

**Role players’ understanding of public school principals’
legal responsibilities regarding financial management in
Limpopo**

by

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I hereby declare that the thesis titled **Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo** which is submitted in accordance with the requirements for the Philosophiae Doctor degree at the University of Pretoria, is my own original work and has not previously been submitted to any other institution of higher learning. All sources cited or quoted in this thesis are indicated and duly acknowledged with a comprehensive list of references.

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DEDICATIONS

I dedicate this study to my late parents, Matome Gerson *Melora* & Lina Moyahabo *Nkgadikana (Ngwana Ditoto)* Rangongo; my late brothers, Matome *thata ya seepe, monna wa Sabie* le Phofedi *a bo Mokgere*; my late sisters, Selaelo *sa motse* le Mampe *lefahla- kgaetSedi a Ngoako wa go ja dinonyana dihlogwana a fa baSemanyana*.

You will always be treasured in my memory and heart.

and

My lovely wife, Kolobe Lily, who stood by me. Our lovely two sons - Maphari & Matome; and daughter - Tlou Jessica. Thank you for your love and unwavering support, encouragement, understanding and sacrifices that made the completion of this study possible.

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ABSTRACT

Financial management is a very complex issue; at the dawn of democracy the full responsibility for the financial management in public schools was given to school governing bodies. The governing body usually asks the school principal to act as finance manager who executes the financial responsibilities on a daily basis. This puts the principal in a precarious position. The research investigates the role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo province. It looks at how the school principals, finance officers and the departmental officials perceive the public school principals' understanding, interpretation and application pertaining to his or her legal responsibilities. It further looks at the knowledge of legislation, reporting of financial expenditure at school level, reporting of financial irregularity cases found in schools, as well as the legal responsibility of financial accountability.

A predominantly qualitative research approach with nominal application of the quantitative approach, an interpretive paradigm and multiple case studies allowed the researcher to gain an in-depth understanding of how various role players view or perceive the public school principals' legal responsibilities regarding financial management. I interviewed six principals, six finance officers and six departmental officials about their understanding of the public school principals' legal responsibilities regarding financial management in Limpopo Province. A total of 53 principals, 22 finance officers and four departmental officials successfully completed a questionnaire about their understanding, perceptions and experiences of the public school principals' stipulated legal responsibilities regarding financial management. All these people were involved in the day-to-day management and administration of funds in public schools. Documents such as finance policies, finance files, minute books, school budgets and audited financial statements were analysed to build a clear picture of the state of financial management in the selected public schools.

Findings from this study are that there are vast differences in how various role players understand and interpret the public school principals' legal responsibilities regarding financial management in Limpopo. The rationale for having the legislation is to make things uniform and give guidelines. There is a lack of implementation of legal responsibilities by principals who sometimes experience fear of intimidation and victimisation and threat from teacher unions defending their members, SGB and the community. There is lack of knowledge of legislation and sheer ignorance of the law. There are misconceptions that principals in South Africa are accounting officers for everything happening in their respective schools. I found

misconceptions of the principals' responsibilities of reporting the financial expenditure and financial mismanagement cases which are not reported, but resolved in schools. There is a culture of non-accountability, non-adherence to prescripts as a result of limited knowledge of legislation, expertise and experience of the principal in financial management.

The study has unearthed a number of challenges that are serious concerns for the role players such as the principals, finance officers and the departmental officials regarding financial management. These include issues such as limited understanding, interpretation and application of the law, inadequate knowledge of legislation and financial skills, ignorance of policy and legislation, lack of transparency and openness when dealing with public finances, signing of blank cheques, intimidation, threats and victimisation from victims, teacher unions' interference in the appointment of principals, a lack of proper monitoring and control of expenditure at school level by the principal as well as by departmental officials from circuit level up to provincial level characterise school financial management. Much work remains to be done to close the gaps identified and to make financial management in South African public schools even better.

The findings of the study have led to recommendations to assist public school principals, finance officers, school governing body members and departmental officials to understand the legal responsibilities of the principal in this regard better. The recommendations include models for the understanding principals' legal responsibilities in financial management, internal financial control and monitoring in public schools by holding principals accountable for the use of every cent in the schools. Other recommendations include intensive training and capacitating, compliance with legislation and the centralisation of auditing of public school financial books.

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LIST OF KEY WORDS

Accountability

Administration

Financial management

Financial mismanagement

Financial responsibilities

Legal responsibilities

Legislation

Monitoring

Public schools

Reporting

Role players

Understanding



DECLARATION FROM LANGUAGE EDITOR

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TO WHOM IT MAY CONCERN

I, the undersigned, hereby declare that the thesis titled **Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo** by **Paul Ngoako Rangongo** has been edited for grammar errors. It remains the responsibility of the candidate to effect the recommended changes.

Prof. Tinus Kühn



ABBREVIATIONS AND ACRONYMS

AFS	Audited Financial Statements
AGM	Annual General Meeting
AO	Accounting Officer
CW	Corruption Watch
DBE	Department of Basic Education
DfE	Department for Education
DEECD	Department of Education and Early Childhood Development
DES	Department of Education and Skills
DO	Departmental Official
DoE	Department of Education
DPME	Department of Planning Monitoring and Evaluation
EEA	Employment of Educators Act
FEDSAS	Federation of Governing Bodies of South African Schools
FET	Further Education and Training
FINCOM	Finance Committee
FISH	Financial Information for Schools Handbook
FO	Finance Officer
GDE	Gauteng Department of Education
GET	General Education and Training
HOD	Head of Department
HSRC	Human Sciences Research Council
IoDSA	Institute of Directors in Southern Africa
J / SPTD	Junior or Senior Primary Teachers' Diploma
LPED	Limpopo Province Education Department
LPFMP	Limpopo Province Financial Management Prescripts
LTSM	Learner Teacher Support Material
MEC	Member of Executive Council
NAHT	National Association of Head Teachers
NASGB	National Association for School Governing Bodies
NCED	Northern Cape Education Department
NDP	National Development Plan
NNSSF	National Norms and Standards for School Funding
NSNP	National School Nutrition Programme
NZCER	New Zealand Council for Education Research
OSD	Occupation Specific Dispensation



P	Principal
PAM	Personnel Administrative Measures
PRECCA	Prevention and Combating of Corrupt Activities Act
PDA	Protected Disclosure Act
PDME	Planning, Development, Monitoring and Evaluation
PED	Provincial Education Department
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PSC	Public Service Commission
RSA	Republic of South Africa
SADTU	South African Democratic Teachers Union
SAOU	Suid-Afrikaanse Onderwysersunie
SASA	South African Schools Act
SGB	School Governing Body
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WCED	Western Cape Education Department

TABLE OF CONTENTS

DECLARATION OF ORIGINALITY	ii
ETHICAL CLEARANCE CERTIFICATE	iii
ETHICS STATEMENT	iv
DEDICATIONS	v
ACKNOWLEDGEMENTS	vi
ABSTRACT	vii
LIST OF KEY WORDS	ix
DECLARATION FROM LANGUAGE EDITOR	x
ABBREVIATIONS AND ACRONYMS	xii
TABLE OF CONTENTS	xiii
LIST OF TABLES	xxiv
LIST OF FIGURES	xxviii
CHAPTER 1	1
PROBLEM STATEMENT, AIM OF THE STUDY AND RESEARCH METHODS APPLIED	1
1.1 STATEMENT OF PURPOSE	1
1.2 INTRODUCTION	1
1.3 RATIONALE OF THE STUDY	5
1.4 PROBLEM STATEMENT	7
1.5 RESEARCH QUESTIONS	9
1.6 AIMS OF THE STUDY	10
1.7 WORKING ASSUMPTIONS	11



1.8	LITERATURE REVIEW	13
1.9	CONCEPTUAL FRAMEWORK	17
1.9.1	ACCOUNTABILITY	19
1.9.2	RESPONSIBILITY	19
1.9.3	GOVERNANCE	19
1.9.4	FINANCIAL MALADMINISTRATION/MISMANAGEMENT	21
1.9.5	ROLE PLAYERS	22
1.10	THEORETICAL FRAMEWORK	23
1.11	RESEARCH DESIGN	25
1.11.1	POPULATION AND SAMPLING	25
1.11.1.1	POPULATION	25
1.11.1.2	SAMPLING	26
1.11.2	QUALITATIVE RESEARCH APPROACH	26
1.11.3	INTERPRETIVE RESEARCH PARADIGM	28
1.11.3.1	WHAT IS INTERPRETIVE RESEARCH PARADIGM	28
1.11.4	MULTIPLE CASE STUDY	29
1.11.5	DATA COLLECTION STRATEGIES	30
1.11.5.1	Semi-structured interviews	30
1.11.5.2	Document analysis	30
1.11.5.3	Self-administered questionnaires	31
1.11.6	DATA ANALYSIS AND INTERPRETATION	31
1.12	TRUSTWORTHINESS	32
1.13	ETHICAL CONSIDERATIONS	32
1.14	LIMITATIONS OF THE STUDY	33
1.15	SIGNIFICANCE AND CONTRIBUTION OF THE STUDY	34
1.16	SUMMARY	35

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CHAPTER 2	38
LEGAL FRAMEWORK FOR THE PUBLIC SCHOOL PRINCIPALS’ LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT	38
2.1 INTRODUCTION	38
2.2 CONCEPTUAL ANALYSIS	39
2.2.1 FINANCIAL MANAGEMENT	40
2.2.2 RESPONSIBILITIES	41
2.3 LEGAL RESPONSIBILITIES OF THE PUBLIC SCHOOL PRINCIPAL VIEWED THROUGH A GOVERNANCE LENS	43
2.4 THE LEGAL FRAMEWORK FOR PROPER FINANCIAL MANAGEMENT BY THE SCHOOL PRINCIPAL	46
2.4.1 THE SOUTH AFRICAN SCHOOLS ACT, 84 OF 1996	47
2.4.2 THE PUBLIC FINANCE MANAGEMENT ACT, 1 OF 1999	59
2.4.3 THE PROTECTED DISCLOSURE ACT, 26 OF 2000	63
2.4.4 THE PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT, 12 OF 2004	64
2.4.5 THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 5 OF 2000	66
2.4.6 THE EMPLOYMENT OF EDUCATORS ACT, 76 OF 1998	68
2.4.7 OCCUPATION SPECIFIC DISPENSATION, RESOLUTION 1 OF 2008 OF THE EDUCATION LABOUR RELATIONS COUNCIL	70
2.4.8 LIMPOPO PROVINCE FINANCIAL MANAGEMENT PRESCRIPTS OF 2011	71
2.4.9 NORMS AND STANDARDS FOR SCHOOL FUNDING (NSSF) MONITORING DIRECTORATE OF THE LIMPOPO PROVINCE DEPARTMENT AUDIT REPORT 2011/ 2012	73
2.5 A CRITICAL ANALYSIS OF THE LEGAL RESPONSIBILITIES OF THE PUBLIC SCHOOL PRINCIPAL AS DERIVED FROM SOUTH AFRICAN LEGISLATION AND THE LITERATURE REVIEW THAT SHAPED MY INTERPRETATION	75
2.6 CONCLUSION	80

---oOo---

CHAPTER 3	82
WEAKNESSES IN UNDERSTANDING FINANCIAL ADMINISTRATION AND MANAGEMENT IN PUBLIC SCHOOLS	82
3.1 INTRODUCTION	82
3.2 THE INTERPRETATIONS OF DUTIES, ASPECTS AND RESPONSIBILITIES OF THE SGB INCLUDING THE PRINCIPALS AND TEACHERS REGARDING FINANCIAL MANAGEMENT IN PUBLIC SCHOOLS	83
3.2.1 THE PRINT MEDIA ON FINANCIAL MISCONDUCT BY THE SCHOOL GOVERNING BODY, PRINCIPAL AND TEACHERS IN PUBLIC SCHOOLS REGARDING FINANCIAL MANAGEMENT AND ADMINISTRATION	85
3.2.2 REPORTS FINDINGS FROM DIFFERENT SOUTH AFRICAN PROVINCIAL EDUCATION DEPARTMENTS ON FINANCIAL MISCONDUCT BY THE PUBLIC SCHOOL PRINCIPALS	87
3.2.3. THE SOUTH AFRICAN PERSPECTIVE OF THE PUBLIC SCHOOL PRINCIPALS REGARDING FINANCIAL MISMANAGEMENT AND MALADMINISTRATION (MISCONDUCT) IN PUBLIC SCHOOLS	92
3.2.4 A GLOBAL PERSPECTIVE OF THE WEAKNESSES OF THE SCHOOL GOVERNING BODY, PRINCIPAL AND TEACHERS' UNDERSTANDING OF THE PUBLIC SCHOOL PRINCIPAL'S RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT AND ADMINISTRATION	98
3.3 A CRITICAL ANALYSIS OF THE REPORT FINDINGS ON POSSIBLE FINANCIAL MISCONDUCT IN THE PUBLIC SCHOOLS	100
3.4 CONCLUSION	103

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CHAPTER 4	105
RESEARCH DESIGN	105
4.1 INTRODUCTION	105
4.2 QUALITATIVE RESEARCH APPROACH	107
4.3 PHILOSOPHICAL ASSUMPTIONS	110
4.3.1 EPISTEMOLOGY	111



4.4	RESEARCH PARADIGM	115
4.5	RESEARCH DESIGN	120
4.5.1	MULTIPLE CASE STUDIES	121
4.6	POPULATION AND SAMPLING	124
4.6.1.1	POPULATION	124
4.6.1.2	SAMPLING	125
4.7	DATA COLLECTION PROCEDURES	128
4.7.1	SEMI-STRUCTURED INTERVIEWS	128
4.7.2	DOCUMENT ANALYSIS	130
4.7.3	SELF-ADMINISTERED QUESTIONNAIRES	131
4.8	METHODS OF DATA ANALYSIS	134
4.8.1	DATA FROM SEMI-STRUCTURED INTERVIEWS	136
4.8.1.1	Thematic analysis	136
4.8.2	DATA FROM QUESTIONNAIRES	139
4.9	TRUSTWORTHINESS	139
4.10	ETHICAL CONSIDERATIONS	142
4.11	SUMMARY	145

---oOo---

CHAPTER 5		149
DATA ANALYSIS, INTERPRETATION AND PRESENTATION		149
5.1	INTRODUCTION	149
5.1.1	THE PROBLEM STATEMENT	149
5.1.2	RESEARCH QUESTIONS	150
5.1.3	ALIGNMENT OF RESEARCH QUESTIONS WITH RELATED LITERATURE REVIEW FINDINGS	151
5.2	THE PROFILES OF THE PARTICIPANTS	153



5.3	DATA PRESENTATION	156
5.3.1	EMERGING THEMES	157
5.4	DATA ANALYSIS: INTERVIEWS	158
5.4.1	SUB-QUESTION 1	158
5.4.1.1	The perceptions of the principals	158
5.4.1.1a	Discussion of data for sub-question 1	159
5.4.1.1b	Summary of findings for sub-question 1	161
5.4.1.2	The perceptions of the finance officers	161
5.4.1.2a	Discussion of data for sub-question 1	162
5.4.1.2b	Summary of findings for sub-question 1	163
5.4.1.3	The perceptions of departmental officials	163
5.4.1.3a	Discussion of data for sub-question 1	165
5.4.1.3b	Summary of findings for sub-question 1	165
5.4.2	SUB-QUESTION 2	166
5.4.2.1	The perceptions of the principals	166
5.4.2.1a	Discussion of data for sub-question 2	167
5.4.2.1b	Summary of findings for sub-question 2	167
5.4.2.2	The perceptions of the finances officers	168
5.4.2.3	The perceptions of departmental officials	169
5.4.2. a	Discussion of data for sub-question 2	170
5.4.2. b	Summary of findings for sub-question 2	170
5.4.3	SUB-QUESTION 3	171
5.4.3.1	The perceptions of the principals	171
5.4.3.2	The perceptions of the finance officers	172
5.4.3.3	The perceptions of departmental officials	172
5.4.3. a	Discussion of data for sub-question	174
5.4.3. b	Summary of findings for sub-question 3	174
5.4.4	SUB-QUESTION 4	175
5.4.4.1	The perceptions of the principals	175
5.4.4.1a	Discussion of data for sub-question 4	176
5.4.4.1b	Summary of findings for sub-question 4	177



5.4.4.2	The perceptions of the finance officers	177
5.4.4.2a	Discussion of data for sub-question 4	178
5.4.4.2b	Summary of findings for sub-question 4	178
5.4.4.3	The perceptions of departmental officials	178
5.4.4.3a	Discussion of data for sub-question 4	180
5.4.4.3b	Summary of findings for sub-question 4	181
5.4.5	SUB-QUESTION 5	181
5.4.5.1	The perceptions of the principals	181
5.4.5.2	The perceptions of the finance officers	182
5.4.5.3	The perceptions of departmental officials	183
5.4.5.a	Discussion of data for sub-question 5	185
5.4.5.b	Summary of findings for sub-question 5	187
5.4.6	SUB-QUESTION 6	188
5.4.6.1	The perceptions of the principals	188
5.4.6.2	The perceptions of the finance officers	189
5.4.6.3	The perceptions of departmental officials	190
5.4.6.a	Discussion of data for sub-question 6	191
5.4.6.b	Summary of findings for sub-question 6	193
5.4.7	SUB-QUESTION 7	193
5.4.7.1	The perceptions of the principals	194
5.4.7.1a	Discussion of data for sub-question 7	195
5.4.7.1b	Summary of findings for sub-question 7	196
5.4.7.2	The perceptions of the finance officers	196
5.4.7.2a	Discussion of data for sub-question 7	197
5.4.7.2b	Summary of the findings for sub-question 7	197
5.4.7.3	The perceptions of the departmental officials	198
5.4.7.3a	Discussion of data for sub-question 7	200
5.4.7.3b	Summary of the findings for sub-question 7	200
5.5	DATA COLLECTED THROUGH QUESTIONNAIRES ADMINISTERED TO THE PRINCIPAL, FINANCE OFFICERS AND DEPARTMENT OFFICIALS	201

5.5.1	INTRODUCTION	201
5.5.2	DATA ANALYSIS FROM THE QUESTIONNAIRES	201
5.5.2.1	Factors that are related to knowledge, understanding, application and interpretation of public school principals’ legal responsibilities regarding financial management	201
5.5.2.2	Factors that assess the public school principals’ knowledge of the legislation relevant to the financial management in public schools	204
5.5.2.3	Factors related to the reporting of financial mismanagement cases	206
5.5.2.4	Factor related to financial accountability at school level	209
5.5.2.5	Challenges perceived as obstacles that hamper the understanding of public school principals’ legal responsibilities financial management	211
5.6	DATA COLLECTED THROUGH DOCUMENT ANALYSIS	213
5.6.1	INTRODUCTION	213
5.6.2	A SUMMARY OF DOCUMENTS REVIEWED IN THE STUDY	216
5.6.3	DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF DOCUMENT ANALYSIS	217
5.6.3.1	Understanding, implementation and interpretation of financial responsibilities.	217
5.6.3.2	Monitoring of expenditure at school level	218
5.6.3.3	Financial planning and decisions	219
5.6.3.4	Financial reporting of expenditure in schools	220
5.6.3.5	Financial mismanagement, control and safekeeping of cheques	221
5.6.3.6	Financial accountability	222
5.6.3.9	Summary of the findings from the document analysis	223
5.7	CHAPTER SUMMARY: FINDINGS FROM EACH OF THE DATA SETS: INTERVIEWS, QUESTIONNAIRES AND DOCUMENTS	224
5.7.1	FINDINGS FROM THE INTERVIEWS	224
5.7.2	FINDINGS FROM THE QUESTIONNAIRES	228
5.7.3	FINDINGS FROM THE DOCUMENT REVIEWS	231
5.8	MAIN RESEARCH QUESTION	234



5.9	CONCLUSION	236
-----	------------	-----

---oOo---

CHAPTER 6		237
------------------	--	------------

SYNTHESIS OF THE FINDINGS		237
----------------------------------	--	------------

6.1	INTRODUCTION	237
-----	--------------	-----

6.2	SYNTHESIS AND INTERRELATION THE FINDINGS OF THE- SEMI-STRUCTURED INTERVIEWS, THE QUESTIONNAIRES AND THE DOCUMENT REVIEW (TRIANGULATION)	237
-----	---	-----

6.2.1	UNDERSTANDING, APPLICATION AND INTERPRETATION OF THE SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT IN SCHOOLS	237
-------	--	-----

6.2.2	THE UNDERSTANDING OF THE SCHOOL PRINCIPALS' KNOWLEDGE OF LEGISLATION REGARDING FINANCIAL MANAGEMENT AT SCHOOL LEVEL	240
-------	--	-----

6.2.3	THE UNDERSTANDING OF THE SCHOOL PRINCIPALS' REPORTING OF THE USE OF FINANCES AT SCHOOL LEVEL	242
-------	---	-----

6.2.4	THE UNDERSTANDING OF THE SCHOOL PRINCIPALS' REPORTING OF FINANCIAL IRREGULARITIES TO THE STAKEHOLDERS	243
-------	--	-----

6.2.5	THE UNDERSTANDING OF FINANCIAL ACCOUNTABILITY IN SCHOOL LEVEL	246
-------	---	-----

6.2.6	THE CHALLENGES THAT HAMPER THE UNDERSTANDING OF SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT AT SCHOOLS	247
-------	---	-----

6.3	SUMMARY OF THE STUDY BASED ON THE MAIN RESEARCH QUESTION	250
-----	---	-----

6.4	CONCLUSION	252
-----	------------	-----

---oOo---

CHAPTER 7		254
------------------	--	------------

FINDINGS, OVERVIEW, CONCLUSIONS AND RECOMMENDATIONS		254
--	--	------------

7.1	INTRODUCTION	254
-----	--------------	-----

7.2	SUMMARY OF THE RESEARCH STUDY	254
-----	-------------------------------	-----

7.3	RECOMMENDATIONS	260
-----	-----------------	-----



7.3.1	RECOMMENDATIONS FOR IMPROVEMENT OF (PRACTICE) UNDERSTANDING FINANCIAL MANAGEMENT IN LIMPOPO	260
7.3.1.1	Proposed charts and model for the improvement of understanding of the public school principals' legal responsibilities regarding financial management in Limpopo	260
7.3.1.2	Recommendations for improvement of practice of understanding public school principals' legal responsibilities regarding financial management in Limpopo	267
7.4	RECOMMENDATIONS FOR FURTHER RESEARCH	273
7.5	LIMITATIONS OF THE STUDY	273
7.6	SIGNIFICANCE OF THE STUDY	275
7.7	CONTRIBUTION OF NEW KNOWLEDGE	278
7.8	CONCLUSION	280
	REFERENCES	282

ANNEXURES	307
Annexure A:	Ethical Clearance Certificate
Annexure B:	Application letter to request permission to conduct research in public schools in the Capricorn district of the Limpopo Education Department
Annexure C:	Permission letter from Limpopo Education Department to conduct research in schools and in departmental offices
Annexure D:	Application letters for permission to conduct research in schools and in the offices and participants' informed consent form
Annexure E:	Semi-structured interview schedule for principals, finance officers and departmental officials
Annexure F:	Semi-structured interview guide
Annexure G:	Self-administered questionnaires for principals the finance officers and the departmental officials
Annexure H:	Questionnaires computer data analysis– QLIKVIEW PROGRAM
Annexure I:	Checklist for document analysis used by Limpopo Province Education Department for monitoring and support (Norms and Standards Directorate)
Annexure J:	Report for originality from TURNITIN

---oOo---

LIST OF TABLES

Table 2.1:	50
Different roles of the governing body and the principal regarding financial management	
Table 2.2:	62
A company / school analogy	
Table 4.1:	105
Comparison of qualitative, quantitative and mixed methods	
Table 4.2:	118
Bertram and Christensen's (2014) description of an interpretive paradigm	
Table 4.3:	124
Coding of participants and schools for anonymity	
Table 4.4:	137
Braun and Clarke's (2006) steps / model for thematic data analysis	
Table 4.5:	137
Matthew and Ross's (2010) steps for thematic data analysis	
Table 5.1:	151
Alignment of research questions with literature review findings	
Table 5.2:	153
Profiles of participants (principals, finance officers and departmental officials)	
Table 5.3:	154
Profiles of principals	
Table 5.4:	154
Profiles of finance officers	
Table 5.5:	155
Profiles of departmental officials	
Table 5.6:	157
The emerging themes	
TABLES 5.7 -5.9 BASED ON INTERPRETATIONS	
Table 5.7	158
The principal's interpretation of legal responsibilities and legislative framework based on interpretations	

Table 5.8	161
The principal’s interpretation of legal responsibilities and legislative framework based on interpretations	
Table 5.9	163
The principal’s interpretation of legal responsibilities and legislative framework based on interpretations	
TABLES 5.10 -5.12 BASED ON APPLICATION	
Table 5.10:	166
The principal’s application of legal responsibilities and legislative framework at school level	
Table 5.11:	168
The principal’s application of legal responsibilities and legislative framework at school level	
Table 5.12:	169
The principal’s application of legal responsibilities and legislative framework at school level	
Table 5.13:	171
The principal’s understanding of the legislation regarding financial management	
Table 5.14:	172
The principal’s understanding of the legislation regarding financial management	
Table 5.15:	172
Understanding of the legislation relevant to financial management	
Table 5.16:	175
Understanding the context of evaluation of financial expenditure and reporting of the use of finances at school level	
Table 5.17:	177
Understanding the context of evaluation of financial expenditure and reporting of the use of finances at school level	
Table 5.18:	178
Understanding the context of reporting the evaluation of financial expenditure at school level	
Table 5.19:	182
Understanding the reporting of financial mismanagement to the stakeholders	
Table 5.20:	182
Understanding the reporting of financial mismanagement to the stakeholders	

Table 5.21: Understanding the reporting of financial mismanagement to the stakeholders	183
Table 5.22: Understanding financial accountability at school level	188
Table 5.23: Understanding financial accountability at school level	189
Table 5.24: Understanding financial accountability at school level	190
Table 5.25: Challenges experienced that hamper role players' understanding of the public school principal's legal responsibilities regarding financial management at school level	194
Table 5.26: Challenges experienced that hamper role players' understanding of the public school principals' legal responsibilities regarding financial management at school level	196
Table 5.27: Challenges experienced that hamper role players' understanding of the public school principals' legal responsibilities regarding financial management at school level	198
Table 5.28: Factors that are related to knowledge, understanding, application and interpretation of the public school principals' legal responsibilities regarding financial management	202
Table 5.29: Factors that assess the public school principal's knowledge of the legislation relevant to the financial management in public schools	204
Table 5.30: Factors related to the reporting of financial mismanagement cases at school level	207
Table 5.31: Financial accountability at school level	209
Table 5.32: Challenges perceived as obstacles that hamper the understanding of the public school principals' legal responsibilities regarding financial management	211
Table 5.33: 2014 allocated funds to the six sampled primary schools	215
Table 5.34: A summary of documents reviewed in the study	216

Table 6.1:	238
The principal’s legal responsibilities and legislative framework regarding financial management at school level (understanding and interpretation)	
Table 6.2:	239
The principal’s legal responsibilities and legislative framework regarding financial management at school level (application)	
Table 6.3:	241
The principal’s understanding of the legislation regarding financial management	
Table 6.4:	243
Understanding the context of reporting the evaluation of financial expenditure at schools	
Table 6.5:	245
Understanding the reporting of financial irregularities to the stakeholders	
Table 6.6:	246
Understanding the context of reporting financial mismanagement to the stakeholders at public schools	
Table 6.7:	249
Challenges experienced that hamper participants’ understanding of the public school principal’s legal responsibilities regarding financial management at schools	

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LIST OF FIGURES

Figure 1.1: Interrelationship and interconnection among concepts	18
Figure 1.2: Role players with roles and responsibilities	23
Figure 4.1: Summary of research methodology (adapted from Crotty, 1998:4-5 and re-worked by the researcher for relevance to the study)	146
Figure 7.1: a Proposed chart for internal financial control measures in public schools	263
Figure 7.2: b Proposed chart for internal financial monitoring of funds in the public school level	264
Figure 7.3: c Rangongo' model of understanding the public school principals' legal responsibilities regarding financial management in Limpopo	265

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CHAPTER 1:
PROBLEM STATEMENT, AIM OF THE STUDY
AND RESEARCH METHODS APPLIED

1.1 STATEMENT OF PURPOSE

In terms of section 16 (A) (2) (i; k) of the South African Schools Act, 84 of 1996 (hereafter SASA), (Republic of South Africa, 1996b), the public school principal has an obligation or legal responsibility to “(i) *take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and (k) report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department*”.

The above section of the act indicates the critical and intimidating role that the public school principal is expected to play at school level. These mandated functions are expected to be carried out responsibly and with accountability. Revealing the perceptions of understanding of these roles and responsibilities by role players is critical. Therefore the purpose of this research is to investigate and discover the understanding and perceptions of the role players (principals, finance officers and departmental officials) regarding the public school principals’ legal responsibilities regarding financial management in Limpopo.

1.2 INTRODUCTION

SASA (Republic of South Africa, 1996b) that governs all public schools in South Africa refers to public schools in the South African education system as juristic persons with legal capacity where the school governing body (SGB) acts as “agent”/“*bonus paterfamilias*” in a fiduciary capacity (Section 15). This relates to the accountability concerning the management and administration of school funds in public schools. School funds originate from (i) public funds provided by the State (not the Department of Basic Education that acts as “*curator bonus*”) and (ii) private funds provided by any party other than the State. All these funds need to be managed in a responsible and accountable manner.

Internationally financial management in education is a matter of great concern. Countries worldwide, including South Africa as part of the international arena, are struggling with the serious challenge of financial management at school level. Heystek (in Van Rooyen (Ed.),

2012:48) states that financial management in schools is influenced by the broader local community and beyond. In a globalised world it is not possible for a country that wishes to be competitive internationally to function without confronting the positive and negative influences of global trends. International recognition of the scale of the problem of financial maladministration has led to a range of important international and regional laws, regulations and prescripts to regulate the utilisation of funds at schools and to reduce, if not eliminate, corrupt activities in public schools.

According to the State Government Victoria, Department of Education and Early Childhood Development in Australia (hereafter DEECD) 2011:9-10), SASA (Republic of South Africa, 1996b), Huber (2011:482) in Switzerland and the Department for Education (hereafter DfE) (2015:5, 7); 2003:39 (Part IV)) in the United Kingdom, the overall responsibility for controlling school money and property lies with the school boards that are fully accountable for the allocation of funds to reflect school priorities, control of school expenditure and preparation and auditing of annual reports. This responsibility for the sound financial control of the school, internally or externally to prevent financial maladministration, is usually delegated to the principal who is accountable to the school governing body or school board.

The Government of South Africa (Republic of South Africa), through the National Norms and Standards for School Funding (hereafter NNSSF) (Republic of South Africa, 1998), is decentralising and investing billions of rands in public schools in all the nine provinces. It is a fact that in the budget of the Department of Basic Education (hereafter DBE) (2014/15) millions of Rands are allocated to schools with the aim of creating better public schools (DBE (2013)). This means public schools get large amounts of money from the treasury as the DBE was allocated R19.680 billion in 2014/2015. This investment requires a high level of governance, management, responsibility and accountability in order to avoid and reduce maladministration.

In the current education system in South Africa the management of the school's funds is a primary function of the SGB, as stated in SASA (Republic of South Africa, 1996b) that governs public schools. Sections 15, 16, 16A, 21, 30, 37, 38, 38A, 42, 42 and 59 of Chapter 4 of SASA (Republic of South Africa, 1996b) make it mandatory for the governing body, including the principal as "*ex officio*" member, to manage the finances of the school and take responsibility for implementing all accountability procedures.

However, recent reports on the functionality of school governing bodies in Department of Education (2004:48); Mestry (2006:28-29); Ndou (2012:33); and Van Wyk (2004:53;

2007:136) indicate that a large percentage of public schools are dysfunctional regarding governance. The Human Sciences Research Council (hereafter HSRC) report (2009) on the functionality of school governance also shows that more than 70% of public schools' governance systems are dysfunctional (DBE, 2010). In her statement at the media launch of the School Governing Body elections on 30 January 2012, the Minister of Basic Education, Ms Angie Motshekga indicated that 30% of South Africa's schools have dysfunctional school governing bodies (hereafter SGBs) as a result of not having enough parent participation in the crucial school governance role that school governing bodies ideally play, and too few understand what legally or statutorily mandated bodies are meant to do. In an article in the *John, Mail & Guardian* (02 February 2012) the two main governing body associations (the National Association of School Governing Bodies and the Federation of Governing Bodies of South African Schools) also define dysfunctional SGBs as those whose members lack the insight, skill or will to carry out their responsibilities as a result of poor training provided by provincial departments, lack of resources, high levels of adult illiteracy and a lack of awareness of the roles of an SGB. These derail the aim of good corporate governance that hinges on accountability, transparency, fairness, integrity, collaboration and joint or shared decision-making as indicated by the Institute of Directors in Southern Africa, (hereafter, IoDSA) in King III (2009:2) and draft King IV reports (2016:3).

To illustrate this point further, the researcher referred to a number of actual incidents of school-related corruption/financial maladministration. In a recent article in the *Mandiwana, Capricorn Voice* (14 June 2013) a teacher in a public school appeared before a court of law for being accused of defrauding a school of R25 000.00 of the allocated Norms and Standards payment from the Limpopo Province Education Department, through stolen and cashed cheques. The crux of the matter in this case is the intimidation of the principal (by a certain teacher union) for reporting the fraud committed by their member (the teacher). The principal as an "*ex officio*" member and representative of the Head of Department (hereafter, HOD) in the governing body, has the right to carry out the required legal responsibilities as per S16A in SASA (Republic of South Africa, 1996b) that stipulates that the principal "*must assist and support the governing body, take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department*" (Republic of South Africa, 1996b; 2011).

Reports from provinces (Gauteng Department of Education (hereafter GDE) 2015:2) (GDE, circular 34 of 2004) (Kwa Zulu Natal Department of Education (hereafter KZNDE), 2012 and Limpopo Province Education Department (hereafter LPED), 2010, 2011, and 2012) also indicate that some school principals fail to comply with the legislative framework regulating the management of finances and prevention of corruption in public institutions. A statement by the Kwa-Zulu Natal Education Member of Executive Council (hereafter MEC) on 20 June 2012 revealed that 30 school principals were investigated for embezzlement of funds. The Limpopo Province Department of Education Governance Forensic Audit investigations, conducted in 2010 in the sampled schools of the Capricorn District, unearthed serious incidents of maladministration, mismanagement of funds and flouting of the legislative framework relevant to the prevention of corruption at public schools.

These findings indicate that role players in the public schools (principals) face a complex situation of understanding the legal provision of the added functions and responsibilities as prescribed by law. Due to a contractual relationship with the Provincial Head of Department (hereafter HOD), principals are required to ensure that schools comply with legislation. The findings from the aforementioned reports also show that public schools are crippled by fraud and maladministration, gross mismanagement of funds, incompetence, disregard of prescripts and the legislative framework and poor internal controls. So financial maladministration as a weakness in financial management is an issue of serious concern nationally and internationally, and as such, deserves serious attention.

The main cause of concern for the study is the understanding of the role players, such as the principals, the finance officers and departmental officials of the legal responsibilities of the public school principals regarding financial management.

This phenomenon of the role players' understanding of the principals' legal responsibilities to take reasonable steps to prevent financial maladministration at school level and report any financial irregularities to the HOD has not been widely or systematically studied in South Africa. This study focuses on how the principals, finance officers and departmental officials understand the interpretation and implementation of public school principals' legal responsibilities regarding financial in Limpopo province, South Africa. It endeavours to find out how these role players understand, interpret and think about the principals' legal responsibilities regarding financial management. The study attempts to test the understanding

of the practical application of governance and accountability to the management of school funds by the school governing body, which includes the principal.

1.3 RATIONALE FOR THE STUDY

As a principal of a rural no fee primary school¹ in the Limpopo Province the researcher had little exposure to good governance and financial management skills and training before the National Norms and Standards for School Funding (Republic of South Africa, 1998) were introduced. The workshops that the researcher attended lasted for *three hours and took place for one day annually*. The researcher regarded these workshops as talk shows and window-dressing by departmental officials as no follow-up or monitoring was conducted and no support given to the principal as the school manager. Because the researcher had always been very interested in the functioning of the governing body with regard to financial management and finding ways to effective and efficient management of school finances, the researcher decided to delve more deeply into the nature of the legal responsibilities of preventing and reporting financial maladministration and mismanagement.

Financial management is both a global and a national concern that needs critical investigation and analysis at school level. Research has shown that in the no fee school system where the governing body is often dysfunctional and corrupt, illegal activities occur in schools every day and poor financial management paralyses the school system. Some principals are charged with misconduct on allegations of financial mismanagement although reports on the outcome of the cases sometimes remain in the private domain Macupe, *Sowetan* (5 August 2015) Limpopo Province Education Department (hereafter LPED), (2011; 2012) and; Corruption Watch, (2015:44). Hence a study of the understanding of the role players in the school system of the principals' legal responsibilities to take reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school is appropriate; and reporting any maladministration or mismanagement of financial resources to the governing body of the school and to the HOD is of importance and a national priority. Laws such as the Constitution of the Republic of South Africa of 1996 (hereafter The Constitution) (Republic of South Africa, 1996a), SASA (Republic of South Africa, 1996b), and

¹ A school where no school fees may be levied in terms of section 39 of SASA because the school is regarded as too poor in terms of the National Norms and Standards for School Funding.

Public Finance Management Act, 1 of 1999 (hereafter PFMA) (Republic of South Africa, 1999) have been promulgated to counter this national problem of financial mismanagement. The National Treasury manages, allocates funds and monitors the financial affairs of the State and enforces compliance with the law. In the 2016 national budget (Republic of South Africa, 2016), Mr Pravin Gordhan stated that “the purpose is to manage our finances in a prudent and sustainable way”. Public Finance Management Act (Republic of South Africa, 1999) regulates the financial management and secures transparency and accountability. The national policy guidelines such as King III (2009:20) and draft King IV (2016: 3) and report demands ethical standards, corporate responsibilities and regular reporting based on the principles of transparency, fairness, openness, integrity and accountability. The auditor general ensures that weaknesses such as financial maladministration and mismanagement are identified in internal control systems (Department of National School of Governance, 2016). These above mentioned monitoring tools show the serious intent of the State to manage finances in public schools.

The school principal as a financial manager and member of the financial accounting authority (SGB) in a public school is expected to display the skills, knowledge, competence and expertise of financial management for the prevention of irregularities, illegal practices and mismanagement of funds (National Development Plan (hereafter NDP), 2011: 261; Anderson, Brigs & Button, 2004:21).

Little research has been done about how role players in the education system at school level understand the legal responsibilities of the public school principal regarding effective financial management, and nobody looked at their understanding. The interpretation and implementation of SASA (Republic of South Africa, 1996), and in particular S16A and other legal provisions at school level and their alignment with the school’s finance policies since its inception in 2011 has received little research attention.

Joubert and Van Rooyen (2008:2); Mestry (2006:28-29); Prew, Msimango and Chaka (2011:13); Van Wyk (2004:53, 2007:134); Xaba (2011:206); also agree that management competence at school level is weak. Furthermore the aforementioned authors concur that most school governing body members and principals still lack both record keeping skills and financial management capacity, which partly contributes to poor financial accountability. This statement shows that the principal and school governing body members know very little about how to prevent maladministration and mismanagement in a public school and about how to do reporting on how money allocated to the schools has been spent. National and international

literature on the principals' legal responsibilities was analysed to find out how the implementation of the steps to prevent financial maladministration at public schools and to report it to the HOD (highest authority) are understood by the principals, teachers as finance officers and the departmental officials.

1.4 PROBLEM STATEMENT

According to section 16 (1) of SASA (Republic of South Africa, 1996b), the governance of every public school is vested in its governing body and it may perform only such functions and obligations and exercise only such rights as prescribed by the Act. Section 37 (1) stipulates that it is the responsibility of the school governing body to administer the school funds in accordance with directions issued by the provincial Head of Department. As employees of the HOD, and in assisting the school governing body in administering school funds, the principal incurs responsibilities to prevent and report maladministration or corruption. The amended section S16A (2) (h, i, k) obliges the principal *“to assist and guide governing bodies, to take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department”*.

S16A (2) (h, i; k) of SASA (Republic of South Africa, 1996b) and other legal provisions/legislation such as the Constitution (Republic of South Africa, 1996a), Public Finance Management Act (Republic of South Africa, 1999), Preferential Procurement Policy Framework Act (Republic of South Africa, 2000), Protected Disclosure Act (Republic of South Africa, 2000), Prevention and Combating of Corrupt Activities Act (Republic of South Africa, 2004) and the Employment of Educators Act (Republic of South Africa, 1998) prescribe new functions and responsibilities for principals of public schools and place the school principal in an invidious situation. The intention seems to be that the principal who is an *“ex officio”* member of the school governing body should represent the HOD in the SGB and see to it that the SGB carries out the wishes of the HOD (Van der Merwe, 2013:243). However, the principal as *“ex officio”* member of the SGB, does not have the power on behalf of the SGB and to control them – SGBs still have the power to make their own decisions (Van der Merwe 2013:241). These legal responsibilities could be problematic and difficult for the principal to handle and Van der Merwe (2013:243) argues that the provisions in this regard could be regarded as unfair labour practices. The reporting of any staff member or governing body

members who are involved in financial irregularities to the HOD has implications for the school principal and may require him or her to make decisions about who is to be obeyed and whose interests should be promoted: those of the school (SGB) or the HOD who seems to want to micro-manage the schools and governing bodies through the principal.

Bathon, Beckmann and Bjork (2011:369) view section 16A (h) (i; k) as a good idea in terms of protecting the integrity of a school's finances and the way they are utilised. However, in their opinion it also draws the principal into a net of power relations that could hamstring performance. It can also harm the working relationship between the principal and the school governing body and staff members (possible perpetrators of these fraudulent activities) as the reported financial maladministration and mismanagement may lead to people being charged with misconduct, suspended or dismissed. Some principals may be threatened or victimised by the perpetrators while in some instances the principal could be charged with misconduct for failing to carry out the duties imposed by the HOD. Huber (2011:479; 482) (in his study in Switzerland) states that there are conflict, tensions and frictions due to overlapping of roles and functions between the principals and the governing body. Van der Merwe (2013:243) states that the State attempts to abuse the principal's position as a member of the governing body to gain some control over the governance of the school by imposing certain duties on the principal as a departmental employee. This in turn may lead to conflict and a poor relationship between the principal and the governing body.

The South African Democratic Teachers Union (SADTU), in its submissions regarding the amendment of S16A, states that the amendments brought new responsibilities for the principal (SADTU, 2010). The question that may arise is whether the principal understands this new job description that is not included in the Personnel Administrative Measures (PAM) and has not been discussed in the Education Labour Relations Council (ELRC, 2002). The Suid-Afrikaanse Onderwysersunie (SAOU), in its submissions, regards S16A as an impossible burden that cannot be imposed upon the principal. It further states that the SGB is responsible for financial matters and the principal (although a representative of the HOD on the SGB) is merely one of the members of the SGB and cannot take sole or individual responsibility to prevent financial maladministration and mismanagement and be liable for the decisions of the SGB (SAOU, 2010). So the understanding and interpretation of legal provisions in SASA is complex and difficult and differs from one school to another, one principal to another, one school governing body to another and one official to another.

Guided by this background the researcher embarked on an investigation into the role players' understanding of the public school principals' legal responsibilities regarding financial management. The research is aimed at finding out how the different role players understand, interpret and perceive the implementation of these legal responsibility of the public school principal and at gaining insight into the understanding from different views and perspectives. The research also focuses on analysing the understanding and application of these legal responsibilities that are rather complex and difficult, and that pose serious challenges to the principals, finance officers and the departmental officials (role players) to interpret.

1.5 RESEARCH QUESTIONS

The State and the Department of Education have created various legislative provisions that inform the legal responsibilities of the public school principal regarding financial management. The key focus is on S16A (2) (h, i, [and] k) of SASA (Republic of South Africa, 1996b), which mandates the school principal to assist the governing body to manage finances, to take measures to prevent financial mismanagement/maladministration and to report any mismanagement to the SGB and the HOD. This mandate is infused within the governance responsibilities of the school governing body and supported by Sections 15, 16, 16 A, 18, 19, 20, 21, 22, 23, 25 and Chapter 4 of SASA (Republic of South Africa, 1996b). All the interview questions focused on these mandated responsibilities (knowledge, understanding, application and interpretation) and have been informed by what was discovered in the literature review.

The following was the main research question investigated:

How do role players understand the public school principals' legal responsibilities regarding financial management in Limpopo?

In order to answer this question appropriately the following seven sub-questions needed to be answered:

- How do role players interpret the public school principals' legal responsibilities regarding financial management at school level?
- How do role players understand the public school principals' application of legal responsibilities regarding financial management?
- What is role players' perception of the public school principals' knowledge of legislation regarding financial management?

- How do role players understand the public school principals' reporting the use of finances at school level?
- What is role players' perception of the public school principals' reporting the mismanagement at school level?
- What is role players' understanding of the public school principals' legal responsibility of financial accountability at school level?
- What are the challenges that hamper the understanding of the public school principals' legal responsibilities regarding financial management at school level as perceived by principals, finance officers and departmental officials?

1.6 AIMS OF THE STUDY

The general aim of the study was to investigate and find out how various role players understand the public school principals' legal responsibilities regarding financial management in Limpopo.

The sub-aims were the following:

- To investigate how the principals, finance officers and the departmental officials interpret the public school principals' legal responsibilities regarding financial management at school level.
- To investigate how the principals, finance officers and the departmental officials understand the public school principals' application of legal responsibilities regarding financial management.
- To find out how the principals, finance officers and the departmental officials perceive the public school principals' knowledge of legislation regarding financial management.
- To investigate how the principals, finance officers and the departmental officials understand the public school principals' reporting the use of finances at school level.
- To find out how the principals, finance officers and the departmental officials perceive the public school principals' reporting the mismanagement at school level.
- To investigate how the principals, finance officers and the departmental officials understand the public school principals' legal responsibility of financial accountability at school level.

- To discover the challenges that hamper the understanding of the public school principals' legal responsibilities regarding financial management at school level as perceived by principals, finance officers and departmental officials.

The research focused on analysing these rather complex and difficult legal responsibilities with the aim of achieving a rich understanding of effective, efficient and sound financial management at school level.

1.7 WORKING ASSUMPTIONS

The study was undertaken on the assumption that some public school principal's depth of understanding, application and interpretations of the legal provisions in Limpopo are limited or non-existent. There are misconceptions and misrepresentations that are not in line with the law. There are limited skills, knowledge and competencies/abilities with regard to financial management. There is a lack of monitoring of expenditure by the governing body and the Provincial Education Department (PED). Reporting and accountability is still a serious challenge in public schools. The researcher assumed that the Department of Education has given public school principal the legal responsibilities as per S16A of SASA without verifying whether he has the knowledge, skills and expertise and understanding required to take reasonable steps to prevent financial maladministration and mismanagement of school funds and to do reporting of any deviations. The researcher assumed that S16A (2) (Republic of South Africa, 1996b) is difficult to understand and implement because of its complexity, and as such the Department of Education is taking advantage of the principal as the representative of the HOD by making the principal a watchdog over the school governing body and the whistleblower on any financial irregularities. Consequently these legislative frameworks are used by the bureaucrats to impose their own perspectives, which in most cases are not in line with school law.

The researcher's assumption is that the HOD wants to micro-manage and pin down school governing bodies, mostly in affluent schools that are capable of challenging the department legally by using the principal as finance manager. There is an overlapping of responsibilities and duties, resulting in misunderstanding of who is responsible for what, who must delegate to whom, who must be accountable to whom for the effective and efficient management and administration of funds at school level. His assumption is that some principals lack competence in managing and administering school funds. Lack of understanding of the financial

management tasks of planning, organisation, leading and control is a great concern and the cause of fraud, embezzlement, misappropriation, theft and mismanagement by principals themselves, governing body members and educators.

There is a false presumption that the post of principal is “*one size fits all*” management. Some principals fail fundamentally to fulfil their legal responsibilities or obligation and by so doing they are helping to augment a culture of “unaccountability” in financial management. There is an assumption that some public school principals are not accountable for the mismanagement of funds allocated to their respective schools. Some principals lie about their understanding and knowledge of legislation (application of Section 16A (2) (h) of SASA). They mislead school governing bodies, the finance officers and the Department with the knowledge that they have.

The Department of Basic Education has a belief that the principal will manage funds well, but corrupt activities are rife in some public schools. The researcher knows that some public school principals allow and cover up mismanagement and misappropriation of school funds by being lenient and ignorant and not reporting it to the Department. Public school principals are afraid to implement legislative frameworks such as regulations, policies and prescripts in preventing financial maladministration and mismanagement and to report the culprits for fear of being intimidated, victimised and so mismanagement is propagated and consequently promoted in schools. .

The strategies of Provincial Education Departments (PEDs) in the form of legislation and regulations are not adhered to. There is little compliance with the law and violations take place at school level as a result of unavailability of the legislation, incompetence and gross negligence. He believe that for the strategies to manage and administer finances in schools, must be based on co-ownership, collaboration, dedication, commitment and accountability. The researcher believes that amendments or changes to the Schools Act, specifically financial matters, should not be directive as they are at present. They need to be discussed, understood, interpreted and adaptable to different school environments prevailing in various provinces in South Africa. They must be based on diagnosis, undergo tactical review, be turned into practice, and be doable, implementable, and user-friendly and require hands-on practice.

The researcher believes that good governance and better understanding and interpretation of all pieces of legislation pertaining to public school principals’ legal responsibilities regarding

financial management could lead to an improved relationship between the principal and the various role players at the school. The researcher also assumed that good understanding of the law could lead to improved quality of education and quality employment relationship between the principal and the various role players at school. The findings of the study have confirmed the above assumptions to be existing at public school level.

1.8 LITERATURE REVIEW

Mestry and Bischoff (2009:3) describe school financial management as the performance of management actions (regulatory tasks) connected with the financial aspects of school, with the main aim of achieving effective education, carried out by a person in a position of authority. The financial manager ensures that the school governing body and school management team plan, organise, delegate and control the funds of the school in such a way that it achieves its goals. Heystek (in Van Rooyen 2012:66) views financial management as the process and functions associated with the management of the organisation's (i.e. school's) resources to achieve its aims and goals. Clarke (2012:278) points out that it is essential that the school principal makes sure that he² has the knowledge and understanding of the basic processes involved in managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated. Failure to manage school funds effectively and efficiently sometimes leads to financial maladministration.

Financial management or administration in schools is one of the aspects that need serious attention. In this study, the emphasis is shifted from the SGB to the understanding of the mandate in the legislation (Republic of South Africa, 1996b) given to the principal by the HOD to take reasonable measures to prevent any maladministration and mismanagement by any member of the staff and the school governing body. The principal is required to report any irregularities to the school governing body and the HOD as a requirement of accountability. Anderson, Briggs and Burton (2004:21) state that those in management positions within schools must be equipped with the financial skills and knowledge necessary to perform their management duties, and successfully accept responsibility for the power this brings with it.

² In this thesis the pronoun he/his is used for the sake of convenience and does not refer to a specific gender.

In some of the literature, financial maladministration is referred to as corruption. Basopu (2010:8); Chetwynd, Chetwynd and Spector (2003:6); Dong (2011:1); Hallak and Poisson (2007:29-30); Jain (2001:73); Poisson (2010:2); (Dossing, Mokeki & Weideman in Transparency International (2011:5); and McCusker (2006:4) define the term corruption as any intentional and unlawful conduct or behaviour by a person in public office that violates his or her duties as a public official or as the abuse of public office for private gain or misuse of entrusted authority for private gain. This refers to gain of any kind – financial, in status and it could be gain by an individual or a group, or those linked with such an individual or group. They all agree that bribery, embezzlement, fraud, abuse of power, conflict of interest, abuse of privileged information, and misappropriation of public funds and assets are examples that illustrate some of the various manifestations of corruption in the public sector, including public schools.

Globally corruption at school level is a major concern. In countries like Germany, France and England, the greatest scope for fraud lies in the embezzlement and misuse of non-public funds, school fees, donations where cash is handled. Some of the listed common examples of fraud that are taking place in schools are theft of money, false claims for travels, unauthorised purchases of items of equipment for personal use or gain, improper use of petty cash for personal use, nepotism, processing false invoices to non-existent suppliers and pocketing the proceeds Hallak and Poisson (2007:23); Levacic and Downes (2004:23) and Ochse (2004:14).

Mobegi, Odigi and Simatwa (2012:9) state that some of the financial maladministration by head teachers at schools in Kenya happens as a result of the ignorance of financial management procedures that contributes to financial mismanagement and misappropriation, weak internal control mechanisms such as receipting of school fees, missing fee registers, irregular auditing of school funds and personal gains of head teachers.

Mwinjuma and Baki (2012:74) state that many head teachers and school committees in Tanzania are unfamiliar with decision making on financial matters and they lack basic financial management skills, record keeping skills as well as familiarity with procurement procedures. It is further argued that some schools lack proper financial management skills, leading to contradictions, misunderstanding and deficiencies in the administration and efficient utilisation of the school's fiscal resources.

The NDP (2011:261) acknowledges that, to develop and sustain the quality of the schooling system, schools need to be well run by skilled and dedicated principals who are highly

motivated to make schools accountable to parents. The NDP (2011:269) acknowledges that there is a lack of accountability and weak capacity through the civil service. Despite these weaknesses, the NDP is aimed at building a government that is accountable to its people, recognises expertise and gradually gives principals more power including financial management to administer schools.

Makrwede (2012:61-68), in his study in the Mthatha District in the Eastern Cape, found that there are challenges that make schools vulnerable to mismanagement of public funds and that can account for the collapse of financial management systems in the majority of schools. Some of the findings are the absence of finance registers, which is an indication that schools do not control and monitor their budgets, failure of schools to reconcile their books at the end of each month leading to poor control system and a lack of effective management, and a poor procurement process as a result of the lack of understanding the procurement process, applicable legislation and poor financial record keeping.

Clarke (2007:278; 2012:154); Joubert (2008:2); and Mestry (2004:126); (2006:28-29) indicate that the management of the school's finances is one of the most challenging of the principals' legal responsibilities, because for many it is an area in which they have little or no training or expertise and, as such, they do not know what is expected of them with regard to school finances. They do not work according to the budget and the law.

Mestry (2006:28-29) indicates that many principals and SGB members are placed under tremendous pressure to manage the school's finances because they are unable to work out practical solutions to financial problems on account of their lack of financial knowledge, skills and expertise. In many instances it has been reported that principals and school governing bodies have been subjected to forensic audits by the Department of Education due to the mismanagement of funds through misappropriation, embezzlement, fraud, pilfering of cash, theft and improper control of financial records. It is clear that some public school SGBs and the principals of some public schools fail to meet their responsibilities as stipulated in S16A of SASA and are guilty of illegal practices that are regarded as embezzlement of funds.

According to S16A of SASA (Republic of South Africa, 1996b) the principal of a public school represents the HOD in the governing body as specified in section 23 (1) (b) and 24 (1) (j). The principal is an administrator on behalf of the HOD at school and is there to safeguard the expenditure of the school. The principal has to "*(h) assist the governing body with the*

management of the school's funds, (i) taking reasonable steps to prevent any financial maladministration and mismanagement at school and (k) report any maladministration to the SGB and the HOD”.

S16A (1) (b) (ii) of SASA further stipulates that “*the principal must report to the HOD on the effective use of available resources*”. The principal as a departmental employee has to supervise and monitor the use of school funds, supported indirectly by PFMA (Republic of South Africa, 1999), which aims at preventing irregular, fruitless and wasteful expenditure to occur and strives after accountability to fight corruption.

Before 2011 (amended S16A of SASA) (Republic of South Africa, 1996b) was implemented, public school SGBs were required to provide the HOD through the circuit offices with their financial returns on a quarterly basis. The reports were to be submitted on the 15th of each month following the period being reported. Schools were required to submit audited financial statement by the 30th of June each year.

The amended Limpopo Province Education Department financial prescripts of 2011 in line with SASA (Republic of South Africa, 1996b) states that monthly expenditure and a financial report for the period under review should be submitted to the finance committee and the SGB on a monthly basis. The quarterly reports are to be submitted to the circuit manager on or before the 7th of the following month. In terms of Section 43 (5) of SASA (Republic of South Africa, 1996b), the governing body must submit annually a copy of audited financial statement to the HOD on or before the 30th June of each year.

In accordance with Section 37 (1) of SASA (Republic of South Africa, 1996b), school governing bodies are required to administer the school fund in accordance with directions issued by the HOD while in terms of the amendments in Section 16A (2) (i; k) “*it is the responsibility of the principal to take all reasonable measures to prevent financial maladministration and, the principal must immediately report all suspected irregularities with regard to any management of school funds to the HOD*”.

The principal has a responsibility to the HOD to ensure the efficient and effective use of school funds through audited financial statements (annually) and monthly financial reporting. This reporting may initiate a power struggle and harms relations in the school environment regarding whom to report financial maladministration to. It puts the principal in the middle. S16A has redefined the principal's responsibilities; it requires the principal to change the way in which

he monitors and supervises the management of school funds. S16A has changed the mode/trends of reporting. It has brought about radical changes and a paradigm shift in monitoring, reporting and accountability, and its legal documents need much attention.

In summary the literature clearly indicates that governance and accountability in financial management at school level are a serious challenge to some school boards or governing bodies, including principals. Hence the study emphasises the understanding of various role players of the public school principals' legal responsibilities regarding financial management in Limpopo. More attention has been given to the weaknesses or failures to perform responsibilities in managing school funds with the aim of improving mechanisms where necessary.

1.9 CONCEPTUAL FRAMEWORK

The financial management by the principal in a public school is a key aspect that attracts attention from the Department of Basic Education (DBE). The governance of public schools and the management of their finances need skilled, knowledgeable role players to cope with a wide range of challenges. The management of finances in schools is affected, by among other things, lack of understanding, monitoring and reporting, maladministration, mismanagement, corruption, misappropriation and misinterpretation of the law. These aspects have an impact on the school system, that is, curriculum delivery. The State through S16A of SASA (Republic of South Africa, 1996b) is trying to step in to prevent the mismanagement of funds in schools. The implementation of S16A relies on accountability and responsibility for carrying out obligations, governance and employment relationship to succeed.

Figure1.1 shows the interrelationship and interconnection among all the concepts regarding financial management in public schools.

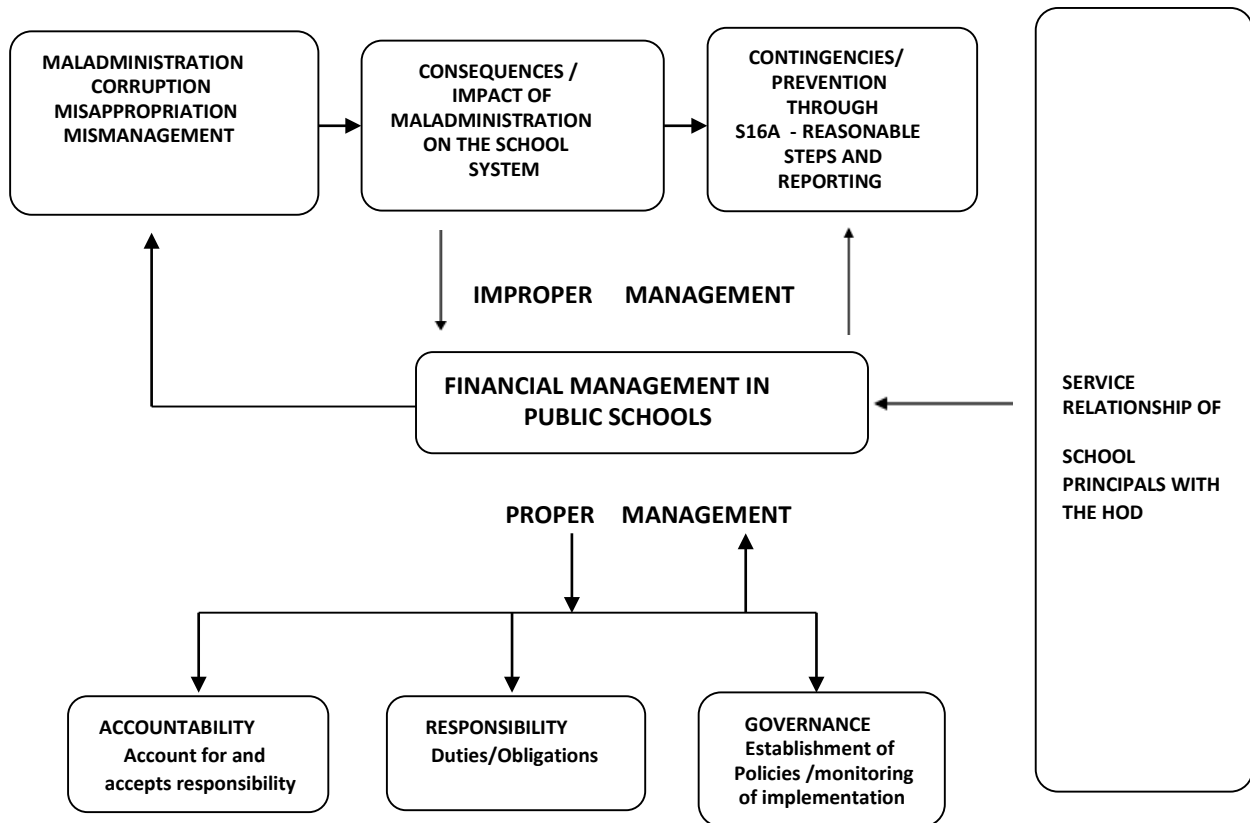


Figure 1.1: Interrelationship and interconnection among concepts

(Maladministration is defined as corrupt behaviour; corruption as wrong doing on the part of an authority; misappropriation as dishonest use of funds for one’s own use; and mismanagement as bad management of finances in schools).

This study focuses on gaining in-depth insight into the various role players’ understanding of the principals' legal responsibilities regarding financial management and administration after the amendment of SASA, S16A (Republic of South Africa, 1996b). The researcher was interested in analysing the views, perceptions and experiences of the various role players of the public school principals’ application of this amendment at individual and school level and how the principals, finance officers and the departmental officials understand the principal fulfilling his obligations.

The following key terms are related to the study: accountability, responsibility, governance, mismanagement and maladministration. These concepts formed part of the investigation of the understanding of legal responsibilities of the principal in managing school finances as outlined in S16A of SASA (Republic of South Africa, 1996b) and other legislative frameworks, and as they have been used in the study.

1.9.1 ACCOUNTABILITY

Kuye, Thornhill, Fourie, Brynard, Crous and Mafunisa (2002:121) define accountability as the responsibility for execution of activities and compliance with set requirements, as well as for reporting on progress made. Accountability is the state of being answerable, accountable and responsible for certain decisions (Perry and William (2007). Naidu *et al.* (2008:83) link accountability to financial reporting on the control and use of resources. In the school context this involves, among other things, confirming that the school's resources actually exist, that they have been accounted for in a proper way.

There is, firstly, a responsibility to undertake certain actions and, secondly, to provide an account of these actions (Bischoff & Mestry, 2003:50). Accountability necessitates reporting to other people (SGB and HOD) and being responsible for what one does with regard to maladministration or financial misconduct in handling money. For the purpose of this study various role players' understanding of the principals' amended legal responsibilities regarding financial management in terms of S16A of SASA (Republic of South Africa, 1996b) and other legal provisions has been investigated. The principal is answerable to the SGB and responsible for the decisions taken regarding spending the school money (including money allocated to the school governing body by the HOD). Accountability involves giving the principal more responsibilities and holding him or her accountable for financial decisions.

1.9.2 RESPONSIBILITY

According to Joubert and Prinsloo (2009:230) responsibility refers to the duties of a person in terms of his or her post and the work allocated to him. According to S16A of SASA (Republic of South Africa, 1996b), the principal is responsible for the good management of finance and the prevention of financial maladministration and mismanagement at school level. S16A clearly states that the principal *“must take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department”*.

1.9.3 GOVERNANCE

Kaufmann *et al.* (1999) in Chetwynd, Chetwynd and Spector (2003:11), and Clarke (2009:20) define governance “as the traditions and institutions that determine how authority is exercised

in a particular country. This includes (1) the process by which governments are selected, held accountable, monitored, and replaced; (2) the capacity of governments to manage resources efficiently and formulate, implement, and enforce sound policies and regulations; and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them”.

According to Swilling and Wooldridge (1995) in Chetwynd *et al.* (2003:11) governance is generally understood to encompass authority, stewardship, leadership, direction and control. In the context of the public sector, governance involves active engagement and on-going cooperation in the interactive process of policy formulation and implementation among public managers, front-line public officials and citizens. Clarke (2009:14) takes this argument further by stating that there is no doubt that a school improves when its governors exert their governance oversight authority in a way that promotes the effective use of resources.

However, research indicates that this is hampered by a lack of financial knowledge, skills and expertise. Institute of Directors in Southern Africa (hereafter, IoDSA) in 2002 established a commission that produced the King Report on Corporate Governance (King II) and improved it in 2009 as King III, which was published with the aim of promoting the highest standards of good corporate governance in South Africa. IoDSA, (2002:112; 2009:20; 2016:3) in King II, King III and draft King IV reports suggest that school governing bodies as board members should act with fidelity, care, honesty, integrity, competence, commitment, courage, transparency, fairness, responsibility and accountability and in the best interest of the school when administering, controlling and managing school funds and the assets of the school or organisation. Australia Public Service Commission (PSC, 2007:42) and Hong Kong (2004:7) also established the same commission with the aim of promoting the highest standards of good corporate governance in their countries.

According to Dimmock (1993:121) the board of directors at school level is the governing body that takes strategic financial decisions, but leaves the executive action to the managing director who is the principal. It means that the principal as school manager is responsible to satisfy the stakeholder in terms of the quality of service and must not betray the trust and confidence that stakeholders have in him and in the school. Colditz (2007 in Beckmann, 2013) elaborates on the analogy between the SGB and a Board of Directors in a company as well as on the role of the school management team (SMT), which is similar to the management of a company. He states that a company is analogous to a school. In a company there is a board of directors that

is similar to the school governing body; the manager of the company can be compared to the principal. In a company there are shareholders and in a school there are parents, learners, staff (educators and non-educators) and the community. The responsibilities of both the directors and the managers involve a duty of care and skill, and fiduciary duties. The decisions of the both the board and the governing body should be based on the ethical values of responsibility, accountability, fairness and transparency.

However, these characteristics are hampered by systematic failure stemming from a weak legal and regulatory system, inconsistent accounting and auditing standards and ineffective oversight by corporate boards as currently experienced in South Africa.

1.9.4 FINANCIAL MALADMINISTRATION/MISMANAGEMENT

According to The New Shorter Oxford English Dictionary (1993:1674) the word *maladministration* is described as faulty or imperfect administration, inefficient or improper management of affairs while the Collins Thesaurus of the English Language, 2nd edition (2002) explains *maladministration* as mismanagement, incompetence, inefficiency, misrule, corruption, blundering, malpractice and dishonesty. Maladministration is any activity or practice that results in defiance with administrative regulations and requirements. It is a legal term that refers to a failure by the principal or any other relevant functionary to carry out financial responsibilities properly and fully.

These descriptions fit perfectly as they embrace all the terminologies to be used in the study investigating the role players' understanding of the principals' legal responsibilities, namely to take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the HOD as a way to fight financial maladministration at school level. The literature review indicates that there is clear evidence that the application and interpretation of these changes in the Schools Act are very complex and a matter of great concern. The literature indicates clearly that there is evidence that financial maladministration/corruption by principals and SGB members in public schools exists, and is a matter of great concern (Mestry 2006:28; Joubert & Van Rooyen 2008:2).

1.9.5 ROLE PLAYERS

According to the Oxford South African Concise Dictionary (2010:1023) the term *role player* is any person who assumes or acts out a particular role/task specifically assigned to him/her within a programme/process. He / she plays a supporting role and does it well and willingly.

Role players in the school financial management system

Public schools have many role players united by a common vision, mission and goals. These role players have functions and responsibilities that are distinct but intertwined and are aimed at the achievement of effective and efficient financial management in schools. The following role players are accountable:

- Teachers responsible for committees dealing with school finances, such as sports committees and fund raising and culture and entertainment to the principal who has delegated them to manage these committees on his behalf. Finance officers to the principal and the SGB. Petty cash officers to the principals.
- Principals who must take full responsibility for the management of school finances and the prevention of financial maladministration and mismanagement and to report any misdemeanours to the SGB and the HOD.
- School Governing Body members who must report how money allocated to their schools has been made available to the parents and the HOD.
- Non-teaching staff such as administrative clerks to the SGB and the principal.
- Departmental officials, especially those directly involved in the effective utilisation of NNSSF in public schools to the HOD on how they support and monitor public schools in financial management.
- The HOD who must report how the Provincial Education budget allocated to schools through NNSSF and grants are utilised to achieve the departmental goals, to the Minister of Basic Education.
- The Minister of Basic Education to Parliament / President of the Republic of South Africa for his or her performance of schools in terms of utilisation of resources (finance, physical, human).

Although the above mentioned all play a role in the management of school finances the key role players are the principals, the finance officers and the departmental officials. Each of these role players has an obligation to ensure that funds are utilised effectively and efficiently to avoid corrupt activities and for the benefit of the learners. The following diagram illustrates the general functions of each critical role player in the study under investigation. The responsibilities clearly indicate that financial management does not relate to one /single person only but it is a matter that calls for a collective effort and accountability by all role players.

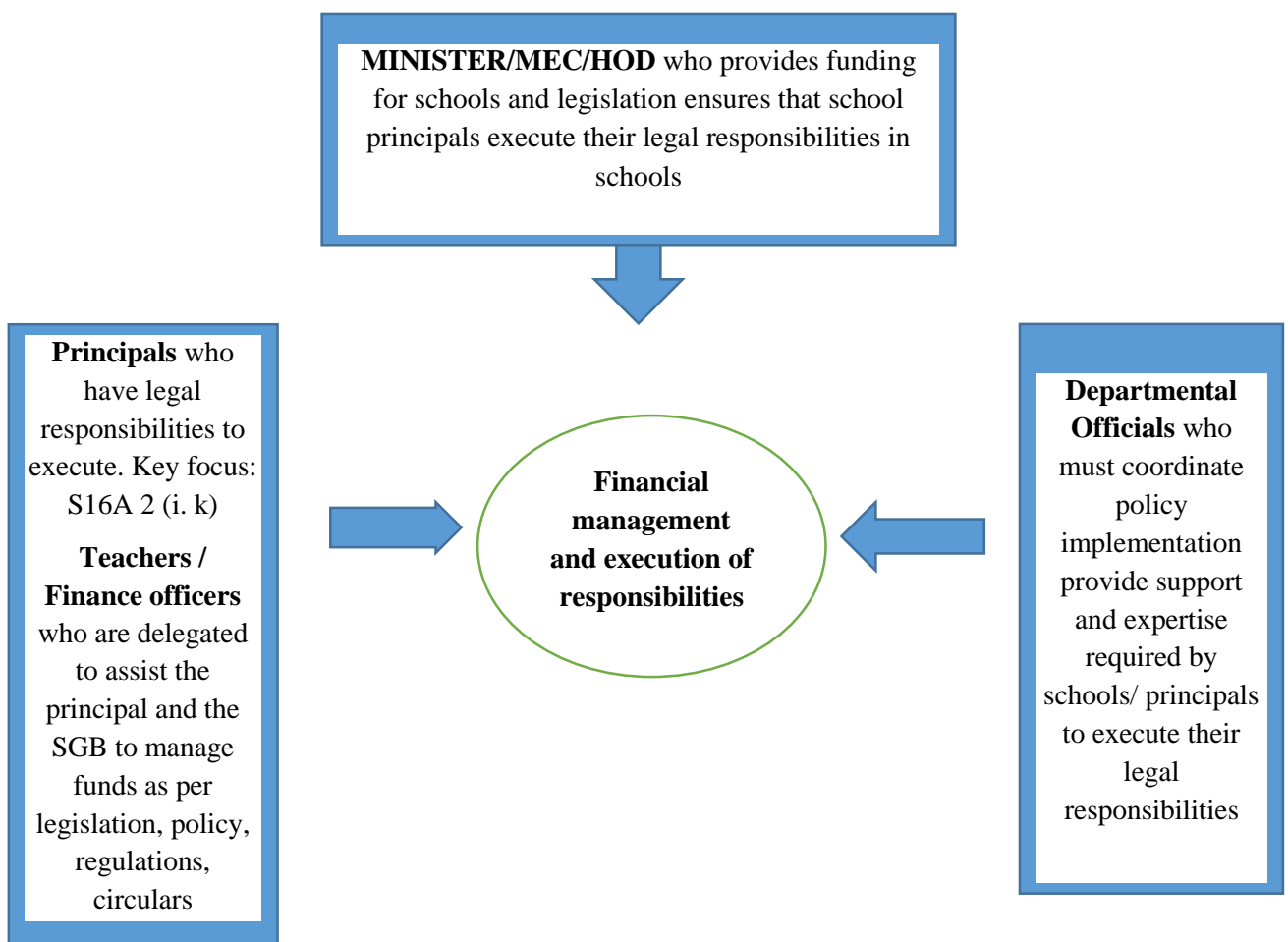


Figure 1.2: Role players with roles and responsibilities

1.10 THEORETICAL FRAMEWORK

This study analyses the understanding by departmental officials, the principals and finance officers of public school principals' legal responsibilities regarding financial management in Limpopo schools. Its focus has shifted from investigating financial management (principals'

legal responsibilities) at public school level to governance or a political point of view and tries to approach the problem from an educational finance perspective/viewpoint.

In trying to achieve the research goal of understanding the principals' legal responsibilities regarding financial management through the eyes of the departmental officials, the principals and the finance officers, the researcher placed his study within the theory of accountability advanced by Tetlock (1999) and Carrington, DeBuse and Lee (2008).

According to Tetlock (1999:119) accountability theory links individual decision makers to the institutions within which they live and work by reminding them of the need to: (a) act in accordance with prevailing norms and (b) advance compelling justifications or excuses for conduct that deviates from those norms. It advocates that no social system can function for a sustained period without accountability checks on group members. The theory therefore stipulates those trust and norm internalisations are necessary but hardly sufficient for the smooth functioning of institutions. From the standpoint of accountability theory, every request for justification raises the question of how one will defend oneself in the eyes of either external constituencies or internalised ones.

Carrington, DeBuse and Lee (2008:00) state that this theory of accountability is used increasingly in financial management throughout the world. This theory describes accountability as a means to ensure that internal policies and procedures are lawful and reflect the best interests of its stakeholders and organisation acts according to its particular governance arrangement. Dossing *et al.* (2011:3) view accountability as a means of holding individuals and organisations responsible for executing their powers properly, and for paying particular attention to responsibility, participation and sanctioning of people for their corrupt acts.

The theory is necessary to drive governance, transparency and openness, answerability, integrity, efficiency, monitoring and assessment to hold stakeholders accountable for their actions. This leads to improvement in schools and delivery of education within schools (Carrington, DeBuse and Lee, (2008:00); Eddy Spicer, Ehren, Bangpan & Khatwa, (2014:1). The theory promotes decision-making that addresses shared problems. It describes the processes that guide collective activities by schools as well as the rules and procedures that schools use to achieve their goals. Accountability requires compliance with laws and regulations, recordkeeping, reporting, auditing and oversight as essential ingredients (Dubnick, 2004:2). Kruger (2002:149) states that accountability in a financial context means that if money

is allocated it should be accounted for. When people or institutions handle funds that do not belong to them, they are accountable for that money to the body that made the funds available (in this study the State). In King IV (2016:3) it is also stated that the governing body should be held responsible for its decisions and actions by stakeholders and it cannot be delegated or abdicated, and should be communicated clearly. This accountability involves public funds and the responsibility to account for these funds in a systematic and prescribed manner. For school principals, accountability means being able to deal with funds in a responsible manner and that principal may be held accountable by the SGBs for the delegated responsibilities of financial management they have allocated to them. Principals may be held accountable by the HOD as the employer as per S16A. SGBs collectively may be held accountable by the HOD as per sections 34-44 of SASA (Republic of South Africa, 1996b) for failure to ensure that money allocated to their schools is well spent. It is quite clear from the literature that governance, responsibility, reporting and accountability are interrelated processes that public schools need to provide for in order to bring about school improvement in the understanding of public school principals' responsibilities regarding financial management.

This theory also helped the researcher to understand the service relationship between the HOD and the principal, and the SGB and the principal's the dual responsibility of governance and accountability in money matters as delegated to the principal by the SGB. The researcher used the theory of accountability to refine the research questions on how the public school principal meets his legal responsibilities in monitoring and supervising the usage of financial resources at school level as well as how role players understand these executions. It was also used to interpret and analyse the data that was collected.

1.11 RESEARCH DESIGN

1.11.1 POPULATION AND SAMPLING

1.11.1.1 Population

The population consisted of principals and finance officers from 602 public schools, and departmental officials from 32 circuits in the district under investigation in the Limpopo Province.

1.11.1.2 Sampling

For the purpose of this study purposive stratification sampling was deemed appropriate as it targets a small number of participants and sites that are manageable and accessible. The aim is to gain a deeper understanding of the participants and the phenomenon of role players views of the principals' legal duties regarding financial management in its natural setting. In this regard it is an investigation of the principals' legal responsibilities to take reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school and to report any maladministration or mismanagement of financial matters to the governing body of the school and the HOD.

A district in Limpopo Province was randomly sampled from a population of 10 districts. Only six (6) public primary schools were selected. Six school principals, six finance officers and six departmental officials were selected for interviews to find out how they understand and perceive the public school principal' legal responsibilities regarding financial management in Limpopo.

The dates and times for the interview were arranged. As these people were regarded as information-rich key informants they were likely to be knowledgeable about and informative on the management of school finances, particularly Chapter 4 and the amended S16A of SASA (Republic of South Africa, 1996b). They were interviewed until data saturation was achieved.

As this study used a nominal section of quantitative research approach, self-administered questionnaires were distributed to (100) public school principals and (100) finance officers in primary and secondary schools and to (26) departmental officials from across the district in order to find out how they understood the application of their legal responsibilities. 53 principals, 22 finance officers and 4 departmental officials responded positively. As this study is primarily qualitative and used purposive stratification sampling, its findings are not generalisable to all public primary schools.

1.11.2 QUALITATIVE RESEARCH APPROACH

Although the study used the mixed method approach of (QUAL-quant) or only a nominal section of quantitative research approach (in the form of questionnaires), the primary and dominant research approach for this study was qualitative. Babbie and Mouton (2011:270); Bryman (2012:46); Hennink, Hunter and Bailey (2011:10) and Van Der Stoep and Johnston (2009:8)

state that a qualitative research approach is aimed at providing and gaining a better, richer and more in-depth understanding of the phenomenon under study as it occurs in a natural setting. It is also good for providing an in-depth understanding of the research issues that embrace the perspectives of the study population and the context in which they live. It seeks to establish the meaning of the phenomenon from the views of the participants. A qualitative research approach is based on emergent methods and constructs of reality of how various role players understand the principals' legal responsibilities regarding financial management. The researcher preferred a qualitative research approach to a quantitative one as the latter is based on testing a theory with the aim of identifying variables. Describing and measuring the relationship between two or more variables with the aim of generalising the results was not the researcher's point of focus.

In this study the researcher intended exploring the public school principals' legal responsibilities regarding financial management in Limpopo public schools as a human action. The researcher intends to study these legal responsibilities from the participants' (principals, finance officers and departmental officials) perspective with the goal of describing and understanding (“*verstehen*”) of this phenomenon, and to gain insight into the legal responsibilities of principals regarding financial management as it occurs in South African public schools. This qualitative study was used with the aim of explaining the ways in which the departmental officials, finance officers and the principals understand the principals' legal responsibilities of “*taking reasonable steps to prevent financial maladministration and misappropriation and to report any malpractices to the higher authority (HOD)*” as they monitor and support them. The reasons for choosing qualitative research as the dominant approach were adapted from Babbie and Mouton (2011: 270) who state that research is conducted in the natural setting of social actors, the focus is on process rather than on outcome, the actors' perspective is emphasised, the primary aim is in-depth description and understanding of actions and events and the main concern is to understand social action in terms of its specific context rather than to generalise the findings to some theoretical population as well as the qualitative researcher is seen as the “main instrument” in the research process.

Although the study is predominantly qualitative, the researcher made use of the QUAL–quan approach (nominally applied the quantitative research approach) by means of questionnaires for the following purposes:

- To provide fuller, deeper and more meaningful answers to the single research question.

- To provide stronger evidence for a conclusion through corroboration of findings.
- To provide more comprehensive data and enhance the credibility of findings from a single study.
- To enhance the validity of the qualitative results.
- To take advantage of the unique strength of each methodological approach when engaged in different stages.
- To add unique insights about the phenomenon that cannot easily be obtained from the qualitative method used as the dominant method in the investigation (Check & Schutte (2012) in Gay, Mills & Airasian (2011:484); Johnson & Christensen (2008:444); McMillan & Schumacher (2014: 429)).

1.11.3 INTERPRETIVE RESEARCH PARADIGM

Babbie (2007:31, 32); De Vos, Strydom, Fouche' & Delpont (2011:297); Hennink *et al.* (2011:11) and Saunders, Lewis and Thornhill (2012:141-142) describe a paradigm as a model or framework for observation and understanding that shapes both what we see and how we understand it. Paradigms are perspectives or ways of looking at reality, and they are frames of reference we use to organise our observations and reasoning. In this study the interpretive research paradigm was used.

1.11.3.1 What is the interpretive research paradigm?

De Vos *et al.* (2011:14, 309); Burrell and Morgan (1979) in Gay and Airasian 2003:163) and Hennink *et al.* (2011:10, 14) suggest that the interpretive paradigm means that the approach seeks to understand people's lived experience from the perspective of the people themselves. It recognises that reality is socially constructed as people's experiences occur within social or personal contexts. In this study the researcher focused on understanding the various role players' perceptions of the principals' legal responsibilities regarding financial management from their perspective. This involved the interpretation of the principals' functions and responsibilities to take reasonable steps to prevent financial maladministration and mismanagement at school level and to report any financial maladministration and mismanagement of any financial matters to the HOD. Participants were given the opportunity to provide their own accounts or explanation of the situation or their standpoint with regard to the public school principals' legal responsibilities in financial management. The researcher tried to understand and gain an in-depth insight into the various role players' understanding of

the principals' legal responsibilities to monitor and supervise the use and management of the school funds and in particular the changes made to S16A of SASA (Republic of South Africa, 1996b). To achieve these goals the researcher used the theory of governance and accountability as stated earlier above.

According to Cohen, Manion & Morrison (2011:17), the central endeavour in the context of the interpretive paradigm is to understand the subjective world of human experience, to retain the integrity of the phenomenon being investigated and the efforts made to get inside the participants' mind and understand from within. Cohen *et al.* (2011:18) develop this argument by stating that an interpretive paradigm is a view of Social Science, a lens through which one examines the practice of research. Cohen *et al.* (2011) further explain that in an interpretive enquiry individual behaviour can be understood by the researchers sharing their frame of reference. The understanding of individuals' interpretations of the world around them has to come from inside, not outside (the social world can only be understood from the standpoint of the individuals who are part of the on-going action being investigated). As an interpretive researcher he concentrated on the experience and understanding of the principals' legal responsibilities, including the application and the interpretation of his or her responsibilities in section 16A and Chapter 4 of SASA (Republic of South Africa, 1996b).

1.11.4 A MULTIPLE CASE STUDY

Creswell (2007:73); Merriam (1988:21, 30; 2009:43) and McMillan and Schumacher (2006:366) indicate that a case study is an in-depth analysis of a "bounded system" over a period of time in order to understand the phenomenon under study. Creswell (2008:476) states that being "bounded" means being unique in time, place and participant characteristics. Cohen *et al.* (2011:290) state that a case study is concerned with a rich and vivid description of events relevant to the case; it focuses on participants and seeks to understand their perceptions of events in a particular context through in-depth interviews with the participants, catches their close-up reality and provides a description of participants' lived experiences of, thoughts about and feelings for a situation, with the aim of capturing participants' understanding of a specific phenomenon.

The researcher used a multiple case study. McMillan and Schumacher (2014:371) describe a multiple case study as the combination of different cases in a single study. It is the use of more than one setting. The researcher used a multiple case in the study to describe and compare, gain

and develop a better and an in-depth understanding of how role players understand public school principals' legal responsibilities, and to get a rich description of the perceptions and thinking of the principal, the finance officers, and the departmental officials in the sampled six schools and six circuit offices in the district under investigation. Each school and each circuit in the district under investigation was considered a case. That is, how the principals, the finance officers, and the departmental officials understand the principals' legal responsibilities of taking reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school and to report any maladministration or mismanagement of financial matters to the governing body of the school and the HOD (see par 4.5.2).

1.11.5 DATA COLLECTION STRATEGIES

De Vos *et al.* (2011:321) state that the use of more than one method is used to help improving the credibility and trustworthiness of data. This study made use of 3 sets of data collection /multiple methods or interactive strategies to study participants' understandings. The following data collection strategies were used:

1.11.5.1 Semi-structured interviews

The researcher conducted the semi-structured interviews with six school principals, six finance officers of the selected six schools and six departmental officials to answer some of the research questions and to provide the researcher with insight into how these research participants viewed the world of financial management in schools with the aim of being accountable for their action. Semi-structured interviews were used to solicit data from the principals, finance officers, and the departmental officials' understandings, perceptions, feelings and experiences, and allowed the researcher to gain in-depth information and understanding from the research participants. The aim of using interviews was to see the world through the eyes of the participants and to obtain rich descriptive data that helped the researcher understand the participants' construction of knowledge and reality and to probe further the principals' experience, actions and reporting as required by S16A of SASA in public primary schools in Limpopo Province (see par 4.7.1).

1.11.5.2 Document analysis

Document analysis was implemented to shed light on the phenomenon that the researcher investigated. A review of all available documents related to the financial management found in

public schools, such as minutes, records of financial decisions taken (monthly, quarterly and annually), financial reports, audited financial statements as compared to the school budgets and financial policies and receipts/invoices was done to find out whether they were aligned with the recent amendment of SASA done in 2011 (see par 4.7.2).

1.11.5.3 Self-administered questionnaires

In this study a degree of a quantitative research data collection mechanism of questionnaires was administered to collect information directly from school principals, finance officers and departmental officers on how these officers perceive the public school principals' legal responsibilities regarding financial management in Limpopo. Briggs, Anderson and Morrison (2010:132) state that questionnaires allow collection of data from a broader section of participants. The researcher endeavoured to determine the role players' beliefs, knowledge about opinions, feelings, attitudes to and perceptions of the school principal implementing financial management responsibilities at school level. Questionnaires assisted the researcher in reaching the research objectives as they gave the participants an opportunity to put perspectives they did not want to talk about in writing. This helped the researcher better understand how the school principal implements legal responsibilities regarding financial management in the school context (see par. 4.7.3).

1.11.6 DATA ANALYSIS AND INTERPRETATION

This study interpreted data both qualitatively and quantitatively (Qual-quan). Cohen *et al.* (2011:538) state that qualitative data analysis is used to discover patterns, commonalities, differences and similarities; to describe, to explore, to interpret, to generate themes, understand groups and to examine the application and operation of the same issues in different contexts. McMillan and Schumacher (2010:366) take this argument further by stating that qualitative data analysis is primarily an inductive process of organising data into categories and identifying patterns and relationships among the categories. It is a process through which qualitative researchers synthesise and make meaning from the data, starting with specific data and ending with categories and patterns. According to Creswell (1998) data analysis in a case study typically involves the following steps:

- **Step 1:** Organisation of details about the case
- **Step 2:** Categorisation of the data
- **Step 3:** Interpretation of single instances

- **Step 4:** Identification of patterns
- **Step 5:** Synthesis and generalisations

Based on these steps, data collected for this study through individual interviews (and document reviews through narration) with school principals, finance officers and departmental officials was analysed and interpreted qualitatively. Data was analysed using thematic analysis following Braun and Clarke (2006:87) and Matthew and Ross's (2010:384) model in order to identify the themes and the sub-themes. The data collected through interviews and documents was transcribed and coded and responses were grouped according to the research questions asked as relating to how various role players in the school system understand the principals' legal duties and responsibilities regarding financial matters. Although the research was mainly qualitative (thematic analysis was used), the researcher used self-administered questionnaires to solicit data to supplement the other two methods of interviews and document analysis. Data collected through questionnaires was analysed quantitatively through the assistance of a data analyst using the software QlikView program. The entire analysis process was interactive in nature.

1.12 TRUSTWORTHINESS

Babbie and Mouton (2011:276); Bryman (2004:273); Bryman (2012:390); Cohen *et al.* (2011:180); De Vos *et al.* (2011:349); and Maree (2007:80, 86, 113) propagate the use of the following criteria to ensure trustworthiness and authenticity in qualitative research: credibility (which includes prolonged engagement, triangulation and member-checking), dependability, and conformability (which includes an audit trail) as well as transferability. In using the questionnaires the researcher wanted to ensure validity and reliability as part of enriching the value of data collected for this study. A more detailed discussion of trustworthiness and authenticity is offered in Chapter 4 of the dissertation (see par 4.9).

1.13 ETHICAL CONSIDERATIONS

A number of ethical issues were considered by the researcher when conducting the research. In order to do the research in an ethically responsible way as highlighted in Babbie (2013:32); Babbie and Mouton (2011:520); Brynard and Hanekom (2012:135-143); Breakwell, Hammond & Fife-Shaw (2009:34-41); De Vos *et al.* (2011:115); Hennink, Hunter and Bailey (2011:66-

79); McMillan and Schumacher (2010:388) and Veal (2009:109) the following principles were observed:

- School principals, finance officers and departmental officials to be interviewed were informed of their right to privacy and were given the assurance that their identity would be protected through anonymity and confidentiality.
- The six sampled public primary schools were assigned codes for anonymity and confidentiality.
- The interviewer explained the context of the interview to them and let them know that participation was voluntary and they had the right to withdraw if they felt uncomfortable. Ethical clearance was obtained from the University of Pretoria.
- Permission to conduct the research, interview the participants and collect data from the selected schools and circuit office was obtained from the Department and access was negotiated with the participants.
- The researcher ensured that no harm was caused to participants.
- Where malpractices were found during the study, the researcher adhered to the above ethical measures as discussed with the participants (right to withdraw without penalty).

1.14 LIMITATIONS OF THE STUDY

De Vos *et al.* (2011:111), when identifying limitations in qualitative research, point out that researchers must consider the validity and reliability of all data collection instruments, the generalisability of the sample to the population from which it was drawn, access to data and ethical problems. This study was limited largely to the interpretive paradigm, and focused on understanding and interpreting perceptions. With regard to interviews as a method, the researcher concurs with Hennink, Hunter and Bailey (2011:131) that a great deal of transcription is needed. The researcher needs skills to establish rapport, has to utilise motivational probes to get the relevant answers, should listen and react to the interviews and not judge participants. With regard to interviews, people often feel constrained and not free to give information that they feel is important. The wrong expectations of the researcher are also a limitation. The researcher may miss salient issues in this way as indicated by Breakwell *et al.* (1995:231).

The literature specifically addressing the school principals' legal responsibilities to prevent and report financial mismanagement in the public schools is limited. There are few documented

examples and reports from the Department. However, this shortage of evidence underscores the need for more research on public school principals' responsibilities regarding financial management in the school context. De Vos *et al.* (1998:133) state that the personal presence of the interviewer may reduce the participants' spontaneity. Sarantakos (2005:286) indicates that one of the limitations of interviews is inconvenience and sensitivity. When sensitive issues are discussed, many people prefer to write rather than to talk about them, so the self-administered questionnaires gave them an opportunity to put matters they did not want to talk about in writing. With regard to self-administered questionnaires the researcher had no control over how the participants answered or interpreted the questions. Participants are sometimes unwilling and unable to offer information as some returned incomplete or not fully completed.

According to Creswell (2003; 186) and De Vos *et al.* (2011:382), documents are sometimes incomplete and selective, which means that there are gaps in the database that cannot be filled in any other way. They require transcribing and may not be authentic and accurate. Sometimes only positive aspects are documented. According to Yin (2009:102) retrievability of documents is difficult and access may be deliberately withheld.

With regard to trustworthiness it is not possible that he could be 100% sure of his interpretations. The study was confined to one district out of ten districts in the Limpopo Province, which is also a limitation. The study focused on the understanding of the public school principal's application, implementation and interpretation of his or her legal responsibilities. Only 53 principals, 22 finance officers and four departmental officials were fully involved in the answering of the questionnaires.

The study was limited to one province (Limpopo) out of the nine provinces of South Africa. It was further limited to the schools nearer to his place of work due to financial constraints and the time factor. The findings from the population of the study which is made up of 18 participants (interviews) and 79 respondents (questionnaires) were not generalisable to all public schools in the Limpopo Province. This is confirmed by McMillan and Schumacher (2006:125) who state that the results of qualitative research cannot be generalised (see par.7.5).

1.15 SIGNIFICANCE AND CONTRIBUTION OF THE STUDY

Ochse (2004:14) suggests some of the weak points that result in financial mismanagement and maladministration in the public school education sector. The weak points identified comprise of the inadequate legal basis to prevent and fight corruption; inadequate enforcement of existing

legal provisions; lack of internal and external monitoring and control mechanisms; inadequate documentation, reporting and accountability requirements, and inadequate expertise and human resources capacities as well as the moves to decentralise the financing of education, budgets and transactions; moreover, auditing can be easily manipulated. These findings are regarded relevant to this study; and the researcher based the significance of the study on these findings.

The study is an attempt to explore new experiences in the understanding of the legal responsibilities specifically of the school principal, his challenges and success in the application of legal responsibilities in order to reveal and fill the gaps in the previous studies in the management of school funds. The interpretations of the legislation (responsibilities) formed a body of knowledge and will contribute to the already existing body of knowledge that constitutes management of funds in schools and in particular the understanding, application and interpretation of the legal provisions regarding financial management in public schools.

Lastly the study assisted the researcher in improving governance and financial accountability as well as in understanding and critiquing complex financial responsibilities of public school principals. The study suggests models that could be valuable for future principals, finance officers and school governing members and should enable them to have a better understanding of legislation and the improvement of policy, law and financial practice. It should also be of value to facilitate the understanding of issues of concern, which are misunderstanding, misapplication and misinterpretation of the law, implication or unintended consequences to the school governing bodies, and the staff. The results of the study should contribute to designing better financial control measures and financial management programmes and monitoring tools for the performance of all the role players in the management of school funds in ordinary public schools (see par. 7.6).

1.17 SUMMARY

According to section 16 (1) of SASA (Republic of South Africa, 1996b), the governance of every public school is vested in its governing body and it may perform only such functions and obligations and exercise only such rights as prescribed by the Act. Section 37 (1) stipulates that it is the responsibility of the school governing body to administer the school funds in accordance with directions issued by the provincial Head of Department. However, school principals as employees of the HOD, incur legal responsibilities that are prescribed in s16 A (2) (i; k) of SASA (Republic of South Africa, 1996b) and other legal provisions/legislation

regarding how to manage finances as school managers. These new functions and responsibilities of principals of public schools place the school principal in an invidious situation. They draw the principal into a net of power relations that could jeopardise performance; they also harm the working relationship between the principal and the school governing body and staff members. This research is aimed at finding out how the different role players perceive the public school principals' legal responsibilities regarding financial management in the Limpopo Province. Chapter 2 and 3 form the understanding and knowledge base of this study. This chapter also presented the chapter layout of the research.

Chapter 1 provides among others the statement of purpose, problem statement and research aims, the working assumptions, the rationale for the study, the significance of the study, the research methodology, delimitation of the research, research design as well as key concepts.

Chapter 2 provides an in-depth and extensive review of literature relevant to the legal responsibilities with regard to the management of school finances as seen through the school governance lens. The functions and responsibilities of the public school principal are investigated with specific reference to Sections 15, 16, 16 A, 21, 30, 37, 38; 38 A, 42 – 43 and 59 of SASA (Republic of South Africa, 1996b) and other legislative frameworks relevant to it. Literature on South African and global school financial management was reviewed to understand how various role players interpret the public school principals' legal responsibilities regarding financial management. The literature review has proved and confirmed that public school principals have prescribed legal responsibilities to fulfil. Various national legislation and national policy guidelines were analysed and presented legal responsibilities of public school principal as an individual and government employee. Understanding, interpretation and application of these legal responsibilities in public schools are not simple. The problem is not confined to South Africa but it is a global trend / issue.

Chapter 3 provides an in-depth review of literature on the application and reporting of financial mismanagement and maladministration as the key functions and responsibilities regarding financial management. Reports from the South African print media, the South African Provincial Education Departments, and the South African and international perspectives of public school principals regarding weaknesses in financial management were examined.

Chapter 4 outlines the research design, research methodology, and philosophical assumption and data collection mechanisms. Methods of data analysis and ethical considerations/

guidelines adhered to are explained. Multiple research techniques of questionnaires, semi-structured interviews and document analysis were used to collect data. Triangulation of data collection mechanisms was done, as no single best research method for collecting and analysing data exists.

Chapter 5 presents an analysis and interpretation of the data from the interviews, questionnaires and the document analysis. Tables were used extensively to facilitate the interpretation of the data. Salient features were explained in full. Weaknesses as based on misconceptions of the law, which call for immediate address by the HOD through awareness education, were pointed out. Alignment of the legislation, the Education Labour Relations Council (ELRC) and SASA for smooth governance and professional management of schools was revisited.

Chapter 6 outlines the triangulation and synthesis of the study in an attempt to answer the main research question and the problem statement with regard to the various role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo Province, South Africa.

Chapter 7 provides an overview, the main findings, recommendations, suggested models for sound financial management that will enhance quality education and conclusions resulting from the findings of the three data sets and data collection mechanisms.

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CHAPTER 2:

THE LEGAL RESPONSIBILITIES OF THE PUBLIC SCHOOL PRINCIPALS WITH REGARD TO THE MANAGEMENT OF SCHOOL FINANCE

2.1 INTRODUCTION

The South African public education system consists of 24 136 public ordinary schools made up of 13 730 primary schools, 6 167 secondary schools, 4 019 combined schools and 366 intermediate schools (DBE, 2013). There are nine provincial Departments of Basic Education (DBE). One of these provincial education departments is the Limpopo Province Education Department with 3 924 public schools. The Limpopo Province Education Department is further divided into ten education districts. One of these districts (where the research was done) has 32 circuits and 602 public schools (DBE (Limpopo Education Management Information Systems (EMIS)), 2014). The Department of Basic Education is responsible for funding, formulating policy, setting norms and standards, and monitoring and evaluating utilisation of these funds at all levels of education. The national DBE shares a concurrent legislative authority with the provincial departments of education for school funding, and these provincial departments of education are guided by national policies, regulations, acts and prescripts, within which they have to set their own priorities and implementation programmes.

The Government of South African, through the DBE is decentralising the school funding to the nine provinces and investing billions of Rands in the public schools through the National Norms and Standards for School Funding (NNSSF) (Republic of South Africa, 1998) with the aim of creating a better and quality teaching and learning environment in public schools through the improvement of infrastructure and closing the digital divide (DBE (2013). This means public schools are getting large amounts of money from the treasury, as the DBE was allocated R19 680 billion in the 2014/2015 financial year. This investment requires a high level of governance, management, responsibility and accountability from governing bodies in order to avoid and prevent financial maladministration. The public school principal as the school manager is obligated or given responsibilities and accountability to manage and administer the money effectively and efficiently. So it is undeniable that the school principal plays a pertinent role in the financial management and administration in public schools globally and in South Africa (Botha (2012:263) Clarke (2012:58) DBE, (2014:15); Public Service Commission (PSC) (Australia) (2011:42)).

Looking at the public school principals' financial management from a legal point of view, the researcher primarily focused on investigating and analysing the various role players' understanding of the public school principals' legal responsibilities with regard to financial management in Limpopo. The insertion of S16A (2) in SASA (Republic of South Africa, 1996b) in 2011 brought a paradigm shift in the management and administration of funds in schools. Previously the management and administration of school funds was the overall responsibility of the school governing body in public schools. With the recent amendments (S16A (2) (i; k) ("*To take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department*")) of SASA (Republic of South Africa, 1996b), the public school principal as school and financial manager is given additional functions to fulfil. The public school principal is given a dual role to play in the management of school funds: Firstly as the unelected member of the SGB by virtue of being the school principal, and secondly as the employee of the Department and the school manager (Clarke (2007:280); Clarke (2012:112-3); Clase, Kok and Van der Merwe (2007:243); Eastern Cape Department of Education (hereafter ECoDE Republic of South Africa) (2012:3); Govindasamy (2009:28); Joubert and Prinsloo (2009:93); Mestry (2004:129) (2008:8); Modikwa (2012:24); Naidu, Joubert, Mestry, Mosoge and Ngcobo (2008:165); Prinsloo (2006:364); 2016:1) and Van der Merwe (2013:243); Van Wyk and Lemmer (2002:135); Western Cape Education Department (WCED) (2009:5).

This new financial management paradigm poses serious challenges to the school principal, school governing body, finance officers and departmental officials in understanding the application or implementation and interpretation of these legal responsibilities in the school context. The researcher investigated and analysed the public school principals' legal responsibilities from the various role players' perceptions or point of view. The various relevant legislative frameworks were also reviewed in order to shed more light on the public school principals' legal responsibilities regarding financial responsibilities.

2.2 CONCEPTUAL ANALYSIS

The following key concepts were analysed in order to provide more clarity on the legal responsibilities of the public school principals regarding financial management at school level.

2.2.1 FINANCIAL MANAGEMENT

As this study focuses on the public school principals' role, duties and legal responsibilities in financial management, it is appropriate to describe financial management in schools from the principals' perspectives or point of view. Mestry and Bischoff (2009:2) and Naidu *et al.* (2008:164) describe school financial management as the performance of management actions (regulatory tasks) connected with financial aspects of the schools with the aim of achieving effective education, carried out by a person in a position of authority. The financial manager ensures that the school governing body and staff plan, organise, delegate and control the funds of the school in such a way that they achieve their goals. It is also viewed as an integral part of resource management that ensures that expenditure is directed towards achieving good value for money through appropriate acquisition and allocation of resources. Other activities that help achieve this goal include the use of budget, planning and resource control. Naidu *et al.* (2008:164) state that effective allocation and management of resources are critical to effective school management and should relate to the needs of the learners. Managing a school's finances and resources effectively requires a clear vision of where the school should be going; based on a shared philosophy and set of values; a focus on results; matching achievements against cost and a critical and analytical approaches to issues and problems.

According to Hansraj (2007:15), financial management involves financial planning and budgeting, financial accounting, financial analysis, financial decision-making and action. Hansraj (2007:28) adds that, in administering the school funds, a school principal must ensure that the school accounts and records are properly kept and must make the best use of funds for the benefit of the learners.

Financial management is described as essential. The school principal must have knowledge and understanding of managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated (Clarke 2007:278, 280, 281).

The financial management aspect is mandated to the school principal to manage and administer the funds effectively and efficiently as his obligation in order to take reasonable measures to prevent any financial maladministration and mismanagement by any member of the staff or the SGB. The principal is required by law to report irregularities to the SGB, the HOD and the South African Police Services as a requirement of accountability (SASA Section 16A (i; k), GDE circular 13 of 2000, PFMA (Republic of South Africa, 1999), and PDA (Republic of

South Africa, 2000). Thus he has to take responsibility for his performance of assuring accountability. Anderson, Briggs and Burton (2004:210) state that those in management positions within schools must be equipped with the financial skills and knowledge necessary to perform their management duties, and successfully accept responsibility for the power these bring with them.

2.2.2 RESPONSIBILITIES

The term *responsibility* refers to among others people's moral duty to perform appropriately. It relates to the principal's and the SGB's ethical commitment to their mandatory work (Squelch and Bray, 1997:77). Jooste (2010:56), Naidu *et al.* (2008:83) and Joubert and Prinsloo (2009:230) define responsibility as executing the duties associated with one's scope of work. This acceptance of responsibility for the financial management in schools is determined by the principal's educational preparation, competence and work experience. Responsibility means being able to answer for one's conduct and performance.

In this study the term *responsibilities* refers to the public school principal honouring his or her obligations in accordance with the relevant financial regulations and legislation. If the principal is incompetent or unwilling to do this, he or she must account to the SGB and the HOD. This means that the principal must take responsibility for his or her actions in performing the tasks assigned to him by the SGB and the HOD. The SGB may delegate the authority to the principal to carry out financial management functions; however, the SGB retains accountability for the overall responsibility of managing finances. These financial responsibilities include the following (financial management tasks of planning, organisation, leading and control): The school's policies and procedures must be in place, the SGB as the accounting authority has to look at the policies, procedures, and regulations in order to judge whether they are appropriate and implemented successfully. The willingness of SGBs to implement policies such as finance policies and procedures consistently and the impact this has on school improvement needs are to be assessed regularly. The school has to have effective procedures in place for dealing with the management of school finances. The SGB must ensure that financial records are kept up to date and are regularly monitored (Clarke, 2012:154; Mestry, 2013:165).

Van Deventer and Kruger (2003:118) view responsibility as a particular obligation or commitment on the part of a principal and the staff to achieve the school's outcomes. The principal is held responsible not only for his own performance, but also for the performance of

all in the school. By accepting responsibility and authority, the principal agrees to accept credit or blame for the way in which tasks are carried out. Therefore delegation implies that the public school principal has the ability and skills to manage school funds on a day-to-day basis; has the responsibility for taking action, for making decisions on the utilisation of funds following financial policy, guidelines and legislation; has the legal right/authority given by the SGB and the HOD to manage and run the school's funds as part of his work.

Jooste (2010:56) elaborates that delegation begins with knowledge and understanding of legislation and regulations as well as definitions of delegation and assignment. The SGB is responsible for any delegation to the principal who is responsible for the outcomes of tasks that he is delegated to do and supervise. Jooste (2010:136) further states that when delegating, the following five rights of delegation should be considered:

- Right task
- Right circumstances
- Right person and direction
- Right communication of expectations
- Right supervision and evaluation or follow-up.

These descriptions fit perfectly as they embrace all the terminologies used in the study to investigate the role players' understanding of the public school principals' legal responsibilities (to take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department as a way to fight financial maladministration at school level). This amendment of S16A of SASA (Republic of South Africa, 1996b) requires the principal, in his professional capacity, to provide assistance and guidance to the SGB in performing its functions. It also confirms that the principal must inform the SGB about policy and legislation. By law it means that the principal must assist the SGB in unpacking all the documents such as the regulations, policies, circulars and acts relating to school governance, and in particular to financial management considered in this study (Republic of South Africa, 1996b; Chaka 2008:23). The understanding of these legal provisions is difficult and complex to handle, and it puts the school principal in an untenable position, because it may create power conflict and confusion over the role of a principal relating to finances at school (Bathon *et al.* (2011:369); Corruption Watch (2015:44); SADTU, SAOU (2010); Van der Merwe (2013:243).

2.3 LEGAL RESPONSIBILITIES OF THE PUBLIC SCHOOL PRINCIPAL VIEWED THROUGH A GOVERNANCE LENS

In this study the principal as the financial manager has the legal responsibilities to assist, guide and support the governing body. Clarke (2012:154) argues that, although the governing body has the ultimate responsibility for the financial management of the school, it is normal practice for the governing body to delegate the daily operational financial management functions to the principal and the staff. One of the principal's responsibilities that he cannot abrogate is to ensure that the governing body manages the school's finances in terms of the provisions of SASA (Republic of South Africa, 1996b) and in the best interest of the learners of the school. The principal should also ensure that the finance policy and procedures put in place by the governing body are conveyed to the staff and are adhered to. He should encourage the governing body to monitor the school's financial position, particularly relating to cash flow. The principal is a link between the provincial education department and the governing body, and all communication of the Department with the SGB is through the office of the school principal. The principal gives advice to the school governing body and serves as a resource person for the implementation of applicable legislation in finance management. This division of responsibility for the execution of transactions is essential and should be based on the effectiveness and efficiency of the executor, equitable management and decision making that is transparent and holds executors accountable. This requires a set of accountability indicators and regulations (Knight, 1993:60).

According to Van Rooyen (2012:47), financial management is one of the management areas for managers in education. It has become the principal's responsibility, in addition to an already overloaded workload. Whenever financial management in public schools is mentioned, people understand it as either a responsibility of the school governing body or of the school principal. Studies on financial management in schools and analyses of legislation relevant to financial management, such as S16A (2) (i ; k) of SASA (Republic of South Africa, 1996b), the Provincial Education Department's financial prescripts and regulations (circulars) have proved that management and administration of funds in public schools are the legal responsibility of the school principal (but not accountability for them).

This view is supported by Mestry (2004:126) who states that, to ensure that school finances are managed effectively and efficiently, the principal and SGB should ensure the existence, and the effective execution of a sound, watertight financial policy and management procedures.

Regular checks and counterchecks are necessary to avoid the mismanagement of funds by any person or groups of persons.

Clarke (2012:113) also points out that it should be clear that taking care of the school's finances should be seen as the primary responsibility of the SGB, including the school principal. The SGB must ensure that policies are in place for the handling of school monies; the responsibilities of those people who have been delegated to handle the daily financial transactions are set out in writing; there are checks and balances in place to reduce the risk of theft or fraud with regard to school monies; budgets are set out and adhered to; proper records are kept of all financial transactions (safekeeping of financial records) and all departmental policies regarding the use of school monies are adhered to.

Mestry (2013:165) suggests that the principal should have various kinds of school account and records kept properly to make the best use of funds for the benefit of learners in consultation with the appropriate structures. The principal should ensure that school finances are managed effectively and efficiently, and principals may not act in conflict with any instructions of legislation, policies or any provision of the EEA (Republic of South Africa, 1996b) in their obligations towards the HOD or MEC.

Clarke (2012:154); Lunenburg (2010:1) Mestry (2013:165); National Association of Head Teachers (NAHT) (2007:17) and Department for Education (DfE) (2015:5) in England, National Development Plan (NDP) (2011:261) in South Africa; United Nations Educational Scientific and Cultural Organisation (UNESCO) (2005:22; 24); Department of Education and Early Childhood Development (DEECD) (2011:9) in Australia; Huber (2011:479) in Switzerland and Van der Westhuizen (1991:372) confirm that the principal as financial manager is responsible for assisting and supporting the governing body in matters relating to school finances. The principal is responsible for all day-to-day duties, responsibilities and activities associated with financial management of the school and should carry them out within a hierarchical legislative framework.

Therefore the principal should be well acquainted with the basic principles of education financing and management, such as accountability and autonomous control of funds and making the right financial decisions. The principal must have certain knowledge and skills of planning, organising, and leading the controlling of finances. The principals must have the ability to interpret the validity of the financial systems and the financial terms used in them;

develop the school's integrated budget for financial performance, cash flows and financial position; implement systems to allow a close check on financial matters. This means the ability to analyse the financial statements, interpret the results and trends and make accurate projections; delegate financial responsibilities to teaching staff through providing the training to them, and monitor their compliance with the budget; ensure that all financial systems are highly functional and comply with accepted standards of operation; and provide sound advice to the governing body that includes the reliance on professional financial advice in making financial decisions; and implement and manage all board financial decisions and audit management recommendations (Hourigan (2003) in Ntseto (2009:21)).

This means that financial management is the process of ensuring that the school has the money and resources to meet its vision. The knowledge, understanding and interpretation as well as precise application of financial regulations are a "*sine qua non*" for sound financial management. Proper financial management in public schools is a major global issue. In countries like South Africa, England, New Zealand and Australia, the principal/school managers/head teachers must manage, monitor and control the school funds in order to prevent maladministration, mismanagement of funds and fraud, which are indicators of improper financial management DES (NZ, 2009:21); DfE (UK, 2003:39); PSC (Australia, 2007:42); SASA (Republic of South Africa, 1996b); LPED (Republic of South Africa, 2011).

Hence good financial managers must ensure that basic principles and pillars that govern the use of all public funds in a proper way in a public school are achieved: The principles and pillars required for this good governance are: lawfulness; fairness; integrity; responsibility; accountability; transparency; honesty; record-keeping; value for money and planning and prioritising (Australian Public Service Commission (2007:42) (Carrington, DeBuse and Lee (2008:00) (Dubnick, 2004:2) (IoDSA, King III (2009:21); King IV (2016:3)) (New Zealand Council for Education Research (NZCER), 2009; 21).

The public school principal must become more familiar with the sources of law, be aware of the many legal rules, principles and provisions relating to him and his work. Legislative frameworks want to familiarise the principal with relevant legal requirements and the implications of these requirements for certain aspects of school management. The public school principal is required by law to demonstrate the basic knowledge/understanding and

interpretation of the relevant South African pieces of legislation, mandatory policies and regulations relating to school financial management (Squelch, 2001:v).

Clarke (2012:22) states that the public school principal has the responsibility of ensuring that the school governing body acts within the legislative framework and must have a good understanding of this legal framework within which the school operates. Some researchers argue that an important perspective when investigating responsibilities for preventing financial maladministration is to account in terms of legislative frameworks. Perhaps the most crucial of these responsibilities for the prevention of mismanagement of funds is the implementation of the PFMA (Republic of South Africa, 1999), which aims at preventing irregular, fruitless and wasteful expenditure and promotes increased accountability. Chapter 2 of The Constitution of South Africa, (Republic of South Africa, 1996a) describes accountability, transparency and openness at all times as the ultimate aim of the Constitution. Sections 16; 16A, 21, 30, 37, 38, 38A, 42, 43 and 59 of SASA (Republic of South Africa, 1996b) have to be followed. In addition there are various sets of rules and regulations for managing school funds and preventing corruption/mismanagement and a set of regulations, prescripts and legislative policies, procedures and guidelines, and other relevant pieces of legislation to fight corruption and administer the public funds at an ordinary public school.

Ramothwa (2010:33) observes that viable schools are those that stringently comply with the macro legislation, policies, circulars and programmes provided by the Department of Education. This is so because everything starts with the implementation of such formal structures, procedures, processes, measures and systems, roles and relationships that will strike the balance between increased access and quality education.

2.4 THE LEGAL FRAMEWORK FOR PROPER FINANCIAL MANAGEMENT BY THE SCHOOL PRINCIPAL

South Africa has a well-developed and comprehensive legislative framework, which deals with transparency in financial management and procurement in the public sector, including schools as public institutions and organs of state. These legislative frameworks need good understanding and interpretation by all role players. In South Africa, by 2014, government had managed to put in place a range of key policy instruments and normative frameworks necessary to promote and support a high standard of professional ethics. These legislative frameworks depict the role that principals play in the governing body in relation to management and administration of the school finances and suggest that this role should never be underestimated.

To achieve this goal of achieving a high standard of professional ethics regarding the financial management of schools, the following pieces of legislation that deal with the legal responsibilities of the public school principal to guard against and report financial misconduct with regard to financial management were analysed:-

- The South African Schools Act, 84 of 1996.
- The Public Finance Management Act, 1 of 1999.
- The Protected Disclosures Act, 26 of 2000.
- Prevention and Combating of Corrupt Activities Act, 12 of 2004.
- Preferential Procurement Policy Framework Act, 5 of 2000.
- The Employment of Educators Act, 76 of 1998.
- Occupation Specific Dispensation, Resolution 1 of 2008 of the Education Labour Relations Council 2002.
- Limpopo Province Financial Management Prescripts of 2011.
- Norms and standards monitoring directorate of the Limpopo Province department audit report 2011/ 2012.

2.4.1 THE SOUTH AFRICAN SCHOOLS ACT, 84 OF 1996 (RSA, SASA)

SASA (Republic of South Africa, 1996b) was promulgated with the principal objective of providing for uniform norms and standards for the education of learners at school and the organisation, governance and funding of schools throughout the Republic of South Africa; and of upholding the rights of all learners, parents and educators, and promoting their acceptance of responsibility for the organisation, governance and funding of schools in partnership with the State.

Chapter 4 and S16A of SASA (Republic of South Africa, 1996b) also prescribes how public schools should manage their funds according to a legal framework. Griesel (2011:10) and Clarke (2012:16) differentiate between the role of the SGB and the principal regarding the financial management of the school. Griesel (2011:10) and Clarke (2012:16) state that the principal and his senior staff are responsible for the day-to-day management of the school and should provide an annual report on the effective use of the available resources of the school. The School Governing Body (SGB) is responsible for the administration and control of school property, the appointment of auditors and various governance issues, such as budgeting and budget control, maintenance of financial records, auditing, inventory and stock control, as well

as the maintenance of the buildings and grounds of the school. Although it is stipulated in some sections of the Schools Act that these financial responsibilities lie with the SGB including the principal as representative of the HOD, research findings have indicated that in both affluent and less affluent schools all these financial obligations/responsibilities as stated above fall on the school principal (Joubert and Van Rooyen, 2008:2; Van Wyk, 2004:53; 2007:137).

Clarke (2007:280); Clarke (2012:112-3); Clase, Kok and Van der Merwe (2007:243); Govindasamy (2009:28); Joubert and Prinsloo (2009:93); Mestry (2008:8) Modikwa (2012:24); Naidu *et al.* (2008:165); Van Wyk and Lemmer (2002:135); Prinsloo (2006:364; 2016:1); and Van der Merwe (2013:243); refer to functions of the school principal as an “*ex officio*” member with regard to the financial management of the school which is stipulated in Sections 16, 16A, 21, 30, 37, 38, 38A, 42, 43 and 59 of SASA (Republic of South Africa, 1996b). These sections of SASA (Republic of South Africa, 1996b) are the primary source for a discussion of the legal responsibilities of the public school principal as school manager and financial manager, government employee assisting the governing body and “chief executive officer” with regard to the management of school finances in a public school. The researcher agrees with Mahlangu (2008:50) who states that all these functions should be carried out in terms of the broader legal framework within which the SGB operates.

Sections 16, 16A, 21, 30, 37, 38, 38A, 42 - 43 and 59 of SASA (Republic of South Africa, 1996b) were analysed as they are considered relevant to the study on the legal responsibilities of the public school principal as representative of the HOD (departmental employee) at school level with regard to financial management and also have a bearing on the management of school finances (what is expected of the principal/his financial management obligations).

Section 16 (complemented by section 23 (1) and (2) of SASA (Republic of South Africa, 1996b) stipulates that “*membership of the governing body of an ordinary public school comprises elected members; the principal, in his or her official capacity; co-opted members (2) elected members shall comprise a member (s) of each of the following categories: parents of learners at the school; educators at the school; members of the staff at the school who are not educators; and learners in the eighth grade or higher at the school*”.

Thus the SGB is made up of a group of people responsible and accountable for taking and implementing decisions on behalf of the community (Ndou, 2012:33). The SGB collectively has some duties, functions and responsibilities to fulfil. One of the overall responsibilities that lie with the SGB is controlling school money and property. The principal, who is an “*ex officio*”

member of the SGB by virtue of his employment as the representative of the HOD at school level, is directly or indirectly responsible for the effective and efficient management of the schools finances as he must ensure that all the systems are in place to monitor the usage of schools finances.

According to Clarke (2007:280) these responsibilities include the following:

- Management of the financial processes – this is essentially an operational role, normally delegated to the finance officer.
- Reporting, which includes as a minimum requirement reports on Monthly Budget Variance; Monthly Income and Expenditure to the Circuit Office; Quarterly Income and Expenditure and Budget Variance to the Education District Office,
- and Audited Financial Statements to the Provincial Head Office.

ECDofE (Republic of South Africa, 2012:3); Joubert & Prinsloo (2009:236); Prinsloo (2016:1); Mestry (2004:129); Van der Merwe (2013:243) and WCED (2009:5) present the principal as “*ex officio*” member of the SGB and as an employee of the provincial department of education. Both these portfolios involve management and administration of school finances. The principal must implement policy and legislation, attend and participate in all meetings of the governing body, including meetings wherein major financial decisions are taken, provide the governing body with a report about the school’s professional management, inform the governing body about policy and legislation and assist the governing body in performing its functions and responsibilities, including management of school finances.

The WCED (2009:2) outlines school governance and professional management as determining the policy and rules by which the school is to be organised and controlled. These include ensuring that such rules and policies are carried out effectively in terms of SASA (Republic of South Africa, 1996b) and the budget of the institution. The governing body is responsible for such governance in terms of Section 16(1) and the functions stipulated in Section 21 of SASA (Republic of South Africa, 1996b) and in terms of policies and prescriptions of the Limpopo Province Education Department. Professional management refers to the day-to-day administration and organisation of instruction and learning at the institution and the performance of the departmental responsibilities that are prescribed by legislation. In terms of Section 16(3) of SASA (Republic of South Africa, 1996b) the professional management of a public school is the responsibility of the principal under the authority of the Head of

Department. Where finances are concerned, the role of the school governing body and principal are illustrated in the table below:

Table 2.1: Different roles of the governing body and the principal regarding financial management (adapted from WCED, 2009:4)

GOVERNING BODY /GOVERNANCE as “ex officio member”	PRINCIPAL/PROFESSIONAL MANAGEMENT (as departmental employee)
Start and administer a school fund (Section 37 (1) of SASA)	Assist the governing body with their functions in terms of SASA (Chapter A 4.2 (e) (v) of PAM).
Open and maintain one banking account (Section 37 (3) of SASA)	Support and guide expenditure in consultation with the Governing Body (Chapter A 4.2 (e) (i) and 4.3 (e) (i) of PAM).
Keep the financial records of the school (Section 42 (a) of SASA)	Assist the GB in keeping proper record of school accounts (Chapter A 4.2 (e) (i) of PAM).
Prepare an annual budget and submit it to parents for approval (Section 38 of SASA)	Administer the process of budgeting for costs and manage the budget (Chapter A 3.3 (1.21) of PAM) if delegated to him by the governing body.
Draw up and submit audited or examined annual financial statements to the Education Department (Section 42 (b) and 43 (5) of SASA)	Manage the drawing up and finalisation of the annual financial statements (Chapter A 4.2 (e) (v) of PAM) if delegated to him by the governing body.
Buy textbooks, educational material or equipment for the school (Section 20 and 21 of SASA)	Advise on textbooks, educational material and equipment to be bought by the governing body.
Supplement the funds supplied by the Education Department to improve the quality of education in the school (Section 20 and 21 of SASA)	Support the Governing Body with their functions in terms of SASA (Chapter A 4.2 (e) (v) of PAM).
	Ensure controls are in place and operating for cash collection.
	Know the requirements of the regulations and guidelines/prescripts.
	Monitor compliance as per Section 58C of SASA.

In less affluent schools the principal is “*de facto*” accountable for both the SGB functions and his own functions, due to the high level of illiteracy of the SGB members (Joubert & Van Rooyen, 2008:2; Van Wyk, 2004:53; 2007:136). Section 16A of SASA prescribes new functions and duties for the principal of a public school, which the researcher regarded as the crux of the study. The amendment added principal responsibilities of managing the school finances. The principal represents the HOD when acting in his or her capacity when

implementing section 16A. The Department of Education requires the school principal to be accountable or answerable on how money allocated to the school has been utilised.

The total involvement of the principal in the application of legal responsibilities / monitoring of the use of school funds is imperative. The Department regards the role of the principal as vital in the effective, efficient management and utilisation of school funds. As a result the school principal must be empowered and informed of the current and recent changes in and amendments to the legislative framework (SASA). The principal should ensure that school governing bodies and parents are informed of the financial status of the school and must assist in unpacking the School Development Plan (three-year plan), School Improvement Plans (one-year plans), the school budget and the Audited Financial Statements to the governing body and to the parents. In terms of Section 16 and chapter 4 of SASA (Republic of South Africa, 1996b), it is the overall responsibility of the governing body to manage the school funds, but according to S16A of SASA (Republic of South Africa, 1996b), the principal is required to comply with SASA. The principal must ensure that he and the school comply with these directives to the extent in which the governing body, the financial committee, the teachers and the parents are involved in the financial management of the school. This situation puts the school principal in the middle and creates tension and conflict at schools.

Section 16(A) (2) (a; b; f; h, i; j; [and] k) of SASA (Republic of South Africa, 1996b) stipulates that the principal must in undertaking the professional management of a public school “(a) guarantee the safekeeping of all school records; and the implementation of policy and legislation; (b) the principal must in undertaking the professional management of a public school attend and participate in all meetings of the governing body; (f) the principal must in undertaking the professional management of a public school inform the governing body about policy and legislation; (h) the principal must in undertaking the professional management of a public school assist the governing body with the management of the school’s funds, assistance that must include the provision of information relating to any conditions imposed or directions issued by the Minister, the Member of the Executive Council or the Head of Department in respect of all financial matters of the school; (h) and the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school; (i) the principal must in undertaking the professional management of a public school take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; (j) the principal must in undertaking the professional management of a public school be a member of a finance committee or delegation

of the governing body in order to manage any matter that has financial implications for the school; and (k) the principal must in undertaking the professional management of a public school report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department". From this perspective it is understandable that the public school principal has a legal responsibility or obligation to fulfil. The understanding and interpretation of this section of SASA (Republic of South Africa, 1996b) of who is responsible and accountable for the control of public funds at school level, is the foundation of the solution to the problem in this study.

Circular 1 of 2013 of DBE clearly outlines the roles and responsibilities of the principal and the SGB with regard to the school allocation (DBE, 2013). The circular states that, in accordance with Section 37(1) of SASA (Republic of South Africa, 1996b), the school governing body including the principal is required to administer the school funds, which includes the Norms and Standards funding in accordance with directions issued by the Head of Department. It is therefore required that the governing body, supported by the principal ensures that the funds allocated to the school by the Department are strictly used for their intended purposes. Moreover it states that the public school principal must ensure that the school allocation is used as per paragraphs 95 to 98 of the policy of the National Norms and Standards for School Funding (Republic of South Africa, 1998), which provides guidelines on what the school allocations should and should not be used for. The principal must ensure that the school allocation is primarily used for the intended functions. Circular 1 of 2013 requires that the principal ensures that there is correct and appropriate use of the funding that the school receives. As financial resources are limited, governors as well as school managers need to ensure that these are not wasted or put to ill use. The principal must ensure that there is compliance with the prescript guiding the use of the school allocation. Negligence in this area is regarded in a serious light and may lead to disciplinary action or the withholding of a school's allocation. This Circular 1 of 2013 gives the principal directives that may result in a conflict with the law and create a problem of understanding as to who is practically responsible and accountable for allocating funds at schools (DBE, 2013).

Mestry (2008:2); Modikwa (2012:24) and Van der Merwe (2013:243) state that these functions give the principal an influential and dominant role over the SGB and deny the SGB the opportunity and the (Republic of South Africa, 1996b) original intention that the school should be governed by a partnership of, among others, educators and parents. This statement places a

principal in a difficult and untenable position regarding whom to serve with pride, commitment, dedication and confidence (the SGB or the HOD).

Karlsson (2002:332); Ndou (2012:33) and Van Wyk (2007:134) indicate that in most schools the principal still plays a dominant role in financial meetings and financial decision-making. This is attributed to the principal's position of power within the school, level of education in contrast to other SGB members, first access to information issuing from education authorities, and because it is the principal who executes the decisions taken by the SGB (finance committee) and the education department at national, provincial, district and circuit levels.

Section 21 of the Schools Act makes provision for the public school governing body to become progressively more responsible for managing aspects of recurrent expenditure. This section requires the utilisation of money and the monitoring of this money by the governing body, which directly or indirectly involves the school principal. All 3 936 public schools in the Limpopo Province, including the 602 public schools in the district where the research was conducted, have been awarded Section 21 functions. These schools were officially given S21 status, even if they had not applied for it as required by SASA and the HOD is not sure that all these schools have sufficient capacity to undertake the functions effectively. The principal must, in undertaking the professional management of a public school, ensure that the SGB does comply with the following allocated functions (as related to procurement and asset register/management):

- Section 21 (a): to maintain and improve the school's property and buildings and grounds occupied by the school, including school hostels, if applicable.
- Section 21 (b): to determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy. This implies that all learners must have equal access to all the school activities.
- Section 21 (c): to purchase textbooks, educational materials and equipment for the school.
- Section 21 (d): to pay for services of the school.
- Section 21 (e): to provide adult basic education and training classes as per applicable law and to perform any other functions consistent with the Public Finance Management Act, No 1 of 1999.

DoE (2008a:84) states that in ensuring the implementation and application of this section, the public school principal must take care of the following challenges of becoming a Section 21 school as set out by the DoE:

- The finance committee must have members with strong financial background and expertise.
- Robust financial systems are needed to cope with the management of sometimes very large budgets.
- Members of the SGB and SMT must be self-reliant and committed to effective, ethical and accountable school governance.
- There is no economy of scale in purchase.
- There is danger of being bullied / bribed by suppliers.

Section 30 (1) (a) of SASA (Republic of South Africa, 1996b) states that: a governing body “*may establish committees, including an executive committee*”. Based on the contents of section, the governing body of a public school, including the school principal, may establish committees, including an executive committee and finance committee and allied sub-committees (relevant to this study is the finance committee, and committee for fundraising).

Clarke (2007:280); Joubert and Prinsloo (2009:77); LPED (2011); Mestry (2004:126); Naidu *et al.* (2008:171); Swartz (2009:19) and WCED (2009:5) discuss the composition of the finance committee. These researchers also indicate that the finance committee should, as a minimum, comprise (i) the treasurer (as the chairperson); (ii) the SGB chairperson; (iii) the principal; (iv) the finance officer (bursar) and (v) an educator representative. Additional members could be co-opted if the above constituents lack expertise, and parents must be in the majority. The literature also outlines the roles and responsibilities of the finance committee as stated in SASA (Republic of South Africa, 1996b). According to the aforementioned researchers, the committee is responsible for the following:

- Development and implementation of a school finance policy to be adopted by the SGB.
- Development of policies outlining the role of each member of the finance committee.
- Studying the respective sections concerning financial matters in SASA and applying these correctly to planning.

- Drawing up a budget each year and overseeing control of the budget. Leading the finance committee.
- Providing advice on fundraising. Organising assistance and advice to the finance committee. Advising the SGB when preparing the budget.
- Forming various sub-committees and coordinating the activities of these committees. Assisting in drawing up annual financial statements.
- Keeping overall control of school money.
- Monitoring and approving all expenditure, and ensuring that there is no overspending.
- Keeping accounting documents and records systematically and accurately.
- Ensuring that procurement (purchasing) of goods and services is done through correct quotation and tendering procedures.
- Controlling the financial matters of the school.
- Checking financial records internally.
- Recommending an external auditor.

The school principal as the representative of the Head of Department in this committee must ensure that the finance committee is well established, functional and supports the treasurer in administering finances, draws up the budget each year, advises on fundraising, assists the financial officer in drawing up annual financial statements, and suggests who should be appointed as auditor (WCED, 2009:5).

Clarke (2012:81) mentions that the finance committee is one of the most important committees that should be established by the SGB. According to him, the principal should be part of the finance committee of the school and it is the duty of the school principal to ensure that internal control mechanisms are in place, and operational. According to the Department of Education (DoE) (2008b:88), the school governing body, including the school principal, should consider the following aspects prior to the appointment of Finance Committee members:

- The level of competence required for the responsibilities assigned.
- The need to be accountable and be transparent.
- If the school's SGB lacks financial knowledge, a teacher with financial knowledge could be appointed or seconded to the committee. So the principal must ensure that the implementation process is functional.

Section 37 (1) of SASA (Republic of South Africa, 1996b) requires that *“the principal in undertaking the professional management of a public school must ensure that the governing body of a public school establish a school fund and administer it in accordance with directions issued by the Head of Department”*. The school principal as an *“ex officio”* member of the SGB shares the responsibility of financial management and administration and is also responsible for ensuring compliance (S58C of SASA (Republic of South Africa, 1996b)).

Section 38 (1-2) of SASA (Republic of South Africa, 1996b) provides that *“the governing body of a public school must prepare a budget each year, according to guidelines determined by the Member of the Executive Council, which shows the estimated income and expenditure of the school for the following financial year. This must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present through voting”*. This implies that the SGB cannot budget without the contributions from the principal. According to the allocation from the NNSSF (Republic of South Africa, 1998), a large amount of money is meant for curriculum delivery. It is the principal as the site manager together with various learning area/subject committees at the school who knows what is required to improve the learning performance of the learners. These committees supply their budgets/curriculum needs to the principal who forwards them to the school governing body/finance committee in time. So the principal is directly or indirectly involved in the day-to-day utilisation of school funds and together with the staff knows the curriculum needs of the school.

Clarke (2007:286) describes the following steps as being very important during the school's budgeting process for the principal as financial manager to consider. Preparing this annual budget is probably the biggest challenge of the school governing body, including the school principal as the *“ex officio”* member:

- Identify the school's priorities and long-term development needs, and develop a funding model for these if the costs are to be spread over a number of years.
- Review the school's current budget and projected income and expenditure for the current year. This tool is used for an analysis of the most important areas of income and expenditure by value.
- Invite staff with budget responsibilities to submit budgets for the following year. The information to staff should include a copy of the current year's budget and an up-to date income and expenditure statement for the current year.

- Estimate an acceptable fee increase range (not applicable for “no fee” schools).
- Estimate income. This depends mostly on the quintile ranking and the “per learner” allocation from the education department. This information is important to “no fee” schools because of the abolition of mandatory fees as a source of income.
- Estimate operational costs. It is ideal to start with the major costs identified during the review of the current budget.
- Estimate minimum reserve funds needed. Schools are not permitted to borrow money or make use of an overdraft facility. Therefore, schools need reserve funds.
- Estimate priority major capital development costs. If the school plans to set aside money for future development needs, the estimated expenditure needs to be included in this section of the budget.

Section 38 (1)A of SASA (Republic of South Africa, 1996b) requires that the principal as member of the governing body must, in undertaking the professional management of a public school, ensure that everything and each person paid for is budgeted in the current school’s budget. He must ensure that a governing body may not pay or give to a state employee employed in terms of the Employment of Educators Act, 1998 (Act No. 76 of 1998), or the Public Service Act, 1994 (Proclamation No. 103 of 1994), any unauthorised:

- i. remuneration;
- ii. other financial benefit; or
- iii. benefit in kind.

S38A (5) provides that *“a governing body may pay travel and subsistence expenses relating to official school activities but such expenses may not be greater than those that would be payable to a public servant in similar circumstances. If the service concerned in the application will not interfere with the normal service delivery of the employee; the additional remuneration, other benefits or benefits in kind support the core activities and functions of the school”*.

In both more affluent schools such as former Model C schools and less affluent schools in the township and rural areas, some principals manipulate and contravene this section 38A for their personal benefit and gain. They give themselves various fringe benefits such as extra payment, exorbitant travelling and subsistence allowances and telephone and housing allowances. This is the area where allegations of financial maladministration and mismanagement of funds arise and are deeply rooted. In the recent *Glen Vista High School vs MEC Gauteng Education Department (criminal and civil case laid on the 1st October 2015, and still to be heard before*

the court of law), the auditors found that there were allegations that the former and current principals and the SGB members misappropriated and mismanaged the public funds (GDE (2015:2); John, *Mail and Guardian* (22 September 2015); Macupe, *Sowetan* (12 August 2015).

Section 42 (a-b) of SASA (Republic of South Africa, 1996b) “*requires that the governing body including the principal of a public school must keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions. As soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council*”. Although the management of finances in the school is the overall responsibility of the SGB, the principal as an “*ex officio*” member of the governing body and the financial manager, is directly involved in the management of the school's finances. In order to compile and submit a proper final report to the SGB for approval, the principal has to ensure that monthly and quarterly statements are correct, kept safely and made available for examination by stakeholders whenever necessary. The principal and the SGB must account for funds to the parents, teachers, learners, community and the Department of Education (HOD); it is therefore, important to invite parents to comment on and acknowledge the final annual report before it is submitted to the Head of Department (Kruger, 2002:243).

Clarke (2007:293) suggests that schools should compile the following three financial statements, namely the Income Statement, the Balance Sheet and the Cash Flow Statement. Glover and Levacic (2007:144) argue that regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows the governor, the head teacher and the staff to maintain financial control by reviewing the current position and taking any remedial action necessary. All the above statements suggest that it is the duty of the school principal to monitor and report the state of finances at school level.

The Department of Education (2008b:128) further states that, the school principal must ensure that the following documents are submitted to the Department:

- A copy of the approved estimate of income and expenditure (budget).
- The name of the auditor appointed to audit the financial records of the school (i.e. the accounting officer or person approved by the Minister in terms of Section 34(2) of the SASA (Republic of South Africa, 1996b)).
- A copy of the audited financial statements, within six months after receiving the audit report from the accountants.

Section 43 (1) (5) of SASA (Republic of South Africa, 1996b) requires that *“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. At the request of an interested person, the governing body must make the financial records and the audited or examined financial statements referred to in this section, available for inspection”*.

The DoE (2008b:127) mentions that after the audit has been completed, the auditor should report to the SGB at a formal meeting, where the findings and recommendations must be discussed. It is the legal responsibility of the school principal to ensure that these principles are applicable and implemented in his school. The principal as the financial manager must ensure that the auditor has easy access to the following financial records:

- Monies received: i.e. receipt books, bank deposit books, cheque books and bank statements.
- Monies paid: i.e. cheque requisitions, used cheques returned by the bank, cheque counterfoils, bank statements and petty cash vouchers.
- Funds committed: order forms and delivery notes.

Section 59 of SASA (Republic of South Africa, 1996b) provides that it is the duty of all schools to provide information to the Education Department and the public. In terms of Section 59 (1) of SASA (Republic of South Africa, 1996b) *provides that a school must make information available for inspection by any person, insofar as such information is required for the exercise and protection of such person’s rights. (2) Every school must provide such information about the school as is reasonably required by the Head of Department or the Director-General of the National Department of Education in consultation with the Head of Department”*. Thus, Section 59 means principals must ensure that the SGB and the Financial Committee minutes of all the meetings are kept safe and made available for departmental officials during monitoring and support to schools.

2.4.2 THE PUBLIC FINANCE MANAGEMENT ACT, 1 OF 1999

The Public Finance Management Act, 1 of 1999 (hereafter, PFMA (Republic of South Africa, 1999)) indirectly involves public schools as organs of state under the supervision of the HOD as the accounting officer of the Department. The Public Finance Management Act, 1 of 1999 was promulgated to:

Regulate financial management in the national government and provincial governments (regulate the use of public funds); ensure that all revenue, expenditure, assets and liabilities of those governments are managed effectively and efficiently; provide for the responsibilities of persons entrusted with financial management in those governments; and to secure transparency and accountability. Sections 38, 40, 50 and 85 of PFMA (Republic of South Africa, 1999) were analysed.

Section 38 of PFMA (Republic of South Africa, 1999) [General responsibilities of accounting officers] as related to S16A (2) (i; k) of the SASA (Republic of South Africa, 1996), states that an accounting officer for a department, entity or constitutional institution must ensure that the institution has and maintains:

- Effective, efficient and transparent systems of financial management and internal control.
- A system of internal audit under the control and direction of an audit committee (finance committee) and instructions prescribed in terms of section 76 and 77.
- An appropriate procurement provisioning system which is fair, equitable, competitive, transparent and cost-effective.
- Prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct; is responsible for the management, including the safeguarding and the maintenance of the assets of the institution.
- On discovery of any unauthorised, irregular or fruitless and wasteful expenditure, must immediately report, in writing, and take steps on any person who commits an act which undermines the financial management and internal control system of the institution and must enforce compliance with any prescribed legislation relating to financial management.

In terms of Section 38 (1) (j) of the PFMA (Republic of South Africa, 1999), “*an accounting officer (HOD) must ensure that the transfer payments (norms and standards allocated to schools) are used for their intended purposes within an environment of effective, efficient and transparent financial management and internal control systems*”. All schools must therefore, before a transfer of funds can be made, submit a written assurance that effective, efficient and transparent financial management and internal control systems are implemented at the school. All schools must report on the use of the school allocation funds they have received. The PED

requires the operationalisation of these functions from the school managers as per the monitoring tool and verification report (Limpopo 2011/2012) (See 2.2.10).

Section 40 (1) of (Republic of South Africa, 1999) [Accounting officers' reporting responsibilities], requires that an accounting officer for a department, entity or constitutional institution:

- (a) *Must keep full and proper records of the financial affairs of the school/institution in accordance with any prescribed norms and standards;*
- (b) *must prepare financial statements for each financial year in accordance with generally recognized accounting practice.*

Section 50 (a-b) of PFMA (Republic of South Africa, 1999) provides for the fiduciary duties of accounting authorities. In this study the accounting authority is the SGB. It provides that the accounting authority for a public entity must exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity and act with fidelity, honesty, and integrity and in the best interest of the public entity in managing the financial affairs of the public entity (IoDSA in King III, 2009:20).

The procedures for reporting and investigating alleged financial misconduct is prescribed in section 85 of the PFMA (Republic of South Africa, 1999) [the “*Audi alteram partem*” rule must always be applied]. The school governing bodies and the principals of all ordinary public schools in South Africa, in the Limpopo Province and the district under investigation as organs of state are obliged to adhere to this Act. The SGB as accounting authority and the principal as school manager must operate guided by this Act in the financial management of the school finances.

Van der Merwe (2013:164); Mestry (2008:8); Mestry (2013:164) and Van Rooyen (2012:127) state that although the PFMA has no direct bearing on schools *per se*, the Department of Education applies certain sections of the PFMA (Republic of South Africa, 1999), such as S38 to prescribe how the school should manage the allocated funds from the National Treasury.

Colditz (2007 in Beckmann (2013)); IoDSA (2009:20); DoE (2009); Lindberg (2006:14); Swartz (2009:19); Dimmock (1993:121); Mestry (2013:164); and Van der Merwe (2013:243); draw analogies between schools and companies and the table below is an example of the analogies.

Table 2.2: Company/School analogy (Colditz, 2007)

Company	School
Board of directors/directors	SGBs/SGB members
Manager, chief executive officer	Principal
Shareholders	Parents, learners, state, staff (educators and non-educators), community

Based on this analogy by various researchers, the principal is referred to as a financial manager and chief executive officer at schools as organs of state and the parents/SGB are the shareholders. As the HOD's representative at school, he is accountable to the Provincial Education Head of Department (HODs) for subsidies received from the State. The law is wrong in terms of *Schoonbee and others vs MEC for Education, Mpumalanga and another 33750/1/2002*, where the judge found that the HOD had no legal powers to hold the principal accountable/liable for the statutory obligations of the SGB. Loock, Campher, Du Preez, Grobler and Shaba (2002:41) take it further by elaborating that today the principal's position can be compared to that of managing director of a corporate company whose product is education, and whose clients are parents, learners and the community.

The principal is responsible for the overall management (in an advisory capacity) of the school programmes, such as management and administration of funds and for ensuring its success. So the school principal needs to realise that he is bound by, and must comply with the stipulations of SASA (Republic of South Africa, 1996b) and PFMA (Republic of South Africa, 1999) as well as other relevant acts and regulations that are prescribed through circulars to the principal and the SGB on how the State's resource allocation for schools should be spent (Mestry, 2013:164).

The school is obliged to spend state funds on resources, services and repairs and maintenance of the school as per the relevant prescripts (LPED, 2009; 2011). The spending of these funds is ring-fenced. For example, 60% of the budget should be allocated to instruction and learning support materials (curriculum), and 30% for services rendered, repairs and maintenance of schools, and 10 % for sport (Limpopo financial prescripts, 2009). The principals are advised not to deviate from this notice. But that SASA (Republic of South Africa, 1996b) mandates the Minister of Basic Education to determine National Norms and Standards for School Funding (Republic of South Africa, 1998) out of public revenue. Because the public (taxpayer) funds

schools, schools are accountable to the public in terms of SASA (Republic of South Africa, 1996b) and indirectly through PFMA (Republic of South Africa, 1999).

2.4.3 THE PROTECTED DISCLOSURES ACT, 26 OF 2000

The Protected Disclosures Act, 26 of 2000 (often called the Whistle Blowers Act) (hereafter, PDA (Republic of South Africa, 2000)) was passed to encourage employees such as the school principal to disclose information about unlawful and irregular behaviour at the workplace. This Act is in concert with S16A (2) (i, k) of SASA (Republic of South Africa, 1996b), which requires the public school principal hired as employee of the state to:

- (i) *take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school;*
- (k) *and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.*

Beckmann (2013) states that requiring the principal to report mismanagement or misadministration of financial matters to the SGB and the HOD or to “blow the whistle” in terms of labour law may be a good idea in terms of protecting the integrity of a school’s finances and the way they are utilised.

This Act was promulgated to make provision for procedures in terms of which employees in the public sector may disclose information regarding unlawful or irregular conduct by other employees. Its preamble is aimed at:

- recognising that criminal and other irregular conduct in organs of state are detrimental to good, effective, accountable and transparent governance in organs of state;
- bearing in mind that every employee has a responsibility to disclose criminal and any other irregular conduct in the workplace;
- and promoting the eradication of criminal and other irregular conduct in organs of state.

According to this Act, the school principal as the school and financial manager is bound to report any financial irregularities as required by the PDA (Republic of South Africa, 2000), which requires all managers in the Public Service to promote public sector accountability in financial management. This piece of legislation, if understood and applied effectively, will help the manager/the principal to identify and manage the risk of being involved in corrupt activities and protect their reputation. It will help the principal to implement Section 16A (i, k) in order

to fight corruption in any organ of state (school) and to encourage individuals within the service to raise their concerns in a responsible manner. It will help the principal to detect wrongdoing in the workplace, acting as an early warning mechanism to prevent impropriety and corruption within the public sector.

The principal as school manager must ensure that the SGB, teachers and parents understand the PDA (Republic of South Africa, 2000) that supports his or her responsibilities as principal (See SASA (Republic of South Africa, 1996b), section 16A (i, k). The Prevention and Combating of Corrupt Activities Act, 12 of 2004, require public servants (the principal) in the course of their official duties to report to the appropriate authorities (the principal reporting to the HOD) fraud, corruption, misappropriation, mismanagement, nepotism, maladministration and any other act that constitutes an offence. Section 16A of SASA (Republic of South Africa, 1996b) requires the principal to apply whistleblowing as a key tool for promoting individual responsibility and organisational transparency and accountability. PDA (Republic of South Africa, 2000) encourages the principal to raise concern and report wrongdoing within the workplace without fear. It is a crucial corporate governance tool to promote a safe, accountable school. PDA (Republic of South Africa, 2000) provides strong protection for the principal to work without threat, intimidation and victimisation by the perpetrators or HOD as a result of disclosure/reporting/blowing the whistle on corruption and unlawful activities observed and detected occurring in the workplace.

However, failure of the principal as school manager to apply PDA (Republic of South Africa, 2000) may lead to a breach of the Act, which sometimes results in the principal being charged with financial misconduct, being suspended, demoted, dismissed, transferred, harassed or intimidated. The public school principal must be aware that failure to comply with any legal duty as a result of negligence, breach of contract, breach of administrative law and deliberate cover-up of any of these malpractices is punishable by law.

2.4.4 THE PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT, 12 OF 2004

According to the National Treasury (2011) fraud and corruption in the South African public sector is seriously undermining government's efforts to deliver quality services to its citizens. Efforts are therefore being intensified to combat fraud and corruption in state institutions and to ensure that perpetrators of such deeds are brought to book. One of the key challenges faced

in the fight against this scourge is the unacceptably low reporting rate of corruption within the public sector.

To this end the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (hereafter PRECCA (Republic of South Africa, 2004)) was introduced:

- to provide for the strengthening of measures to prevent and combat corruption and corrupt activities;
- to provide for investigative measures in respect of corruption and related corrupt activities;
- and to place a duty on certain persons holding a position of authority to report certain corrupt transactions.

In terms of section 34 (1) of the PRECCA (Republic of South Africa, 2004), *“any person who holds a position of authority and who knows or who ought reasonably to have known or suspected that any person has committed: –” an offence of theft, fraud, extortion, forgery or uttering a forged document; involving an amount of R100 000 or more, must report such knowledge of suspicion or cause such knowledge or suspicion to be reported to any police official. Failure to report such knowledge or suspicion will render the person guilty of an offence in terms of section 34 (2) of the PRECCA (Republic of South Africa, 2004). In addition to the requirement to report cases to a police official in terms of section 34 (1) of the PRECCA (Republic of South Africa, 2004), the matter must also be reported in writing to the accounting officer (HOD) of the institution. Failure to comply with these provisions of Treasury Regulation 12.5.1 will constitute grounds for financial misconduct”.*

The principal must have knowledge and understanding of these legal provisions in order to make certain that the duty to report corrupt transactions as per PFMA (Republic of South Africa, 1999), PRECCA (Republic of South Africa, 2004), PDA (Republic of South Africa, 2000) and SASA S16A (2) (k) (Republic of South Africa, 1996b) is fully complied with. Institutions that may have conducted forensic investigations and received reports are reminded to ensure that any person who may have been implicated in a criminal activity in the forensic reports should be reported to the police, if this has not already been done (National Treasury, 6 September 2011) PRECCA (Republic of South Africa, 2004); WCED, 2009:50).

2.4.5 THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 5 OF 2000

The Preferential Procurement Policy Framework Act, 5 of 2000 (hereafter PPPFA) (Republic of South Africa, 2000) and its accompanying regulations is also applicable to public schools. This Act was promulgated to prescribe a framework for a preferential procurement system, and to give effect to section 217 (3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of The Constitution (Republic of South Africa, 1996a).

This Act and its regulations are dependent on the knowledge and understanding of the school principal as the financial manager and “*ex officio*” member of the SGB as accounting authority. Despite anything to the contrary contained in any law, these regulations apply to organs of state as contemplated in Section 1 (iii) of the Act. An organ of state contemplated in sub-regulation (1) must, unless the Minister of Finance has directed otherwise, only apply a preferential procurement system which is in accordance with the Act and these regulations. The Act emphasises that a stipulation of preference point system should be used. The school as an organ of state must, in the tender documents, stipulate the preference point system that will be applied in the adjudication of tenders.

In terms of section 2 (1) of PPPFA (Republic of South Africa, 2000) an organ of state must determine and implement its own preferential procurement policy within a prescribed framework (the principal must assist the SGB to draft the PPP and to implement it fully without deviations). For this purpose the principal must ensure that the SGB and the financial committee follow a preference point system. The Act contains a framework for the application of preferences in the public sector tendering/bidding system. This framework is applicable to the public sector procurement system of all organs of the State in the national, provincial and local sphere of government. It implies that, if any organ of the State implements the policy of preferences, it may only implement preferences within the framework prescribed by the Act.

The objectives of the PPPFA are the following:

- To address the inequalities in public sector procurement of the past.
- To allow for more flexibility in public sector procurement.
- To eliminate fronting and corruption in all working environments, including public schools as organs of state.

In following the PPPFA (Republic of South Africa, 2000), the DoE (2008a:115-116) requires the school principal, when ordering goods and services, to understand that a school can face serious liquidity problems if debtor control is not effective. Therefore the principal needs to ensure that there is a proper requisitioning system in the school so that funds are spent as allocated. For example, if the funds are requisitioned for maintenance, and the requisition approved, the funds must be committed under maintenance. This implies that the school principal must ensure that there is no virement/deviations as such.

The DoE (2008a:116) further states that the school principal as financial manager of the institution or an organ of state must ensure that there is a procurement committee. Many schools have a separate Procurement Committee that functions as a sub-committee of the SGB. Other schools regard this as a function of the Finance Committee. The principal needs to ensure that the school has a procurement policy; it could be a sub-section of the school's Financial Policy.

The Procurement Policy (in PPPFA, Republic of South Africa, 2000) should deal with the following aspects:

- Membership: for example, one member of the SGB could be the chairperson supported by two elected teachers and the Administrator/Finance Officer.
- Meetings: when and where these should take place and who should organise the meetings.
- Financial records: financial procedures and controls to be applied (to be read with the school's Financial Policy).
- Budgetary controls and dealing with variances routine expenditure: procedure and lists of approved/preferred suppliers and service providers.
- Non-routine expenditure: procedures for calling for tenders and quotations, including capital expenditure.
- Declaration of interest and recusal: all members of the committee and SGB should declare their interests and be prepared to recuse (withdraw) themselves from any procurement or tender related to a meeting that discusses a contract, process or company in which they have an interest.

2.4.6 THE EMPLOYMENT OF EDUCATORS ACT, 76 OF 1998

The Employment of Educators Act, 76 of 1998 (hereafter, EEA (Republic of South Africa, 1998)) was promulgated to regulate the professional, moral and ethical responsibilities of educators (principals and teachers). According to Mestry (2008:1), the core duties and responsibilities of the public school principal are clearly set out in the EEA. The EEA (Republic of South Africa, 1998) empowers the principal in his or her legal responsibilities to safeguard school funds from being mismanaged, misappropriated and from maladministration. The EEA (Republic of South Africa, 1998) (S 11 and S 18) requires the principals as the school managers, heads of public institutions, immediate seniors and educators to have knowledge of the legislative framework relating to the disciplinary measures to be followed when misconduct in financial management in schools occurs. One of the main aims of the EEA (Republic of South Africa, 1998) is to provide for the employment of educators by the State, the discipline and discharge of educators and for matters connected therewith. It deals with the belief that misconduct in the school, and the steps to follow if an employee/teaching staff member, including the principal, is charged with misconduct. The principal must ensure that he understands the Act, knows how to interpret it to himself and to the staff as well as how to apply it, as it applies to all educators including himself if found to have contravened the following sections as appears in the Act. For the purpose of this study the following sections of the EEA (Republic of South Africa, 1998) are dealt with because of their relevance:

In terms of section 11 dealing with discharge of educators in the public schools:

- (1) *The employer may, having due regard to the applicable provisions of the Labour Relations Act, discharge an educator from service - on account of misconduct.*

Section 18 that deals with misconduct occurring in the public schools provides that:

- (1) Misconduct refers to a breakdown in the employment relationship and an educator commits misconduct if he or she -
 - (a) *fails to comply with or contravenes this Act or any other statute, regulation or legal obligation relating to education and the employment relationship;*
 - (b) *wilfully or negligently mismanages the finances of the State, a school, a further education and training institution or an adult learning centre;*
 - (f) *unjustifiably prejudices the administration, discipline or efficiency of the Department of Education, an office of the State or a school, further education and training institution or adult learning centre;*

- (g) *misuses his or her position in the Department of Education or a school, further education and training institution or adult learning centre to promote or to prejudice the interests of any person;*
 - (h) *accepts any compensation in cash or otherwise from a member of the public or another employee for performing his or her duties without written approval from the employer;*
 - (i) *fails to carry out a lawful order or routine instruction without just or reasonable cause;*
 - (l) *performs poorly or inadequately for reasons other than incapacity;*
 - (n) *without prior permission of the employer accepts or demands in respect of the carrying out of or the failure to carry out the educator's duties, any commission, fee, pecuniary or other reward to which the educator is not entitled by virtue of the educator's office, or fails to report to the employer the offer of any such commission, fee or reward;*
 - (q) *while on duty, conducts himself or herself in an improper, disgraceful or unacceptable manner;*
 - (u) *intimidates or victimises fellow employees, learners or students;*
 - (w) *operates any money-lending scheme for employees for his or her own benefit during working hours or from the premises of the educational institution or office where he or she is employed;*
 - (z) *gives false statements or evidence in the execution of his or her duties;*
 - (aa) *falsifies records or any other documentation;*
 - (dd) *commits a common law or statutory offence;*
 - (ee) *commits an act of dishonesty; or*
- (2) *If it is alleged that an educator committed misconduct as contemplated in subsection (1), the employer must institute disciplinary proceedings in accordance with the disciplinary code and procedures contained in Schedule 2.*

Schedule 2 of the Employment of Educator Directorate's report of the Limpopo Province Education Department (LPED) of 2012 and 2013 contains the sanctions that could be imposed on a principal who has committed financial misconduct. The misconduct includes corruption, fraud, theft, mismanagement, maladministration and misappropriation. The sanctions that have already been meted out to some school principals who were found guilty of financial mismanagement misconduct are the following:

- Suspension without salary
- Fines
- Demotions
- Dismissals (LPED (2011; 2012; 2013); Corruption Watch (2015:44) and Macupe, *Sowetan* (5 August 2015)).

It is the school principals' legal duty and responsibility as the school manager and leader to ensure that his subordinates have knowledge of various financial misconduct provisions as well as the relevant consequences or punishment if such misconduct is committed.

2.4.7 OCCUPATION SPECIFIC DISPENSATION (OSD), RESOLUTION 1 OF 2008 OF THE EDUCATION LABOUR RELATIONS COUNCIL

According to the Occupation Specific Dispensation Resolution 1 of 2008 (hereafter, OSD (Republic of South Africa, 2008)), a principal/head teacher is viewed as an expert/specialist/professional academic in the field of education, including public financial management of planning, organisation, leading and control.

One of the core duties and responsibilities of the school principal is to manage the school's finances and apply the necessary controls to maximise the use of funds available and to account for all spending (OSD, 2008:50). According to the OSD (Republic of South Africa, 2008) the principal must, in undertaking the professional management of a public school:

- *manage the school's finances and apply necessary controls to maximize the use of the funds available and account for all spending;*
- *support the school governing body in developing the annual budget and provide data to inform the planning, including enrolment, fee exemption and collection levels;*
- *keep various kinds of school accounts and statutory records properly and make the best use of funds for the benefit of the learners in consultation with the management team and in accordance with the appropriate systems and structures;*
- *support the School Governing Body in having the school's accounts audited annually as prescribed by law;*
- *Implement transparent decision-making structures and solve problems in a creative fashion.*

Cwati (2004: 4) states that there is a tendency to think that the money that is being misused in government departments is the money that comes from government, forgetting that it comes

from the taxpayers and parents' pockets. Public schools should therefore acknowledge that public spending is an investment made by taxpayers, which should be managed and administered optimally.

2.4.8 LIMPOPO PROVINCE FINANCIAL MANAGEMENT PRESCRIPTS OF 2009 / 2011 (LPFMP)

The Limpopo Provincial Government (Limpopo DoE, 2011:1) defines prescripts as rules and regulations and standards set for the managing and controlling of school funds in public schools in the Limpopo Province. These prescripts were compiled in line with the Constitution Act (Republic of South Africa, 1996a), SASA (Republic of South Africa, 1996b), PFMA (Republic of South Africa, 1999), PDA (Republic of South Africa, 2000), PRECCA (Republic of South Africa, 2004), PPPFA (Republic of South Africa, 2000) and other laws pertaining to education in the Limpopo Province.

The prescripts were compiled to regulate the following:

- The functions of treasurers, finance officers and finance committees.
- The use of government norms and standards allocations to public schools.
- The control and monitoring of school funds.

The prescripts also stipulate the obligations of the public school principal that the researcher regards as the apex of the study. The prescripts (LPED, 2009) clearly state the following:

- *The principal must maintain complete statutory provisions, such as prescripts, policies, regulations, acts and directives relating to the finances and financial management of the school.*
- *He/she must ensure that the SGB parent components together with the appointed member of the staff to assist the SGB in the execution of its duties are acquainted with all statutory provisions, prescripts and departmental directives.*
- *The principal and all employees under his/her supervision must observe all statutory provisions, prescripts and departmental directives without fail.*
- *The principal should maintain and retain sufficient documentary evidence and avail them for inspection.*
- *The principal shall avoid fruitless, wasteful and unauthorised expenditure as contemplated by the PFMA (Republic of South Africa, 1996b) section 45.*

- *Value for money principles shall be observed at all times.*
- *The governing body, the principal, or any other person must immediately report all suspected irregularities with regard to the management of school funds immediately to the Head of Department as per section 16A of SASA (Republic of South Africa, 1996b) which provides that:*
 - (k) *the principal must report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.*

A principal of a no fee school must ensure that the school does not charge mandatory school fees and the principal should guide the SGB in this matter. As all the public schools in the rural areas of Limpopo Province and district under investigation in particular are no fee schools, the SGB is not allowed to charge or levy mandatory school fees as defined in SASA. These schools are classified as quintile 1, 2 and 3, the poorest schools, according to the Norms and Standards for School Funding (1998). Principals must ensure that:

- 60% of the allocation is spent on curriculum needs;
- sporting activities/equipment should not exceed 10% of the total allocation;
- proper security fencing;
- clean water or a borehole is provided;
- all broken windows and doors are repaired;
- cracks are filled and painting and other repairs are done;
- quarterly cleaning, weeding and maintenance of gutters, channels and other water drains are carried out;
- annual repairs and maintenance of roofs are done;
- annual maintenance of ablution blocks, including speeding up of digestion in the toilets and emptying them is done;
- schools are allowed to erect ablution facilities if approval is granted, but are to utilise no more than 8% of the total allocation for that purpose;
- travel claims are minimised and are calculated according to the SGB approved rates;
- travel claims for the principal is authorised by the circuit manager and SGB before they are paid;
- all public ordinary schools declared as “No fee schools” are allocated part of section 21 status (Section 21 (1) (a) and (1) (d)).

The principal must ensure that the school allocation is primarily used for the following:

- Learning and Teaching Support Material (LTSM such as textbooks, readers, reference books, atlases, dictionaries, workbooks, science laboratory equipment, posters, maps).
- Non-Learning and Teaching Support Material (non-LTSM such as furniture, paper, copier machines, cleaning equipment, first aid kit, overalls for cleaners, sporting equipment).
- Consumable items such as stationery for learners and office, paper, petrol, cleaning material.
- Services relating to repairs and maintenance, such as equipment repairs and maintenance, light bulbs. Other services such as electricity, water, sewerage, waste removal, workshop fees, TV licence, school membership of educational associations, postage, telephone calls, audit fees, bank charges, public or scholar transport.

The principal must ensure that the school allocation cannot be used for remuneration of governing body employed personnel, new buildings or loans to individuals or other institutions.

2.4.9 NORMS AND STANDARDS FOR SCHOOL FUNDING (NSSF) (MONITORING

DIRECTORATE OF THE LIMPOPO PROVINCE DEPARTMENT AUDIT REPORT 2011 AND 2012)

According to the Norms and Standards Directorate (Verification team) in the Limpopo Province Education Department (2011/2012) report, the following legal responsibilities regarding financial management are expected or required from the public school principal:

- The school principal should ensure that the auditors provide a complete audited financial statement that contains notes, statement of financial position, statement of income and expenditure and cash flow statements.
- The principal must ensure that all financial discussion with the SGB are properly signed and recorded in the minute book by the secretary to serve as a valid document.
- The principal must ensure that all financial reports are properly filed for easy reference/retrieval of documents.
- The principal must issue an annual circular that contains transport rates/tariffs approved by the SGB.
- It is the responsibility of the principal to monitor the finance administration of the school on a monthly basis.

- The principal must ensure that proper monthly bank reconciliation is performed by his finance officer. A bank reconciliation should be done on a monthly basis to compare transactions that took place in the cash book and transactions that took place in the bank statement in order to uncover any possible discrepancies.
- The principal and the SGB must approve the requisition for purchases and payments before a cheque can be issued and should also be supported by the proof of payment/purchases and then recorded in the cash book in order to perform proper monthly bank reconciliation of financial books.
- The principal of the school should monitor the finance books on a monthly basis before reconciliation can be done.
- The principal of the school must ensure that relevant supporting documents are always attached and authorised for goods and services procured.
- The principal of the school must ensure that the authority to accept all donations of any kind must be granted by the Head of Department.
- The school principal together with the SGB must ensure that no cheques are issued without requisition approval for purchases and payments.
- The school principal must ensure compliance with regard to submission and compilation of reports.
- The principal and the SGB should ensure that full description of the transaction is indicated on requisition forms for authorisation of payments.
- The principal should monitor the cash withdrawals and deposits on a daily basis and the finance officer should be accountable for all financial transactions taking place.

The table in Annexure I represents the Limpopo Province Education Department Norms and Standards for School Funding (NSSF) directorate's checklist used for the verification and monitoring of the utilisation of norms and standards funds in the public and independent schools. There are 51 questions on the checklist. The school principal must be able to respond to all these questions in the interview with the monitoring team visiting the schools. The answers to the questions are used to determine whether there is proper management of funds and compliance with the various pieces of legislation. The researcher regards this instrument as very relevant to the study as its outcomes indicate the actual legal responsibilities of the principal according to the Limpopo Province Education Department. The official results of the checklist used in more than 300 sampled schools across the Limpopo Province Education

Department's five districts (before sub-divided into ten districts) showed the positive aspects as well as the negative aspects that are dealt with in Chapter 3 of this study.

2.5 A CRITICAL ANALYSIS OF THE LEGAL RESPONSIBILITIES OF THE PUBLIC SCHOOL PRINCIPAL AS DERIVED FROM SOUTH AFRICAN LEGISLATION, REGULATIONS AND THE LITERATURE REVIEW THAT SHAPED MY INTERPRETATION

An in-depth analysis of the various legislative frameworks and regulations, clearly reveals the public school principals' responsibility to prevent unauthorised, irregular and fruitless and wasteful expenditure, prevent mismanagement and misappropriation and maladministration in the public school as an organ of state. Therefore they compel the school principal as the financial manager to take reasonable steps to guard against misconduct and to report any corrupt activities detected at school level. Hence failing to do this amounts to financial misconduct and the principal may be charged for this.

The department (HOD) tries to clamp down on corrupt elements that drain its coffers of millions of rands through corruption. Its goal is to instil accountability into the people and giving them the responsibility to lead. The government is trying to reduce if not eliminate the tendencies of non-adherence to these legislative frameworks regarding financial management and administration. The key aim of the legislative framework used in this chapter is to have a uniform application of the law and to empower the school principal as financial manager to prevent and to report any financial misconduct by the principal, governing body members and the educators immediately to the SGB, Head of Department and the South African Police Services. These obligations or mandates are in concert with the following Acts:

- S16A 2 (i, k) of SASA (Republic of South Africa, 1996b) requires the public school principal as hired employee of the State to take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.
- The PDA (Republic of South Africa, 2000) requires all financial managers in the Public Service to promote public sector accountability in financial management. The PDA was passed to encourage employees such as the school principal to disclose information about unlawful and irregular behaviour at workplace.

- The PRECCA (Republic of South Africa, 2004) requires the principal as the school and financial manager to prevent and combat corruption and corrupt activities; to provide for investigative measures in respect of corruption and related corrupt activities; and to place a duty on certain persons holding a position of authority to report certain corrupt transactions.
- PPPFA (Republic of South Africa, 2000) requires the financial managers in public institutions to eliminate fronting and corruption in all the working environments, including public schools as organs of state.
- The Occupation Specific Dispensation (Republic of South Africa, 2008) requires the school principal to manage the school's finances and apply necessary controls to maximise the use of the funds available and account for all spending and to keep various kinds of school accounts and statutory records properly and make the best use of funds for the benefit of the learners in consultation with the management team and in accordance with the appropriate systems and structures.
- The PFMA (Republic of South Africa, 1999) requires the finance managers in public institutions to avoid unauthorised, fruitless, and wasteful expenditure as contemplated by the PFMA in section 45.

However, these legislative frameworks have never been without problems. The literature review has pointed out that these legislative frameworks put the public school principal in a precarious position, in the middle of a conflict and also harm the working relationships at school. These legal responsibilities sometimes appear ambiguous and cause contradictions between the legislative frameworks. The researcher agrees with Van der Merwe (2013:243) that the insertion of S16 (A) seems to be an unfair labour practice. These legal responsibilities are problematic and difficult and are legally binding and misinterpreted; the school principal as an individual is compelled to take responsibility for preventing and reporting any financial maladministration and mismanagement. Failure to do so is dereliction of duty, while implementing the duties sometimes harms relationships/creates poor relationships between the principal and staff, the principal and the SGB when charging people with financial misconduct.

The legislative framework and regulations that lay the foundation for the legal responsibilities of a public school principal with regard to financial management and administration are characterised by complexity and contradictions. They require in-depth knowledge and understanding of legal terms. Most public school principals, finance officers and departmental

officials are appointed without having basic knowledge of finance and managerial skills and experience required to interpret these laws.

Legal jargon, legal language and financial concepts used in the legislative frameworks become a challenge. All eight pieces of legislation scrutinised in this chapter have legal terminology such as “*corruption, financial maladministration, financial mismanagement, misappropriation, de bono, ex officio, bonus paterfamilias, de facto, audi alteram partem, and de jure*”. The usage of the word “must” clearly shows that the school principal as financial manager is compelled to do something, failing which may lead to consequences. Ramsignh and Dobie (2006:12) argue that legislation all over the world is written in traditional legal language that some may find difficult to understand. Some members of the SGB may have difficulty understanding the terminology because of a high rate of illiteracy (Heystek, 2006:463; Van Wyk, 2004:53; 2007:134).

From the researcher’s viewpoint these pieces of legislation have been packaged in a sophisticated manner, which is difficult for some of the public school principals to understand. Legislation is not written in layman’s language. Legal documents are not user-friendly for public schools to implement. Some of the reasons identified are lack of skills, knowledge and expertise or capacity as stated in DoE, (2004:117); Joubert and Van Rooyen (2008:2) and Van Wyk (2004:53, 2007:134). As a result the SGB delegates its responsibility to the principal to manage /control / monitor and administer funds on its behalf.

The principal becomes overburdened by facilitating, supporting and assisting the SGB in the execution of its statutory functions relating to the financial management of the public school. These additional functions and duties make the school principal accountable to the SGB and the HOD as the employer. If mismanagement, fraud, maladministration and misappropriation take place, the SGB and the HOD would hold the school principal accountable, forgetting that financial management is a collective responsibility and accountability of the governing body as per SASA (Republic of South Africa, 1996).

Consequently these legislative frameworks are used by the bureaucrats to impose their own perspectives, which in most cases are not in line with school law. The researcher’s assumption is that the HOD wants to micro-manage and pin down school governing bodies, mostly in affluent schools that are capable of challenging the department legally by using the principal as finance manager. Some researchers regard S16A of SASA as abuse of power of the school principal by the department of education (Bathon, Beckmann & Bjork, 2011:363; Van der

Merwe, 2013:243). Bureaucrats try to control the way the SGBs countrywide manage and administer school funds as per S37 of SASA (Republic of South Africa, 1996b) by gradually centralising the responsibilities regarding financial management and administration to principals to deal fully with finances (S16A (2) (i, k).

SASA, which is the cornerstone of school governance, is being detached from its main goal of decentralising school control. Some of the sections, such as S37 and S16A (2) (i, k) of SASA (Republic of South Africa, 1996b) contradict each other, regarding the SGBs including the principal as an “*ex officio*” member. S37 clearly stipulates that the management and administration of school funds is the overall responsibility of the SGB, while S16A (2) (i, k) clearly stipulates that the principal must “*take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department*”.

There is an overlapping of responsibilities and duties, resulting in misunderstanding of who is responsible for what, who must delegate to whom, who must be accountable to whom for the effective and efficient management and administration of funds at school level. S16 of SASA (Republic of South Africa, 1996b), clearly stipulates that the public school principal is an “*ex officio*” member in the SGB. The principal represents the HOD. He is just a member, serves in the SGB to assist or render assistance to ensure that the SGB understand the Acts, policies, regulations, circulars from the Department (all communication between the school governing body and the HOD). So he cannot take the blame for any corrupt activities detected in the school’s account. These clauses play a major part in causing conflict between the principal and the SGB, as well as the SGBs and the HOD.

Sometimes law is contradictory and not valid. There is a notion that PFMA (Republic of South Africa, 1999) does directly apply to public schools. This wrong perception is in contradiction with Schedule 4 of PFMA (Republic of South Africa, 1999). So the knowledge, understanding, application and interpretation of all these legislative frameworks is a must for the public school SGB, principal and teachers as well as departmental officials involved in the monitoring and control of the utilisation of norms and standards funds allocated to the school. The researcher agrees with Lewis and Naidoo (2006:420) who argue that the implementation process of these legislative framework amendments, especially in black rural schools, is problematic. There is misunderstanding of these acts by the school principal, SGB and teachers at the school, as well

as managers at the various levels of the department such as the national DBE, provincial districts and circuit level. The more the SGB, teachers and parents as well as departmental officers understand how the school principal as chief executive officer/director/financial manager operates, manages and administers school funds, the more responsibility will they take for the way they view the principals' legal responsibilities.

The literature/legislative framework reviewed in this chapter broadly portrays a misconception that the public principal is the accounting officer at school level. According to SASA (Republic of South Africa, 1996b) and the PFMA (Republic of South Africa, 1999) only the HOD is the accounting officer of the department.

The public school principals have the duties to supervise and monitor the use of the school funds, to strive for accountability, to fight corruption, take responsibility for ensuring the efficient and effective use of school funds through audited financial statements and monthly financial reporting are the original responsibilities of the governing body.

S16A (2) (i; [and] of SASA (Republic of South Africa, 1996b) requires the principal as an individual in the governing body to take all measures to prevent and to report all suspected irregularities with regard to any management of school funds to the HOD and the police (WCED, 2009). According to Bathon *et al.* (2011:369), this reporting creates a power struggle between the principal and the governing body, and harms relations in the school environment as to who should report financial maladministration. The intention seems to be that the principal who is an “*ex officio*” member of the SGB should represent the HOD in the SGB and see to it that the SGB carries out the wishes of the HOD. However, the principals as unelected member in the SGB does not have the power to take decisions on behalf of the SGB and to control them – the SGB still has the power to take financial decisions. The HOD seems to be trying to control the school finances and influence how the governing body of the school should manage and use the school funds by using the principal.

The Parliamentary Portfolio Committee on Education's discussion on the Basic Education Laws Amendment (BELAA) (2010) (although the process followed with this law is long over) received comments on the review of S16A, which clearly indicated that the various stakeholders (which include the SGB representatives and teacher unions) understand and view the role and responsibility of the public school principal differently. Some view this amendment as the DBE's direct control (dictatorial) over the school's financial matters through the principal who would be held accountable by his or her employer (HOD). Others view it as a burden on the

principal who does not have the necessary knowledge or skills to manage financial matters. DBE is imposing additional functions and responsibilities on the school principal in respect of the financial matters of the school. All these interpretations are not in line with the law. DBE is trying to side-line the SGBs in the financial matters of the school, and in the most extreme interpretation, put the entire control in the hands of the principal and hold him or her accountable and under disciplinary measures for failing to carry out the legal responsibilities and obligations. The whole process as supported by various pieces of legislative framework in this chapter can be viewed as the transfer of the school's finances from the school governing body to the public school principal with the presumption that he or she can manage and administer these funds better. Hence the job description of the principal in terms of financial management is becoming complex, precarious and difficult.

Public schools are a vital institution in the financial allocation of the state and, like any other public institution, are bound by the legislative framework for a clean financial audit. So the school principal is required by law to ensure service delivery of quality education through safeguarding public finance against any form of corruption. Failure to comply with these pieces of the legislative framework or to carry out these obligations or responsibilities leads to corruption by the school principal, SGB members and teachers at school level. The researcher fully concurs with Bloch (2009:106-107) in Liwane-Mazengwe (2012) who states that there is uncertainty as to whether the current legislation is applied as effectively as intended because schools remain toxic and chaotic.

The data scrutinised in this chapter highlights the need for a broader study and interrogation of SASA in relation to other pieces of legislation regarding the legal responsibilities of the public school principal in financial management. The aim is to create better understanding, application and interpretation of the law regarding financial management among the various role players.

2.6 CONCLUSION

Some related studies focus on the overall responsibilities of the school governing body to manage and administer school finances through the South African Schools Act. The study addresses only the legal responsibilities of the principal regarding financial management in the public schools. This chapter presents an in-depth and extensive discussion of the various specific legal frameworks relevant to the legal responsibilities of the public school principal as financial manager of the school as an organ of state. Literature on South African and global

school financial management was reviewed to understand how various role players interpret public school principals' legal responsibilities regarding financial management.

An in-depth analysis of various legislative frameworks and regulations clearly reveals that public school principals have legal responsibilities to fulfil. These obligations or mandates are in concert with the following acts and regulations: The Constitution (Republic of South Africa, 1996a), S16A 2 (i, k) of SASA (Republic of South Africa, 1996b); PFMA (Republic of South Africa, 1999); PPPFA (Republic of South Africa, 2000); PDA (Republic of South Africa, 2000); PRECCA (Republic of South Africa, 2004) and EEA (Republic of South Africa, 1998); the Occupation Specific Dispensation (Republic of South Africa, 2008); LPED financial prescripts (2009; 2011); WCED (2009) and DBE (Republic of South Africa, 2016). These legislative frameworks and regulations lay the foundation for the legal responsibilities of a public school principal regarding financial management. However, a matter of serious concern is how the various role players such as principals, finance officers, as well as departmental officials who work directly with public schools with regard to monitoring the utilisation of money allocated to schools perceive and interpret the implementation these legal responsibilities. Thus the understanding that public school principals have of their legal responsibilities regarding financial management in schools is complex and difficult and differs from one school to another, one principal to another, one school governing body to another and one official to another in a school complex.

Chapter 3 addresses the financial misconduct by the principal at school level. It presents the weaknesses experienced in the understanding of the application and interpretation of the legal provisions at school level as portrayed in the literature.

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CHAPTER 3:

WEAKNESSES IN UNDERSTANDING FINANCIAL MANAGEMENT IN PUBLIC SCHOOLS

3.1 INTRODUCTION

The discussion in the preceding chapter indicated that legislative frameworks and regulations in South Africa are in place to ensure the efficient and effective management and administration of school finances by school governing bodies, the principal, teachers as well as the public officials. These are the role players responsible for the monitoring and control of the utilisation of public funds in schools. The legislative framework is very clear in urging the public school principal to exercise prudence in dealing with school funds and guard against any financial misconduct. The principals must not disregard calls and directives from the HOD for the implementation of these statutory frameworks. Kruger (2002:147) states that the school principal as school financial manager is responsible for effective school financial management. Every public school principal has a legal responsibility to take steps to prevent any maladministration and mismanagement of school funds; and to report any deviations and noncompliance by any member of the staff to the SGB and the HOD (Section 16A (2) (i, k) SASA (Republic of South Africa, 1996b).

PFMA (Republic of South Africa, 1999) (from which schools are excluded although relevant and applicable) also supports SASA (Republic of South Africa, 1996b) by stating that the “accounting officer” who is the HOD is responsible for preventing unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct for the management, including the safeguarding and the maintenance of the assets of the institution, and on discovery of any unauthorised, irregular or fruitless and wasteful expenditure, for reporting it, in writing. These legal responsibilities are delegated to the school principal by the HOD. The WECD (2009:51), PRECCA (Republic of South Africa, 2004), PDA (Republic of South Africa, 2000) and SASA S16A (2) (i, k) (Republic of South Africa, 1996b) also state that, should the principal or governing body become aware or suspect any person of fraudulent behaviour, such concerns must be reported immediately to the forensic unit, the Head of Department and the South African Police Services.

Legal responsibilities put an obligation on the public school principal to manage and administer the funds in an effective and efficient manner. Section 16 A (2) (i; k) of SASA (Republic of South Africa, 1996b) provides:

- (i) *The principal must take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school;*
- (k) *and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department.”*

This financial duty seeks to ensure that the principal becomes a good custodian of school funds and fulfils his or her obligations.

3.2 THE INTERPRETATIONS OF DUTIES, ASPECTS AND RESPONSIBILITIES OF THE SGB, INCLUDING THE PRINCIPAL AND TEACHERS REGARDING FINANCIAL MANAGEMENT IN PUBLIC SCHOOLS

Despite the achievements of the past 20 years of democracy in South Africa, such as partnership or cooperative governance, self-managing schools and decentralised financing of schools, as well as offering non-sexist, multi-racial education for all, our public schools' financial management system leaves much to be desired (Joubert and Van Rooyen, 2008:2; Mestry, 2006:28-29). This idea is supported by the Department of Planning, Monitoring and Evaluation (hereafter DPME) (Republic of South Africa 2013:1) that also stresses that there are weaknesses in financial management and governance and accountability. Departments have systems and policies in place to promote ethical behaviour and discourage unethical behaviour and corruption; therefore nonconformity with the regulatory frameworks is a serious concern. It states in its findings that 80% of the departments and institutions are non-compliant with ensuring that they have policies and systems in place for promoting professional ethics. In addition, 64% of the departments are non-compliant with the legal/regulatory requirements for fraud prevention (DPME, 2013:1). This is of concern given Government's commitment to combating corruption.

The researcher argues that the struggle for an effective and efficient way of understanding public school principals' legal responsibilities in the management of funds is far from over. The review of literature, evidence or reports in the print media, government reports and press statements from the Provincial Education Departments indicate that there are increasing reporting of allegations that some public schools principals who are supposed to be the

custodians of school funds and all the available resources are mismanaging funds allocated to their schools by the Department of Basic Education. The state of financial management in some of the South African public schools and globally is in decline. It is clear that the failure of the public school principal as financial manager to adhere to and comply with the legislative framework discussed in Chapter 2, leads to financial maladministration and mismanagement by principals, governing body members and educators. The term *financial maladministration* is defined as fraudulent act or practice that results in noncompliance with administrative regulations and requirements. It is a legal term that refers to a failure by the principal or any other relevant functionary to carry out his or her financial responsibilities properly and fully. It is a financial misconduct in handling or reporting usage of money given or transactions or assets (WCED, 2009:50).

In some of the literature financial maladministration is referred to as corruption. Basopu (2010:8); Chetwynd, Chetwynd and Spector (2003:6); Dong (2011:1); Dossing, Mokeki and Weideman (2011:5); Hallak and Poisson (2007:29; 2002:6); Hanna, Bisshop, Nadel, Scheffler and Durlacher (2011:22); Levacic and Downes (2004:23) McCusker (2006:4); Poisson (2010:2); Ochse (2004:3); and Svensson (2005:20) all define the term *corruption* as any “*intentional and unlawful*” conduct or behaviour by a person in public office that violates his or her duties as a public official or as the abuse of public office or misuse of entrusted authority for private gain. These researchers all agree that bribery, embezzlement, fraud, abuse of power, conflict of interest, and abuse of privileged information, favouritism and nepotism are examples that illustrate some of the various manifestations of corruption in the public sector, including public schools.

The above description is utilised in the study to investigate and discover how the role players, such as the principals, the finance officers and departmental officials understand the public school principals’ legal responsibilities regarding financial management as a way to fight financial maladministration and mismanagement at school level, as per S16 A (2) (i; k) of the SASA (Republic of South Africa, 1996b). The discussion below presents a clear picture that there are weaknesses with regard to the way in which the financial management system is operated by the principals as finance managers in public schools.

3.2.1 THE PRINT MEDIA ON THE FINANCIAL MISCONDUCT BY SCHOOL GOVERNING BODIES, PRINCIPALS AND TEACHERS IN PUBLIC SCHOOLS REGARDING FINANCIAL MANAGEMENT AND ADMINISTRATION

Reports in the print media have revealed that some public schools principals are effectively incapable of properly fulfilling their obligations or duties and legal responsibilities as financial managers of their schools as organs of state. This affects the governing body members and educators who end up being involved in corrupt activities Macupe, *Sowetan* (5 August 2015) and the GDE (2015:2).

To illustrate this point the researcher refers to a number of actual incidents of school-related corruption/financial maladministration and mismanagement. In an article in the Mandiwana, *Capricorn Voice* (14 June 2013) one teacher in a public school appeared before a court of law accused of defrauding a school of R25 000.00 of the allocated norms and standards payment from the Limpopo Province Education Department, through stolen and cashed cheques. The crux of the matter in this article is the intimidation of the principal by a certain teacher union for reporting the fraud committed by their member (a teacher). The principal is the representative of the HOD in the governing body when acting in his or her capacity as the head of the institution, and has the duty to carry out the required legal responsibilities as per S16A of SASA (Republic of South Africa, 1996b), which stipulates that *“the principal must take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member(or by the governing body of the school and must report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department”*, without being intimidated.

In another article in the Chuenyane, *City Press* (31 May 2009) it was stated that 49 Gauteng schools were subject to a forensic investigation for failing to submit audited financial statements as required by SASA. Also in the Makana, *Sowetan* (26 November 2010), it was reported that a Limpopo school principal was tried for allegedly embezzling at least R150 000.00 in school fees. He failed to follow public finance guidelines. The investigative report shows that there was fruitless expenditure incurred by the school and that there was maladministration with defiance with the procurement system. SGB members were awarded tenders at high prices. A principal in a KwaZulu-Natal school was suspended for mismanaging school funds Makhanye, *Sowetan* (21 August 2013).

Reports and records from anti-corruption agencies such as Corruption Watch (2012:10, 2013:1 and 2014:11) state that, despite the concerted efforts made by civil society to combat corruption, Limpopo is one of the provinces in South Africa with the highest number of reports of corruption involving schools. Some examples in the report published by the Corruption Watch follow.

- It was found that financial irregularities in South African public schools are rife and that the situation needs urgent attention.
- It was clearly stated that in Limpopo most of the principals are involved in corrupt activities at school level. This includes, among others, financial mismanagement that involves misappropriation of funds, lack of financial accountability, disregard for processes and a lack of financial reporting to both parents and SGBs and principals who collude with certain members of the SGB.
- Reports indicate that principals sometimes manipulate the tender process to enrich themselves (the tender process is corrupted by allocation of tenders to friends and family members of the principals, or SGB members).
- Most reports indicate that some principals steal money by altering the signatures on the school bank account and then signing blank cheques; or by getting the signatories to sign blank cheques and then the money is not accounted for in the financial statements.

It is also interesting to note that the principals/teachers are victimised following the exposure of maladministration at the schools. The bottom line of the matter is that the main person behind all such corruption (misuse of school money and property, nepotism and irregularities in procurement practice) is often the school principal, who is supposed to be vigilant in safeguarding the school funds and ensuring effective and efficient utilisation (management and administration) of the school's finances (Corruption Watch, 2014:11; Macupe, *Sowetan*, (5 August 2015). Phaladi, *the Citizen*, (12 August 2015).

The African National Congress (ANC) (2012:11) affirms that the problem in South Africa is not money, but state capacity to spend, with reference to unspent budgets and poor performance of the system. It leads to mismanagement and misappropriation of funds. Sometimes funds are misdirected for other functions. This statement concurs with Mandy De Waal, *Reuters*, (24 January 2013), which states that despite pouring billions of rands into education, the ruling

ANC has little to show for its money. The 2014/2015 financial year's budget allocation for education is R19, 680 billion. The education system is riddled with corruption and failing schools that stop funding from reaching its intended destinations.

The public school principal struggles to comply with the legal provisions of the added functions and responsibilities as prescribed in section 16 A of SASA (Republic of South Africa, 1996b) and other laws (See Chapter 2 paragraph 2.4). These research findings show that public schools are crippled by fraud and maladministration, gross mismanagement of funds, incompetence, disregard of prescripts and legislative frameworks, and poor internal controls measures. They show that corruption is widespread in public schools locally in the Limpopo Province, nationally and internationally. It is an issue of serious concern and, as such, deserves much attention. The phenomenon leads to loss of taxpayers' money, which in turn affects the productivity at schools.

3.2.2 RESEARCH FINDINGS FROM DIFFERENT SOUTH AFRICAN PROVINCIAL EDUCATION DEPARTMENTS ON FINANCIAL MISCONDUCT BY THE PUBLIC SCHOOL PRINCIPALS

Findings from research conducted by officials in the provincial education departments indicate that some school principals fail to adhere to the policies, regulations and statutes or to comply with the legislative framework regulating the management of finances and prevention of corruption in public institutions (LPED, 2011; 2012 and 2013).

Statistics and reports from the Limpopo Province Education Department's legal and employment and wellness directorate indicate that, in the 2011/2012 financial year, 22 cases of alleged financial mismanagement committed by school principals and teachers were reported. The charges ranged from theft and embezzlement to fraud offences in public schools, and out of these cases, 13 cases were finalised with sanctions meted out. These sanctions included suspension without salary, fines for repayment of the debts, demotion from being the principal to deputy-principal post as well as dismissals. From the researcher's viewpoint these statistics are not in line with the rate of financial mismanagement cases reported in the print media. It means that many cases of financial mismanagement may not be reported to the HOD; instead they are hidden or swept under the carpet, probably by the school principal.

The Limpopo Province Department of Education Institutional Governance Forensic Audit investigations, conducted in 2010 in 31 sampled schools of the district under investigation and found the following serious incidents of maladministration, mismanagement of funds and

flouting of legislative frameworks, including the Limpopo Province Education Department Financial Prescripts by the SGB:

- Finance committees not having been established.
- Minutes, including financial decisions taken, not certified by the chairperson or secretary as true records.
- Nonconformity with the preparation of monthly financial and performance reports and submissions of incomplete financial statements as required by Provincial Financial Management Prescripts 2010/2011.
- Financial duties not delegated in writing. Non-approval of budgets by parents. Inadequate maintenance of financial records.
- Poor cash management and recording, expenditure incurred not approved and unsubstantiated, inadequate procurement practices.
- Blank cheques signed in advance.
- Inadequate asset management as well as failure of some schools to submit their financial books for auditing as required.

The Limpopo Province Education Department directorate of risk management indicates that, in the 2012/2013 financial year, 68 cases of fraud, theft, conflict of interest, mismanagement of funds, misappropriation of funds and maladministration, misusing/abuse of power as well as embezzlement were reported and 20 cases were finalised. The aforementioned findings indicate the following root causes of financial mismanagement in public schools:

- Violation of internal control measures in public schools such as the Prescripts for Management of School Funds.
- Collusion with service providers.
- Violation of the Batho Pele principle of value for money, transparency and accountability.
- Undermining of the roles and functions of the SGB by the principal because of SGB members who are highly qualified or illiterate.
- Deviation from provincial and national legislative frameworks relating to the management of school funds. Intentional disregard of the law.

The Limpopo Province Education Department's Norms and Standards monitoring directorate's report was conducted by departmental officials in the 2011/2012 financial year on 300 sampled

schools in the five districts of the Limpopo Province, namely Capricorn, Waterberg, Greater Sekhukhune, Vhembe and Mopani. It was found that some public schools are engaged in corrupt activities, such as misappropriation of funds, embezzlement of funds, mismanagement of funds, fraud and misuse of power, collusion, theft and bribery. The aforementioned report indicates the following challenges:

- Deficiencies in the audited financial statements that are not accompanied by management letters. The audit opinions do not indicate whether the schools are qualified or unqualified.
- Financial records that are not properly filed and kept. Minutes books that are superficial in terms of financial decisions taken by the SGB and not properly signed to serve as a valid document.
- No circulars that contain rates/tariffs approved by the SGB and in some schools claims are not supported by claim forms signed by the claimant and approved by the SGB and the principal and kept as a proof of payment.
- Schools do not comply with the rule of crossed cheques, as in some schools up to four blank cheques were found in the cheque book and in some of the schools the cheque book with blank cheques is in the hands of the principal.
- In some schools some cheques are issued without the approval of the SGB and the principal on the requisition book/forms.
- Transactions for income and expenditure are not clearly recorded in the cash book. Bank reconciliation is not done on a monthly basis as required.
- Schools do not require quotations when procuring valuable items for comparison and value for money.
- The schools need to follow the proper procedure when procuring goods and services. Schools do not utilise petty cash to manage small transactions, therefore many cheques are issued for small amounts on the same day, which leads to an increase in expenditure on bank charges. Schools issue cash cheques that may result in misappropriation of funds.
- In terms of the prescripts, under no circumstances must blank or cash cheques be issued. The principal is held personally accountable for any contravention in this regard. Schools incur expenditure for the purchasing of goods, such as computers without adequate documentation and without following proper supply chain procedures. In one school an advance payment was made to a teacher for the purchasing of new computers.

- The claim form was not accompanied by an invoice. Schools fail to complete financial quarterly reports and submit them to the circuit/district office for the payment of norms and standards allocations.
- Some travelling claims are not specific to indicate where the claimant went and for what purpose. Schools' expenditure is high with regard to travelling to workshops, meetings of the district or workshops held in other districts.

The frequency of these audit reports from the Limpopo Department of Education once in four years indicates that there is limited and infrequent monitoring of expenditure at schools by departmental officials, and this is not good for financial management. This implies that the department does not have a clear picture of how finances are managed at schools. This statement is echoed by the Public Service Commission (Republic of South Africa, PSC) (2007:14) that states that the Limpopo Province Education Department does not have databases that track progress on allegations of corruption reported. The education department does not comply with the PFMA (Republic of South Africa, 1999), does not have fraud prevention plans as required by the PFMA (Republic of South Africa, 1999), and there is no systematic approach to monitoring allegations of corruption. Generally there is no database on the handling of corruption/financial mismanagement. In his opinion this aspect may have a bearing on anticorruption strategies at school level if the guidelines are not taken into consideration.

The Gauteng Department of Education has listed some of the weaknesses that have been identified at public schools in terms of financial processes as a result of lack of transparency and accountability for expenditure in the use of state funds in section 21 schools, which are also regarded relevant to this study (GDE, Circular 34 of 2004). These include the following:

- The lack of control over cash receipts, receipt issuing and the banking of cash.
- Inadequate updating or non-existence of cashbooks. Lack of control over authorisation of payments and wrong requisitions.
- Lack of control over petty cash transactions.
- Poor document control, inadequate filing systems and safe keeping of documents. Financial statements not being compiled.
- Inadequate monitoring of actual expenditure against budgeted expenditure. Lack of control over the issuing and retrieval of LTSM.
- Budgets and financial statements that do not comply with policy requirements.

- The lack of control over the use of telephones, cell phones, photocopiers and printers and the absence or lack of records of minutes of meetings where strategic decisions were taken.

Furthermore, the Gauteng Department of Education has opened a criminal case against the former and current principals and some of the SGB members of Glen Vista High School for possible abuse of school funds (GDE, 2015:2). According to Corruption Watch (2012:10, 2013:1, 2014:11, 2015:44), Macupe, *Sowetan* (05 August 2015) some school governing bodies, including the principals as “*ex officio*” members of the governing body in the Gauteng province, have failed to submit Audited Financial Statements because of financial maladministration by the principals. According to the KwaZulu Natal Education MEC (20 June 2012) 30 school principals were investigated for embezzlement of funds.

Phaladi, *The Citizen* and Seroo, *The Star* (20 November 2014) reported that the MEC of Gauteng Department of Education indicated that the department conducted 159 audits in the previous five years, while 29 principals had been implicated in wrongdoing. Some of the findings against schools included financial mismanagement, noncompliance with policies and lack of evidence for expenditure and tender irregularities. Monitoring and fighting corruption at schools is a statutory obligation. Various pieces of legislation oblige the principal directly to prevent and report, investigate, take action and put in place control measures to ensure that money allocated to schools is prudently managed.

It is true that forensic audits are kept hidden from the public and schools, and we do not have access to them. Phaladi, in *The Citizen* and Seroo, in *The Star* (20 November 2014) also mentions other factors contributing to a lack of reporting or no reporting at all as:

- No clear differentiation between items that must be reported by all public schools. No processes in place to evaluate annual financial statements or reporting.
- No provincial policy/prescripts are available to guide schools with a model of financial statements/reporting.
- Budgets and financial statements are just submitted for compliance.
- No one is responsible for evaluation at circuit/district or to give feedback or to generate reports for schools.
- Schools interpret and approach budgets and audited financial statements differently. From the research findings there seems to be no model of reporting.

- Some of the schools submit the usage of funds in schools monthly, some quarterly and some annually.
- There is an outcry from the principals that reports are not evaluated at circuit level, with no follow-up on schools that do not comply.
- There is no monitoring of the usage of funds by the school principal and departmental officials.

Research has discovered that the transfer of money allocations to schools is effected on the basis of submission of approved budget and audited financial statements. No corrective measures are implemented for disobedience. If public schools fail to submit monthly/quarterly/annual reports to the provincial education department, it simply means that PED has no clear image of the state of financial expenditure at school level. It is a clear that financial accountability is lacking at some of the public schools.

These findings indicate that some of the public schools under the supposed watchful eye of the principals as “*ex officio*” members (by law) and financial managers are crippled by maladministration, gross mismanagement of funds, incompetence, disregard of prescripts, poor internal controls and dysfunctional SGBs. The findings also indicate that corrupt activities are rife in some public schools in Limpopo Province, including the district under investigation. Principals are the main culprits of corruption in schools, with embezzlement of school funds the most common illegal practice. It also involves fraud, mismanagement, financial misconduct and soliciting donations as bribes. SGBs and principals use their position of power to abuse funds and resources that should be allocated in a manner that furthers the right of children to education. Principals cannot account for where the money has gone for incomplete projects. They are implicated in the violation of procurement process. Often contracts with inflated prices are granted to family members or friends without declaring the conflict of interest.

3.2.3 THE SOUTH AFRICAN PERSPECTIVE ON THE PUBLIC SCHOOL PRINCIPALS, SCHOOL GOVERNING BODIES AND TEACHERS REGARDING FINANCIAL MALADMINISTRATION AND MISMANAGEMENT (MISCONDUCT) IN PUBLIC SCHOOLS

The literature clearly indicates that corruption or financial mismanagement (as used interchangeably) of funds is taking place at public school level. Joubert and Van Rooyen (2008:2) state that it is a fact that too many schools in South Africa are faced with significant

problems of corruption, mismanagement, managerial incompetence, lack of leadership, limited capacity and a lack of courage and willpower to change.

Section 16A (2) (i; k) of SASA (Republic of South Africa, 1996b), which governs public schools, makes it mandatory for school principals to manage and administer school finances by taking responsibility to implement all accountability procedures. There is general consensus that better and improved management of public funds by SGBs, including the principal in public schools can be a catalyst for corruption reduction for the benefit of service delivery. However, Bagarette (2012:101); Bagarette (2011:231); Heystek (2006:482) and Joubert and Van Rooyen (2008:2) show that the SGB, including the principal as the school's financial manager is still battling to understand the responsibilities pertaining to the management of finance and an understanding of the financial legislative framework and violations of the legislative framework, financial prescripts and regulations. This statement is echoed by the Department of Basic Education (2014:23; 2016:3) that indicates that the principal is responsible for ensuring that the school, its people, assets and all other resources are organised and managed in an effective and efficient manner. In doing so the principal must have knowledge about South African educational legislation and policy, labour law and its application in the school context, processes and systems underpinning accountability and responsibility, statutory frameworks and regulations related to accountability, including SASA (Republic of South Africa, 1996b) and must set in place and maintain effective mechanisms and procedures for an on-going, systematic review and self-evaluation of all aspects of the school's work.

However, the DBE (2014:5) acknowledges that the understanding of the responsibilities is currently there but limited. These research findings are supported in the findings of Mestry (2006:28-29) that indicate that the principal and SGB members are placed under tremendous pressure to manage the school's finances because they are unable to work out practical solutions to financial problems, on account of their lack of financial knowledge, skills and expertise.

Some school principals use an autocratic style of leadership (autocracy) instead of knowledge of the law to have control over school funds. This interferes with the management of school funds. Their choice of financial officers, petty cash officers and sometimes auditors is inappropriate. In most cases the parents (as signatories) are illiterate and sign cheques without questioning and without requesting invoices, which is an indication of a lack of accountability. In some schools the principal compels signatories, who in most cases are parents, to sign blank cheques and uses them to purchase as he wishes, which leads to financial misconduct. In the

rural areas parents lobby during SGB elections to be members of the governing body; most of these parents are elected to the SGB because of their influence in the community and not because of their skills, competency, ability, knowledge or expertise in governance, including financial management. The principals become tempted to abuse this opportunity of poor governance and authority given to him or her by virtue of being a principal, with activities that lead to financial mismanagement (Mestry (2013:165), Van der Merwe (2013:243) and Van Wyk (2004:53; 2007:134).

Duma (2010:128) indicates that poor knowledge of legislation has a negative impact on school governance. In other words, it prompts the school principal to take financial decisions. Most of these decisions do not comply with the law, resulting in mismanagement, misappropriation and maladministration.

Bagarette (2011:231; 2012:101-104); Dossing, Mokeki and Weideman (2011:8; 45); Duma (2010:128-129); DPME (2013:1); DoE (2008:81) Mestry and Naidoo (2009:123); Mestry (2006:28) and Tsotetsi, Van Wyk and Lemmer (2008:387, 397) indicate that there are weaknesses in the governance of public schools that lead to school dysfunctionality and improper management of school funds. Problem areas include lack of accountability and transparency, misuse of school funds, a lack of knowledge of rules and regulations governing some key transactions at school level. There is a widespread tendency of defiance with regulations and even where there are known regulations they are not consistently enforced.

Prew, Msimango and Chaka (2011:13) indicate that the management capability at school level is weak. Most principals still lack both record-keeping skills and financial management capacity, which partly contributes to poor financial accountability. This statement suggests that the principal knows very little about how to prevent maladministration and mismanagement in a public school and how to do reporting of how money allocated to the schools has been spent. They know particularly little about the possible repercussions for the principal found guilty of mismanagement as in most cases the reports on investigations are not made public. Makrweide (2012: 56), in his study in the Mthatha District in the Eastern Cape, found that there is an almost absolute collapse of proper financial management and administration systems in the majority of schools. All the principals who participated in the study indicated that their schools do have audited financial statements, but nevertheless the study revealed that some schools do not adhere to appropriate financial management practices.

The Public Service Commission (Republic of South Africa) (2011:14; 27; 46) found that there are a number of cases involving mismanagement of funds and risks associated with criminal conduct at public school level by public officials, including the principal and teachers. These are some irregular activities:

- Certain teachers and principals steal government furniture, computers and food meant for the National School Nutrition Program (NSNP) at schools;
- Lack of internal audit processes;
- Disciplinary hearings for financial mismanagement cases are not promptly held when necessary;
- Openness and transparency in procedures and decision making should be striven for; Financial statements are not audited;
- Receipts are not issued for school fees received;
- Lack of proper bookkeeping; Signing of blank cheques by school principals;
- No proper management of school funds;
- Depositing funds into the school principal's accounts.

In South Africa, in terms of section 37(1) of SASA (Republic of South Africa, 1996b), the management of school finances is a primary function and the overall responsibility of the school governing body (what the principal has to do is to assist the SGB in carrying out its responsibilities (see section 19 of SASA (Republic of South Africa, 1996b)). Clarke (2012:157; 2007:288) and Van Rooyen (2012:48) state that, although the governing body has ultimate responsibility for the financial management of the school, it is normal practice that the daily operational financial management functions are solely delegated to the principal, indirectly through S16A of SASA (Republic of South Africa, 1996b). Section 16A of SASA (Republic of South Africa, 1996b) sets out the functions and responsibilities of the principal of a public school regarding financial administration /management.

Van Niekerk (2012:1) states that corruption is not only a critical threat to the delivering of basic services; it also drains government resources and undermines development and growth initiatives. Despite all efforts to fight corruption numerous incidents of irregularities, fruitless expenditure, incidents of on-going bribery, fraud, procurement irregularities are reported.

In 2004 the Department of Education undertook a Review on School Governance (DoE, 2004:117). The study was conducted with the aim of reviewing the effectiveness and

functionality of school governing bodies in ordinary public schools in South Africa. Some of its major findings were that there was a high skills deficit among the SGB as custodian of millions of rand transferred to the schools and also generated through school fees. The SGB including the principal lacks financial management skills, which prejudices resource mobilisation and optimisation within the schools (DoE, 2004:117). However, these findings and recommendations were not observed and as a result led to most of the public schools becoming a fertile land of corruption. It seems that this was the last audit or review on school governance in the past ten years. The failure to conduct regular finance audits in public schools is not good enough for the management of finances in schools and for the education of learners.

So it is clear that some public school principals and governing bodies practice illegal services that are regarded as possible embezzlement of funds/misuse of funds. These illegal activities prompted the Minister to amend S38 (A) of SASA (Republic of South Africa, 1996b), which states that, according to the General Notice: 21 August 2009 (DBE, 2009:4, 8) public schools were practising corrupt activities through payment of un-authorised remuneration and giving financial benefit to certain state employees, activities which violate section 38(A) of SASA (Republic of South Africa, 1996b). These included: exclusive private usage or ownership of a vehicle; free accommodation; free phone, including cell phone; free holiday; groceries to the benefit of the employee; and garden services.

Dossing *et al.* (2011:8) further found that South Africa's primary education sector at the school level has the following weaknesses that contribute to the financial maladministration and mismanagement by the school governing body, principal and teachers:

- There are high governance deficits in the relationships between schools and their users. Problem areas include low levels of participation, accountability and transparency.
- There is a lack of participation and support from parents despite efforts to involve them.
- There is a lack of knowledge of rules and regulations governing some key transactions at the school level, including the arrangements for school fees. For instance, only half of the educators interviewed believed that rules relating to school fees and fee exemption are respected. Within schools the main risks of corruption identified by the schools governing bodies are related to misuse of school funds.

- There is a lack of capacity at schools, particularly at the level of the school governing body. Training has been slow and mostly limited to understanding the roles and responsibilities and some operational areas, such as financial management.
- There is a lack of accountability and possible participation problems in the relationship between the school and its governing body. Although SASA (Republic of South Africa, 1996b) envisioned a system where schools would be community owned and controlled, one district official stated that communities still perceive schools as belonging to the government and teachers.
- School principals and governing body chair persons sometimes take decisions regarding school finances outside these meetings.
- It was reported by educators that some of the principals control schools governing bodies, and chairpersons merely rubber-stamp decisions made by the principal.
- Mechanisms to address lack of knowledge and compliance are sometimes cumbersome and take time to implement. Furthermore, the authority to deal with defiance rests with the provincial education departments, and is not effectively delegated to principals and school governing bodies, resulting in delays in decision-making and resolution of disputes.
- There is lack of integrity and a risk of corruption in the relationship between schools and suppliers. This risk derives from the absence of appropriate mechanisms to regulate these relationships, or the failure to consistently apply such mechanisms where they exist. Given the provisions of SASA, it is important that schools have well developed financial management policies and controls to ensure the sound management of contracts. Only few of the principals are reported to be having a procurement policy in place.

The legislative framework is clear about the actions to be taken to prevent corruption/mismanagement in the public sector, including public schools. In terms of S85 (1) of PFMA (Republic of South Africa, 1999) the accounting officer must initiate the investigation into the alleged financial misconduct and take the appropriate action if necessary.

Departmental officials must be mindful of mismanagement of financial resources when exercising their duties. Financial mismanagement is what happens when officials use departmental funds inefficiently, carelessly, badly whether or not such actions are committed

wilfully or *negligently*. When departmental funds are misdirected it has a negative impact on service delivery as the funds do not reach the intended recipients. In most cases these regulations are not followed, and in some instances they are bypassed.

3.2.4 A GLOBAL PERSPECTIVE ON THE WEAKNESSES OF SCHOOL GOVERNING BODIES, PRINCIPALS AND TEACHERS' UNDERSTANDING OF PUBLIC SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT

Globally corruption at school level is a major concern (Dossing *et al.* in Transparency International (2011:10); Hallak and Poisson (2007:29); Levacic and Downes (2004:23); and Ochse (2004:14). In countries like England, Australia, and New Zealand, the greatest scope for fraud at school level lies in non-official funds where cash is handled. School trips, dinner-money collection and fund-raising events, for example, all involve a wide range of teaching and non-teaching staff in handling cash.

Okon, Ukpong and Akpan (2011:336; 341) state that the control of mismanagement of cash and other assets of the school to prevent financial fraud in Nigeria is the administrative function of the school principal. They further state that financial mismanagement is persistent in secondary schools as a result of improper use of financial control measures by principals, while Levacic and Downes (2004:23) report that it is the responsibility of the head teacher to prevent fraud in school finances by establishing clear procedures and responsibilities and to exercise effective supervision to ensure that all rules and procedures are followed. Levacic and Downes (2004:23) provide examples of several types of corruption relevant to a decentralised school finance systems:

- *Fraud at school level where money intended for school use is diverted for the personal benefit of individuals either in cash or in-kind (embezzlement).*
- *Fraud arising from the misuse of non-public funds, school fees, donations, casual/fundraising (misappropriation/maladministration/mismanagement).*

Ochse (2004:14), in her study on Germany, outlines that some of the weak points that result in corruption in the public schools education sector are the following:

- An inadequate legal basis to prevent and fight corruption.
- Existing legal provisions are inadequately enforced.
- Lack of internal and external monitoring and control mechanisms.

- Inadequate documentation, reporting and accountability requirements. Inadequate expertise and human resource capacities as well as the moves to decentralise the financing of education, budgets and transactions.
- Auditing can easily be manipulated to hide illegal practices of corruption.

Globally, on the basis of sound financial management, it is incumbent upon the principal to ensure transparency and information sharing among stakeholders. Dossing *et al.* (2011:10), in their findings, revealed that there was misuse of school funds by South African public schools. Hallak and Poisson (2007:29) state that there are internal and external factors conducive to the development of financial malpractices within the education sector, and in particular at school level, which include the following:

- The absence of clear norms and regulations, in particular finance, allowances and areas of public procurement.
- Lack of transparency at each level of the administration ladder generates opportunity for financial malpractices, for example the lack of supervision and disciplinary matters allow expansion of phenomena.
- Lack of professional norms.
- A few countries have developed norms for the education profession. Some have designed teachers' codes of conduct, but often without setting up adequate enforcement mechanisms.
- Low salaries and weak incentive systems in the education profession combined with can lead to misbehaviour of both educational administrators and teachers.
- Low management capacity. Good governance requires suitable accounting and auditing tools. A lack of supervision and control mechanisms creates risks of financial mismanagement, such as diversion or embezzlement of funds.

Worldwide, improper financial management (corruption) at school level is a serious concern. Principals or head teachers, school governing boards and administrative officials are engaged in various corrupt activities due to incompetence or negligent of duties. These dubious activities contribute to the complex understanding, interpretation and implementation of the law as to whether the public school principal has legal responsibilities outside the original responsibilities or powers of the governing body to manage and administer school finances.

3.3 A CRITICAL ANALYSIS OF THE REPORT FINDINGS ON POSSIBLE FINANCIAL MISCONDUCT IN PUBLIC SCHOOLS

According to Bathon *et al.* (2011:363); Clarke (2012:112-3); Clarke (2007:280); Clase (2007:243); ECDoE (2012:3); Govindasamy (2009:28); Joubert and Prinsloo (2009:93); Mestry (2004:129); Naidu *et al.* (2008:165); Prinsloo (2006:364; 2016:1); Van der Merwe (2013:243); Van Wyk and Lemmer (2002:135) and WCED (2009:4) reviewed in Chapter 2, the public school principal is regarded as the manager, director, “*ex officio*” member of the SGB and the chief executive (as opposed to accounting) officer. Section 16A (1) (a) of SASA (Republic of South Africa, 1996b), which is the nucleus of this study, states that the principal of a public school represents the Head of Department in the governing body when acting in an official capacity as contemplated in sections 23 (1) (b) and 24 (1) (j). He is also an administrator on behalf of the HOD at schools and is there to safeguard the expenditure of the school. The principal has to assist and guide the governing body in the use of the school funds and to strive for accountability in financial management.

Section 16A (2) (h, i, j, [and] k) of the SASA (Republic of South Africa, 1996b) requires the public school principal as hired employee of the state to (h) assist and guide the governing body; (i) take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; (j) to attend all the governing body and finance committee meetings and (k) to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department. The principal must also report to the HOD on the effective use of available resources. The principal has a responsibility to the school governing body for ensuring the efficient and effective use of school funds, through audited financial statements (annually) and monthly financial reporting. He is accountable to the SGB who delegated the financial management responsibilities to him. The principal has a duty to report all suspected irregularities with regard to any management of school funds to the HOD and the police. The principal is expected to account to the school governing body and at the same time is mandated to do reporting to the HOD. The main cause for concern is the understanding of these legal responsibilities of the public school principals regarding the financial management by various role players. This directive from SASA (Republic of South Africa, 1996b) (S16A) and other legal provisions (PFMA (Republic of South Africa, 1999), PRECCA (Republic of South Africa, 2004), PDA (Republic of South Africa, 2000), EEA (Republic of South Africa, 1998), PPPFA

(Republic of South Africa, 2000), LPED financial prescripts (2009; 2011) and OSD (Republic of South Africa, 2008)) prescribes new functions and responsibilities for the principal of a public school and place the school principal in an unwarrantable situation. This implies that the school principal has taken on the responsibility of being a “*de facto*” financial manager. However, research findings by Clarke (2012:154) and Mestry (2013:165) have shown that the principal plays a dominant role in the governance of schools. The principal is influential because he is supposed to facilitate the drafting of financial policies, establish a finance committee, elect the SGB, including teacher components from the staff, and appoint finance officers and petty-cash officers.

In his view, the Department of Basic Education (DBE) aggravates this problem with the unilateral appointments of the principal in the public school by the HOD, ignoring the recommendations of the SGB. Sometimes this unilateral appointment is based on comradeship, unionism, affirmative action and gender without looking at the financial competency, ability, skill and knowledge, qualifications and experience in the management of the person (DBE, 2014; 2016:93; 103;124). Some public schools manifest a great deal of dysfunctionality emanating from the way the principal discharges responsibilities regarding the management of finances and prevention of financial maladministration. The situation is even more disturbing considering the considerable allocation of funds transferred to these schools from the state as subsidy. The principal is required by law to ensure service delivery of quality education through safe-guarding public finance against any form of corruption (Serfontein and De Waal, 2015:4).

The overview in chapters 2 and 3 clearly indicate that some public school principals in the district under investigation experience financial irregularities as a result of persistent breaches of financial management prescripts, overlapping of roles and responsibilities, misappropriation of funds, mismanagement of funds, fraudulent activities, embezzlement of funds and other forms of corruption.

The main criticism is the failure of the school principal as financial manager to fulfil his or her legal obligations or responsibilities regarding financial management, and specifically the prevention of financial mismanagement and maladministration and to guard against and report any misconduct. Reports and research findings clearly display or portray school managers who are involved in financial misconduct that jeopardises the aim of legislative frameworks (See Chapter 2). A close scrutiny of the report findings discussed in this chapter indicates that public school funds are abused by some principals, governing body members and educators.

Literature findings indicate that there is a lack of professional ethics, such as accountability, responsibility and openness, honesty and transparency as advocated in (IoDSA) King III (2009:20) and King IV (2016:3). There are cases of corrupt behaviour and misconduct. In most cases the main person behind all such corruption is the school principal, who is supposed to be in the vanguard of the battle against corruption. The question arises whether the principal, if he is involved in corruption, is capable of assisting, guiding and supporting the governing body.

The researcher's assumption is that some principals lack competence in managing and administering school funds. Lack of understanding of the financial management tasks of planning, organisation, leading and control is a great concern and the cause of fraud, embezzlement, misappropriation, theft and mismanagement by principals themselves, governing body members and educators. The findings indicate that there is also lack of knowledge of legislation and financial expertise, yet the department of education gives these principals' additional legal responsibilities as per S16A (2) of SASA (Republic of South Africa, 1996). Research findings prove that the internal control measures used by the PEDs to monitor and control finances are unsustainable. In Limpopo Province in the 2012/2013 financial year 68 cases of fraud, theft, mismanagement of funds, embezzlement were reported and only 20 cases were investigated out of 3 924 school principals and more than 56 000 teachers. If the school principal is misusing school finances at the rate at which this is reported, it means that the internal control measures and monitoring of expenditure are not functioning.

From the PED's perspective there is no reference specifically on how to deal with the abuse of funds in schools and the sanctions that must be meted out to the culprit. The rate at which corruption is taking place in schools shows that the school principals give virtually no attention to the legislative frameworks, except SASA (Republic of South Africa, 1996b), which they also camouflage; as a result there is an attack on accountability. Some school principals are manipulating the system as "*ex officio*" member in the SGB. Reports indicate that there is an almost absolute collapse of proper financial management in the majority of schools. There is a false presumption that the post of principal is "*one size fits all*" management. Some principals fail fundamentally to fulfil their legal responsibilities or obligation and by so doing they are helping to augment a culture of "unaccountability" in financial management. In his view these weaknesses and financial misconduct by the principals left a space for the researcher to ask the research questions that were put to various participants in order to have a better understanding of their experiences, thinking and perceptions of how role players understand the public school principals' legal responsibilities regarding financial management in Limpopo.

3.4 CONCLUSION

This chapter 3 provides an in-depth review of literature on the implementation and reporting of financial mismanagement and maladministration as the key functions and responsibilities regarding financial management. Reports from the South African print media, the South African Provincial Education Departments, and the South African and international perspectives of public school principals regarding weaknesses in financial management and administration which affects the understanding of public school principals' legal responsibilities as an *ex officio* member and an employee of the HOD, were examined.

The preceding chapter indicates that all principals of public schools in the Limpopo Province were given financial management prescripts and legal provisions to regulate the use of government allocations and to control and monitor school funds and prevent the mismanagement of funds. These aforementioned legal provisions are regarded as rules and regulations and standards set for managing and controlling school funds in public schools in the Limpopo Province. The principal has a duty to report all suspected irregularities regarding any management of school funds to the HOD and the police.

Despite the availability of these acts, regulations and prescripts in education (discussed in chapter two), the overview in chapter 3 clearly indicates that some public school principals in the district under investigation experience financial irregularities as a result of persistent breaches of financial management acts and prescripts, overlapping of roles and responsibilities, misappropriation of funds, mismanagement of funds, fraudulent activities, embezzlement of funds and other forms of corruption. These principals are incapable of properly fulfilling their obligations, duties and legal responsibilities as financial managers and directors of the school as organs of state. Their actions are not in line with the law. Reports in the South African print media, the South African Provincial Education Departments, and South African and international perspectives on public school principals present weaknesses in financial management that affect the understanding of public school principals' legal responsibilities as *ex officio* members and employees of the HOD.

In conclusion the researcher agrees with of Mestry (2006:28-29) who indicates that the principal and SGB members are placed under tremendous pressure to manage the school's

finances because they are unable to work out practical solutions to financial problems on account of their lack of financial knowledge, skills and expertise. DBE (2016:2) believes that it is imperative to establish a clear and agreed understanding of what the South African education system expects of principals who are, or aspire to be, entrusted with the leadership and management of schools. Currently no common and universally accepted understanding exists.

Chapter 4 focuses on the research design and methodology to investigate and discover through semi-structured interviews, self-administered questionnaires, a checklist for the school principal and document analysis of how various role players (the principals, finance officers and the departmental officials) understand/perceive/view the public school principals' legal responsibilities regarding financial management in Limpopo.

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CHAPTER 4: RESEARCH DESIGN

4.1 INTRODUCTION

This chapter presents a more detailed account of the research methodology used in the study. It describes the research approach, the philosophical assumptions underpinning this approach, the theoretical perspective (paradigm), methodological framework, research design, the sampling methods, data collection strategies and analytical framework.

There are three methods of approach to research, namely qualitative, quantitative and mixed. These differ considerably, depending on the way one intends to produce knowledge through the type of inquiry undertaken. These differences are presented in the table below.

Table 4.1: Qualitative, quantitative and mixed methods positions (Teddlie and Tashakkori (2009:22; 97))

Dimension of contrast	Qualitative positions	Mixed Methods positions	Quantitative positions
Methods	Qualitative methods	Mixed methods	Quantitative methods
Researchers	QUALs	Mixed methodologists	QUANs
Paradigms	Constructivism/ transformative knowledge claims	Pragmatism; knowledge claims.	Post-positivism knowledge claims
Research questions	QUAL research questions	QUAN plus QUAL research questions	QUAN research questions
Form of data	Typically narratives	Narrative plus numeric	Typically numeric
Purpose of research	(Often) exploratory plus confirmatory	Confirmatory plus exploratory	(Often) confirmatory plus exploratory
Role of theory	Inductive	Both inductive and deductive	Rooted in conceptual framework or theory
Research designs	Case study; semi-structured interviews, document reviews	MM designs, such as sequential exploratory (QUAL – quan)	Surveys ; questionnaires
Sampling	Mostly purposive	Probability, purposive and mixed	Mostly probability

Data analysis	Thematic strategies: categories; strategies (break down into pieces and rearrange for better understanding) and contextualising strategies (holistic interpretation)	Integration of thematic and statistical; plus data conversion techniques are used	Statistical analysis (descriptive, inferential) is used
Validity/ trustworthiness issues	Trustworthiness; credibility, dependability transferability and various authenticity criteria are emphasised	Inference quality; inference transferability	Statistical conclusion: Internal validity, external validity emphasised.

From the comparison of the three methods of approach the researcher opted for qualitative approach with a small section of mixing or combining the qualitative and quantitative approaches. The aim was to improve the design, enrich data analysis and to enhance the findings. Data were mixed during the data collection phase, data analysis and synthesis phases (Gray, 2014). Both the quantitative approach (through questionnaires) and the qualitative approach (through semi-structured interviews and document reviews) in this study were used to solicit data on attitudes, opinions and perceptions of the participants, as the purpose were to gain a better understanding of how various role players understand the public school principals' legal responsibilities regarding financial management from the participants' viewpoints. The researcher used both quantitative (discussed in tabular and statistical form) and qualitative (discussed using emerging themes) data analyses. The purpose was to build on the synergy and strength that exist between quantitative and qualitative research methods to understand a phenomenon more fully than is possible using either quantitative or qualitative methods alone as echoed by Bertram and Christensen (2010:481).

Creswell (2014:1); Creswell and Plano Clark (2007:5); Hanson, Plano Clark, Petska, Creswell and Creswell (2005:229); Johnson and Christensen (2008: 444); McMillan and Schumacher (2014:426); Johnson and Onwuegbuzie (2004:17); Punch, 2005:241 and Teddlie and Tashakkori (2009:33) also state that some of the reasons for combining quantitative and qualitative methods within one study are:

- To explain or elaborate on quantitative results with subsequent qualitative data;
- to use qualitative data to develop a new theory that is subsequently tested;
- to compare and contrast quantitative and qualitative data sets/ different findings to produce well-validated conclusions;

- to enhance a study with supplemental data sets, to enrich the findings;
- to enhance the validity of the findings;
- to gain a deeper understanding of the phenomenon of interest;
- to better understand a research problem more completely, by converging numeric trends from quantitative data and specific details from qualitative data;
- to provide fuller, deeper, more meaningful answer to a single research question; to provide stronger evidence for a conclusion through corroboration of findings (Triangulation);
- to add insights and understanding;
- to use words and narratives to add meaning to numbers;
- to provide the opportunity for a greater assortment of divergent views; and
- to verify and generate theory in the same study.

Even though the researcher used a quantitative approach for data collection and data analysis, the study predominantly used a qualitative research approach as a point of departure, through semi-structured interviews and document analysis as generalising the results was not his point of focus.

4.2 QUALITATIVE RESEARCH APPROACH

Gorman and Clayton (2008:3) define qualitative research as a process of inquiry that draws data from the context in which events occur, in an attempt to describe occurrences, as a means of determining the process in which events are embedded and the perspectives of those participating in the events, using induction to derive at possible explanations based on observed phenomena. The researcher agrees with Gorman and Clayton (2008:3) and Liamputtong and Ezzy (2005:2) who add that the key assumption made by qualitative researchers is that the meaning of events, occurrences and interactions and behaviour can be understood only through the eyes of actual participants in specific situations or from their point of view.

The use of a qualitative research approach is supported by Babbie and Mouton (2011:270), Bryman (2012:46), Hennink *et al.* (2011:10 and McMillan (2012:18), Van der Stoep and Johnston (2009:8) who state that a qualitative research approach is aimed at providing a better, richer, and more in-depth understanding and narrative description of the phenomenon as it occurs in a natural setting. It is also good for providing an in-depth perception of the research issues that embrace the perspectives of the study population and the context in which they live.

It seeks to establish the meaning of how various role players perceive and understand the public school principals' legal responsibilities regarding financial management from the views of the participants. A qualitative research approach is also based on the emergent method of constructing reality. In this context a qualitative research approach was used as the primary research approach to gain a better and in-depth understanding of about how various role players understand the public school principals' legal responsibilities regarding financial management as it occurs in public schools.

The research looked into the practice of financial management in Limpopo public schools as a function of the principal from the participants' (the principals, finance officers and departmental officials) perspectives. The phenomenon was investigated with the goal of describing and understanding (*verstehen*) as described in Bryman (2012:28), De Vos *et al.* (2011:308) and Hennink *et al.* (2011:10) on how various role players understand the principals' mandated legal responsibilities regarding the financial management in public schools. The aim was to gain a holistic understanding of, and insight into financial management as it occurs in Limpopo province public schools. Veal (2011:232) states that qualitative research is generally based on the belief that the people personally involved in a particular situation are best placed to describe and explain their experiences, feelings and world-views in their own words, and that they should be allowed to speak without an intermediary (researcher) and without being overly constrained by the framework imposed by the researcher.

Several researchers have outlined what they regard to be the key characteristics of qualitative research. (Creswell (2014: 36); Rossman and Rallis (2003:8-9) in Liamputtong and Ezzy (2005:4); Leedy and Ormrod (2005:94-5), Bogdan and Biklen (2003) in Mertler and Charles (2010:191), McMillan (2012:272-7) state the following characteristics of a qualitative research approach:

- Natural settings: behaviour is studied as it occurs naturally in a specific context. It takes place out in the field such as in a school where financial management and administration is taking place on a day-to- day basis, because the behaviour is best understood as it occurs without external constraints and control, and the situational context is very important in understanding the behaviour.
- Rich narrative descriptions: The qualitative researcher approaches a situation with the assumption that nothing is unimportant. Every detail that is recorded is thought to contribute to a better understanding of behaviour. The descriptions are in the form of

words. The intent is to provide rich descriptions that capture what has been observed in the same form in which it occurred naturally. It is necessary to obtain a complete and in-depth understanding of the setting/contexts and behaviours.

- Direct data collection: In qualitative studies the investigator has a direct role in obtaining information as the interviewer is the one who studies documents. The information is obtained directly from the source. This is done by spending a considerable amount of time in direct interaction with the settings, participants and documents studied.
- Process orientation: Qualitative researchers want to know how and why behaviour occurs. Qualitative methods look for the process through which behaviour occurs. Qualitative studies would be appropriate for understanding how various role players understand the public school principals' legal responsibilities regarding financial management from their point of view, opinions, perceptions and feelings.
- Inductive data analysis: Qualitative researchers gather data first and then synthesise it inductively to generate generalisations, models or frameworks.
- Participants: Qualitative researchers try to reconstruct reality as the participants they are studying see it. The goal is to understand participants' points of view (what the various role players say and think).
- Socially constructed meaning: Participants actively construct their own reality based on their perspectives. They develop meaning from their experiences and their own way of describing this meaning. Knowledge for each individual is built on lived experiences and situation-specific interactions with others. This theory of knowledge is closely related to social constructivism and is called interpretivism. "Interpreivist theories are fat with the juice of human endeavour ... with human contradiction, human emotion, human frailty ... (They) are derived from pure lived experience ... replete with multiple levels of understanding; assembled from many 'ingredients' and patched together to form patterns, new images, new languages" (Lincoln, 2010:6).
- Emergent research design: The design is emergent in that it remains flexible and evolves during the study. A full account of the methods to be used is given retrospectively after all the data has been collected.
- Theoretical lens: Qualitative researchers use multiple lenses to view their studies. In this study the legal responsibilities of public school principals were understood and interpreted through the qualitative-quantitative accountability lens in the school context.

Creswell (2003:131) states that a theoretical lens is used to guide a study and raise researchable questions.

- Researcher as key instrument of data collection: Qualitative researchers collect data themselves through examining documents and interviewing participants. They may use a protocol for collecting data.

Mertler and Charles (2010:191) point out that qualitative research involves the collection, analysis and interpretation of data, largely narrative and visual in nature, in order to gain insight into a particular phenomenon of interest. The researcher used data collection strategies such as in-depth interviews, review of existing documents and records, and questionnaires to interact with the participants. The aim was to discover the meanings, attitudes, perceptions and understanding participants attach to the public school principal's knowledge and understanding, application and interpretation of the responsibilities dealing with financial management as mandated by the law. Data collected was analysed in a narrative manner and the quantitative data was analysed by means of the software QlikView programme and the assistance of a data analyst.

4.3 PHILOSOPHICAL ASSUMPTIONS

Creswell (2014:5) states that every approach to research involves philosophical assumptions as well as distinct methods or procedures. Bahari (2010:18) points out that research philosophy in social science relates to the development of knowledge and the nature of that knowledge in the social world. Bahari (2010:18), Gray (2013:9-10) and Toohey (2010:4) indicate that there are three main reasons why one should understand philosophy in research: It can help to create research designs, clarify which design will work and which will not, and to identify designs that may be outside one's past experience.

A qualitative research approach also involves several philosophical assumptions which are briefly discussed as a background to the study. Cohen, Manion and Morrison (2011:32); De Vos *et al.* (2011:8); Grbich (2013:4); Guba and Lincoln (1994) in Denzin and Lincoln (2011:12-13); Punch (2011:16); Quinlan (2011:94); Tracy (2013:48); Terre Blanche, Durrheim and Painter (2006:6); and Saunders, Lewis and Thornhill (2012:130) Wagner, Kawulich and Garner (2012:53); and Veal (2011:30); confirm that there are three philosophical assumptions underlying all research. They provide the following three descriptions of theoretical paradigm dimensions:

- The ontological dimension refers to the nature of reality assumed by the researcher. The researcher's perspective is not privileged; emphasis is placed on the different views and realities as perceived by the participants or people being studied (socially constructed). The understandings need to be further interpreted in a more abstract way using existing theories of knowledge.
- The epistemological refers to the nature (knowledge) of the relationship between the researcher and the phenomenon being studied. The interpretive stance is more subjective and engages with the subjects of the study (What is the basic belief about knowledge? What can be known? It explains one's findings about the world and enables one's interpretations to be more globally applied and to make sense of experience).
- The methodology refers to the ways by which knowledge and understanding are established (multiple methods), i.e. how can the researcher go about finding out whatever he or she believes can be known. How do we know the world or gain knowledge of it? What methods can be used for studying reality?

For the purpose of this study the philosophical assumption of epistemology was used because it concerns the study or basis of knowledge, nature and form, how it can be acquired, and how it can be communicated to other human beings. Epistemology lays the foundation of the study of knowledge and understanding that various role players (the principals, finance officers and departmental officials) have and attach to the public school principals' legal responsibilities regarding financial management. Gray (2013:9-10) states that epistemology tries to understand *what it means to know* and provides a philosophical background for deciding what kinds of knowledge are legitimate and adequate.

4.3.1 EPISTEMOLOGY

For the purpose of this study the researcher presented a brief discussion of epistemology relevant to the researcher's study. Toohey (2010:4) defines the word *epistemology* as derived from the two Greek words *episteme* = knowledge and *logos* = science, and means the science of knowledge. As employed in philosophy the word means *the science of the certitude of human knowledge*. It is the branch of philosophy that deals with varieties, grounds and the validity of knowledge (The New Shorter Oxford English Dictionary, 1993:838).

Burell and Morgan (1992:4-5); Crotty (1998:8); Denzin and Lincoln (2011:98); Ellingson (2009:30); Johnson and Christensen (2008:14); Thagard and Beam (2004:504) and Quinlan

(2011:94) describe epistemology as the philosophical assumption or a theory that studies knowledge about knowledge, relates to knowledge or understanding, the nature of knowledge and justification of knowledge or a philosophy of truth, knowledge and belief. They regard epistemology as the branch of philosophy concerned with the origins, structure, methods and the validity of knowledge (Thagard & Beam, 2004:504). According to Terre Blanche *et al.* (2006:6), epistemology specifies the nature of the relationship between the researcher (knower) and what can be known. So epistemology is the area of philosophy that is concerned with knowledge. The main concerns of epistemology are the definition of knowledge, the sources of knowledge (innate ideas, experience), the process of acquiring knowledge and the limits of knowledge. Epistemology considers that knowledge can be obtained through experience and/or reason. Knowledge is justified true belief.

In order to explore the nature of knowledge and how we come to know things fully, the various conceptions of what knowledge is must first be understood. Perception, reason, memory, testimony and innate ideas are all supposed sources of knowledge (<http://www.philosophyindex.com/philosophy> accessed 26 September 2014).

The explanation of the concepts *knowledge*, *reality* and *belief* is very important in building the epistemology for this study. The researcher briefly explained *reality* and *belief* and integrate them with *knowledge* in order to drive to his epistemological stance. In the Oxford South African Concise Dictionary (2010:1023) I found that the criteria for the word *knowledge* are the following:

- It must be true.
- The perceiver must be in a position to know this to be the case.
(What is being claimed is true, it is believed to be the case, and the person making the claim is in a position to support the claims).

As Klein (2005) indicates, epistemology is one of the core areas of philosophy that is concerned with the nature, sources and limits of knowledge. Epistemologically, knowledge is divided into (1) Factual/propositional knowledge – when we make statements that are factually correct; (2) procedural knowledge - we know how to go about doing something like reading legislation about how to manage school finances and it relates to skills; and (3) personal knowledge/knowledge of people, places and things. Klein (2005) further states that there is a vast array of views about propositional knowledge, but one virtually universal presupposition is that knowledge is true belief but not mere belief. Although the three are interrelated, the

researcher was interested in propositional knowledge as opposed to the other two. Propositional knowledge is by its nature expressed in indicative propositions and is declarative, such as, “I know that something is not done properly”. It is through the research findings that I got to know the truth (<http://www.infed.org/biblio/b-dialog.htm>, accessed 26 September 2014).

4.3.1.1 Reality

Reality is the state of things as they actually exist; a thing that exists in fact, having previously only existed in one’s mind; the quality or state of having existence or substance; existence that is absolute, self-sufficient or objective, and not subject to human decisions or conventions; in actual fact it is not what one would think or expect; and a thing that is actually experienced or seen (<http://www.oxforddictionaries.com/reality>, accessed 26/ September /2014).

4.3.1.2 Belief

Belief is a strong feeling that something is true or real; it is an idea that one is certain is true. Everyone is entitled to express his/her own personal beliefs. Belief is extremely surprising or unreasonable, because one thinks that something is true. A belief is an internal thought or memory that exists in one’s mind. Many people believe that a belief must be at least true and justified (<http://www.macmillandictionary.com/belief>, accessed 26 September 2014).

The researcher was interested in knowing the truth about how various role players understand the public school principals’ legal responsibilities regarding financial management as seen from different perspectives or worldviews. The exploration of epistemology helped the researcher to find out the truth or falsehood of the epistemological working assumptions for the study. As the researcher is a school principal, he is in an epistemologically advantageous position. He is in a good position to research issues found in schools (in this case the financial status of the school), principals, finance officers and the departmental officials from the education department at all levels.

Data was collected through interviews, questionnaires and document analysis in order to understand the participants’ knowledge, experience and attitude. The researcher engaged with information rich and knowledgeable people with experience in terms of the utilisation and management of finances in schools. The aim was to create knowledge about how various role players understand the public school principals’ legal responsibilities regarding financial management from their perspective or worldview.

Legislation is clear about the principals' legal responsibilities regarding financial management. The principal must believe in the law, trust the law, follow it, have applied it before, and understand the process. In this study the researcher realised that there is a misrepresentation of fact or misinterpretation of the law (SASA Republic of South Africa, 1996b) that the public school principal has no legal responsibilities due to the unavailability of the various legislation. The principal has responsibilities to execute, but does not know, understand, apply or interpret this legislation regarding financial management. The public school principal does not monitor expenditure at school level to ensure that allocations are used as intended. Some public school principals do not report the usage of funds or cases of financial mismanagement at school level. Financial management responsibilities are not fully executed by the school principal. There is an assumption that some public school principals are not accountable for the mismanagement of funds allocated to their respective schools. Some principals lie about their understanding and knowledge of legislation (application of Section 16A (2) (h) of SASA (Republic of South Africa, 1996b). They mislead school governing bodies, the finance officers and the Department with the knowledge that they have.

There is a belief that the school principal is trained to manage funds effectively and efficiently. The Department of Basic Education has a belief that the principal will manage funds well, but corrupt activities are rife in some public schools. The researcher also knows that some public schools are engaged in corrupt activities such as misappropriation of funds, fraud and misuse of power, collusion, theft and bribery. The researcher knows that some public school principals allow and cover up mismanagement and misappropriation of school funds by being lenient and ignorant and not reporting it to the Department. Some public schools' audited financial statements hide many financial irregularities happening at school level. The researcher assumed that the Department of Education takes advantage of the principal as the representative of the HOD, by making him the watchdog over the SGB at school and the whistle blower of any financial irregularities in terms of Section 16A of SASA (Republic of South Africa, 1996b).

Public school principals are afraid to implement legislative frameworks such as regulations, policies and prescripts in preventing financial maladministration and mismanagement and to report the culprits for fear of being intimidated, victimised and so mismanagement is propagated.

The strategies of PEDs in the form of legislation and regulations are not adhered to. There is sheer ignorance of the law. There is little compliance with the law and violations take place at

school level as a result of incompetence and gross negligence. Public schools are a vital institution in the financial allocation of the State and like any other public institutions are bound by the legislative framework for clean financial audit. The researcher believes that public schools are a state asset that are vitally important to the communities they are found in; corruption found in these schools must be fought as a joint venture. The researcher believes that for the strategies to be effective to fight mismanagement and maladministration, they must be based on co-ownership, collaboration, dedication, commitment and accountability. The researcher believes that amendments or changes to the Schools Act, specifically financial matters, should not be directive as they are at present. They need to be discussed, understood, interpreted and adaptable to different school environments prevailing in various provinces in South Africa. They must be based on diagnosis, undergo tactical review, be turned into practice, and be doable, implementable, and user-friendly and require hands-on practice. The researcher believes that good governance and better understanding of the application and interpretation of all pieces of legislation pertaining to management of finances will lead to improved quality employment relationship between the principal and the various role players at school.

The aim of this study is to provide a better, richer, and more in-depth understanding and narrative description of how various role players understand the public school principals' legal responsibilities regarding financial management as it occurs in a public school. The knowledge, perceptions, opinions and meanings attached to the understanding, interpretation and application of the public school principals' legal responsibilities in financial management by various participants are very important to the study.

Data collection strategies from both qualitative and quantitative approaches such as interviews, questionnaires and document review were used to source this knowledge and understanding, and the data was analysed through thematic analysis and through the QlikView program with the aim of generating new knowledge or theory. As the philosophical assumptions are linked to various paradigm positions, these epistemological assumptions were then translated into a theoretical perspective with the aim of interpreting the knowledge, beliefs and reality that emerged from different role players' understanding or perceptions of the public school principals' legal responsibilities regarding financial management.

4.4 RESEARCH PARADIGM

Mertens (2003:139); Morgan (2007:49) and Teddlie and Tashakkori (2009:4), define *paradigm* as a worldview including philosophical issues, with the assumptions that are associated with

that view. According to Maree and Van Der Westhuizen (2009:19), a paradigmatic perspective refers to a way of viewing the world and entails certain assumptions by the researcher when he chooses a particular perspective or paradigm; the researcher favours specific systems of meaning and ways of interpreting reality. Paradigmatic perspectives must be selected as early as possible to indicate their relevance to specific phases of the research (Punch, 2005:36). Saunders *et al.* (2012:141) views it as a way we as humans attempt to make sense of the world around us. Babbie (2007:31, 32); De Vos *et al.* (2011:297), and Hennink *et al.* (2011:11) and describe paradigms as models of frameworks for observation and understanding that shape both what we see and how we understand it. Paradigms are perspectives or ways of looking at reality, and they are frames of reference we use to organise our observations and reasoning.

According to Terre Blanche *et al.* (2006:6) paradigms are all-encompassing systems of interrelated practice and thinking that define for researchers the nature of enquiry along the three dimensions of ontology, epistemology and methodology. *Paradigm* comes from the Greek word *paradeiknyai* which means to show side by side – and is a pattern or example of something, or a pattern of thought. Research indicates that there are many paradigms for the nature of knowledge as philosophical assumption or worldview, such as positivism, interpretivism and constructivism.

As this study used a qualitative research approach as the main approach, it was aimed at obtaining a better, richer, and more in-depth understanding and narrative description of the phenomenon as it occurs in a natural setting. The interpretive research paradigm was used as the researcher regarded it as relevant. Clow and James (2014:19) describe interpretivism as a social phenomenon, which involves interaction of participants and generates theory. Feelings, emotions, understanding and the perceptions of participants are taken into consideration. Data is interpreted by the researcher who attempts to uncover meanings, values and explanations. All these form the basis of interpretivism. The strengths of using the interpretive approach are to allow the researcher to gain an insider's perspective to try and understand the subject from within.

Tracy (2013:40-1), however, regards an interpretive paradigm as a way of seeing both reality and knowledge as constructed and reproduced through communication, interaction and practice. Tracy (2013:62) further states that from an interpretive point of view reality is not something out there, which a researcher can clearly explain, describe or translate into a research report. Rather, both reality and knowledge are constructed and reproduced through

communication, interaction and practice. Knowledge about reality is therefore mediated through the researcher. An interpretive paradigm suggests that it is absolutely necessary to analyse social action from the actors' standpoint – a concept often referred to as “*verstehen*” (to understand). This is an approach of gaining empathetic insight into others' viewpoints, beliefs and attitudes. *Verstehen* describes the first-person perspective that participants have on their personal experience as well as on their society, culture, and history. Interpretivists view knowledge as socially constructed through language and interaction, and reality as connected and known through society's cultural and ideological categories. The interpretive paradigm emphasises the importance of examining the world (natural setting) from participants' point of view (Tracy, 2013:62).

De Vos *et al.* (2011:14, 309); Hennink *et al.* (2011:10, 14) and Neuman (1997:68-73) suggest that the interpretive paradigm means that the approach seeks to understand people's lived experience from the perspective of the people themselves. This involves studying the subjective meaning that people attach to their experiences from their point of view. They further state that the interpretive paradigm therefore emphasises the importance of interpretation and observation in understanding the social world. It recognises that reality is socially constructed as people's experiences occur within social or personal contexts. It acknowledges that people's perceptions and experiences of reality are subjective; therefore there can be multiple perspectives on reality.

The researcher tried to understand through data collected through semi-structured interviews, questionnaires and document analysis how various role players such as the principals, finance officers and the departmental officials understand and interpret the public school principals' legal responsibilities regarding financial management and administration in Limpopo Province.

Cohen *et al.* (2011:17) state that the central endeavour in the context of the interpretive paradigm is to understand the subjective world of human experience, to retain the integrity of the phenomenon being investigated. Efforts are made to get inside the person and understand from within. It is mainly concerned with theory and focus on action. Cohen *et al.* (2011:18) develop this argument further by stating that an interpretive paradigm is a view of social science, a lens through which one examines the practice of research. They explain that in an interpretive enquiry “*individual behaviour can be understood by the researcher sharing their frame of reference: understanding of individuals' interpretations of the world around them has to come from inside not outside*” (the social world can only be understood from the standpoint of the individuals who are part of the ongoing action being investigated).

As an interpretive researcher, the researcher worked with the experience and understanding of the perspectives of the principals, the finance officers, and the departmental officials dealing with finances and the allocation and the utilisation of funds in public schools. The aim was to find out, understand, acquire and discover new knowledge on how they understand the public school principals' legal responsibilities regarding financial management in Limpopo.

McNabb (2010:46) states that interpretive research is characterised by a strong sense of connection between the researcher and the subjects who are part of an interpretive study. The goal of interpretive research is to build understanding between the participants and the researcher. The primary objective of interpretive research is to establish the meaning of a circumstance, event or social situation. It aims at enhancing people's understanding of the meanings, feelings or attitudes of the people in the study situation – in this research the various role players' understanding of the meanings, feelings, or attitudes of the public school principals' legal responsibilities regarding financial management in Limpopo.

Bertram and Christiansen (2014:26) and Wagner, Kawulich and Garner (2012:54) point out that the interpretive paradigm aims to describe and understand how people make sense of their worlds (human nature), and how they make meaning of their particular actions. The purpose is to develop a greater understanding of how people make sense of contexts in which they live and work. It is a naturally occurring context with the researcher aiming to be non-intrusive. The perspective also implies that the researcher needs to engage the situation from the viewpoint of the participants. The researcher attempted to understand the legal responsibilities of the public school principals' financial management through the eyes of the various role players who are involved with finances on a day-to-day basis. This depended on the participants' behaviour in a context.

Table 4.2: Interpretive paradigm (adapted from Guba & Lincoln, 1994, in Bertram & Christiansen, 2014:35)

Aspect	Interpretive research paradigm
Aim of research	Understand social behaviour, and how people make meaning of their experiences.
Nature of social reality	Many “realities”, locally and specifically constructed.
Nature of knowledge	Knowledge is created through interpretations, and consensus may be pursued through dialogue.
Methodology	Explorative methods in authentic situations.

Theory	Created concepts linked into “explanations” of behaviour, motives, perceptions, experiences.
An explanation is valid	It is convincing, trustworthy (to other researchers and/or participants) and authentic.
Voice of the researcher	A passionate participant, a facilitator of multi-voice reconstruction.
Quality criteria	Trustworthiness (credibility, transferability, dependability, conformability), authenticity.

As this study utilised mainly qualitative research methodology, the researcher wanted to understand and gain an in-depth insight into the principals’ legal responsibilities regarding financial management. Bryman (2012:28); Hennink *et al.* (2011:10) and De Vos *et al.* (2011:308) state that qualitative research is concerned with the understanding of behaviour, opinions and emotions from the perspective of the study participants themselves. Gay, Mills and Airasian (2011:12) state that qualitative research seeks to probe deeply into the research setting to obtain an in-depth understanding about the way things are, why they are that way, and how participants in the context perceive them. In trying to achieve this, the researcher used semi-structured interviews, self-administered questionnaires and document analysis to collect data on their understanding or perceptions. As Walliman (2010:202) points out, the researcher was much more concerned with grasping “meaning” and understanding complexes of meaning than discovering the “truth” or approximations thereof.

From an interpretivism point of view the researcher does not observe phenomena from outside the system, but is inextricably bound into the human situation being studied. In addition, by concentrating on the search for constants in human behaviour, the researcher highlights the repetitive, predictable and invariant aspects of society and ignores what is subjective, individual and creative. Walliman (2010:206) adds that the implication of the interpretivist approach for research is that the observers or interpreters cannot be disembodied from the context of their investigations. They bring, per force, their own meaning and understanding to the investigation, and must recognise and acknowledge the perspective from which they make their observations. There is a strong recognition of the fact that attempts to find understanding in research are mediated by our historical and cultural milieu. We must look at the individuals in society to understand their values and actions, in order that we may understand the structures and working of the social system. By using an interpretive research paradigm the participants (role players) are given the opportunity to provide their own accounts or explanations of the situation or

behaviour, their standpoint to the legal responsibilities of principals regarding financial management in public schools.

The researcher tried to get inside the minds of the participants and see the world of finance from their point of view. As the interpretive research paradigm forms a background to the understanding and interpretation of the participants' knowledge, meanings, opinions, attitudes and experiences, a methodological framework suitable for qualitative research-epistemological-interpretive study was followed. The interpretive lens helped the researcher to understand, interpret, describe and explain the meanings the participants attach to the understanding of the public school principals' legal responsibilities regarding financial management, their opinions and perceptions that originated during interviews, questionnaires and document analysis.

4.5 RESEARCH DESIGN

McMillan and Schumacher (2010:20; 2014:28) and Terre Blanche *et al.* (2006:34) say that a research design describes the procedures for conducting the study, including the plan of action for generating empirical evidence to be used to answer the research question.

Although this study used a small section of mixed methods research (QUAL-*quan*), a predominantly qualitative multiple case study design was used to obtain a more complete understanding of the answers that meet the purpose of the study (McMillan & Schumacher, 2014:426). In this case understanding the principals' legal responsibilities regarding financial management in a public school from the participants' perspectives.

Thus a qualitative research approach was considered dominant (**QUAL-*quan***) for this study because it is aimed at gaining a better and in-depth understanding of the phenomenon as it occurs in a natural setting. Van Der Stoep *et al.* (2009:166) state that a qualitative research perspective assumes that knowledge is constructed through communication and interaction; as such knowledge is not "out there" but within the perceptions and interpretations of the individual. Knowledge is constructed or created by people.

Schulze (2002:56) states that the researcher typically aims to understand society and the meaning that people attach to everyday life. More than one method of data collection is used, including interviewing, questionnaires and document analysis. This is called triangulation of methods and improves the trustworthiness of the data. Data collection needs to be continued

until the data is saturated and the researcher does not come across any new information. The research design multiple case studies is discussed briefly.

4.5.1 MULTIPLE CASE STUDIES

According to McNabb (2010:237) and Punch (2011:113) multiple case studies involve a strategy for setting up certain comparisons of a group of similar cases. As the study followed a qualitative, interpretive case study research design in investigating role players' understanding of the principals' legal responsibilities regarding financial management in a public school, multiple case studies were regarded most suitable. It is in the presentation and discussion of case study data that the researcher hoped to find out how the principal operates at the school in terms of financial management and how the principals, finance officers and departmental officials understand and interpret these operations.

In this study each school and circuit office are regarded as a case study, so the six primary schools and six circuit offices in the district under investigation formed the multiple case studies. The researcher did the comparison of the understanding and experiences of the principals, finance officers and the departmental officials within the same school/circuit context and as well as across the different six schools /circuit offices. The purpose was to gain a holistic understanding, identify the contextual similarities and differences and to generate new knowledge or integrated theory with regard to how the principals, finance officers and departmental officers understand the principals' legal responsibilities regarding financial management.

The researcher used data collected through multiple data collection strategies such as interviews, questionnaires and documents analysis to gain in-depth understanding through the participants' perspectives or worldview of the public school principals' understanding, application and the interpretation of his legal responsibilities in this regard.

These various points of view were revealed by data collected through interviews at six selected primary schools and circuit offices, the document analysis as well as from questionnaires. This section describes the six primary schools and the six circuit offices as case studies selected for the study within which the understanding of the legal responsibilities of the public school principal was investigated. These public primary schools and circuit offices selected for the purpose of this study are all located in the rural areas of a district of the Limpopo Province Education Department.

All the six primary schools are no fee schools receiving a 100 % state subsidy, and they supplement these funds through fund raising, and the most common fund-raising approach in these schools is casual collection. All these primary schools fall under quintiles 1 to 3; they are not supposed to charge school fees. The researcher selected 14 primary schools randomly from the district list, but limited to a radius of 200 kilometres from his residence. The researcher approached the school principals interested in taking part. As anticipated, some of the principals refused to take part in the study but I managed to persuade six schools to participate. Immediately on reaching the number of six schools that confirmed to take part, the researcher stopped. The schools differed in terms of enrolment, varied from the lowest to the highest enrolments, and allocated funds based on the enrolment, all with no administrative clerks (see table 5:33).

Data collected through semi-structured interviews and document analysis was analysed thematically and interpreted to identify themes, categorise, tabulate and recombine data to address the purpose of the study. The multiple case studies determined the sampling instrument suitable for the qualitative-epistemological-interpretive research study.

Having identified the six schools and circuit offices through pre-visitation, the researcher had brief meetings with the principals in order to do the following:

- Explain the purpose of his study/research.
- Give them official letters requesting permission to conduct my research.
- Give them copies of the permission letter from the LPED allowing him to visit schools and to conduct the research.
- Explain to them that he would have to conduct one on one interviews with the principal and the finance officer as they were the most important relevant people to his study.
- Set up dates for the interviews. Inform them about the checklist to be used for document analysis.
- Clarify ethical considerations.

Permission to conduct the research was granted by the University of Pretoria (Annexure A); and the Limpopo Province Education Department (LPED) (Annexure C). The researcher also attaches the letter requesting the schools and circuit offices for permission to conduct the research (Annexure D), and the interview data collection schedule.

Interviews with the principals and their finance officers were conducted at the respective schools as arranged. The researcher started with the principal as the gate keeper. The next person to follow was the finance officer. All the principals made their office space available for both interviews. The interviews with the finance officers were conducted without the principal present in order for them to be free to express themselves. In all the interviews the researcher used a semi-structured interview guide (See Annexure F). The interview questions were all identical to avoid subjectivity and to get different points of views on the same question. As explained to them before the start of the interview, a tape recorder/data recorder device was used and no one objected to its use. This helped the researcher to capture data that was later transcribed in his own time.

All the principals and finance officers were free to share information that they felt was relevant to the study of identified problem; they indicated the challenges they perceived as obstacles in understanding the public school principals' legal responsibilities regarding financial management and made recommendations on how they needed these challenges to be addressed. In some of the schools there were commonalities between data collected from the principal and the finance officer and in some schools there were significant differences. After the interviews the checklist for document analysis was verified with the help of both the principal and the finance officer. As a principal the researcher learnt a great deal from some of the schools regarding financial management. It was not just a verification list for the purpose of the research.

After completion of the interviews with the principals and the finance officers, the researcher conducted the interviews with the six departmental officials, from the six circuit offices in the district under investigation. These participants were selected because they deal with school finances every day. They received the monthly/quarterly financial returns from schools, school budgets and audited financial statements. These officials were responsible for monitoring school expenditure, evaluating financial statements from schools and for support (training).

Immediately after each interview, the researcher transcribed data manually and later captured it on his computer. Questions were pre-organised to enable me to understand and link research questions with the interview questions. The same procedure used in schools was used for all the departmental officials. As the researcher used multiple data collection strategies, the questionnaires were administered to various principals: 53 school principals (See Annexure H). 22 finance officers and 4 departmental officials responded positively. Data collected from these

participants was summarised in tabular form into categories (Factor B - I in Chapter 5 of this study).

For the questionnaire the researcher designed a scoring sheet and raw data collection sheet in Excel. All the (100) 53 questionnaires from the principals and (100) 22 finance officers of primary, combined, and secondary schools dispersed across the district under investigation and (26) four departmental officials from circuits which were successfully completed were summarised. A data analyst using the software QlikView program helped the researcher with the quantification of data and to analyse the data collected through the questionnaire. All the questionnaires enabled the researcher to understand the participants' attitudes, opinions and perspectives. The participants in this study were coded as follows for reference and purposes in the interviews for anonymity and confidentiality.

Table 4.3: Coding of participants and schools

Code	Description of code	Data collection mechanisms
S A – F	Schools A - F	Document analysis
P 1 – 6	Principals	Semi-structured interviews and questionnaires
DO 1 - 6	Departmental officials	Semi-structured interviews and questionnaires
FO 1 - 6	Finance officers	Semi-structured interviews and questionnaires

4.6 POPULATION AND SAMPLING

4.6.1.1 Population

Population is well-defined by McMillan and Schumacher (2010:129) as a group of elements or cases, whether individuals, objects or events that conform to specific criteria and to which we intend to generalise the results of the researcher. Babbie and Mouton (2003:174) add that a population is the theoretically specified aggregation of study elements from which the sample is actually selected. In this study, the population consisted of principals and finance officers from 602 public schools, and departmental officials from 32 circuits in the district under investigation, namely the Limpopo Province.

Only six public primary schools and circuit offices were selected for interview purposes. In both the selected primary schools and circuit offices, six school principals, finance officers and

departmental officials were selected for interviews with a view to finding out how they understand the public school principals' legal responsibilities regarding financial management in the Limpopo Province.

As the study applied a quantitative research approach, the population consisted of principals and finance officers from 602 public schools, and departmental officials from 32 circuits in the district under investigation. One hundred (100) primary and secondary school principals and finance officers, and 26 circuit office-based departmental officials were randomly sampled for the administration of the questionnaires.

4.6.1.2 Sampling

Liamputtong (2013:14) states that qualitative research is concerned with in-depth understanding of the issue under examination. It relies heavily on individuals who are information-rich cases, who are able to provide rich accounts of their experiences and crucial information and it usually works best with a small number of individuals. The individuals are regarded as “knowledgeable people” i.e. people who have in-depth knowledge, expertise and experience (Babbie (2013:128); Brynard and Hanekom (2006:54); Cohen *et al.* (2011:156); and McMillan and Schumacher (2014:143).

There are various methods of sampling: probability sampling made up of simple random sampling, systematic sampling, stratified sampling and cluster sampling. There are non-probability samplings that have the following instruments: convenience, quota, snowball, criterion and stratified purposive sampling. For the purpose of this study stratified purposive sampling was appropriate as it targeted a small number of participants and sites that were manageable and accessible.

Maree and Van der Westhuizen (2011:79) view stratified purposive sampling as a selection of participants according to preselected criteria relevant to a particular research question. McMillan and Schumacher (2014:429) state that in stratified purposive sampling the quantitative approach of stratifying the population is followed by a purposive selection of a small number of cases from each stratum that are studied intensively. McMillan and Schumacher (2014:429) further state that the variation of stratified purposive sampling is purposive **random** sampling, which involves the random selection of a small number of cases from a larger population. The term random as used does not mean the results will be generalized

to the population. It was used as a strategy to provide qualitative results that complement quantitative findings. Qualitative data were gathered to help generate questionnaires that were administered to a large sample. This strategy allowed the researcher to triangulate the results, in which one component is used to corroborate, confirm or cross-validate the findings. The district under investigation has 602 public schools that could be used for stratification purposes. Every school must be assigned to one circuit. In stratified sampling, a sample is drawn separately from each group or each stratum. Stratified purposive sampling was used to ensure even coverage across the groups/geographical circuits. It helped ensure that the interviews and the questionnaires were evenly distributed across the district.

According to Bertram and Christiansen (2014:61) and Liamputtong and Ezzy (2005:46) stratified sampling is used when the research population consists of sub-groups that may have different opinions or experiences of the world. Schools are made up of the sub-groups primary and secondary; rural and township schools, principals, finance officers/teachers who are novices and experienced, and are made up of women and men. The sample included purposively-selected participants from all these sub-groups.

Cohen *et al.* (2011:111) and Remler, Gregg and Van Ryzin (2011:170) explain that stratified sampling involves dividing the population into homogeneous groups, each group containing subjects with similar characteristics (males and females; primary, combined and secondary schools, one education district which is divided into 32 circuit offices (Circuits 1 to 32) and regarded as no fee schools classified in quintiles 1 - 3, the poorest of the poor in terms of the norms and standards for funding allocation. Stratified purposive sampling in qualitative research targets those groups in institutions or clusters of participants approached to participate in the research.

The population of this study consisted of all the male and female principals and teachers in public schools, and departmental officials in the 10 education districts in Limpopo Province Education Department. However, as this study is primarily qualitative, it was not possible to include all these members of the population in the study. Following stratified purposive sampling; the researcher sampled a smaller but representative number of the population.

The researcher purposively sampled one district out of the 10 Limpopo Province Education Department districts. Only six public primary schools in the vast rural area of the district were selected. The six schools were selected from the list of public schools and learner statistics

supplied to the researcher by the district and the participants were recruited to take part in the research as they were regarded as information-rich and knowledgeable, key participants. These participants were involved in the utilisation of school finances on a day to day basis, and they gave the researcher an opportunity to have a better understanding of their perceptions, feelings, behaviour and thinking about the phenomenon under study. These participants were five male principals and one female principal, six female finance officers purposively selected and interviewed about their understanding of their legal responsibilities regarding financial management at public school level. Five female departmental officials and one male departmental official were also selected for the interviews. The six departmental officials were from six circuit offices out of 32 circuits in the district under investigation. All six public primary schools and six circuit offices were chosen because of their proximity to the researcher. Therefore the schools and the circuit offices were selected based on convenience due to their geographic location (McMillan & Schumacher (2014:151). Therefore convenience sampling was also used to better understand the relationship that exists with no proper way of generalising from the sample to any type of the population (McMillan & Schumacher, 2014:151).

The participants were chosen to provide enough data through interviews and to discover how the various role players understand and perceive the principals' legal responsibilities to take all reasonable steps to prevent financial maladministration, and to report any maladministration or mismanagement to the governing body and to the Head of Department.

The researcher administered one hundred questionnaires to the principals and fifty-three responded. The researcher administered one hundred questionnaires to the finance officers and twenty-two responded. The researcher administered twenty six questionnaires to the departmental officials and four responded. The questionnaires were administered with the purpose of getting a clear picture of how various role players understand the application and interpretation of the principals' legal responsibilities regarding financial management.

McMillan (2012:111, 286) states that the use of purposeful sampling in a qualitative study has advantages of adding credibility to qualitative research, usually ensures a high participation rate and assures receipt of needed information. Certain documents deserve more attention than others because they are richer and lead to greater depth of descriptions and understanding and sites.

4.7 DATA COLLECTION PROCEDURES

After obtaining approval from the University of Pretoria' Ethics Committee, permission to conduct research in the district public schools was sought through a letter to the Limpopo Provincial Education Department and was granted on 13 October 2013. Data was collected after the University of Pretoria' Ethics Committee granted approval to continue with the fieldwork on 14 April 2014. McMillan (2012:146) states that qualitative approaches are based on the narrative and the multiple perspectives of the participants. Data gathering is relatively unstructured and often open-ended.

De Vos *et al.* (2011:321); Johnson and Christiansen (2004:363) and Yin (2003:23) in Klein (2012:71) and suggest that the use of more than one method helps to improve the credibility and trustworthiness of data and to strengthen the views of participants and respondents. This study made use of multiple methods or interactive strategies of questionnaires, semi-structured interviews including interview protocol questions to be asked, interview recording devices, interview guidelines and document analysis guidelines/checklists to understand the participants' perspectives. The following data collection strategies were used:

4.7.1 INTERVIEWS (SEMI-STRUCTURED) WITH ALL THE PARTICIPANTS

In-depth semi structured interviews were appropriate in this study for collecting data on the principals, finance officers and the departmental officers' understanding, opinions, perspectives and experiences of the public school principals' implementation and interpretation of his legal responsibilities in financial management. Silverman (2011:167) states that qualitative interviewing is particularly useful as a research method for accessing individuals' attitudes and values, things that cannot necessarily be observed or accommodated in a formal questionnaire.

Open-ended interview questions therefore provide better access to interviewees' views, interpretation of events, understanding, experiences and opinions. Qualitative interviewing, when done well, is able to achieve a level of depth and complexity that is not available to others (Bridget & Byrne, 2004:182 in Silverman, 2011). Cohen *et al.* (2011:411), De Vos *et al.* (2011:351) and Hennink *et al.* (2011:53) explain that the interview is used to gain a detailed picture of participants' beliefs about and perspectives on the facts, feelings and experiences, motives, present and past behaviours, standards of behaviour and conscious reasons for actions or feelings.

These semi-structured interviews were used extensively in the interpretive research paradigm in working towards its aim of understanding and describing people's perceptions and understandings that might be unique to them. Semi-structured interviews allowed the researcher to ask probing and clarifying questions and to discuss participants' understanding with them (Klein, 2012:21).

In this study, in-depth semi-structured interviews were conducted with the 18 purposively selected participants. All the interviewees were contacted a week before the interview to confirm the appointment. Each interview lasted until data saturation was reached. When the researcher arrived at all the selected schools and departmental offices, he introduced himself and briefly explained the purpose of this research interview and established trust and rapport with the participants to set them at ease as the researcher regarded the topic sensitive since it deals with finances. Before the interview session started, all the participants were assured of the confidentiality of the data they would share with researcher. The participants were urged to be free, open and transparent as data collected was aimed at improving financial management in public schools. The researcher also aimed at strengthening the working relationship between the principal and other role players in terms of monitoring, reporting and prevention of any financial mismanagement at school level.

One school accepted the invitation for the interview and later withdrew, citing work overload and lack of time. Fortunately the researcher had a backup of two more schools. As one of the limitations experienced in the study, this concurs with Sarantakos (2005:286) who indicates that one of the limitations of interviews is inconvenience and sensitivity. When sensitive issues are discussed, many people prefer to write rather than to talk about them. All the interviewees were telephonically contacted a day before the interview to ensure that they were expecting him. The interviews were conducted during school hours. The venue was the principals' and departmental officials' offices. The interviews were conducted in both English and Sepedi, depending on the choice of participants for trustworthiness and to allow them to elaborate and emphasise the points where necessary.

McMillan and Schumacher (2014:386) state that interviews are verbatim accounts of what transpires in interviews. Permission to tape-record the interview was obtained to ensure completeness of the verbal interaction and provide material for reliability checks. Data collected during the interviews were audio-taped and transcribed verbatim for more elaboration and understanding. All the participants were comfortable to be audio-taped. Each interview

session recording was labelled. Immediately following the interview, the researcher made a transcript of the recorded interviews (18). The transcripts were hand written and then typed (date, place and identity/codes). The researcher wrote down the interview elaboration on each interview session – self-reflection on his role and rapport, the interviewee’s reactions, additional information and extensions of interview meanings.

4.7.2 DOCUMENT ANALYSIS (EXAMINING OF DATA/ANALYSIS OF EXISTING DOCUMENTS)

Another data collection strategy used was document analysis. According to Cohen *et al.* (2011:249,253); Maree (2007:82); McMillan (2012:295) and Yin (2009:103) document analysis is a data collection technique that includes all types of written communication or words that may shed light on the phenomenon that the researcher is investigating. Bryman (2012:390) and McMillan and Schumacher (2010:127) indicate that documents are used to provide first-hand information based on direct experiences with the phenomenon obtained through interviews.

Documents helped to clarify what was said, and how it was said in response to semi-structured interviews. Document analysis was used to give the researcher an opportunity to obtain a basic understanding of how various role players understand the public school principals’ legal responsibilities regarding financial management. Documents helped to identify challenges that hamper the execution of the responsibilities to prevent any financial illegal practices and to identify the content areas that may require extra attention during the research study. They provided meaningful insight into their knowledge of these responsibilities.

Bailey (1994:294) identifies a number of advantages to document study. Document studies allow research on subjects to which the researcher does not have physical access. The researcher will find spontaneous actions or feelings of the respondents being recorded when they occur. A person may be more likely to confess in a document through letters read in a finance meeting that he or she mismanaged finances and why.

As this study deals with financial management in public schools, a review of all available documents related to the financial management at school level and the principals’ legal responsibilities regarding financial management at public schools was conducted. Various documents were perused and shed light on how schools manage their finances and how the principal implemented and interpreted the legal responsibilities regarding financial management. The researcher examined the finance committee minutes, the claim book or

income and expenditure cash book, the cheque book, audited financial statements, the finance files, the finance policy, the asset register, the receipt book register (PEDO 13-17), the school budget and the monthly financial reports.

The monitoring of expenditure at school level and evaluation of financial statements reports from the circuit/provincial education departments were also analysed. The rubric or monitoring tool template supplied by the norms and standards allocation directorate in the province was used. The documents were scrutinised in order to find out how the school principal is involved in the management of school's finances. Documents also showed whether there was value for money, whether legislative mandates were followed, and whether control and monitoring of the implementation of these legislations was done. Document analysis allowed the researcher an opportunity to peruse all forensic audit reports/audited financial reports to get to know how legislation is understood and implemented.

4.7.3 SELF-ADMINISTERED QUESTIONNAIRES

The third data collection strategy used was the questionnaire. As the semi-structured interview was the key data collection strategy for eliciting data from the participants in this study, the questionnaire was used to complement data collected through the interviews. All the questions used in the self-administered questionnaires were included in the interview guide.

Fink (2013:2) and Johnson & Christensen (2004:164) state that self-administered questionnaires are used to obtain information from participants who describe, compare or explain their societal individual knowledge, thoughts, feelings, attitudes, beliefs, values, perceptions, personality, and behavioural intentions. In this study questionnaires were administered to collect information directly from the principals, finance officers and departmental officials who dealt with school finance on a daily basis. Self-administered questionnaires assisted me in reaching the research objectives as they provided the respondents an opportunity to put things they did not want to talk about in writing. Questionnaires helped the researcher to have a better understanding of how principals interpreted and implemented financial management in the school context. As outlined in Matthew and Ross (2010:407), the data analyst assisted the researcher in analysing data, in organising and keeping data in standard labelled formats; in getting data into a form that is accessible and useable; and in presenting findings in formats that are clear and understandable.

Bailey (1994:120); Bertram and Christiansen (2014:78); Fink (2013:2); Johnson and Christensen (2004:164); Leedy and Ormrod (2014:197); McNabb (2010:110); Menter, Elliot, Hulme, Lewin and Lowden (2011:105) and Veal (2011:257) list the following advantages of using questionnaires:

- The researcher is able to get views of many anonymous respondents.
- They can be used to collect large amounts of data in a relatively short period of time.
- They allow the respondent to answer adequately, in all the detail he or she likes, and to clarify and qualify his or her answer.
- They allow more opportunity for creativity or self-expression by the respondent.
- Questionnaires can be designed to gather information from any group of respondents.
- They can be designed to determine what people know, what they think, or how they act or plan to act.
- They can be used to measure people's opinions, attitudes or motives for behaving in certain ways.
- They can be used to predict future actions.
- Questionnaires are an ideal means of providing some of the information for significant aspects of the participants' decision-making.
- Questionnaires are a good means of ensuring that a complete picture of a person's patterns of participation is obtained.
- People can respond to questions with some assurance that their responses will not come back and haunt them (they may be truthful when addressing sensitive or controversial issues).
- The weakness is that the majority of people do not return them and sometimes their responses reflect their poor skills and misinterpretation of one or more questions.

In this study questionnaires were administered to collect information directly from the principal, finance officers and departmental officials. One limitation experienced was that the researcher had no control over how the respondents answered or interpreted the questions (Sarantakos, 2005:286).

The semi-structured interviews were conducted before the self-administered questionnaires and the process assisted the researcher in rephrasing the questionnaires to align with what the participants offered when answering questionnaires. The main purpose was to solicit credible

and reliable data for the study. Before administering the questionnaires, the purpose of administering the questionnaires was explained briefly, and the questionnaire contained instructions, such as the participants' assurance of confidentiality. The questionnaire and the responses were treated as strictly confidential. The closed questions were used for quick response and to elicit qualitative data/information that the researcher needed for the study. The data complemented the semi-structured interviews and document review. The questionnaire included the questions for the interviews, all based on the research questions and the conceptual framework. It was easy to collate responses and presents the results. All data collected from the questionnaire was captured on one instrument and analysed quantitatively through QlikView programme.

The 226 questionnaires (100 questionnaires for principals, 100 questionnaires for finance officers and 26 questionnaires for departmental officials) were distributed randomly in the district under investigation. As finances are a sensitive issue, for the participants to be free to express themselves, they were assured anonymity. The 53 questionnaires from principals, 22 finance officers and four from the departmental officials were returned and fully filled out. The questions were formulated in such a manner that the answers complemented data collected from the semi-structured interviews and the document analysis. The questionnaire responses yielded the kind of data in which the researcher was interested. The questionnaires were sent to school principals and finance officers and the departmental officials not participating in the interviews. Data collected through the questionnaire was tabulated and classified. Data collected through semi-structured interviews, questionnaires and document review was collated and analysed with an aim of generating new knowledge regarding how role players understand the public school principals' understanding, application and interpretation of legal responsibilities regarding financial management at school level.

Leedy and Ormrod (2014:19) state that in inductive reasoning people use specific instances/occurrences to draw conclusions about the entire class of events. The survey was not limited to a specific geographical area or circuit, but to all General Education and Training (GET) and Further Education and Training (FET) schools in the district and for all female and male principals, finance officers and departmental officials not to constrain the data but limited to no fee schools and Quintiles 1-3. Leedy and Ormrod (2014:195) indicate that survey research involves acquiring information about one or more groups of people, perhaps about their characteristics, opinions, attitudes or previous experiences by asking those questions and tabulating their answers. The researcher posed a series of questions to willing participants,

summarised their responses with percentages and then drew inferences about a particular population from the responses. Leedy and Ormrod (2014:129) state that tables are used to indicate the participants' attitudes and the percentages of these attitudes of the total attitude response to each question. Briggs, Coleman & Morrison (2012) state the following advantages of using a survey:

- It is highly flexible. It is possible to study a wide range of research questions.
- It is used to gather large amounts of data and to guarantee respondents' anonymity.
- It is good for collecting data on perceptions, opinions and feelings, attitudes about the particular issues and perceived behaviours.

4.8 METHODS OF DATA ANALYSIS

Menter, Elliot, Hulme, Lewin and Lowden (2011:144) state that qualitative analysis is the process of working with non-numeric information to reach an understanding, explanation or interpretation that takes into account perceptions, interactions, processes, meanings and context and is based on an interpretive philosophy. It involves identifying themes that are related to the research questions and coded/labelled transcript text. Babbie (2007:378) in De Vos *et al.* (2011:399) explains qualitative data analysis as the “... *non-numerical examination and interpretation of observations, for the purpose of discovering underlying meanings and patterns of relationships. It is a process of inductive reasoning, thinking, and theorising to make inferences from empirical data of social life*”. Babbie and Mouton (2011:490) state that qualitative data analysis refers to all forms of analysis of data that was gathered using qualitative techniques, regardless of the paradigm used to govern the research. Babbie (2013:396), Cohen *et al.* (2011:538) and McMillan and Schumacher (2010:366) view qualitative data analysis as an inductive process used to:

- discover or organise data into patterns, themes, categories, commonalities, differences and similarities,
- to describe, to explore, to interpret, to generate themes,
- understand groups, and
- to examine the application and operation of the same issues in different contexts that point to theoretical understanding of social life (to understand the phenomenon in a different context).

It is a process through which qualitative researchers synthesise and make meaning of the data, starting with specific data and ending with categories and patterns. McMillan and Schumacher (2010:367) further state that one characteristic that distinguishes qualitative research from quantitative research is that the analysis is done during data collection, as well as after all the data has been gathered. Analysis is an on-going part of the study. Data collection and analysis are interwoven, influencing one another. Qualitative analysis is a relatively systematic process of coding, categorising, and interpreting data to provide an explanation of a single phenomenon of interest.

Creswell (2006) in Remler, Gregg and Van Ryzin (2011:75); Creswell (2014:197); and McMillan and Schumacher (2010:369) and Veal (2011:396) mention the following steps involved in qualitative data analysis:

- **Step 1:** Organising and preparing the data for analysis. This involves transcribing interviews, optically scanning material, typing up field notes, cataloguing all and sorting and arranging the data into different types depending on the sources of information.
- **Step 2:** Reading of notes, transcripts, and documents or listening to audio materials (text material) in the light of the initial research questions and those that have evolved during the data collection process.
- **Step 3:** Starting to code the data. Coding is the process of organising the data by bracketing chunks/text and writing words representing a category in the margins. It involves segmenting data into categories and labelling those categories.
- **Step 4:** Using the coding process to generate a description of the setting or people as well as categories or themes for analysis.
- **Step 5:** Using a narrative way to represent the description and themes (chronology of events, detailed discussion of several themes).
- **Step 6:** Making an interpretation in qualitative research – using a theoretical lens that can form interpretations that call for accountability among the principals.
- **Step 7:** Identifying general categories or themes, and perhaps sub-categories or sub-themes as well, and then classify each piece of data accordingly and find meaning in the data.
- **Step 8:** Integrating and summarising the data.

- **Step 9: Identifying patterns.** The data is scrutinized for underlying themes and other patterns that characterise the case more broadly than a single piece of information can reveal. Searching for emergent themes from subjects and the extent to which the theme appears to be salient to the interviewee. The theme may arise from the conceptual framework and research questions in a deductive or more inductive way.
- Grouping participants for data analysis and comparison. In this study the following groups were utilised: Group A: principals P 1 - 6; Group B: finance officers FO 1 - 6; Group C: departmental officials DO 1 – 6.

In analysing the collected data the researcher aimed at identifying patterns, categories from the conceptual framework that would help identify the initial themes using the research questions and conceptual framework; and to identify relationships (commonality and dissimilarities). Data from the semi-structured interviews (field notes and transcripts from audio recordings), responses in questionnaires and document examination were analysed to fit them together and generate new knowledge about the role players' understanding of the public school principal's legal responsibilities regarding financial management in Limpopo Province. In order to achieve the purpose of the study, data collected qualitatively was interpreted and collated by using the method of thematic analysis; and data collected quantitatively as analysed through the QlikView program. Thereafter there was an iterative process for analysis.

4.8.1 DATA FROM SEMI-STRUCTURED INTERVIEWS

4.8.1.1 Thematic analysis

Braun and Clarke (2006:79) define thematic analysis in qualitative research as a method for identifying, analysing and reporting patterns (themes) within data. It organises and describes the data set in (rich) detail. However, frequently it goes further than this, and interprets various aspects of the research topic as indicated in the study. The researcher was guided and helped by the following two models in analysing the collected data thematically.

Table 4.4: The steps/model of thematic analysis (Braun & Clarke, 2006:87)

Phases of thematic analysis	
Phase	Description of the process
1. Familiarising oneself with the data	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes	Coding interesting features of the data in a systematic fashion across the entire data set; collating data relevant to each code.
3. Searching for emerging themes	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes	Checking if the themes work in relation to the coded extracts and the entire data set generating a thematic ‘map’ of the analysis.
5. Defining and naming themes	On-going analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating of the analysis to the research question and literature, producing a scholarly report of the analysis.

Table 4.5: Steps to follow in thematic analysis (Matthew & Ross, 2010:384)

1. Organise the data
2. Identify some key themes
3. Explore this using charts
4. Note down your interpretations
CHECK BACK WITH THE DATA
5. Compare these across cases
6. Develop categories into which your data can be put

CHECK BACK WITH THE DATA
7. Use a diagram to help you think through possible relationships between the categories.
CHECK BACK WITH THE DATA
8. Test out these relationships by returning to the data and looking through different lenses.
9. Look for themes that include within them the relationships you have identified.
CHECK BACK WITH THE DATA
10. Check back to your data to see whether the overarching themes are inclusive.
11. Use the overarching themes to explore the data and look for possible explanations of the relationships.
CHECK BACK WITH THE DATA
12. Look for similarities and differences between cases and look for data that helps to explain the differences and similarities.

Liamputtong (2013:250) claims that there are two main practical steps of doing thematic analysis. The researcher needs to read through each transcript and try to make sense of the interview data; secondly he has to examine the transcript and make sense of what is being said by the participants as a group. This implies searching across a data set in order to find repeated patterns of meaning, performing initial coding in order to deconstruct data, putting them into codes and finding links between them. The tables from Braun & Clarke, (2006:87) and Matthew & Ross, (2010:384) complemented each other. They provided the researcher with the basic steps for data analysis, such as transcription of data from the interviews and document analysis, gaining the knowledge and understanding of his data, and coding. The researcher was able to identify/explore/describe how role players understand public school principals' legal responsibilities regarding financial management. Interpretation of data was done by comparing findings with the literature review, drawing conclusions and creating new knowledge.

4.8.2 DATA FROM QUESTIONNAIRES

The researcher used a Microsoft Excel spread-sheet to summarise raw data from the 79 questionnaires received. The questionnaire was designed to use closed-ended questions following a three likert scale. Raw data for each participant was entered into the spread-sheet. The data was sent to the data analyst for analysis. All data collected from the questionnaire was captured on one instrument and analysed quantitatively through the software QlikView programme.

4.9 TRUSTWORTHINESS

Trustworthiness refers to the quality of qualitative enquiry and is used as a way of evaluating qualitative research (Bryman, 2012:230; and Liamputtong, 2013:24). Johnson and Christensen (2008:275) define trustworthiness as validity in research, i.e. to guarantee that research done is plausible, credible, trustworthy and defensible. Veal (2011:47) states that in qualitative research the concepts of trustworthiness and authenticity have been introduced by Guba and Lincoln (1998) to replace validity and reliability.

Babbie and Mouton (2011:276); Bertram and Christiansen (2014:193); Bryman (2012:390); Bryman (2004:273); Cohen, Manion and Morison (2011:180, 201, 276); Creswell (2014:202); De Vos *et al.* (2011:349); Liamputtong (2013:25-6); and Maree (2007:8, 86, 113) suggest the use of specific criteria to ensure trustworthiness and authenticity in qualitative research. Trustworthiness is a concept for interpretive research, and it uses concepts of credibility (Do the findings reflect reality and lived experiences of the participants?), transferability (To what extent can the research be transferred to another context?), dependability and confirmability (Bertram and Christiansen, 2014:188). These criteria are briefly discussed.

4.9.1 Credibility

One of the best ways to establish credibility is through member-checking. In this study I returned to the participants to see whether they recognise the findings of the study (to review interpretations and conclusion and to confirm the findings). It involves establishing that the results of qualitative research are credible or believable from the perspective of the participants in the research (Mertler and Charles, 2010:199).

4.9.2 Dependability

It refers to how dependable the results are. The researcher must be able to account for why there may be variations between cases in the study. It can also mean comparing this study to previous studies in the field and explain the key differences. Dependability can be enhanced by reflexivity, triangulation and auditing (Chilisa, 2012 in Liamputtong, 2013: 27).

4.9.3 Transferability or applicability

This refers to the extent to which the findings can be applied in other contexts. Guba and Lincoln (1984) identify thick description and purposive sampling as strategies for transferability. According to Tracy (2013:250), transferability is a means of determining resonance in a qualitative study; it permits the readers to make connections between the findings presented in one study and those of other works.

As this study used mainly a qualitative research approach with the focus of gathering detailed rich data and allowing for an in-depth understanding of how the various role players understand the public school principal's legal responsibilities regarding financial management, the criterion of credibility was found to be most suited. Tracy (2013:230); Creswell (2014:202); Lincoln and Guba (1985:219, 301) in Cohen *et al.* (2011:185) and McMillan (2012:302) suggest the following procedures to enhance credibility in the qualitative study:

- Prolonged engagement in the field. In this study the researcher closely engaged with the participants (principals, finance officers and the departmental officials) and setting (schools and district) to provide details for the narrative that presents the results. I probed and reviewed until saturation. This suggests a need to have extensive experience and close involvement (Saturation in interviews and document review means they would not add new findings).
- Triangulation (multiple methods, data sources, investigators and theories) is a technique that seeks convergence of findings, cross-validation among different sources and methods of data collection. Gathering multiple types of data seen through multiple lenses is another way to achieve credibility. It is a situation where findings from multiple types of data, researchers or sources produce similar results, strengthening the credibility of the study. It is the use of multiple data sources, multiple data collection methods, and perhaps even multiple researchers in order to support the ultimate findings of the study (Glesne, 2006 in Mertler and Charles, 2010:199). In this study triangulation of data collection strategies and data analysis was done in order to shed light on the role

players' understanding of the public school principal's legal responsibilities regarding financial management in Limpopo. The researcher agreed with Green *et al.* (1989:256) that all methods have inherent biases and limitations. To overcome these biases and limitations and to strengthen the validity of inquiry results, the researcher made use of semi-structured interviews, document analysis (qualitative methodology) and survey/questionnaires (quantitative approach). This statement is supported by Rossman and Wilson (1985) in Green (1989:257) who indicate that the purpose of using triangulation is (a) corroboration as in establishing convergence; (b) elaboration as in providing richness and detail; (c) initiation, which prompts new interpretations and suggest areas for further exploration and brings fresh ideas. In this study the researcher used three methods for data collection and two methods for data analysis to develop multiple perspectives.

- Peer debriefing was completed by asking a critical colleague or another person to review the study for credibility and determine if the results seem to follow from the data.
- Member checking relates to respondent validation to assess intentionality, to correct factual errors, to offer respondents the opportunity to add information or to put information on record; to provide summaries and to check the adequacy of the analysis. In this study the researcher gave the participants an opportunity to check and validate and review interpretations and conclusions, and the participants confirm the findings. The researcher can check participants' codes, categories, themes, patterns and other findings to see if these are viewed by the participants as fair, reasonable, accurate and complete.
- Researcher reflection. The researcher's self-reflection on possible biases, background and values supports the credibility of the study.
- Thick descriptions. Credible qualitative studies use detailed, in-depth, thorough and extensive descriptions (thick and/or rich). These enhance credibility because they indicate extensive engagement with the data and an appreciation of all information available. It helps the reader to understand the complexity and realism of the site and participants. (Example, a rich, detailed description of discharge of legal responsibilities by the principal in financial management as understood by various role players). Thick descriptions include presenting verbatim language from participants and detailed field notes because in the interpretive paradigm one tries to understand a social situation from the perspective of the participants.

- Member reflection is the practice of dialoguing with participants about the findings of the study. This is considered to be a method of enriching the complexity of the research. In this study, member reflection allows sharing and dialoguing with participants about the study's findings and provides opportunities for questions, critique, feedback, affirmation and even collaboration. Member reflection suggests that participants' feedback is valuable as a space for additional insight and credibility. Through the collaboration and elaboration that occur as a result of member reflection, new data is produced that casts fresh light on the investigation and provides a spur for deeper and richer analysis. Through member reflection researchers may also appreciate the extent to which their findings are understandable and meaningful to the participants themselves. In the reflection process participants can react, agree or point out problems with the analysis. The researcher checked the raw data adequately with the participants (giving interview transcripts back to the participants to check and commenting whether they think it is an accurate reflection of what they said as indicated in Bertram and Christiansen, (2014:190).

Bertram and Christiansen (2014:188) further point out that to enhance credibility during data collection, an audio-recording device to record interviews verbatim, means that the transcript is more accurate than taking notes during interviews and using fictitious names/pseudonyms. All these procedures were applied to ensure trustworthiness and to authenticate the results of this study.

4.10 ETHICAL CONSIDERATIONS

According to Brink (2006:38) ethical considerations mean that the researcher must carry out the research competently, manage resources honestly, and acknowledge fairly those who contribute, communicate results accurately, and consider the consequences of the research for society. Neuman (2006) explains that research has an ethical-moral dimension in that the researcher has the moral and professional obligation to be ethical even when the researched are unaware about ethics. The basic principles of ethics in research are that the ethical responsibility rests with the researcher. For the researcher to distribute the questionnaire at schools and offices, and to conduct the interviews with school principals, finance officers and the departmental officials, written permission was sought from the HOD of the Limpopo Province Department of Education. Permission was granted subject to the following conditions:

- The research should not have any financial implications for Limpopo Department of Education.
- Arrangements should be made with both the circuit offices and the schools concerning the conduct of the study.
- The conduct of the research should not disrupt the academic programme at the schools.
- The research should not be conducted during the time of examinations, especially the fourth term.
- The research should honour, in particular, the principle of voluntary participation (the people involved should be respected).
- Upon completion of research study, the researcher should submit the final product of the research to the Department of Education.

The following ethical issues were considered by the researcher when conducting the research in order to do the research in an ethically responsible way. Babbie (2013:32); Babbie and Mouton (2011:520); Veal (2011:109); Breakwell *et al.* (2009:34-41); Brynard and Hanekom (2012:135-143); Cohen *et al.* (2011:90-95); De Vos *et al.* 2011:115); Hennink *et al.* (2011:66-79); Leedy and Ormrod (2014:106-107); Liamputtong (2013:39-42); and McMillan and Schumacher (2010:388; 2014:129) highlight the following ethical considerations for research:

4.10.1 Anonymity and confidentiality

The participants must remain anonymous and all information collected during the study must be treated as confidential unless agreed on through informed consent. The respondents are given adequate information on the aims of the research, the procedures that are followed, possible advantages and disadvantages for the respondents, the credibility of the researcher and how the results will be used so that they might make an informed decision on whether they want to participate in the research or not (De Vos *et al.* 2005:57). Confidentiality aims to conceal the true identity of the participants (Hennink *et al.* 2011; Liamputtong 2013:41; McMillan and Schumacher 2014:133). In this study confidentiality was implemented by making use of pseudonyms to disguise the identity of the participants or removing/rename identifying data. Securely store all forms of data interview transcripts and self-administered questionnaires. Use of fictitious names for research sites such as school A - F. When presenting the participants' verbatim explanations (pseudonyms) principals are referred to as P1 - P6; finance officers are referred to as FO 1 - F6; and departmental officials are referred to as DO 1 - DO6.

4.10.2 Voluntary participation and informed consent

In voluntary participation and informed consent the participants are given relevant and adequate information on the aims of the research, the procedures to be followed, the credibility of the researcher and how the results will be used. The participants were not compelled or coerced to participate in the study. The participants were informed that participation is voluntary, and they have the freedom to withdraw from this research at any time without fear of any repercussion. Participants were given the opportunity to choose what shall or shall not happen to them. They were informed of the procedures to be followed during investigation and written informed consent becomes a necessary condition. Informed consent is the provision of information to participants about the purpose of the research, its procedures, potential risks, benefits and alternatives, so that the individual understands this information and can make a voluntary decision whether to continue to participate.

Veal (2011:109) states that subjects should be fully aware of the risks involved in the study in order to be able to give their informed consent to participate. Verbal and written explanations of the nature of the research are given to the potential subjects and they are asked to sign a document indicating their agreement to being involved in the research. Before conducting any interviews, all the participants were informed about the use of audio-record device for data collection and permission was sought from them. As a researcher, he had to build a bond, help the interviewee feel comfortable, likeable and knowledgeable.

4.10.3 Permission from the participants to conduct research

Permission from the participants to conduct research was sought and obtained before any data was collected. Written permission to interview the principals and finance officers of the six selected rural primary schools, to interview departmental officials at the circuit offices in the district under investigation was sought from the Department of Education in Limpopo Province.

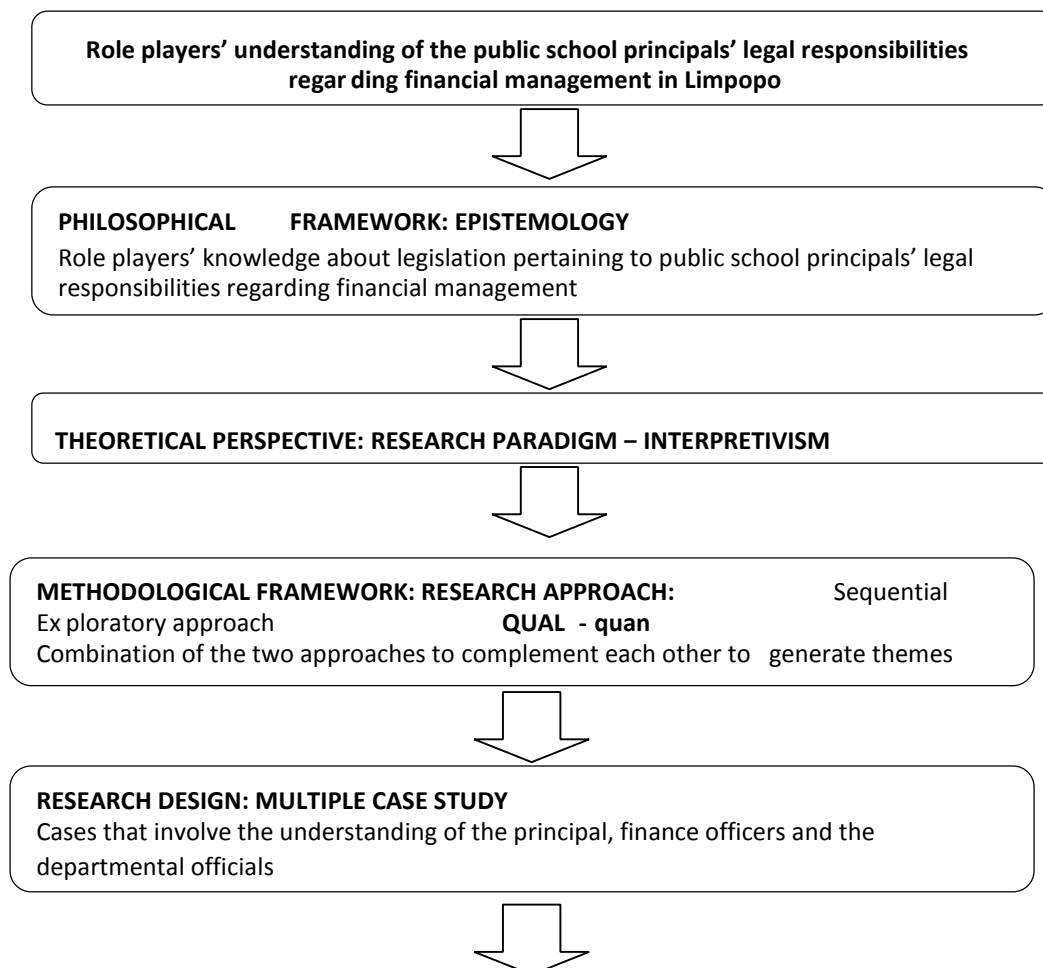
4.10.4 Avoidance of harm/No harm to the participants/Protection from harm

There was an attempt to ensure that the researcher brought no harm to the participants. Respondents were thoroughly informed beforehand about the potential impact of the investigation. Veal (2011:112) points out that there may be a risk of harm to the subject in the collection of data, in its storage and handling and in publication. Such risks need to be eliminated or minimised. Hard copy questionnaires, digital material, CDs and audio recordings, transcripts and coded data files were secured. The use of pseudonyms for participants during

interviews was guaranteed, as the researcher was aware of the sensitivities concerning the phenomenon. As the study deals with the management of finances in schools that is a sensitive topic, protecting confidentiality was not compromised. All information that might be discovered from the selected schools was treated as confidential.

4.11 SUMMARY

This chapter has explained the methods used in this study of the role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo. The conclusion of the chapter is presented diagrammatically and followed by a more detailed discussion.



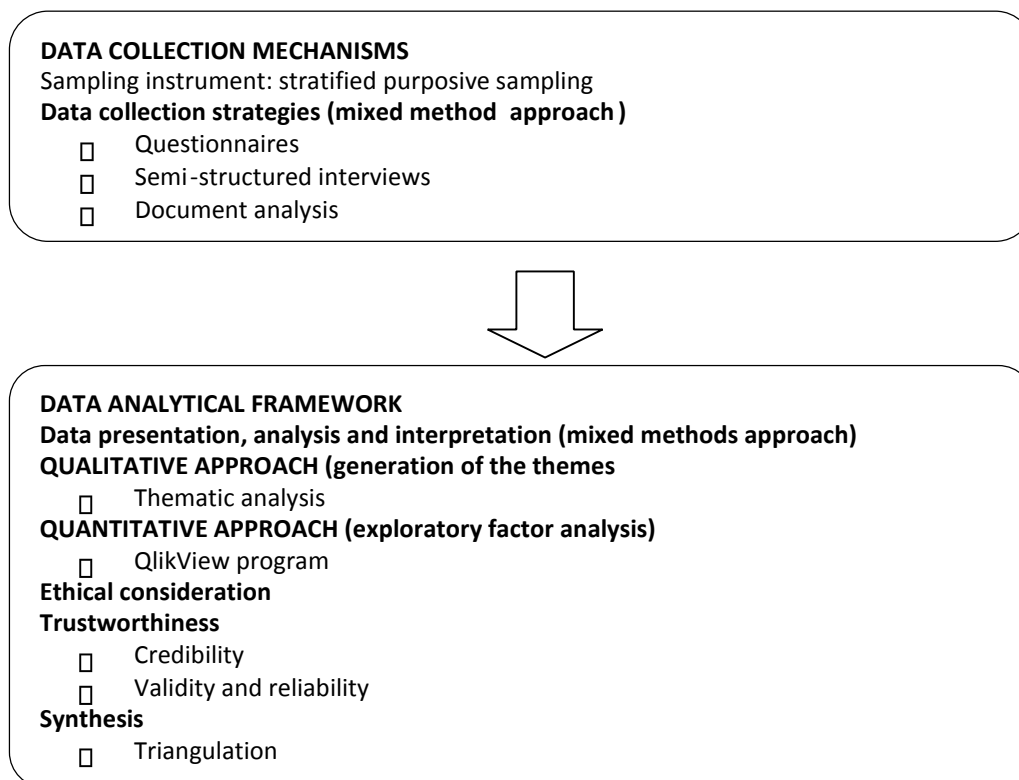


Figure 4.1: Summary of research methodology (adapted from Crotty, 1998:4-5 and reworked by the researcher for relevance to the study)

The summary of this chapter is presented diagrammatically and followed by a more detailed discussion. **Summary of research methodology** (adapted from Crotty, 1998:4-5 and reworked by the researcher for relevance to the study).

Phase 1: The researcher looked into the phenomenon under study: “The role players’ understanding of public school principals’ legal responsibilities regarding financial management in Limpopo” (statement of purpose, problem statement, research question, research aims, conceptual framework, working assumptions and the theoretical framework).

Phase 2: Philosophical assumption or epistemology. The researcher made use of the philosophical assumption or epistemology because it concerned the study or basis of knowledge, nature and form, how it can be acquired, and how it can be communicated to other human beings. Epistemology lays the foundation of the study of knowledge and understanding that various role players (the principals, finance officers and departmental officials) have and attach to public school principals’ legal responsibilities regarding financial management.

Phase 3: Research paradigm. The study followed an interpretive paradigm to understand the lived experience from the perspective of the people themselves.

Phase 4: Research approach. The researcher used a qualitative research approach with the aim of providing a better, richer, and more in-depth understanding and narrative description of the phenomenon as it occurs in a natural setting. Although the study is predominantly qualitative, the researcher applied a quantitative research approach by means of questionnaires to build on the synergy and strength that exist between quantitative and qualitative research methods to understand a phenomenon more fully than is possible using either quantitative or qualitative methods alone as echoed by Bertram and Christensen (2010:481).

Phase 5: Research design. Research design describes the procedures for conducting the study, including the plan of action for generating empirical evidence to be used to answer the research question. Multiple case studies were used to obtain a more complete understanding of the answers that meet the purpose of the study (McMillan & Schumacher, 2014:426), in this case understanding principals' legal responsibilities regarding financial management in a public school from the participants' perspectives. Although the study is predominantly qualitative, the researcher applied a quantitative research approach by means of questionnaires to provide fuller, deeper and more meaningful answers to the single research question and to provide stronger evidence for a conclusion through corroboration of findings.

Phase 6: Data collection mechanism. Data collection strategies from both qualitative and quantitative approaches such as interviews, questionnaires and document review were used to source knowledge and perceptions from the participants.

Phase 7: Population. The population consisted of principals and finance officers from 602 public schools, and departmental officials from 32 circuits in the district under investigation.

Phase 8: Sampling. The researcher implemented stratified purposive sampling and also convenient sampling. Eighteen participants were sampled for the interviews and the questionnaires were administered to various principals, finance officers and departmental officials: 53 school principals, 22 finance officers and 4 departmental officials responded positively with questionnaires successfully completed.

Phase 9: Data analytical framework. Qualitative data analysis/ thematic analysis of the data collected through interviews was applied to discover or organise data into patterns, themes, categories, commonalities, differences and similarities. The researcher was able to identify/explore/describe how role players understand public school principals' legal responsibilities regarding financial management. Data from questionnaires was analysed through the software QlikView program. Interpretation of data was done by comparing findings with the literature review, drawing conclusions and creating new knowledge.

Phase 10: Ethical principles. The researcher followed various ethical principles in order to carry out the research competently, manage resources honestly, and acknowledge fairly those who contributed, communicated results accurately and considered the consequences of the research for society.

Phase 11: Trustworthiness. The researcher used trustworthiness as validity in research, i.e. to guarantee that the research conducted is plausible, credible, trustworthy and defensible.

Phase 12: Triangulation of findings. In this study triangulation of data collection strategies and data analysis was done in order to shed more light on the role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo. The researcher used triangulation of findings from semi-structured interviews, document analysis (qualitative methodology) and survey/questionnaires (quantitative approach) to overcome bias and limitations of using a single approach and to strengthen the validity of inquiry results.

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CHAPTER 5: DATA ANALYSIS, INTERPRETATION AND PRESENTATION

5.1 INTRODUCTION

The previous chapter outlined the research methodology. In this chapter the data analysis is presented. As stated in the four previous chapters, the purpose of this study was to investigate the role-players' (departmental officials, principals, finance officers) understanding of the public school principals' legal responsibilities regarding financial management in Limpopo. In asking the research question(s) the researcher tried to discover the perceptions of the principals, finance officers and the departmental officers regarding the public school principals' understanding, interpretation and implementation of the legal responsibilities regarding financial management. The findings are based on the perceptions, experiences, understanding, opinions and viewpoints of the various participants.

5.1.1 THE PROBLEM STATEMENT

According to section 16 (1) of SASA (Republic of South Africa, 1996b), the governance of every public school is vested in its governing body. The principal may perform only such functions and obligations and exercise only such rights as prescribed by the Act. Section 37 (1) stipulates that it is the responsibility of school governing bodies to administer the school funds in accordance with directions issued by the Head of Department. The amendments effected by section 16 A (2) (h, i, [and] k) obligate principals *“to assist or to give advice and to take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department”*.

The reporting of any staff member and governing body members who are involved in the financial irregularities to the HOD has some implications for the school principal. The HOD seems to be imposing certain duties on the principal as a departmental employee. This leads to conflict and a strained service relationship between the principal and the governing body (Van der Merwe, 2013:243) and also draws the principal into a net of power relations that could restrict their performance. It can also harm the working relationship between the principal and the school governing body and staff members (Bathon, Beckmann & Bjork 2011: 369).

The South African teacher unions also view and understand these legal responsibilities as new and impossible burdens imposed on the principal. The new job description is not included in the PAM (it was never discussed in the Education Labour Relations Council (ELRC 2002) (SADTU, SAOU, 2010). So the understanding of the public school principals' application or implementation and interpretation of these legal responsibilities regarding financial management is complex and difficult. It is interpreted and understood differently from one school to another, one principal to another, one finance officer to another and one district official to another influenced by their social context.

The research was aimed at finding out how the different role players understand the public school principals' application of these obligations, their interpretation and perceptions of the legal responsibilities regarding financial management and at gaining insight into the understanding from different views and perspectives. These interpretations of S 16 A and Chapter 4 of SASA (Republic of South Africa, 1996b) pose a serious challenge to the school principals. Some of the legal responsibilities such as reporting of evaluation of financial statements and reporting of the context of financial mismanagement as well as financial accountability shed light on and extricate the various role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo province.

5.1.2 RESEARCH QUESTIONS

The opinions, viewpoints, perceptions, experiences and attitudes of the participants in relation to the understanding of the public school principals' responsibilities regarding financial management from the semi-structured interviews, questionnaires and the document analysis are presented in this chapter. Data analysis commenced with the main research question and then concludes with the analysis of the seven sub-questions.

The main research question is the following:

How do role players understand the public school principals' legal responsibilities regarding financial management in Limpopo?

In order to answer this question appropriately the following seven sub-questions also needed to be answered (perceptions of the principals, finance officers and the departmental officials):

- **Sub-question 1:** How do role players interpret the public school principals' legal responsibilities regarding financial management at school level?

- **Sub-question 2:** How do role players understand the public school principals' application of legal responsibilities regarding financial management?
- **Sub-question 3:** What is role players' perception of the public school principals' knowledge of legislation regarding financial management?
- **Sub-question 4:** How do role players understand the public school principals' reporting the use of finances at school level?
- **Sub-question 5:** What is role players' perception of the public school principals' reporting the mismanagement at school level?
- **Sub-question 6:** What is role players' understanding of the public school principals' legal responsibility of financial accountability at school level?
- **Sub-question 7:** What are the challenges that hamper the understanding of the public school principals' legal responsibilities regarding financial management at school level as perceived by the principals; finance officers and the departmental officials?

5.1.3 ALIGNMENT OF RESEARCH QUESTIONS WITH RELATED LITERATURE REVIEW FINDINGS

Key aspects of how the literature review as it applies to the three sets of data collected using semi-structured interviews, questionnaires and the document reviews relating to the main research question and the sub-questions are presented in tabular form below.

Table 5.1: Alignment of research questions with related literature review findings

Question Item (s)	Literature reviewed	Findings from literature
How do you (principals, finance officers and departmental officials) interpret the public school principals' legal responsibilities regarding financial management?	DBE 2014; Mestry 2006; Van der Merwe 2013; Bathon, Beckmann and Bjork 2011; Bush and Heystek 2003; Joubert and Van Rooyen 2008, Bargarette 2011, 2012; Bloch in LiwaneMazengwe 2009.	There is limited understanding, schools are battling to understand the responsibilities pertaining to the management of finances in schools; schools interpret and approach budgets and audited financial statements differently, and there is uncertainty in school interpretation of current legislation.



<p>How do you understand the public school principals' application of legal responsibilities regarding financial management?</p>	<p>DPME 2013; Mestry and Naidoo 2009; Xaba and Ngubane 2010; Mestry 2006; De Bruin 2014; Xaba 2011; Yau and Cheng 2000; DoE 2008; Motsamai <i>et al.</i> 2011; Limpopo Provincial Education Reports, 2009-2012; DBE, 2014.</p>	<p>Weaknesses experienced with the application of legislation/monitoring expenditure at school level.</p>
<p>What is your perception of the public school principals' knowledge of legislation regarding financial management?</p>	<p>Mestry 2004, 2006; Duma 2010; DBE 2014; Prew <i>et al.</i> 2011; DoE, 2004; Anderson, Briggs and Burton, 2004.</p>	<p>Principals lack skills, knowledge and expertise required in financial management due to the unavailability of legislation and ignorance of the law.</p>
<p>How do understand the public school principals' reporting the use of finances at school level?</p>	<p>Bathon, Beckmann and Bjork, 2011; De Bruin, 2014.</p>	<p>Financial reporting in schools is just a formality and causes conflict and harms working relationships.</p>
<p>What is your understanding of the public school principals' reporting the financial mismanagement at school level?</p>	<p>Corruption Watch 2012-2014; Van Rooyen 2013; Mestry 2004, 2006; Clarke, 2012; LPED reports (2011 - 2013); PSC 2011; Dossing <i>et al.</i> 2011; Ochse 2004; Hallak and Poisson 2007; Joubert and Van Rooyen, 2008; Mestry, 2013; Van Niekerk, 2012; Mobegi, Ondigi and Simatwa, 2012.</p>	<p>Cases of financial management in public schools as related to the poor understanding, misapplication and misinterpretation of the law. The reporting of cases of serious financial mismanagement is not properly done.</p>
<p>What is your understanding of the public school principals' legal responsibility of financial accountability at school level?</p>	<p>DoE 2008; Kruger 2005; Jooste 2010; Van Rooyen 2012; Xaba and Ngubane 2010; Mestry 2004, 2006; NDP 2011; Xaba 2011; Hansraj, 2007; Mestry and Naidoo 2009; Bargarette 2011, 2012.</p>	<p>Challenges of implementing processes and procedures of financial accountability and governance experienced by principals collectively in public schools.</p>

<p>What are the challenges that hamper the understanding of public school principals' legal responsibilities regarding financial management at school level?</p>	<p>Xaba and Ngubane 2010; Mestry 2004, 2006; NDP 2011; Xaba 2011; Mestry and Naidoo 2009; Bargarette 2011, 2012. DBE 2014; Van der Merwe 2013; Bathon, Beckmann and Bjork 2011; Joubert and Van Rooyen 2008; Duma 2010; Anderson, Briggs and Burton, 2004. DPME 2013; De Bruin 2014; Yau and Cheng 2000; Limpopo Provincial Education Reports, 2010-2012; Clarke, 2012; PSC 2011; Dossing <i>et al.</i> 2011; Ochse 2004</p>	<p>Challenges that hamper the understanding of what is required / expected of public school principals regarding the management of finances at school level.</p>
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5.2 THE PROFILES OF THE PARTICIPANTS

The researcher interviewed six primary school principals as the main role players, six finance officers who were their assistants in executing financial management responsibilities at school level through written delegation and six departmental officials who were responsible for the allocation of money to schools and for the verification and monitoring of expenditure by schools on behalf of the PED/DBE. Based on the research aims, the researcher aimed to find out how various role players understand the public school principals' legal responsibilities regarding financial management. Before starting with the data analysis, the researcher compiled the tables below to present the profiles of the participants in the study.

Table 5.2: Participant profiles

Gender			
Male	Female		Total
6	12		18
Age group			
26 – 30	31 – 40	41 – 50	51 and older
1	4	6	7
Financial Experience			
1 – 10	11 – 20		21 – 30
10	5		3

Qualifications						
Teaching Dip	ACE /F DE	BA Ed	B Ed (Hons)	M ED	PhD / D Ed	Other
15	12	5	9	1	0	3

Table 5.3: Principals' profiles

Gender						
Male	Female		Total			
5	1		6			
Age group						
26 – 30	31 – 40	41 – 50	51 and older			
0	1	3	2			
Financial Experience						
1 – 10	11 – 20		21 – 30			
3	1		2			
Qualifications						
Teaching Dip	ACE /F DE	BA Ed	B Ed (Hons)	M ED	PhD / D Ed	Other
6	3	2	4	2	0	3

Table 5.4: Finance officers' profiles

Gender			
Male	Female		Total
0	6		6
Age group			
26 – 30	31 – 40	41 – 50	51 and older
1	2	0	3

Financial Experience						
1 – 10		11 – 20			21 – 30	
4		2			0	
Qualifications						
Teaching Dip	ACE /F DE	BA Ed	B Ed (Hons)	M ED	PhD / D Ed	Other
5	6	1	0	0	0	1

Table 5.5: Departmental officials’ profiles

Gender						
Male		Female			Total	
1		5			6	
Age group						
26 – 30		31 – 40	41 – 50		51 and older	
0		2	2		2	
Financial Experience						
1 – 10		11 – 20			21 – 30	
3		2			1	
Qualifications						
Teaching Dip	ACE /F DE	BA	B Ed (Hons)	M La w	PhD / D Ed	Other
2	2	5	2	1	0	1

There were three groups of participants: principals, finance officers and departmental officials. The majority of the participants were female. Most of the participants were in the age group of fifty-one and older. The majority of the participants had experience ranging between one year and ten years. Most of the participants had obtained a qualification with no financial management baseline.

The principals and their finance officers were all from public primary schools in a district of the Limpopo Province in South Africa. The six departmental officials were from the six circuit offices (out of 32 circuits) of the district under investigation in the Limpopo Provincial Education Department in South Africa.

The majority of the role players have no qualification in finance; as a result they have minimum skills, are not knowledgeable and lack financial management competencies and this has a negative influence on the understanding by public school principals of their legal responsibilities regarding financial management in Limpopo schools.

5.3 DATA PRESENTATION

The research interview questions and sub-questions were used to solicit data from the principals, finance officers and departmental officials. Data collected in the semi-structured interviews, the self-administered questionnaires and documents was analysed using the above research questions as the researcher's point of departure. Although data yielded positive/good as well as bad/negative results about the understanding of, and managing school finances, the researcher paid particular attention to the negative results in order to find out what can be done to improve them with regard to the understanding of the public school principals' legal responsibilities.

The data collected for each sub-question is presented in tabular form, after which follows a discussion of the data and the presentation of evidence in the form of direct quotes from interviews to substantiate the findings. In this manner the results of the analysis of the interviews conducted with the principals, finance officers from the six selected public primary schools and the departmental officials from the six circuit offices in the district are presented below under the themes that emerged. Seven initial key themes (See Table 5.6 below) were identified to assist the researcher in sifting through a huge amount of data collected through the interviews. Only the most important and relevant data from the interviews, questionnaires and document analysis related to the research questions and the conceptual framework was selected for the data analysis process and is presented under each theme and each factor.

5.3.1 EMERGING THEMES

This paragraph presents the seven themes that emerged during the analysis of the interviews with the principals (Ps), finance officers (FOs) of selected primary schools and the departmental officials (DOs) from the circuit offices in the provincial education department.

The themes that emerged from the data analysis include concepts such as understanding and interpretation, application of the responsibilities, reporting of the use of finances, reporting of financial mismanagement, accountability and the challenges hampering the understanding of the public school principals' legal responsibilities regarding financial management. The themes are related to the research questions based on the selected legal responsibilities of the principal regarding financial management. The following table presents the themes that were used to analyse the interview data.

Table 5.6: The seven emerging themes and sub-themes

THEME	SUB-THEME
1. Interpretation of the principals' legal responsibilities at school level.	Meaning Interpretation
2. Understanding the implementation of legal responsibilities at school level.	Application, establishment of structures, internal control measure
3. Understanding the knowledge of legislation regarding financial management at school level.	Knowledge and importance of legislation, laws, policies
4. Understanding the reporting of the use of finances at school level.	Reporting cycle of financial expenditure
5. Understanding the context of reporting financial mismanagement and maladministration happening at school level.	Reporting cycle of financial mismanagement
6. Understanding the context of financial accountability at school level.	Meaning, policies, legislation
7. Challenges hampering various role players' understanding of the public school principals' legal responsibilities regarding financial management at school level.	Understanding, implementation and interpretation of legal responsibilities

The data analysis below follows these themes and sub-themes. Data presentation started with the qualitative data collected through the semi-structured interviews.

5.4 DATA ANALYSIS: INTERVIEWS

5.4.1 SUB-QUESTION 1

How do you interpret the public school principals' legal responsibilities regarding financial management?

5.4.1.1 The perceptions of the principals

Table 5.7: Principals' interpretation of legal responsibilities regarding financial management at school level

QUESTION: How do you interpret the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Give the school principal more power and full control backed by legislation	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Principal 2	The right amendments to curtail powers of the SGBs	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Principal 3	Empower and strengthen the principal; dysfunctionality due to lack of knowledge and uncertainty	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Principal 4	Shift of responsibilities, HOD wants to micromanage governing bodies through the principal	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Principal 5	Transfer of huge responsibilities with no training, but they are scared of reporting to protect their jobs	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Principal 6	Responsibilities go with accountability Lack of knowledge, not fully capacitated	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

The data in Table 5.7 reveals that the principals understand and interpret the legal responsibilities as a means of curtailing the powers that the SGB had before 2011 and as a way

to give the principal more financial power and full control as a whistle-blower to prevent and report abuse of finances and any irregularities at school. Principals 1, 4, 5 and 6 interpret them as a transfer of responsibilities from the SGB to the principal with no proper training and support from the PED. Principal 4 viewed it as a way of micro-managing the school and the SGB through the principal.

A principal (P 6) interpreted these legal obligations as a way of the PED to hold someone accountable. In order to substantiate this, I include specific quotes from individual participants. Quotes are verbatim and unedited.

Principal 1 indicated that *“these added legal responsibilities now give the school principal more powers and full control regarding financial management”*.

Principal 2 pointed out that *“these legal responsibilities are the right amendment to curtail powers from the SGBs”*.

Principal 4 put it this way: *“For principals to be given these responsibilities, the department must have realised the challenge of dysfunctionality it has in terms of the governing bodies. The department thought it would be better if they can shift these responsibilities from SGBs to principals in order to micro-manage these SGBs.”*

Principal 5 (P 5) understood and interpreted the changes to the law *“as a transfer of responsibilities from the SGB to the principal with no transition, no proper orientation, no proper transformation and intensive training. Principals are expected to prevent and report any financial mismanagement, but unfortunately this is a problem. Most of the principals do not report. They are scared that reporting can negatively affect their positions at work. They protect their jobs”*.

Principal (P 6) said, *“I think the department might have realised that there are lot of loopholes in financial management. The department want somebody whom it can give the responsibilities to oversee and to hold him accountable if there is any misconduct or mismanagement”*.

5.4.1.1 (a) Discussion of data for sub-question 1: The perceptions of the principals

It is clear that there are different interpretations and limited understanding of legal responsibilities. The principal thinks the HOD tells him to tell the governing body what to decide. He feels that the HOD uses him to control and micro-manage the governing body.

These responses indicate that the principal is in the middle, between the SGB and the PED/HOD. He is in an invidious position and, as far as governance is concerned, he is just a member of the SGB. He is not a special member and he cannot take decisions on behalf of the SGB, but he can try and influence the results. This results in causing a great deal of tension for the principal and conflict within the SGB. He or she does not know whom to satisfy, the HOD as the employer or the SGB.

The responses indicate that the provisions are interpreted differently by different principals. The results of these different understandings and interpretations are not good for financial management at school level. They sometimes lead to dysfunctionality of schools and poor performance in financial management, which leads to poor education. The idea is that the legislation is there to create uniformity and to give guidelines but if people interpret the law differently, chaos and confusing situations result at schools.

The data reveals that, although the public school principal understands legal responsibilities in terms of financial management, the manner of managing finances in the public school does not reflect this understanding. This statement is supported by the findings from the literature review that suggest that the principal's understanding is limited (DBE, 2014:6) and many principals are still struggling with the understanding and interpretation of law (Mestry, 2006:28-29). The above statement is supported by the findings that the DBE tries to side-line the SGB in the financial matters of the school, and in the most extreme interpretation, put the entire financial control in the hands of the principal and hold him accountable for failing to carry out his legal responsibilities and obligations (Van der Merwe 2013:243; SAOU; SADTU 2010).

The data has revealed that there were startling and startlingly different understandings and interpretations of these legal responsibilities. The principals' understanding seems to be that the Department of Education realises that it allocates money to schools and no one is legally responsible and accountable for its use. Principals also interpreted these legal obligations as a way of the PED to close the differences visible in financial management in public schools and to shift responsibilities and powers from the SGBs to the principals. The PED wants to hold someone accountable. In his view, in the light of *Schoonbee and others vs. MEC for Education, Mpumalanga and another* (Case no 33750/01) as an example, the HOD lost the case because the PED itself was not clear as to whom to blame for financial accountability due to lack of knowledge and competence that led to unlawful administrative action.

5.4.1.1(b) Summary of findings for sub-question 1: The perceptions of the principals

Most participants' perceptions are that the HOD tries to put the blame on someone. Their viewpoint is that these legal responsibilities are very complex to understand. The HOD wants to curtail the powers of the SGBs, to shift responsibilities from the SGBs to the principals, to micro-manage the SGBs through the principals and to empower the principals. The HOD is in the middle, does not know whether to blame the SGB or the principal (based on their failure in court cases such as Schoonbee) (Van der Merwe, 2013:243) (see tables 5.7; 5:28).

5.4.1.2 The perceptions of the finance officers

Table 5.8: Principals' interpretation of legal responsibilities regarding financial management at school level

QUESTION: How do you interpret the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Shift the financial powers from the SGB to the principal; the principal is manipulative	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Finance Officer 2	Deviation intentionally from the legal requirements for personal interest undermine and override SGB decisions	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 3	Gives more powers to the principal which they abuse	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 4	Shift responsibilities; demand accountability	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 5	Give unlimited powers to the principal, add more responsibilities, Reduce financial powers of the governing body	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

Finance Officer 6	Limited understanding; Ignorance of the law and non-adherence to the statutes	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
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The data in Table 5.8 reveals that most finance officers understand and interpret the principal’s legal responsibilities as a way of the Department of Education to shift the financial powers from the SGB to the principal (FO 1 and FO 4). They view it as the Department’s way to add more responsibilities to the principal to reduce financial mismanagement and to bind the principal to be more accountable (FO 5). Some of the participants understood and interpreted these legal responsibilities as a way to give the principal full power to manage school funds. Finance officer 1 indicated that *“my understanding is that the HOD wants to shift the financial management responsibilities from school governing bodies to principals as accounting officers”*.

This statement is echoed by finance officer 3: *“This amendment gives powers to principals with regard to management of finances, which some principals are manipulating.”*

Finance officer (FO 4) understands these legal responsibilities *“as a way of the department to shift financial powers from the SGB to the principal in order for the principal to account at the end of the day”*.

Finance Officer 5’s opinion was that *“these legal responsibilities are giving the principal unlimited access and power over the school finances. They add more responsibilities on the principal to prevent financial mismanagement in general. They try to reduce financial irregularities that are taking place in public schools and want to make the principals accountable for the misuse of any money in schools”*.

However, Finance Officer (FO 6) gave another interpretation, contrary to what her colleagues echoed. She pointed out that *“my understanding is that the principal as the accounting officer understands his responsibilities well. He just decides to ignore the rules and not to comply with the budget and the policy”*.

5.4.1.2 (a) Discussion of data for sub-question 1: The perceptions of finance officers

The data reveals a limited understanding and interpretation of the law. The perceptions of the finance officers showed that there is a shift of power from decentralisation (from the governing

body) to centralisation (to the principal) by the HOD. Their thinking indicated that, due to this shift, there is an abuse of power by some of the principals to undermine and override the governing body's decisions for personal gain (FO 2). These finance officers' opinions present a bleak picture of the interpretation of the legal responsibilities.

They display a relationship with the findings found in Bargarette 2011:231, 2012:101; Bathon, Beckmann and Bjork 2011:369; Bush and Heystek 2003:129; Clarke 2012:154; DBE 2014:6; Joubert and Van Rooyen 2008:2; Bloch in Liwane-Mazengwe 2009:106-107; Mestry 2004:126, 2006:28; Ramsignh and Dobie 2006:12 and Van der Merwe 2013:243. The findings of these researchers indicate that there are limited understanding, schools are battling to understand the responsibilities pertaining to the management of finances in schools, the schools interpret and approach budgets and audited financial statements differently, and there is uncertainty in schools regarding the application of current legislation. FO 6 reflects the misunderstanding that principals are accounting officers.

5.4.1.2 (b) Summary of findings for sub-question 1: The perceptions of finance officers

It is clear that the provision in SASA is interpreted differently by the finance officers as stakeholders. The implication is that the results of differing understanding and interpretation of these legal responsibilities are not worthy for financial management at schools, because they lead to dysfunctionality of schools, poor performance in finance, and no good education (see tables 5.8; 5.28).

5.4.1.3 The perceptions of the departmental officials

Table 5.9: Principals' interpretation of legal responsibilities regarding financial management at school level

QUESTION: How do you interpret the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Mismatch of understanding and practice	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 2	Shifting of responsibilities from governing body to the principal due to the type of SGB we have in most public schools	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

Departmental Official 3	Understanding is very shallow; shifting of responsibilities from the SGB to the principal	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 4	better understanding; ignorance	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 5	Limited understanding and misinterpretation of the law	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 6	Unfamiliar with legislation	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

The data in Table 5.9 reveals that most departmental officials (1; 2; 3; 5 and 6) thought that there is limited understanding of the legal responsibilities regarding financial management at school level. Their views were that most school principals do not understand the legislation regarding financial management. As a result interpretation is difficult.

Departmental official 1's opinion is that *“most of the principals claim to know legislation but they do the opposite which results in financial mismanagement and misappropriation. There is mismatch of what they understand and what they practise. They are failing to do what is legally expected of them”*. This implies that most of the principals claim to know but what they do at school level proves the opposite. There is a mismatch of understanding and practice.

Departmental officials (DO 2 and DO 3) understand and interpret these legal responsibilities as a way of the Department of Education (DBE) to shift the financial responsibilities from the SGB to the principal due to the type of the SGB in the rural areas. DBE/PED requires accountability from the principal. DO 2 comments that *“the department of education wants to shift legal responsibilities from the school governing bodies to school principals”*.

Departmental official 3 indicated that *“most of the principals do not understand the legislation. So they are unable to interpret it to their SGB and teachers and instead shift the blame to the finance officers”*. In answer to this question, DO 5's opinion was that *“laws are interpreted improperly and this ends up in financial misconduct”*. DO 6 responded by saying that *“from my understanding and experience, most of the principals are not familiar with legislation and financial responsibilities”*.

However, DO 4 is of the opinion that public school principals do understand the legal responsibilities regarding financial management; they just decide to ignore these responsibilities. DO 4 indicated that “*most of the principals’ understanding and interpretation of the law/legislation is better so they just decide ignore it*”. This has far-reaching consequences because it possibly leads to financial mismanagement, non-accountability and non-reporting (see also table 5.8 (FO6)).

5.4.1.3 (a) Discussion of data for sub-question 1: The perceptions of departmental officials

Section 16A 2(i;k) of SASA (Republic of South Africa, 1996b) outlines the legal responsibilities of the school principal as an individual. So the law is interpreted differently by departmental officials who are supposed to guide schools regarding governance and interpretation of legislation, such as SASA. In the end these different understandings and interpretations have serious implications for the management of finances and education of learners at schools. This statement is affirmed by the findings by DoE (2004:117); Dossing *et al.* (2011:8); Joubert and Van Rooyen (2008:2) and Mestry (2006:28) and who indicate that there are weaknesses and significant problems of corruption, managerial incompetence, lack of leadership, lack of skills, limited capacity and a lack of courage and willpower to change, which contribute to financial mismanagement by the school governing bodies, principal and teachers. These interpretations have serious implications for financial management and education of learners at public schools in Limpopo Province.

5.4.1.3 (b) Summary of findings for sub-question 1: The perceptions of departmental officials

The Departmental Officials’ perceptions could be viewed as the transfer of the school’s financial powers from the school governing body to the public school principal with the presumption that he can manage and administer these funds better. Hence the position and the job description of the principal is becoming complex, untenable, precarious and difficult. Most of the participants interviewed shared the same sentiments as presented in the above paragraphs. Participants’ perceptions are that some public school principals have a challenge in understanding and interpreting financial management legal responsibilities and legal framework. They viewed these legal responsibilities as a way of the Department of Education to rectify its mistakes of the past, of giving the SGB full financial powers with the school

principal as the spectator (SGB member without voting rights/“*ex officio*” member) and not as a major role player (see tables 5.9; 5.28).

5.4.2 SUB-QUESTION 2

How do you understand the public school principals’ application of legal responsibilities regarding financial management?

5.4.2.1 The perceptions of the principals

Table 5.10: The principals’ application of legal responsibilities at school level

QUESTION: How do you understand the public school principals’ application of legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Relevant structures in place; the principal is there to guide, give advice, support	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Principal 2	Monitoring, controlling and checking financial school books	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Principal 3	Committees/structures like the finance committee and procurement committee are there on paper; lack of knowledge and skills	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Principal 4	Each and every financial transaction happening in the school account must be made known	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Principal 5	Experience, fear of intimidation and victimisation	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Principal 6	Structures are in place: finance policy appointment of finance officer	Understanding of legal responsibilities	Application of legal responsibilities	Accountability

The principals’ understanding is that some colleagues allege to be fully implementing their legal responsibilities regarding financial management. Data reveals that some school principals claim to have formal structures and policies in place for proper implementation. There is

monitoring and control of financial transactions at school level. These findings are supported by evidence from Table 5.10 above and some responses below. Principals 1, 4 and 6 affirmed that they “*implement through formation of structures and appointment of finance officer, petty cash officer and cash collectors as people responsible for financial management at school*”. However, P3 and P5 showed that even though they followed the procedures, and applied rules and regulations regarding financial management at school level, there were some pitfalls in doing so. The claim by Principal 5 is even more serious: they are challenged by “*victimisation from teachers involved in corruption, teacher unions defending their members, SGBs and community insinuated by teachers*”. Principal 3 denies the existence of structures: “*All these structures are on paper only*”.

5.4.2.1 (a) Discussion of data for sub-question 2: The perceptions of the principals

Data from the interviews reveals that most school principals claim to implement/apply responsibilities regarding financial management. They claim to have processes in place to monitor expenditure of their allocations. All six selected schools have structures, develop budgets and some maintain them, as deviations are the root of financial misconduct. But they all agree that they are not following it 100 % due to late payment or transfer of money from government as only source. Schools also compile monthly financial returns and submit them quarterly to the circuit office to check and monitor if they are doing things the right way. They also submit budgets and audited financial statements. However, none of the schools has ever received feedback reports from circuits to indicate whether the documents they are submitting are correct; so it is just for compliance. No reports are generated from the previous submissions by principals. Although the principals state that they do monitor finances, the adherence and compliance is not done properly. There is a need for intensive monitoring and control of expenditure, because if it were done properly there would not be many deviations and virement, or financial irregularities from the same schools.

5.4.2.1(b) Summary of findings for sub-question 2: The perceptions of the principals

A major finding is associated with the need for skills development and experience of threats, intimidation and victimisation by some structures in schools. Research findings indicate that some school principals are struggling to have monitoring processes in place. Some schools have finance committees and finance policies on paper and dysfunctional. In general there is a lack of monitoring and control of the school-level expenditure to ensure that money is used as

intended as confirmed by the principal under challenges experienced when managing finances at schools (see tables 5.10; 5.28).

5.4.2.2 The perceptions of the finance officers

Table 5.11: The principals' application of legal responsibilities at school level.

QUESTION: How do you understand the public school principals' application of legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Financial policy and procedures do not exist. There is no accountability and reporting on the usage of money	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Finance Officer 2	Implementation of regulations and the prescripts to prevent financial mismanagement	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Finance Officer 3	Failure to scrutinise and query	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Finance Officer 4	Non-application	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Finance Officer 5	Not implemented	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Finance Officer 6	Many financial decisions, collusion and self-enrichment	Understanding of legal responsibilities	Application of legal responsibilities	Accountability

5.4.2.3 The perceptions of the departmental officials

Table 5.12: The principals’ application of legal responsibilities at school level

QUESTION: How do you understand the public school principals’ application of legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	No application of the legislation. No structures and policies, no financial management legislation/documents, no committees; the SGB is dysfunctional	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Departmental Official 2	No application of law at school level. No uniformity.	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Departmental Official 3	Non-execution; ignorant of the law and negligent. Not honest and trustworthy towards the school and the department	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Departmental Official 4	Minimal application of responsibilities	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Departmental Official 5	No checking and monitoring. In reality application of law is totally not there at most of the schools	Understanding of legal responsibilities	Application of legal responsibilities	Accountability
Departmental Official 6	No application of legislation. Copies of relevant financial legislation and the financial prescripts for references not available	Understanding of legal responsibilities	Application of legal responsibilities	Accountability

Tables 5.11 and 5.12 indicate that all the finance officers (FO 1 – FO 6) and the departmental officials (DO 1 – DO 6) shared the same perception, namely that the application of legal responsibilities is limited or does not exist at school level. There is limited “*implementation*” and “*accountability*”. Finance Officer 2 and 3 also lamented that “*theory and practice are not linked. There is some support from the Department in the form of workshops which are just*

window-dressing. Principals do not have copies of legal documents like SASA, PFMA, PPPFA, PDA, PRECCA, and EEA for references. The situation is worsened by the location of the school, for example in the rural areas". Departmental Officer 6 went to the extent of making a comparison between public schools and independent schools. In general, public school principals do not adhere to policies, they do not monitor and control finances, they do not accept accountability, and are "not serious" about managing finances.

5.4.2. (a) Discussion of data for sub-question 2: The perceptions of finance officers and departmental officials

The data presented above is supported by findings in the reports from the provincial education department (Limpopo Province and Gauteng Education Departments) and the findings from the literature review that presents a different picture of application of legislation. The findings indicate that many principals are still struggling with the understanding, application and interpretation of the law (Clarke 2012:154; Joubert and Van Rooyen 2008:2 and Mestry 2004:126; 2006:28) (See Chapter 3). While I agree with what literature states, it seems there is no effort on the part of the principal to do the right things. This is not a struggle to understand what needs to be done; it is done deliberately. There is general lawlessness and ignorance of the law.

5.4.2. (c) Summary of findings for sub-question 2: The perceptions of finance officers and departmental officials

The finance officers and departmental officials' understanding is that most school principals are not doing their best in applying financial management policies and procedures. Some school principals have no formal functional structures or policies to guide them. Their understanding is that the principal is reluctant to apply the rules or execute responsibilities. From the participants' understanding, it seems that there is a misconception or misrepresentation of facts regarding who is responsible for the application or implementation of the legislation or legal responsibilities school level. All the participants' perceptions are that the principal is responsible for the application of the legal responsibilities regarding financial management in the school. Among the stakeholders the finance officers and departmental officials seem to be blaming the principal for not doing his work. Thus, it is clear that the majority of the participants' understanding is not in line with SASA (Republic of South Africa, 1996b). All of them did not understand the meaning of the law that clearly states that financial management responsibilities in public schools is the collective responsibility of the school governing body,

including the principal or head teacher (s37 of SASA (Republic of South Africa, 1996b)). The law says that the school principal serves in the governing body to support and advise it to operate within the law and not to manage finances (see tables 5.11 – 5.12; 5.28).

5.4.3 SUB-QUESTION 3

What is the role players' perception of the public school principals' knowledge of legislation regarding financial management?

5.4.3.1 The perceptions of the principals

Table 5.13: The principals' understanding of the legislation regarding financial management

QUESTION: What is your perception of the public school principals' knowledge of legislation, (legal responsibilities) regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Partially equipped with knowledge and skills to manage and monitor finances; ignorance	Understanding, skills and expertise	Knowledge of legislation	Accountability
Principal 2	Lack of knowledge and skills of legal prescripts and legislation	Understanding, skills and expertise	Knowledge of legislation	Accountability
Principal 3	No knowledge, no uniformity	Understanding, skills and expertise	Knowledge of legislation	Accountability
Principal 4	Not knowledgeable about legislative framework	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Principal 5	Not knowledgeable	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Principal 6	Knowledge is limited. This has serious implication for schools and the education system	Understanding, skills, and expertise	Knowledge of legislation	Accountability

5.4.3.2 The perceptions of the finance officers

Table 5.14: The principals' knowledge of the legislation regarding financial management

QUESTION: What is your perception of the public school principals' knowledge of legislation, (legal responsibilities) regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Knowledge not enough; using common sense; misinterpretation ignorance	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Finance Officer 2	Not knowledgeable, use common sense	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Finance Officer 3	Skills and experience are non-existent	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Finance Officer 4	Not well equipped for financial management skills and expertise	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Finance Officer 5	Knowledgeable but non-compliance with the law for personal interest	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Finance Officer 6	Limited knowledge and understanding	Understanding, skills, and expertise	Knowledge of legislation	Accountability

5.4.3.3 The perceptions of the departmental officials

Table 5.15: The principals' knowledge of the legislation regarding financial management

QUESTION: What is your perception of the public school principals' knowledge of legislation, (legal responsibilities) regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Skills, knowledge and understanding of the responsibilities and legislation not there	Understanding, skills, and expertise	Knowledge of legislation	Accountability

Departmental Official 2	Limited understanding, lack of knowledge	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Departmental Official 3	Lack financial skills, use common sense.	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Departmental Official 4	Lack of basic financial management skills	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Departmental Official 5	Not well equipped	Understanding, skills, and expertise	Knowledge of legislation	Accountability
Departmental Official 6	Lack skills, knowledge and expertise to execute responsibilities	Understanding, skills, and expertise	Knowledge of legislation	Accountability

Most of the participants' responses reveal that there is limited knowledge, understanding, and relevant interpretation of financial management legislation on the part of principals. This is evident in Tables 5.7, 5.8, 5.9, 5.13, 5.14 and 5.15 above and in the individual quotations below.

Principal 1 stated that *"I don't think that principals are well equipped to manage finances as such. Many discrepancies indicate this. Principals are just appointed without knowledge, relevant skills and expertise in financial management. Some of us have no financial baseline at all. In most cases, the skills that we are having are irrelevant with regard to financial management"*.

Principal 4 echoed the same sentiment: *"No, principals are not knowledgeable. Principals are using common sense to manage a lot of money allocated to their schools. There is no uniformity in implementing and interpreting legislation/managing the public funds in the schools"*.

Principal 5's opinion is that *"I don't think school principals are equipped with knowledge and skills, there is still a lot of work to do/that should be done. Principals are just managing finances on a casual basis by just authorising the payments and putting signatures on the monthly/ quarterly financial returns to be submitted and for compliance"*.

Finance officer 1 also indicated that *"principals are not so equipped. They still need workshops in order to be equipped with knowledge and skills. Many of them are using common sense to interpret policies to suit themselves"*.

Finance officer 4 lamented that “*principals are not well equipped with financial management skills and expertise. They need thorough training. Some just rush to carry out functions and responsibilities without knowledge and understanding*”.

Departmental official 1 explained that “*many principals do not have the skills, knowledge and understanding of the responsibilities and legislation regarding financial management*”.

Departmental official 2 indicated that “*Some principals can’t even read and interpret their budget and finance policy, hence application/implementation is non-existent*”.

5.4.3. (a) Discussion of data for sub-question 3: The perceptions of the principals, finance officers and the departmental officials

The Department of Basic Education (2014:23) acknowledged that the principal is responsible for ensuring that the school, its people, assets and all other resources are organised and managed in an effective and efficient manner. In doing so the principal must have knowledge of financial management (procedures for effective and equitable allocation of financial resources and all other assets, including procurement processes and knowledge of legal and regulatory frameworks related to managing school finances in South Africa).

The participants’ understanding is that few principals are equipped with knowledge, expertise and skills to manage and monitor expenditure at school level, and few principals have good financial management skills and expertise to administer school funds. These findings are strongly supported by the findings presented in Duma (2010:128); DBE (2014:15); DoE (2004:117); Mestry (2004:126, 2006:28); and Prew *et al.* (2011:13) that indicate that schools (governing bodies) lack skills, knowledge and expertise required in financial management. The participants’ understanding is that lack of knowledge of these legal provisions leads to misunderstanding, misapplication, misinterpretation of the legislation and misrepresentation of facts.

5.4.3. (b) Summary of findings for sub-question 3: The perceptions of the principals, finance officers and the departmental officials

From the responses it is evident that most principals, finance officers and the departmental officials believed that public school principals lack knowledge and the necessary skills and expertise required for the execution of their responsibilities regarding financial management. All the participants acknowledged that the principal struggles to understand the law and relies

on using common sense due to the unavailability of legislation at school level. Some of the principals were unaware of these legislation and amendments. This reflects on the Department in terms of S19 (1a and b) of SASA. Empowerment and capacitating of the school principal as the main role player in school financial management should be taken seriously. The principal needs intensive training, monitoring and support from the PED as the employer. The Department missed the mark by concentrating for nineteen years on SGB parent components and forgetting the principal who is regarded only as “*ex officio*” member with no voting powers (see tables 5.13 - 5.15; 5.29).

5.4.4 SUB-QUESTION 4

How do role players’ understand the public school principals’ reporting the use of finances at school level?

5.4.4.1 The perceptions of the principals

Table 5.16: Understanding the context of reporting the use of finances at school level

QUESTION: What is your understanding of the public school principals’ reporting of the use of finances at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Annual reporting only for compliance; work overload	Evaluation of financial statements	Reporting of expenditure	Accountability
Principal 2	No monthly or quarterly reporting, only annually	Evaluation of financial statements	Reporting of expenditure	Accountability
Principal 3	Quarterly financial reporting to circuit	Evaluation of financial statements	Reporting of expenditure	Accountability
Principal 4	Annual reporting for compliance	Evaluation of financial statements	Reporting of expenditure	Accountability
Principal 5	Monthly financial returns, quarterly report and annual reporting	Evaluation of financial statements	Reporting of expenditure	Accountability
Principal 6	Monthly, quarterly and annual financial reporting	Evaluation of financial statements	Reporting of expenditure	Accountability

The data in Table 5.16 indicates that most principals thought that reporting on the evaluation of financial statements/use of finances to the various stakeholders is not done appropriately at schools.

Most of the principals indicated that in practice finance officers report the state of finances to them weekly. As principals are school managers they report to the finance committee or the SGB and the circuit office monthly or quarterly. They indicated that they report annually to the parents through annual general meetings (AGM) and to the PED through audited financial statements (AFS).

However, research findings indicate that although reporting is done, it is not done uniformly. Some school principals (P1 - P4) indicated that they failed to report on the financial status of their schools to the various stakeholders as required by law. The individual quotations below present the similarities and differences in reporting as per the six selected schools.

Principal 1 and P 2 indicated that *“Due to work overload school principals fail to prepare the report quarterly to the department because we do not see the value of submitting monthly or quarterly as there is no feedback or follow up from circuit office. We submit the budget at the end of the year and the audited financial statement at the end of June to release money from the department”*. This implies that there is no compliance in reporting at schools. Principals 5 and 6 on the contrary indicated that *“the school principal reports the use of funds to the department on a monthly basis and consolidates all the monthly reports into a quarterly report which is also submitted to the Department to show how finances are administered at school. He also reports to the SGB on a quarterly basis/end of the term. At the end of every year we call the annual general meeting (parents) where the SGB gives them a full financial report of the year and the audited financial statement”*.

5.4.4.2.1 (a) Discussion of data for sub-question 4: The perceptions of the principals

It can be deduced from the above statement of participants that few principals (P5 and 6) have knowledge of legislation and follow directives from the Department regarding reporting of financial statements at school. What is practised by principals P5 and P6 seems to be good and in line with SASA (Republic of South Africa, 1996b). SASA S16 A (Republic of South Africa, 1996b) and other legal provisions declare that the principals have the mandate to do financial reporting to the SGB and the HOD.

5.4.4.1(b) Summary of findings for sub-question 4: The perceptions of the principals

Some of the school principals interviewed showed that although reporting is done, it is not consistently done. They claimed that the schools fail to report as required by law. Most of the principals pointed out that they only report annually to the parents because is a requirement of the PED to release the allocation to the school for the following year. It seems that they fail to check financial books from the finance officers and report to the various stakeholders on financial status of their schools (see tables 5.16; 5.30).

5.4.4.2 The perceptions of the finance officers

Table 5.17: Understanding the context of reporting the use of finances at school level

QUESTION: What is your understanding of the public school principals' reporting of the use of finances at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Reporting is very minimal	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Finance Officer 2	Reporting is not done	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 3	Monthly and quarterly financial returns are not compiled	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 4	No reporting	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 5	No compilation of monthly or quarterly reports	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 6	Ignorance of the law	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

Table 5.17 reveals that the perceptions of FO 1 – FO6 are that reporting on the evaluation of financial statements/use of finances to the various stakeholders is limited. FO 6 echoed the statement by saying that “*principals are very ignorant to do that*”. It seems that reporting of expenditure is not properly done. It appears that schools do not have processes in place to

collect and evaluate annual statements. Schools have no policy guiding them in drawing up financial statements. Finance Officer 1 mentioned that *“reporting of how we spend money is very minimal in our school. We see the SGB when there is a crisis at school and a parent meeting is held once a year for the budget and audited financial statement as a compliance for attendance register and signatures”*.

This statement is echoed by Finance officers 4 and 5 who indicated that *“The principal fails to compile monthly and quarterly financial returns reports which must be sent to circuit office. The principal fails to report to the SGB and to the parents quarterly and annually in the annual general meeting. We just use money”*.

5.4.4.2(a) Discussion of data for sub-question 4: The perceptions of finance officers

All the finance officers indicated that, in their experience, reporting of the use of finances in schools was very minimal. There was a general perception that the problem lay with the principal who failed to monitor, control and compile reports on income and expenditure to the governing body, parents and the department.

5.4.4.2(b) Summary of findings for sub-question 4: The perceptions of finance officers

All the finance officers interviewed indicated that reporting of expenditure is not effectively done. They unanimously asserted that the problem lies with the principal who failed to monitor, control and supervise their work their work as finance officers (see tables 5.17; 5.30).

5.4.4.3 The perceptions of the departmental officials

Table 5.18: Understanding the context of reporting the use of finances at school level

QUESTION: What is your understanding of the public school principals’ reporting of the use of finances at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Schools fail to comply with directives to report	Evaluation of financial statements	Reporting of expenditure	Accountability
Departmental Official 2	Only few schools respond monthly	Evaluation of financial statements	Reporting of expenditure	Accountability

Departmental Official 3	Schools report monthly or quarterly and annually through audited financial statements for compliance	Evaluation of financial statements	Reporting of expenditure	Accountability
Departmental Official 4	Most schools do not send financial statements	Evaluation of financial statements	Reporting of expenditure	Accountability
Departmental Official 5	School principals encouraged to report, but not happening	Evaluation of financial statements	Reporting of expenditure	Accountability
Departmental Official 6	No accurate reporting	Evaluation of financial statements	Reporting of expenditure	Accountability

Most of the departmental officials' perceptions were that reporting on the evaluation of financial statements/usage of finances to the department was not done monthly as required by law. School principals are supposed to send monthly financial returns on their expenditure to the circuit offices. As departmental officials their understanding was that schools on a monthly basis must do monthly reporting to the district and province. Annually the schools must send approved budgets accompanied by minutes and attendance registers and the audited financial statements before the 30th June of the following year. However, all the departmental officials interviewed alluded to the fact that there were many deviations and loop-holes in reporting. Some school principals failed to send monthly, quarterly and annual reports as expected.

Departmental officer 1 (at provincial level) indicated that *“Most of the districts are complaining of the large number of schools that are failing to comply with the directives of reporting of usage monthly at school level”*.

Departmental officer 2 also showed that *“Even though principals receive directives and reminders in the form of circulars, they decide to ignore them, only few school principals respond monthly”*.

These statements are supported by Departmental officer 3 who indicated that *“Line of reporting is not followed. School principals fail to report monthly or quarterly and annually as required. There is no compliance by some of the schools. Many school principals just submit for compliance, there is no accuracy at all”*.

No steps, such as suspension, demotion, dismissal and fines based on the seriousness of the transgressions were taken to sanction principals who did not comply with their obligations.

5.4.4.3 (a) Discussion of data for sub-question 4: The perceptions of the departmental officials

From the responses it is clear that reporting as a legal responsibility and a pre-requisite of accountability by the school principal is minimal. Even though public schools receive directives and reminders in the form of circulars for reporting, only few schools respond monthly. From the research findings there seems to be no model of reporting. Some of the schools submit the usage of funds in schools monthly, some quarterly and some annually. There is an outcry from the principal that reports are not evaluated at circuit level, not followed-up for schools that do not comply. Research has discovered that transfers of money allocations to schools are effected on the basis of submission of approved budget and audited financial statements. No corrective measures are implemented for disobedience.

Research findings from the Limpopo Provincial Education Department conducted by departmental officials indicate that some school governing bodies, school principals and teachers fail to adhere to the policies, regulations and statutes or to comply with the legislative framework regulating the management of finances and prevention of corruption in public institutions (LPED, 2010-2012).

The MEC of Gauteng Department of Education indicated that the Department conducted forensic audits, some of which showed a lack of reporting or no reporting at all; approved budgets and financial statements were submitted for compliance only. No one is responsible for evaluation at circuit/district/provincial or to give feedback, or to generate reports to schools. Schools interpret and approach budgets and audited financial statements differently Serao, *The Star* and Phaladi, *the Citizen*, (20 November 2014).

Bagarette (2012:101); Bagarette (2011:231) Bush and Heystek (2003:129); Heystek (2006:482); and Joubert and Van Rooyen (2008:2); show that the SGB, including the principal as the school's financial manager and "ex officio" member is still battling to understand the responsibilities pertaining to management of finance and an understanding of the financial legislative framework and violations of the legislative framework, financial prescripts and regulations.

The data analysis shows that there is a misrepresentation of the fact that the school principal is responsible for compiling all the reports demanded by the Department. However, this is contrary to SASA (Republic of South Africa, 1996b). The law provides that the governing body and not the principal individually is responsible for the management of funds as well as for reporting on the usage of these funds to the HOD (S36 - S38). The SGB may ask the principal to compile monthly reports and do record keeping on its behalf but the accountability lies with the SGB.

In terms of Section 59 of SASA (Republic of South Africa, 1996b) it is “(1) *the duty of schools to make information available for inspection by any person, (2) to provide such information about the school as is reasonably required by the HOD*”. It is wrong of the HOD to demand financial reports from the principal. This section does not give the HOD the power to demand the reports from the principal. He must request the SGB formally in writing and provide reasons. The HOD cannot demand documents (monthly financial returns, quarterly financial returns, and annual financial returns, budgets, finance policy, SDP, SIP and audited financial statements) from the principal but should put a formal request to the SGB.

5.4.4.3 (b) Summary of findings for sub-question 4: The perceptions of the departmental officials

Findings indicate that public schools fail to submit monthly/quarterly/annual reports to the provincial education department. The participants’ (departmental officials) misconceptions and lack of knowledge of law contribute to this failure of schools to report on the financial expenditure of schools and it simply means that the PED/HOD has no clear image of the state of financial expenditure at school level, but fails to apply the law in terms of Section 22 (withdrawal of functions from governing bodies) and S 25 (failure by the governing body to perform duties) of SASA (Republic of South Africa, 1996b) (see tables 5.18; 5.30).

5.4.5 SUB-QUESTION 5

What is the role players’ understanding of the public school principals’ reporting of financial mismanagement at school level?

5.4.5.1 The perceptions of the principals

Table 5.19: Understanding the reporting of financial mismanagement at school level.

QUESTION: What is your understanding of the public school principals' reporting of any financial mismanagement at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Cases are resolved internally at school level to nurture good working relations	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Principal 2	Cases are amicably resolved through internal investigations	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Principal 3	Cases are resolved internally at school level; levels of handling misconduct follow	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Principal 4	Cases are resolved internally at school. Advice and support given	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Principal 5	Cases are resolved internally and harmoniously at school	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Principal 6	Cases resolved at schools for fear of intimidation and victimisation	Evaluation of financial statements	Reporting of financial mismanagement	Accountability

5.4.5.2 The perceptions of the finance officers

Table 5.20: Understanding the reporting of financial mismanagement at school level.

QUESTION: What is your understanding of the public school principals' reporting of any financial mismanagement at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Cases are resolved internally at school level.	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Finance Officer 2	Cases are resolved at school.	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

Finance Officer 3	All cases of financial mismanagement are resolved amicably at school level.	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 4	Cases are resolved at school level.	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 5	No-one reports the other.	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 6	Most of the financial mismanagement cases are resolved at school level.	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

5.4.5.3 The perceptions of the departmental officials

Table 5.21: Understanding the reporting of financial mismanagement at school level.

QUESTION: What is your understanding of the public school principals' reporting of any financial mismanagement at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Cases are not reported	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Departmental Official 2	Principals do not report cases as they should	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Departmental Official 3	Cases are resolved at school level	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Departmental Official 4	School principals do not report cases	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Departmental Official 5	Most schools resolve these cases at school level	Evaluation of financial statements	Reporting of financial mismanagement	Accountability
Departmental Official 6	Principals and teachers must be reported to the relevant directorates and all procedures should be followed	Evaluation of financial statements	Reporting of financial mismanagement	Accountability

The data in Tables 5.19 to 5.21 indicates that most school principals solve cases internally and amicably at school level in order to maintain and nurture the good working relationship.

Principal P 2 indicated that *“In case of misconduct, I try to solve it locally; if not possible, I contact the teacher concerned, then the SGB who will report it to the circuit office for further investigation”*.

Principal P 5 emphasised that *“I have never reported any financial mismanagement case to circuit office, because I sit down with the culprit, get to the bottom of the problem to find the solution not with the aim of condemning that person/exposing that person but to rehabilitate him, and all the money that was not properly administered was refunded. I always ensure that written records and reports are there.”*

Most participants’ understanding is that the onus lies with the principal who is the school manager and who offers pastoral care and support to the staff. However, Finance Officer 6 indicated that *“even though cases are resolved at school, my understanding is that principals and teachers who misuse school money must be exposed to the teachers, SGB and parents and be reported straight away to the department”*. There is little understanding of the requirement of the law by some principals and finance officers that every case must be reported and correct steps followed.

From the responses it is clear that reporting as a legal responsibility and pre-requisite of accountability demanded from the school principal is minimal. This is also a serious misconception of the law. The reporting of cases of serious financial mismanagement to the HOD must be done by the school principal while the management and control of finances, and financial accountability lie with the school governing body.

Finance officer FO 5 commented that *“No one is reporting the other to the circuit because the principal and the school governing body are the culprits. ‘The fish starts to rot at the head’”* This statement is supported by the audit report findings of the Glen Vista High School in Gauteng in which the former principal and the governing body members were alleged to have mismanaged funds and contravened S38 A of SASA (Republic of South Africa, 1996b) (GDE, 2015:2).

All six selected departmental officials’ perceptions were that there are many records of cases of financial mismanagement happening at schools. Schools/principals do not report these cases of financial mismanagement to the circuit office. The circuit officials sometimes come across

such cases on visitation; they are reported by the whistle-blowers, such as the disgruntled teachers, parents, SGB members and members of the public/community (DO 1 and DO 4). Principals hide the cases, because in most cases they are the culprits. This statement is echoed by the literature review findings from the Corruption Watch (2012:10, 2013:1, and 2014:11); Dossing *et al.* (2011:8, 10); GDE (2015:2); Joubert and Van Rooyen (2008:2); Macupe, *Sowetan* (5 August, 2015); Mestry (2008:8); Ochse (2004:14); Phaladi, *The Citizen* (12 August 2015) and PSC (Republic of South Africa) (2007:14) (see par. 3.2.2; 3.2.3; 3.2.4).

Departmental Officer 1(at provincial level) lamented that *“There are cases that are reported by disgruntled teachers and SGBs/parents as whistle-blowers that involve the principal and the SGB chairperson. The principals fail to report financial misconduct/mismanagement by schools and it is a very serious misconduct. Principals are charged following all the procedures for misconduct (accordingly you charge, open a criminal case, attach property, dismissal) but they do not listen”*.

Departmental Officer 3 complained that *“there are serious allegations of mismanagement happening at schools that are not reported to us”*. Departmental Officer 6 commented that *“Principals and teachers are mismanaging money at schools and are not reported to the relevant directorates for misconduct”*.

However, the perception of Departmental official 6 was that law is law. We cannot negotiate law: *“Principals and teachers must be reported to the relevant directorates and all procedures be followed.”*

5.4.5 (a) Discussion of data for sub-question 5: The perceptions of the principals, finance officers and the departmental officials

The findings show that there are many cases of financial mismanagement that are happening at school and that are not reported to the HOD. Most of the participants (the principals, finance officers and departmental officials) interviewed indicated that the principal resolves cases of financial mismanagement internally and harmoniously at school level. Their perceptions revealed various reasons for resolving cases of misconduct at schools. The matter raised was that it was in order to maintain and nurture the good working relationship, for fear of being victimised and intimidated by teachers and their unions. It seems that principals do not want to reveal or to be revealed or known as thieves. They hide financial irregularities to gain favour of the staff and SGB members and/or for fear of intimidation, victimisation and threat and to

protect their jobs. Data analysis shows that the principal is reluctant to report. He is scared that reporting will affect his position at work negatively. The statement is supported by findings from various literature reviews such as Bathon *et al.* (2011:369) who found that reporting sometimes affects or harms working relationships; it draws a power struggle relation between the principal and whom to report. A report in the *City Press* (26 October 2014) states that a KZN principal was allegedly murdered because he blew the whistle on corruption happening at the school.

The departmental officials' perceptions revealed that reporting of the financial mismanagement or irregularities must be done by the principal. The law in S16 A (2) (k) of SASA (Republic of South Africa, 1996b) provides for the principal to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department (in advisory and supporting capacity).

What the principal practises in resolving the cases internally at school level is in line with the law. There is nowhere in the Schools Act where it stipulates how the principal must prevent maladministration or mismanagement. Every principal uses his own discretion that he thinks is good for his school. The study has found that principals use situational leadership theory and each case is assessed according to merit.

The researcher's interpretation is that the legal principle demands that one handles any financial problem at the level where it happened as best as one can. If the principal thinks the governing body is going to make a wrong decision, he or she must act in terms of S16 (A) (2) of SASA (Republic of South Africa, 1996b):

“(h) assist the governing body with the management of the school funds, assistance that must include giving advice and support to the governing body on the financial implications of decisions relating to the financial matters of the school due to a lack of expertise; and on the repercussion of their wrongful act”. But the same law provides that the principal should take reasonable steps (to prevent) before reporting can take place (S16A (i)). This implies that the principal appoints the finance officer. If there are any misappropriations, he must discipline him reasonably and/or reporting HOD.

Most of the principals indicated that they do not rush to report cases to PED, because reporting results in creating poor working relationship that are sometimes unpleasant and characterised by victimisation, conflicts tension and enmity. However law is law, a good working relationship

will be built by adhering to the policy. If one is wrong one must be rectified following the correct procedures (FO 6 & DO 6).

Legislation like SASA (Republic of South Africa, 1996b) S16A (2) (k) requires the principal to report financial misconduct and not to try and solve cases, including serious misconduct cases at school. The legislation is clear (s11 and 18 of EEA (Republic of South Africa, 1998), PRECCA (Republic of South Africa, 2004) and PFMA (Republic of South Africa, 1999) regarding the procedures to follow.

5.4.5 (b) Summary of findings for sub-question 5: The perceptions of the principals, finance officers and the departmental officials

From the data, the practice of not reporting cases of financial mismanagement and maladministration at school leads to hiding of fraudulent cases. Principals and teachers do not want to be reprimanded for mismanaging funds; in turn they use teacher unions to fight their corruption cases. PEDs do not want to reprimand their comrades. In the end the principal does not get support from the SGB, teachers and the Department. They end up doing things their own way, keeping quiet about any financial mismanagement and misappropriation.

School Governing Bodies lie to the Department (dereliction of duty) with regard to the practical situation existing at schools. The principal should not follow his common sense or people's egos, but follow the law and the policy as echoed by DO 6 and FO 6. Financial mismanagement and misappropriation/maladministration should be reported immediately to the SGB, circuit office/ department after discovery. If very serious, the law says it must be reported to the SAPS (WCED, 2009:50).

The Protected Disclosure Act (Republic of South Africa, 2000) (often called the Whistle-blowers Act) and Prevention and Combating of Corrupt Activities Act (Republic of South Africa, 2004) enjoins employees, such as the school principal, to disclose information about unlawful and irregular behaviour at workplace and to report certain corrupt transactions. This Act is in concert with S16 A (2) (i. k) of SASA, (Republic of South Africa, 1996b), which requires the public school principal hired as employees of the state to (i) take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; (k) report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department (see tables 5.19 – 5.21; 5.30).

5.4.6 SUB-QUESTION 6

What is the role players' understanding of the public school principals' legal responsibility of financial accountability at school level?

5.4.6.1 The perceptions of the principals

Table 5.22: Understanding the principals' legal responsibility of financial accountability at school level.

QUESTION: What is your understanding of the principals' legal responsibility of financial accountability at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Responsibilities demand accountability from the principal as an accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Principal 2	Legal responsibilities need accountability, an accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Principal 3	Capacitate and hold accountable the accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Principal 4	The principal is accountable for any financial mismanagement at school	Understanding financial accountability	Policies and legislation	Accountability
Principal 5	As part of responsibility, is accountable and must be charged	Understanding financial accountability	Policies and legislation	Accountability
Principal 6	Is answerable for any misconduct	Understanding financial accountability	Policies and legislation	Accountability

5.4.6.2 The perceptions of the finance officers

Table 5.23: Understanding the principals' legal responsibility of financial accountability at school level.

Question What is your understanding of the principals' legal responsibility of financial accountability at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	The principal is responsible and answerable for the use of every cent at school, accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Finance Officer 2	Yes, the process stops at the principal. She must account for every cent	Understanding financial accountability	Policies and legislation	Accountability
Finance Officer 3	The principal must be held accountable as the accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Finance Officer 4	Yes, legal responsibilities warrant accountability from the accounting officer	Understanding financial accountability	Policies and legislation	Accountability
Finance Officer 5	Direct responsibility to manage finances, accountable for every cent used at school	Understanding financial accountability	Policies and legislation	Accountability
Finance Officer 6	Collective accountability	Understanding financial accountability	Policies and legislation	Accountability

5.4.6.3 The perceptions of the departmental officials

Table 5.24: Understanding the principals' legal responsibility of financial accountability at school level.

Question: What is your understanding of the principals' legal responsibility of financial accountability at school level?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Responsibility goes with accountability. Principals are accounting officers	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Departmental Official 2	He or she must be answerable for every cent utilised in the school	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 3	They are answerable	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 4	Must be held accountable as accounting officers	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 5	Yes, they must be held accountable as accounting officers	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Departmental Official 6	One of these responsibilities is to account for the usage of state funds. Collective accountability	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

The participants were invited to give their views on accountability as one of the public school principals' legal financial responsibilities at school level. All the participants' perceptions claimed that the public school principal is the accounting officer at the school. He is the HOD's representative in all the meetings, so he is accountable or answerable for all the transactions taking place at school, good or bad, intentionally or unintentionally. Principal 1 indicated that *"The principal is the accounting officer at school to prevent any financial maladministration and mismanagement. You must prepare to be answerable to any misuse of mismanagement of funds"*.

Principal 2 also commented, saying *“Yes, the principal is the accounting officer. Everything good or bad that happens at school needs him to account”*.

Principal 4 supported P3 and P5: *“Yes, the principal is accountable for any financial mismanagement at school. The principal serves as the finance manager, and accounting officer in the school”*.

The principals’ response/perception (that the principal is an accounting officer) was supported by the finance officers and departmental officials respectively. Finance officer 1 indicated that *“principals are accounting officers. They are responsible and answerable for the usage of every cent at school”*. Finance officer 2 commented that *“Yes, the buck stops at the principal, he is the accounting officer”*. Finance officer 3 also stated that *“The principal must be held accountable because he is the one who approves and gives authorisation at school”*. The other participants (DOs) explained their views on the same matter. Departmental official 1 indicated that *“We are dealing with public money here. The principal is the accounting officer at school level. All financial records at school are from him. He is by law bound to account for the way money allocated to his school was spent.”*

Departmental official 2 said, *“Exactly, he or she must be answerable for every cent utilised in the school”*. Departmental official 3 also commented that *“The principal is the accounting officer. He gives advice on what must be done with school’s money and he authorises all payments. He must account for every cent used. As manager, he is answerable for all the problems regarding financial spending”*. Departmental Official 5 added, *“Yes, they must be held accountable because they know what is expected of them, they decide not to adhere/comply, but they know, most of them know”*.

5.4.6 (a) Discussion of data for sub-question 6: The perceptions of the principals, finance officers and the departmental officials

From the responses, the perceptions of the principals, finance officers and the departmental officials imply that there is a misconception of the law. Among the principals, finance officers and departmental officials the understanding is that the public school principal is the accounting officer at school level. The data in Tables 5.22, 5.23, and 5.24 reveals a misinterpretation of facts by all the participants that the principal is the accounting officer at school level. It seems that there is limited knowledge of legal provisions. Their interpretation of this responsibility is in contradiction with the law. The school principal at school level has no power to control the

governing body and manage finances on their behalf. The school governing body including the principal, who is an “*ex officio*” member, is the accounting authority. In terms of SASA, (Republic of South Africa, 1996b) accountability is demanded from the governing body of the school and not the principal as an individual. This is a collective accountability as shown in the outcomes of the *Schoonbee & others vs. MEC for Education, Mpumalanga and Another 2002 (4) SA 877(t) case*. This statement is supported by the responses from Principal 3 who differed with the rest by indicating that principals lack knowledge and skills which must be provided by the Department through intensive training. The Department must capacitate the principals fully before it can expect accountability from them. Principal 3 said, “*I do not think so. Even though in quotes we are regarded as accounting officers because we don’t have knowledge of financial management, we don’t have the capacity and knowledge of accounting officer, so legally you cannot charge me*”.

However, the response of Principal 6 indicates that few understand financial accountability at school level as a collective responsibility of the governing body. This difference in opinion is also supported by Finance Officer 6 who differed and indicated that all the stakeholders are responsible for the utilisation of school funds. She (FO 6) is of the opinion that “*those who sign cheques (signatories), the finance officer who issues cheques and the principal and the SGB chairperson who authorise the cheques must be accountable*”.

These perceptions tell that this misrepresentation starts with some HODs through departmental officials, the principals and finance officers and some SGB members who think that the principal is responsible for reporting the use of the finances at school. If the school does not use the funds appropriately, the HOD may step in but not ask the principal but the SGB for collective accountability. The HOD through his departmental officials has no knowledge of the legal position, has no knowledge of how to hold the SGBs and the principals accountable of financial irregularities at school level.

The participants’ understanding and interpretation that the public school principal is an accounting officer for the use of finances are not in line with SASA. The law says only the HOD as per PFMA (Republic of South Africa, 1999) (s38) is an accounting officer of the Department. In terms of S23 and 30 of SASA (Republic of South Africa, 1996b) the constitution of the governing of public schools comprises elected members, the principal in his

her official capacity and co-opted members (accounting authority). The law says the SGB is the accounting authority.

5.4.6 (b) Summary of findings for sub-question 6: The perceptions of the principals, finance officers and the departmental officials

The study has found that the majority of the participants do not have processes and systems of financial responsibility and accountability at their schools. The school governing body does not want to account for the financial mismanagement and misappropriation of funds in the schools. The perception that the principal is the accounting officer shows visible signs of a lack of an in-depth understanding and correct interpretation of the law and financial accountability in schools. As a result, there is a lack of implementation of responsibilities, reporting and the state of financial management in public schools is poor. Accountability and governance imply that if you give power to the people holding certain posts they are accountable.

What this theory of accountability says is not practical in South Africa. The theory does not work. Role players expect too much from the school principals and they do not give them full support. The understanding has far-reaching consequences for the theory of governance and accountability. Principals and school governing body do not want to be accountable. The SGB wants to blame the principal. The HOD has no knowledge of whom to hold accountable. These findings draw a parallel with findings from Bargarette (2011:231; 2012:101); Jooste (2010:136); Kruger (2005:22); Mestry (2004:126; 2006:28-29); Mestry and Naidoo (2009:111); Van Rooyen (2012:47); Xaba (2011:206); Xaba and Ngubane (2010:153) and the court findings of the Schoonbee case that presented the challenges of financial accountability and governance experienced by the governing body collectively in public schools (see tables 5.22 – 5.24; 5.31).

5.4.7 SUB-QUESTION 7

What are the challenges that hamper the understanding of the public school principals' legal responsibilities regarding financial management at school level?

5.4.7.1 The perceptions of the principals

Table: 5.25: Challenges experienced that hamper role players' understanding of the public school principals' legal responsibilities regarding financial management at school level

Question: What are the challenges hampering the role players' understanding of the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Principal 1	Lack of knowledge, skills and expertise. Collusion with auditors to defraud the school account.	Challenges	Understanding, implementation and interpretation	Accountability
Principal 2	Lack of skills and knowledge. Misinterpretation of budget, auditing of financial statements, acts, legislation and circulars. Work overload	Challenges	Understanding, implementation and interpretation	Accountability
Principal 3	Work overload. Lack of knowledge and limited understanding	Challenges	Understanding, implementation and interpretation	Accountability
Principal 4	Lack of knowledge, skills and expertise of financial management	Challenges	Understanding, implementation and interpretation	Accountability
Principal 5	Lack of proper financial management skills. Work overload	Challenges	Understanding, implementation and interpretation	Accountability
Principal 6	Lack of skills, lack of knowledge and ignorance	Challenges	Understanding, implementation and interpretation	Accountability

The data analysis in Table 5.25 reveals that there are many challenges experienced by the principal regarding his legal financial responsibilities at school (understanding, application and interpretation). Some of the challenges identified confirm what the literature lists as problems in public schools. One of the key challenges experienced by most of the participants is a lack of knowledge, financial skills and expertise as a result of a lack of capacity, workload,

ignorance, limited depth of understanding, misinterpretation of budgets, audited financial statements, and acts. One of the respondents, Principal P2 pointed out that *“As an experienced principal who is to retire in few months to come, I have discovered that school governing bodies, principals and finance officers lack knowledge and proper financial management skills. Interpretation of budget, audit financial statements, acts, legislation and circulars is a challenge, especially the legal terms used. If I interpret wrongfully it means the whole chain will understand and interpret the information wrongfully”*.

This statement is echoed by Principal P1 who indicated that *“There is lack of knowledge, skills and expertise by both the finance officer, SGB, and the principal who must assist and guide them and the finance officer. People are given portfolios because of popularity and favouritism, not because of the skills they possess. Principals and finance officers are colluding with auditors to defraud the school account”*.

Some of the participants, Principals 2, 4 and 6 commented that there is a lack of understanding and interpretation of budget, policy, circulars, audited financial statements and legislation. As principals, most of us rely on common sense. Principal 3 mentioned that *“One of the challenges that our school experiences is the work overload of the principal and the finance officer”*.

Principal 4 pointed out *“the lack of knowledge of role players involved in financial management.”* Principal P6 added that *“Failure to plan is the result of a lack of skills, lack of knowledge and ignorance”*.

5.4.7.1(a) Discussion of data for sub-question 7: The perceptions of the principals

The research findings indicate that there is a need for proper management that has to be preceded by planning. Failure to plan is the result of a lack of skills, lack of knowledge and negligence. Most principals manage schools by virtue of being the principals without knowledge of financial management. Principals must understand their responsibilities and the consequences of failure to execute such responsibilities; then they will intensify their alertness, establish the structures required, and follow the financial prescripts and the fundamental basics of financial management.

5.4.7.1(b) Summary of findings for sub-question 7: The perceptions of the principals

The principals interviewed shared the same sentiments that their colleagues' legal responsibilities are characterised and hampered by many challenges (see tables 5.25; 5.32).

5.4.7.2 The perceptions of the finance officers

Table: 5.26: Challenges experienced that hamper role players' understanding of the public school principals' legal responsibilities regarding financial management at school level

Question: What are the challenges hampering the role players' understanding of the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Finance Officer 1	Lack of knowledge and understanding. Influential, dominant and manipulative principals	Understanding of legal responsibilities	Meaning attached to legal responsibilities	Accountability
Finance Officer 2	Lack of trust, openness and transparency in school; work overload	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 3	Lack of knowledge and poor support from the departmental officials	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 4	Temptation and ignorance of the law to satisfy personal needs	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 5	Weak monitoring and control by the DBE/ PEDs/District/Circuit. Work overload of principals and finance officers	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability
Finance Officer 6	False claims for transport and ignorance of the law (tariffs)	Understanding of legal responsibilities	Meaning of legal responsibilities	Accountability

The Finance Officers' (FO 1 - 6) perceptions indicated that there are a number of challenges that hinder the understanding of the public schools principal's legal responsibilities regarding financial management in Limpopo. The participants were asked to explain the challenges

hindering their understanding of the principal's legal responsibilities at public schools. FO 1 indicated: *“Principals are influential, dominant, and manipulative and abusing the financial powers.”*

FO 2 expressed her opinions in this manner: *“Lack of trust, openness and transparency in schools.”* FO 3 indicated that *“The poor planning and organisation of the financial management workshops at circuit levels, which is not developing us. There is a lack of knowledge, poor support and training from the departmental officials. Departmental officials visit our schools only if there are allegations of misconduct with the purpose of catching a thief.”* FO 4 indicated, *“Temptation when dealing with money and not being open and transparent to each other”*. FO 5 mentioned, *“Weak monitoring and control from the DBE/PEDs/District/Circuit which makes it easy for schools to mismanage and misappropriate”*.

5.4.7.2(a) Discussion of data for sub-question 7: The perceptions of finance officers

The majority of the participants agree that the challenges raised in Table 5.26 contribute to the poor understanding and interpretation of the school principals' legal responsibilities regarding financial management. The majority of the finance officers indicated that a lack of knowledge and understanding from the principals is also a challenge. Other challenges that schools face were lack of trust, openness and transparency when dealing with finances from the principals' side and principals who are influential, dominant and manipulative. There is also weak monitoring and support and training for principals by the DBE/PEDs/District/Circuit. Departmental officials visit schools only if there are allegations of misconduct with the purpose of catching a thief.

5.4.7.2(b) Summary of the findings for sub-question 7: The perceptions of finance officers

These responses imply that the public school principals' legal responsibilities are hampered by serious challenges. The challenges raised indicate that something is wrong with the understanding on how finances are managed at school level (see tables 5.26; 5.32).

5.4.7.3 The perceptions of the departmental officials

Table: 5.27: Challenges experienced that hamper role players' understanding of the public school principals' legal responsibilities regarding financial management at school level.

Question: What are the challenges hampering the role players' understanding of the public school principals' legal responsibilities regarding financial management?				
Participant	Evidence	Theme	Sub-theme	Dimension
Departmental Official 1	Interference of teacher unions in the appointment of principals in schools. Legislative framework which is characterised by negligence and non-adherence. Lack of knowledge and skills	Challenges	Understanding, implementation and interpretation	Accountability
Departmental Official 2	Lack of knowledge and understanding of the acts and regulations. Teachers and principals using the power of teacher unions to threaten and victimise/intimidate departmental officials. Linking of all the documents (legislation and policies relevant to financial management)	Challenges	Understanding, implementation and interpretation	Accountability
Departmental Official 3	Ignorance of the law. Principals who undermine SGBs and Finance Committee and Finance policy. SGB members are just rubberstamps of the principals' decisions	Challenges	Understanding, implementation and interpretation	Accountability
Departmental Official 4	Budgets and procurement procedures that are overlooked	Challenges	Understanding, implementation and interpretation	Accountability
Departmental Official 5	Incompetence, comradeship, unionism and cadre system	Challenges	Understanding, implementation and interpretation	Accountability

Departmental Official 6	A lack of understanding and knowledge of legislation by school managers; lack of monitoring and control by the Department which principals are taking advantage of.	Challenges	Understanding, implementation and interpretation	Accountability
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Regarding this issue the departmental officials’ understanding also indicates the following pertinent aspects as serious concerns. DO 1 mentioned that *“Interference of teacher unions in the appointment of principals in schools on basis of loyalty to the union. In most cases they want to forward their comrades with no managerial skills, experience and competence. The same unions do not want their members found guilty of financial mismanagement to be fired. In this context all sorts of financial mismanagement and maladministration are nurtured. Departmental official 1 further put the blame on “legislative framework which is characterised by noncompliance, negligence and non-adherence.”*

The understanding of DO 2 is that *“Principals lack knowledge and understanding of the Acts and regulations. The issue of accountability is a problem. Principals do not want to account for the financial mismanagement and misappropriation of funds in their schools. They try to shift financial responsibilities from themselves to the finance officers. Teachers and principals are using the power of their unions to threaten and victimise/ intimidate us knowing well that they are practising financial mismanagement and maladministration. The other challenge that principals have is the linking of all the documents dealing with financial management in schools.”*

DO 3 expressed her opinion in this manner: *“Principals who ignore the law and don’t want to follow the prescripts and principals who manipulate the SGBs with the knowledge that they have. They think that S16 A is giving them more power to undermine the SGBs. Most of the SGB members are just rubberstamps of the principals’ decisions which sometimes are for personal gains.”*

Departmental official (DO 5) put the blame on *“incompetence, comradeship, and unionism, cadre system (employing people in strategic posts without experience, skills, ability and competence)”*. DO 6 indicated that *“there is a lack of knowledge and understanding of legislation by school managers, especially the recent amendments and principals taking advantage of lack of monitoring and control from the department (circuit/district/PED)”*

5.4.7.3(a) Discussion of data for sub-question 7: The perceptions of departmental officials

From the responses of the departmental officials, it seems that many challenges hamper the principals to understand their legal responsibilities regarding financial management. These challenges by the participants are an outcry to the DBE/PED which needs serious attention. It shows that public schools face a multi-dimensional crisis in understanding management of finances.

The main concern is the lack of knowledge, skills and expertise required for proper financial management due to interference of the teacher unions in the appointment of principals (DO5). It appears that there is a limited understanding of the law, acts and regulations. The responses also indicate that there is incompetence, comradeship, unionism and cadre system that frustrate the understanding of public school principals' legal responsibilities regarding financial management. Temptation was also raised which creates conflicts, encourages ignorance of the law and harms the working relationships at schools. Some of the challenges indicated in the tables (5.25, 5.26 and 5.27) affirm with findings from the literature review Anderson *et al.* (2004:11); Bagarette (2012:101); Bush and Heystek, (2003:129); Clarke (2012:154); Dossing *et al.* (2011:13); Hallak and Poisson (2007:29-30); Heystek (2006:482); Joubert and Van Rooyen (2008:2); Mestry (2006:28); Mestry (2008:8); NDP (2011:261); Van der Merwe (2013:243); Xaba (2011:206) and Rangongo (2011:124;141).

5.4.7.3(b) Summary of the findings for sub-question 7: The perceptions of departmental officials

In summarising the analysis of data obtained from the semi-structured interviews with the departmental officials, I gained the impression that there is limited understanding of the legal provisions dealing with the principals' roles in financial management, and misconceptions and misrepresentation of facts and the misinterpretation of the legislation by the participants with regard to how principals must be involved in financial management at school level in Limpopo. A very serious challenge is the limited understanding and interpretation of these amendments in SASA (Republic of South Africa, 1996b), as there has been a shift of responsibilities from school governing bodies to school principals by the HOD in an attempt (by the government as represented by the HOD) to use principals to control the school finances and influence how the governing bodies of schools manage school funds (NDP, 2011:310).

This implies that intensive training and awareness campaigns are needed by all the role players in public schools, particularly to gain extensive knowledge of the clear roles and responsibilities and on how to understand, apply and interpret legislation and the public school principals' legal responsibilities as collective responsibilities infused in the governing bodies' functions and responsibilities (SASA, Republic of South Africa, 1996) (see tables 5.27; 5.32).

5.5 DATA COLLECTED THROUGH QUESTIONNAIRES ADMINISTERED TO THE PRINCIPALS, FINANCE OFFICERS AND DEPARTMENTAL OFFICIALS

5.5.1 INTRODUCTION

Although the study is predominantly qualitative, the researcher nominally applied quantitative research methods in the form of questionnaires. The researcher analysed factors that are related to the understanding of the legislation regarding the financial responsibilities of the public school principal. Only a few sub-factors/questions that were regarded as the most important and closely related to the research question (s)/aims and the conceptual framework were used to probe the participants' perceptions, opinions, experiences and attitudes on the understanding, application and interpretation of the legislation. A three point Likert scale was used to display the participants' perceptions and the raw data is contained in Annexure H. The comments of the participants were reported in tables, using identified factors for all-inclusive and easy understanding.

The following keys were used for clarity

SA – strongly agree

SD – strongly disagree

NU – neutral/respondents did not want to bind themselves

5.5.2 DATA ANALYSIS FROM THE QUESTIONNAIRES

5.5.2.1 Factors that are related to knowledge, understanding, application and interpretation of the public school principals' legal responsibilities regarding financial management.

Table 5.28: Factors that are related to knowledge, understanding, application and interpretation of the public school principals’ legal responsibilities regarding financial management

Questions	Principals			Finance officers			Departmental officials		
	Strongly agree (SA) or strongly disagree (SD) or neutral/uncertain (NU) in percentages								
	SA	SD	NU	SA	SD	NU	SA	SD	NU
The principal are equipped with knowledge, expertise and skills to manage/monitor utilisation of school funds	1.9%	98.1%		28.6%	71.4%			25%	75%
The principals understand and accept the legal responsibilities regarding financial management/preventing mismanagement	5.7%	94.3%		28.6%	71.4%				NU
The principals’ legal responsibilities to report any financial maladministration and mismanagement is good	17.0%	83.0%		14.3%	85.7%		50%	50%	
The principals’ application of legal responsibilities regarding financial management/preventing mismanagement is good	15.1%	84.9%		14.3%	85.7%				NU
The principals’ interpretation of the legal a responsibility regarding financial management is satisfactory	11.3%	89.7%		14.3%	85.7%				NU

This section analyses factors that are related to the knowledge, understanding, application and interpretation of the public school principal’s legal responsibilities regarding financial management. These factors are presented in Table 5.28 under the perception of the principal, finance officers and the departmental officials.

5.5.2.1(a) The perceptions of the principals

In Table 5.28 it emerged from the data that a large percentage (98.1%) of principals strongly disagree that the principal is equipped with knowledge, expertise and skills to manage and monitor utilisation of school funds at public schools. Only 1.9% constitutes those that think the public school principal is equipped with skills and knowledge required for financial management, which could mean that common sense of the policies takes place in schools. Ninety-four comma three per cent strongly disagree that the principal understands and accepts legal responsibilities regarding financial management; 83 % strongly disagree that the principal understands the legal responsibilities and does reporting as required by law to the relevant authority. Eighty-four comma nine per cent strongly disagree that application of law exists and 89.7% strongly disagree that interpretation of legal responsibilities regarding financial management is satisfactory.

5.5.2.1(b) The perceptions of the finance officers

Compared to the principals' perceptions, 71.4% of the finance officers think that the principal does not understand and accept the legal responsibilities regarding financial management; 71.4 % of the finance officers strongly disagree that the principal is equipped with knowledge, expertise and skills to manage and monitor utilisation of school funds at public schools; 85.7% disagree strongly that the principal's understanding of the legal responsibilities to report any financial maladministration and mismanagement is good. A total of 85.7 % strongly disagree that the application of legal responsibilities is positive and that the interpretation of the legal responsibilities (prevention of mismanagement and reporting) is good/satisfactory. Only 28.6% of the finance officers strongly agree that the school principal has skills, knowledge and expertise. Looking at the table, the large number of strongly disagree points from the finance officers who are working closely with principals on a daily basis indicates that the principals' understanding, application and interpretation of law is minimal.

5.5.2.1(c) The perceptions of the departmental officials

Compared to the principals and the finance officers at school level, 50 % of the departmental officials strongly agree that the principal's understanding of implementing legal responsibilities and responding to the failure to apply legal responsibilities to prevent financial maladministration and mismanagement are good. The departmental officials were uncertain whether public school principal understands the legal responsibilities to report financial

mismanagement is good and the application of legal responsibilities is good. The departmental officials were also uncertain whether the principal’s interpretation of his legal responsibilities regarding financial management is satisfactory and whether the principal has the skills, knowledge and expertise required for financial management.

5.5.2.1(d) Summary of the findings for factor 1: Perceptions of the principals, finance officers and departmental officials

The principals, the finance officers and the departmental officials strongly disagreed on how the principal as key role player understands his legal responsibilities regarding financial management. The majority of the participants appear to disagree strongly that the principal has knowledge, skills and expertise to manage, administer, and monitor the utilisation of funds at school. Percentages show variations among the stakeholders. There is limited understanding, application and interpretation of the principal’s legal responsibilities regarding financial management. The general perception among the participants was that some public school principals do not regard the legal framework regarding financial management in schools as important. The large percentage of the participants who do not believe that the principal is knowledgeable about and capable of implementing the law is surely a source of great concern. It also does not show that the other role-players have a sound grasp of the law in this regard or that finances are managed responsibly (see tables 5.7 - 5.12).

5.5.2.2 Factors that assess the public school principal’s knowledge of the legislation relevant to financial management in public schools

Table 5.29: Factors that assess the public school principal’s knowledge of the legislation relevant to the financial management in public schools

Questions	Principals			Finance officer			Departmental officials		
	Strongly agree (SA) or strongly disagree (SD) or neutral/uncertain (NU) in percentages								
	SA	SD	NU	SA	SD	NU	SA	SD	NU
How do you rate the public school principal’s knowledge of the South African Schools Act 84 of 1996?	50%	50%		33.3%	66.7%		66.7%	33.3%	
How do you rate the public school principal’s knowledge of the National Norms and Standards for School Funding of 1998?	50%	50%		42.9%	57.1%		58.3%	41.7%	

How do you rate the public school principal's knowledge of the Public Finance Management Act 1 of 1999?	25%	75%		42.9%	57.1%		62.5%	37.5%	
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This section analyses factors that indicate the public school principal's knowledge of the legislation relevant to the financial management in public schools. These factors are presented in Table 5.29 under the perceptions of the principal, finance officers and the departmental officials (see 5.4.3).

5.5.2.2(a) The perceptions of the principals

With regard to the factors that indicate the public school principal's knowledge of the legislation relevant to the financial management in public schools, Table 5.29 shows that a large number of principals strongly disagree that the various legislative frameworks regarding legal responsibilities of public school principals are important. This implies that the public school principal's knowledge of legislative frameworks is limited. Survey results indicate that most principals strongly disagree that the following legislation has impacts on their execution (application and interpretation) of legal responsibilities regarding financial management: SASA (50 %), NNSSF (50 %); PFMA (75%). This is in contrast with the legal responsibilities dealing strictly with finances required from the public school principal as stipulated in these acts (See Chapter 2). So these large numbers support the notion that the principal does not have the skills, knowledge or expertise of financial law to manage and monitor the utilisation of school funds at public schools.

From the responses it appears that there is a lack of knowledge of SASA (Republic of South Africa, 1996b), PFMA (Republic of South Africa, 1999) and NNSSF (Republic of South Africa, 1998) that regulate public funds in schools. It seems that the principal who is supposed to support and advise the school governing body relies on common sense in practice as some were not aware of the S16 (A) amendment.

5.5.2.2(b) The perceptions of the finance officers

The finance officers had the same opinions as the principals regarding the research topic. The finance officers strongly disagree that public school principals have knowledge of legislation and regard this as important in their execution of legal responsibilities regarding financial management (NNSSF, 1998 (57.1%); PFMA, 1999 (57.1%); SASA, 1996 (66.7%). The most

concerning is the 66.7 % finance officers strongly disagree that principals regard SASA as important as the foundation of governance in South African education system since 1996. Only 33.3 % of the finance officers think that the South African Schools Act is important to public school principals.

5.5.2.2(c) The perceptions of the departmental officials

Departmental officials' understanding of the public principals' legal responsibilities also indicate that knowledge of legislation is limited and is a challenge to DBE (DBE 2014:15). The departmental officials' understanding/perceptions indicate that they strongly disagree that some public school principals regard legislation as important in their execution of legal responsibilities regarding financial management: NNSSF (1998) (47.1%); PFMA (1999) (37.5%); SASA (1996) (33.3 %).

5.5.2.2(d) Summary of the findings of factor 2: The perceptions of the principals, finance officers and departmental officials

From the above findings it is clear that the majority of the participants (principals, finance officers and departmental officials) strongly agreed that some principals do not regard statutes as important. Based on their responses, it seems that the school principal relies on common sense and experience when executing responsibilities regarding financial management. From the comments by all the principals the finance officers and departmental officials it is evident that there is little knowledge of statutes relevant to financial management in schools. This lack of knowledge of the various legislative statutes poses a serious challenge to the Department of Basic Education regarding how finances are managed at school level. It relates to the DBE with regard to the type of training they use to support various stakeholders. Knowledge yields better understanding, application and interpretation of law (see tables 5.13 - 5.15).

5.5.2.3 Factors related to the reporting of financial mismanagement cases at school level

Table 5.30: Factors related to the reporting of financial mismanagement cases at school level

Question	Principals			Finance officers			Departmental officials		
	Strongly agree (SA) or strongly disagree (SD) or neutral/uncertain (NU) in percentages								
	SA	SD	NU	SA	SD	NU	SA	SD	NU
Cases of mismanagement of funds at school are reported to the Department through the circuit office.	50%	50%		28.6%	71.4%				NU
Cases of financial mismanagement are resolved internally at school.	50%	50%		57.1%	42.9%		50%	50%	

This section analyses factors related to the reporting of financial mismanagement cases at school level. These factors are presented in Table 5.30 under the perceptions of the principal, finance officers and the departmental officials (see 5.4.5).

5.5.2.3(a) The perceptions of the principals

The data contained in Table 5.30 reveals that most of the participants (principals) agreed strongly that cases of financial mismanagement were resolved internally at school; 50 % strongly agreed that they did think that cases were reported to the Department, and the other 50% agreed strongly that cases of financial mismanagement were reported. It could mean that financial mismanagement does take place at schools, and these cases are not properly reported to the HOD. Instead some principals resolve cases at school level; principals are flouting the rules, policies, legislation and acts.

5.5.2.3(b) The perceptions of the finance officers

According to the survey, only 28.6% of the finance officers strongly agreed that cases of financial mismanagement are reported to the HOD; 71.4 % of the FOs strongly disagreed that cases of mismanagement are not reported to the Department through the circuit office. This implies that principals are reluctant to report cases. The researcher's viewpoint is that principals want to gain favour from staff and SGB members and in most cases they are also partially involved. So they cannot report themselves. 57.1% of the FOs strongly agreed that cases of

financial mismanagement are present at schools and are resolved at school level. This affects the principal's performance regarding financial management in schools negatively.

5.5.2.3(c) The perceptions of the departmental officials

Fifty per cent of departmental officials strongly believed that cases of mismanagement were resolved internally at school and they were very uncertain as to whether cases of financial mismanagement were reported or not to the Department as they should be. The departmental officials claimed that principals are involved in financial mismanagement, and as a result they hide cases by failing to report them.

5.5.2.(d) Summary of the findings of factor 3: The perceptions of the principals, finance officers and departmental officials

The majority of the participants (principals, finance officers and the departmental officials) thought that cases of financial mismanagement were not reported as required by law, but resolved internally at school level. One could argue that the principal hides cases of financial mismanagement happening at schools. Principals lie to the employer (HOD) and this is serious misconduct. They try to defend or protect their jobs at the expense of doing their job (to apply regulations) and this is actionable. Moreover, there is fear of intimidation and victimisation by the teachers and SGB members and teacher unions representing these culprits (teachers/members). Contrary to the above statement, there are signs of situational leadership theory from the principals based on S16 (A) (2) (i), which requires the principal "to take reasonable steps where he/she feel there is flouting of the law." As a result, cases of financial mismanagement end-up resolved internally at school level. These findings are supported by the literature that there is rampant corruption at school level. These cases are reported by the whistle-blowers. In most cases the principals are the main culprits (Corruption Watch (2012:10, 2013:1, and 2014:11); Dossing *et al.* (2011:8, 10); GDE (2014, 2015:2); Joubert and Van Rooyen (2008:2); Mestry (2008:8); Ochse (2004:14) and PSC (Republic of South Africa) (2007:14) (see tables 5.16 – 5.21 and par 5.4.5a).

5.5.2.4 Factors related to financial accountability at school level

Table 5.31: Financial accountability at school level (see 5.4.6)

Question	Principals			Finance officers			Departmental officials		
	Strongly agree (SA) or strongly disagree (SD) or neutral/uncertain (NU) in percentages								
	SA	SD	NU	SA	SD	NU	SA	SD	NU
School principals are accounting officers and must be held accountable for financial mismanagement at public schools	100%			100%			100%		

5.5.2.4(a) The perceptions of the principals

Table 5.31 reveals a significant finding that 100 % of principals strongly agreed that the public school principals are accounting officers and must be held accountable for the utilisation of every cent and for any financial mismanagement at school level. Principals think that because they authorise and approve any payment at school, they must be answerable for all the transactions. Principals must account to the HOD; parents, SGB and staff. All the principals strongly believed that their colleagues are entrusted with financial responsibility and financial accountability which must be done in the form of reporting to both the parents, SGBs and the HOD.

5.5.2.4(b) The perceptions of the finance officers

All the finance officers strongly agreed that principals are accounting officers, and they must be held accountable. They have to know everything concerning money. They are the ones who authorise and approve the income and expenditure of the school. Principals must be held accountable for failing to make sure that the school has the functional structures (finance committee) and finance policy on hand. They fail to monitor and evaluate every transaction they have authorised., fail to monitor the usage of school funds and to report to the SGB and the Department and fail to comply with acts and regulations and negligence, and to deliver what they are hired for as the finance managers, and accounting officers.

5.5.2.4(c) The perceptions of the departmental officials

All the departmental officials strongly agreed (100%) that principals are accounting officers at school level. All the departmental officials strongly agreed that the principal must account for every cent used and be monitored regularly. Most of the departmental officials' point of view is that the principal must be charged for any financial misconduct and must bring the money back into the school account.

The data analysis of the three responses indicates that the public school principal is accountable and answerable for every cent used at school. There is a general perception that the public school principal is the accounting officer at school level; this understanding is not in line with the law. The principal thinks that colleague principals are accountable; the finance officers also put the blame on the principal. The HOD through the departmental officials and directives through circulars thinks that the principal is the accounting officer and must be held accountable for financial expenditure at school. It seems that there is a lack of knowledge, understanding and interpretation of the law regarding financial accountability at public schools. The implication is that no one is accountable for the use of finances at schools. Lack of procedures and process of accountability may lead to the poor state of finances and financial mismanagement. It was unusual/ uncommon and rare that all the role players should agree 100% that principals are the accounting officers at school level (see par.5.4.6.6).

5.5.2.4(d) Summary of the findings of factor 4: The perceptions of the principals, finance officers and departmental officials

From the responses of the principals the finance officers and the departmental officials it is clear that there could be a misconception of law. SASA (Republic of South Africa, 1996b) and King II (2002), III (2009), (draft) King IV (2016) require collective accountability from the school governing body as an accounting authority in which the principal is an *ex officio* member and a financial manager. Only the HOD as per S38 of PFMA 1 of 1999 is an accounting officer of the Department. There is no indication of sound knowledge of financial management laws and policy guidelines among the various role players. Therefore there is a need for intensive training and workshops. These findings give a real picture of the state of the understanding of legal responsibilities regarding financial management (see tables 5.22 - 5.24) (see par 5.4.6.6).

5.5.2.5 (a) Challenges perceived as obstacles that hamper understanding of the public school principals' legal responsibilities regarding financial management

Table 5.32: Challenges perceived that hamper understanding of the public school principals' legal responsibilities regarding financial management

Questions	Principals			Finance officers			Departmental officials		
	Strongly agree (SA) or strongly disagree (SD) or neutral/uncertain (NU) in percentages								
	SA	SD	NU	SA	SD	NU	SA	SD	NU
Intimidation, threats and victimisation.	50%	50%	NU	28.6%	71.4%		75.0%	25%	
Non-compliance with the legislation	100%			71.4%	28.6%		50.0%	50%	
Lack of monitoring and control from PED.	100%					NU			NU
Ignorance of law.			NU	85.7%	14.3%				NU
Interference of teacher unions when their members are involved in corruption.	50%	50%		14.3%	85.7%		50.0%	50%	
Understanding of policies, regulations and legislation.	100%			28.6%	71.4%				NU
Interpretation of financial management documents.	100%			14.3%	85.7%		75 %	25 %	
Lack of openness, transparency and honesty.	75%	25%		71.4%	28.6%		75.0%	25%	
Lack of knowledge and financial management skills due to unavailability of legislation and poor training.	100%			42.9%	57.1%		25.0%	75.0	
Work overload.	100%			100%					NU

The participants were afforded an opportunity to rate their opinions, experiences on the predetermined challenges. They all pointed out their weaknesses in understanding their legal responsibilities to the challenges indicated in the table (see 5.4.7).

5.5.2.5 (a) The perceptions of the principals

In Table 5.32 the understanding of various role players is that the public school principal as financial manager and accounting officer has legal responsibilities to fulfil; but the application and interpretation are not without limitation and challenges. The majority of school principals agreed strongly that the following challenges contribute to the limited understanding, application and interpretation of the public school principals' legal responsibilities regarding financial management in Limpopo: non-compliance with the legislation (100%); interference of teacher unions when their members are involved in corruption (50%), intimidation, threats and victimisation by teachers and teacher unions when their members are involved in corruption (50%); lack of proper monitoring and control of expenditure at school level (100%); lack of knowledge, skills and expertise required for financial management (100%); misunderstanding and misinterpretation of policies, regulations and legislation (100%); work overload (100%) and lack of openness, transparency and honesty (75%).

5.5.2.5 (b) The perceptions of the finance officers

The majority of finance officers strongly believed that non-compliance with the legislation (71.4 %), intimidation, threats and victimisation (28.6%), lack of proper monitoring and control of expenditure, (57.1%) lack of knowledge and financial management skills (42.9%) and 28.6% of misunderstanding of policies, regulations and legislation and well as 14.3% of interpretation of the financial management documents, work overload (100%), intimidation, threats and victimisation (28.6%), ignorance of the law (85.7%), non-compliance with the legislation (71.4%), interference of teacher unions when their members are involved in corruption (14.3%), and lack of openness, transparency and honesty (71.4%) contribute to the failure of understanding, application and interpretation of financial management legal responsibilities in public schools.

5.5.2.5 (c) The perceptions of the departmental officials

Most departmental officials agreed strongly that the understanding of the public school principal's legal responsibilities in schools is characterised by among others ignorance of the law (50%), non-compliance with the legislation (50%); interference of teacher unions when their members are involved in corruption (50%), 75% of intimidation, threats and victimisation; lack of knowledge and financial management skills (25 %), interpretation of the financial management documents (75%), lack of openness, transparency and honesty (75%). They were

neutral regarding the understanding of policies, regulations and legislation, and on whether there is proper monitoring and control of expenditure at schools. The researcher's standpoint is that this analysis has laid bare, in the form of large percentages, the challenges that hinder the understanding, application and interpretation of the legal responsibilities of the public school principal regarding financial management. This study came at a time when the DBE (2014:6) agreed that it was facing challenges in understanding the roles and responsibilities of the public school principal in South Africa. Hence DBE (2014; 2016) issued the South African National Standards for Principalship. The large percentages indicate that concerted efforts are needed to improve the rate of understanding the public school principals' legal responsibilities regarding financial management. Principals should enjoy full protection in the face of intimidation and victimisation (PDA (Republic of South Africa, 2000).

5.5.2.2(d) Summary of the findings of factor 5: The perceptions of the principals, finance officers and departmental officials

The role players' understanding of the public school principals' legal responsibilities regarding financial management is affected by various factors, emanating from limited knowledge, understanding, application and interpretation of the legal responsibilities and legislation among the principals, finance officers and the departmental officials. Processes and procedures of accountability and reporting are not adhered to. Hence the state of management of public funds in schools is not up to the required standard. Some of the challenges affirm with findings from the literature review Anderson *et al.* (2004:11); Bagarette (2012:101); Bush and Heystek, (2003:129); Clarke (2012:154); Dossing *et al.* (2011:13); Hallak and Poisson (2007:29-30); Heystek (2006:482); Joubert and Van Rooyen (2008:2); Mestry (2006:28); Mestry (2008:8); NDP (2011:261); Van der Merwe (2013:243); Xaba (2011:206) (see the tables 5.25, 5.26 and 5.27).

5.6 DATA COLLECTED THROUGH DOCUMENT ANALYSIS

5.6.1 INTRODUCTION

Another data collection strategy used was document analysis. According to McMillan and Schumacher (2010:127) and Bryman (2012:390) documents are used to provide first-hand information based on direct experiences with the phenomenon obtained through interviews. In this study document analysis was used to shed light on the understanding of the role players of the research question (See Chapter 1, par. 1.10.4.2 and Chapter 4, par. 4.7.1). Copies of the

following documents were requested from the six selected public primary schools for analysis to shed light on how schools manage their finances and how the principal implements and interprets the legal responsibilities regarding financial management.

- Records of monthly financial reports submitted to the circuit office (submission book to circuit office as evidence)
- Latest audited financial statement
- Stock or asset register
- Annual programme for SGB or financial committee meetings
- Minute books, including agendas and invitations to attend meetings
- Attendance registers of SGB meetings
- Income and expenditure register or claim books
- School budget for the current academic year
- Finance committee member list
- Finance policy
- Receipts/invoices
- The cheque book

A rubric or a monitoring tool template supplied by the norms and standards allocation directorate in the province was used as a checklist in all the six primary schools (schools A-F) (Annexure I). These documents were scrutinised in order to find out how the school principal is involved in the management of finances. That is, how role players think, perceive and understand the application and interpretation of responsibilities relating to financial management by the school principal. The documents showed whether there is value for money, whether legislative mandates are followed, and whether control and monitoring of the implementation of these legislations is done to get to know how legislation is understood and implemented at schools. The aim of analysing these documents was to find out whether the stakeholders understood these responsibilities and to uncover or identify the salient points that are necessary for effective and efficient management of school finances as indicated by Merriam (1988:118) who points out, that documents of all types can help the researchers uncover meaning, develop understanding, and discover insights relevant to the research problem.

Although the researcher got permission from the Limpopo Department of Education as well as from the selected schools, it was difficult at first to access these documents as financial information is very sensitive. With the help of the principal of four of the selected schools as gate-keepers, and rapport established before the research was conducted, the researcher succeeded in getting permission to peruse some of the finance-related documents. In two schools the researcher was refused permission to scrutinise the bank statements and income and expenditure register, which he assumed was because of the sensitivity of the matter and the nature of the documents. The researcher also perused the indicative letters from the six selected schools in order to present a picture of how much money the Limpopo Province Education Department (LPED) had allocated to the six public schools, for which the principals were legally responsible in 2014.

Table 5.33: 2014 allocated money/funds to the six sampled primary schools

Year	School	Enrolment	Allocated funds
2014	A	265	R126, 935. 00
	B	161	R77, 119. 00
	C	1 028	R492, 412. 00
	D	328	R157, 112. 00
	E	692	R331, 779. 00
	F	580	R227, 820. 00
Total	6	3 054	R1, 413 177. 00 (million)

The data presented in this table indicates the balanced equilibrium of sampling. Six public primary schools were selected for the study. The table shows the amount schools received in 2014, school B with the lowest enrolment of 161 learners and a balance sheet/ budget of R77, 119. 00 and school C with the highest enrolment of 1028 and a balance sheet / budget of R492, 412. 00. Although the dissertation is largely qualitative, the table is used to show how much money these purposively selected primary schools as no fee schools received from the State. The researcher used the checklist to solicit data from the six selected primary schools for verification of documents without bias and to avoid subjectivity.

5.6.2 A SUMMARY OF DOCUMENTS REVIEWED IN THE STUDY

Table 5.34: A summary of documents reviewed in the study

Question	Document	Evidence	Theme	Sub-theme
Knowledge, application and interpretation of legislation is based on availability of these statutes	<ul style="list-style-type: none"> • Various legislation • Finance policy • Finance committee 	Availability	Management	Meanings
Monitoring / Application of legislation	<ul style="list-style-type: none"> • Monitoring tool • Tariffs • Approved budget • Audited financial statement 	Internal control measures. Compliance Availability and utilisation	Management	Monitoring
Planning /Application of legislation	<ul style="list-style-type: none"> • Annual plans • Management plan • Itinerary • Monthly, quarterly Finance files • Finance policies • Circulars 	Files containing policies, tariffs.	Management	Compliance
Financial decisions	<ul style="list-style-type: none"> • Minute book 	Minutes authenticated	Management	Compliance
Reporting of expenditure	<ul style="list-style-type: none"> • Submission book 	Copies of monthly quarterly annual AFS	Management	Compliance
Reporting of expenditure	<ul style="list-style-type: none"> • School Journal • Minute book • Audited Financial Statements 	Reports of cases re-solved at school sent to the SGB. Sent to the HOD.	Management	Compliance

Reporting of cases of Financial mismanagement	<ul style="list-style-type: none"> • Financial books • Cheque book • Claim book • Asset registers • Receipts/ invoices 	Payment without invoices; blank cheques	Management	Management
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5.6.3 DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF DOCUMENT ANALYSIS

5.6.3.1 Understanding, interpretation and implementation of financial responsibilities

Some of the documents perused indicated that there is limited knowledge of financial management legislation as a result of the unavailability of these documents at schools. The key document is the recently amended copy of the South African Schools Act 84, of 1996 (BELAA, 2011). The amendment is regarded as the core business of the public school principal in preventing any financial mismanagement and reporting any mismanagement at school level. These responsibilities are supported by PFMA (Republic of South Africa, 1999); PRECCA (Republic of South Africa, 2004); EEA (Republic of South Africa, 1998); PDA or whistleblowing (Republic of South Africa, 2000) and financial prescripts at provincial level (2011) among others (See Chapter 2).

Most of the schools A, B, D E and F had copies and knowledge of The Constitution (Republic of South Africa, 1996a), SASA (Republic of South Africa, 1996b), the EEA (Republic of South Africa, 1998) as well as the Limpopo Province Education Department financial prescripts of 2011. Only schools B, E and F had the PFMA, (Republic of South Africa, 1999). The researcher found school F's finance file was up to date regarding the documents and with recent amendments. The principal of school F (P6) confirmed that he used the internet to access DBE, LPED, the National Treasury and his teacher union's website to update him.

It seems that a lack of knowledge, understanding, application and interpretation of these legal frameworks are a serious challenge at schools. The unavailability of these legal provisions lead to misunderstanding, misapplication and misinterpretation of the legislation, violation, ignorance and non-adherence of the law, and financial mismanagement and non-accountability.

It leads to the opinionisation of policies and use of common sense. S19 (1) of SASA (Republic of South Africa, 1996b) requires the DBE/PED/employer to capacitate the SGB, including the school principal, regarding aspects such as financial management and this is not happening as required.

The school principal needs to know and understand his role and responsibilities, employment contract and job descriptions. The biggest challenge that manifested in reviewing the documents is that most principals do not understand what they are doing at school in terms of financial management. There are no financial management documents, files, plans or legislation to refer to. Principals rely on trust and verbal agreement. There are no written records, especially on cases of financial misconduct happening at schools (see tables 5.7 – 5.9; 5.28 – 5.29).

5.6.3.2 Monitoring expenditure at school level

The records of the six schools showed that they have finance committees mandated by law (S30 of SASA (Republic of South Africa, 1996b)), the LPED (2009; 2011) financial prescripts and a directive from their various circuit offices. However, schools C and E's principals pointed out that the finance committees are dysfunctional. They function on paper only for compliance. There are no programmes for meetings. Finance committees and procurement committees exist on paper, and are a formality as a directive from the department of education. The perusal of the minutes showed that all six selected schools have auditors and their financial books are audited as evidenced by copies of audited financial statements. These have been reviewed and signed by the SGB and/the finance committee. They all submitted audited financial statement to the HOD and their copies have circuit stamps as proof of submission.

All the visited schools had copies of the approved operational budgets. On perusal and comparison of the cheque book/counterfoil, the income and expenditure cash book, the minutes and the budget provided a different picture. There were many deviations of the law. The budget had not been adhered to at all. However, schools E and F conceded that their budgets were drawn up by the principal and never discussed by the SGB and the parents; the budgets were approved only through signatures and sent to the circuit office. They did not adhere to the budget due to the challenge of late transfer of money by the Department and sometimes it had been reduced. The analysis showed that the budgets that had been prepared by the principals,

ratified and approved by the school governing body chairperson and treasurer, were for compliance only with a view to receiving money from the PED. They were not operational budgets.

Records showed that all the schools have finance officers to assist the principals in financial management. Both the principals and the finance officers have inappropriate financial management qualifications. Records indicated that there is lack of monitoring and control of financial books by the school principal and the departmental officials. Records from the journals of the six selected primary schools under review showed that some of the schools were never visited by departmental officials specifically for monitoring of expenditure and verification in the past ten years. There were no monitoring tools for finances at schools. In other words, schools had no proper and uniform internal mechanisms or processes in place to monitor expenditure at school level. The researcher discovered that the understanding of proper monitoring was still a challenge in schools A and C; schools D and E faced the challenges of filing and on sampling the researcher found missing payment vouchers in the income and expenditure cash book. Schools A, C, D and E acceded that their reconciliation of books was not done monthly as required due to the work overload of the principal and finance officers (see tables 5.10-5.12; 5.28).

5.6.3.3 Financial planning and decisions

Schools A, C, D and E faced the challenge of filing and record keeping as evidenced by missing payment vouchers and invoices in some of the claims in the claim book. No monthly bank reconciliation had been conducted. These schools did not take finances seriously while Table 5.33 shows that these six schools received an allocated amount of more than R1000 000.00. Minutes in most of the schools were poorly formulated and not authenticated (ratified); they were filed with the SGB minutes. There were no specific minute books for finance committees. Minutes had not been authenticated by the principal or the SGB chairperson. In school C the minute book showed some evidence that financial decisions were taken, mostly by the principal and the SGB chairperson as few meetings were postponed due to members of the SGB not forming a quorum. But the counterfoil in the cheque book indicated that large sums of payments had been made for purchases and projects that there were no minutes for in the minute book that indicated when these financial decisions had been taken.

The researcher discovered that there were some reservations related to the audited financial statements (during document review). In some of the six selected schools the researcher found signs of financial mismanagement, but no issues were raised during audit findings in any of schools. What remains disconcerting such as the reports from the auditors that state that all schools use the finances allocated to them efficiently and effectively. The researcher found that there is a mismatch between the audited financial statements and the state of financial records at some of these schools.

All six schools had finance policies as mandated by the PED, but only schools B and F had binding finance policies with relevant references to the legislation. The other four schools' finance policies were just ordinary documents, without legal reference, and were not signed. In these finance policies the researcher was interested in the clause of transport tariffs, and the researcher found that there was no uniformity in tariffs. Each school determined its own tariffs, which in some schools amounted to twice the tariffs granted by the department of transport as used in school F. Principals failed to keep proper and accurate records of the funds received and spent and of the school's asset registers as per SASA (Republic of South Africa, 1996b), PFMA (Republic of South Africa, 1999) and budget statement. The researcher discovered that all sampled schools had an income and expenditure cash book, reconciliation book, audited financial statements, receipt books, claim books and asset registers (see par. 5.4.2; 5.2.4.2.3) (see tables 5.10-5.12; 5.28).

5.6.3.4 Financial reporting of expenditure in schools

The financial reporting of schools A - F showed their financial returns submission books; these indicated that schools A - E submitted their returns quarterly (four times a year instead of twelve times) and only school F submitted monthly. Reporting was not up to the required standard. Schools failed to submit monthly and quarterly financial statements on how they were utilising state money. Records from some of the schools (A - E) contradicted financial prescripts that clearly stipulated that schools must submit before the 7th of each month. There was no true reflection in terms of reporting. Schools submitted financial statement documents monthly or quarterly for compliance. On perusal it transpired that there was no uniformity on what to submit and in what format. There were no provincial prescripts or guidelines to schools on how to draw the monthly/quarterly financial statements. No circuit/district/PED feedback was generated to address any challenges experienced with the evaluation of the school's financial

statements. The minute books indicated that only school F had monthly financial reporting to the SGB/Finance Committee before submitting it to circuit office.

The minutes also showed that the SGB reported to the parents every quarter and annually through annual general meetings. In terms of section 38 (1) (j) of the PFMA (Republic of South Africa, 1999), an accounting officer must ensure that transfer payments are used for the intended purposes within an environment of effective and efficient financial management. All schools must report the use of the school allocation funds they have received. Schools/principals do not adhere to this clause. Schools fail to report the use of funds and financial mismanagement at school level. Findings indicate that it is because of fear of intimidation, victimisation, being exposed to the teachers, community and governing body as thieves and to gain favour from culprits (see par. 5.4.4; 5.6.1) (see tables 5.16-5.18).

5.6.3.5 Financial mismanagement and control and safekeeping of cheques

The researcher discovered that in schools A - E there was unauthorised expenditure on assets, such as buying of computers and stationery. Only school F had everything in order in the financial books, except the asset register. Schools A - E agreed that they used blank cheques, which encouraged financial mismanagement and misappropriation. Schools A - E had no petty cash at school, but the record indicated that casual monies were collected from learners by teachers and used to buy sundry items regularly.

All six schools had a finance policy as mandated by the PED, but only schools B and F's finance policies contained reference to the relevant financial management (SASA (Republic of South Africa, 1996b), EEA (Republic of South Africa, 1998), PRECCA (Republic of South Africa, 2004) and PDA (Republic of South Africa, 2000) on whistleblowing) legislation. On review the researcher found that three of the six selected schools had a generic financial policy drawn up by a consultant who did not know the needs of the school; it was done for compliance only. All their finance policies did not reflect the way in which transport tariffs were determined.

All six schools had asset registers, which were a total disaster. They all agreed that the registers were not up to date, but every year assets were bought. These activities encouraged forms of financial mismanagement in schools. The asset registers in all the selected schools needed serious attention as assets are the second item after travelling claims that consumes a great deal

of funds allocated to the school. Through purchasing of consumable assets such as stationery, electronics, photocopying and printing machines, cleaning materials, building of walls, erection of fences and toilets, various forms of financial mismanagement took place (collusion, kickbacks, and inflation of prices). In one school (B) the minute book indicated that the governing body as accounting authority agreed to build a kitchen at an amount of R28 000 but the cheque book and the claim form indicated that the project cost R48 000.

All six schools' financial records showed that they had three signatories. Most of the schools (A - E) agreed that they signed blank cheques for emergencies. Only school F was not guilty of this practice. Regarding the safekeeping of the cheque book, the researcher found that schools A, D, E and F kept their cheque books in locked steel cabinets in the strong room. In school B the finance officer took the cheque book out of her handbag on request, and the principal cited the issue of security at school. School C's finance officer went to fetch it from her locker in the staff room. Financial management is not afforded the status it deserves. The law requires the cheque book to be under lock and key, for if it is lost the principal will be charged with misconduct or for negligence (see par. 5.4.5) (see tables 5.19-5.21; 5.30).

5.6.3.6 Financial accountability

It is the responsibility of the public school principal as per S16 A (2) (i; k) of SASA (Republic of South Africa, 1996b), to take measures to prevent and report any financial mismanagement and maladministration, regardless whether it is committed by him/her, SGB or any staff member. This obligation is supported by the legislation outlined in Chapter 2 of this study.

The review of the documents showed that financial management in public schools is complex and difficult to handle. The findings from various reports reviewed show that there are negative consequences regarding financial management at some of the schools under investigation. The following challenges were found:

- Schools do not comply with SASA (Republic of South Africa, 1996b) and PFMA (Republic of South Africa, 1999) in sending financial books for auditing. Instead some schools are sending their financial books to the book keepers for auditing.
- Schools do not submit a certificate of assurance in terms of section 38 of PFMA (Republic of South Africa, 1999) (Schools A - F).

- Schools have Audited Financial Statements that are not reviewed by the SGB but are submitted to the PED for compliance (Schools A - F) (see par. 5.4.6) (see tables 5.22-5.24; 5.31).

5.6.3.9 Summary of the findings from the document analysis

The summary of the document review unearthed the following points that contribute to the limited understanding, interpretation and implementation of public school principals' legal responsibilities regarding financial management.

- Unavailability of legislation at schools; and the school principals who are unaware of the amendments in SASA, in particular S16A;
- Ignorance of the law and principals not knowing what they are doing at schools due to lack of poor training;
- Planning, organisation, leading and control in financial management which are not effectively implemented in some of the schools;
- Financial committees which are dysfunctional, budgets which are not operational and full of virement, financial books being audited by bookkeepers and not auditors as required by S42 of SASA (Republic of South Africa, 1996b);
- Minute books which are not authenticated (minute books, cheque books and income and expenditure books);
- Some of the schools have big spending on projects that were not approved by the SGB; and some of the schools have no travelling claims /tariffs are not uniform;
- Limited reporting and not done as per various legal provisions; some schools report monthly, some quarterly, or annually and some none; and annual financial reporting on financial expenditure to the SGB, parents and HOD is not done (as per submission books and minute books);
- Deviations from three quotations selected for the procurement/tender process and minute books wherein the final decisions were taken; payment processes which were

not authorised and approved, the signing of blank cheques and safekeeping of cheque books;

- Some of the school principals are not accountable; as evidenced by changing of auditors every year; and audited financial statements not reviewed and discussed and adopted by the SGB and parents (no minutes, only submission books as evidence); and

Financial management cannot be separated from the general management of the school. It has been observed that schools with good managers and therefore good managerial skills, such as clear effective communication, reporting, openness, transparency and honesty and collective decision making in general, manage and administer school finances well. This leads to improved financial performance and achievement of goals, which is quality and educative instruction and learning.

5.7 CHAPTER SUMMARY: FINDINGS FROM EACH OF THE DATA SETS – INTERVIEWS, QUESTIONNAIRES AND DOCUMENTS

5.7.1 FINDINGS FROM THE INTERVIEWS

What follows is a synthesis of the findings drawn from the semi-structured interviews, questionnaires and document analysis regarding the main question and the sub-questions. Findings of the sub-questions are discussed first and then followed by those of the main research question. In order to answer this question appropriately the following sub-questions needed to be answered:

5.7.1 (a) Sub-question 1: How do role players interpret the public school principals' legal responsibilities regarding financial management at school level?

Data analysis reveals that there is a vast difference in how the principals understands and interprets the legal responsibilities of the public school principal regarding financial management. Some participants (principals) perceive the principals' legal responsibilities as a way to give school principals more powers and full control of finances; some view these legal responsibilities as a way to curtail school governing body powers and to shift financial responsibilities from school governing body to school principals. Principals indicate that the HOD must realise the loopholes created by the decentralisation of power and governance. So the aim is to close the gap by finding someone like a principal to be held accountable. Some

principals seem to have the perception that the HOD exploits the principal to control and micro-manage the SGB through the principal. Data has revealed that understanding of the law is very limited. Data has revealed that the provisions in the Schools Act are interpreted differently by different principals. Most principals' thinking is not in line with the law that provides that schools' finances are the responsibilities of the governing body (s37 of SASA Republic of South Africa, 1996b).

Some finance officers understand these legal responsibilities as a way to reduce the financial power of the school governing body and give unlimited power to the principal who in turn uses it to undermine and override the governing body's financial decisions taken in an official meeting. Some finance officers regard these as a shift of financial responsibilities from the school governing body to the school principal. Data has revealed that understanding of the law is very limited, and that the provisions in SASA are interpreted differently by different principals.

Some departmental officials understand these legal responsibilities as a shift of financial responsibilities from the school governing body to the school principal. There is insufficient understanding of the law, and the provisions in SASA are interpreted inconsistently by the departmental officials. The idea is that the legislation is there to create uniformity and to give guidelines but if there is insufficient understanding and misinterpretation of law, chaos and confusing situations result in schools (see tables 5.7-5.9; 5.28).

5.7.1 (b) Sub-question 2: How do role players understand the public school principals' application of legal responsibilities regarding financial management?

Data has revealed that the application of law (control, monitoring and allocation of resources and procurement) is inappropriate as a result of a lack of knowledge and skills as well as fear of threat, intimidation and victimisation by culprits, teacher unions, and community members insinuated by SGB members. Some principals claim that the principal is dominant in drawing up school budget, finance policy and appointing finance officers to suit his personal needs. There are no internal processes to monitor expenditure. There is no uniformity in implementing and interpreting law.

Finance officers' perception is that application of the law does not exist at schools. Most finance officers claim that monitoring and control of income and expenditure is not properly conducted. Departmental officials' perception is that application of the law does not exist at school. Departmental officials indicated that monitoring and control of income and expenditure is not properly conducted at schools. There is much virement without supporting documents. No proper record-keeping is done and there is no correlation of financial documents at schools. The idea of having legislation is to make things uniform and give guidelines. If people lack this knowledge, the law is interpreted differently; this might lead to bad financial management that has serious implications for the education of the children (see tables 5.11-5.13; 5.28).

5.7.1 (c) Sub-question 3: What is role players' perception of the public school principals' knowledge of legislation regarding financial management?

Majority of role players' (principals) perceptions are that principals are not fully equipped with knowledge, skills and expertise to manage and administer finances. Knowledge of legislation is very limited and principals are using common sense and opinions which may lead to misinterpretation of facts. Finance officers think that the principal is not fully equipped with knowledge, skills and expertise to manage and administer finances. There is an indication from the data that S19 of the Schools Act is applied very sparingly or none at all. The principal relies on common sense to assist and guide the SGB and to interpret policies and directives. Departmental officials think that the principal is not fully equipped with knowledge, skills and expertise to manage and administer finances. Principals were never fully trained in terms of financial management (see tables 5.13-5.15; 5.29).

5.7.1 (d) Sub-question 4: How do role players understand the public school principals' reporting the use of finances at school level?

Reporting as the cornerstone of accountability is not done uniformly and properly at schools. There is a misconception that the school principal is responsible for reporting both the evaluation of financial statements/expenditure and financial mismanagement and maladministration at the school. Reporting is the duty of the school governing body (S34 - 36 of SASA (Republic of South Africa, 1996b)). The principal is there to assist and give support

and guidance, and reporting lies with the governing body. S59 declares that the HOD may reasonably request the governing body formally, in writing and provide reasons for it to furnish him/her with information such as audited financial statements, bank statements, financial returns and the budget. The HOD must request these documents from the governing body and not from the principal. Reporting is limited. Schools have no policy guiding them in drawing up financial statements, in what evaluation entails or in the format of reporting. There is no regular reporting by schools, and no sharing of reports through meetings and communication. Finance officers' perception is that there is no regular reporting or no clear line of reporting. Departmental officials' thinking also indicate that there is no consistent reporting. Financial statements are submitted for compliance only. There is no link between financial documents, balancing of bank statements, cheque book and the income and expenditure cash book. Principals are reluctant to report. The role players' understanding is that principals are battling to report, some due to limited knowledge, and others due to ignorance and knowing that no steps or sanctions will be taken against them (see tables 5.16-5.18).

5.7.1 (e) Sub-question 5: What is role players' understanding of the public school principals' reporting the mismanagement at school level?

The various role players' understanding is that no cases of financial mismanagement are reported to the HOD. Cases are resolved internally and amicably at school level. There is no formal list of reasonable steps/measures to take in case financial malpractices are found. Principals use their own discretion, common sense and situational leadership theory which is not in line with the law. Their perceptions are that principals hide cases to maintain and nurture a good working relationship, to protect their jobs and propagate favouritism (see tables 5.19-5.18; 5.30).

5.7.1 (f) Sub-question 6: What is role players' understanding of the public school principals' legal responsibility of financial accountability at school level?

There is misrepresentation of fact that the school principal is an accounting officer and must be held accountable for any financial mismanagement of funds or any financial irregularities. Principals, finance officers and the departmental officials' interpretation is in contradiction with the law that says the principal together with the governing body in which he/she is an "ex

officio” member is an accounting authority at school level. Only the HOD is the accounting officer of the Department of Education. Financial accountability does not exist in schools, and the HOD, due to little or a lack of knowledge and expertise does not know whom to hold accountable, the SGB or the principal. The understanding of the role players gives another version (the school principal is an accounting officer) which is against the law which states that only the HOD is the accounting officer of the Department of Education (see tables 5.22-5.24; 5.31).

5.7.1 (g) Sub-question 7: What are the challenges that hamper the understanding of the public school principals’ legal responsibilities regarding financial management at school level?

School principals, finance officers and departmental officials’ perceptions are that their colleagues experience a number of challenges that hamper them to understand and do what is expected of them regarding financial management. Some of the challenges raised are insufficient understanding of the legislation; a lack of skills, knowledge and expertise in financial law; work overload; misinterpretation of budgets, unaudited financial statements, acts and legislation that sometimes require financial accounting and law experts to interpret. Influential, dominant and manipulative principals; lack of trust, openness and transparency; temptation; weak monitoring and control by DBE/PED/ district/circuits; collusion of auditors and school principals; interference of teacher unions in the appointment of principals in schools; teachers and principals using the power of their unions to threaten and victimise and intimidate departmental officials; incompetence, comradeship, unionism and cadre system; and the SGB members who are rubberstamps of the principal’s decisions (see tables 5.25-5.27, 5.32).

5.7.2 FINDINGS FROM THE QUESTIONNAIRES

5.7.2(a, b) Factors that are related to knowledge, understanding, application and interpretation of the public school principals’ legal responsibilities regarding financial management

Data analysis has revealed that 98.1% of principals strongly disagreed that the principal is equipped with knowledge, expertise and skills to manage and monitor utilisation of school funds at public schools. Only 1.9 % constitutes those who thought that the principal is equipped

with the knowledge and skills required to manage public funds in schools. The analysis shows that 94.3% strongly disagreed that the principal understands and accepts legal responsibilities regarding financial management. Only 5.7% strongly agreed that the principal understands the legal responsibilities regarding financial matters. A total of 83% strongly disagreed that the principal understands the legal responsibilities and does reporting to the relevant authority as required by law. Only 17% agreed strongly that the school principal understands the legal responsibility of preventing financial mismanagement and does reporting as required by law to the HOD. Only 15.1% principals strongly agreed that the application of legal responsibilities is done at school and 84.9% disagreed strongly that application of law is happening at schools. The analysis indicates that 89.7% of principals strongly disagreed that interpretation of legal responsibilities is satisfactory and only 10.3% believed that there was good interpretation of law in schools. This data has revealed that understanding, application, interpretation, knowledge and skills, and expertise of law are very limited. The principal does not know what to do at schools regarding financial management.

Compared to the finance officers, only 14.3%, which is an insignificant number, strongly agreed that the principal understands the legal responsibilities regarding financial management. Only 28.6% strongly agreed that the principal understands and accepts the legal responsibility regarding financial management in school (see table 5:28). Only 14.3% of finance officers strongly agreed that the interpretation of the legal responsibilities (prevention of mismanagement and reporting) is good/satisfactory in public schools. Only 28.6 % of the finance officers strongly agreed that the principal is equipped with knowledge, expertise and skills to manage and monitor the utilisation of school funds at a public school. 71.4% of the finance officers strongly disagreed that (their) principals were equipped with knowledge, expertise and skills to manage and monitor the utilisation of school funds at public schools. This implies that only a small number of the finance officers strongly believed that the principal knows what to do at school.

Compared to the principals and the finance officers at school levels, 50% of the departmental officials strongly agreed that the public school principals' understanding of the legal responsibility to report financial mismanagement is good. They were neutral regarding the other issues (see par. 5.4.1 – 5.4.2; 5.6.3.1 and tables 5.7 - 5.12; 5.28).

5.7.2 (c) Factors that assess the public school principal's knowledge of the legislation relevant to financial management in public schools

Regarding the public school principal's knowledge of the legislation relevant to the financial management in public schools, 50% of principals, 66.7% of finance officers and 33% of the departmental officials strongly disagreed that the principal has knowledge of the South African Schools Act (SASA), 84 of 1996 with its amendment of 2011. This is very disturbing as this act (SASA) is regarded as the foundation of governance and accountability at public schools (see par. 5.4.3 and tables 5.13 – 5.15; 5.29).

5.7.2 (e) Factors related to the reporting of financial mismanagement cases at school level

Data reveals that principals (50%), finance officers (57.1%) and departmental officials (50%) strongly agreed that cases of financial mismanagement were resolved internally at schools; and 50% of principals and 71% of finance officers strongly disagreed that cases were reported to the HOD (see par. 5.4.5 and tables 5.19 – 5.21; 5.30).

5.7.2 (f) Factors related to financial accountability at school level

Data analysis has revealed that 100% principals, finance officers and departmental officials strongly agreed that the school principal is an accounting officer and is accountable or answerable for any financial mismanagement at a public school. These participants strongly believed the principal must be reported to the relevant authority and the law must be applied and the principal must be charged with financial misconduct (see par. 5.4.6 and tables 5.22 – 5.24; 5.31).

5.7.2 (g) Challenges perceived as obstacles that hamper understanding of the public school principals' legal responsibilities regarding financial management

Data reveals that principals strongly agreed in large numbers (100 %) that there is lack of knowledge and financial management skills, limited understanding of their responsibilities (policies, regulations and legislation); interpretation of financial management documents; work overload. 75% views non-compliance with the law, lack of openness, transparency and honesty and 50% interference and intimidation as some of the challenges that hamper public school principals' understanding of what is expected of them regarding financial management. Finance officers strongly agreed that ignorance of the law (85.7%) and lack of trust, openness

and transparency (71.4%); non-compliance with the legislation and work overload (100%) and lack of knowledge and skills (42.9%) hamper the principals' understanding of their legal responsibilities regarding financial management. Departmental officials strongly agreed (75%) that intimidation, threats and victimisation; misinterpretation of financial management documents and lack of trust, openness and transparency as well as interference of unions in the work and non-compliance (50%) with the law hamper the public school principals in understanding of their legal responsibilities regarding financial management (see par. 5.4.7 and tables 5.25 – 5.27; 5.32).

5.7.3 FINDINGS FROM THE DOCUMENT REVIEWS

5.7.3.1 Understanding, interpretation and implementation of financial responsibilities

Some of the documents perused indicated that there is limited knowledge of financial management legislation as a result of the unavailability of these documents at schools. The key document is the recently amended copy of the South African Schools Act 84, of 1996 (BELAA, 2011). The amendment is regarded as the core business of the public school principal in preventing any financial mismanagement and reporting any mismanagement at school level. These responsibilities are supported by PFMA (Republic of South Africa, 1999); PRECCA (Republic of South Africa, 2004); PDA or whistle-blowing (Republic of South Africa, 2000) and financial prescripts at provincial level (2011) among others (See Chapter 2).

It seems that a lack of knowledge, understanding, application and interpretation of these legal frameworks are a serious challenge at schools. These legal provisions lead to misunderstanding, misapplication and misinterpretation of the legislation, negligence, violation, incompetence, ignorance and non-adherence of the law, and financial mismanagement and non-accountability. It leads to the opinionisation of policies and use of common sense. S19 (1) of SASA (Republic of South Africa, 1996b) requires the DBE/PED/employer to capacitate the SGB, including the school principal, regarding aspects such as financial management and this is not happening as required.

The school principal needs to know and understand his role and responsibilities, employment contract and job descriptions. The biggest challenge that manifested in reviewing the documents is that most principals do not understand what they are doing at school in terms of

financial management. There are no financial management documents, files, plans or legislation to refer to. Principals rely on trust and verbal agreement. There are no written records, especially on cases of financial misconduct happening at schools (see 5.4.1 and 5.4.3) (see tables 5.7 – 5.9; 5.10 – 5.12; 5.13-5.15; 5.28; 5.29).

5.7.3.2 Monitoring expenditure at school level

The six schools showed that they have finance committees mandated by law (S30 of SASA Republic of South Africa, 1996b), the LPED financial prescripts and a directive from their various circuit offices. However, schools C and E's principals pointed out that there are no programmes for finance meetings. Finance policies, Finance committees and procurement committees exist on paper, and are a formality as a directive from the department of education.

All the visited schools had copies of the approved operational budgets. On perusal and comparison of the cheque book/counterfoil, the income and expenditure cash book, the minutes and the budget provided a different picture. There were many deviations of the law. The budget had not been adhered to at all. Some of the schools (E and F) conceded that their budgets were drawn up by the principal and never discussed by the SGB and the parents; the budgets were ratified and approved only through signatures and sent to the circuit office to release money from the PED.

Records indicated that there is lack of monitoring and control of financial books by the school principal and the departmental officials. Records from the journals of the six selected primary schools under review showed that some of the schools were never visited by departmental officials specifically for monitoring of expenditure and verification in the past ten years. There were no monitoring tools for finances at schools. I found missing payment vouchers in the income and expenditure cash book. Some of the schools (A, C, D and E) acceded that their reconciliation of books was not done monthly as required due to the work overload of the principal and finance officers (see par. 5.4.2; 5.2.4.2.3) (see tables 5.10-5.12; 5.28).

5.7.3.3 Financial planning and decisions

Some of the schools (A, C, D and E) faced the challenge of filing and record keeping as evidenced by missing payment vouchers and invoices in some of the claims in the claim book. No monthly bank reconciliation had been conducted. Minutes in most of the schools were

poorly formulated and not authenticated (ratified); they were filed with the SGB minutes. There were no specific minute books for finance committees. Minutes had not been authenticated by the principal or the SGB chairperson. In school C the minute book showed some evidence that financial decisions were taken, mostly by the principal and the SGB chairperson as few meetings were postponed due to members of the SGB not forming a quorum. But the counterfoil in the cheque book indicated that large sums of payments had been made for purchases and projects that there were no minutes for in the minute book that indicated when these financial decisions had been taken. Principals failed to keep proper and accurate records of the funds received and spent and of the school's asset registers as per SASA (Republic of South Africa, 1996b), PFMA (Republic of South Africa, 1999) and budget statement (see par. 5.4.2; 5.2.4.2.3) (see tables 5.10-5.12; 5.28).

5.7.3.4 Financial reporting of expenditure

The financial reporting of schools A - F showed their financial returns submission books; these indicated that schools A – D submitted their returns quarterly (four times a year instead of twelve times). Reporting was not up to the required standard. Schools failed to submit monthly financial statements on how they were utilising state money. Records from these selected schools (A - F) contradicted financial prescripts that clearly stipulated that schools must submit before the 7th of each month. There was no true reflection in terms of reporting (see par. 5.4.4).

5.7.3.5 Financial mismanagement

Most schools (A – E) agreed that they used blank cheques, which from the researcher's opinion, encouraged financial mismanagement and misappropriation. Most of the school principals (A - E) agreed that they had signed blank cheques for emergencies. Regarding the safekeeping of the cheque book, the researcher found that schools A, D, E and F kept their cheque books in the locked steel cabinets in the strong room. In school B the finance officer took the cheque book from her handbag on request, and the principal cited the issue of security at school. School C's finance officer went to fetch the cheque book from her locker in the staff room. Financial management is not afforded the status it deserves. The law requires the cheque book to be under lock and key. Schools A - E had no petty cash at school, but the record indicated that casual monies were collected from learners by teachers and used to buy sundry items regularly. The researcher also found missing payment vouchers in the income and expenditure cash book.

All six schools had asset registers, which were a total disaster. They all agreed that the registers were not up to date, but every year assets were bought. These activities encouraged forms of financial mismanagement in schools. The asset registers in all the selected schools needed serious attention as assets are the second item after travelling claims that consumes a great deal of funds allocated to the school.

All six schools had finance policies as mandated by the PED, but only schools B and F's finance policies contained reference to the relevant financial management (SASA Republic of South Africa, 1996b, EEA Republic of South Africa, 1998, PRECCA Republic of South Africa, 2004 and PDA Republic of South Africa, 2000) legislation. On review the researcher found that three of the six selected schools had a generic financial policy drawn up by a consultant who did not know the needs of the school; it was done for compliance only. All their finance policies were very quiet about the determination of transport tariffs.

The documents revealed that there is still a need for the principals, finance officers and departmental officials to understand the responsibility of the public school principal as per S16 A (2) (i; k) of the South African Schools Act, *“to take measures to prevent and report any financial mismanagement and maladministration regardless of whether it is committed by him /her, SGB or any staff member”*. This obligation is supported by legislation in Chapter 2 of this study. Review of documents shows that understanding and interpretation of these legal responsibilities regarding financial management in public schools is complex and difficult to handle (see par. 5.4.5 and tables 5.19 – 5.21; 5.30).

5.8 MAIN RESEARCH QUESTION

How do role players understand the public school principals' legal responsibilities regarding financial management in Limpopo?

- Various role players in the schools and circuits in the same district under investigation in the Limpopo province had vast different understanding and interpretation of the public school principals' legal responsibilities, which is not in line with the law (see tables 5.7-5.9; 5.28; 6.1).
- There is an indication that the application of legal responsibilities of planning, organisation, leading and control in financial management is very weak. There is no

proper monitoring and control of income and expenditure at schools. Public school principals are afraid to apply the law for fear of threat; intimidation and victimisation by a certain teacher union whose members are culprits (see tables 5.10-5.12; 5.28; 6.2).

- The majority of role players' perception is that the principal lacks knowledge of the legislation, skills and expertise to manage and administer finances at school. As a result, there is weak enforcement of legislative framework at school level. The unavailability of various legislation relevant to the public school principals' legal responsibilities regarding financial management as presented in chapter 2 is a serious challenge and sometimes lead to ignorance of the law. Statutes are required for uniformity and guidance (see tables 5.13-5.15; 5.29; 6.3).
- There is an indication that reporting the evaluation of financial statements/returns which is the corner-stone of accountability, is not properly and uniformly done at some of the schools (as required by legislation). There is a misinterpretation of fact that reporting is the responsibility of the school principal while it is the collective responsibility and accountability of the SGB (see tables 5.16-5.18; 6.4).
- There are cases of financial misconduct or mismanagement at some schools which are not reported as they should. No matter how serious the case is, it should be reported to the HOD; instead it is resolved internally. There is a perception of the role players that the principal does not want to report some of the cases because the principal is involved. In terms of the law (s59 of SASA) this is the responsibility of the governing body as the accounting authority (see tables 5.19-5.21; 5.30; 6.5).
- Data analysis has further revealed a misrepresentation of the fact that public school principals are accounting officers, responsible and accountable for the schools' finances. It seems that there is a lack of procedures and processes of accountability at schools. Finances require collective accountability. In terms of the PFMA (Republic of South Africa, 1999) the HOD is the accounting officer of the department of education. The HOD is in the middle as to whom to hold accountable, because of lack of knowledge of the law (see tables 5.21-5.24; 5.31; 6.6).

- The study yielded/unearthed a number of challenges that role players believed hamper the understanding of the public school principals' legal responsibilities regarding financial management in Limpopo, although not everybody has problems with financial management (see tables 5.25-5.27; 5.32; 6.7).

5.9 CONCLUSION

This chapter dealt with the data presentation, analysis and interpretation of the interviews in Section 5.4.1, the questionnaires in Section 5.4.2 and the document analysis in Section 5.4.3. The researcher reflected on principals, the finance officers and the departmental official' perceptions of the understanding, interpretation and application of the law; their rating of the school principals' knowledge, skills and expertise in financial management, reporting (evaluation of financial statements and financial mismanagement), accountability and the challenges experienced that hinder the various role players to understand the public school principals' legal responsibilities regarding financial management. The findings informed the researcher's conclusion that there is limited understanding as well as misinterpretation of law among the majority of role players in public schools with regard to the public school principals' legal responsibilities in financial management. The findings are not certain. Further investigations may be required regarding how the role players understand the public school principals' legal responsibilities regarding financial management in other districts, provinces and in the South African context. Chapter 6 presents a synthesis of the findings from the semi-structured interviews, self-administered questionnaires and the document review.

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CHAPTER 6: SYNTHESIS OF THE FINDINGS

6.1 INTRODUCTION

This chapter is based on the findings that were drawn from the semi-structured interviews, the questionnaires and the document analysis regarding the seven sub-questions and the main research question. Tables were used to show the inter-relationship of the views of the principals, the finance officers and the departmental officials, and to present the summary of their views and the contribution to the existing knowledge.

6.2 SYNTHESIS AND INTERRELATIONSHIP BETWEEN FINDINGS OF THE INTERVIEWS, THE QUESTIONNAIRES AND DOCUMENT ANALYSIS

6.2.1 UNDERSTANDING, APPLICATION AND INTERPRETATION OF THE SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT IN SCHOOLS

The data analysis revealed that most public school principals, the finance officers, and departmental officials face a challenge in the understanding, the implementation and interpretation of public school principals' obligations in terms of financial management. The findings from the interviews, questionnaires and the document analysis show that there is a lack of or limited understanding, misapplication and misinterpretation of the law regarding the legal responsibilities of the public school principals in financial management. Some of the role players' perceptions and opinions on understanding, application and interpretation of public school principals' legal responsibilities are not in line with the law. On average only 1.9 % and 14.3 % of the role players (principals and finance officers) respectively think that principals understand, apply and interpret the law correctly regarding financial management in public schools. This could mean that the large number of participants (98.1% and 85.7% respectively) support the findings from the interviews that there is a limited understanding, misapplication and misinterpretation of the law.

The role players' perceptions provide a gloomy picture of the understanding, application and interpretation of the public school principals' legal responsibilities regarding financial management in Limpopo. These misunderstandings and the misinterpretations have serious implications for financial management and the education of learners in public schools in the

Limpopo Province. The findings show a relationship with the findings found in Bargarette (2011:231; 2012:101); Bathon *et al.* (2011:369); Bloch in Liwane-Mazengwe (2009:106-107); Bush and Heystek (2003:129); Chaka (2005:21); DBE (2014:15; 2016:3); Clarke (2012:154); Mestry (2006:28); Joubert (2008:8); Squelch (2001: v) and Van der Merwe (2013:241). The findings indicate that there are limited skills and understanding of the public school principals' legal responsibilities regarding financial management; schools are battling to understand the responsibilities pertaining to the management of finances, they interpret and approach budgets and audited financial statements differently, and there is uncertainty in schools regarding the application of current legislation.

Table 6.1: The principals' legal responsibilities and legislative framework regarding financial management at school level (understanding and interpretation)

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of principals	S16A of SASA (RSA, 1996) is viewed as the Head of Department's way to curtail powers of the SGBs; shift in responsibilities from SGBs to principals, micro-manage SGBs; give more powers to principals, transfer of responsibilities	Majority of the principals (98.1%) do not think that understanding, application and correct interpretation of the legal responsibilities exist at schools	Most of the principals do not understand what they are doing at school in terms of financial management. There is ignorance of the law. Data reveals that some schools have no copies of SASA (1996) which is the foundation of governance and accountability in public schools. Some principals are unaware of the amendments in SASA. There is unavailability of these legislation/acts at schools (no files for annexure of legislation were found) which leads to a lack of knowledge, understanding, application and interpretation of law
Views of finance officers	S16A of SASA(RSA, 1996) shifts the financial powers from SGBs to principals; demand accountability from principals, give principals unlimited powers	A large number of finance officers (85.7 %) do not think that principals understand, apply and interpret legal responsibilities well at schools	
Views of departmental officials	Shifting of responsibilities from governing body, misinterpretation of law	The majority of departmental officials were neutral about understanding, application and interpretation	
Summary of the views of the three role players	The responses from the three sets of data indicate that the provisions in SASA are interpreted differently by the role players. The interpretations indicate limited knowledge, understanding and interpretation of legislation. The idea is that legislation is there to make things uniform and to give guidelines but if		

	people interpret the law differently then we have chaos. So the views of the role players are not in line with the law that provides that the schools' financial responsibility for school money lies with the SGB (s34 SASA RSA, 1996)
Implications synthesis/contribution to existing knowledge	Role players' understanding and interpretations are bad for financial management in schools and not good for the learners' education. The curriculum is suffering due to many deviations and virement from the budget, the finance policy and legislation. There is poor performance regarding financial management

Table 6.2: The principals' implementation of the legal responsibilities and legislative framework regarding financial management at school level (application)

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of the principal	Application not proper due to lack of knowledge and fear of victimisation, threat and intimidation	A large number (84.9%) strongly disagrees that law is applied at schools	Data reveals that knowledge of legal provisions relevant to financial management is very limited. Finance Committees are dysfunctional good on paper. Budgets full of virement. Planning, organisation, directing and control in school's finances is limited.
Views of finance officers	Application of law is not there, monitoring and control of expenditure is not properly conducted	The majority (85.7%) strongly disagreed that application of legal responsibilities is done at school	
Views of departmental officials	No application of law by most of the school principals	Neutral/uncertain	
Summary of view of the three role players	The role players' thinking of the how management of finances is governed at most schools shows that application is done without questioning the information from a higher authority to determine if is lawful or not (practical or not). This implies that training on the unpacking of legislation is inefficient		
Implications synthesis/contribution to existing knowledge	The Minister and the HOD made wrong assumptions. People thought that SASA would reach all the people, and that people can read, understand, and interpret everything in SASA. They thought that all people or stakeholders can understand any law (application of section 16 A of SASA (RSA, 1996) showed that law is difficult and complex to understand and apply.		

The study has found that the application or monitoring of school-level expenditure for ensuring financial allocations is not without problems. The understanding or perceptions of the various

role players is that application of legislation, monitoring and control of expenditure activities are demanded from the school principal. The majority of the role players' understanding is that schools do not have proper processes in place to monitor school level expenditure or allocations; principals and SGB members who are supposed to be responsible for monitoring are reluctant to do so as there are allegations that they are gaining personally. There are no school visits by the departmental officials to monitor and give support to the school principal and SGB members. No monitoring reports are generated and even those that are kept in a private domain and not shared by the Department. So these are main weaknesses experienced with monitoring expenditure at school level and are presented as findings from and DBE (2014:15); De Bruin (2014:134); DoE (2008); DPME (2013:1); Mestry (2006:28-29); Mestry and Naidoo (2009:123); Motsamai, Jacobs and De Wet (2011:1); Xaba (2011:206); Xaba and Ngubane (2010:153); Yau and Cheng (2010:50); (See Chapter 2 and 3).

6.2.2 UNDERSTANDING THE SCHOOL PRINCIPALS' KNOWLEDGE OF LEGISLATION REGARDING FINANCIAL MANAGEMENT IN SCHOOLS

The findings from interviews, the questionnaires and the document analysis indicate that there is a lack of knowledge of the legislation and expertise regarding principals' legal responsibilities in financial management in public schools. The role players' understanding is that few principals are equipped with knowledge of their responsibilities, expertise and skills to manage and monitor expenditure at school level, and few principals have good financial management skills and expertise to administer school funds. These findings are strongly supported by the unavailability of some of the important legislation relevant to financial management in selected schools. The key legislation is the recently amended copy of the South African Schools Act 84, of 1996. The amendment is regarded as the core business of the public school principals' legal responsibilities in assisting the school governing body to prevent any financial mismanagement by taking reasonable measures and reporting any mismanagement at school level. The role players' understanding is that a lack of knowledge of these legal provisions leads to misunderstanding, misapplication, misinterpretation of the legislation and misrepresentation of fact. It leads to the opinionisation of policies and use of common sense as indicated in the interviews and questionnaires. These findings are similar to the findings presented in DBE (2014:6); DoE (2004:117); Duma (2010:128); Mestry (2004:126; 2006:28-29); and Prew *et al.* (2011:13) and that indicate that principals lack skill, knowledge and expertise required in financial management.

Table 6.3: The principals' understanding of the legislation regarding financial management

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of principals	Lack of knowledge and skills related to legal prescripts and legislation.	The majority of the principals think that principals are not knowledgeable, skilled to manage and monitor finances. Lack of knowledge of key acts and legislation (SASA (RSA, 1996), NNSSF (RSA, 1998) and PFMA (RSA, 1999) is a serious concern (See Table 5.4.2.2b).	Unavailability of legislation relevant to financial management in schools such as copies of SASA (RSA, 1996), NNSSF(RSA, 1998) and PFMA (RSA, 1999); there is a lack of knowledge of some of the financial Management legislation.
Views of finance officers	Limited knowledge.	The majority of finance officers do not think that principals have good financial management skills and expertise to manage finances. A lack of knowledge of key acts and legislation (SASA (RSA, 1996), NNSSF (RSA, 1998), PFMA (RSA, 1999) (See Table 5.4.2.2b).	
Views of departmental officials	No skills, knowledge and understanding of responsibilities and legislation.	Lack of knowledge of key acts and legislation (SASA (RSA, 1996), NNSSF (RSA, 1998), PFMA (RSA, 1999) (See Table 5.4.2.2b).	
Summary of view of the three role players	Data analysis of the three data sets revealed a clear picture of what is really taking place in public schools. Knowledge of legislation and financial skills is limited in schools. Role players think that some school principals lack skills, knowledge and expertise in terms of financial management. This implies that in most cases they use their common sense to guide and support the school governing body and the finance officers and to interpret policies. The majority of the respondents (principals, finance officers and departmental officials) strongly think that some principals disregard the importance of legislative statutes in governance and management of schools.		
Implications synthesis/contribution to existing knowledge	Principals and SGBs have their own opinions of policy and use common sense regarding financial management. The unavailability of some legal provisions leads to misunderstanding, misapplication and misinterpretation of legislation, ignorance, incompetence and poor financial mismanagement.		

6.2.3 UNDERSTANDING OF THE SCHOOL PRINCIPALS' REPORTING OF THE USE OF FINANCES AT SCHOOL LEVEL

The data analysis has revealed that the responsibility of reporting is minimally done on the evaluation of financial expenditure/statements. There is no uniformity regarding what to submit and in what format. Some of the schools submit financial statements monthly, some quarterly and some annually. There are no provincial prescripts or guidelines to schools on how to draw up the monthly/quarterly financial statements.

It appears that schools do not have processes in place to collect and evaluate annual financial statements. Role players indicate that there is no format at school for reporting to the HOD. There is no clear knowledge of the law that reporting is a collective responsibility of managing finances. Findings indicate that the various role players think that the public school principal is responsible for compiling monthly, quarterly and annual financial statements reports, interpretation of the budget and the audited financial statement to the school governing body, the finance committee, the parents and to the Head of Department. There is the notion that the school principal fails to compile and submit monthly and quarterly financial statements on how they are utilising the state money as required by law.

The school governing body and the HOD demand reports (monthly, quarterly and annually and audited financial statements from the school principal. The HOD states that the principal is responsible for compiling all the reports of the Finance Committee, SGB, the parents and the department. However, this is contrary to the law (SASA). The law declares that the governing body and not the principal is responsible for the management of funds as well as reporting on the usage of these funds to the HOD (S36 - 38). In terms of Section 59 of SASA (RSA, 1996) it is “(1) the duty of school governing bodies to make information available for inspection by any person, (2) to provide such information about the school as is reasonably required by the HOD”. This statement implies that the HOD may reasonably, formally and in writing request reports from the governing body and not from the school principal. This section does not give the HOD the power to demand the reports from the principal. He must request the SGB formally in writing and provide reasons. If the SGB fails to do so, then the law must apply (S 21, S 25 of SASA (Republic of South Africa, 1996b)). The findings correlate with Bathon *et al.* (2011:369), De Bruin (2014:134) and Van der Merwe (2013:241) who point out that financial reporting in schools is just a formality that causes conflicts and harms working relationships.

Table 6.4: Understanding the context of reporting the evaluation of financial expenditure at schools

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of principals	No format, no uniformity, some do monthly, some quarterly and some annual financial reporting.	N/A	Submission books indicated that reporting is not up to the required standard. Copies show no uniformity of reporting. Each school uses its own format. There is no true reflection in terms of reporting. Records in the minute book and submission books indicate that schools fail to report the use of funds at school level. Some schools fail to submit audited financial statements.
Views of finance officers	Reporting is minimal. Monthly, quarterly and annual financial returns are not compiled. Ignorance of the law.	N/A	
Views of departmental officials	Schools fail to comply with directives to report. No accurate reporting, no proper monitoring or control.	N/A	
Summary of view of the three role players	Reporting of expenditure is not properly done. No uniformity in reporting. Some report monthly, some quarterly and annually. Most of the school principals prefer to report annually in order for the parents to also approve the following year's budget, as it is viewed as a requirement to release norms and standards financial allocations from the Provincial Education Department.		
Implications synthesis/ contribution to existing knowledge)	From the responses it is clear that reporting as a legal responsibility and prerequisite for accountability is minimal. There is misrepresentation of the fact that the principal is responsible for reporting the usage of finances at schools. This misinterpretation results in bad financial management, poor reporting and poor financial accountability. There is no action against schools that do not comply with their obligations		

6.2.4 Understanding of the school principals' reporting of the financial irregularities to the role players

Regarding the issue of reporting of financial mismanagement/misappropriation of funds the analysis of the interviews and the questionnaires and the documents has revealed that the understanding of the role players is that the school principal, teachers and school governing body members are involved in financially corrupt activities and these cases are not reported to the school governing body and the HOD; instead they are resolved internally at school level.

Legislation commands understanding, application and correct interpretation of the law, monitoring, accountability and reporting by the principal as part of the accounting authority and the principal as individual.

The research findings from the questionnaires, the interviews and documents such as the cheque books (blank cheques) and income and expenditure book (fraudulent claims, use of petty-cash and collection of casual monies for fund raising) have shown that much financial misconduct takes place. The role players' notion is that the principal does not want to be revealed or known as a thief. Principals cover up financial irregularities to gain favour with teachers and SGB members; they are reluctant to report any financial mismanagement cases; they solve cases at school level, are scared that reporting will negatively affect their position at work; and they protect their jobs, sometimes at the expense of the staff and SGB members.

S16A (2) (i) and (k) of SASA (Republic of South Africa, 1996b) declares that the principal must take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department. The data analysis shows that a principals' practice in resolving the cases internally at school level is not in line with the law. There is no indication in SASA of the forms of prevention the principal must follow, or a list of reasonable measures to refer to. Every principal uses his own discretion, which he thinks is good for his school. The study has found that some principals use situational leadership analysis and each case is assessed according to its merit.

The reporting of cases of serious financial mismanagement to the HOD should be done by the school governing body and not the principal. A study of cases of financial mismanagement that are not reported to the HOD, i.e. why principals and SGB members resolve problems at school level instead of reporting them to the HOD as required by law, is necessary. The findings show a relationship with the findings of Bischoff and Mestry (2003:50); Clarke (2012:154); Corruption Watch (2012:10; 2013:1; 2014:11, 2015:44); GDE (2015:2) and Mestry (2004:126; 2006:28-29) and the findings from the literature review indicate that there are many cases of financial mismanagement at public schools involving the principal and the governing body members. The study has found that these cases are not reported to the SGB or to the HOD.

Table 6.5: Understanding the reporting of financial irregularities to the role players

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of principals	Cases are resolved internally at school level to nurture good working relations.	The majority (50%) agree that cases of financial mismanagement are not reported to the HOD; instead they are resolved internally at school.	Minute books and school journals indicated that cases of mismanagement are resolved internally. In school F there was a copy of a memorandum of understanding between the principal and the teacher who used money collected from learners for the school trip on when to refund it. The deviation from quotations and decisions taken in the official meetings as indicated in the minute books, safe keeping of cheque books and signing of blank cheques were worrisome findings.
Views of finance officers	All cases of financial mismanagement are re-solved amicably at school level.	The majority (50%) agree that cases of financial mismanagement are not reported to the HOD; instead they are resolved internally at school level.	
Views of departmental officials	Most schools resolve financial mismanagement cases at school level.	The majority (50%) agree that cases of financial mismanagement are not reported to the HOD; instead they are resolved internally at school.	
Summary of view of the three role players	<p>The corroboration of data from the various role players in the interviews, the questionnaires and the document analysis shows that some school principals are involved in different forms of financial mismanagement, in particular embezzlement of funds and fraudulent claims. Some public schools do not report cases of financial mismanagement and maladministration as required by law. It seems that principals implement situational leadership analysis based on S16 (A) (2) (i), which requires the principal “to take reasonable steps when he/he feels there is flouting of the law.”</p> <p>Principals resolve cases of financial mismanagement internally and harmoniously at school level in order to maintain and nurture the good working relationship and for fear of being victimised and intimidated by teachers and their unions. It seems that principals cover up cases of financial mismanagement happening at schools. Principals lie to the employer (HOD) and this is a serious misconduct; they defend/protect their jobs at the expense others.</p>		
Implications; synthesis contribution to existing knowledge	<p>There is a legal loophole that allows cases of serious financial mismanagement to be resolved at school level. Principals take advantage of Section 16(A) (i) of SASA (RSA 1996) and should take reasonable steps by re-solving cases internally at school to hide mismanagement and maladministration of funds. There is mushrooming of financial mismanagement cases as principals know that there are no serious repercussions for mismanaging funds. This has a serious impact on the financial health of the school. The practice leads to poor governance, bad financial management and poor financial accountability.</p>		

6.2.5 UNDERSTANDING OF FINANCIAL ACCOUNTABILITY AT SCHOOL LEVEL

The research findings have revealed that all the role players think that the principal is accountable for financial matters at school. Findings from the interviews, questionnaires and documents (as indicated in circulars as directives) corroborate the fact that the school principal is an accounting officer. The role players' understanding and interpretation is that the public school principal is the accounting officer and is accountable and answerable for financial mismanagement and irregularities. This indicates that intensive training is highly needed. The law says only the HOD as per PFMA (Republic of South Africa, 1999) (s38) is an accounting officer of the Department. The law is clear on this fact that the administration of the school's finances is a collective responsibility and accountability of the school governing body. In terms of Sections 23 and 30 the constitution of the governing body and its membership comprises elected members, the principal in his official capacity and co-opted members. The law says the principal together with the SGB is the accounting authority and accountability is demanded from the principal as an "ex officio" member in the governing body and as the head of the institution.

Table 6.6: Understanding financial accountability at school level

	Expressed during interviews	Expressed in questionnaires	Expressed in documents
Views of the principal	The principal is an accounting officer accountable for any financial mismanagement at school.	The majority of the principals (100%) strongly believed that the principal is accountable or answerable for any financial mismanagement at public schools.	Circulars from the HOD demand financial statements, financial reports, audited budgets and finance policies from the principal as an accounting officer.
Views of finance officers	The principal must be held accountable as the accounting officer; collective accountability	The majority of the finance officers (100%) strongly believe that the principal is accountable or answerable for any financial mismanagement at public schools.	
Views of departmental Officials	The principal is answerable and must be held accountable as accounting officer.	The majority of the departmental officials (100%) strongly believed that the principal is accountable or answerable for any	

		financial mismanagement at a public school.
Summary of view of the three role players	The analysis of the three data sets has revealed that the all role players think that the school principal is the accounting officer, which is a wrong perception. The principal alone cannot take decisions and cannot be accountable individually. The law demands collective accountability from the school and not from the principal.	
Implications; contribution to existing knowledge	Their interpretation of the law is in contradiction with the law. As a result there is a lack of an in-depth understanding and correct interpretation of the law, and financial accountability in schools. This indicates that intensive training is highly needed.	

6.2.6 THE CHALLENGES THAT HAMPER THE PARTICIPANTS' UNDERSTANDING OF THE SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT AT SCHOOLS

The study has found that there are commonalities and interrelation in the challenges discovered in the interviews and the questionnaires and visible in the document analysis. These challenges are related to the depth of understanding of how schools in Limpopo execute their legal responsibilities. These challenges include perceptions and widespread problems experienced by role players in understanding the public school principals' legal responsibilities regarding financial management. The majority of role players' perceptions are that the understanding of the public school principals' legal responsibilities are hindered by a lack of understanding of legal responsibilities and policies, regulations and legislation; a lack of knowledge and financial management skills and expertise required in financial management at school level; a lack of monitoring and control of expenditure at school level by the principals and the departmental officials, misinterpretation of financial documents, legislation and policy; and collusion of auditors with principals and finance officers. There is failure to comply with obligations, complete and submit monthly and quarterly financial reports due to a lack of communication and understanding among the role players.

Some of the contributing factors are limited resources and work overload as a result of schools not supplied with clerks and instead using the services of teachers as finance officers. So there

is a need for administrative clerks. There is a lack of computers with programs for financial management, such as Pastel, which need intensive training; intimidation, fear of intimidation, victimisation of the principals by teachers unions and teachers who are involved in corruption and principals who buy the favour of the staff by not reporting them if involved in financial mismanagement. There is a lack of trust, openness and transparency amongst the principal, finance officer, SGBs and teachers who use the same money from the department on a day to day basis. There are limited financial management skills on the part of the principals, finance officers and departmental officers as a result of lack of experience, poor communication, poor delegation, SGB literacy rate and participation. Departmental officials in both the interviews and questionnaires raised the issues of interference of teacher unions in the disciplinary measures when their members are involved in financial mismanagement and disciplinary hearing for financial misconduct; the interference of teacher unions in the appointment of prospective principals in schools, which in most cases, is based on the loyalty to the union and not on relevant managerial skills, experience or competence.

Another key challenge raised is the appointment of people in strategic posts without experience, skills, ability and competence. Principals, finance officers, and the departmental officials (circuit, district and provincial level) deal with the allocation and utilisation of funds in public schools.

Most of them do not have the knowledge of legislation to manage financial matters and it becomes difficult for them to cope and give directives to schools. Some are scared of the law for fear of been exposed as people with limited knowledge and skills or incompetent. These challenges show that there is still much work to be done in terms of understanding the legislation, policy application and interpretation of public school principals' responsibilities regarding financial management in the public schools in Limpopo (see tables 5.25-5.27, 5.32).

Table 6.7: Challenges perceived that hamper participants’ understanding of the public school principals’ legal responsibilities regarding financial management at schools

	Expressed during interviews	Expressed in questionnaires (between 75% and 100% responses)	Expressed in documents
Views of principals	Lack of knowledge, skills and expertise. Collusion with auditors to defraud the school account. The SGBs are rubber stamps of the principal, Misinterpretation of budget, audit financial statements, acts, legislation and circulars. Noncompliance. Work overload, ignorance.	The majority of principals strongly believed that lack of transparency, openness and honesty, work overload, lack of monitoring and support from PED, lack of understanding, application and interpretation of legal provisions were challenges faced by the role players.	Recording and record keeping (<i>as indicated in the minute book and Finance Committee files</i>). Inflating prices (<i>as shown in the minutes books</i>). Non- correlation between the school budget, (<i>the minute book for financial decisions taken and the claim forms</i>). <i>Much</i> virement - paying expenses on a certain budget post from another one. In other words moving money between post) without supporting vouchers (<i>in the claim book</i>). Lack of knowledge and skills (<i>which was evident in the minutes and the finance policy of school</i>). Dominance of the principal in running of school governing body and finance committee meetings (<i>as visible in the minute book</i>).
Views of finance officers	Lack of knowledge and understanding, Weak monitoring and control from the DBE/PEDs/District/Circuit. Work overload of principals and finance officers. Dominant, manipulative and abusive principals, work overload. a lack of trust, openness and transparency in school, ignorance.	The majority of finance officers strongly agreed that ignorance of the law and unauthorised expenditure hamper the understanding of legislation.	

<p>Views of departmental officials</p>	<p>A lack of knowledge, skills and understanding of the Acts and regulations. Teachers and principals use the power of teacher unions to threaten and victimise/intimidate departmental officials. Linking of all the documents (legislation and policies) relevant to financial management. Late transfer of allocations money. Budgets and procurement procedures that are overlooked. Ignorance of the law. Intimidation, fear of victimisation. Comradeship and unionism. Lack of monitoring and control by the department which most of the principals are taking advantage of.</p>	<p>The majority of the departmental officials think that intimidation and victimisation, interference of teacher unions, decay of morality and integrity, and misinterpretation of the law hamper understanding.</p>	<p>Poor reporting of the evaluation of how money allocated to the schools is used as evidenced in the unavailability of copies and in the submission book.</p>
<p>Summary of view of the three role players</p>	<p>All three data sets revealed that there are serious challenges to the understanding of the public school principal's legal responsibilities regarding financial management in Limpopo. They show that public schools face a multi-dimensional crisis in understanding management of finances. This showed that there is still much work to do in terms of the depth of understanding the policy application and interpretation of these legal provisions regarding financial management in public schools.</p>		
<p>Implications synthesis/contribution to existing knowledge</p>	<p>The numbers of challenges faced by the participants is an outcry to the DBE/PED that needs serious attention. This survey came at a time the DBE (2014) / (2016) (acknowledged that it was facing challenges in understanding the roles and responsibilities of the public school principal in South Africa. Concerted efforts are needed to improve the understanding of the public school principals' legal responsibilities regarding financial management.</p>		

6.3 SUMMARY OF THE STUDY BASED ON THE MAIN RESEARCH QUESTION

How do role players understand the public school principals' legal responsibilities regarding financial management in Limpopo?

The following findings regarding the main research question emerged from the integration of findings from interviews with principals, finance officers and departmental officials; questionnaires administered to principals, finance officers and departmental officials, as well as document analysis.

- Various role players have different understandings and interpretations of the legal responsibilities of principals regarding financial management in public schools. Majority of the role players understood and interpreted these legal responsibilities as a shift (of responsibilities) and powers from the school governing bodies to the principals, to curtail SGB powers and to micro-manage them. Their perceptions are not in line with the law. SASA S16 A (2) (i; k) in conjunction with other legislation is clear that these are legal responsibilities that principals are expected to execute as financial managers at school level (see tables 5.7- 5.9; 5.28; 6.1).
- The understanding of the role players is that the application of legal responsibilities of planning, organisation, leading and control in financial management is very weak and incorrect. The public school principal is afraid to implement the law for fear of threat, intimidation and victimisation by certain teacher unions. There is weak enforcement of legislative frameworks and improper monitoring and control of income and expenditure at school level (see tables 5.10- 5.12; 5.28; 6.2).
- The role players' perception is that the principal lacks knowledge of the legislation, skills and expertise required to plan, organise, direct and control finances in schools. Most of the principals do not know how to assist and support the governing body in the management of finances at school. Some of the principals are unaware of the amendments in SASA (S16A) due to the unavailability of the legislation. There is ignorance of the law (see tables 5.13 – 5.15; 5.29; 6.3).
- There is an indication that reporting as a cornerstone of accountability is lacking. Reporting of the evaluation of financial statements / returns is not properly and uniformly done at schools. There is misinterpretation of the fact that reporting is the responsibility of the school principal and the collective responsibility of the governing body (see tables 5.16 – 5.18; 6.4).
- Cases of financial misconduct or mismanagement, no matter how serious they are, are not reported to the HOD; instead, they are resolved internally. There is a perception among the role players that the principal does not want to report some of the cases of financial mismanagement / irregularities because he/she is involved and conceals information; there is an element of mistrust, and principals lie (to the SGB and the HOD) to protect their job (see tables 5.19 -5.21; 6.5).
- There is a lack of processes and systems for financial accountability at schools. Data analysis has further revealed the misinterpretation of the fact that the public school

principal is an accounting officer responsible and accountable for the school's finances. The role players' understanding and interpretation is not in line with the law (as in terms of the law (PFMA Republic of South Africa, 1999) the HOD of the department is the accounting officer). This misconception puts the HOD in between the principal and the SGB; due to the lack of knowledge of the law and expertise, he/she does not know whom to hold accountable for any financial irregularities (*Schoonbee & others vs. MEC for Education, Mpumalanga and Another 2002 (4) SA 877(t)*) (see tables 5.21 -5.24; 5.31; 6.6).

- The study also unearthed various challenges that hamper the understanding of public school principals' legal responsibilities regarding financial management such as lack of knowledge, skills and expertise due to lack of intensive training; lack of understanding of the Acts and regulations, misinterpretation of Acts and circulars; lack of transparency, fairness, openness, responsibility and accountability when dealing with finances; weak monitoring and support from departmental officials from the circuit, district, PED and DBE; and interference of teacher unions in the appointment of principals based on comradeship, faithfulness to the Union and cadre system, including teachers and principals who use the power of teacher unions to threaten, victimise and intimidate departmental officials not to visit schools/ to destroy evidence or withdraw cases (see tables 5.25 -5.27; 5.32; 6.7).

6.4 CONCLUSION

The responses to the questionnaires, interviews and document reviews depict a bleak picture of the depth of understanding of the various role players of the public school principals' legal responsibilities regarding financial management in Limpopo Province. The researcher's argument is that the depth of understanding of the public school principals' legal responsibilities regarding financial management is limited. There is a lack of understanding of policies and regulations; inadequate skills, knowledge of legislation and expertise; a lack of application and misinterpretation of a legal framework; a lack of financial accountability; poor reporting of financial expenditure of public funds and poor reporting of financial mismanagement cases in the Limpopo Province public schools.

As long as public schools experience intimidation, threats and victimisation, interference of teacher unions in the appointment of the principal and discipline of their members who are involved in financial misconducts, the government will have to bear the brunt for challenges

relating to the understanding of public school principals' legal responsibilities regarding financial management.

From the researcher's point of view understanding these legal responsibilities requires team work, commitment, openness, transparency and honesty, integrity and open communication on decision making from all the role players. However, research findings indicate that these aspects are hampered by, among others, secrecy, dominance of principals in meetings and decision making processes, conflict, and strained working relationship and misinterpretation of the legislation.

It seems that the HOD fails to notice a deterioration of financial management at school level. The HOD tries to centralise the responsibility and accountability for the prevention and reporting of financial management from the governing body as accounting authority with original powers to school principals who are "*ex officio*" members in the governing body. Financial management responsibilities remain a collective accountability at public schools. The PED needs introspection in terms of its policy implementation and management. The next chapter presents the findings, overview, conclusions and the recommendations of the study.

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CHAPTER 7: FINDINGS, OVERVIEW, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The preceding chapter presented the synthesis of the findings from the semi-structured interviews, the questionnaires and the document analysis. This chapter provides the purpose of the study, an overview on the major findings in relation to the research aims, conclusions that were drawn from the study findings, the working assumptions, significance of the study and the contribution of new knowledge. Recommendations are made and suggested topics for further research in the field of financial management in the public schools are given, and models for the improvement of understanding the principals' legal responsibilities regarding management of finances in public schools are suggested.

7.2 SUMMARY OF RESEARCH FINDINGS

7.2.1 How do you interpret the public school principals' legal responsibilities regarding financial management?

There are vast differences in how various role players understand and interpret the legal responsibilities of the public school principals regarding financial management. Role players think that the HOD wants to curtail the powers of the SGBs, shift the financial responsibilities from the governing body to the principals, to micro-manage the SGBs, must have realised the loopholes created by the decentralisation of power and governance. So the aim was to close the gap by finding someone like a principal to hold accountable. Their perceptions are not in line with the law. Section 16 A (2) (i; k) of SASA (Republic of South Africa, 1996b) lays out the functions and responsibilities of the public school principals as financial managers (see par. 5.6.3.1; 5.8; 6.3 and tables 5.7 – 5.9; 5.28; 6.1).

7.2.2 How do you understand the public school principals' application of legal responsibilities regarding financial management?

The data analysis has revealed that there is a lack of implementation / application of legal responsibilities regarding financial management in schools. This notion is supported by the responses from the participants interviewed in the study who revealed that when the principals apply legal responsibilities in terms of the legislative framework and regulations, they experience fear of intimidation and victimisation from teacher unions defending their members,

the SGB and the community. The data analysis revealed that role players think that in most schools the financial management tasks are done by the principal; that he draws up the school budget, the finance policy that looks good on paper but is totally dysfunctional, and appoints finance officers, petty cash officers, asset managers and development committees; that he authorises and approves his own payment even though his claims should be approved by the circuit manager; that he runs the finance committee and school governing body meetings and influences most of the finance decisions. As a result of this misconception of principal dominance, the school governing body fails to monitor the expenditure and to compile monthly reports as required by law.

The study found that planning, organisation, leading and control in financial management is lacking. School principals have no programmes and plans to monitor finances. No reports are generated for the relevant role players. In general there is a lack of monitoring and control of expenditure from both the school and the department of education to ensure that money is used as intended as also confirmed by the principal under challenges experienced when managing finances at school. In terms of S30, 37-43 of SASA (Republic of South Africa, 1996b) monitoring and control of expenditure is the school governing body's responsibilities and not that of the principal. The principal serves on the governing body in advisory capacity only. These findings from the three data collection strategies present a dim picture of application of the law at school level (see par. 5.6.3.2; 5.6.3.4; 5.8; 6.3 and tables 5.10 – 5.12; 5.28; 6.2).

7.2.3 What is the role players' perception of the public school principals' knowledge of legislation regarding financial management?

The majority of the role players in both the questionnaires and the interviews strongly disagreed that the school principal is equipped with knowledge of the legislation, skills and expertise to advise and support the governing body regarding financial management in schools. A response to the interview indicates that Principal P3, due to a lack of knowledge of financial responsibilities and skills, was not sure whether he was doing the right things. He (P3) indicated that schools have committees/structures like the finance committee and procurement committee that deal with the budget and procurement. But all these structures are on paper and are not implemented due to lack of knowledge and skills of their duties and responsibilities.

There is no uniformity in the implementation of public school principals' legal responsibilities and interpretation of the law due to the unavailability of the legislation and ignorance of the

law. The rationale for having the legislation is to make things uniform and give guidelines. If principals lack this knowledge then law is interpreted differently, which might lead to financial mismanagement and a serious implication for the education of the children. There is an indication that section 19 of SASA (Republic of South Africa, 1996b) is applied in part only or not at all. The principal uses common sense (“gut feelings”) to assist and guide the SGB and to interpret policies and directives (s16A) of SASA (Republic of South Africa, 1996b). The majority of the participants (principals, finance officers and departmental officials) strongly thought that the unavailability of some legal provisions at schools leads to misunderstanding, misapplication and misinterpretation of legislation, negligence, incompetence and poor financial mismanagement (see par. 5.6.3.1; 5.8; 6.3 and tables 5.13 – 5.15; 5.29; 6.3).

7.2.4 How do role players understand the public school principals’ reporting the use of finances at school level?

Findings revealed that reporting as the cornerstone of accountability is not done properly and uniformly at school. The data analysis has revealed that there is a limited understanding of the context of reporting the evaluation of financial expenditure at school level as one of the public school principals’ legal responsibilities. Schools have no policy guiding them in the drawing up of financial statements, in what evaluation entails or in the format of reporting. There is no regular reporting by school principals, and no sharing of reports through meetings and communication.

Most of the role players think that the principal as school manager is supposed to report to the finance committee or the SGB and the circuit office monthly or quarterly. He is, in fact, supposed to report annually to the parents through annual general meetings (AGM) and to the Provincial Education Department (PED) through audited financial statements (AFS). Some of the role players pointed out that the principal reports annually to the parents because it is a requirement of the PED to release the allocation to the school (submission of the budget approved by the parents and the audited financial statement presented to the SGB and the parents). So they fail to report the financial status of their schools to the various stakeholders monthly.

Departmental Officer 6 (at provincial level) indicated that the public school principal does not report accurately as compared to private school managers. He simply uses money and sometimes does quarterly reporting through circuits, but most of them do not comply with legislation; even those that submit their reports have no accuracy. Another participant (DO 1)

indicated that districts send reports from circuits on monitoring expenditure and reporting of usage at school level. Most of the districts complain of the large number of school principals who fail to comply with directives. It appears that there is no clear knowledge of the law that reporting is a collective accountability. Reporting is the responsibility of the governing body as an accounting authority and not of the principal as an individual (see par. 5.6.3.4; 5.8; 6.3 and tables 5.16 – 5.18; 6.4).

7.2.5 What is the role players' understanding of the public school principals' reporting of financial mismanagement at school level?

The findings indicate that there is no reporting of cases of financial mismanagement to the HOD. Cases of financial mismanagement are resolved internally. There is no formal list of reasonable steps/measures to take. Principals use their own discretion, common sense and situational leadership theory. The majority of the role players think that the school principal resolves cases of financial mismanagement at school to cover up mismanagement. Principals lie to the employer (HOD). They protect their jobs at the expense of others and this is a chargeable offence. There is a general feeling that principal does not want to report some of the cases because of personal involvement.

The law in S16A (2) (i) and (k) of SASA (Republic of South Africa, 1996b) declares that the principal must take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department. What the principal practises in resolving the cases internally at school level is in line with the law. Nowhere in SASA are the forms of prevention the principal must follow stipulated. Every principal uses his own discretion that he thinks is good for his school. The study has found that the principal implements situational leadership theory and each case is assessed according to its merit.

The majority of the role players think that the principals, SGB members and teachers are involved in financial mismanagement. The corroboration of data from the interviews, the questionnaires and the document analysis showed that in some schools these cases of financial mismanagement are not reported to the relevant authority, and are resolved at school level instead. Allowing cases of serious financial mismanagement to be resolved at school level creates a legal loophole. The principals and teachers flout the law and take advantage of S16 (A) (i) of SASA (Republic of South Africa, 1996b) by covering up mismanagement and

maladministration of funds with impunity (see par. 5.6.3.5; 5.8; 6.3 and tables 5.19 – 5.2; 5.30 and 6.5).

7.2.6 What is the role players’ understanding of the public school principals’ legal responsibility of financial accountability at school level?

The majority of the role players think that the school principal is the accounting officer at school level. Most of the role players’ interpretation is not in line with the law. In terms of S 38 of the PFMA (Republic of South Africa, 1999), the HOD is the only accounting officer of the Department of Education. SASA (Republic of South Africa, 1996b) says the principal together with the governing body in which he is an “*ex officio*” member is an accounting authority at school level.

The law is clear that the principal is accountable and answerable for all the delegated functions by the SGB and the HOD, and financial irregularities and mismanagement happening at schools. So the administration of the school’s finances is a collective responsibility and accountability of the school governing body. In terms of S 23 of SASA (Republic of South Africa, 1996b), the governing body of an ordinary public school comprises elected members (parents and teachers), the principal in his official capacity and co-opted members. The principal alone cannot take decisions and cannot be accountable individually. In support of this statement, one finance officer (FO) showed understanding of the meaning of accountability of the school governing body at school level by indicating that those who sign cheques (signatories), the finance officer who issues cheques and the principal and the SGB chairperson who approve and authorise the cheques must be held accountable. This is a collective responsibility (see par. 5.6.3.6; 5.8; 6.3 and tables 5.22 -5.24; 5.31 and 6.6).

7.2.7 What are the challenges that hamper the understanding of the public school principals’ legal responsibilities regarding financial management at school level?

Role players raised various challenges that hamper the public school principals’ legal responsibilities regarding financial management. Challenges raised were: limited knowledge and understanding of the law and skills required in financial management; misinterpretation of financial documents such as the budget, audited financial statements, acts, legislation and circulars; lack of communication and honesty, openness and transparency when dealing with finances. Lack of financial management plans, committees and policies. Work overload of principals and finance officers. Weak monitoring, control and support from the DBE/PEDs/District/circuit/SGBs. Teachers and principals who use the power of the teacher

unions to threaten and instil fear, intimidation, victimisation to principals and departmental officials; ignorance of the law, and a lack of clear understanding of financial responsibilities. Poor record keeping and failure to report the state of finances and cases of financial irregularities.

The researcher's viewpoint is that the number of challenges faced by the participants is an outcry to the DBE/PED that needs serious attention. It shows that public schools face a multi-dimensional crisis in understanding the public school principals' legal responsibilities required in financial management at schools. There is still much work to do in terms of the depth of understanding the policy application and interpretation of these legal provisions regarding financial management in public schools. This study came at a time that the DBE admitted that they were facing challenges in understanding the roles and responsibilities of the public school principal in South Africa (DBE, 2014; 2016). Concerted efforts are needed to improve the level of understanding of the public school principals' legal responsibilities regarding financial management (see par. 5.8; 6.3 and tables 5.25 – 5.27 and 5.32).

7.2.8 Concluding remarks

I have reflected on principals, the finance officers and the departmental officials' perceptions of understanding the public school principals' legal responsibilities regarding financial management. The findings informed the researcher's conclusion that public school principals have legal responsibilities as laid out by law. There is limited understanding and misinterpretation of law among the majority of principals as perceived by role players in public schools. This limited misapplication of the law/ lack of implementation and lack of knowledge, skills and expertise in finances due to unavailability of legislation and ignorance of the law, lack of reporting and accountability have an adverse impact on the financial management and the education of learners at public schools.

7.3 RECOMMENDATIONS

7.3.1 RECOMMENDATIONS FOR THE IMPROVEMENT OF UNDERSTANDING PUBLIC SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT.

7.3.1.1 Proposed charts and model for the improvement of the understanding of public school principals' legal responsibilities regarding financial management.

The study of legal responsibilities regarding financial management from the perspective of the principal, finance officers and the departmental officials analysed the various role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo. The researcher has developed (i) chart for internal financial control at public schools; (ii) a chart for internal financial monitoring at public schools as well as (iii) a model for understanding financial management in the public schools. The developments were influenced by how the public school principal meets his responsibilities of taking reasonable measures and steps to prevent and report financial maladministration at school level, and how the various role players interpret this application/implementation.

From the researcher's understanding and viewpoint, public school principals' legal responsibilities regarding financial management and fighting corruption in an educational sphere or sector is an ideal only, not a reality. Few outcomes of cases of corruption at school level are reported out of the over 26 000 public schools in the country/South Africa. Even if investigations are done, reports are kept in the private domain. The government from national (macro-level), provincial, district and school level (micro-level) seems to be in denial about the extent of dysfunctionality regarding financial management, limited understanding of public school principals' legal responsibilities regarding financial management, corruption and lack of accountability as challenges South African public school currently face.

Research findings have indicated that the school principals, finance officers and departmental officials are in denial regarding the state of financial management and understanding of legislation regarding the involvement of principals in the management of finances in public schools. The frequency of reporting (last reports 2011/2012) indicate that there is really a crisis in Limpopo public schools. There is limited monitoring of expenditure and reporting at schools, and this is bad for the management of public finances. This is reflected clearly as the cause of the problems. These findings are supported by the Public Service Commission, (Republic of

South Africa) (PSC) (2007) that indicated that Limpopo Province Education Department does not have databases tracking the progress on allegations of corruption reported. The Department (of Education in Limpopo) does not comply with the legislation, does not have fraud prevention plans as required by the PFMA, and there is no systematic approach to monitoring allegations of corruption. Generally there is no database on the handling of corruption/financial mismanagement. In the researcher's point of view this aspect may have a bearing on anti-corruption strategies and sound financial management at school level but they are not taken into consideration.

The understanding of the legal responsibilities regarding financial management from the educational sphere informed the researcher to focus firstly on the different types of models to improve various role players' perceptions, attitudes and opinions on the public school principals' understanding, application and interpretation of the legal framework, monitoring, accountability and reporting to improve skills, knowledge and competencies regarding financial management in schools and to prevent any financial mismanagement that have a negative impact on schools. The focus was on the research questions and conceptual framework as linked to the principals' responsibilities in taking all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; and to report any maladministration or mismanagement of financial matters to the governing body of the school and the HOD.

The literature review indicates that most public schools appear functional on the surface (outside appearance), with the SGB and finance committee, procurement structures in place, SGB subcommittees exist, but on viewing and analysing them from within, the day-to-day financial operations show signs of dysfunctionality and corruption. It is easy to single out and blame the school principal for a lack of knowledge, skills and expertise required in financial management and misinterpretation of the law, but as this is corporate governance based on democratic principles and collective accountability, the principal is not the sole one to blame.

The researcher's viewpoint is that the Department of Basic Education (DBE) aggravates this problem by failing to do regular governance audits. The last audit report was released in 2004. The Department of Basic Education (DBE) aggravates this problem further by giving provincial HODs the power to appoint principals in public schools unilaterally and in many instances ignoring the recommendations of the SGB. Sometimes this unilateral appointment is based on the influence of comradeship, unionism, affirmative action and gender without looking at the

financial competency, ability, skill and knowledge, qualifications and experience of the candidate to assume the huge responsibility of managing and administering the school funds as the school manager, which is equivalent to that of the chief executive officer. The Minister of Basic Education has established a task team to probe allegations reported in the media regarding the alleged selling of posts of educators and irregular appointment of educators at schools and the role played by any union and by officials of provincial education departments in these alleged irregular appointments (DBE 2014 No.38144) (DBE 2016).

The suggested charts and model are aimed at ensuring good understanding and interpretation of public school principals' legal responsibilities regarding financial management and financial accountability. These models will be of value to all role players dealing with finances at public schools. All public schools with or without administrative clerks, the principals, teachers, finance officers, school governing body members, departmental officials dealing with school allocations and monitoring, teacher unions, policy-makers and all parties interested in financial management can benefit by utilising the models.

Figure 7.1. a. Proposed chart for internal financial control measures in public schools

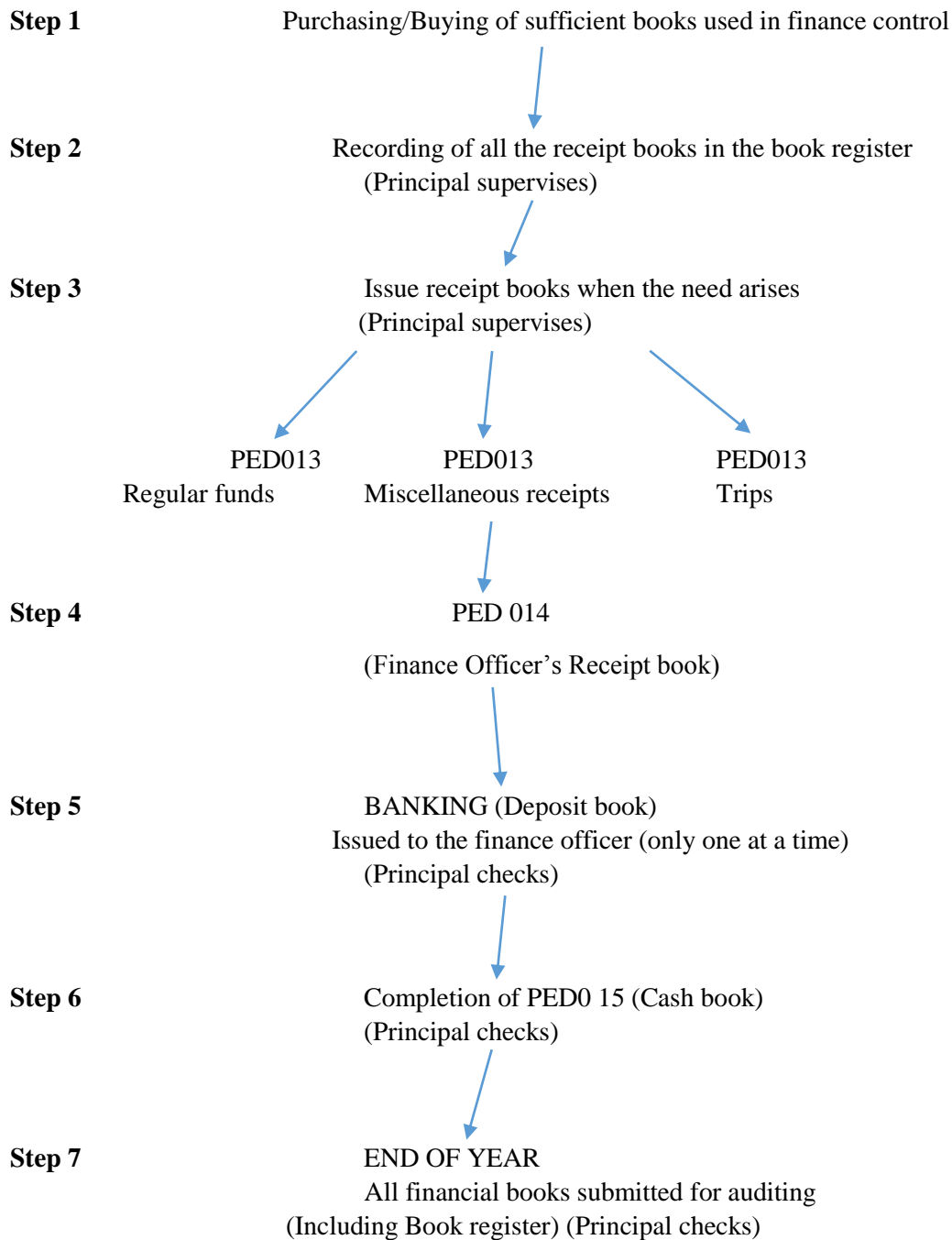


Figure 7.1: Proposed model for internal financial control measures in public schools

Figure 7.2 b. Proposed chart for internal financial monitoring of funds in public schools

1. BOOK REGISTER
 - o Record all financial books o PED0 13 (Regular funds, miscellaneous receipts and trips)
 - o PED0 14 (Finance Officer’s Receipt book) o PED 15 (Cash book) o PED0 16 (Requisition book/Requisition for payment out of school fund) and Asset registers
2. MANAGEMENT OF THE ABOVE FINANCIAL BOOKS
 - o Issuing of receipts
 - o Cancellation of receipts
 - o Receipting of cash/income
 - o Banking
3. MANAGEMENT OF EDUCATIONAL TOURS
 - o Financial report (submit to circuit and to auditors at the end of the year)
 - o Surplus funds (issue miscellaneous receipt and re-bank)
4. RECORDING, AND ALLOCATION OF CASH (INCOME)
 - o Management of all funds raised
 - o Government grants
 - o Conflict of interest
5. RECORDING AND ALLOCATION OF PAYMENTS/ (EXPENSES)
 - o Carbon papers
 - o Supporting documents
 - o Management of accounts payable
6. PETTY CASH ADMINISTRATION/FLOW
 - o Departmental rules
 - o Definition of “petty”
 - o Petty Cash Book
7. AUDIT/ACCOUNTING PROFESSIONS
 - o Meaning/definition of *audit*
 - o Purpose of audit: Compliance with PFMA and SASA
 - o Controlling bodies of the audit profession: SAICA/SAIPA
 - o Types of audit report: Qualified and unqualified
8. AUDIT FEES: The need for a paradigm shift

Figure 7.2 Proposed chart for internal financial monitoring of funds in public schools

Figure 7.3 c. A proposed model of understanding public school principals’ legal responsibilities regarding financial management

A dramatic paradigm shift is required of public school role players. A transformative and deep change from governance to professional intensive training regarding public school principals’ legal responsibilities in financial management is necessary. The model of understanding principals’ responsibilities in financial management sets out the knowledge, skills and expertise role players need to understand, manage and administer finances/funds in public schools. This integral model is aimed at improving the understanding of various role players of the public school principals’ legal responsibilities regarding financial management in Limpopo, South Africa and globally.

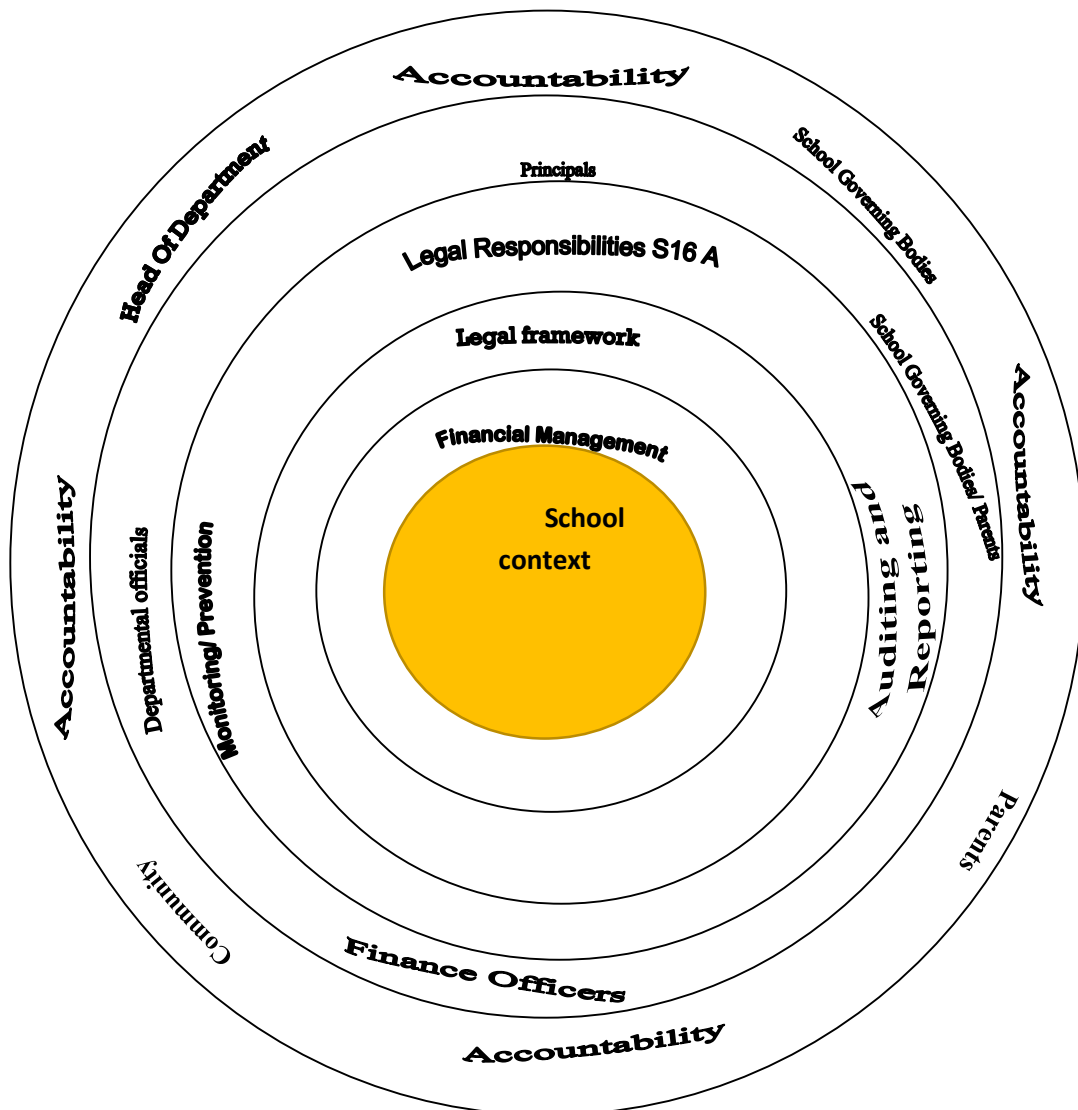


Figure 7.3: Rangongo’s model of understanding the public school principals’ legal responsibilities regarding financial management in Limpopo

As indicated in Figure 7.3 above, the model follows the six step process, (read from centre /inside to the perimeter/outside) for the improvement of the understanding of public school principals’ legal responsibilities regarding financial management in Limpopo:

Step 1: The school context is at the centre of the model. It refers to the different types of public school found in the South African educational context and in particular, Limpopo Province where the study was conducted. Fee and no-fee schools present different challenges for the school principals as financial managers.

Step 2: Financial management is the nucleus of every school and school management. Financial managers / principals manage funds with a view to sound, effective and efficient utilisation and developing others through proper delegation.

Step 3: A legal framework is central in the context of school financial management. As a financial manager the principal needs to have knowledge and expertise to implement and interpret legislation with ease.

Step 4: The legal responsibilities of public school principals emanate from the provisions as stipulated in the various legislative frameworks. In terms of SASA, which is the cornerstone of school governance, S16 (A) (2) (i; k) in the model clearly stipulates that the principal must take measures to prevent any financial mismanagement and maladministration and to report any financial irregularities to the HOD (SASA; PDA; PRECCA; PFMA; OSD; EEA and the PPPFA) (See Chapter 2). The responsibilities/obligations require the elements of understanding and interpretation, implementation / application, monitoring, control of expenditure and financial auditing and reporting.

Step 5: Some of the role players are involved in financial management: The principals, departmental officials and finance officers, teachers and school governing body members. The role players work across these four interconnected areas of managing finances. In order to be effective and hands-on, they must have knowledge and the capabilities to do so. These are pivotal areas for effective and efficient financial management in school.

Step 6: Execution of these responsibilities necessitates accountability for sound, effective and efficient financial management. Principals as finance managers are bound to be answerable to the HOD, SGB, parents and the community regarding their actions with regard to how finances are utilised at school level.

This integral model and the flow charts are an innovation of the researcher. The models were designed looking at role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo Province. They were created as a contribution on how to close the knowledge gap and legal loophole of limited understanding and misinterpretation of public school principals' legal responsibilities regarding financial management. They were designed as a guide for principals, prospective principals, teachers, SGBs, PEDs, DBE and policy makers who are active participants in financial management in public schools. The ultimate purpose of having these integrated multi-models is to realise efficient and effective financial management in public schools, to prevent any financial mismanagement and maladministration and to report any financial irregularities. The model therefore constitutes a hands-on/user-friendly package. The achievement of the purpose of these models is however, a continuous process. It is subject to its understanding, application and interpretation, which is the biggest challenge.

7.3.1.2 Recommendations for the improvement of understanding the public school principals' legal responsibilities regarding financial management.

Regarding the issue of how the principals, finance officers and departmental officials as key role players can be assisted in understanding the public school principals' legal responsibilities to manage and administer financial resources in Limpopo the large number (strongly agree 100 %) of the participants in the questionnaires expressed the following perceptions, views, opinions and experiences that assisted the researcher to build hands-on practice and user friendly recommendations for the understanding of the public school principals' legal responsibilities regarding financial management in Limpopo (See Annexure H). The following is recommended:

- Compliance with the legislation.
- Regular monitoring and control of expenditure and formulation of relevant structures.
- Intensive training of non-financial managers as financial managers

- The appointment of administrative clerks to ease work overload.
- Understanding of policies, regulations and legislation and interpretation of financial management documents.
- Internal and external auditing of financial school books and centralisation of auditing process of school financial books at the end of the year.
- Security vetting of all the prospective principals to check fitness in the post and in particular financial management (see tables 5.25 – 5.27 and 5.32).

The above strategies assisted the researcher in building practicable, user-friendly and hands-on strategies for the improvement of various role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo.

7.3.1.2. a. Knowledge and understanding of legal frameworks regarding financial management

The study has found that knowledge of parts of the legal framework is still wanting in various role players. Knowledge of these legal frameworks underpins the understanding of the legal responsibilities regarding financial management at school. The understanding of these obligations is important in avoiding misinterpretation of the law, using common sense and opinionisation of policies for personal interest. Schools must obtain a complete set of statutory provisions, ensuring that they maintain and retain sufficient documentary evidence and availability of the documents for reference. There must be intensive and regular school-based workshops to empower all role players at school level so that they comply with and adhere to the legal frameworks. Schools must have regular contacts through formal and informal meetings to update one another on the state of finance and the challenges that they come across. There must be two-way communication that is the best tool in financial management. Honesty, openness, transparency and integrity are required from role players in order to manage finances efficiently and effectively (see tables 5.13 – 5.15 and 5.29; 6.3).

7.3.1.2. b. monitoring of school-level expenditure to ensure allocations are used as intended (implementation of planning, organisation, leading and control in school's finances)

The study has found that monitoring of expenditure at school level and by the Department of Education is limited. In most of the schools there were no internal monitoring and control

processes in place. Most of the role players' understanding was that there were no proper financial structures, finance policy or finance files, itinerary for meetings, and well documented minutes. Role players thought that the public school principal is legally responsible for monitoring and control of expenditure, which is not in line with the law. I recommend that schools should develop a filing and record-keeping system. All financial records, including bank statements must be audited annually. The schools should ensure that financial books are submitted in time to auditors and that auditors provide a complete audited financial statement that contains notes, statements of the financial position, statement of income and expenditure and cash flow statements. The schools must have a document indicating agreed tariffs approved by the school governing body and claim forms attached and kept as proof of payment for transport claims. Requisition for purchases and payments should be authorised and approved by the principal and the SGB chairperson before a cheque can be issued and should be supported by proof of payment.

The governing body including the principal is accountable for every payment and all expenditure. It is the responsibility of the governing body to monitor the finance administration of the school on a monthly basis to ensure proper monthly reconciliation. Under no circumstances must a blank cheque be issued. Schools must ensure there are processes in place to monitor school level expenditure of school allocations. The SGB should ensure that sustainable internal control measures are in place. Schools need to have finance policies that are aligned with the legal framework of managing finances and duly signed. The norms and standards allocations should be utilised and administered in accordance with the prescript. The minute book for meetings must be properly signed for authenticity and as a true reflection of what transpired in the meetings. Schools should ensure compliance, adherence to the law and proper monitoring of school books.

The Department of Education in Limpopo, moreover, must enforce implementation, ensure that finance committee structures are in place and functional and meet regularly, check balances to ensure accountability and transparency, and adherence to the law. Circuit and district offices should monitor schools regularly, and check whether schools are managing and administering/using allocated money effectively, efficiently and correctly to the benefit of the learners. Districts should send common transport tariffs/guidelines to all schools as the study has found that travelling claims are exorbitant and a common form of financial mismanagement.

An investigation team must be dispatched to schools to audit and verify all financial books, including audited financial statements and asset registers (indicating where huge amounts of money are spent on a daily basis in purchasing movable and immovable assets). The Department of Education has to deploy people with a strong financial background to probe financial maladministration and mismanagement. This team must be instituted to unearth the causal factors of this poor state of financial books and to monitor all financial school books against audited financial statements. They should suggest intervention strategies to ensure that corruption in schools is kept low and to prevent further recurrence (see par. 5.6.3.2; 5.6.3.4 and tables 5.10 – 5.12; 5.28; 6.2).

7.3.1.2. c. Compliance with the legislation

It has been found that the majority of role players' perceptions are that there is a lack of understanding of responsibilities, failure to apply the rules/deliberate ignorance of the law, misinterpretation of fact, incompetency, inability or unwillingness of some principals, teachers, departmental officials and SGBs to adhere to and comply with regulations and relevant pieces of legislation such as The Constitution of the Republic of South Africa (Republic of South Africa 1996a), SASA, PFMA, PRECCA, PDA, PPPFA as highlighted in Chapter 2. Tackling these challenges requires a differentiated approach. Various role players at schools have to do the following:

- Strengthen accountability at public schools.
- Tighten the screws and close the gaps, and charge those responsible for any financial misconduct or hold them accountable.
- Make available applicable, hands-on, user friendly and practicable regulations and legislation.
- Monitor and support public schools regularly regarding financial management and administration.
- Emphasise professional morals and ethics. Capacitate schools to manage and administer public funds and tackle all forms of corruption that manifest in the school environment as well as other role players to understand the principals' legal responsibilities regarding financial management.
- Create a database of principals and teachers who have been dismissed for misconduct or corrupt activities and SGBs who have been dissolved as per SASA due to incompetency regarding financial management.

- Support and monitor the implementation of new and existing regulations of financial management and administration in public schools (see tables 5.25 – 5.27; 5.32; and 6.7).

7.3.1.2. d. Intensive training and workshops for role players

The study has found that the superficial understanding of the public school principals' legal responsibilities regarding financial management is a serious challenge, and more initiatives should be embarked on to educate the school governing bodies, principals, teachers, administrative clerks and departmental officials. The majority of the role players did not have adequate understanding of what the legal responsibilities of public school principals regarding financial management entail. The Department of Basic Education (2014) acknowledged that currently the understanding of financial management responsibilities is limited in public schools. The study has also found that there are limited skills, knowledge and expertise starting with the principals, finance officers, school governing body members and the departmental officials. The majority of the role players' understanding is not in line with the law's specifications. Effective and intensive training of all the role players should be a key component before any amendments/laws are implemented in schools. Unless there is full support from all the role players, a sound, effective and efficient financial management in public schools will not be achieved. Finances are the life-blood of any organisation. Therefore intensive training of all the role players dealing with financial management is obligatory in order to understand one another's field of work. Non-Governmental Organisations and universities with financial management training capacity/capability should be given the opportunity to train school managers, school governing bodies and the departmental officials on financial matters. Programmes on financial management should include the application and interpretation of policies and legislation on budget, monitoring, procurement, and reporting/auditing.

The current workshops need to be restructured and should last for at least a week and deal with policies, financial receipts, receiving money, banking of money, interpreting bank statements, reconciliation, budget auditing, recording of income and expenditure and interpretation of audited financial statements as well as filing and reporting as the first steps for monitoring and managing school finances. Schools should have regular school-based/cluster schools workshops/meetings to discuss challenges, share ideas and good practices that schools have and eliminate the veil of secrecy when dealing with finances. There must be a follow up at school level.

Schools should be assisted to unpack the legislative framework/regulations in order for every principal, school governing body member, teachers and departmental officials to be on board and to be able to implement and interpret them in their respective schools with common understanding. If the Department is serious about curbing corruption (SASA S16 A (2) (i;k) in schools, it needs programmes that will make various legislation available in schools and enable the principal to acquire as much knowledge and skills as possible.

It is the duty and responsibility of the Department of Basic Education (DBE) to apply S19 of SASA pertaining to training and capacitating and re-skilling/up-skilling various role players to understand financial management in schools. The Department should make sure that it organises intensive training opportunities and workshops, and source financial management experts such as professional auditors who audit school books. The Department should make use of skilled and knowledgeable experts such as the auditors who audit schools to train schools/stakeholders and hone their skills. These people know the weaknesses of schools in terms of financial management (see par. 5.6.3.1 and tables 5.7 – 5.9; 5.28 and 6.1).

7.3.1.2. e. Centralisation of auditing processes

The study has found that audited financial statements from the fifty three public schools that took part in the survey had unqualified audits and there were no auditor opinions. The six selected primary schools for interviews had clean audits, but during the interview the researcher discovered many financial irregularities that are chargeable offences. What the researcher discovered in some of the six selected schools is that what is written in their audited financial statements differed from their financial practices. These ideas support the findings that there are dubious relationships between the schools and their preferred auditors and bookkeepers. The researcher recommends that alignment of the school's audited financial statements reports and financial documents/books at school be determined. The researcher thinks that audited financial statements cover up many irregularities. There should be a centralised auditing body to scrutinise financial books or records of all public schools, especially the schools that receive R100 000.00 and above as allocation. Finance books need to be audited by chartered accountants only and not bookkeepers. Schools should be allowed to change auditors at least after every three years, and not every year as currently found in some of the schools (see par. 5.6.3.5 and tables 5.19 – 5.21; 5.30 and 6.5).

7.3.1.2. f. Security vetting/clearance of the school principal, teachers and school governing body members dealing with finances at schools

In terms of the law the Department of Education must do security clearance or vetting before appointing any manager; this relates to the principal, finance officers and school governing body treasurers to check fitness for the post and responsibilities regarding financial management. Public schools receive millions of rand from the Department of Education as allocation. The study has found that there are schools that get more than R700 000.00 per annum as their allocation, without having an administrative clerk, and with a principal and finance officer with no financial skills or knowledge; therefore the expectations of income and expenditure from such a school are poor. Hence, the criteria for appointing a school principal should be reformulated and be amended in the collective agreement. Proposed requirements are the following: Being computer literate; having obtained financial management skills qualifications as well as educational management skills and a policy on the interpretation and implementation of regulations/laws (see par. 5.6.3.5 and tables 5.19 – 5.21; 5.30 and 6.5).

Many of these recommendations were put to the test when the participants to the questionnaires were asked to answer a number of questions.

7.4 RECOMENDATIONS FOR FURTHER RESEARCH

The following topics are recommended for further research to enhance the understanding of the public school principal's legal responsibilities regarding financial management in Limpopo.

- Intensive training and capacitating regarding the application and interpretation of the legislative framework for financial management in public schools.
- The practice of resolving irregularities at school level.
- The absence of sanction for transgression.

7.5 LIMITATIONS OF THE STUDY

Some of the limitations experienced by the researcher during the study were: One school accepted the invitation for the interview and later withdrew, citing work overload and lack of time. Fortunately the researcher had a backup of two more schools. Another limitation was the school principals, and finance officers who refused to take part in this study. Other limitations discovered were principals who refused with information and lied to protect their jobs for fear

of victimisation, threats and intimidation. The researcher also discovered that there is an element of mistrust of various principals, finance officers and SGB members at schools.

It was difficult in some of the public schools to access financial documents such as the cheque books, income and expenditure books/claim books, asset registers and audited financial statements which are regarded confidential.

It was hard and difficult to prompt the principal as gatekeeper to provide answers. Some schools were not willing to let the researcher scan their financial documents, which according to him, contained significant information regarding the investigation. The issue of bias was a limitation; participants want to present themselves in the best possible light by giving desirable answers and not honest answers to the questions. Therefore probing questions assisted the researcher in establishing the truth.

Some PED officials blatantly refused to take part in this study and to assist the researcher with documents requested. They hid behind the code of secrecy though the researcher had obtained signed permission from the HOD.

The literature specifically addressing the legal responsibilities of the public school principals in financial management is scant. There are few documented examples and reports from the Department. Most of the reports are kept in the private domain. However, this shortage of evidence underscores the need for more research on the legal responsibilities of public school principals regarding financial management and financial maladministration in the school context.

The personal presence of the interviewer caused some anxiety and discomfort at first. As one of the limitations of interviews is inconvenience, discomfort and sensitivity, some of the participants were not free to give information that they feel is important. When sensitive issues are discussed, many people prefer to write rather than talk about them; therefore the self-administered questionnaire gave participants the opportunity to put things they do not want to talk about in writing.

With regard to self-administered questionnaires the researcher had no control over how the participants answered and interpreted the questions. Participants were sometimes unwilling and unable to offer information. The majority of the participants did not return their questionnaires,

some of the returned questionnaires were not successfully completed and the responses reflect poor skills and misinterpretation of one or more questions in the questionnaire.

Documents are sometimes incomplete and selective, which means that there are gaps in the database that cannot be filled in any other way. They require transcribing and may not be authentic and accurate. The researcher discovered that sometimes only positive aspects are documented. The irretrievability of documents is a problem and access may be deliberately withheld.

With regard to trustworthiness, the confinement of the study to one district out of the ten districts of the Limpopo Province education department was also a limitation. The study was limited to the schools nearer to the researcher's place of work due to financial constraints and the time factor. The findings from only six public schools and circuit offices and eighteen participants (for interviews) and fifty three schools (fifty three principals), twenty two finance officers and four district officials (for questionnaires) are not generalisable to all public schools in the Limpopo Province.

7.6 SIGNIFICANCE OF THE STUDY

Ochse (2004:14) suggests some of the weak points that result in financial mismanagement and maladministration in the public school education sector. The weak points identified comprise the inadequate legal basis to prevent and fight corruption; inadequate enforcement of existing legal provisions; lack of internal and external monitoring and control mechanisms; inadequate documentation, reporting and accountability requirements, and inadequate expertise and human resources capacities as well as the moves to decentralise the financing of education, budgets and transactions; moreover, auditing can be easily manipulated. These findings are regarded relevant to this study; and the researcher based the significance of the study on these findings.

The purpose of the study was to investigate and find out how various role players understand public school principals' legal responsibilities regarding financial management in Limpopo Province. The study was an attempt to refine perspectives and explore new experiences in the understanding of public school principals' legal responsibilities, regarding financial management.

Section 16 (A) (2) a; f; h; i; j; [and] k) stipulates that the principal must in undertaking the professional management of a public school “(a) guarantee the safekeeping of all school records; and the implementation of policy and legislation; (f) the principal must in undertaking the professional management of a public school inform the governing body about policy and legislation; (h) the principal must in undertaking the professional management of a public school assist the governing body with the management of the school’s funds, assistance that must include the provision of information relating to any conditions imposed or directions issued by the Minister, the Member of the Executive Council or the Head of Department in respect of all financial matters of the school; (h) and the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school; (i) the principal must in undertaking the professional management of a public school take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; (j) the principal must in undertaking the professional management of a public school be a member of a finance committee or delegation of the governing body in order to manage any matter that has financial implications for the school; and (k) the principal must in undertaking the professional management of a public school report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department”.

From this perspective it is undeniable that the public school principal has a legal responsibility or obligation to fulfil. The understanding and interpretation of this section of SASA (Republic of South Africa, 1996b) is the foundation of the solution to the problem in this study. The understanding of these legal responsibilities and interpretation of the changes or amendments (legislation) forms a body of knowledge and contributes to the already existing body of knowledge that constitutes management of funds in the public sector and in particular the understanding and interpretation of public school principals’ legal responsibilities and other legal provisions regarding financial management in public schools.

The findings have revealed that school principals have legal responsibilities that are to be executed efficiently and effectively to avoid sanctions. This study has revealed that the depth of understanding is limited, individuals interpret the law differently and as a result application of the law is not correct; there is minimum reporting on how funds are used, minimal reporting of financial irregularities, a culture of non-accountability is prevailing and there are challenges

that hamper this understanding. Although in some schools there is a slight improvement, many public schools in the district still are ill-informed regarding the understanding that public school principals have legal responsibilities to execute in financial management.

This should raise consciousness among policy-makers and various role players in the education system regarding the importance of legislation. It should underscore the need for intensive training to empower principals, school governing body members, administrative clerks / finance officers and departmental officials about public school principals' legal responsibilities in finances.

The findings have informed the researcher's conclusion that various role players' perceptions and understanding are full of misconceptions, misrepresentation of facts, misunderstanding, and misinterpretation of the law about the functions and legal responsibilities of the public school principal as a financial manager. There is still a knowledge gap and legal loophole in the schools regarding principals' functions and responsibilities as financial managers. As a result of these misinterpretations and misconceptions and a lack of knowledge, skills and expertise required for financial management, schools experience a lack of planning, organisation, directing and control of finances, leading to irregular, wasteful and fruitless expenditure, financial mismanagement and a culture of non-accountability. The findings are not transferable. Further investigations may be required regarding how role players understand public school principals' legal responsibilities regarding financial management in other provinces and in the South African context.

The knowledge that has emerged will be valuable in closing a huge knowledge gap in terms of intensive training to empower the various role players with knowledge about the duties and responsibilities of public school principals regarding financial management. The study includes charts and a model that could be valuable for future principals, finance officers and school governing members, departmental officials and policy-makers, enabling them to have a better understanding of public school principals' obligations in financial management. The recommendations for practice improvement should assist in improving the various role players' understanding of the law and principals' legal responsibilities regarding financial management in public schools so that they can practise sound financial management that will enhance the quality of education.

7.7 CONTRIBUTION OF NEW KNOWLEDGE

This section discusses the contribution the study makes by adding new knowledge to existing knowledge in the field of education management, law and policy studies in the conceptualisation and understanding, application and interpretation of public school principals' legal responsibilities regarding financial management in Limpopo schools. Role players' limited understanding and interpretation of the public school principals' legal responsibilities (regarding financial management) in Limpopo Province jeopardises financial management in schools and is detrimental to the learners' education. The curriculum suffers due to many deviations from the budget, the finance policy and legislation.

The Minister and the HOD have made wrong assumptions. People have thought that SASA and other legislation would reach all the people, and that people can read, understand, apply and interpret policy (SASA, PRECCA, PDA, PPPFA and PFMA) easily. They have thought that all people or role players can understand any law (The application of section 16A 2 (i; k) of SASA has shown that law is difficult and complex to understand and apply). Principals and SGBs have their own opinions on policy and use common sense regarding their legal responsibilities in financial management. The unavailability of some legal provisions leads to misunderstanding, misapplication and misinterpretation of legislation, ignorance, and poor financial mismanagement. From the responses it is clear that reporting as a legal responsibility and prerequisite for accountability is very limited. There is misrepresentation of the fact that the principal is responsible for reporting the usage of finances at schools. This misinterpretation results in ineffective financial management, poor reporting and poor financial accountability. There is no action against school principals that do not comply with their obligations.

There is a knowledge gap / loophole that allow cases of serious financial mismanagement to be resolved at school level. Principals take advantage of these legal loopholes by resolving financial mismanagement cases internally at school to hide any financial irregularities. Mushrooming of financial mismanagement cases takes place as principals know that there are no serious repercussions for mismanaging funds. This has a serious impact on the financial health of the school. The practice leads to poor governance, bad financial management and poor financial accountability. Findings from the interviews, questionnaires and documents (as indicated in circulars as directives) corroborate the fact that the school principal is an

accounting officer. Their interpretation of the law is in contradiction with the law. The law says only the HOD as per PFMA 1 of 1999 (s 38) is an accounting officer of the Department. As a result there is a lack of an in-depth understanding and correct interpretation of the law and of financial accountability in schools. This indicates that intensive training is needed. The number of challenges faced by the participants is an outcry to the DBE/PED that needs serious attention.

This study was conducted at a time the DBE (2014; 2016) acknowledged that it was facing challenges in understanding the roles and responsibilities of the public school principals in South Africa. Concerted efforts are needed to improve the understanding of the public school principals' legal responsibilities regarding financial management. The results of this study present a challenge to the theoretical models and empirical research cited in literature, claiming that the public school principal has no legal responsibilities regarding financial management. Seen through the school governance lens, financial management responsibilities are the original responsibilities of the governing body globally. The majority of the role players have limited knowledge and insufficient understanding of the public school principals' legal responsibilities regarding financial management in Limpopo as laid out in various legislation. Most of the principals as the key participants are unaware of the fact that they have legal responsibilities to execute at schools.

These findings have shown that there are knowledge gaps in the legal framework among various role players that, if addressed, will improve the understanding of public school principals' legal responsibilities regarding financial management in Limpopo Province schools. The study proposes recommendations for future research, for the improvement of the practice, and innovative models of which the utilisation will provoke debate on the public school principals' legal responsibilities regarding financial management in public institutions.

The study suggest charts and a model that could be valuable for future principals, finance officers and school governing members and that should enable them to have a better understanding of legislation and the improvement of policy and financial practice. They should also be of value to facilitate the understanding of issues of concern, which are misunderstanding, misapplication and misinterpretation of the law in some of the public schools. The results of the study should contribute to designing better financial control measures and financial management programmes and monitoring tools for the performance of

all the role players in the management of school funds in ordinary public schools, i.e how to improve the quality of teaching and learning in education.

7.8 CONCLUSION

The study asks how role players understand the public school principals' legal responsibilities regarding financial management in Limpopo. In South Africa, SASA (Republic of South Africa, 1996b) states that financial responsibilities are the original responsibility of the school governing body. The recent amendment of S16A (amendment of 2011) and other regulations and legislation state that prevention and reporting of financial mismanagement is the responsibility of the school principal. These legal responsibilities are enshrined in the various acts reviewed in chapter 2.

These legal responsibilities put the principal in a risky position and causes conflicts and frustration in schools. This study investigates whether the public school principal has the legal responsibility to fulfil regarding financial management. It adds value to knowledge and propagates a paradigm shift (change) to the understanding we have of the public school principals' financial management responsibilities. The study has found that there is limited understanding, application and interpretation of the law/legal responsibilities regarding financial management in schools. Various role players' perceptions and understanding are full of misconceptions, misrepresentation of facts, misunderstanding, and misinterpretation of the law about the functions and legal responsibilities of the public school principal as a financial manager. As a result of these misinterpretations and misconceptions and a lack of knowledge, skills and expertise required for financial management, schools experience a lack of planning, organisation, directing and control of finances, leading to irregular, wasteful and fruitless expenditure, financial mismanagement and a culture of non-accountability.

The study proposes unpacking intensive training courses on various national legislation and national policy guidelines, relevant to public school principal as a financial manager. The process of training will assist the various role players to have better knowledge and common understanding, application and interpretation of the law about the legal responsibilities of public school principals regarding financial management. Currently the perception of the majority of role players is that all financial responsibilities in terms of SASA are responsibilities of the governing body (S16, 20, 21, 25, 36-43 and 59), meaning that monitoring, prevention of the

financial mismanagement and reporting and accountability are the collective responsibility of the governing body. The HOD must demand good governance and collective accountability from the governing body and not the principal as an individual. The findings of this study should improve this understanding and interpretation in line with the law.

The knowledge that emerged will be valuable in understanding and improving school governance and financial accountability for the various role players such as the principals, teachers/finance officers, school governing body members and departmental officials at schools, circuits, districts and provincial levels. There is still a huge knowledge gap to fill in terms of training to empower the various role players with skills and knowledge about the public school principals' valuable role regarding financial management. It is now time for the HOD in PEDs to provide a framework for viable and reliable processes and systems that take cognizance of the contextual realities of South African public schools in terms of financial management and that will promote sound understanding of school principals' responsibilities in financial management that will enhance the quality of education in schools.

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ANNEXURES

Annexure A:

Ethical Clearance Certificate

Annexure B:

Application letter to request permission to conduct research in public schools in the Capricorn district of the Limpopo Education Department

Annexure C:

Permission letter from Limpopo Education Department to conduct research in schools and in departmental offices

Annexure D:

Application letters for permission to conduct research in schools and in the offices and participants' informed consent form

Annexure E:

Semi-structured interview schedule for principals, finance officers and departmental officials

Annexure F:

Semi-structured interview guide

Annexure G:

Self-administered questionnaires for principals, the finance officers and the departmental officials

Annexure H:

Questionnaires computer data analysis– QLIKVIEW PROGRAM

Annexure I:

Checklist for document analysis

Annexure J:

Report for originality from TURNITIN



ANNEXURE A ETHICAL CLEARANCE CERTIFICATE



RESEARCH ETHICS COMMITTEE

CLEARANCE CERTIFICATE

DEGREE AND PROJECT

INVESTIGATOR(S)

DEPARTMENT

DATE PROTOCOL APPROVED

DATE CLEARANCE ISSUED

CLEARANCE NUMBER :

EM 14/02/01

PhD

Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo

Paul Ngoako Rangongo

Education Management and Policy Studies

17 April 2014

03 November 2015

Please note:

For Masters applications, ethical clearance is valid for 2 years

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

**CHAIRPERSON OF ETHICS
COMMITTEE**

Prof Liesel Ebersöhn

DATE

03 November 2015

CC

Jeannie Beukes

Liesel Ebersöhn

Dr MAU Mohlakwana

This ethical clearance certificate is issued subject to the condition that the approved protocol was implemented. The Ethics Committee of the Faculty of Education does not accept any liability for research misconduct, of whatsoever nature, committed by the researcher(s) in the implementation of the approved protocol.

Please quote the clearance number in all enquiries.



ANNEXURE B

**APPLICATION LETTER TO REQUEST PERMISSION TO CONDUCT RESEARCH
IN PUBLIC SCHOOLS IN THE CAPRICORN DISTRICT OF THE LIMPOPO
EDUCATION DEPARTMENT**

LIMPOPO PROVINCE DEPARTMENT OF EDUCATION

Dear Sir/madam

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN SIX (6) SCHOOLS
AND DEPARTMENTAL OFFICIALS FROM DISTRICT OFFICE OF CAPRICORN**

I hereby wish to apply for permission to conduct research in financial management at Six Primary Schools. My research project will involve the school principals, finance officers, administrative clerks, petty cash officers and departmental officials. My research topic is "**Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo**"

This study will involve the involve semi-structured-interviews and administering of questionnaires to the departmental officials, school principals, and finance officers, administrative clerks for a month. During this period, I would also like to go through all the financial documents and any other policy documents that are used in the management of finance in schools. The information obtained will be treated with the strictest confidentiality and will be used solely for this research purposes only. It is my presumption that the research findings will make a creditable contribution towards the effective and efficient management of finance in schools.

Yours sincerely

Name of student : Paul NgoakoRangongo

Contact number for student : 0834140853

E-mail address of student : rangongo@gmail.com



**ANNEXURE C: PERMISSION LETTER FROM LIMPOPO EDUCATION
DEPARTMENT TO CONDUCT RESEARCH IN SCHOOLS AND IN THE
DEPARTMENTAL OFFICES**



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF
EDUCATION**

Enquiries: Dr. Makola MC, Tel No: 015 290 9448. E-mail: MakolaMC@edu.limpopo.gov.za.

P O Box 872

SESHEGO

0742

RE: Request for permission to Conduct Research

1. The above bears reference.
2. The Department wishes to inform you that your request to conduct a research has been approved- TITLE: ROLE PLAYERS' UNDERSTANDING OF PUBLIC SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT IN LIMPOPO.
3. The following conditions should be considered
 - 3.1 The research should not have any financial implications for Limpopo Department of Education.
 - 3.2 Arrangements should be made with both the Circuit Offices and the schools concerned.
 - 3.3 The conduct of research should not anyhow disrupt the academic programs at the schools.
 - 3.4 The research should not be conducted during the time of Examinations especially the forth term.
 - 3.5 During the study, the research ethics should be practiced, in particular the principle of voluntary participation (the people involved should be respected).
 - 3.6 Upon completion of research study, the researcher shall share the final product of the research with the Department.
4. Furthermore, you are expected to produce this letter at Schools/ Offices where you intend conducting your research as an evidence that you are permitted to conduct the research.

Page 1 of 2

Cnr. 113 Biccard & 24 Excelsior Street, POLOKWANE, 0700, Private Bag X9489, POLOKWANE, 0700
Tel: 015 290 7600, Fax: 015 297 6920/4220/4494

The heartland of southern Africa - development is about people!



5. The department appreciates the contribution that you wish to make and wishes you success in your investigation.

Best wishes.

Dederen K.O

Acting Head of Department

10/10/2013

Date



ANNEXURE D

APPLICATION LETTERS FOR PERMISSION TO CONDUCT RESEARCH IN SCHOOLS AND IN THE OFFICES AND PARTICIPANTS' INFORMED CONSENT FORM

The Principal

Dear Colleagues

I would like to thank you sincerely for volunteering your kind assistance with research being undertaken at your school. I would like to conduct my research project at your school with the school principal, school governing body treasurers, finance officers, secretaries / clerks, petty cash officers and teachers in the various committees. My research topic is **"Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo"**

This study will involve the involve semi-structured-interviews and administering of questionnaires to the school principals, administrative clerks and departmental officials dealing with school finances for a month. During this period, I would also like to go through all the financial documents and any other policy documents that are used in the management of finance in schools. The information obtained will be treated with the strictest confidentiality and will be used solely for this research purposes only.

Before commencing with any data collection exercise I will first come to the school and explain the research and what each of the participant's role will be. I will explain how I will go about the research and how the interview and the administering of questionnaires will be done. I would like to thank you in assisting me in this research. I hope that the information obtained from this research will benefit you most towards the effective and efficient management of finance in schools.

Yours sincerely



If you are willing to participate in this study, please sign this letter as a declaration of your consent, i.e. that you participate in this project willingly and that you understand that you may withdraw from the research project at any time. Under no circumstances will the identity of interview participants be made known to any parties/organizations that may be involved in the research process

Participant's signature.....

Date:

Researcher's signature.....

Date:

Yours Sincerely

Name of student : Paul Ngoako Rangongo

Contact number for student : 0834140853

E-mail address of student : rangongo@gmail.com



The Finance Officer

Dear Colleagues

I would like to thank you sincerely for volunteering your kind assistance with research being undertaken at your school. I would like to conduct my research project at your school with the school principal, school governing body treasurers, finance officers, secretaries / clerks, petty cash officers and teachers in the various committees. My research topic is **"Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo"**

This study will involve the involve semi-structured-interviews and administering of questionnaires to the school principals, administrative clerks and departmental officials dealing with school finances for a month. During this period, I would also like to go through all the financial documents and any other policy documents that are used in the management of finance in schools. The information obtained will be treated with the strictest confidentiality and will be used solely for this research purposes only.

Before commencing with any data collection exercise I will first come to the school and explain the research and what each of the participant's role will be. I will explain how I will go about the research and how the interview and the administering of questionnaires will be done. I would like to thank you in assisting me in this research. I hope that the information obtained from this research will benefit you most towards the effective and efficient management of finance in schools.

Yours sincerely



If you are willing to participate in this study, please sign this letter as a declaration of your consent, i.e. that you participate in this project willingly and that you understand that you may withdraw from the research project at any time. Under no circumstances will the identity of interview participants be made known to any parties/organizations that may be involved in the research process

Participant's signature.....

Date:

Researcher's signature.....

Date:

Yours Sincerely

Name of student : Paul Ngoako Rangongo

Contact number for student : 0834140853

E-mail address of student : rangongo@gmail.com



The Departmental Official

Dear Colleagues

I would like to thank you sincerely for volunteering your kind assistance with research being undertaken at your school. I would like to conduct my research project at your school with the school principal, school governing body treasurers, finance officers, secretaries / clerks, petty cash officers and teachers in the various committees. My research topic is **"Role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo"**

This study will involve the involve semi-structured-interviews and administering of questionnaires to the school principals, administrative clerks, and departmental officials dealing with school finances for a month. During this period, I would also like to go through all the financial documents and any other policy documents that are used in the management of finance in schools. The information obtained will be treated with the strictest confidentiality and will be used solely for this research purposes only.

Before commencing with any data collection exercise I will first come to the school and explain the research and what each of the participant's role will be. I will explain how I will go about the research and how the interview and the administering of questionnaires will be done. I would like to thank you in assisting me in this research. I hope that the information obtained from this research will benefit you most towards the effective and efficient management of finance in schools.

Yours sincerely



If you are willing to participate in this study, please sign this letter as a declaration of your consent, i.e. that you participate in this project willingly and that you understand that you may withdraw from the research project at any time. Under no circumstances will the identity of interview participants be made known to any parties/organizations that may be involved in the research process

Participant's signature.....

Date:

Researcher's signature.....

Date:

Yours Sincerely

Name of student : Paul Ngoako Rangongo

Contact number for student : 0834140853

E-mail address of student : rangongo@gmail.com



ANNEXURE E

SEMI-STRUCTURED INTERVIEW SCHEDULE FOR PRINCIPALS, FINANCE OFFICERS AND DEPARTMENTAL OFFICIALS

INTERVIEW SCHEDULE BY DATE, PLACE AND PARTICIPANTS

DATE	PARTICIPANTS	INSTITUTION	INTERVIEW TYPE
2014 / 08 / 04	Principal P 1	Primary School A	Semi structured
2014 / 08 / 04	Finance Officer FO 1	Primary School A	Semi structured
2014 / 08 / 05	Principal P2	Primary School B	Semi structured
2014 / 08 / 05	Finance Officer FO 2	Primary School B	Semi structured
2014 / 08 / 06	Principal P 3	Primary School C	Semi structured
2014 / 08 / 06	Finance Officer FO 3	Primary School C	Semi structured
2014 / 08 / 11	Principal P 4	Primary School D	Semi structured
2014 / 08 / 11	Finance Officer FO 4	Primary School D	Semi structured
2014 / 08 / 12	Principal P 5	Primary School E	Semi structured
2014 / 08 / 12	Finance Officer FO 5	Primary School E	Semi structured
2014 / 08 / 14	Principal P 6	Primary School F	Semi structured
2014 / 08 / 14	Finance Officer FO 6	Primary School F	Semi structured
2014 / 08 / 16	Departmental Official DO 1	District office A	Semi structured
2014 / 08 / 17	Departmental Official DO 2	District office B	Semi structured
2014 / 08 / 18	Departmental Official DO 3	District office C	Semi structured
2014 / 08 / 19	Departmental Official DO 4	District office D	Semi structured
2014 / 08 / 22	Departmental Official DO 5	District office E	Semi structured
2014 / 08 / 25	Departmental Official DO 6	District office F	Semi structured



SEMI-STRUCTURED INTERVIEW GUIDE

INTERVIEW SCHEDULE

The purpose of this schedule is to elicit information from the various role players' understanding of public school principals' legal responsibilities regarding financial management in Limpopo Province and what they perceive it to be, how they manage finance in their respective schools. Also to find out what are the policy provisions and requirements for the management of finance, application and interpretation of the South African Schools Act and prevention of maladministration and mismanagement as per Section 16A?

INTERVIEW GUIDE

THE SAME INTERVIEW GUIDE WAS USED FOR THE PRINCIPAL, FINANCE OFFICER AND THE DEPARTMENTAL OFFICIALS

1. How do you understand the legal responsibilities of public school principals regarding financial management?
 - a. Do you think that school principals understand the responsibilities as stated in S16A?
 - b. What is your interpretation of these legal responsibilities Section 16 A (2) above?
2. What is your understanding of the school principals' execution of legal responsibilities regarding financial management in schools?
3. What is your perception of the school principals' understanding of legislation regarding financial management in schools?
4. How do you understand the school principals' context (of) reporting the usage of public funds in schools?
5. What is your understanding of the school principals' (of) reporting the mismanagement of public funds in schools?
6. What is your understanding of the school principals' legal responsibility of accountability regarding financial management in schools?
7. What do you regard as challenges / limitations / obstacles /weaknesses / failures that hamper the understanding of public school principals' legal responsibilities regarding financial management?



ANNEXURE G

SELF-ADMINISTERED QUESTIONNAIRES FOR PRINCIPALS AND ONE FOR BOTH THE FINANCE OFFICERS AND THE DEPARTMENTAL OFFICIALS

RANGONGO P.N UNIVERSITY OF PRETORIA

Title: Role players' understanding of the public school principals' legal responsibilities regarding financial management in Limpopo

This self-administered questionnaire is administered to school principals who are mandated to manage and administer finances in schools.

THE MOTIVES FOR CHOOSING SELF ADMINISTERED QUESTIONNAIRE

I am a PhD student in the Faculty of Education. One of the requirements is that I conduct research and write a report about my work. You are therefore humbly requested to take time and answer the questions below. The questionnaire has 9 sections and 103 questions all in all. The completion of the questionnaire will take 60 minutes of your time. Kindly note that participation in this study is voluntary and you may withdraw from taking part any time without penalty. Note also that you may not write your names on the questionnaire. The information you provide will be treated strictly confidential. A report on my research will be available for you upon request. This study would also contribute to future research on aspects that are relevant and inherent to this study but were not researched or reported on. The study would be valuable for the future principals to have a better understanding of legislation and responsibilities and the improvement of policy, law and practices. The findings and recommendations of this study would be valuable in designing better financial control measures and financial management programmes and monitoring tools for the performance of all the stakeholders in the management of public funds in ordinary public schools. Below are the contact details of my supervisor and should you wish to make request of the report, you can contact me on rangongo@gmail.com:

Name of student : Paul Ngoako Rangongo
Contact number for student : 0834140853
E-mail address of student : rangongo@gmail.com

Name of Supervisor : Dr Mokgadi Mohlakwana
Contact number for supervisor : 0832599598
E-mail address of supervisor : agnes.mohlakwana@up.ac.za



PLEASE ANSWER THE QUESTIONS STARTING FROM THE NEXT PAGE.

SECTION A: BIOGRAPHICAL AND DEMOGRAPHICAL INFORMATION

Please tick the appropriate block with an X or write in the space provided to provide answers to the following questions:

**For
official use
only**

Questionnaire number

A0

1. Gender

Female	
Male	

A1

2. Please tick age group you are in

Between 30 and 40	
Between 41 and 50	
Between 51 and 65	

A2

3. Please tick highest qualification

National Diploma/Certificate	
Bachelor's Degree/Equivalent	
B.Ed./ Honours Degree	
Masters Degree	
Doctorate	

A3

4. Location of school at which you work

Rural	
Township	
Urban	
Other (please specify):	

A4

5. Band of your school

Further Education and Training (FET – High schools)	
General Education and Training (GET – Primary schools)	

A5



Combined	
Other (please specify)	

6. Learner enrolment at your school

Below 200		A6	<input type="checkbox"/>
Between 201 and 400			
Between 401 and 500			
Between 501 and 700			
Between 701 and 900			
Between 901 and 1000			
Above 1000			

7. Quintile ranking of your school

Quintile 1-2		A7	<input type="checkbox"/>
Quintile 3			
Quintile 4-5			

8. The budget size of your school

Below R100 000.00		A8	<input type="checkbox"/>
Between R101 00.00 and R150 00.00			
Between R151 00.00 and R200 00.00			
Between R201 00.00 and R500 00.00			
Between R501 00.00 and R1000 000.00			
Above R1000 000.00			

9. Experience of years dealing with finances

Between 1 and 10 years		A9	<input type="checkbox"/>
Between 11 and 20 years			
Between 21 and 30 years			

10. Main source of finances at your school (Mark all applicable)

No -fee school 100% state subsidy		A10	<input type="checkbox"/>
School fees			



Donations	
Fund raising	

11. Who is responsible for the overall performance regarding financial management and administration at school?

Principal		A11	<input type="checkbox"/>
School Governing Body			
Principal and School Governing Body			
Finance officer			
All stakeholders			

12. Who takes financial management decisions at school?

Principal		A12	<input type="checkbox"/>
School Governing Body			
Principal and School Governing Body			
Finance officer			
All stakeholders			

13. Who develops the budget at school?

Principal		A13	<input type="checkbox"/>
School Governing Body			
Principal and School Governing Body			
Finance officer			
All stakeholders			

14. Who develops the School Development Plan at school?

Principal		A14	<input type="checkbox"/>
School Governing Body			
Principal and School Governing Body			
Finance officer			
All stakeholders			



SECTION B: FACTORS THAT ARE RELATED TO THE UNDERSTANDING AND INTERPRETATION OF LEGISLATION REGARDING FINANCIAL RESPONSIBILITIES OF THE PRINCIPAL

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.

1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree		
1.	The principals understand and accept the legal responsibilities regarding financial management at public schools.						B1	
2.	The principals' understanding of legal responsibilities regarding financial management / preventing mismanagement is well.						B2	
3.	The principals' interpretation of legal responsibilities regarding financial management / preventing mismanagement is satisfactory.						B3	
4.	The principals' application of legal responsibilities regarding financial management / preventing mismanagement is good.						B4	
5.	The principals' interpretation of school principals' legal a responsibility regarding financial management is good.						B5	
6.	The principals' understanding of the legal responsibilities of principals to report any financial maladministration and mismanagement is well.						B6	
7.	The legal responsibilities to prevent financial maladministration and mismanagement and to report any corrupt activities by SGBs and staff to the HOD are, to the overall financial management of the school is important.						B7	
8.	The respond of the SGBs / staff to the principal's application of legal responsibilities is positive						B8	
9.	My perceptions or understanding of implementing legal responsibilities is good.						B9	
10.	I think that the principals have good financial management skills and expertise to administer school finances.						B10	
11	The principal are equipped with knowledge, expertise and skills to manage / monitor utilisation of school funds at public schools.						B11	



SECTION C: FACTORS THAT ASSESS THE KNOWLEDGE OF THE LEGISLATION RELEVANT TO THE FINANCIAL MANAGEMENT IN PUBLIC SCHOOLS

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.
1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree		
12	RSA Constitution Act 108 of 1996.						C12	
13	South African Schools Act 84 of 1996.						C13	
14	National Norms and Standards for School Funding of 1998.						C14	
15	Circular 1 of 2013 of the Department of Basic Education (DBE) on NNSSF.						C15	
16	Public Finance Management Act 1 of 1999.						C16	
17	Protection of Disclosure Act 26 of 2000						C17	
18	Prevention and Combating of Corrupt Activities Act 12 of 2000.						C18	
19	Financial prescripts.						C19	
20	PPPFA / Procurement Act 5 of 2000.						C20	
21	Financial policy.						C21	
22	Basic Education Law Amendments /Acts of 2011.						C22	
23	Employment of Educators Act 76 of 1998.						C23	
24	Resolutions-Occupational Specific Dispensation 1 of 2008.						C24	



SECTION D: APPLICATION OF FINANCIAL MANAGEMENT LEGAL RESPONSIBILITIES AT SCHOOL LEVEL

- Please indicate the extent to which you agree or disagree with the following statements.
 - Mark with (X) EACH item. You may **NOT** mark one item more than once.
- 1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree	
25	The school has internal (school based) financial control measures for safeguarding school finances and control financial maladministration and mismanagement.						D25
26	The school overall performance in terms of school finances is good.						D26
27	The SGBs including the principals as school managers use their funds well.						D27
28	Monitoring and control of the utilisation of funds / expenditure in conducted at school.						D28
29	The school have the SGB as required by law.						D29
30	The school has functional SGB as required by law.						D30
31	The school has the Finance committee as required by law.						D31
32	The school has functional Finance Committee as required by law.						D32
33	The SGB and finance committee know their duties and responsibilities.						D33
34	The school has regular financial management meetings.						D34
35	The school is submitting regular financial reports to the Circuit office.						D35
36	In most public schools, financial management tasks are done by the principals.						D36
37	The school has the Finance Committees files.						D37
38	The school has the Finance Committee itinerary for meetings.						D38
39	The school has the finance committee minutes, well documented and filed.						D39
40	The school has appropriate financial policies to enable them to manage finances efficiently and effectively.						D40



41	The school has the approved budget.						D41	
42	The school complies with / adheres to the budget.						D42	
43	The school has the School Development Plans.						D43	
44	The School Development Plan links with school budget.						D44	
45	The school has the School Improvement Plans.						D45	
46	The school s' financial books are audited by accredited auditors.						D46	
47	The school has a procurement policy.						D47	

SECTION E: EVALUATION OF FINANCIAL STATEMENTS

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.

1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree		
52	Cases of mismanagement of funds at school are reported to the department through circuit office.						E52	
53	Cases of financial mismanagement are re-solved internally at school.						E53	

SECTION F: FINANCIAL ACCOUNTABILTY AT SCHOOL LEVEL

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.

1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree		
54	School principals must be held accountable for financial mismanagement at public schools.						F54	
55	Principals are accounting officers at school level						F55	



SECTION G: CHALLENGES EXPERIENCED THAT HAMPER THE UNDERSTANDING OF PUBLIC SCHOOL PRINCIPALS' LEGAL RESPONSIBILITIES REGARDING FINANCIAL MANAGEMENT AT SCHOOL LEVEL?

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.

1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree			
56	Intimidation, threats and victimisation.							G56	
57	Non- compliance.							G57	
58	Lack of support from the SGB and the PED.							G58	
59	Conflicts between SGBs and principal.							G59	
60	Collusion.							G60	
61	Inflating prices.							G61	
62	Lack of monitoring and control from PED.							G62	
63	Limited Resources.							G63	
64	Non -attendance of meetings by SGB and parents.							G64	
65	Interference of teacher unions when their members are involved in corruption.							G65	
66	Strained and unhealthy working relationship.							G66	
67	Understanding of policies, regulations and legislation.							G67	
68	Interpretation of financial management documents.							G68	
69	Lack of openness, transparency and honesty.							G69	
70	Decay of integrity and morality.							G70	
71	Lack of knowledge and financial management skills.							G71	
72	Use of common sense.							G72	
73	Opinionisation of policies.							G73	
74	Work overload.							G74	



SECTION H: FACTORS THAT ASSIST SCHOOL PRINCIPALS TO MANAGE AND ADMINISTER FUNDS APPROPRIATELY AT SCHOOL LEVEL (recommendations)

Please indicate the extent to which you agree or disagree with the following statements.

- Mark with (X) EACH item. You may **NOT** mark one item more than once.

1 = strongly agree; 2 = Neutral; 3= strongly disagree

		Strongly agree		Neutral		Strongly disagree		
75	Proper financial management procedures.						H75	
76	Compliance.						H76	
77	Support from the SGB and the PED.						H77	
78	Correct delegation.						H78	
79	Regular monitoring of expenditure.						H79	
80	Intensive training on finance matters.						H80	
81	Intensive workshops on finances.						H81	
82	Honest SGBs and teachers.						H82	
83	Formation of functional structures.						H83	
84	Regular finance meetings.						H84	
85	Appointment of administrative clerks.						H85	
86	Understanding of policies, regulations and legislation.						H86	
87	Interpretation of financial management documents.						H87	
88	Openness, transparency and honesty.						H88	
89	Internal and external auditing of financial statements.						H89	
90	Centralisation of auditing process of school financial books at the end of the year.						H90	

I would like to thank you for taking time to complete this questionnaire.

Much appreciated.

Researcher



ANNEXURE H

QUESTIONNAIRES COMPUTER DATA ANALYSIS– QLIKVIEW PROGRAMME

DATA ON THE FLASH DISK /CD



CHECKLIST FOR DOCUMENT ANALYSIS
MONITORING TOOL FOR PUBLIC SCHOOLS

SCHOOL PSEUDO CODE : _____

PSEUDO CODE: PRINCIPAL: _____

CONTACT NUMBER: _____

RESEARCHER: RANGONGO P.N UNIVERSITY OF PRETORIA:

CHECKLIST - PUBLIC ORDINARY AND SPECIAL SCHOOLS		Yes/no	Remarks/Details
SECTION A: COMPLIANCE			
1	Did the school submit a certificate of assurance (accompanying audited financial statements) in terms of section 38 of PFMA?		
2	Did the school submit audited financial statements		
3	Does the school perform monthly bank reconciliation		
4	Is there a finance report which is tabled at the SGB meetings, copy of such a report		
5	Is the school having an approved budget, copy of the approved budget		
6	Is the school spending funds according to the approved budget		
7	Who decide if items not budgeted for are to be procured		
8	Who keeps the cheque book and where is kept		
9	Who is responsible for issuing cheques		
10	Is the school issuing cash cheques		
11	Who approves the service provider after receiving quotations		
12	Does the school keep proper financial records,		
13	Does the school have sufficient cash flow to meet ongoing contractual obligations – check the bank statements for the recent three months?		



14	Does the school have a financial policy?			
15	Does the school have an approved policy on management of petty cash?			
16	How much is the petty cash limit			
17	Does the school keep a petty cash register, request a copy			
18	Select 30% of the items bought through petty cash and verify the validity of such payments and other compliance requirements			
19	Does the school keep minutes of all the financial decisions that are taken?			
20	Are the financial decisions that are taken educationally sound?			
21	Does the school obtain the required quotations when procuring goods and services?			
22	Select 30% of items procured from low to high amounts and verify the validity, existence and other compliance requirements.			
23	Physically inspect some of the items bought to establish the existence and value for money.			
24	Does the school pay water , rates and electricity bills			
25	Does the school have security guards			
	Number of guards in the afternoon			
	Number of guards in the evening			
	Who is paying the security guards			
26	Number of learners at school – current financial year.			
SECTION G: BUDGET ALLOCATION				
How much was allocated				
Operations		AVAILABLE FOR SCRUTINY – INDICATE WITH YES OR NO		COMMENTS
		YES	NO	
<i>Policy and Procedures</i>				
Does the school have approved finance policy and procedure manual for the processes:				
• Expenditure Management				
• Petty Cash Management				
• Procurement / Supply Chain Management				



• Asset Management			
--------------------	--	--	--

<i>Delegations</i>	YES	NO	
Has the staff performing finance and administrative duties been delegated in writing?			
Are they having finance related qualifications?			
<i>Financial Planning</i>	YES	NO	
Are financial decisions that are taken involve all stake holders and educationally sound? Explain			
Has a financial budget (operating and capital) been prepared and approved by the oversight body for the ensuing financial year?			
Is the school implementing the budget submitted to the department?			
Has the School Development Plan been prepared for the year to define key outcomes or plans which are linked to the budget?			
Has a procurement plan been developed (based on the Budget and Operational/Business Plan) to procure the necessary goods and services for the financial year?			
Are payments fully supported by the appropriate documentation:			
Payment voucher			
Invoice			
Delivery note			
Is bank reconciliation done monthly?			
Are all non-reconciling items adequately substantiated?			
Purchase order			
Quotations / Quotes where applicable			

<i>Financial System in operation</i>			
Does the school operate:			
Electronically / automated system, or			
Manual system, to record and report on financial operations?			

<i>9.4.1 Manual system</i>	YES	NO	COMMENTS
Does the school maintain:			
Income and Expenditure Cash Book			
Petty Cash Register			
General Ledger			
Receipt Books			



Bank Reconciliation			
Asset Register			
Claim book			
Are manual records checked against the supporting documentation to confirm the correctness of transactions?			

BUDGET CONTROLS	YES	NO	COMMENTS
Is the actual income and expenditure measured against the approved budget?			
Are school's operations adjusted where there are material variances between the actual and budgeted?			
Is the adjusted budgeted and actual information submitted to the oversight body for review?			

Cheques controls	YES	NO	COMMENTS
Are cheques signed by two delegated officials?			
Are delegated officials signing blank cheques?			
Are cheques kept in a safe and secure location with restricted access?			

Petty cash			
Are petty cash vouchers completed for individual payments?			
Are transactions approved prior to payments processed?			
Is the petty cash register updated at regular interval?			
Daily			
Weekly			

ASSET MANAGEMENT			
Are all assets (moveable) marked as property of the school?			
Is a comprehensive asset register maintained for all assets (moveable and immovable)?			
Are all physical moveable school assets included in the asset register?			
Are physical moveable assets reconciled to the asset register?			
Is proof of the reconciliation maintained?			



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Principals' roles by P N RANGONGO CHAPTER 1: CONTEXTUAL AND ORIENTATION 1.1.1 "PANIC BUTTON"

62 In terms of section 16 (A) (2) (i, k) of the South African Schools Act 84 of 1996,

(thereafter, SASA) public school principals have an obligation or legal responsibilities to "(i) take reasonable steps to prevent any financial maladministration, or mismanagement by any staff member or by the governing body of the school and; (k) report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department." The above section of the act confirms the critical and intimidating role that public school principals are expected to play at school level. These mandated functions are expected to be carried out responsibly and with accountability. Revealing the understanding of these roles and responsibilities by role players is critical. Therefore the "purpose of this research was to investigate" and analyse the role players' (principals, finance officers and departmental officials) understanding of public schools principals' legal responsibilities regarding financial management in Limpopo. 1.2 INTRODUCTION SASA which governs all public schools in South Africa refers to public