance and the implementation of the finance policy. It is therefore recommended that stakeholders be trained before assuming office as governors. This training will help them to interpret legislation such as SASA correctly and to prevent manipulation by principals. The high level of fraud and maladministration in public schools can be prevented by appointing a budget holder in all public schools and establishing internal audit committees. Schools must ensure that the power to manage and control public school finance is not centred in the principal to avoid creating fertile ground for the mismanagement of public school finance. Principals must be encouraged to focus more on their core or primary function of providing instructional leadership or professional management of public schools in order not to be overloaded with work.

Section 16 (3) of SASA reads: *Subject to this Act and any applicable provincial law, the professional management of a public school must be undertaken by the principal under the authority of the Head of Department.*

With regard to non-attendance of meetings by parents, schools must have a clear year planner stipulating all meetings to be attended by parents in that particular year. All parents must be provided with copies of the year planner in advance so that they can familiarise themselves with all school activities that will unfold in that particular year.

### **5.3.22 Budgeting**

The study has revealed that some principals are overloaded with work to such an extent that they are no longer able to focus on their work as instructional leaders. The DoE should therefore make it compulsory for all public schools to employ budget holders in order to relieve the principal of the heavy workload. With regard to the budget, principals must ensure that the process of compiling and implementing the budget is transparent and that all school stakeholders are involved. The finance committee must receive intensive training on how to use the budget effectively in order to avoid unauthorised and over expenditure. All schools must have internal control measures such as a finance committee, fundraising committee and finance officer to help control the budget. Development plans of all public schools should be informed by the budget. The SGB must ensure that all stakeholders of the school are involved in the formulation of the budget so that they feel that they are part of the school and this will help to prevent sabotaging of the implementation of the budget. There is a problem of migration of learners from “fee schools” to “no fee schools” and this result in overcrowding in some schools and unnecessary redeployment of educators. It is therefore strongly recommended that the policy on the allocation of money to public schools be revised so that there is only one category of school.

### **5.3.23 Strategies to prevent fraud and maladministration**

All public schools should have audit committees and buying committees. All schools should have finance officers with clear job descriptions to prevent dominance by principals on financial matters. The SGB must ensure that signatories refrain from signing blank cheques. They must also ensure that all signed cheques are accompanied by claim forms signed by the treasurer, principal and chairperson of the SGB and that invoices are attached to the claim forms. It must be emphasised that cash receipt journals and cash payment journals should be prepared on a monthly basis for submission to the circuit office.

### **5.3.24 Promotion of participation by all stakeholders in the management of public school finance and the implementation of the finance policy**

It is strongly recommended that structures such as teams and committees and other consultative forums be established in all public schools to promote participation by all stakeholders. Principals should also receive training regarding the founding provisions of the Constitution Act 108 of 1996 and be provided with copies of the Constitution for them to read because it prescribes that all institutions, especially Government institutions, should be democratised.

## **5.4 LIMITATION OF THE STUDY**

The main purpose of this study was to probe or test the understanding of principals of their role in the management of public school finance and the implementation of the finance policy. The researcher promised the research participants that there would be confidentiality and anonymity. Despite this assurance two research participants did not allow the researcher to use a tape recorder during semi-structured interviews. The researcher was therefore compelled to take notes during the interviews which were time-consuming and strenuous. The small size of the sample which is common in qualitative research also proved to be a limitation because the researcher could not generalise the findings. The five primary schools selected may not represent all the public primary schools in Mpumalanga Province. The research is limited to primary schools and does not include secondary schools. The primary schools included in the study are Quintile 2 schools and from rural areas; the study does not include Quintile 4 or 5 schools or schools from urban areas. There is the possibility of schools from different quintiles coming up with different responses during interviews. Most of the schools do not have good access roads. The researcher collected data at the time when it was raining and it was therefore difficult to reach the research participants. Despite these limitations, the research findings produced strategies that can contribute to a better understanding of principals of their role in the management of public school finance and the implementation of the finance policy; data was successfully collected and saturated.

## 5.5 RECOMMENDATIONS FOR FURTHER RESEARCH

The lack of understanding of principals of public schools of their role in the management of public school finance and the implementation of the finance policy is a matter of serious concern and impacts negatively on effective teaching and learning. The research has revealed that principals find it difficult to understand what the law says with regard to the management and control of public school finance. This necessitates recommendations for ways and means of improving or enhancing the understanding of principals of their role in the management of public school finance and the implementation of the finance policy be investigated:

- Financial know-how as criterion for appointment as principal.
- Understanding of the principal' role as ex-officio member of the SGB.
- The impact of training workshops on both principals and SGB members.
- The relationship between principals and other stakeholders.
- Capacity building of new SGB members.

The following aspects merits further research:

- Financial know-how as prerequisite for appointment as principal.
- The effective formulation and implementation of a school finance policy.
- The impact of training workshops on SGB members as method of capacity building.

## 5.6 IN CONCLUSION

The researcher used a qualitative research approach and research methodology to collect data from five primary school principals. This approach created opportunities for the researcher and research participants to interact with one another in order to share ideas and experiences. The research participants were therefore free to provide full information or data that enhanced the reliability and validity of the data collected. The understanding of principals of their role in the management of public school finance and the implementation of the finance policy is presented



in this chapter. The main aim of this study was to probe or test the understanding of principals of their role in the management of public school finance and the implementation of the finance policy and to make recommendations to enhance their understanding. The research findings have revealed that principals are not fully aware of the stipulations of SASA. Principals have an understanding that it is their responsibility to manage and control public school finance and not the responsibility of the SGB. External factors that contribute to principals having an understanding that they are responsible for the management and control of public school finance have also been revealed by the research findings. These factors include among others, the following:

Principals perceive SGB members as illiterate. According to the principals the SGB cannot be entrusted with the responsibility of managing and controlling public school finance because they are illiterate. SGB members are not always available at school. They come mostly to attend meetings and disappear thereafter.

The findings may help education stakeholders such as Government as policy maker, the SGB, principals, the SMT and educators in improving the effective management and control of public school finance and the implementation of the finance policy. The decision by the legislature to give more financial powers to the SGB through legislation is commended because it will help principals to focus on their primary or core function as professional managers of schools or instructional leaders. It is important for the SGB and principals to work together as a team without conflict, tension or misunderstanding in order to improve the quality of teaching and learning through the proper use of finance.

The general finding is that principals do not manage public school finance according to the stipulations of SASA. If the guidelines of SASA are followed, the conflict, tension and misunderstanding between them and the SGB can be eliminated and there can be a purposeful school environment with effective teaching and learning. The study has revealed that the SGB and principals are unable to work practical solutions to financial problems because of a lack of

financial knowledge, skills and expertise. The researcher has found that in practice principals are not prepared to share financial power with the SGB despite the fact that SASA does not give the principals power to manage and control public school finance unless this duty is delegated to them by the SGB. This study has also revealed that principals as professional managers of public schools have a very important role to play with regard to supporting the SGB in the management and control of public school finance and the implementation of the finance policy.

The education system in South Africa is undoubtedly more complex than it was under the previous regime, and institutions such as public schools are all the more difficult to manage and govern. The researcher is convinced that the new law, in particular SASA, is part of the complexity although he believes that all of these changes have been necessary. It is the responsibility of the SGB and principals to handle these changes more efficiently and effectively to comply with their collective obligation to meet their fiduciary role of serving the best interests of the learners in their care. They have an obligation to develop their schools by using money but must ensure that they operate within the legislative framework such as SASA. They must occupy the front row in improving their schools in collaboration with other stakeholders. To conclude it is important to mention that for schools to have effective management of finance and quality teaching and learning, there must be good leaders such as principals who support the SGB and who have a clear understanding of what SASA expects from them. School finance will not be utilised optimally if there is no co-operation and good human relations between principals and the SGB.

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## **ANNEXURE A**

**Enq: Mokoena P.K.**

**Cell: 073 169 5907**

**The Principal**

**Sir/Madam**

### **REQUEST FOR YOUR CONSENT TO PARTICIPATE IN A RESEARCH**

I am kindly asking for permission to conduct a research interview and document analysis with you from 12 September 2011 to 14 October 2011. I am presently a registered student at the University of Pretoria doing a Master's degree in Education. I am expected to conduct semi-structured interviews and document analysis in order to meet the requirements for this degree. The purpose of the research is to test or probe the understanding of principals of their role in the management of finance and the implementation of the finance policy. The research topic is "What is the understanding of public school principals in the Maviljan Circuit, Mpumalanga Province of their role in the management of finance and the implementation of the Finance Policy of their schools?"

### **INTERVIEW SESSIONS**

Five principals from the Maviljan Circuit have been identified or sampled to participate in the study. This study entails a series of interview sessions. We will talk about your own understanding and experiences in managing finance and the implementation of the finance policy during the interview sessions. I am therefore inviting you to participate in three interview sessions, each of which will last for one hour. I will interview each principal individually with the purpose of promoting anonymity and confidentiality as required by the Ethics Committee of the Faculty of Education, University of Pretoria.

The interviews will take place from 12 September to 14 October 2011 with each principal visited three times only during this period. The focus in each interview will be "Understanding of your role in the management of finance and the implementation of the finance policy at your school". The venue and time for the interviews will be determined by you in order not to inconvenience you. The interviews will be tape-recorded and transcribed. I will ensure that the transcripts are made available to you for comments before analysis can be done.

I am further requesting you to read the following information very carefully in order to understand how this research will impact on you.

### **ANONYMITY AND CONFIDENTIALITY**

I am assuring you that the information provided by you during the interviews will be kept confidential and anonymous. Your name and the name of your institution will not be attached to information provided by you. In other words, codes will be used to promote anonymity and confidentiality. You are further informed that this research is supervised by the Research Ethics Committee of the University of Pretoria that expects all researchers to adhere to the rules pertaining to research.

### **VOLUNTARY PARTICIPATION**

Your participation in this research is completely voluntary and you can withdraw from the research process at any time should you decide to do so. It is, however, important to take note of the fact that your participation in this research can be of value to you as a school manager in terms of finance management and the finance policy implementation.

### **BENEFITS OF PARTICIPATING IN THE RESEARCH**

Your participation in this research will help in capacitating you with a better understanding of your role in the management of finance and the implementation of the finance policy. The study is significant because it will also benefit other stakeholders with knowledge on how to manage and control finance properly in accordance with the law. No financial incentive will be received by you because of your participation.

I request you to fill in and sign the attached form of informed consent if you feel free to participate in the study.

Your co-operation in this regard will be highly appreciated.

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MOKOENA PATRICK KHUTSO

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SUPERVISOR: Dr JEAN W VAN ROOYEN

## ANNEXURE B

### LETTER OF INFORMED CONSENT

I, \_\_\_\_\_ (name and surname in full) give consent to participate in the research. I agree to participate in the research provided that the information I will provide to the researcher is kept confidential and anonymous and is not revealed to the public, that I can detach myself from the study at any time without anyone victimisation and that the transcripts are made available to me for comments before analysis can be done by the researcher. I hereby declare that I fully understand the research topic, purpose of the research and the benefit that I will derive from this research

Signature of research participant \_\_\_\_\_

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

Signature of researcher \_\_\_\_\_

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



## ANNEXURE C DOCUMENT ANALYSIS SCHEDULE

SCHOOL NAME (pseudonym) \_\_\_\_\_

DATE \_\_\_\_\_

### SECTION A

#### Implementation of the school finance policy

1. What does the policy say about the financial records of the school?

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2. According to the policy, what are the financial duties, roles and responsibilities of:

Principals: \_\_\_\_\_

\_\_\_\_\_

SMT \_\_\_\_\_

\_\_\_\_\_

SGB \_\_\_\_\_

\_\_\_\_\_

Educators \_\_\_\_\_

\_\_\_\_\_

3. What does the policy say about communicating financial information to all school stakeholders?

### SECTION B

#### Functions of the school finance policy document

4. What is the role of the school finance policy document?

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## SECTION C

### Formulation of the school finance policy

5. What are the aims and objectives of the school finance policy?

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6. How is policy defined?

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7. Which aspects of finance are addressed by the policy?

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8. How is the school finance policy formulated and who are the stakeholders involved in the formulation?

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9. Which strategies are mentioned in the policy to prevent fraud and the maladministration of finance?

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10. How does the policy promote participation by all stakeholders in the financial affairs of the school?

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11. How does the policy promote transparency when it comes to the management and control of school finance?

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**SECTION D**

**Assessing and updating the finance policy**

13. What does the policy state about review and updating?

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**SECTION E**

**Finance committee and procedures**

14. How was the finance committee established?

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15. Who are the members of the finance committee?

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16. According to the school finance policy, how should the school budget be implemented and who should take responsibility?

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17. According to the school finance policy, how should fundraising be conducted and who is responsible for fundraising?

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## ANNEXURE D

### INTERVIEW SCHEDULE FOR PRINCIPALS

#### **Semi-structured interviews**

The researcher will conduct semi-structured interviews with principals of five primary schools in the Maviljan Circuit, Mpumalanga Province all classified as Quintile 2. The respondents to be interviewed consist of three male principals and two female principals and are all black.

#### **Welcome and introduction**

The researcher will start by welcoming the research participants to the interview session and introduce himself to them.

#### **Role of researcher and selection of participants**

The research participants will be told about the role that the researcher will play during the interview session and the reasons given why the research participants were selected for the interview.

#### **Procedures**

The researcher will also specify procedures to be followed such as the use of a tape recorder. The researcher will also enlighten the research participants about the length of the interview session. Ethical considerations such as confidentiality and anonymity will be highlighted by the researcher. Before starting with interviews, the researcher will afford the research participants the opportunity to ask questions.

The following is a list of questions to be used in the interview. It will also be necessary to do probing in the case of research participants not responding correctly.

### **QUESTIONS**

#### **SECTION A**

#### **Principals' understanding of their role in the management of school finance**

What role should the principal play in the formulation of the finance policy?

How do you as a principal communicate financial information to school stakeholders such as parents, learners, educators, etc.?

What role should the principal play in the implementation of the finance policy?

Who do you think is responsible for financial decision-making at your school?

What is the role of the principal in financial decision-making?

What criteria do you use when establishing the school finance committee?

Who is responsible for drafting the school finance policy and what role do you play with regard to this function?

The School Governing Body is legally responsible for the management and control of public school finance. Do you agree with this statement or not and why?

What role do educators play in the management of public school finance?

How do you promote transparency at your school, especially with regard to how finance is managed and controlled?

How do you delegate some of the financial role functions to other stakeholders such as educators?

What type of financial functions do you delegate?

Explain in detail what your understanding is regarding the effective management of school finance.

Do you have control of public school finance? Where do you derive the power from to control the finance?

Do you think that the Department expects you to implement its decisions without question?

Do you have any information with regard to finance management to share with me?

What impact did the introduction of School Governing Bodies in public schools have on your role as a principal?

What do you think is the role of the School Governing Body in improving the management of public school finance?

## **SECTION B**

### **Principals' understanding of the implementation of the school finance policy**

Why do you think school stakeholders such as educators should be involved in the management of public school finance?

How do you involve other stakeholders in the implementation of school finance policy?

What are the duties, roles and responsibilities of these stakeholders?

Who is in charge of monitoring the implementation of the school finance policy?

What challenges or problems do you encounter in the implementation of the finance policy?

What is your opinion on the causes of poor implementation of the school finance policy?

What does the South African Schools Act say regarding the implementation of the school finance policy?

How do you manage school financial resources?

Are financial records kept at the school? If yes, who is responsible for keeping them? How are such records kept? Who can access these records?

How do you as a principal empower the School Governing Body members to manage and control finance more effectively?

What are your views pertaining to governance of public schools since the introduction of the South African Schools Act? How do you as a principal understand and interpret the prescripts of the South African Schools Act?

## **SECTION C**

### **Principals' understanding of the role and function of a school finance policy document**

What do you think are the role and function of a school finance policy document?

### **Formulation of school finance policy**

Which procedures did the school put in place when formulating the school finance policy?

Who are the stakeholders involved when formulating the finance policy?

How does the policy ensure that fraud and maladministration of finance are prevented?

### **Assessing and updating school the finance policy**

How often does the School Governing Body assess and update the school finance policy?

Who is responsible for assessing and updating the school finance policy?

### **Implementation of school finance policy and procedures**

Are there strategies in place to ensure that there is effective management of finance? What are the strategies?

## ANNEXURE E

### INTERVIEW SCHEDULE

<b>QUESTIONS</b>	<b>RESPONSES</b>
1. What role should the principal play in the formulation of the finance policy?	
2. How do you as a principal communicate financial information to school stakeholders such as parents, learners, educators, etc.?	
3. What role should the principal play in the implementation of the finance policy?	
4. Who do you think is responsible for financial decision-making at your	



<p>school? Does the principal have any role to play in financial decision-making?</p>	
<p>5. What criteria do you use when establishing the school finance committee?</p>	
<p>6. Who is responsible for drafting the school finance policy and what role do you play with regard to this function?</p>	
<p>7. The School Governing Body is legally responsible for the management and control of public school finance. Do you agree with this statement or not and why?</p>	
<p>8. What role do educators play in the management of public school finance?</p>	

<p>9. How do you promote transparency at your school especially with regard to how finance is managed and controlled?</p>	
<p>10. How do you delegate some of the financial role functions to other stakeholders such as educators? What type of financial functions do you delegate?</p>	
<p>11. Do you have control of public school finance? Where do you derive the power to control the finance?</p>	
<p>12. Do you think that the Department expects you to implement its decisions without question?</p>	

13. Do you have any other information with regard to finance management to share with me?	
14. What impact did the introduction of School Governing Bodies in public schools have on your role as a principal, especially with regard to the management of school finances?	
15. What do you think is the role of the School Governing Body in improving management of public school finance?	
16. Why do you think school stakeholders such as educators should be involved in the management of public	

school finance?	
17. How do you involve other stakeholders in the implementation of the school finance policy? What are the duties, roles and responsibilities of these stakeholders?	
18. Who is in charge of monitoring the implementation of the school finance policy?	
19. What challenges or problems do you encounter in the implementation of finance policy?	
20. What is your opinion of the causes of the poor implementation of the school finance policy?	

<p>21. Are financial records kept at the school? If so, who is responsible for keeping them? How are such records kept? Who can access these records?</p>	
<p>22. How do you as a principal empower the School Governing Body members to manage and control finance more effectively?</p>	
<p>23. What are your views pertaining to the governance of public schools since the introduction of the South African Schools Act? How do you as a principal understand and interpret the prescripts of the South African Schools Act?</p>	
<p>24. What do you think is the role and function of a school finance policy document?</p>	

25. Which procedures did the school put in place when formulating the school finance policy?	
26. Who are the stakeholders involved when formulating the finance policy?	
27. How does the policy ensure that fraud and maladministration of finance are prevented?	
28. How often does the School Governing Body assess and update the school finance	

policy?	
29. Who is responsible for assessing and updating the school finance policy?	
30. Are there strategies in place to ensure that there is effective management of finance? What are the strategies?	