UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

THE FUNCTIONALITY OF SCHOOL GOVERNING BODIES WITH REGARD TO THE MANAGEMENT OF FINANCES IN PUBLIC PRIMARY SCHOOLS

By

PAUL NGOAKO RANGONGO

Dissertation of limited scope submitted in partial fulfilment of the requirements for the degree

MAGISTER EDUCATIONIS in Educational Leadership

at the

Faculty of Education

University of Pretoria

Supervisor

PROF. DR. J. L BECKMANN

PRETORIA

November 2011

© University of Pretoria

DEDICATION

I dedicate this mini-dissertation to my beloved wife, Lily, for her unfailing support, love and encouragement. And to my beloved sons, Maphari and Matome, and daughter Tlou for their understanding that I must pursue my studies

AND

My late father Gerson Matome, my late brothers, Matome and Phofedi My late sisters, Selaelo and Mampe as well as my late mother - in - law Dessia Kwena Ramoroka. You will always be a treasure in my memory.

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

ACKNOWLEDGEMENT

I would like to give thanks to God Almighty for granting me the precious gift, a healthy life, wisdom and insight to commence and complete my research. In Him there is no failure.

My heartfelt gratitude and appreciation is directed to:

My wife, sons and daughter for their care, support, love and courage that kept me strong and motivated throughout my study.

Prof. JL Beckmann, my supervisor for his fatherly inspiration, understanding, support, motivation, expertise and patience throughout my studies.

Mrs R.M Sibisi, for her technical editing of the text.

All my brothers and sisters, your support kept me upright all the way.

Maphari Rangongo, my brother for his undying love and support all the way.

Moyahabo "**Nkgadikana**" Ngwana'Ditoto, my mother, for bringing me to this world, and for giving me a good base and insight to value education.

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

DECLARATION OF ORIGINALITY

I, Paul Ngoako Rangongo (student number: 28410361), hereby declare that this dissertation for the degree Magister of Education at the University of Pretoria, has not previously been submitted by me for a degree at this or any other university; that this is my own work in design and execution and that all the sources I have used or quoted have been indicated and duly acknowledged as complete references.

Signature: _____

Date: _____

ABBREVIATIONS

CP	Chairperson
CEM	Council of Education Ministers
DBE	Department of Basic Education
DOE	Department of Education
FINCOM	Finance Committee
FFC	Financial and Fiscal Commission
GAAP	Generally Accepted Accounting Practice
HOD	Head of Department
JPTD	Junior Primary Teacher Diploma
LPED	Limpopo Province Education Department
LPFMP	Limpopo Province Financial Management Prescript
LTSM	Learner Teacher Support Material
MEC	Member of Executive Council
NNSSF	National Norms and Standards for School Funding
OECD	Organization for Economic Cooperation and Development
P	Principal
PED	Provincial Education Department
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
REQV	Relative Education Qualification Value
SASA	South African Schools Act
SDP	School Development Plan
SG	School Governance
SGB	School Governing Body
SMTs	School Management Teams
SPTD	Senior Primary Teacher Diploma
T	Treasurer

Abstract

This research set out to explore the financial management by SGBs in public primary schools. The challenges as they were experienced by SGBs were identified.

This study revealed that some public schools SGBs are dysfunctional with regard to the management of finances. The understanding of roles and responsibilities pertaining to the management of finances is insufficient. SGBs are still battling to understand the roles especially of the chairperson, treasurer and the secretary. There is a lack of monitoring and understanding of roles. Understanding of the financial legislative framework is still a challenge to rural public schools. Knowledge and interpretation of the other policies and regulations, Acts and prescripts is a major concern.

There are transgressions of, and non-compliance with the financial legislative framework. The study further found that the SGBs' perceptions, experience, feelings and thoughts with regard to management of finances are such that their lack of knowledge and skills in finance due to inadequate training makes them feel uncertain and unsure of their competence to manage finances. The quality of the training that they have received does not adequately empower them to manage finance successfully as it is offered by incompetent people. The contents of the prescripts, circulars, manuals and Acts are not clear at all to them. The English language used in the documents makes it especially difficult for SGB members, especially the parent component, to grasp what is needed.

In some of the schools investigated, budgeting processes are done unilaterally by the principals who dominate every sphere of governance and relevant stakeholders are not involved. The PED should bear in mind that an investment in SGB training is an investment in their empowerment and decentralization of finances to public schools. If well trained SGBs could render a better service in managing public finances.

A procurement management system should be developed, monitored and evaluated from the circuit level. Schools must be encouraged to create procurement clusters or budget clubs.

Lengthening the time in office for the SGB from three to four or even five years will add value for money in the form of human investment. The issue of continuity must be ensured after each and every election or four years of re-election, especially in the portfolio of treasurers. This will enable governors to develop their experience over a longer period. During this time there should be continuous training as stipulated in section 19 of SASA.

The PED should consider incentive programmes or honoraria for SGB members as a sign of acknowledgement, based on performance, to improve the quality of their effectiveness and efficiency in the management of school finances.

The department must develop a financial assessment programme and remediation initiatives to decisively respond to schools that are dysfunctional in terms of financial management.

Keywords: Decentralisation, Functionality, School Governing Bodies, Financial Management, School Governance, Finance Committee, Public School, Primary Schools, School Finance, Procurement, Accountability

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

KEYWORDS

Functionality

School Governing Bodies

Financial Management

Governance

Decentralisation

Finance Committee

Public school

Primary schools

Bahlaloga Circuit

School finance

Section 21 status

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

TABLE OF CONTENTS

	Page
CHAPTER ONE	**1**
CONTEXTUALIZATION, ORIENTATION AND STATEMENT OF THE PROBLEM	1
1.1. Statement of purpose	**1**
1.2. Introduction	**1**
1.3. Problem statement and research questions	**1**
1.4. Aims of the study	**3**
1.5. Working assumptions	**4**
1.6. Literature review / background	**4**
1.7. The rationale	**8**
1.8. Conceptual framework	**8**
1.9. Theoretical framework	**12**
1.9.1 Qualitative design	13
1.9.2 Interpretive paradigm	14
1.9.3 Exploratory case study	15
1.9.4 Data collection	16
1.9.4.1 Research methods	16
1.9.4.2 Population	19
1.9.4.3 Demarcation	20
1.9.4.4 Purposive sampling	20
1.9.4.5 Data analysis and interpretation	21
1.10 Trustworthiness	**23**
1.11 Limitations	**24**
1.12 Ethical considerations	**24**
1.13 The significance of the study	**25**
1.14 Conclusion	**26**

CHAPTER TWO **27**

Literature review: 27

The functions of the School Governing Bodies with regard to the Management of school finances. 27

2.1. Introduction **27**

2.2 Conceptual Analysis **28**

2.2.1. Decentralization 28

2.2.2. School Governing Bodies 30

2.2.3. Financial management 31

2.2.4. Functionality 32

2.3. The functionality of School Governing Bodies with regard to the management of school finances **33**

2.3.1. The aim of having SGBs in schools **33**

2.3.2. Strengths and weaknesses of the School Governing Body system **34**

2.4. Legal framework for managing school finances by School Governing Bodies **36**

2.4.1. The White Paper on Education & Training, 1985 36

2.4.2. The Constitution of South Africa, Act 108 of 1996 37

2.4.3. The South African Schools Act No 84 of 1996 38

2.4.4. National Norms and Standards for School Funding of 2000 40

2.4.5. Public Finance Management Act 1 of 1999 40

2.4.6. Preferential Procurement Policy Framework Act No 5 of 2000 42

2.4.7. Limpopo Province Financial Management Prescripts of 2009 43

2.5. Functionality of school governing bodies **44**

2.5.1. Introduction 44

2.5.2. Functions related to management of school finance 45
2.5.3. Financial organization 48
2.5.4. Finance Committee and roles of each member 53
2.5.5. Composition and functions of the Finance Committee 54
2.5.6. Finance policy 55
2.6. Problems and dangers encountered with regard to the management of school finances 56
2.7. Conclusion 61

CHAPTER THREE 62
Research design and methodology 62
3.1. Introduction 62
3.2. Research questions 62
3.3. Research aims 63
3.4. Research approach 64
3.5. Research design 64
3.5.1 Qualitative approach 64
3.5.2 Exploratory case study 66
3.5.3 Paradigm 67
3.6. Research methods 69
3.6.1. Data collection strategies 69
3.6.1.1. Structured participant – observation 69
3.6.2. 2. Semi - structured interviews 71
3.6.3. 3. Document analysis 74
3.7. Purposive sampling 75
3.8. Data analysis 76
3.8.1. Methods of data analysis 79
3.8.1.1. Content analysis 80

3.8.1.2. Crystallisation 83
3.8.1.3 Document analysis 84
3.9. Trustworthiness 86
3.10. Limitations 88
3.11. Ethical considerations 89
3.11.1. Permission to conduct the research 90
3.11.2. Anonymity and confidentiality 91
3.11.3. Voluntary participation and informed consent 92
3.12. Conclusion 93

CHAPTER FOUR 94
Data analysis and interpretation 94
4.1. Introduction 94
4.2. Data collection methods 95
4.2.1. Structured participant - observation 96
4.2.2. Semi - structured interviews 96
4.2.3. Document analysis 97
4.3. Methods of data analysis 98
4.3.1. Content analysis 99
4.3.2. Document analysis 100
4.3.3. Crystallisation 102
4.4. Data analysis and interpretation 104
4.4.1. Data from the observations 104
4.4.1.1. Observation of SGB or finance committee meeting in schools 104
4.4.1.2. Comments on the observation 109
4.4.1.2.1. How the SGBs understand their roles and responsibilities 109
4.4.1.2.2. The knowledge and understanding of the legislative framework 110

4.4.1.2.3. Areas of concern regarding SGBs and the managing of school finance 110
4.4.1.2.4. Budgeting processes that SGBs follow 111
4.4.1.2.5. Benefits of section 21 status and being a no fee school 111
4.4.1.2.6. The Finance Committee's decision-making processes 112
4.4.2. Data from interviews 113
4.4.2.1. How the SGBs understand their roles and responsibilities 113
4.4.2.2. The knowledge and understanding of the legislative framework 120
4.4.2.3. Areas of concern regarding SGBs and the managing of school finances 121
4.4.2.4. Budgeting processes that SGBs follow 122
4.4.2.5. Benefits of section 21 status and being a no fee school 123
4.4.2.6. The Finance Committee's decision-making processes 126
4.4.3. Data from documents 129
4.4.3.1. How the SGBs understand their roles and responsibilities 129
4.4.3.2. The knowledge and understanding of the legislative framework 129
4.4.3.3. Areas of concern regarding SGBs and the managing of school finances 130
4.4.3.4. Budgeting processes that SGBs follow 130
4.4.3.5. Benefits of section 21 status and being a no fee school 131
4.4.3.6. The Finance Committee's decision-making processes 132
4.5. Conclusion 133

CHAPTER FIVE 137
Overview, findings, conclusions and recommendations 137
5.1. Introduction 137
5.2. Overview 137
5.2.1. Chapter one 137
5.2.2. Chapter two 138

5.2.3. Chapter three 138
5.2.4. Chapter four 138
5.2.5. Chapter five 138
5.3. Findings 138
5.3.1. Research aims 139
5.3.2. Findings in relation to the research aim 140
5.4. Conclusion 143
5.5. Recommendations 144
5.5.1. Recommendations regarding improvement of practice 144
5.5.2. Suggestions for future research 149
5.6. Limitations 149
5.7 Concluding remarks 150
References 151
Annexure A 159
Annexure B 160
Annexure C 161
Annexure D 164
Annexure E 168
Annexure F 169
Annexure G 170

LIST OF FIGURES

Figure 1.1 An organogram showing how financial concepts are interconnected 11
Figure 3.1 Data analysis in qualitative research 79
Figure 3.2 Stage model of qualitative content analysis 81
Figure 4.1 An organogram showing how data was collected 95
Figure 4.2 A organogram showing how data was analysed 98
Figure 4.3 An organogram on how data was analysed using crystallisation 103

CHAPTER ONE

CONTEXTUALIZATION, ORIENTATION AND STATEMENT OF THE PROBLEM

1.1. Statement of purpose

The purpose of the study was to explore the functionality of School Governing Bodies (SGBs) with regard to the management of school finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

1.2. Introduction

Since the first democratic elections in South Africa took place in 1994, the education system of South Africa has undergone a metamorphosis. The education landscape has changed drastically, with more emphasis being placed on the governance of schools and the functions of School Governing Bodies (hereafter SGBs) which developed from the South African Schools Act No 84 of 1996 (hereafter SASA). According to Van der Horst and McDonald (2005:17) the establishment of SASA aimed at redressing the inequality and imbalances of the past as confirmed in the Constitution of 1996 and also changing the face of the education system.

According to Section 16 of SASA, the governance of public schools is vested in the SGB. SASA stipulates the functions of the SGBs. One of these functions is the management of schools' finances as set out in Section 36 and further of SASA.

1.3. Problem statement

Management of finances is crucial to the success of decentralisation and the provision of quality education. Finances are a very important resource that schools have to manage responsibly to provide quality education. It is important to explore how functional SGBs are with regard to the management of school finances.

According to the Ministerial Report (2004:104) finance occupies most of SGBs' time and

financial management is ranked as the most important part of SGBs' functions. School governance in SA as provided by SASA is now almost 15 years old. In these 15 years much has been achieved. However, the literature shows limited evidence of the functionality of the SGBs in the management of school finances. The Review Report (2004:105) indicates that matters of school finances were not mentioned in a substantial way in schools. It further states that the understanding of what functionality means to SGBs is of crucial significance.

The literature further indicates that the majority of the SGBs in schools lack capability to manage school finances. Some rely on principals and district officials (who are sometimes ill-equipped to assist them) for information which is sometimes incomplete and inaccurate. Mestry (2004:127-80) indicates that there is insufficient knowledge of management skills and expertise of school finances as a result of inadequate training given to the SGBs. This view is shared by Tsotetsi, Van Wyk and Lemmer (2008:398) who state that this inadequacy hampers the SGBs' functionality in regard to the effective, decentralised and co-operative school governance.

Maluleka (2008:28) states that the financial environment of the school has a direct impact on the functionality of the school. As a result the SGBs have an important role to play in schools. The functionality of the SGBs in terms of finance has an influence on the effectiveness of the school, which is imperative for the improvement of quality teaching and learning. This problem is manifested in both primary and secondary schools irrespective of the level of workshops conducted for the SGBs in the management of school finances.

According to Bush and Joubert (2005:43) there is currently little research on how schools manage their financial responsibilities. Some of the dilemmas facing the SGBs because of their financial oversight role are the financial irregularities in the audited school financial statements, late submission of monthly financial reports by schools and chaos during parents' meetings on financial reporting by SGBs.

Literature indicates that there is clear evidence that the functionality of the SGBs with regard to the management of school finance in schools is inadequate and insufficient and is a matter of concern. These manifestations reveal the gaps and shortfalls in the functionality of SGBs with regard to the management of school finances in the primary schools of the Bahlaloga circuit. As such these problems necessitated me to explore the functionality of SGBs with

regard to the management of school finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

Research questions:

How functional are the School Governing Bodies with regard to the management of school finances in primary schools of the Bahlaloga Circuit in the Capricorn District of the Limpopo Province?

In order to properly answer this question the next sub-questions also needed to be answered:-

1.3.1. How do SGBs understand their function or role in the management of school finances?

1.3.2. How do SGBs understand the legislative framework?

1.3.3. What are the challenges facing the SGBs when performing their financial management functions in schools?

1.3.4. What budget processes do SGBs follow?

1.3.5. How do SGBs control expenditure?

1.3.6. How does the finance committee take decisions?

1.4. Research aims

1.4.1. The primary aim

The primary aim of this study was to explore the functionality of the SGBs in the management of school finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

1.4.2. The secondary aims

In an attempt to attain the above-mentioned primary aim, the following secondary aims were pursued.

1.4.2.1. To find out how the SGBs understand their function or roles in the management of school finances.

1.4.2.2. To explore the SGBs' knowledge and understanding of the legislative framework.

1.4.2.3. To identify the challenges facing the SGBs when performing their financial management functions in schools.

1.4.2.4. To investigate the budget processes that SGBs follow.

1.4.2.5. To explore the SGBs' control of expenditure.

1.4.2.6. To explore the finance committee's decision-making processes in school finance.

1.5. Working assumptions

In qualitative research, assumptions take the place of hypotheses. Assumptions are basic principles that are accepted as being true on the basis of logic or reason without conclusive proof or verification. Assumptions form the foundation for a study (Polit and Hungler, 1999:10).

According to McMillan and Schumacher (2006:315), assumptions in a qualitative research are based on a constructivist philosophy that assumes that reality is a multilayered, interactive, shared social experience that is interpreted by individuals. In this study I assume that some of the SGBs in Bahlaloga Circuit public primary schools are dysfunctional in terms of financial management. I assume that the SGBs in Bahlaloga Circuit primary schools lack knowledge, skills, abilities and expertise in managing school finances. Training given to SGBs is inadequate; due to limited resources and ill-equipped trainers to enhance effective functionality of managing the school finances (Soudien, 2004, Van Wyk, 2004, Bush *et al.*, 2004 and Mestry, 2006).

I also assume that some of the SGBs in Bahlaloga rural public primary schools are not yet ready to be given all the responsibility of managing school finances, as is the case in Limpopo province in which all the 957 public schools (including the selected Bahlaloga primary school) have been granted Section 21 status. It was apparently taken for granted that, as SGBs were formed more than fifteen years ago and were already executing functions at schools (as per SASA), it would be easy to add the responsibility of managing the school finances.

1.6. Literature review / Background of the study

Naidu *et al.* (2007:149) state that the SGB, acting within a framework created by legislation and policies has some functions to perform in a manner that leads to the provision of the best possible education for its learners. One of these functions is to manage the school finances

efficiently and effectively, as articulated by Mestry (2006:28), "the South African Schools Act prescribes how schools (SGBs) should manage their funds. It also provides guidelines to the School Governing Bodies (SGBs) on their roles and responsibilities in managing the finances of the school".

After every three years after SGB elections, new SGBs are elected. The new SGB is given full responsibility for school finances in some schools without proper training or orientation and induction (especially the new elected members). This view is shared by Mahlangu (2005:136) who states that there is a real danger in the newly-decentralized South African system, where SGBs have been given considerable powers but many schools lack the skills necessary to exercise them effectively. The Provincial Department of Education makes money available to schools and also monitors its use, and the SGB is responsible for its usage. This collaboration of stakeholders in schools is also discussed by Coetzee *et al.*, (2008:138) who state that collaboration occurs when power and authority are shared and where people are brought together to achieve common goals that could not be accomplished by a single individual or organization independently. I agree with Mestry (2006:37) that the principles for sound financial management should be valid for all schools, as problems related to the management of finances in schools are not unique or limited to few schools.

Van Wyk (2002:135) indicates that the governing body has an important role to play in overseeing the financial management of the school fees and any other money which may be paid into schools' account. This role includes planning, reviewing, controlling and approving the school budget in accordance with the school's needs. She further states that, since financial matters are so complex and difficult to understand, governing bodies generally co-opt community members with sound knowledge of finance and budgeting to be actively involved in these matters. Van Wyk (2002:135) further states that, in rural areas, co-option of community members with sound knowledge of finance and budgeting to manage finances may prove difficult. Van Wyk (2004:50) further indicates that the effectiveness of the SGBs in the rural areas is questionable; because of their level of expertise. The government is decentralizing school governance with insufficient provision of proper skills, training and capacitating on the tasks (such as financial management). Maluleka (2008:19) states in the same vein that co-option of experts with knowledge and skills is under-utilized within schools in the rural areas, as people with knowledge and skills do not want to associate with members of the SGBs who are seen as "amateurs". Van Wyk (2004:50) further states that

SGBs should receive SASA copies in their own language so as to understand it better because each and every human being understands much better when communication is in his or her own language. This facilitates sound communication.

Van Wyk (2004:53) conducted a survey about the functionality of the SGBs, and identified concerns that many SGBs are not well trained and, as such, they do not know what is expected of them with regard to school finances. They only sign cheques and do not work according to the budget as approved. She further states that some of the training given to SGBs by some provincial departments is ineffective, as many officials selected to train the SGBs are not knowledgeable or even versed in financial school management (Van Wyk, 2004:54).

Mestry (2004:127) concurs with Van Wyk (2004) that some SGBs are not effectively trained to manage the school finances efficiently. He further indicates that training in financial management is fundamental in preparing and equipping school managers with financial skills (Mestry, 2006:35).

Section 19 of SASA provides that the provincial Head of Department (HOD) should provide introductory training for newly-elected governing bodies to enable them to perform their functions. It further states that the SGBs should also be provided with continuing training to promote the effective performance of their functions or to enable them to assume additional functions. Clase *et al*., (2002:260) also indicate the importance of training by stating that the newly-elected governing bodies and local school governance officials who are involved in school governance at school level should be trained. This training should be in the content and conditions of SASA, and about the SGBs' respective duties and responsibilities in financial management. Clarke (2007:278) indicates that management of school finances as a function is one of the most challenging areas, especially if elected SGB members are ill-equipped for the task. Clarke (2007:280) further states that it is clear that the governing body of a public school has the ultimate responsibility for its financial management, because it is through the effective and efficient management of school finances that the SGBs should assist the Department of Education in accomplishing its vision and mission of creating self-managing schools.

The MEC for Limpopo Province Education Department said (in an information meeting with

Capricorn District school principals in Polokwane on 23 July 2009) that the 957 public schools in Limpopo Province had been granted Section 21 status. He further indicated that 126 schools of these 957 would not receive their 2009 financial allocation due to their failure to submit audited financial reports. By granting SGBs this status, the provincial government wanted the SGBs to take full responsibility for the management of finances and to hold them fully accountable. According to City Press (31 May 2009) 49 schools in the Gauteng province forfeited their school financial allocation due to their failure to submit audited financial reports. Provincial Departments of Education cannot expect SGBs to understand the South African Schools Act No 84 of 1996, without advocacy and training.

In some schools SGB structures are there but seem to be dysfunctional, with the structure often "in the principal's pocket". This view is supported by Lekalakala (2006:86) who indicates that schools need skilful and well-informed SGBs that are fully acquainted with the activities of the school and know the departmental regulations regarding governance in general. Lekalakala further indicates that although the SGB members did receive training to enable them to function effectively, the general feeling amongst the SGB chairpersons was that their knowledge of financial management was still inadequate.

According to Naidoo (2006:91) SASA introduced a new era for the young democratic South Africa which empowers the SGBs to manage their own finances. She further states that the emergence of self-managing schools in the democratic South Africa demands that the School Management Teams (SMTs) and SGBs equip themselves with regard to knowledge, skills, values and attitudes in terms of financial management in schools.

According to Nyambi (2004:12) one of the findings of his study was that, in black rural schools, the illiteracy level of parents was so high that the parent governors were not well-equipped for their expected governance functions. According to Makhubela (2005), the SGBs did not have the knowledge of what was expected from them. They needed to be work-shopped. If the SGB members knew their functions; schools would then run more effectively. They had no knowledge of what the duties of the finance committee entailed.

The Review Committee of Education Policies (OECD, 2008:142), indicates that many poorly-equipped SGBs struggle to fulfil the basic functions, mostly due to lack of skills as compared to SGBs from former Model C schools.

Guided by the above orientation background, it seems that SGBs in the Bahlaloga Circuit primary schools are experiencing problems in the management of school finances. SGBs have to be armed with knowledge and skills to manage school finances in a responsible and correct manner as required by the SASA and other prescripts.

1.7. Rationale

SGBs were created as part of the decentralising of educational functions to improve the quality of education. In terms of the Preamble of SASA the funding of schools should be a partnership between the state, educators and the parents. SASA prescribes various functions to SGBs, including responsibilities for managing the finances of the school.

Previous studies on SGBs have concentrated on issues such as problems regarding the training of SGBs, the illiteracy of SGB members, SGB members' understanding of law, policy and their responsibilities. Some of the studies suggested that SGBs are ineffective and that they are not fulfilling the aims for which they were created.

This study proposes to move away from policy and other aspects and wants to explore the functionality of SGBs with regard to the management of school finances. There have been no studies on this specific aspect and this study should add to the knowledge we have about the functionality of SGB and how they are contributing to, or failing to contribute to the aim of decentralising educational functions to improve the quality of education. The knowledge that emerges should also be valuable in designing better SGB training programmes and monitoring tools for the performance of SGBs, for the principals and deputy managers for governance at circuit and district levels.

1.8. Conceptual framework.

1.8.1. School Governing Body

Mothata (2000:152) defines a school governing body as a democratically-elected body charged with the governance of public schools that is regarded as the mouthpiece of parents of the learners, educators and learners of the school on all matters apart from the administration and the professional management of the school. The School Governing Body

is the group of parents, educators, learners of secondary schools that is democratically elected tri-annually to perform governance functions for a school as contemplated in Section 16 (1) of the SASA, and the school principal who is an ex officio member.

According to Beckmann and Prinsloo (2009:173) the SGB is the body functioning in terms of Section 16 of SASA and also constituted in terms of that Act. It exercises functions accorded to it in terms of the decentralization of power to school communities.

In this research, the SGB refers only to parents, educators and the principal, as the research will be conducted in primary schools, where the learners don't qualify to be members.

1.8.2. School finance

According to Section 37 of SASA, Act 84 of 1996, school finance is made up of school fees, voluntary contributions or donations and funds from the State. In this study, school finance refers solely to state subsidies as the selected primary schools are all no fee schools.

1.8.3. Primary schools

Primary schools serve learners aged between six and thirteen. The primary school is divided into the foundation phase (6-9 yrs), intermediate phase (10-12 yrs) and parts of the senior phase (13 yrs). Learners are taught by educators with REQV 13 or JPTD / SPTD or a relevant university degree. They are schools that start with Grade R and serve up to Grade Seven.

1.8.4. Bahlaloga Circuit

The schools around the Moletjie area fall within the Bahlaloga Circuit in the Capricorn District of the Limpopo Province. This circuit is named after the *moeno* or totem of the Moletjie tribe. This circuit consists of 16 primary schools and 7 secondary schools, of which six rural primary schools were selected for this study.

1.8.5. Public school

A public school is defined as an institution which is funded by the government (at provincial

level). In this study it should be viewed as an educational institution, which has Section 20 and Section 21 functions and also falling in quintiles 1-3 as no fee schools.

1.8.6. Functionality

According to Kirkpatrick (1997:321) the word functionality means useful, working, serviceable, running, in operation, how well you do. Functionality is the capability /ability to perform a task. In this study, it refers to the capability of school governing bodies to manage school finances. According to the Review Report (2004:103,106,115) the word functionality refers to what schools are actually doing in relation to the allocated functions of Section 21 that is, control and management.

1.8.7. The Finance Committee

According to the Limpopo Province Department of Education SGB training manual (2009), the Finance Committee is one of the most important committees that help the SGB and the principal in the management of school finances. The finance committee may be constituted as follows: - the treasurer of the SGB as the chairperson of the committee, the principal, SGB chairperson, Finance Officer and other members (parents should be the majority). In this study the members of the finance committee will be the main respondents for data collection.

Figure 1.1: **An organogram showing how the various concepts are related to the management of finances in schools**

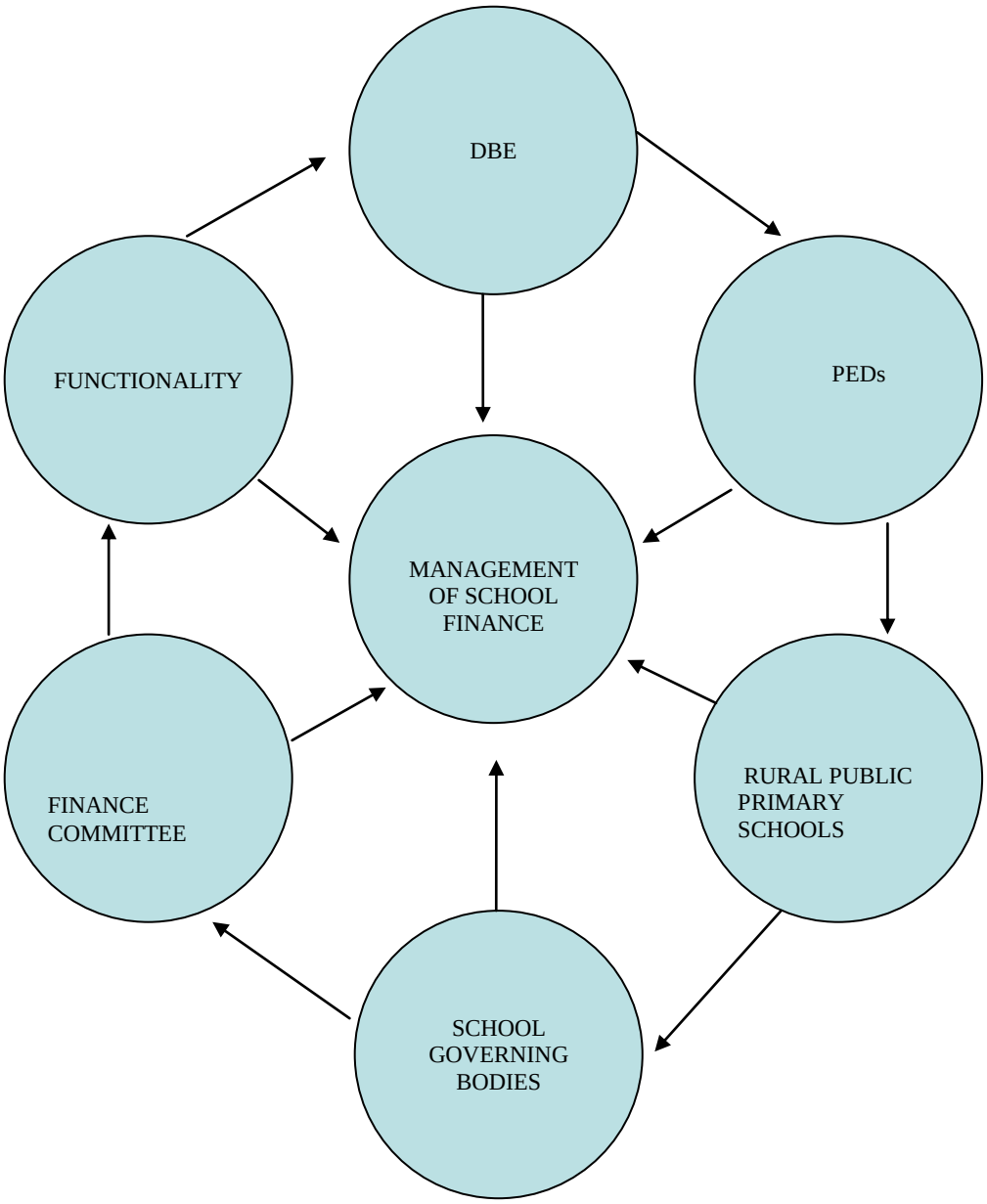


Figure 1.1: **An organogram showing how the various concepts are related to the management of finances in schools**

The national Department of Basic Education (DBE) in South Africa is transferring millions of rand as per the National Norms and Standard for School Funding to Provincial Education Departments. This money ends up being distributed to public schools including rural primary schools which are grouped according to quintiles. Public schools in quintiles one (all farm schools) and two (all rural schools) are getting a lion's share of the money. This money is

supposed to be well managed by the School Governing Bodies as the custodian of governance in all the public schools as per SASA. Although the Limpopo Province Department of Education SGB training manual (2009) stipulates that one of the sub-committees the SGB should constitute is the Finance Committee which will assist in the management of the public finances in a responsible and accountable manner, SASA authorises SGBs to create sub committees without referring to finance committees as such. This committee has been given the responsibility of ensuring that the SGBs are functioning in an efficient and effective manner in fulfilling this aspect of governance given to them through decentralisation of financial management. The above figure and elaborations show the interrelationship and interconnection between all these conceptual words dealing with the functionality of the SGBs with regard to the management of finances in public primary schools.

1.9. Theoretical framework

According to Vithal and Jansen (2006:17) a theoretical framework is a well-developed coherent explanation of an event. It is done to locate the research, i.e., to signal from where the research comes. According to Creswell (2003:131) qualitative researchers increasingly use a theoretical lens or perspective to guide their study and raise the questions they would like to study. Neuman (1997:56) describes theoretical frameworks as orientations or sweeping ways of looking at the social world. They provide collections of assumptions, concepts, and forms of explanations. The interpretive approach adopts a practical orientation. It is concerned with how ordinary people manage their practical affairs in everyday life or how they get things done. In this study, I assume that functionality of the SGBs with regard to the management of school finances comes from the decentralization of finances by the state.

My research will be based on the theory of decentralisation of financial power from the macro-level (Provincial Government of Limpopo Province) down to the level of public, primary schools (micro-level) in the Bahlaloga Circuit. This study will be influenced by how decentralization of power is associated with the functionality of the SGBs in the management of school finances at the school level.

According to Naidoo (2005:39) decentralization implies some form of redistribution of power

within the education system in ways which enhance the importance of the individual school and the wider system. Aspects that involve decentralization include moving certain responsibilities nearer the school, strengthening some decision-making arenas, empowering parents and communities and inserting the style and substance of financial management.

Tsotetsi, Van Wyk and Lemmer (2008:385) state that decentralization originates from the belief that the state cannot alone control schools but should share its power with other stakeholders, particularly those closer to the school, on a partnership basis. According to Beckmann and Prinsloo (2009:171) the establishment of SGBs represents a significant decentralization of power in the South African school system. Decentralization encourages public participation in decision making, to bring stakeholders closer to one another (government to schools (SGBs) to communities) with the aim of providing a framework for the efficient provision of quality education and school improvement.

I also view decentralization as the delegation of administrative decision-making powers to SGBs, or the transfer of authority and power from the Provincial Education Department to SGBs at school level, which then plan, manage and administer finances The rationale behind decentralization in the form of delegation is that decision making near the point of delivery of service will closely reflect the needs and priorities of the learners and the school community, and if well implemented, decentralization can lead to school improvement and quality of education. This view is supported by Marishane and Botha (2004:95) who regard decentralization of financial power as one of the important strategies designed to empower the SGBs to enable them to improve school management and learner performance.

1.9.1. Research design

A qualitative research approach is considered suitable because this study is an exploratory study aimed at gaining a better and in-depth understanding of the phenomenon as it occurs in a natural setting. In this study the phenomenon is the functionality of the SGBs in managing the school finances according to their perspectives. Leedy and Ormrod (2001:101) indicate that a qualitative study is done to describe and understand the phenomenon from the participants' point of view.

1.9.2. Research paradigm and approach

A paradigm is a framework for identifying, explaining and solving problems, understanding and interpreting the world and all one's experience. A paradigm is a set of assumptions, framework of thought, and way of perceiving, thinking and doing associated with a particular vision of reality. A paradigm is what we think about the world but cannot prove (Lincoln and Guba, 1985).

Denzin and Lincoln (1994 in Creswell 2007:249) regard a paradigm in qualitative research as a philosophical stance taken by the researcher that provides a basic set of beliefs that guides action. Babbie (2001:42) describes this paradigm as the fundamental model or frame of reference we use to organise our observations and reasoning.

According to Mouton (1996:204) a paradigm represents a collection of mutually accepted achievements (including the theories, exemplary solutions, predictions and laws) in this sense; a paradigm is primarily a model for conducting normal research.

In this study the interpretive paradigm was used. Burrel and Morgan (1979:31) in Gay and Airasian (2003) state that the interpretive paradigm is informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience. Qualitative research is interpretive and useful for describing and answering questions about participants and contexts (Gay and Airasian 2003:163).

This study utilised qualitative research methodology because it tried to understand and explore the functionality of the SGBs with regard to the management of school finances. According to Liamputtong and Ezzy (2005:5) qualitative research emphasises both the description and understanding of people. It is essential when the researcher has little knowledge about the area of investigation.

McMillan and Schumacher (2006:12) say that the research design describes how the study will be conducted. It indicates the plan of action. *Qualitative research is concerned with understanding a phenomenon from participants' perspectives*. *i.e.* understanding the management of finances in schools from the SGBs' perspectives. According to Creswell (1998:134) qualitative research is about understanding one single phenomenon. In this

research I will explore the functionality of the school Governing Bodies with regard to the financial management in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province. This means the functionality of the School Governing Bodies in regard to the functions stipulated by SASA, Act 84 of 1996 in managing finances was studied to describe and understand the way it was done. The investigation would be a qualitative study, which was descriptive and exploratory.

According to Leedy & Ormrod (2001:101) qualitative research is used to answer questions about the complex nature of a phenomenon often with the purpose of describing and understanding the phenomenon from the participants' point of view. This means the strategies that were given to SGBs in managing the school finances were studied to describe and understand the way they were done.

Patton (in Meriam, 1988:102) explains qualitative research as an effort to understand situations in their uniqueness as part of a particular context and the interactions there, its purpose being to understand people's interpretations. Johnson & Christensen (2000:17) conclude by describing qualitative research as research relying primarily on the collection of non-numeral data such as words and pictures. This qualitative design would be used to explore the functionality of the SGBs with regard to the financial management in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

1.9.3. Exploratory case study

Creswell (2007:73) describes case study research as a qualitative approach in which the investigator explores a bounded system or multiple bounded systems over time, through detailed, in-depth data collection involving multiple sources of information and then reports a case description and case -based theme. In this study an exploratory case study would be used to achieve the goals of this research design. Creswell (1994:12 & 1998:61) states that a case study can be regarded as an exploration or in-depth analysis of a "bounded system" or a single or multiple cases over a period of time. It was used to gain an in-depth understanding of the functionality of the School Governing Bodies with regard to the financial management functions in the Bahlaloga Circuit primary schools.

This exploration and the description of the case take place through detailed in-depth data

collection methods involving multiple sources of information that is rich in context. According to Schulze (2002:12) exploratory research is conducted to collect information on a new area of interest about which little is known. She further states that a case study aims at a better understanding of a social issue.

According to Johnson and Christenson (2004:363) a case study is used to describe one or more cases in-depth and at the same time try to address the research questions and issues. McMillan and Schumacher (1997:36) indicate that a case study examines a case over time in detail, employing multiple sources of data found in the setting. The focus may be on single site or on multi-site research (Stake 1995). McMillan and Schumacher (2006:316) further state that a case study design may focus on one phenomenon, which the researcher selects in order to understand or study in depth regardless of the number of sites or participants for the study.

Leedy and Ormrod (2005:135) conclude by stating that a case study may be especially suitable for learning more about a poorly understood situation. In this study I explored the functionality of SGBs in the management of school finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

1.9.4. Research methods

Qualitative researchers study participants' perspectives with interactive strategies.

1.9.4.1. Data collection strategies used were:

Structured participant-observation

According to Schurink (in De Vos *et al.*, 1998:279) participant–observation is generally regarded as the principle data gathering strategy of qualitative research. Maree (2007:84) defines observation as the systematic process of regarding the behavioural patterns of participants without necessarily questioning and communicating with them. In this study I observed six primary schools that were purposefully selected from the 16 primary schools in the Bahlaloga Circuit, after getting permission from the people in authority in the Limpopo Province Department of Education and the selected schools themselves. The most suitable

people to be observed were the finance committee, being the financial officers, treasurers, SGB chairpersons and the principals in terms of how they function / speak / operate with regard to the management of school finances. I observed their behavioural trends in meetings, their confidence in taking decisions on managing the school finances, their level of knowledge and expertise of financial matters and prescripts, the procedures and their expectations, as well as their habits and thought in order to obtain their direct first-hand perspective regarding management of school finances. School governing body members were also observed as they engaged in activities that were appropriate to the research.

I was actively involved in the research setting by attending financial management meetings for SGBs and the finance committee by observing the debates and discussions they had on financial matters, in order to get close to the SGB members and to study them with the view to understand what these experiences and activities meant to them (Gay *et al*., 2000:447).

According to Meriam (1988:102) participant-observation gives a first-hand account of the situation under study and, when combined with interviewing and document analysis, allows for a holistic interpretation of the phenomenon being studied. According to Bless (1995: 114), participant-observation requires the researcher to join the group of people who are being studied in order to observe and understand their behaviour, feelings, attitudes or beliefs better. By only observing, especially in an unobtrusive manner, I obtained a reliable picture of the SGBs' experience and established the meaning of the phenomenon from their point of view as the participants.

Interviews (Semi-structured)

Maree (2007:87) defines an interview as a two–way conversation in which the researcher asks the participants questions to collect data and to learn about the ideas, beliefs, views, opinions and behaviours of participants. The aim is to see the world through the eyes of the participants and to obtain rich descriptive data that will help the researcher understand the participants' construction of knowledge and reality and to probe further their responses on their functionality with regard to the management of school finances. In this study, interviews were used to collect data. This was through in depth, non-directive, semi-structured interviews that were used to get relevant and first-hand information from School Governing Bodies or their finance committees (chairpersons and treasurers as well as principals).

Interviews gave me an opportunity to observe non-verbal behaviour of my respondents as recommended by Sarantakos (2005:285-286).

According to Babbie and Mouton (2007:288) a basic individual interview is one of the most frequently used methods of data gathering within the qualitative research approach as it will allow the respondents to speak openly for themselves. Herbert and Rubin (in Babbie and Mouton 2007:288) state that interviewing is flexible, iterative and continuous. This means that every time I interviewed the respondents I assessed the SGBs' understandings of their view of the world, meanings, and definitions of their functionality in the management of school finances as well as their constructions of reality with regard to the management of school finances as recommended by Punch (2007:169). I moved closer to a clear and convincing model of the phenomenon I was studying, i.e the functionality of the school Governing Bodies in managing the finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

Document analysis

According to Maree (2007:82) documents analysis as a data collection technique includes all types of written communication that may shed light on the phenomenon that the researcher is investigating. Punch (2007:185) describes documents as rich sources of data because documentary evidence is compiled and retained.

A review of all available documents related to the functionality of school governing bodies with regard to the management of school finances, such as minutes of the meetings held, journals, diaries and letters, reports, newspapers, acts, policies, regulations, prescripts and all other written material related to the topic was done. Documents indicated to me what and how the SGB said what they said about managing finances in their meetings. Documents also showed whether there was value for money, whether an approved budget was used as per SASA, and whether an evaluation of the budget was done. They could also indicate to me whether the vision of the Department of Education of decentralising money to create self-managing schools was followed or not.

According to Creswell (2003:186) documents enable the researcher to study the language and words of the participants, and they can be accessed at a time convenient to him. Documents

represent data that are thoughtful, in that, participants have given attention to compiling them. As written evidence, they save a researcher the time and expense of transcribing.

I visited all the selected primary schools to interview the respondents and collect primary evidence from these schools. Document analysis allowed me an opportunity to peruse all minutes of finance committee meetings and audited financial reports to get to know how functional these SGBs were in terms of managing the school finances. It also gave me an opportunity to get a basic understanding of SGBs' functionality in the management of school finances, to identify the content areas that might require extra attention during the research study; it provided meaningful insight into their financial knowledge. Documents like agendas of the meetings and minutes, diaries and bank statements helped me in building the profile of the SGBs in managing school finances.

According to Briggs *et al*., (2007:279) documents offer a lens to interpret events in order to gain insights into the relationship between the written and unwritten, past and present, spoken and visual. Sarantakos (2005:294) also states that document analysis assists the researcher to capture predominantly surface impressions of the phenomenon studied.

Document analysis was used as a means of providing detailed information on how SGBs managed their school finances. It was also used to establish a plausible interpretation and explanation of the functionality of the SGBs in the management of school finance.

1.9.4.2. Population

According to Welman and Kruger (1999:18) a population encompasses the entire collection of cases about which we wish to make a conclusion. In the light of this study, the participants / respondents (the SGBs chairpersons, treasurers and principals) were drawn from the population of six public schools as the target population. The population was the 16 primary schools in the Bahlaloga Circuit in the Capricorn District of the Limpopo Province. They all have SGBs as per SASA, and they all fall under Quintiles 1-2, and they are no fee schools receiving 100 % state subsidy. They are all Section 21 schools. They are homogeneous in terms of demographic factors - rural public primary schools in the rural Bahlaloga Circuit; their socio-economic status is poor. They all do not have enough money as they are all relying on the state subsidy in terms of the Norms and Standards from School Funding.

1.9.4.3. Demarcation

The research was conducted in a small area. Its concentration was at six public primary schools in the Bahlaloga Circuit of Capricorn District of the Limpopo Province Department of Education. I explored the functionality of the SGBs with regard to the management of school finances in the six rural public primary schools of Bahlaloga circuit of Capricorn District of the Limpopo Province Department of Education. The respondents or participants were limited to principals, chairpersons and treasurers of the purposefully selected primary schools, as they were relevant and information-rich in regard to the research topic.

1.9.4.4. Sampling

In this qualitative study, purposive sampling was appropriate. According to Neuman (1999:198) purposive sampling is appropriate in exploratory research where informative cases are selected, and where the aim is not to generalize but to gain a deeper understanding of the phenomenon in its natural setting. This view is shared by McMillan and Schumacher (2007:126) who state that purposive sampling is a strategy which chooses small groups or individuals likely to be knowledgeable and informative about the phenomenon of interest, the selection of cases without requiring or desiring to generalize the findings to all such cases. Cohen *et al.*, (2007:115) state that purposive sampling is used to access people who have in-depth knowledge about particular issues such as expertise, skills or experience. These views are also shared by Creswell (2007:125) and Bryman (2001:335).

In this study six no fee public primary schools that fall under Section 21, were sampled and only people who were information-rich were purposefully selected to enhance the quality of my research. The key participants were members of the SGB or finance committees of the SGBs, who were the treasurers, SGB chairpersons and the principals in the selected six primary schools as they were the relevant people dealing with the management of school finances in the day to day activities. These people were interviewed on their understanding of their functionality with regard to the management of school finances.

1.9.4.5. Data analysis and interpretation

Data collected for this qualitative research study was analysed through content analysis, crystallisation of data, and document analysis.

1.9.4.5.1. Content analysis

Data was analysed by means of open coding (the process of putting tags, names or labels against pieces of data / words) and categorising them during content analysis (transcribed data from interviews) (Henning, Van Rensburg & Smith, 2004:104).

According to Sarantakos (2005:299) content analysis is a documentary method which includes written material and official documents. Its focus is on meanings and interpretations in text. It is a qualitative analysis of the content texts and other forms of verbal, visual or written communication, the study of the content of texts, such as words, meanings and pictures. Data obtained through interviews was tape-recorded and transcribed word for word (words were used in analysing and interpreting results). Data was organized logically, categorically, reviewed repeatedly and continually coded. I spent more time analysing field-notes, interview transcripts, reflections and information from relevant documents to examine and interpret how SGBs in the selected rural primary schools managed the school finances.

Nieuwenhuis (2007:101) states that content analysis is a systematic approach to qualitative data analysis that identifies and summarises message content, *i.e* analysis of books, brochures, written documents, transcripts and news reports. It is a process of looking at data from different angles with a view to identifying keys in the text that will help us to understand and interpret the raw data, and to examine the content of the textbooks to see whether they cover the necessary material for the phenomenon (management of finances) and presented in a way that is appropriate to SGBs' level of literacy and fits the context in which they live and function. Nieuwenhuis (2007:101) further states that content analysis is used when working with narratives such as diaries or journals to analyse qualitative responses to open-ended questions given in interviews and focus groups. It assists the researcher to understand and interpret the raw data collected.

According to Cohen *et al.*, (2007:435) content analysis is the process of summarizing and reporting written data. It can be undertaken with any written material, from documents to

interview transcripts and personal interviews. Cohen further states that content analysis takes texts and then analyses, reduces and interrogates them into summary form through the use of both pre-existing categories and emergent themes. It involves coding, categorizing, comparing and concluding by drawing theoretical conclusions from the text.

1.9.4.5.2. Crystallisation of data

According to Nieuwenhuis (2007:81), crystallisation deals with an emerging reality that we are describing and analysing. It provides us with a complex and deeper understanding of the phenomenon. In this study it is the functionality of the SGBs in the management of school finances. He further states that crystallisation emerges from the various data gathering techniques and data analysis employed and represents our own reinterpreted understanding of the phenomenon.

1. In this study, data collected as field notes during participant-observation, on the behaviour and activities of the SGBs in their natural setting was used to verify and corroborate data gained through interviews and documents. This data collected during observation needed to be elaborated, discussed, explored and illustrated, all of which were tasks that could be carried out in an interview. As a researcher, it helped me to find cases in which there was a mismatch between interview data and the SGBs' behavioural patterns, where they did not do or act as they said they did.
2. Interview transcripts and interview notes collected from semi-structured interviews were used to describe and understand the meaning of central themes in the life of the SGBs. They allowed for an in-depth probing for elaboration, clarification and understanding.

1.9.4.5.3. Document analysis

Documents provide first-hand information based on direct experiences with the phenomenon obtained through interviews and observation (McMillan, 2001:127). Documents help to clarify what was said, and how was said in response to semi-structured interviews. Documents helped to shed light on the functionality of the SGBs in the management of school finances, on what they told me about the functionality of SGBs in the management of school finances, what decisions they were making with regard to finances. Documents indicated to me what they really thought about the value and purpose of money they received

from the state, being to improve the quality of education.

Field notes collected during participant-observation, interview transcripts and interview notes collected during semi-structured interviews and data collected during document analysis were crystallised to be able to verify what they told me about the functionality of the SGBs in the management of school finances, and to see the same emerging pattern, and this added to the trustworthiness of the research study.

1.10. Trustworthiness

Cohen, Manion and Morison (2007:148), Bryman (2004:273) and Maree (2007:80, 86,113) propagate the use of the following criteria to ensure trustworthiness and authenticity in qualitative research. In this research study this was guaranteed through:

1. Credibility: One of the best ways to establish credibility is through prolonged engagement with the subject matter through member-checking - returning to the informants to see whether they recognize the findings of the study. Creswell (2003:196) states that member-checking should be used to determine the accuracy of the qualitative findings through taking the final report back to participants and determining whether these participants feel that they are accurate.

2. Dependability: It refers to how dependable these results are. Crystallisation of methods which is the use of multi-method strategies to collect data also has the potential to contribute to the dependability of the findings. I used this strategy to try and account for changing conditions for the phenomenon chosen for research and the changes in the research design when the research was under way. This was done by means of member-checking, and identified themes were discussed with the participants to ensure that they were accurate and dependable. Triangulation of all data collected during research process including results from interviews was conducted to provide reliable findings in order to search for common themes.

3. Conformability: There must be an audit trail which is a recording of activities over time that another researcher can follow. I used this strategy to confirm whether another researcher would come to the same conclusion when analysing the research data. The findings of the study could be confirmed by another to avoid bias.

1.11. Limitations

This study was limited to the interpretive paradigm. With regard to observation as a method, I concur with Opie (2004:122) that people, consciously or unconsciously, may change the way they behave when being observed. Members of the SGBs were going to operate in an unnatural manner due to my presence. The researcher might be seen as intrusive. With regard to interviews people often feel constrained because they are not free to give information which they feel is important. The researcher may miss salient issues in this way as indicated by Breakwell *et al.,* (1995:231).

De Vos *et al.,* (1998:133) also state that the personal presence of the interviews may reduce the participants' spontaneity. Sarantakos (2005:286) also indicates that one of the limitations of interviews is sensitivity. When sensitive issues are discussed, many people prefer to write about sensitive issues, rather than to talk about them. Respondents are sometimes unwilling and unable to offer information. According to Creswell (2003; 186) documents are sometimes incomplete and selective; they require transcribing and may not be authentic and accurate. Sometimes only positive aspects are documented.

With regard to trustworthiness, it is not possible that I could be 100% sure of my interpretations. The confinement of the study to one circuit, namely Bahlaloga out of five circuits in Polokwane Cluster was also a limitation. The study focused on the functionality of the SGBs of six randomly selected public ordinary primary schools in the Bahlaloga Circuit of Capricorn District in the Limpopo Province. The findings from selected six primary schools will not be generalizable to all primary schools in the Bahlaloga Circuit.

1.12. Ethical considerations

The following ethical issues were considered by the researcher when conducting the research, in order to do the research in an ethically responsible way. Strydom (in De Vos, Strydom, Fouché, Poggenpoel, Schurink and Schurink 1998:23-25) highlight the following ethical considerations for research:-

1.12.1. Anonymity and confidentiality

The respondents remained anonymous and all information collected during the study would be treated as confidential unless agreed on through informed consent. The respondents would be given adequate information on the aims of the research, the procedures that were followed, possible advantages and disadvantages for the respondents, the credibility of the researcher and how the results would be used so that they might make an informed decision on whether they wanted to participate in the research or not (De Vos, 2005:57).

1.12.2. Voluntary participation and informed consent

The respondents were 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 respondents were informed that participation was voluntary, and they would have the freedom to withdraw from this research at any time without fear of any repercussion. I tried to build a relationship of trust, fairness, respect dignity and honesty to promote integrity between me and the respondents.

1.12.3. Permission from the respondents to conduct research

Permission from the respondents to conduct research was sought, before any data was collected. Written permission to conduct research at the six selected rural primary schools in the Bahlaloga Circuit was sought from the Department of Education in Limpopo Province.
As a token of gratitude towards my participants, they will be informed of the findings of the study.

1.13. The significance of the study

This study should add to the knowledge we have about the functionality of SGB and how they are contributing to or failing to contribute to the aim of decentralising educational functions to improve the quality of education. The knowledge that emerges should also be valuable in designing better SGB training programmes and monitoring of the performance of SGBs.

1.14. Conclusion

The orientation provided the background of the functions of the School Governing Bodies with regard to the management of finance, the rationale, the research problem statement and the research questions and aims were also given. A preliminary literature review and the research methodology were discussed. The working assumptions and significance of the study were given. In the next chapter a comprehensive literature review of the functionality of school governing bodies with regard to the management of school finances will be conducted.

CHAPTER TWO

Literature review:

The functions of the school governing bodies with regard to the management of school finance.

2.1. Introduction

The decentralization of school finances started anew after the democratization of South Africa in 1994, with the major objective being to facilitate greater participation of stakeholders in decision-making. This new educational paradigm poses serious challenges to School Governing bodies (SGBs), also in the Bahlaloga Circuit Primary Schools. SGBs face the twin challenges of constant and effective functioning in the management of school finances.

The Education Department in South Africa opted for the use of the South African Schools Act, No 84 of 1996, hereafter SASA, as a vehicle for decentralizing and transforming the management of school finances SASA aimed at capacitating and strengthening the SGBs in this regard. The overall purpose of SASA was to transform the content and philosophy (paradigm) of governance, and the emphasis was essentially laid on the idea of a funding partnership.

This chapter will explore the literature relevant to the functionality of School Governing Bodies (SGBs) with regard to the management of school finances in decentralized public schools with a view to understanding the functionality of SGBs in this regard and also with a view to possibly making appropriate recommendations on the ongoing financial programmes in schools. An in-depth review of literature (Van Wyk, 2004, Mestry, 2004, 2006, Bisschoff, 1997, Bush, 2004, 2005, Knight, 1993, Joubert, 2007, Naidu et al, 2007, Clarke, 2007, 2009 and Swartz, 2009) on school governance with regard to the functions of SGBs in the management of school finances has indicated that the proper functioning of SGBs in this regard is fundamental to the effectiveness and efficiency of schools. Several recommendations from scholars such as Mahlangu (2005, 2008), Mokoena (2005), Maluleka (2008), Makhubela (2005), Nyambi (2004), Quan-Baffour (2006), Naidoo (2006) and the

Review Report (Soudien Report) (2004) have accordingly been made for further research on more appropriate strategies for effective functioning of the SGBs particularly with regard to the management of school finances to enhance the quality of teaching and learning as the core business of education. The legislative framework can shed light on this topic and will also be reviewed.

2.2. Conceptual analysis

The following key concepts will be defined in order to give more clarity on the functionality of the SGBs with regard to the management of school finances.

2.2.1 Decentralization

This research is based on the theory of decentralization of financial power. In this case, I will look at the question of decentralization of power from the macro level (Provincial Government of Limpopo Province) down to the level of public, primary schools (micro level) in the Bahlaloga Circuit. This study will explore how decentralization of power works and the effects of the devolution of power to the people at the school level, being the SGBs.

In this research decentralization is defined as the transfer of decision-making authority closer to the consumer or beneficiary. This view is also put forward by Mokoena (2005:7), Naidoo (2005:39), Tsotetsi, Van Wyk and Lemmer (2008:385) Van Wyk (2004), Beckmann and Prinsloo (2009:171), Marishane and Botha (2004:95) and Bray (2003:2 in Hanson 1998:112). Governance in a decentralized structure provides for the distribution of authority and accountability at various levels of the system. Decentralization can take various forms, the most common of which are devolution, deconcentration and delegation.

Devolution as a form of decentralization means transferring powers to lower levels of an organization. In devolution in education, most often, education responsibilities are transferred to general purpose entities at the regional or local levels. Examples are the decentralization of managing school finances to SGBs at the school level. Additional responsibilities are given to public ordinary schools through Section 21 and Sections 36-44 of SASA. When financial responsibilities are transferred to public schools the elected governing bodies of those schools must make decisions about how to manage school finances in an effective, efficient and accountable manner. This kind of transfer of power must be backed by legislation, which

means that if this power is to be withdrawn from these local structures, the legislation will have to be amended.

Deconcentration as a form of decentralisation in education means giving additional responsibilities to schools. This is often called school autonomy or school-based management and may take the form of creating democratically-elected governors and giving them responsibilities for management of finance, including budgets powers to make important financial decisions.

Deconcentration may also take the form of empowering school governors and finance committees to make financial decisions within the school. Marodi (2009:5 in Bray 2003:2) views deconcentration as a process to do with the delegation of responsibility from a central authority to the local site. Decisions can be made at the local levels only by those individuals who are accountable to the central authority.

Delegation implies a stronger degree of decision making at a local level. Theodorou (in Karstanje and Abu-Duhou 1999:170) states that the rationale behind delegation is that decision making near the point of delivery of service will closely reflect the needs and priorities of the students and the school community (Newcombe *et al.*, 1997).

Beckmann (2002) states that decentralization refers to public participation in decision-making by bringing stakeholders closer to one another (government to schools (SGBs) to communities) with the aim of providing a framework for the efficient provision of quality education and school improvement.

Beckmann (2009:129-30) states that decentralization involves the distribution, delegation and allocation of functions related to administration or management and granting such functions to subsections of a whole. Finkler *et al*. (2007:43) state that in decentralization organization, planning, control, and authority for decision-making occur much lower down in the organizational hierarchy, much closer to the point of service, and by greater numbers of managers. Finkler (2007:43) further states that decentralization enhances the development of unit-based managers, puts authority for making decisions with people who have the current information, allows management by exception rather than by rule, and allows quick response to both client need and environmental change. It encourages involvement in decision-making.

I conclude by quoting Mahlangu (2008:135) who says that, despite the complexities, there are certain motives that commonly give rise to decentralization as an attempt to:

1. Use resources more efficiently;
2. Increase democratic control by allowing community participation in decision-making;
3. Reduce the financial burden of central government by sharing it with local authorities or parents as cited in Karlsson *et al.*, (2002:142-143).

2.2.2 School Governing Bodies

Beckmann (2009:173) defines a School Governing Body (SGB*)* as the body provided for in, and formed in terms of Section 16 of SASA and also constituted in terms of that Act. It exercises the functions accorded to it in terms of the decentralization of power to school communities. The governing body consists of a majority of parents (the representatives of the parent community), a number of educators, administrative staff and, in the case of secondary schools, also learners. It is responsible for the governance of the school (Section 16 of SASA). In terms of Section 23 (9) of SASA, the number of parent members must comprise one more than the combined total of the other members of the governing body who have voting rights. The fact that parents make up the majority (Section 23 (9)) of the governing body demonstrates the importance of their involvement and embodies the principle of partnership and mutual responsibility for a public school. This partnership is based on the democratic principle of decentralization and the distribution of authority from the national and provincial spheres of government to the school community itself. The parent majority in the school governing body implies that parents should have a strong and decisive voice, e.g. in the financial affairs of the school.

Brown and Duku (2008:348) view school governance as a feature of school leadership in schools in South Africa. While there is considerable variation in the way school governance (SG) is defined, one could perhaps argue that within the South African context, SG relates to, *inter alia*, part of the processes and systems by which the school operates; the use of structures of authority and collaboration to allocate resources and co-ordinate or control activities linked to the management of the school (DoE, 2007).

SASA provides that all public schools in South Africa must have democratically elected school governing bodies in which parents must be in the majority. This view is shared by

Tsotetsi, Van Wyk and Lemmer (2008:386) who state that, according to SASA, regardless of school size, parents always hold a majority through 50% plus one member representation.

2.2.3 Financial management

Le Roux *et al.*, (1999:159) define financial management as the management of an enterprise's financial activities. The financial manager is responsible for the effective planning, organization, co-ordination, delegation and control of all the financial activities in the enterprise as he or she strives to achieve the enterprise's primary objective. They further state that financial management involves constantly making decisions about how the financial activities of an enterprise should be planned and controlled with the help of information that is available at the time.

Le Roux *et al.*, (1999:160) and Van Rooyen (2007:123 in Joubert and Prinsloo 2009) state that, to understand the financial function and to implement it successfully, you need to be familiar with basic financial management concepts and a better understanding of these concepts will help in the effective management of finance. I agree with Le Roux (1999) that schools must develop strategies to evaluate their SGBs' effectiveness in financial management that will allow greater opportunities to compare and contrast financial decisions of similar schools. SGBs as financial managers must know and understand government legislation and financial prescripts that govern the use of state finances. They need to understand the rationale behind the finance committee, have knowledge of the concepts, and have the skills and ability required in financial management, to be able to make decisions. Schools can achieve their objectives effectively and efficiently only if there are sound relations between all the stakeholders at school level.

According to Mestry (2004:3) financial management is the performance of management actions connected to the financial aspects of the schools, with the aim of achieving effective education. He further states that the SGB's position regarding the governance and financial management of public schools is spelt out in Section 16 as well as Section 39 *et seq*. of SASA (2007:124-5)

In the public sector, financial management focuses on the prioritization and use of scarce resources, on ensuring effective stewardship over public money and assets, and on achieving value for money in meeting the objectives of Government, i.e. rendering the best possible

services. This must be done transparently and in terms of all relevant legislation.

According to Nieuwenhuis (2001:80) one of the key aspects in ensuring the effective and efficient management of an educational institution is financial management which is intimately related to planning, organizing, supervision, monitoring and evaluation.

2.2.4 Functionality

Basic functionality is when an SGB is able to function effectively and efficiently to realize their goals. The emphasis is more on the effectiveness regarding the legislative framework and policies, how the school governing body is meeting its own goals, and how positive the parents and educators respond to the SGB.

According to the Handbook for Whole School Evaluation (2001:16) basic functionality of the school indicates that the school can function efficiently and effectively and realize its educational and social goals. The school's policies and procedures must be in place to enable it to run smoothly. The SGB as the accounting authority has to look at the policies, procedures, regulations etc, in order to judge whether they are appropriate and implemented successfully. The willingness of SGBs to implement these 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 for dealing with management of school finances. The SGBs must ensure that financial records are kept up to date and regularly monitored.

The Review Report (2004:106) further indicates that functionality should not merely be paper work. It should be what schools are actually doing in relation to these designated functions (one of them is budgeting as part of management of school finances).

There is a widely-held assumption that all schools in all provinces have successfully demonstrated to the PDE (Provincial Department of Education) concerned that they have the necessary skills and level of functionality to handle the school's budget and that is why schools in Limopo were allocated Section 21 status while, according to the Review Report (2004:113), it became apparent that many schools were not coping with the greater responsibility thrust upon them. Schools were struggling to fulfil all of the requirements of a Section 21 school. Many did not have the capacity for book keeping or to maintain their

property properly, because they were not equipped for the responsibility, and as such experienced difficulties in dealing with the process of ordering books. Joubert & Bray (2007:114) further state that many of these schools are not in a position where they can successfully manage large sums of money and inevitably find themselves in difficulties. A great number of SGBs in the majority of historically black schools are not meeting the requirements of functionality in terms of the core responsibility of managing finances.

Maluleka (2008:33) states that functionality of the SGB or lack thereof has a marked influence on the effectiveness of the school. For the school to achieve excellence, the participation of the SGB is very important. There is a need for SGBs to have particular skills, knowledge and expertise which will be needed in their governance functions. On the other hand, Joubert (2009) avers that, despite training of School Governing Bodies (SGBs) over a number of years, research, surveys and reviews of the status and functionality of SGBs in the country and in individual provinces reveal that conceptualization of what role the SGB has to play in executing its functions remains a challenge (Bush 2004: 24, DoE 2004: 170).

2.3. The functionality of School Governing Bodies with regard to the management of school finances.

2.3.1. The aim of having an SGB

According to Mahlangu (2005:38) the primary aim of having a school governing body is to enable parents to have a greater say in the education of their children and to bring democracy to the local level. The parents are the indispensable cornerstones of a successful education system. SASA provides in Section 23 (9) for a majority of parent members which will allow them to have a say in the education of their children, by taking charge of governance in schools. The government wanted to decentralize decision making by transferring authority and resources from state education agencies and school district offices to individual schools.

In brief, the aim is to encourage school governing bodies to have a say or get involved in the governing of schools, to facilitate effective community control of school through governance and to foster the spirit of consultation, collaboration, co-operation and partnership of all the stakeholders of the SGB, which in this study are the parents, educators and co-opted members from the community. SGBs are required by law (SASA) to be responsible and accountable in governance including the management of finances.

Clase *et al.*, (2007:243) further state that the success of any country's education system is dependent to a great extent on the mutual trust and collaboration existing between all partners. In this case the trust between the SGBs and the community it serves and represents is very important.

From the above opinions it is clear that the presence and effectiveness of the SGBs in schools are very important. Their involvement in the management of school finances as part of their duties and responsibilities in this regard is significantly important for quality education.

2.3.2. Strengths and weaknesses of the school governing body system

According to the Review Report (2004:144) the following strengths for governance were discovered after an intensive study. They were identified as:

1. Infusing positive values into the technical leadership and executive management of the school. This statement refers to the infusion of values such as honesty, loyalty, enthusiasm, willingness, wisdom, insight, commitment, interest in education and dedication into the management and leadership of the school. These values are regarded as very important. If these values are well infused into schools through SGBs, schools will achieve better results in the improvement of the quality of teaching and learning.
2. Improving representivity (gender, racial and other) and widening participation in all facets of the school's decision-making and functioning.
3. Helping to promote co-ownership of, and co-responsibility for the school's challenges.
4. Bringing professional expertise to bear on the technical leadership and executive management of the school, without any costs (through co-option).
5. Promoting teamwork and collaboration among the stakeholders, and trying to introduce a business orientation to the functioning of the school.

According to the Review Report (2004:147) the following five common weaknesses of governance in South Africa have emerged:

1. Skills deficit among SGB members. Very few SGB members understand their school development plans in relation to the core business of the school. Many of the SGB members, particularly among the parents, have high levels of illiteracy, limited proficiency in English or very little formal education. Some SGB members are chosen on

the basis of their popularity in the community, their good relationships with principals and not on the basis of their technical or professional skills.

2. Contextual limitations such as lack of public transport to attend meetings in the evenings, the time of meetings, the social climate in which many schools operate with challenges of vandalism, school safety and gangsterism contribute to the weaknesses of school governance.
3. Apathy displayed in non-attendance or poor attendance of meetings and workshops, and low participation at these forums even if members do attend as well as lack of implementation orientation with regard to decisions taken by the SGB.
4. Lack of teamwork which is motivated by dominance of particular people in SGB decision making and implementation of decisions. Promotion of some members, of their own interests and the resultant conflict also contribute to this. Lack of trust between members, pride and ignorance also contribute to these weaknesses.
5. Under-representation as a result of lack of commitment from parents of learners to be elected as parent members of the SGBs.

Circular 34 of 2004 of the Gauteng Department of Education identified some of the weaknesses in terms of financial processes, which are also regarded as relevant for the functionality of the SGB with regard to management of finances:

- 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.
- Budgets and financial statements that do not comply with policy requirements.
- Inadequate monitoring of actual expenditure against budgeted expenditure.
- Lack of control over the issuing and retrieval of LTSM.
- 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.

2.4. Legal framework for managing school finances by School Governing Bodies.

This literature review takes as its point of departure the tenets of the constitutional, policy and legislative provisions that have been enacted in South Africa. The legal requirements governing the management of school finances are mainly described in the following policy and legal sources:-

2.4.1. The White Paper on Education and Training, 1995

This White Paper as a policy document describes the process of transformation in education and training which will bring into being a system serving all our people, our new democracy, and our Reconstruction and Development Programme. The policy gives guidelines on establishing a new pattern of school ownership; governance and funding in the new South Africa. It provides that:-

- A new national policy framework for school organisation is essential to provide a firm basis for action by the provincial Ministries of Education in the full exercise of their legislative competence. The framework must clarify the legal status of different categories of schools, and establish national norms and standards for school governance and finance.
- The framework must be developed on the basis of principles which are in full accord with the Constitution, consistent with the best South African experience, easily understood, and likely to raise the quality and effectiveness of schooling where it is most needed.

The second point of departure is governance in public schools. The White Paper provides that School Governing Bodies should be representative of the main stakeholders in the school. Parents have the most at stake in the education of their children, and this should be reflected in the composition of governing bodies, where this is practicably possible. The head or principal of a school should be an ex officio member of the governing body.

In primary schools, the main stakeholders for purposes of governance comprise the parents and teachers. State involvement in school governance should be at the minimum required for legal accountability, and should in any case be based on participative management. The decision-making powers of governing bodies should reflect their capacity to render effective service.

A capacity-building programme should go hand-in-hand with the assignment of powers to governing bodies. This should be supplemented by management programmes for principals and inspectors, to ensure a smooth transition to the new school governance system.

The third point of departure derived from this White Paper is on the financing of public schools. It provides that the basis for financial allocations to different categories of state and state-aided schools must be equitable and transparent, aimed at eliminating historical disparities based on race and region and ensuring an acceptable quality of education.

The fourth point of departure is that this White Paper suggests that the Minister of Education will without delay appoint a Committee to Review School Organisation, Governance and Funding. The Review Committee will be asked to analyse the current situation of school organisation, governance and funding in terms of existing legislation, the 1993 Constitution, to undertake suitable research, to recommend to the Minister.

A proposed national framework of school organisation and ownership, and norms and standards on school governance and funding which, in the view of the committee, is likely to command the widest possible public support in accordance with the requirements of the Constitution, improve the quality and effectiveness of schools, and be financially sustainable from public funds. This Review Committee published a report which was converted into the Education and Training White Paper 2 of 1995 and was then incorporated into SASA.

2.4.2. The Constitution of South Africa, Act 108 of 1996

The Constitution of the Republic of South Africa is the supreme law of the country and all laws and acts that are inconsistent with it are invalid (Section 2). In terms of Section 239 of the Constitution, public schools are organs of state, and the functioning of their School Governing Bodies as accounting authority, in particular their policy-making function requires an understanding of the founding values of the Constitution which forms the basis of the legislative provisions for school policies.

The Constitution of the Republic of South Africa (RSA, 1996) also provides in Section 29, that "everyone has the right to a basic education, which the state must take reasonable measures to make progressively available and accessible."

Clarke (2009:107) points out that the Constitution also places an obligation on the government to provide funds to ensure an acceptable quality of education at departmental, community-managed or state-aided primary or secondary schools on an equitable basis.

2.4.3. The South African Schools Act, No 86 of 1996 (SASA)

According to Soudien (2006:9) SASA, promulgated in 1996, was the cornerstone of the education legislation to be passed by the new government. From a legal point of view the purpose of SASA was to lay down the rules for the democratic governance of schools. A central innovation was the provision for democratic parental participation through School Governing Bodies (SGBs) for all public schools. In addition, it outlined school funding norms that prioritized redress and targeted poverty in funding allocations to the public schooling system. SASA outlined the powers and duties of various members of the school community with respect to school governance. Joubert and Prinsloo (2009:25) also state that the purpose of the Schools Act is to provide for school education in South Africa, and in particular the organisation, governance and funding of all schools.

Karlsson (2002:330), Calitz et al (2001:85), Oosthuizen (2003:215), Swartz (2009:26), Naidu et.al, (2007:165),Van Wyk and Lemmer,(2002:135), Quan-Baffour (2006:37), Clase (2007:243) Clarke (2007:280), Clarke (2009:112-3), Beckmann and Prinsloo (2009) and Joubert and Prinsloo (2009:93) all refer to functions of the SGB with regard to the financial management of the school which are stipulated in Sections 36-43 of SASA. This Act is the primary source for a discussion of powers of SGBs with regard to the management of school finances. Mahlangu (2008:50) states that all these functions should be carried out in terms of the broader legal framework within which SGBs operate. In this study the following Sections of SASA are of particular importance for school governance. They are considered relevant to this research as they deal with the management of school finances and they also have a bearing on the management of school finances.

Section 36 (1) of SASA provides that a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners at the school. From this context it is clear that the SGB has a duty to find other ways of obtaining enough money to supplement government funding.

Section 37 (1-6) of SASA provides the responsibilities of the school governing body in respect of the monies and assets of the school. The SGB of a public school, as the accounting authority must establish a school fund and administer it in accordance with directions issued by the Head of Department. All money received by a public school including school fees and voluntary contributions must be paid into the school fund. The governing body of a public school must open and maintain a banking account. Money or other goods donated or bequeathed to or received in trust by a public school must be applied in accordance with the conditions of such donation, bequest or trust. All assets acquired by a public school on or after the commencement of this Act are the property of the school. The school fund and all proceeds thereof, and any other assets of the public school must be used only for educational purposes.

Section 38 (1-2) of SASA provides that a governing body of a public school must prepare a budget each year according to prescriptions determined by the Member of the Executive Council in a Provincial Gazette, which shows the estimated income and expenditure of the school for the following year. It also provides that before a budget is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present through voting.

In terms of Section 39 of SASA school fees may be determined by a governing body of a public school, and Section 40 (1) of SASA makes provision for parents' liability for the payment of school fees and Section 41 for the legal enforcement of the payment of school fees. These Sections 39 - 41 of SASA do not apply to this study, as the six selected public primary schools fall under quintiles 1-3 and the category of the so-called no-fee schools. These schools classified as no fee schools are forbidden by law to charge school fees. They are schools which serve the most impoverished communities.

Section 42 of SASA provides that the governing body 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, it must draw up annual financial statements in accordance with the guidelines determined by the Member of Executive Council. Section 43 (1) (5) of SASA indicates the status of the person who must audit schools' financial statements. It provides that the governing body of a public school must appoint a person registered as accountant and auditor

in terms of the Public Accountants and Auditors Act No. 80 of 1991, to audit the records and financial statements referred to in Section 42 (SASA). A governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section.

2.4.4. National Norms and Standards for School Funding of 1998 (Government Gazette 2362) (As amended in 2000)

The National Norms and Standards for School Funding were promulgated to ensure consistent and equitable funding of schools. The document describes the national norms and minimum standards for school funding in terms of SASA. It also deals with the procedures to be adopted by the Provincial Education Departments in determining resource allocation to schools (DoE, 2008:83). The South African Schools Act imposes responsibilities on the state with respect to the funding of public schools. This basic principle of state funding of public schools is based on the Constitutional guarantee of equality, equity and redress and the right to a basic education. Section 34 of SASA provides that the state must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision. This Section also stipulates that, subject to the Constitution and SASA, the Minister must determine norms and minimum standards for the funding of public schools after consultation with the Council of Education Ministers, the Financial and Fiscal Commission and the Minister of Finance.

The National Norms and Standards for School Funding (NNSSF) of 2000 emanating from (Section 35 of the SASA) also provide that public schools in South Africa are categorised into quintiles one to five as a basis for funding from public funds by the state. These categories are determined by applying a complex set of criteria; inter alia taking into account the quality of the physical facilities and the poverty level of the community around the school. Based on the NNSSF and the school's number of learners an annual subsidy is then paid to public schools. All the public primary schools of the Bahlaloga Circuit fall under quintile 2, so they rely solely on the state subsidy and are not allowed to levy school fees.

2.4.5. Public Finance Management Act, No 1 of 1999

School finances should be managed within the broader framework of the Public Finance

Management Act (Act No 1 of 1999) hereafter PFMA. The intention of this Act is to ensure that all statutory bodies perform their functions within their budgets and that there is no deficit balances, while overdrafts and loans are limited as far as possible (DoE, 2008:82)

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);
- to ensure all revenue, expenditure, assets and liabilities of those governments are managed effectively and efficiently; and to
- Secure transparency and accountability.

Section 38 (1) (j) of PFMA provides that schools must submit a written assurance that effective, efficient and transparent financial management and internal control systems are implemented at the school. Section 49 of PFMA provides that every public entity must have an accounting authority, and in this study it is the SGB in public schools.

Section 50 (a-b) of PFMA 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, integrity and in the best interest of the public entity in managing the financial affairs of the public entity.

In Section 51 of PFMA the general responsibilities of accounting authorities are listed as follows:

An accounting authority of a public entity:

(a) Must ensure that the public entity has and maintains:-

(i) Effective, efficient and transparent systems of financial and risk management and internal control.

(ii) A system of internal audit under the control and direction of an audit committee.

(iii) An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective,

(iv) A system of properly evaluating all major capital projects prior to a final decision on the project.

(b) Must take effective and appropriate steps to:

(i) Prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity, and

(ii) Manage available working capital efficiently and economically.

(c) Is responsible for the management including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the public entity and,

(d) Is responsible for the submission by the public entity of all reports, returns and notices to the relevant executive authority, as may be required by this Act.

SASA emphasizes that for each financial year the school governing body must prepare an annual report consisting of the financial statements prepared in accordance with the standards of Generally Accepted Accounting Practices (GAAP). (Also see Section 42 of SASA).

PFMA is accompanied by the Guide to Public Finance Management Act (2000:3), which states that financial management is not an end in itself. Financial Management is, however, crucial to the successful running of any organization, as it relates to how the resources available to the organization are used. In the private sector, financial management centres on the examination of alternative sources of finance, the effective utilization of such finance and cohesion between financial and utilization of decisions.

2.4.6. Preferential Procurement Policy Framework Act, No. 5 of 2000

The purpose of this Act is to give effect to Section 217(3) of the Constitution of South Africa by providing a framework for the implementation of the procurement policy contemplated in Section 217 (2) of the Constitution; and to provide for matters connected therewith.

It also provides for a framework for implementing preferential procurement policy and states that:

(1) An organ of state must determine its preferential procurement policy and implement it within the following framework: A preference point system must be followed. (S 217(2))

The public primary schools in the Bahlaloga Circuit as organs of state are obliged to adhere to this Act. Their SGBs must operate guided by this Act in the procurement of services or goods as part of their function in the management of school finances.

2.2.7. Limpopo Province Financial Management Prescripts of 2009 (LPFMP)

The Limpopo Provincial Government DoE (2009:1) 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 SASA, the PFMA and other laws pertaining to education in the Limpopo Province.

The prescripts were compiled to regulate:

- The establishment of finance committees.
- The appointment of finance officers.
- The functions of treasurers, finance officers and finance committees.
- The use of government allocations.
- The control and monitoring of school funds.

As all the public primary schools in the Bahlaloga Circuit are no-fee schools, classified as quintile 2 according to the Norms and Standards for school Funding (1998), their SGBs are not allowed to levy mandatory school fees as defined in SASA.

The SGBs of these no fee schools have the following functions to perform (as per LPFMP of 2009) to show that they are functional:

- Pay for the operational expenses of the school.
- Provide proper security fencing.
- Provision of clean water or borehole.
- Repair all broken windows and doors, electrical and gas fittings, filling of cracks and painting.
- Annual service of fire equipment.

- Eradication of termites and other pests every year.
- Quarterly cleaning, weeding and maintenance of gutters, channels and other storm water drains to prevent flood damage to facilities.
- Annual repairs and maintenance of roofs to prepare for the rainy season.
- Annual maintenance of ablution blocks including the speeding up of ingestion in toilets and emptying toilets.
- Annual painting and treatment of outdoor equipment to prevent rust and damage to metal works.
- Procurement.

2.5 Functionality of the school governing bodies

The next section will deal with the functions of the school governing bodies in the no fee schools which were granted Section 21 as required by legislation.

2.5.1 Introduction

Section 21 schools are schools that have been allocated the responsibility of carrying out the additional functions listed in Section 21 of SASA. According to Clarke (2009:113) Section 21 lists a number of additional responsibilities which governing bodies can have allocated to them, or request to have allocated to them. These schools are schools that are allocated 100% subsidy (in the form of finance) and are able to manage their own financial status and have the money deposited into their bank accounts by the education department. There is an assumption that the SGBs of these schools have proven capacity, knowledge and expertise to perform these functions. For a school to be classified as a Section 21 school it has to provide the department with proof that it has the capacity to manage its affairs. The school must meet the following criteria for Section 21 status (as adapted from DoE, 2009:10)

- Democratically-elected SGB.
- Functional SGB according to its SASA functions.
- Functional SGB committees: Finance, Learning Support Material, etc.
- Financial management capacity.
- Management and administrative capacity.
- Sound school development plan.

The school must also meet the following standard requirements for being allocated Section 21 status. According to the DoE (2009:10) the SGBs should as a way of controlling and monitoring the school funds do the following:

- The SGBs must not only monitor all expenditure incurred during each school meeting but also from the previous meeting.
- Inspect supporting vouchers to ensure that they are in line with all prescripts or other departmental directives.
- Satisfy themselves that expenditure is in accordance with the approved budget and Public Finance Management Act regulations.
- The SGBs must keep the financial records and statements of public schools.
- The SGBs must keep records of funds received and spent by the public school.
- Keep records of assets, liabilities, and financial transactions and draw up annual financial statement and budget documentation.
- Annual audited financial statements should be presented to the parents meetings not later than 30 March of the following year.

2.5.2. Functions related to the management of school finance (Van Wyk and Lemmer (2002:129), Clase *et al.*, (2007:243), Clarke (2009:45) and Joubert and Prinsloo (2009:99))

The six public primary schools in this study were classified as quintile 2 no fee schools and were granted Section 21 status. These functions were allocated to all public schools as from 2009. It means that the SGBs of these schools and others were given full responsibility for managing the finances of the school.

According to Section 21 of the South African Schools Act, [Allocated Functions of a School Governing Body] a governing body may apply to the Head of Department, in writing, to be allocated any (or all) of the following functions:

Function 21 (a): to maintain and improve the school's property. This implies that:

- plans for maintenance and improvement should comply with the PED's specifications
- plans should be submitted to the district planning unit
- expenditure must stay within budget, the school may not use loans or run a bank overdraft
- as far as possible the school should employ local labour

Function 21 (b): to determine the extra-mural curriculum of the school and the choice of subject options. This implies that all learners must have equal access to all the school activities and that -

- no learner may be excluded from attending school because of a parent's inability to pay school fees
- the school should have a curriculum committee and each subject is to have a subject policy
- the school should have an extra-curricular committee to handle e.g. safety and funding issues

Function 21 (c): to purchase textbooks, educational materials and equipment for the school. This implies that -

- the school should have a Learning, Teaching Support Material (LTSM) Committee inclusive of educators and SGB members
- the committee should develop guidelines for the selection, distribution and retrieval of LTSM
- the school should follow correct procurement procedures
- funding for curricular activities should be prioritized

Function 21 (d): to pay for services of the school. This assumes that -

- the school should establish a finance committee (FINCOM)
- the school should have a finance (control) policy
- the school should use proper accounting procedures
- the school should have guidelines for the use of equipment

Function 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.

Mokoena (2005:19) states that the SGBs in these schools are empowered to take control and responsibility for educational and organizational matters in their schools.

The advantages and challenges of becoming a Section 21 school are set out as follows by the DoE (2008:84-85):

ADVANTAGES	CHALLENGES
The school has an opportunity to resolve its own problems	The finance committee must have members with strong financial backgrounds and expertise
In self-reliant, self-managed schools the school community is willing to take ownership and initiative	Robust financial systems are needed to cope with the management of sometimes very large budgets
There is much greater financial flexibility, as state allocations are deposited directly into the school's current account	Members of the SGB and SMT must be self-reliant and committed to effective, ethical and accountable school governance
The school is in a position to negotiate with suppliers, for goods and services	There is no economy of scale in purchase
The school has greater control over the quality of goods and services	There is danger of being bullied / bribed by suppliers
Delays are a thing of the past, as the school has greater authority over suppliers and service providers	

These points are also put forward by Mestry (2004: 130) who also states that one of the greatest advantages of a school being allocated Section 21 functions is that, in the event of the school being unable to spend all of the state's budget allocation in time, the School Governing Body may still process orders for services to be rendered or for Learning, Teaching Support Materials (LTSM) and for goods and services to be purchased because the money allocated by the Provincial Education Department is still in the school's banking account.

Looking at these functions as related to the management and handling of finances, the SGBs were given huge responsibilities to handle. Many of them were less empowered and not capacitated enough to carry out these functions. Literature review (Review Report, 2004) also

indicated that there is a huge gap of skills deficit in the rural areas which hampers the SGBs to function efficiently and effectively with regard to the management of school finances.

2.5.3 Financial organization

According to Kruger (2002:147) schools are expected to keep on performing their primary function, namely educative teaching and learning, effectively. This situation places a considerable support responsibility on the shoulders of financial managers such as the governors. It is imperative that the SGB as finance managers should perform their financial management task with considerable circumspection and thoroughness. The need for better and more effective financial management means that the State must collaborate with the SGB in planning and organizing unique means of managing school finances. To meet this demand in performing the task of financial management, the SGB must have certain knowledge and skills.

One of the principles of effective financial management which must be adhered to, as cited in Kruger (2002:149) is:

2.5.3.1 Organizing school finances

Kruger (2002:161) states that, if the financial managers of the school are to organize school finances effectively, the first requirement is that they should be knowledgeable about administration of school finances effectively as per SASA, as well as departmental rules, regulations and procedures regarding management of school finances, and understanding the financial statements and records.

2.5.3.2 Financial planning

2.5.3.2.1 Budgeting

Budgeting is the process of planning and controlling future operations by comparing actual results with planned expectations. The budget is a detailed plan that shows how resources will be acquired and used over a specific time interval. Its purpose is to allow management to project activities into the future so that the objectives of the organization are coordinated and met. It also helps to ensure that the resources necessary to achieve these objectives are

available at the appropriate time and it also helps management to control the organization (Sullivan & Dekker, 2009:185).

Clarke (2007: 286) argues that preparing the annual budget is probably the biggest challenge of the school governing body.

Section 38 of SASA requires the SGBs in all public ordinary schools to prepare an annual budget each year for submission to the general parent body for approval either late in the third quarter or early in the fourth quarter of that year for the following academic year.

Section 38 (1) of SASA stipulates 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.

Section 38 (2) of SASA requires that, before a budget referred to in subsection (1) is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present through voting.

The approved budget together with the name of the auditor, as per Section 43 of SASA must be submitted to the Head of department.

There are several types of budgeting processes, such as zero-based budgeting, incremental budgeting, programme budgeting and performance budgeting (Bisschoff & Mestry, 2005:45; Limpopo Province Department of Education 2009:33; DoE 2008:94-95).

(i) Incremental budgeting is a method of budgeting which implies that the previous year's budget is adjusted by increments for any anticipated increases in income and expenditure items (or in the case of decreases, decrements), that is a fixed percentage is added to, or subtracted from each and every income and expense item in the previous year's statement of receipts and payments (income statement). This added percentage is usually an inflation-linked percentage. In simpler terms, the budget for the next year is built from the current year's expenditure and income, and the advantage of the incremental budget method is its simplicity of preparation.

(ii) Pragmatic budgeting is a method of budgeting that uses the previous year's budget to determine the following year's budget. This method also attempts to improve the previous year's budget via savings and redeployment.

(iii) Base budgeting is a method of budgeting which advocates the school's planned priorities as the starting point. However, it accepts that the major part of most schools' budgets will be irrevocably committed to core activities and therefore, not available for alternative uses. This ideology is advocated in the Norms and Standards for School Funding where the budget allocation has been ring fenced.

(iv) Zero-based budgeting is a method of budgeting which involves wiping the slate clean that is by beginning the process afresh. All expenditure is then estimated based on the planned priorities and identified needs of the school, that is, a cost is attached to each and every planned activity and each and every identified need in order to ensure the efficient, effective and economic functioning of the school. This type of budget relies basically on the prioritized activities. The institution looks at the mission statement and budgets according to the mission.

(v) Programme budgeting is a method of budgeting where the resources available to a school are matched to the school's priorities and finalized via a reconciliation process. It is a more advanced way of budgeting and is closely linked to financial planning and resource allocation according to prioritized programmes.

2.5.3.2.2. Spending

The SGB through the Finance Committee must consider what is spent in the current financial year, before projecting the estimated expenditure for the following year. Some of the main expenditure in schools includes items such as audit fees; bank charges; cleaning and sanitation; electricity and water; printing and stationery; repairs and maintenance; salaries and wages; security services; sport and extra-curricular expenses; telephone and fax; and textbooks (Limpopo DoE Financial Management Prescripts, 2009).

All payments should preferably be made by cheque. However, small disbursements, such as postage, cannot be paid by cheque. The petty cash policy as per departmental regulations must be adhered to.

2.5.3.2.3 Processes

The following financial processes must be taken into considerations for the efficient and effective management of school finances:

- Control over cash receipts, receipt issuing and the banking of cash
- Adequate updating of cashbooks
- Control over authorisation of payments and wrong requisitions.
- Control over petty cash transactions
- Good document control, adequate filing systems and safe keeping of documents
- Compiled financial statements
- Budgets and financial statements that comply with policy requirements
- Adequate monitoring of actual expenditure against budgeted expenditure
- Control over the issue and retrieval of LTSM
- Control over the use of telephones, cell phones, photocopiers and printers, and
- The well-documented minutes of meetings where strategic decisions were taken.

2.5.3.2.4 Control

Financial control is the process of ensuring that money is appropriately used for the intended purposes, and that the income and expenditure is effectively managed. To ensure that correct procedures are being followed and going through the necessary steps to take corrective action when required. Clarke (2009:112) states that, in terms of SASA, control of a school's finances is very much the responsibility of the SGB. Even if this legal responsibility can be delegated, it still remains the responsibility of the SGB to ensure that the school's finances are controlled and accounted for. Clarke (2009:113) further states that it should be clear that taking care of the school's finances should be seen as the primary responsibility of the SGB. 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)
- All departmental policies regarding the use of school monies are adhered to.

According to the DoE (2008:103) financial control procedures should cover the following areas:

- Determination of financial procedures
- Collection of money
- Expenditure of money
- Recording financial transactions
- Financial reporting
- Accountability

The purpose of a control system is to minimise opportunities for mismanagement, dishonesty and fraud as well as to protect the school's personnel from charges of mismanagement and fraud, to ensure that the school's money is spent on the purpose for which it is intended, that is, educational purposes only. Internal controls are designed to provide reasonable assurances that the organisation's objectives are achieved efficiently, effectively and economically. (Clarke 2009:157).

Knight (1993:147 in Mestry & Naidoo 2009:110) states that budget monitoring and control is a necessary and important activity that enables the school finance committee and the SGB to take corrective action timely should income and expenditure deviate significantly from the projected income and expenditure. It also includes the safeguarding of the funds and ensuring that they are spent as authorized. The SGB must ensure the existence of and the effective execution of a sound, watertight financial policy and also management procedures. Regular checks and counter-checks are necessary to avoid the mismanagement of funds by any person or groups of persons (Mestry, 2004).

The SGB structure and the legislative frameworks governing SGBs had to be created and are there to guide the SGBs in their day-to-day financial management operations. The SGBs are expected to control finances in an efficient, responsible and accountable manner, to avoid any mismanagement, embezzlement and wasteful expenditure. The research was conducted with a view to explore or find out whether the theory given to them through manuals, provincial financial management prescripts is put into practice. The research explored how functional

the SGBs are with regard to management of finances in the rural primary schools. It explored their School Development Planning which is supposed to be Specific, Measurable, Achievable, Reliable and Time-bound (SMART).

2.5.3.2.5 Auditing

All financial records including bank statements must be audited annually by a person registered as an accountant and auditor in terms of the Auditing Act, No 26 of 2005.

The SGB must appoint an auditor to audit the records and financial statements of the school annually. The auditor must be registered as an accountant and auditor in terms of the Public Accountants and Auditors Act (Act 1 of 1991/ SASA, 1996 Section 43).

In terms of Section 43(5) of SASA, a copy of the audited financial statements for the period 1 January to 31 December of each financial year must be submitted to the Head of Department on or before 30 June of every year. This audited financial statement should also be made available to any member of the public or parent upon request, but such records should not be removed from the school premises.

For the purpose of ongoing monitoring with respect to financial management, schools are required to maintain monthly cash flow projections and actual expenditure statements. As an indication of ensuring proper financial management and accountability, schools are obliged to submit monthly financial records/expenditure trails for the month. Auditing should also contribute towards school effectiveness and improvement.

2.5.4 Finance Committee and roles of each member

Swartz (2009:15), Mestry (2004), Joubert & Prinsloo (2009:77) and Clarke (2007:280) all discuss the composition of the finance committee and its roles and responsibilities as stated SASA. SASA makes provision for school governing bodies to establish committees. Section 30 reads as follows:

30. (1) a governing body may-

30. (1) (a) establish committees, including an executive committee [and finance committee];[1] and

30. (1) (b) appoint persons who are not members of the governing body to such committees on grounds of expertise, but a member of the governing body must chair each committee.

The SGB 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 have adequate accountability and transparency
- The SGB Treasurer should preferably be the chairperson of the committee and will then be the designated finance controller
- At least two parent members should serve on the committee
- The SGB holds the right to remove or appoint additional members, as and when they consider it appropriate
- If the school's SGB lacks financial knowledge, a teacher with financial knowledge could be appointed or seconded to the committee

2.5.5. Composition and functions of the Finance Committee

According to Swartz (2009:19) and Naidu *et al.*, (2007:171) Section 30 (1 c) of SASA provides that the governing body of a public school may establish committees, including a finance committee and allied sub-committees. A summary of the literature reviewed generally indicates that the Finance Committee should, as a minimum, comprise of: (i) the treasurer (as the chairperson) (ii) the SGB chairperson; (iii) the principal; (i) 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.

According to Bisschoff and Mestry (2003 in Mestry, 2004: 131), Clarke (2007:53), Mokoena (2005:19) and Mestry (2004:131) the finance committee is responsible for:

- 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

[1] Insertion by the author

- 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
- Organizing 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.

2.5.6. Finance policy

According to Mestry (2004:129) and Clarke (2007:282) the governing body of every public school must ensure that there are proper policies and procedures in place for the effective, efficient and economic management of the school's finances and the school governing body must also have systems in place to monitor and evaluate the correct implementation of the policies and procedures and to report thereon. The finance policy is arguably one of the most important policies that a School Governing Body has to put in place.

Knight (1993:150) views the finance policy as a document that sets out the regulations, practices and procedures necessary for the prevention of fraud. Clarke (2007: 291) states that one of the main purposes of the school's financial policy is to put in place a system of controls (checks and balances) to ensure that the school's finances are safeguarded and correctly managed. One of the more important, if not the most important, control/s is a system of internal checks whereby the work of one person is checked by another and there is

a clear separation of duties.

According to Clarke (2007:292), Mestry (2006:35) and Bisschoff and Mestry (2003 in Mestry 2004: 129) the school's finance policy should, as a minimum requirement, comprise of the following:

(i) Cash management which includes but is not limited to: safe storage of cash; daily banking of monies received; proper accounting records; financial transactions supported by source documents and monthly reconciliation of the cash book with the bank statement

(ii) Internal controls which include internal checks (checking of one person's work by another); separation of duties; internal audits; functioning finance committees (FINCOM); establishment of audit committees

(iii) Audit trails which are the ability to verify every stage of any transaction. SASA requires that a school's financial records be retained for a number of years.

(iv) Procurement procedures must involve, *inter alia:*

(a) the FINCOM to approve expenditure or purchases above a certain pre-determined limit;

(b) the SGB to ratify expenditure or purchases above a certain predetermined limit; the FINCOM to obtain three quotes for expenditure or purchases above a certain pre-determined limit;

(c) to put out to tender expenditure or purchases above a certain pre-determined limit.

(v) Asset management includes safeguarding of assets; annual stock takes; board of survey and if necessary board of enquiry

(vi) Reporting which includes as a minimum requirement monthly budget variance; monthly income and expenditure to the circuit office; quarterly income and expenditure and budget variance to the education district office; audited annual financial statements to the provincial head office.

2.6. Problems and dangers encountered with regard to the management of school finances.

The literature review has identified the following problems and dangers as encountered in managing finances in respective public schools. In terms of Section 21 of SASA the

government is trying to support the so-called marginalised and disadvantaged schools in which parents are declared as of poor socio-economic status, but in these communities there are also middle and high income earners who could supplement the government funds by paying school fees. The SGBs are facing the challenge of parents who are able to pay school fees but are unwilling due to the blanket amnesty of the government in declaring rural schools no-fee schools. Failure to organize fund-raising to supplement the state's contribution to the operational cost of the school is also a challenge to the SGBs in our rural schools. So these schools will never be financially viable, as they are relying on state funding only.

The majority of rural public schools in the nine provinces were declared no fee and have been granted Section 21 status. The government is transferring the money allocated to schools in two amounts. This transfer of money to schools is wide open to abuse because the skills and capacity to monitor what is going on in the schools is not sufficient, as supported by the findings in the Review Report (2004:147; 150).This transfer of money is milking millions of rands from the government's coffers, and the danger is that if is not well managed, controlled and monitored it results in irregular expenditure and failure of schools to meet their own targets. This is supported by the following allegations found in newspaper clippings such as City Press (31 May 2009) that 49 schools in the Gauteng Education Department would forfeit their financial allocation due to their failure to submit audited financial reports.

Reports from provinces also indicated that some schools fail to comply with the legislative framework regulating the management of finances in public institutions. The MEC for Limpopo Province Education Department said (in an information meeting with the Capricorn District school principals in Polokwane, on the 23 July 2009), that even though 957 public schools in Limpopo Province had been granted 21 status, 126 schools of them would not receive their 2009 financial allocations due to their failure to submit audited financial statements for the previous year. As a result, their financial allocation from the Department of Education is not transferred to their account. Thus, learners are disadvantaged because of the incompetence or dysfunctionality of the SGBs in their schools.

In some schools SGB structures are there but seem to be dysfunctional, with the structure often "in the principal's pocket". This dominance of principals in the governance becomes a problem as indicated in the Review Report (2004:92). Principals are too reluctant to relinquish or even share their power and authority. According to Beckmann & Blom (2000:1

in Nyambi 2004:5) many principals bent on running schools autocratically utilise some of the following strategies to deny other stakeholders the opportunity of participating meaningfully in the affairs of the school: creating the impression of consultation while retaining power, restricting debate on key contentious issues, and setting up restricted channels of participation. The danger of this practice is the mismanagement of funds which results in misconduct cases.

Theft of school assets such as copiers and printers, computers and other school property, failure to keep records of money received and spent records of assets, liabilities and financial transactions and failure to manage assets through caring, repairing and improvement and replacement are also problems and the abuse of procurement systems to enrich individuals rather than to serve the community it is intended to serve is also a matter of concern, as evidenced in the Sowetan (26 November 2010) which stated that a school principal was alleged to have embezzled school fees through charging exorbitant fees without following public finance guidelines. The paper also alleged that the chairperson of the SGB was rendering service to the institution he is governing and awarding himself supply tenders at high prices.

Failure of schools to draw up School Development Plans and to budget on time and prioritize is a challenge. Some schools wait until the school's financial allocation is transferred to their account before they draw up their budgets. This leads to the budgeting of things they do not need because they have no idea on how to spend this money (lack of prioritization). Mestry and Naidoo (2009:11) also state that budget monitoring and control functions are neglected in schools and these result in overspending and usually school's goals being put on hold.

There is lack of vigour by SGBs to take bold financial decisions as they are not empowered to be decisive. Visser (2003) argues from a legal perspective that governing bodies often act outside of their contractual capacity, either because the contract is *ultra vires* or the governing body is not empowered when decision making is taken in a large group. He adds that there should be a balance of power between the SGB and the principal to accomplish quality education service delivery. Challenges include issues of accountability, lack of shared vision, the composition and structure of school governing bodies and lack of clearly defined goals. Training is conducted in a language inaccessible to the SGBs, and the danger is that there is lack of communication and participation and, in turn SGBs are dependent on the

principal for clarification of the deliberation in the workshops. This view is also put forward by Van Wyk (2002) who adds that this is a greater problem in rural areas.

According to Bush (2004) and Bush and Heystek (2005:178) the SGBs lack required skills and experience to exercise their powers due to infrequent, short and sometimes haphazard presentation by ill-equipped service providers at training sessions. Non-existence or lack of financial policy and ineffective finance committees leads to ineffective financial control and unaudited financial statements in schools. This view is also shared by Swartz (2009).

Wilson (2003:6) identified a lack of will, capacity and funding means. Also, where the SGB members have a limited understanding of their role and are not accountable to parents, it is not surprising that problems such as low participation by parents, abuse of power and authority, and a lack of transparency occur. According to Bush & Heystek (2003:1), Heystek (2006:478) and Nelushi (2006) the skills deficit is most acutely observed in schools in disadvantaged and rural areas. Poorly-educated parents lack management expertise and many struggle to interpret the content of SASA (Heystek, 2006:482). If the state fails to fulfil its responsibility, in partnership with other stakeholders, to develop the capacity of governing bodies, the SGBs will not perform their duties and responsibilities effectively and efficiently.

SASA provides that the parent component of the SGB must be in the majority. They may hold sensitive posts such as those of the treasurer who could also hold the post of the chairperson of the finance committee, which could be problematic in the rural areas because in most cases a great number of parents are unable to read or write. This becomes a major challenge to many SGBs and sub-committees of finance in rural public schools as a result of lack of necessary skills, knowledge and expertise. It leads to a failure of SGBs in schools to submit monthly financial records and school books for auditing as a result of fraud - false claims, false invoices and collusion. This lack of knowledge and experience also leads to a failure of the SGBs to take concrete decisions. Nyambi (2004:12) states that, in black rural schools, the parent governors are not well-equipped for their expected governance functions.

Nyambi (2004) further indicates that many studies however, revealed that many SGBs in disadvantaged communities often do not have the necessary skills to handle their finances in a satisfactory manner.

Conradie (2002:23) states that lack of proper funding by the education department causes facilities and expertise for in-service training in financial management (in education) to be a worrying factor in all provinces at present. If SGBs are to be appointed as financial school managers to administer finances, they are expected to have the necessary skills and competencies to carry this responsibility.

According to Naidu *et al.,* (2007:158) the SGBs' inability to account for the usage of public funds is a matter of concern. SGBs must be able to justify their financial decisions and actions. The Review Report (2003) in Naidu *et al.,* (2007) submits that where SGBs have a limited understanding of their role and are not accountable to parents, there are often problems such as low participation by parents, abuse of power and authority and a lack of transparency.

Naidu *et al.,* (2007:158) further state that limited capacity of school governors leads to failure of the SGBs to produce documented evidence of financial reports, professionally compiled entries of analysis, neatly filed receipts of payment invoices, and bank statements. This view is shared by Oosthuizen and Mentz (1998:190) who state that a school may suffer catastrophically as a result of negligence in the handling of finances. Mestry (2004:126; 2006:28) states that many problems in school governance have to do with the limited capacity of school governors, which too often leads to financial mismanagement or misappropriation of funds in the form of embezzlement, fraud or theft.

According to Bush, Bisschoff, Glover, Heystek, Joubert and Moloi (2005:41) literature shows that the biggest challenge for governors in South Africa is interpreting and meeting the expectations set out in laws and policies, notably in respect of finance. Bush *et al.,* (2005:43) further indicate that the decentralisation of financial management to the school level following SASA has created several difficulties for SGBs, leading to a widespread recognition of the need for extra training on financial management and governance.

Budget monitoring and control functions are neglected and this results in overspending and usually a school's goals being put on hold, Mestry and Naidoo (2009:11). Mestry (2004) states that, in examining the competences needed by effective governing bodies, comments on the lack of capacity and experience play an active role in school budgeting. This is also raised by Harley et al (2000), Bush and Heystek (2003), Karlsson (2004:11) and Bush and Joubert (2004). This list of problems identified by researchers indicates that this system of

governance still has some major challenges to face in order for schools to manage their own finances effectively and efficiently.

2.7. Conclusion

In conclusion I quote Mahoney (1988:223) who states that the essential functions of the SGB are to promote and protect the interest of the school and to be a link between the school and the community it serves. Whilst SGBs have been given significant powers in recent years, they have not yet been given sufficient guidance to use such powers. Gann (1998:45) emphasizes that the key characteristic of the effective governing body is its ability to understand and to implement the distinctive contribution it can make to the management of the school. This has led me to want to explore how functional SGBs are with regard to the management of finances in public primary schools.

CHAPTER THREE

Research design and methodology

3.1. Introduction

Chapter two focused on the literature review in respect of the management of school finances, in particular the functionality of SGBs in the public primary schools. In order to explore the findings of the literature review, a qualitative approach to data collection, analysis and interpretation was chosen. The data collection strategies would be participant observation, interviews using the semi-structured interview approach and document analysis.

3.2 Main research question and sub-questions

The research was informed by the following primary research question:

How functional are the School Governing Bodies with regard to the management of school finances in the Bahlaloga circuit in the Capricorn District of the Limpopo province?

In order to properly answer this question the following sub-questions also needed to be answered:

1. How do SGBs understand their functionality or role in the management of school finances?
2. How do SGBs understand the legislative framework?
3. What are the challenges facing the SGBs when performing their financial management functions in schools?
4. What budget processes do SGBs follow?
5. How do SGBs control expenditure?
6. How does the finance committee take decisions?

3.3. Research aims

The primary research aim was to explore the functionality of the SGBs with regard to the management of school finances in the Bahlaloga Circuit in the Capricorn District of the Limpopo Province.

In an attempt to attain the above-mentioned primary aim, the following secondary aims were pursued.

1. To find out how the SGBs understand their functionality or roles in the management of school finances.
2. To explore the SGBs' knowledge and understanding of the legislative framework.
3. To identify the challenges facing the SGBs when performing their financial management functions in schools.
4. To investigate the budget processes that SGBs follow.
5. To explore the SGBs' control of expenditure.
6. To explore the finance committee's decision-making processes in school finance.

3.4. Research approach

A qualitative research approach was considered suitable because this study is an exploratory study aimed at gaining a better and in-depth understanding of the phenomenon as it occurs in a natural setting. In this study the key aim was to explore the phenomenon which is the functionality of SGBs with regard to the management of school finances and to understand this social context from the participants' perspectives or the SGB members' perspectives. This phenomenon was explored in respect of public primary schools.

The use of a qualitative research approach is supported by Krathwohl (2009:236) who states that qualitative procedures are ideal for exploring complex a phenomenon about which there is little knowledge. Through exploration, qualitative methods teach us how to understand a phenomenon. In this study the phenomenon is the functionality of the SGBs with regard to the management of school finances. Stake (1995 in Krathwohl 2009:237) describes the intent of qualitative research as "not necessarily to map and conquer the world but to sophisticate the beholding of it". By "sophisticate" he means qualities that humanize problems, that holistically portray complex, interactive phenomena; that show how others perceive their world; and that provide insights on difficult problems.

Several writers have identified what they consider to be the prominent characteristics of qualitative or naturalistic research. McMillan and Schumacher (2006:12; 317-318) provide concise information on what the qualitative research approach is based on:

1. Assumptions about the world: qualitative research is based to a large extent on constructivist philosophy that assumes that reality is a multilayered, interactive, shared social experience that is interpreted by individuals. Reality is social construction, that is, individuals and groups derive or ascribe meanings to specific events, persons, processes, and objects from individual and collective perceptions or views of the same situation.
2. Research goal: it is concerned with understanding the social phenomenon from the participants' perspectives. That understanding is achieved by analyzing the many contexts of the participants and by narrating participants' meanings for these situations and events. Participants' meanings include their feelings, ideas, thoughts and actions.
3. Research methods and process: qualitative researchers study participants' perspectives with interactive strategies: participant-observation, in-depth interviews and supplementary techniques. In qualitative research there is a great deal of flexibility in both strategies and the research process. Qualitative researchers use an emergent design and revise decisions about the data collection strategies during the study.
4. Researcher's role: Qualitative researchers become immersed in the situation and the phenomenon being studied through interactive social roles which they record, through observations and interviews with the participants in a range of contexts.
5. Importance of the context in the study or context sensitivity: qualitative research develops context bound summaries. The qualitative researcher believes that human actions are strongly influenced by the settings in which they occur. The researcher cannot understand human behaviour without understanding the framework within which subjects interpret their thoughts; feelings and actions.

3.5. Research design

3.5.1 Qualitative approach

McMillan and Schumacher (2006:22) define a research design as a plan for selecting subjects, research sites, and data collection procedures to answer the research question. A research design describes how the study was conducted. It summarizes the procedures for conducting the research including when, from whom, and under what conditions the data will be obtained. Its purpose is to specify a plan for generating empirical evidence that will be used to answer the research questions.

McMillan and Schumacher (2006:317) further state that qualitative research is an inquiry in which researchers collect data in face-to-face situations by interacting with selected persons in their natural settings. Qualitative research methods allow the researcher to understand the meanings that people give to social phenomena by entering into the natural world of the people whom they study.

Selltiz *et al.*, (1965:5) in Mouton and Marais 1990 and Mouton and Marais (1990:32-33) state that the aim of a research design is to plan and structure a given research project in such a manner that the eventual validity of the research findings is maximized. Mouton and Babbie (2007:112) elaborate more by indicating that it involves a set of decisions regarding what topic is to be studied among what population with what research methods and for what purpose. Kerlinger (1986:279 in Kumar 2005:84) also views the research design as a complete programme of the research, with its functions as: identification and development of procedures and logistical arrangements. The importance of quality in these procedures is to ensure their validity, objectivity and accuracy. In order to explore the functionality of the SGBs in the management of school finances in the public primary schools and to determine their understanding with regards to the management of schools finances a qualitative research design will be used. According to Patton (1989:57 in Swartz 2009) qualitative data can produce a wealth of knowledge from a restricted number of people. The experiences, opinions, feelings and knowledge of people can be captured by direct questions and quotations and are not limited or distorted by predetermined and standardized categories. The researcher is allowed flexibility to explore unanticipated topics of importance as they are discovered.

Patton (2002: 70) describes the strength of qualitative research as facilitating a study of multifarious concerns without being constrained (and hampered) by predetermined categories of analysis. The qualitative approach produces a wealth of comprehensive information about a small number of cases, by increasing the extent of understanding the cases and situations studied and by reducing generalizations often negatively associated with quantitative research. Analytic induction is thus a major logic of qualitative research. The choice of cases to be examined will have an important bearing on the validity of the analytic induction and has a direct relationship on the sampling procedure. Schulze (2002:56) states that the qualitative researcher typically aims to understand society and the meaning that people attach to everyday life.

She further states that qualitative research designs have the following characteristics:

- A qualitative research design is flexible and may change during the research. Even the research problem may change as research progresses and the researcher gains a better understanding of the phenomenon being investigated.
- More than one method of data collection is used, including interviewing, observation and document analysis. This is called triangulation of methods and improves the trustworthiness of the data.
- Qualitative research requires data that is rich in description of people and places. The researcher uses purposive sampling methods. The strength of this is that a few cases studied in depth yield many insights about the topic. This means the researcher carefully hand picks participants who would be most able to give him / her more information about the phenomenon under investigation.
- Data collections need to be continued until the data are saturated. In other words, data collection is continued until the researcher does not come across any new information.
- The qualitative researcher works inductively.
- Qualitative researcher becomes immersed in the phenomenon studied and the researcher is the main data collection instrument.
- Qualitative research is context bound. It is also called field research since it is conducted in the natural setting of the participants.

3.5.2 An exploratory case study

An exploratory case study design was followed as indicated in chapter one, meaning that data analysis focuses on one phenomenon, which the researcher selects in order to study in depth regardless of the number of sites, participants, or documents for a study (McMillan & Schumacher 1997:393)

According to Babbie (2007:88) exploratory studies are used:

- To satisfy the researcher's curiosity and desire for better understanding of the phenomena.
- To develop the methods to be employed in any subsequent study.

Brink (2000:11) states that an exploratory research design is used "to explore the dimensions of a phenomenon, the manner in which it is manifested and the other factors with which it is

related. It provides more insight about the nature of the phenomenon."

McMillan and Schumacher (2006:26; 318) and Creswell (1994:12, 1998:61 and 2007:73) further state that a case study can be regarded as an exploration or examination or in-depth analysis of a "bounded system "or a single / multiple case study over a period of time, through detailed, in-depth data collection involving multiple sources of data found in the setting by the researcher who would then reports a case description and case-based themes. To achieve the goals of this research design an exploratory case study was used to gain an in-depth understanding of the functionality of the SGBs with regard to the management of school finances in public primary schools. This exploration and description of the case were based on detailed in-depth data collection methods involving multiple sources of information that are rich in context.

3.5.3 Paradigm

A paradigm is a framework for identifying, explaining and solving problems, understanding and interpreting the world and all one's experience. A paradigm is a set of assumptions, framework of thought, and way of perceiving, thinking and doing associated with a particular vision of reality. A paradigm is what we think about the world but cannot prove (Lincoln and Guba, 1985).

Denzin and Lincoln (1994 in Creswell 2007:249) regard a paradigm in qualitative research as a philosophical stance taken by the researcher that provides a basic set of beliefs that guides action. Babbie (2001:42) describes this paradigm as the fundamental model or frame of reference we use to organise our observations and reasoning.

According to Mouton (1996:204) a paradigm represents a collection of mutually accepted achievements (including the theories, exemplary solutions, predictions and laws) in this sense; a paradigm is primarily a model for conducting normal research.

In this study the interpretive paradigm was used. Burrel and Morgan (1979:31) in Gay and Airasian (2003) state that the interpretive paradigm is informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience. Qualitative research is interpretive and useful for describing and

answering questions about participants and contexts (Gay and Airasian 2003:163).

This study utilised qualitative research methodology because it tried to understand and explore the functionality of the SGBs with regard to the management of school finances. According to Liamputtong and Ezzy (2005:5) qualitative research emphasises both the description and understanding of people. It is essential when the researcher has little knowledge about the area of investigation.

McMillan and Schumacher (2006:12) say that the research design describes how the study will be conducted. It indicates the plan of action. *Qualitative research is concerned with understanding a phenomenon from participants' perspectives*. *i.e.* understanding the management of finances in schools from the SGBs' perspectives. According to Creswell (1998:134) qualitative research is about understanding one single phenomenon. In this research I will explore the functionality of the school governing bodies with regard to the financial management in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province. This means the functionality of the School Governing Bodies in regard to the functions stipulated by SASA, Act 84 of 1996 in managing finances was studied to describe and understand the way it was done. The investigation would be a qualitative study, which was descriptive and exploratory.

According to Leedy & Ormrod (2001:101) qualitative research is used to answer questions about the complex nature of a phenomenon often with the purpose of describing and understanding the phenomenon from the participants' point of view. This means the strategies that were given to SGBs in managing the school finances were studied to describe and understand the way they were done.

Patton (in Meriam, 1988:102) explains qualitative research as an effort to understand situations in their uniqueness as part of a particular context and the interactions there, its purpose being to understand people's interpretations. Johnson & Christensen (2000:17) conclude by describing qualitative research as research relying primarily on the collection of non-numeral data such as words and pictures. This qualitative design would be used to explore the functionality of the SGBs with regard to the financial management in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

3.6. Research methods

Mancosa (2003:15 in Ramushu 2004:57) maintains that methods refer to the specific means by which data are collected and analyzed. In this context the research methods stated below will be used throughout the exploration of the functionality of SGBs with regard to the management of school finances in the public primary schools of the Bahlaloga circuit in the Capricorn District of the Limpopo Province. Strauss and Corbin (1998:11) claim that qualitative methods can be used to better understand any phenomenon about which little is yet known. They can also be used to gain new perspectives on things about which much is already known, or to gain more in-depth information that may be difficult to convey quantitatively. Research problems tend to be framed as open-ended questions that will support discovery of new information. Strauss and Corbin (1998:110) further state that qualitative methods can be used to obtain intricate details about the phenomena such as feelings thought processes, and emotions that are difficult to learn about through more conventional research methods. The ability of qualitative data to fully describe a phenomenon is an important consideration not only from the researcher's perspective, but from the reader's perspective as well. "If you want people to understand better than they otherwise might, provide them with information in the form in which they usually experience it."

3.6.1. Data collection strategies

As this study was qualitative in nature, as a qualitative researcher I studied participants' perspectives with interactive strategies. Johnson & Christensen (2004:363) state that these interactive strategies are multiple methods which can be used to collect data. The three qualitative data collection strategies used was: Structured participant observation, in-depth interviews, and document analysis. Each method was particularly suited for obtaining a specific type of data.

3.6.1.1. Structured participant - observation

Participant observation is appropriate for collecting data on naturally occurring behaviours of the SGBs as they interact in their day-to-day activities, in their usual contexts. Welman & Kruger (1999:192) define participant observation as the method that requires the researcher, for an extensive period, to take part in, and report on the daily experiences of the members of

a group or the people involved in a process or event. Bailey (1994:242) indicates that this observational method is the primary technique for collecting data on non-verbal behaviour. The participant observer is a regular participant in the activities being observed. The observation schedule was designed beforehand based on what and how I will observe.

The advantages of participant - observation are:

- The observer can make field notes that record the salient features of the behaviour. It will allow in-depth study of all the participants as whole individuals. I was able to discover the appropriate characteristics of the study. It provided the opportunity to find out in much more detail what the subject was really like.
- Natural environment: Behaviour takes place in its natural environment. The observer is able to conduct the study in the participants' natural environment. The observer is studying events as they occur. He or she is able to tell the difference between chance occurrences and the accustomed happenings.

Patton (2002:262-263) states that a researcher never understands the programme he or she is studying without personally experiencing it. Patton sees the purpose of observational data as to describe the setting that was observed, the activities that took place in the setting, the people who participated in those activities, and the meaning of what was observed from the perspectives of those observed. This permitted me to enter into and understand the situation in which the SGBs find themselves when managing school finances in the primary schools. I was better able to understand and capture the context within which people or SGBs interact. First-hand experience of a setting and the people in the setting allows the inquirer to be open, discovery-oriented and inductive, and less inclined to rely on prior conceptualisations of the setting. I had the opportunity to see things that may routinely escape the awareness among the people in the setting. I was able to discover things no one else has ever really paid attention to. I had the chance to learn things that people would be unwilling to talk about in an interview. Interviewees might be unwilling to provide information on sensitive topics such as the state of finances in their schools. As the researcher, I had the opportunity to move beyond the selective perceptions of these SGB members. Getting close to the SGB members in the meetings through first-hand experience permitted me to draw on personal knowledge during the formal interpretation stage of analysis.

After I got permission to do the research, the SGB members as accounting authority,

accounting officers, the finance officers, the treasurers and SGB chairpersons (Fin Com) were observed as they engaged in activities that were appropriate to the research (meetings dealing only with finances). I observed their behaviour in the meetings, their confidence in taking decisions of managing the school finances, their level of knowledge and expertise in financial matters and prescripts, the procedures and their expectations, as well as their habits and thoughts in order to obtain their direct first-hand perspective regarding management of school finances. I was fully immersed in the research setting by attending School Governing Body meetings particularly those that dealt with finances, to observe the debates and discussions they had in financial matters, in order to get close to SGB members and study them as a way of understanding what their experiences and activities mean to them (Gay *et al*., 2000:447).

Walliman (2009:287) further states that observation is a method of recording conditions, events and activities through non-inquisitorial involvement of the researcher. As participant observer I was involved in the activities or process meetings of the Finance Committee of the SGB. I recorded the nature of the meetings held. Observation can indicate whether people act differently to what they say or intend. It can sometimes demonstrate people's understanding of a process better by their actions than by verbally explaining their knowledge. According to Bless *et al* (1995: 114) participant observation requires the researcher to join the group of people who are being studied in order to observe and understand their behaviour, feelings, attitudes or beliefs better. By only observing, especially in an unobtrusive manner, the researcher achieved the most objective experience of the participants (SGBs), and I also obtained a trustworthy picture of the SGBs' experience and established the meaning of the phenomenon from their point of view as the participants. The use of participant observation gave a comprehensive perspective on the problem under investigation. It aimed at an in-depth investigation of a problem and was of a qualitative nature.

3.6.1.2. Semi - structured interviews

In-depth interviews were appropriate in this research for collecting data on the SGB members' perspectives, and experiences, particularly when sensitive topics such as the management of school finances were being explored. According to Schulze (2002:60) interviewing is the most common method of data collection in qualitative research. Face- to-face interviewing helps us to understand the closed worlds of others. The research was conducted through in-depth interviewing which is defined as one or more face-to-face

interactions between an interviewer and the interviewee, where the purpose is to understand the interviewee's life experience or situation as expressed in his or her own words (De Vos *et al.*, (1998:299).

As the literature study on the topic under investigation was conducted, this helped me to prepare for the probing and in-depth interviewing. All interviews were recorded and transcribed verbatim (word for word)

Bailey (2009:17) states the advantages of interviews as:

1. Flexibility

As an interviewer I was able to probe for more specific answers.

2. Persons who are unable to read and write can still answer questions in an interview (response rate).

3. Non-verbal behaviour

The interviewer is able to observe nonverbal behaviour and to assess the validity of the respondent's answer.

4. Spontaneity

The interviewer can record spontaneous answers which may be more informative.

According to Patton (2002:340) we interview people to find out from them those things we cannot directly observe. We cannot observe feelings, thoughts, and intentions. We cannot observe situations that preclude the presence of an observer. We cannot observe how SGBs have organized the word and meanings they attach to what goes on in the world. We have to ask questions about those things. The purpose of interviewing in this study was to allow me to see and understand the SGBs' perspective. The assumption is that the perspectives of SGBs are meaningful, knowledge-rich, and able to be made explicit. We interview to find out what is in and on their (SGBs') minds and to gather their stories. The aim was to capture their (SGBs') perspectives on the management of school finances, their feelings as participants and their experiences, their thoughts and knowledge about financial management concerning budgeting-implementation-control and monitoring as well as their expectations. According to Walliman (2009:285), if you need to explore a situation and wish to get information which you cannot predict, open and unstructured interviews (semi-structured interviews) can assist the interviewer to achieve defined answers to defined questions, while leaving time for further development of those answers. My aim was therefore to explore the situation and to get information that I had little knowledge of.

Krathwohl (2009:295-296) supports the use of interviews by stating that interviews are a prime qualitative data-collecting tool that serves the purposes of qualitative method. He further states that interviews are useful in the following pursuits.

1. Exploring, probing and searching for what is especially significant about a person or situation.
2. Determining how individuals perceive their situation; its meaning to them; what is especially significant about it what might be significant to others but less important to them; how it came to be what it is, and how they think it will be changed in the future.
3. Finding explanations of discrepancies between observed and expected effects.
4. Finding explanations for deviations from common behaviours.

Babbie & Mouton (2007:288) state that a basic individual interview is one of the most frequently-used methods of data gathering within the qualitative research. It allows the respondents (in this case the SGB members) to speak openly for themselves. It can be standardized relatively easily. In-depth information can be collected from the SGBs as participants through semi-structured and probing interviews. Interviews ensure that subjects / respondents understand and analyze the questions. They can clarify and interpret subjects' responses. As indicated previously interviews were also used to collect data in this study. This was through in depth, non-directive, semi-structured interview that were used to get relevant and first –hand information from the principals, the treasurers, and chairpersons of the SGBs.

Mouton and Babbie (2007:289) further indicate that probes are a useful way to get answers in more depth without influencing later answers. Walliman (2009:284-285) further says that probing is required to obtain adequate information. He also maintains that interviews, because of their flexibility, are a useful method of obtaining information and opinions from experts during research project. Sarantakos (2006:285-286) also indicates that the aim is to see the world through the eyes of the participants and to obtain rich descriptive data that will help the researcher to understand the participants' construction of knowledge and reality and to probe further their fairly defined responses on their functionality with regard to the management of school finances. Therefore in depth, non-directive, semi-structured interviews were used to get relevant and first-hand information from principals, School Governing Body members, chairpersons and treasurers as well as finance officers.

3.6.1.3. Document analysis

Another source of information that can be invaluable is analysis of documents. According to Yin (2009:103) such documents might include the following variety of documents: Letters, memoranda and personal documents such as diaries, agendas, announcements and minutes of meetings and other written reports of events and administrative documents. Newspaper clippings and speeches as well as the published data used in a review of literature are also valuable. According to Maree (2007:82) all these types of written communication may shed light on the phenomenon that the researcher is investigating. Punch (2007:185) describes documents as a rich source of data as documentary evidence is compiled and retained.

An analysis of all available documents related to the functionality of school governing bodies with regard to the management of school finances, such as agendas and minutes of the meetings held, financial reports, budgets, audited financial statements, annual school governing body programmes, diaries and letters (all correspondence), reports, newspapers, acts, policies, regulations, prescripts and all other written material related to the topic was conducted.

These documents provided other specific details to corroborate and augment evidence from other sources. They indicated to me what the SGBs said and how they said it in their meetings. Documents also showed me whether SGBs had an approved budget as per SASA and if the application and evaluation of the budget was done. They indicated to me (as to) whether the vision of the Department of Education of decentralizing money to create self-managing schools was achievable or not.

Creswell (2003:186) states that documents enable the researcher to study the language and words of the participants, and they can be accessed at a time convenient to him. Documents represent data that are thoughtful because participants have given attention to compiling them. As written evidence, they save a researcher the time and expense of transcribing. Document analysis allowed me an opportunity to peruse all minutes of finance committee meetings and audited financial reports to get to know how functional these SGBs were in terms of managing the school finances. It gave me an opportunity to get a basic understanding of SGBs' functionality in the management of school finances, to identify the content areas that might require extra attention during the research study; it provided

meaningful insight into their financial knowledge. Documents like agendas of meetings and minutes, diaries and bank statements helped me in building a profile of the SGBs in managing school finances.

According to Briggs *et al.,* (2007:279) documents offer a lens to interpret events in order to gain insights into the relationship between the written and unwritten, past and present, spoken and visual. Sarantakos (2005:294) also states that document analysis assists the researcher to capture predominantly surface impressions of the phenomenon studied. Document analysis was used as a means of providing detailed information on how SGBs manage their school finances. It was also used to establish a plausible interpretation and explanation of the functionality of the SGBs in the management of school finance. To achieve these aims, time was arranged with the six selected public primary schools to examine and review their documents.

3.7. Purposive sampling

According to Cohen, Manion and Morrison (2007:100) the quality of research stands or falls not only by the appropriateness of the methodology or instrumentation but also by the sample that has been adopted. Many constraints such as cost and time, to name but a few, make it impossible to obtain information from the entire population. This brought about the need to obtain data from a smaller group. This smaller group or subset of the entire population is referred to as a sample. This research opted to make use of non-probability purposive sampling. The researcher deliberately (purposely) selected a particular section of the wider population to include or exclude respondents from the sample (Cohen *et al.,* 2007: 110).

Patton (2002:46) further explains that purposeful sampling is a dominant strategy in qualitative research. Purposeful sampling seeks information-rich cases which can be studied in depth. It is a non-random method of sampling where the researcher selects information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research; thus the term purposeful sampling.

While Schwandt (2007:269) views purposeful sampling as units chosen not for their representativeness, but for their relevance to the research question, analytical framework, and

explanations developed in the research. In this study, the target population was principals as accounting officers and departmental representatives in the SGBs, the treasurers, and the chairpersons of SGBs as accounting authority in the selected primary schools of Bahlaloga Circuit in the Capricorn District of the Limpopo Province. These six primary schools were purposefully sampled on the basis of their relevance to the research question. They were all public schools, classified as no fee schools and been granted Section 21 status, meaning that the SGBs of these schools are able to budget and procure goods for their schools.

As the purpose of this study was an exploration of the functionality of the SGBs with regard to the management of school finances one might learn a great deal more by focusing in depth on understanding the experiences, needs, interests, and functions of a small number of carefully selected members of the SGBs than by gathering standardized information from a large, statistically significant sample.

3.8. Data analysis

Qualitative data analysis is primarily an inductive process of organizing the data into categories and identifying patterns among the categories (McMillan and Schumacher 2006: 364). Lewins, Taylor and Gibbs (2005:00) describe qualitative data analysis as the range of processes and procedures whereby we move from the qualitative data that have been collected into some form of explanation, understanding or interpretation of the people and situations we are investigating. Qualitative data analysis is usually based on an interpretative philosophy. The idea is to examine the meaningful and symbolic content of qualitative data.
According to Henning *et al.*, (2004:127-129) and Smit (2002:66-68), data analysis in qualitative research is an ongoing, emerging and iterative or non-linear process. Before one begins with an analysis, data are transcribed, which simply means that texts from interviews, observational notes or memos are typed into word-processing documents. These transcriptions are then analyzed manually. To analyze literally means to take apart words, sentences, and paragraphs, which is an important act in the research project to make sense of, interpret and theorize data. This is done by organizing, reducing and describing the data. In other words, when using qualitative analysis as a means to explain or make sense of the inquiry, we do not use as evidence the frequencies or the quantities with which something occurs, but rather elicit meaning from the data, in a systematic, comprehensive and rigorous manner.

One of the aims of an analysis is to describe both the data and the objects or events to which the data refer. Bogdan and Biklen (1982:145 as cited in Hoepfl 1997:00) define qualitative data analysis as "working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others". Henning (2004), Silverman (2000), De Vos (2002), Ulin *et al.*, (2002), Terreblanche and Durrheim (1999) and Neuman (1997) as quoted in Hoepfl (1997:00), refer to the following steps of qualitative data analysis:

Step one: Managing the data

This is the first step in data analysis away from the site. Audio-taped data must be transcribed, that is, transferred verbatim to paper. These transcripts, as well as additional notes from the moderator, observer, and others must be organized into files and clearly marked or labelled. Markers and number coding may be used. The transcriptions, combined with the literature review and preliminary knowledge and data, become a useful part of data analysis. Organizing the data makes it easy to retrieve.

Step two: Familiarization

To familiarize yourself with the data, it is necessary to engage in a careful line by line reading through all the relevant transcripts several times. This entails making notes, drawing diagrams and performing minor editing. This phase entails immersing yourself in the details in order to understand the content of the data, and to develop a sense of the participants' characteristic language usage.

Step three: Themes and the inductive process

Once you are familiar with the data, the process of coding can begin. Coding is viewed as the heart and soul of text analysis. Coding entails labelling units of meaning within the data, thus forcing the researcher to make judgments about blocks of text. This is done by coding a phrase, a line, a sentence or a paragraph, using different colours and numbers. The content of the text may refer to a discrete idea, an event, or an activity. The search for similarities, differences, categories, themes, concepts and ideas is a continuous process. Following coding, using an inductive approach, categories of meaning or themes emerge from the data.

For the data to be meaningful, it is essential to search for "subjective" meanings and relate these meanings to "objective" structures. It is useful to identify a few general themes which, in turn, may have sub-themes. The intention is to reduce the data into small and manageable sets of themes that facilitate interpretation and writing up the final report. The process of data reduction entails separating the essential from the non-essential and identifying those aspects relevant to the study, that is, those that help to answer your research questions.

Step four: Elaboration

Terreblanche and Durrheim (1999) suggest that themes be explored more closely to capture the finer nuances of meaning and insights not captured by the researcher's original coding system. This phase provides the opportunity to revise the coding system.

Step five: Interpretation

Interpretation involves identifying ways in which emerging themes and sub-themes, connections and contradictions fit together. Henning *et al*. (2004) suggest that during this phase, each theme that emerged during the preceding steps can be used as a basis for an argument in a discussion around them. The themes are discussed and argued to make a point, and the point that is to be made comes from the research questions (Henning *et al*, 2004:107). In this way, findings emerge from the data. Mouton (2002:161) states that analysis of data usually involves reducing data to manageable proportions the wealth of data that one has collected or has available; and identify patterns and themes in the data. Krathwohl (2009:313) states that analysis is the process that facilitates making interpretations from fieldwork, observation and interviewing (interview transcripts).

Cohen, Manion and Morrison (2007:183) state that data analysis involves organising, accounting for and explaining the data; in short, making sense of data in terms of participants' definitions of the situation, noting patterns, themes, categories and regularities. According to Walliman (2009:301) the main reason for analysing data is to explore, explain, and forecast, to examine the relationships, to make comparison and to construct concepts and theories.

Johnson and Christensen (2008:388) summarise qualitative research data analysis in a diagrammatic form below:

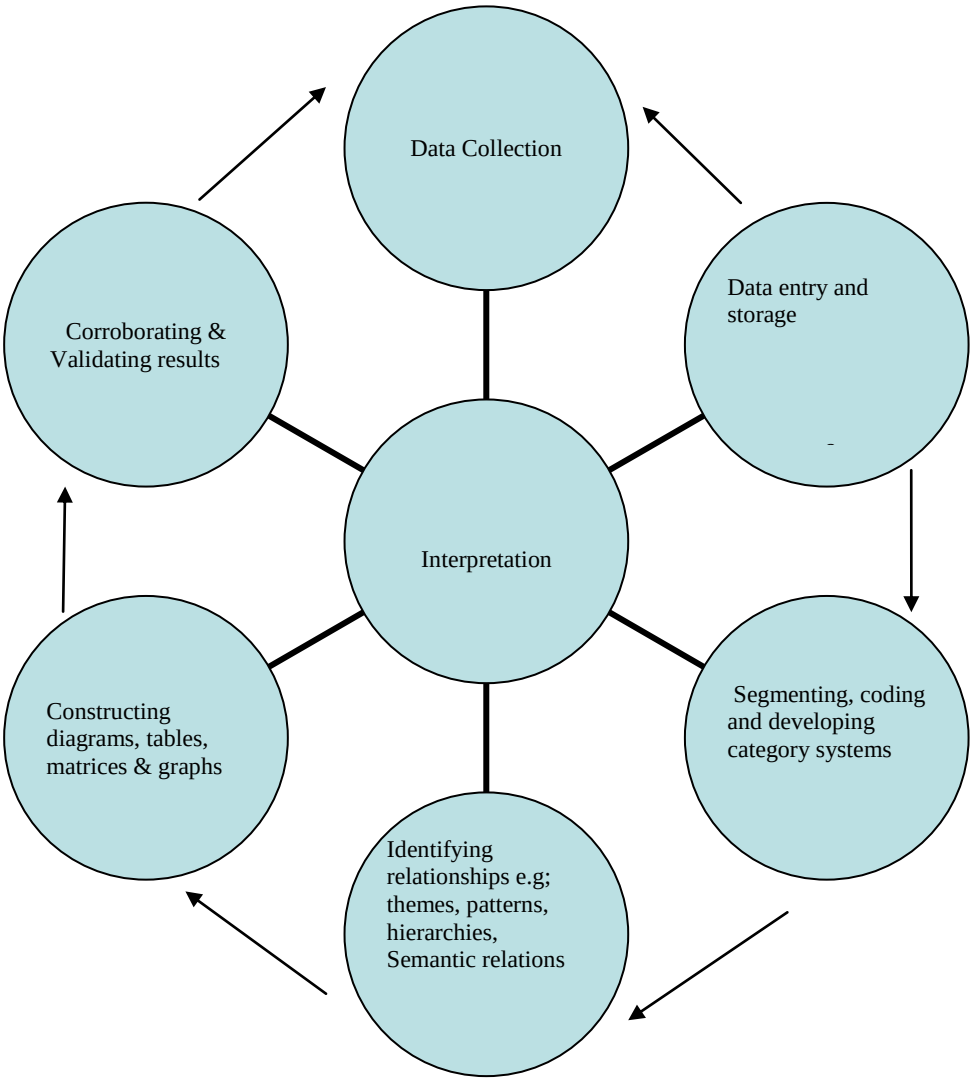


Figure 3.1 Data analysis in qualitative research (Johnson and Christensen, 2008:388)

3.8.1. Methods of data analysis

Data collected for this qualitative research study was analyzed through content analysis and crystallization of data.

3.8.1.1. Content analysis

Content analysis is used frequently in quantitative analysis but also forms part of qualitative analysis. It is also termed conceptual or thematic analysis. Content analysis embraces all those methods of text analysis that approach texts by means of categories and may be applied to virtually any form of communication (Babbie and Mouton 2007). Content analysis examines words or phrases within a wide range of texts (essays, interviews, speeches, conversations). By examining the presence or repetition of certain words and phrases, inferences can be made about the speaker or writer". Palmquist (1993) in Babbie and Mouton (2007: 491) defines content analysis as a research method which examines words or phrases within a wide range of texts, including books, book chapters, essays, interviews and speeches as well as informal conversation and headlines. In addition to the communicative content of texts, attention is also given to their linguistic form. Neuman (1997: 272) states that, "Content refers to words, meanings, pictures, symbols, ideas themes or any message that can be communicated. The text is anything visual, written or spoken that serves as a medium for communication."

According to Henning *et al.*, (2004:104) content analysis can be done through open coding, that is, reading through the entire text in order to get a global impression of the content by reading the transcripts of all the interviews that have been conducted as well as relevant field notes from participant-observation. Henning *et al.*, (2004:127) further state that data analysis in qualitative research is an on-going, emerging and iterative or non-linear process.

Before I began with the analysis, data was transcribed (texts from interviews, observational notes were typed into word-processing documents). These transcriptions were then analysed manually. To analyse means to take apart words, sentences and paragraphs, which is an important act in the research project in order to make sense of, interpret and theorize that data. This is done by organizing, reducing and describing data.

Berg (2004:271) states that, when using content analysis strategy to assess written documents, researchers must decide at what level they plan to sample and what units of analysis will be counted.

Berg (2004:286) further recommends a Stage Model of Qualitative Content Analysis to assist in data analysis, which involves:

Identify Research Question
⇩
Determine Analytical Categories (Sociological Constructs)
⇩
Read though data and establish grounded categories
(Open and axial coding)
⇩
Determine systematic (objective) criteria of selection for sorting
Place data chunks into the analytic and grounded categories
⇩
Begin sorting the data into the various categories (revise categories or selection criteria, if necessary, after several cases have been completed)
⇩
Count the number of entries in each category for descriptive statistics and to allow for the demonstration of magnitude.
Review textual materials as sorted into various categories seeking patterns.
Remember, not all apparent patterns are patterns.
⇩
Consider the patterns in light of relevant literature and / or theory (show possible links to theory or other research).
Offer an explanation (analysis) for your findings.
Relate your analysis to the extant literature of the subject.

Figure 3.2 Stage Model of Qualitative Content Analysis (Berg, 2004:286)

Berg (2004:267-269) further states that content analysis as a technique in data analysis offers the opportunity for the researcher to learn about how subjects view their social worlds. It is a

passport to listening to the words of the text and understanding better the perspective(s) of the producer of the words. Before I began with the analysis, data was transcribed (texts from interviews, observational notes were typed into word-processing documents). These transcriptions were then analysed manually.

I read through the data collected during semi-interviews, field notes from the observation and document reviews. After reading through the chunks of information, all data segments, categories and themes were labeled through coding. All the participants in the research were given codes: Principals: P1 – P6, Chairpersons: CP1 – CP 6, Treasurers: T1 – T6. My research sites being schools were coded as School A – School F. From the data collected, categories and themes that were used in the discussion of the inquiry emerged, and they formed my basis of argument to agree or disagree that the SGBs in our public primary schools are functional with regard to management of finances. It offered me an opportunity to check the relationship between the categories, the themes and the research question.

These content texts from field-work, interview transcripts, reflections and information from relevant documents were examined in order to develop an in-depth understanding of how SGBs were managing finances and to interpret how they (SGBs) in the selected primary schools execute their functions of managing school finances. Data collected during interviews, participant-observation and document analysis were grouped into categories, patterns and themes according to the aims of the study, for in-depth understanding of the phenomenon. The contents were also analysed to determine relevance and suitability.

The research adopted Berg's (2004:285-286) stages in the content analysis process to analyse data –

1. Determine analytical categories by sorting the themes or category labels of the various chunks of data (segments of text from field notes, interview transcripts, or textual data).
2. Identify the research question and link it with literature or even directly to in-depth interviews.
3. Read through data. Jot down what seems on the surface to be relevant themes and category labels for sorting the data. Check the relationship of the categories with the research question.

4. Establish objective criteria for selection.
   Sort data chunks into a category.
5. Sort data accordingly / locating data chunks.
6. Count the number of items of data chunks that have been cast into each category. It will help where to look for a pattern (a minimum of three occurrences).
7. Link the patterns with literature and consider your pattern findings in light of previous research and existing theory.

These processes played a major role in assisting me to analyse data, to identify the categories as linked to the main research question and to locate the data accordingly. Content analysis allowed for the data to be placed into broader categories and relevant issues to the study were highlighted.

3.8.1.2. Crystallization of data

The second method to be used in analyzing qualitative data was crystallization. According to McMillan & Schumacher (2006:366) crystallization is viewed as immersion in which the researcher collapses coding, categorizing, and pattern seeking into an extensive period of intuition-rich immersion within the data. The process of crystallization seeks to open the analysis to maximum experiences within the analytic style; the researcher may conduct intensive reflexive analysis simultaneously. In crystallization, patterns are identified by iterative reflection.

Field notes collected during participant-observation, interview transcripts and interview notes collected during semi-structured interviews and data collected during document analysis were crystallized to be able to verify what they told me about the functionality of the SGBs in the management of school finances, and to see the same emerging patterns, and this added to the trustworthiness of the research study.

Ellingson (2009:15-16) identifies the following strengths (advantages) in her crystallization approach:

1. Crystallization provides deep, rich, thick descriptions.
2. It gives the reader multiple ways of understanding.
3. It reinforces the same experience in different forms.

4. It pushes the envelope, meaning that researchers become close-minded.
5. Gives the researcher a deeper level of understanding (2009:15-16).

According to Nieuwenhuis (2007:81) the aim of qualitative research is to engage in research that probes for a deeper understanding of a phenomenon. Qualitative research sets out to penetrate the human understandings and relevant constructions. It deals with the emerging reality that we are describing and analyzing. Richards (2000:934 in Nieuwenhuis 2007) proposes that the concept of crystallization will enable us to shift from seeing something as a fixed, rigid, two–dimensional object towards the idea of crystal, which allows an infinite variety of shapes, substance, transmutations, dimensions and angles of approach. Crystallization will therefore provide us with a complex and deeper understanding of the phenomenon, which is the functionality of the SGBs with regard to the management of school finances.

Researchers view crystallization as telling the same story through data gathered from different data collection instruments / data sources such as participant-observation, semi-structured interviews and document review. As the researcher I considered data from various angles by highlighting various aspects. In qualitative research it is better to talk of crystallization of data instead of triangulation as it allows for an infinite variety of angles of approach.

3.8.1.3 Document analysis

The third data analysis method used was document analysis. Bowen & Glenn (2009:27) define document analysis as a systematic procedure for reviewing or evaluating documents - both printed and electronic material. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin and Strauss, 2008). Documents contain text (words) and images that have been recorded without a researcher's intervention.

Furthermore, as Merriam (1988:118) points out, "Documents of all types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem". Bowen (2009:29-30) specifies the four specific functions of documentary

material in the research study that assisted me in analyzing documents related to the functionality of SGBs in the management of school finances in the public primary schools of Bahlaloga circuit in the Capricorn District of the Limpopo Province:

- Firstly documents can provide data on the context within which research participants operate. Documents provide background information as well as historical insight. Such information and insight can help researchers understand the historical roots of specific issues and can indicate the conditions that impinge upon the phenomena currently under investigation. The researcher can use data drawn from documents, for example, to contextualize data collected during interviews (Bowen, 2009:10).
- Secondly, information contained in documents can suggest some questions that need to be asked and situations that need to be observed as part of the research. Document analysis helps generate new interview questions. The researchers demonstrated how one method can complement another in an interactive way. As the authors explain, "Interview data helped focus specific participant observation activities, document analysis helped generate new interview questions, and participant observation at community events provided opportunities to collect documents" (Goldstein & Reiboldt, 2004:. 246; Bowen, 2009:30).
- Thirdly, documents provide supplementary research data. Information and insights derived from documents can be valuable additions to a knowledge base. In the study of the functionality of SGBs in the management of school finances, I used newspaper reports, acts and other legislative documents, and department NNSSF self-evaluation data to supplement data gained through interviews. Minutes and memos written by participants in the SGB meetings were analyzed as a supplement to interview data. Document analysis was used to supplement data from other sources, such as semi-structured interviews and observation, as they developed a number of case studies.
- Lastly, documents can be analysed as a way of verifying findings or corroborating evidence from other sources. If the documentary evidence is contradictory rather than corroboratory, the researcher is expected to investigate further. When there is convergence of information from different sources, readers of the research report usually have greater confidence in the trustworthiness (credibility) of the findings.

Bowen & Glenn (2009:27) define document analysis as a systematic procedure for reviewing or evaluating documents—both printed and electronic material. Documents used in this study included newspapers clippings or articles, press releases and financial management

prescripts. The following copies of documents were also requested from the six selected public primary schools for analysis:

- Records of monthly financial reports submitted to the circuit office (submission book to circuit office as evidence)
- Latest audited financial statements
- Stock or asset register
- Annual programme for SGB or financial committee meetings
- Minute books including agendas and invitations to attend meetings
- Attendance registers of member to the SGB meetings
- Annual programmes
- Income and expenditure register or claim books
- School budget for the current academic year
- Finance committee member list
- Finance policy

A thorough, systematic review of documentation provided background information that helped me to understand the functionality of SGBs with regard to the management of school finances in primary schools. Apart from providing contextual richness in the research, documents were particularly useful in pre- and post-interview situations with the participants. Documents supplied leads for asking additional, probing questions to the participants.

3.9. Trustworthiness

According to McMillan and Schumacher (2006:324), validity in qualitative research refers to the degree to which the explanations of phenomena match the realities of the world.

McMillan and Schumacher (2006:12) further state that qualitative research is more concerned with understanding the social phenomenon from the participants' perspectives. Johnson & Christensen (2008:275) define trustworthiness as validity in research. *i.e* to guarantee that research done is plausible, credible, trustworthy and defensible. Cohen, Manion and Morison (2007:148), Bryman (2004:273), Maree (2007:80, 86,113), Lincoln and Guba (1985:290-300), Miles and Huberman (1994:280-288) and Babbie and Mouton (2007:277-278) propagate the use of the following criteria as a way of ensuring trustworthiness and

authenticity in qualitative research: Credibility, transferability, dependability and conformity of the data.

1. According to Babbie and Mouton (2007:277) credibility is achieved through procedures such as: prolonged engagement which means to stay in the field until data saturation occurs and member-checking meaning to go to the source of information and check both the data and the interpretation. The aim is to assess the intentionality of the respondents, to correct obvious errors, and to provide additional volunteer information. It also creates an opportunity to summarize what the first step of the data analysis should be and to assess the overall adequacy of the data, in addition to individual data points.

2. Transferability refers to the extent to which the findings can be applied to other contexts or to other respondents. Lincoln & Guba (1984) in Babbie and Mouton (2007:277) discuss the following strategies to ensure transferability:-
   Purposive sampling in qualitative research seeks to maximize the range of specific information that can be obtained from and about that context, by purposely selecting locations and informants that differ from one another.

3. Dependability - research is reliable if it produces the same results in a similar context if it were to be repeated with the same respondents. Guba and Lincoln (1989: 242) state that, far from being a threat to dependability such changes and shifts are a hallmark of a maturing and successful inquiry but such changes and shifts need to be both tracked and trackable - the notion of inquiry audit.

4. Conformability is the degree to which the findings are the product of the focus of the inquiry and not of the biases of the researcher. Lincoln and Guba (1885: 326) refer to a confirmability of an audit trail through which a third party reviews the audit trail maintained by the researcher including raw data: recordings, written field notes, documents, transcripts, interview guides, field and observational notes, and so on. Conclusions, interpretations, and recommendations can be traced to the participants.

All four of these criteria were applied to ensure trustworthiness and they would also authenticate the results of this study of the functionality of the SGBs with regard to the management of school finances in the public primary schools.

3.10. Limitations

This study was limited to the qualitative research approach following an interpretive paradigm. This was due to the fact that I focused only on the exploration of the functionality of the SGBs in the management of school finances in the six selected public primary schools. Only words and not numbers were used to interpret and describe the SGBs' understandings and perspectives of their functionality in the management of school finances. The researcher took care of the strengths and weaknesses of the methods chosen and how this affected the study and the findings. These were acknowledged.

I also agree with Yin (2009:102) who states that limitations in respect of documentation are: retrievability of documents which is difficult, biased selectivity if collection is complete and access may be deliberately withheld (accessibility due to private reasons).

Yin (2009:102) further states that limitations in respect of participant-observation can be:-

- reflexibility – the event may proceed differently because it is being observed due to participant-observation's manipulation of events and
- cost-hours needed by the observers.

According to Kumar (2005:120) individuals may change their behaviour when they become aware that they are being observed. Depending on the situation this change may be positive or negative, increasing or decreasing productivity. There is always the possibility of observer bias. With regard to observation as a method, Opie (2004:122) concurs with Kumar (2005) that people, consciously or unconsciously, may change the way they behave when being observed. With regard to interviews people often feel constrained because they are not free to give information which they feel is important.

The researcher may miss salient issues in this way as indicated by Sarantakos (2005:286). He also indicates that one of the limitations of interviews is sensitivity. When sensitive issues are discussed, many people prefer to write about sensitive issues, rather than to talk about them. Respondents are sometimes unwilling and unable to offer information.

Breakwell *et al.*, (1995:231) & Yin, (2009:102) further state that limitations with regard to interviews can be: response bias, bias due to poorly articulated questions and inaccuracies

due to poor recall. De Vos *et al.*, (1998:133) also concur with them by stating that the personal presence of the interviewer may reduce the participants' spontaneity. With regard to documentation, financial data or information is regarded as sensitive material. Some schools will not be free to let you scrutinize their financial documents for fear of exposure even if confidentiality is guaranteed.

Creswell (2003: 186) also states that documents are sometimes incomplete and selective; they require transcribing and may not be authentic and accurate. Sometimes only positive aspects are documented. Permission from a research site could be a limitation as principals as gatekeepers or people in authority sometimes are not at ease to disclose information especially documents. Members of the SGBs may operate in an unnatural manner due to my presence. The researcher may be seen as intrusive.

Johnson and Christensen (2008:243) describe the goal of purposive sampling as to locate information-rich individuals. Limitations with regard to sampling involve decisions about whom to study, availability of appropriate participants for the research study, accessibility of the potential participants for the study. The study only focused on the functionality of the SGBs of six selected public ordinary primary schools in the Bahlaloga Circuit of Capricorn District in the Limpopo Province. With regard to trustworthiness, it is not possible that I can be 100% sure of my interpretations.

The confinement of the study to one circuit, namely Bahlaloga out of six circuits of Polokwane cluster is also a limitation. The findings from selected six primary schools will not be generalizable to all primary schools in the Bahlaloga Circuit, but they alert one to both the benefits of efficient and effective financial management and challenges encountered in a small sample of the Limpopo Province Department of Education.

3.11. Ethical considerations

According to Brink (2000:38) ethical considerations mean that the researcher must carry out the research competently, manage resources honestly, acknowledge fairly those who contributed guidance or assistance, communicate results accurately, and consider the consequences of the research for society. Neuman (2006: 00) 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.

In order to conduct the semi-structured interviews with school principals and School Governing Body members (Finance Committee) such as treasures and chairpersons, written permission was requested from the HOD of the Limpopo Province Department of Education. Permission was granted subject to the following conditions [Annexure B]

- 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. Care should be taken not to disrupt the academic programme at the schools. [Access to the schools]
- The research was to be conducted in line with ethics in research. In particular, the principle of voluntary participation in this research should be respected.
- I share with the Department, the final product of my study upon completion of the research assignment.

The following ethical issues were considered by the researcher when conducting the research, in order to do the research in an ethically responsible way.

3.11.1. Permission to conduct the research

Permission to conduct the interviews in public schools with principals and School Governing Bodies was sought from the Limpopo Province Department of Education and was duly granted. Principals and SGB members of six selected public primary schools in the Bahlaloga Circuit of the Capricorn District granted permission to be interviewed and observed. Permission to record the interviews was obtained prior to the commencement of the interviews. The researcher obtained the participants' informed consent to voluntarily participate in the study through the signing and returning of consent forms before any data is collected. I explained the purpose and significance of the study to the participants and assured them that their right to voluntary participation and permission to withdraw, confidentiality and anonymity as well as privacy would be respected.

3.11.2. Anonymity and confidentiality

The respondents will remain anonymous and all information collected during the study will be treated as confidential. The respondents were given adequate information on the aims of the research, the procedures that would be followed, possible advantages and disadvantages for the respondents, the credibility of the researcher and how the results would be used so that they could make an informed decision on whether they wanted to participate in the research (De Vos, 1998:23-35; 2005:57). According to Gibbs (2010:17) researchers involved in participant observation must make a personal commitment to confidentiality as a means to protect the identities of the people they observe or with whom they interact, even if informally. Maintaining confidentiality means ensuring that particular individuals can never be linked to the data they provide. This meant that I could not record identifying information such as names and addresses of the SGB members to meet during participant observation. If it became necessary to get such information for follow-up observation, it should be coded and be kept in a separate, secure file with limited access. If personal information they gave in the actual participant observation data needed to be used, I would ask for their permission.

Gibbs (2010) further states that protecting participants' confidentiality also requires that researchers do not disclose personal characteristics that could allow others to guess the identities of people who played a role in the research. This dictated that I took great care not only in entering participant observation data into field notes but also when talking with other people in the educational sphere, whether for research purposes or otherwise. Participants' confidentiality should also be respected during eventual presentation of the data in public dissemination events, as well as in publications.

Kvale and Brinkmann (2009:72) further state that confidentiality implies that private data identifying the participants will not be disclosed. It goes with the research participants' right to privacy and anonymity. Bailey (1996:16-17) also states that confidentiality must always be maintained, the identity of the participants must not be revealed at any stage of the research. Breaking confidentiality can cause harm to those members being studied, harm the setting, harm the reciprocal relationships formed in the setting. Neuman (2006: 00) continues by stating that the researcher should refrain from releasing confidential details of the study with the published results and making interpretations of the results inconsistent with the data. As confidentiality is a prerequisite for credible research, anonymity of the primary schools as

research sites and their SGBs was guaranteed during the data collection, analysis and interpretation (findings), no reference would be made to the sites or their participants. Participants would also be allowed to examine the transcripts and make amendments (if necessary).

3.11.3. Voluntary participation and informed consent

According to Neuman (2006:00) informed consent is the procedure in which individuals choose whether or not to participate in an investigation after being informed of the facts that would be likely to influence their decisions. Deiner and Crandall (in Cohen *et al.*, 2007: 51) state that the research participant has the right to refuse to take part or to withdraw once the research has begun. The respondents were 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 would be used. The respondents were informed that participation is voluntary, and they would have the freedom to withdraw from this research at any time without fear of any repercussion. I tried to build a relationship of trust, fairness, respect, dignity and honesty to promote integrity between me and the respondents (De Vos, 2005:57: 1998:23-35).

Gibbs (2010:18) also indicates how informed consent should be handled for participant observation. He states that it is not necessary to obtain formal informed consent for participant observation. However, when talking to people informally about the research and your role in it, it is important to emphasize that they are not required to talk to you and that there will be no repercussions if they do not. If your involvement with an individual appears to be progressing beyond participant observation to a formal interview, it is necessary to obtain informed consent.

Kvale and Brinkmann (2009:70-71) comment that there are ethical issues in interviews that must be acknowledged. It entails informing the participants about the overall purpose of the investigation and the main features of the design, as well as of any possible risks and benefits from participation in the research project. It further involves obtaining the voluntary participation of the people involved, and informing them of their right to withdraw from the study at any time. Through briefing and debriefing, the participants should be informed of the information about confidentiality and who will have access to the interview, the participant's possible access to the transcription and the analysis of the qualitative data.

Bailey (1996:11) states that to get informed consent, the participants must be made aware of the following: They are participating in research purpose and procedures of the research, the risks and benefits of the research, the voluntary nature of research participation, the participants' right to stop the research at any time and the procedures used to protect confidentiality. This view is also shared by Walliman (2009:346) who says that informed consent, written consent and the right to withdraw is a basic condition of the ethical considerations.

3.12. Conclusion

The chapter commenced with a discussion of the research aims, the research approach to the research study, the research design and the motivation for the use of the data collection strategies such as participant observation, the semi-structured interview and the document analysis. The purposeful sampling of the research sites was elaborated upon with emphasis on the information-richness and ethical considerations. Data analysis methods were then discussed with an overview of the validity or trustworthiness of the research findings. The following chapter focuses on the research findings.

CHAPTER FOUR

Data analysis and interpretation

4.1 Introduction

The management of school finances is crucial to the success of decentralisation and the provision of quality education. Because money is an important and scarce resource, schools through School Governing Bodies must ensure that it is managed efficiently, effectively and responsibly. As part of the decentralisation process which has been created in the South African education governance system, schools are encouraged to be self-managed and self–reliant through managing their own finances. This study explored the SGBs' functionality with regard to how they manage school finances and attempted to answer the primary research question formulated in chapter one: To explore the functionality of the SGBs with regard to the management of school finances. In an attempt to attain the above-mentioned primary aim, the following secondary aims were pursued:

1. To find out how the SGBs understand their roles in the management of school finances.
2. To explore the SGB's knowledge and understanding of the legislative framework.
3. To identify the challenges facing the SGBs when performing their financial management functions in schools.
4. To investigate the budget processes that SGBs follow.
5. To explore the SGBs' control of expenditure.
6. To explore the finance committees' decision-making processes in school finance.

As this is a qualitative study, the findings were qualitatively analysed. McMillan and Schumacher (2006: 364) view qualitative data analysis as primarily an inductive process of organising the data into categories and identifying patterns among the categories (see also Chap 3, par 10). Simon (2009:117) views data analysis as procedures like coding, categorising and theme generation, which will enable one to organise and make sense of the data in order to produce findings and an overall understanding of the case, while Brink (2006:178) refers to data analysis as describing the data in meaningful terms. Data analysis

requires researchers to be comfortable with developing categories and making comparisons. According to Johnson and Christensen (2008:542) categories are the basic building blocks of qualitative data analysis because researchers make sense of their data by identifying and studying the categories that appear in their data. Johnson and Christensen (2008:534) further state that coding is the process of creating segments of data (text) with descriptive words, symbols or category names.

The respondents in this study were coded as follows for reference purposes:

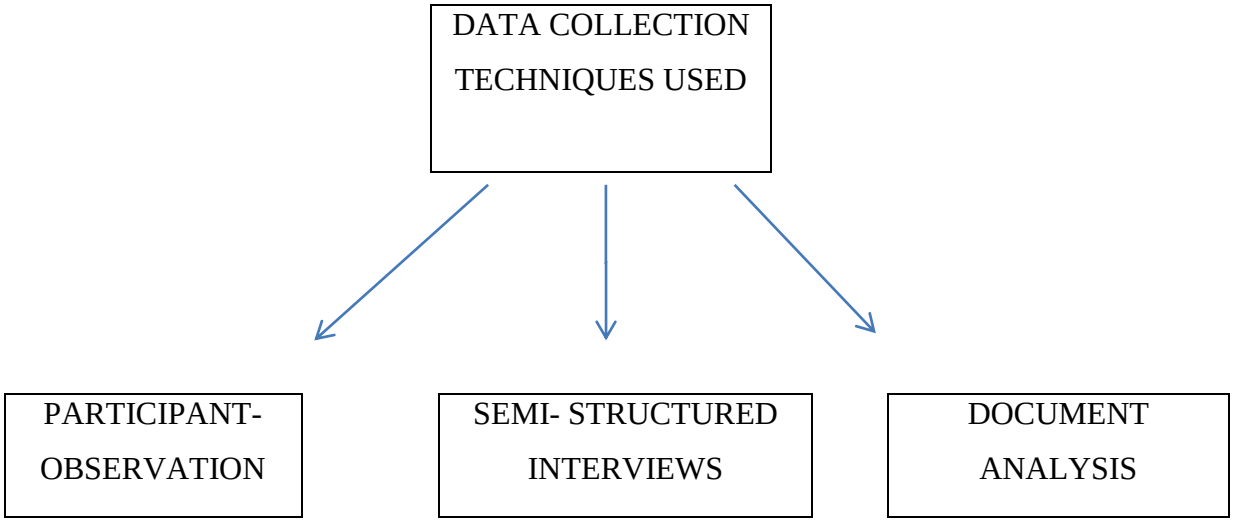
Code	**Description of code**
P1 - P6	Principals
T1 - T6	Treasurers of SGBs
CP1 - CP6	Chairpersons of SGBs

The six schools chosen for the research were identified as: Schools A, B, C, D, E and F.

4.2 Data collection methods

As mentioned in chapter three (3) the following qualitative research collection techniques were used to collect data: participant-observation, semi-structured interviews and document analysis with the interviews being the primary source (see Chap 3, par 7.1 & 10).

Figure 4.1 An organogram showing how data was collected:



4.2.1 Structured participant-observation (see Chap 3 par 7.1.1)

The observation schedule was designed for primary schools and for the researcher to attend only the finance committee meetings. In the schools where there were no finance committees, parts of SGB meetings dealing with finances were fitted into my programme for observation. Due to time constraints I attended only one meeting per school. In these meetings I observed what was discussed (finances or budgets), how these meetings were conducted, who dominated in these meetings and how decisions were made. All data collected were recorded as field notes. The observation took place during finance committee or SGB meetings as has been explained above. During the observation period the focus was on the conduct, attitudes in the meetings and the environment in which the SGBs or finance committees operated and it included the following aspects as indicated in Annexure C (letter requesting for permission from participants):

- How SGBs hold meetings
- How their meetings are chaired
- How SGB members interact with one another in the meetings (participation)
- SGB members' understanding of roles and responsibilities
- SGB members' involvement in the school budgeting process
- SGB members' interpretation of the legislative framework dealing with finance
- The nature of meetings
- Confidence in making financial decisions and how decisions are made
- SGB members' level of knowledge of, and expertise on financial matters and prescripts
- Procedures used and expectations expressed
- Debates and discussions on finance

4.2.2 Semi structured interviews (see Chap 3 par 7.1.2, 11.1 and 11.2)

Semi-structured interviews were conducted in the six selected primary schools as per arrangement to accommodate the schedules of the participants. The principals ("gate keepers") in the respective schools were interviewed first. All these interviews were conducted in English.

The second group of people to be interviewed was the treasurers and chairpersons of the SGBs as key components of the accounting authority (SGB). In this case two languages, English and Sepedi, were used, for participants to be able to express their feelings well. All the interviews with principals, treasures and chairpersons were conducted in the schools as arranged to accommodate them.

The interviews lasted forty-five minutes each. The respondents were asked the different questions as per the interview schedule. Principals had their own set of questions (attached as Annexure D) and treasurers and the chairpersons of the SGBs also had their own set of questions (attached as Annexure D). Probing questions for clarification were asked in order to clarify their understanding of their roles and functions in the management of finances. With the interviews I wanted to explore how school finances were managed at school level, identify the challenges facing these SGBs as well as the opportunities to improve the functionality of these SGBs in the management of finances.

4.2.3 Document analysis (See Chap 3 par 7.1.3, 11.1 & 11.3)

The following copies of documents were requested from the six selected public primary schools for analysis:

- Records of monthly financial reports submitted to the circuit office (submission book to circuit office as evidence)
- Latest audited financial statements
- 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
- Annual programmes
- Income and expenditure register or claim books
- School budget for the current academic year
- Finance committee member list
- Finance policy

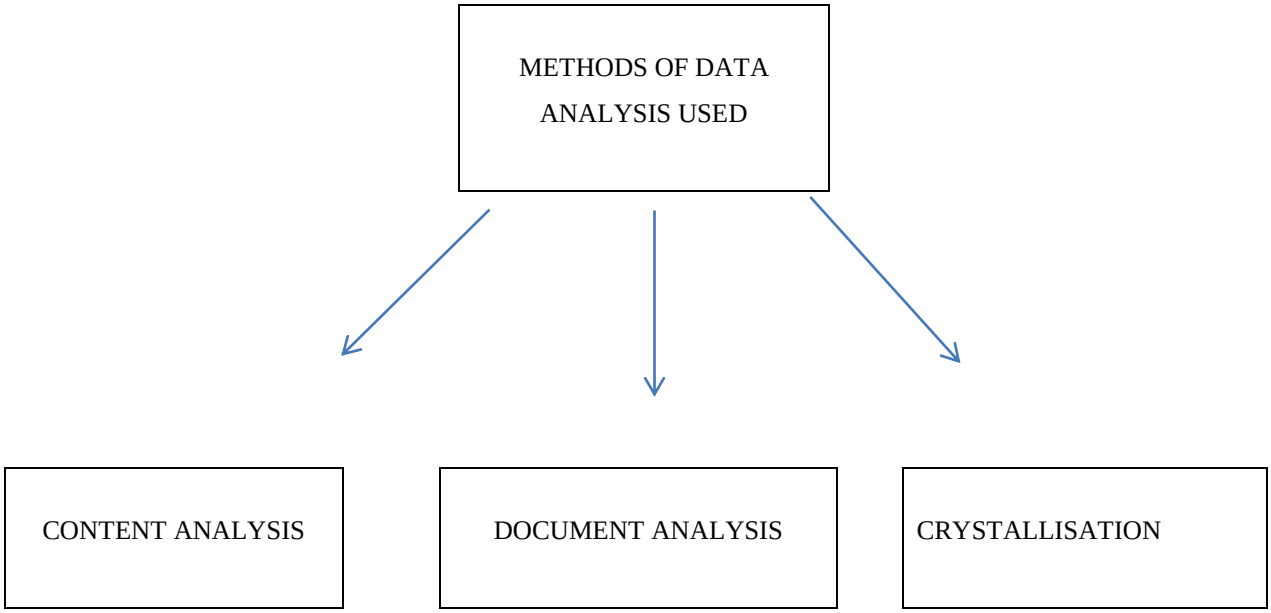
The aim of analysing these documents was to uncover or identify the salient points that are necessary for effective and efficient management of school finances as indicated by Merriam (1988:118) who points out, that "Documents of all types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem."

Although I got permission from the Limpopo Department of Education as well as from the selected schools, it was at first difficult to access these documents as financial information is very sensitive. With the help from principals of four of the selected schools as gate-keepers, and the rapport built before research was conducted, I succeeded in getting permission to peruse some of their finance-related documents. In two schools I was refused permission to scrutinise their bank statements and income and expenditure register, which I assume was because of the sensitivity of the matter and the nature of the documents.

4.3 Methods of data analysis

Data collected for this qualitative research study were analysed through content analysis, crystallisation of data and document analysis (See Chap 3, par 11.1, 11.2 and 11.3)

Figure **4.2 An organogram showing how data was analysed**:



4.3.1 Content analysis

Content analysis was used as an analysis technique (See Chap 3; par 11.1) as it allowed me to sift through the recorded data collected from the respondents (Babbie and Mouton, 2005). Babbie and Mouton (2007:493) state that content analysis embraces all those methods of text analysis that approach texts by means of categories. They further state that content analysis essentially involves coding of data, a process through which certain segments of your text are attached to certain meaningful key labels or codes.

According to Henning *et al.*, (2004:104) content analysis can be done by open coding reading through the entire text in order to get a global impression of the content by reading the transcripts of all the interviews that have been conducted as well as relevant field notes from participant observation.

Berg (2004:285-286) recommends using the following stages in the content analysis process to analyse data:

1. Determine analytical categories by sorting the themes or category labels of the various chunks of data (segments of text from field notes, interview transcripts, or textual data).
2. Identify the research question and link it with literature or even directly to in-depth interviews.
3. Read through data. Jot down what seems on the surface to be relevant themes and category labels for sorting the data. Check the relationship of the categories with the research question.
4. Establish objective criteria for selection.
   Sort data chunks into a category provided the subject (field notes) have described a particular event (management of school finances as an activity).
5. Sort data accordingly / locating data chunks.
6. Count the number of items of data chunks that have been cast into each category. It will help where to look for a pattern (a minimum of three occurrences).
7. Link the patterns with literature and consider your pattern findings in light of previous research and existing theory.

These processes have played a major role in assisting me to analyse data, to identify the categories as linked to the main research question and to locate the data accordingly. Content analysis allowed for the data to be placed into broader categories and for relevant issues to be highlighted. In this study content analysis was used to develop an in-depth understanding of the phenomenon being the functionality of the SGBs in the management of school finances.

Content texts from field-work, interview transcripts, reflections and information from relevant documents were examined in order to develop an in-depth understanding on how they were managing finances and to interpret how the SGBs in the selected primary schools executed their functions of managing school finances. Data collected during interviews, participant-observation and document analysis were grouped into categories, patterns and themes according to the aims of the study for in-depth understanding of the phenomenon. The contents were analysed to determine relevance and suitability. To explore the functionality of SGBs with regard to management of finances in schools, the following codes were used in the study: P for principals, CP for chairpersons and T for treasurers, and the six schools researched were also coded as schools A, B, C, D, E and F. According to Marshall and Rossman (1999 in De Vos *et al.*, 2005:338) this coding of data is defined as the formal representation of analytical thinking.

4.3.2 Document analysis

The second data analysis method used was document analysis. Document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin and Strauss, 2008).

Documents that were used for systematic evaluation as part of this study took a variety of forms. They included agendas, attendance registers, and minutes of meetings. Furthermore, as Merriam (1988:118) points out, “Documents of all types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem”.

Bowen (2009:29-30) specifies the four specific functions of documentary material in a research study that assisted me in analysing documents related to the functionality of SGBs in the management of school finances in the public primary schools of Bahlaloga Circuit in the Capricorn District of the Limpopo Province -

1) Firstly, documents can provide data on the context within which research participants operate - documents provide background information as well as historical insight. Such information and insight can help researchers understand the historical roots of specific issues and can indicate the conditions that impinge upon the phenomena currently under investigation. The researcher can use data drawn from documents, for example, to contextualise data collected during interviews (Bowen, 2009:29).

2) Secondly, information contained in documents can suggest questions that need to be asked and situations that need to be observed as part of the research. Document analysis can also help generate new interview questions. One method can complement another in an interactive way. As the authors explain, "interview data helped focus specific participant observation activities, document analysis helped generate new interview questions, and participant observation at community events provided opportunities to collect documents" (Goldstein and Reiboldt, 2004: 24 in Bowen, 2009:30).

3) Thirdly, documents provide supplementary research data. Information and insights derived from documents can be valuable additions to a knowledge base. In the study of the functionality of SGBs in the management of school finances, I used newspaper reports, Acts and other legislative documents as well as departmental NNSSF self-evaluation data to supplement data gained through interviews. Minutes and memos written by participants in the SGB meetings were analysed as a supplement to interview data. Document analysis was used to supplement data from other sources, such as semi-structured interviews and observation, as they developed a number of case studies.

4) Lastly, documents can be analysed as a way to verify findings or corroborate evidence from other sources. If the documentary evidence is contradictory rather than corroborative, the researcher is expected to investigate further. When there is convergence of information from different sources, readers of the research report usually have greater confidence in the trustworthiness (credibility) of the findings.

Documents such as minute books, attendance registers and programmes for meetings and agenda were analysed to uncover and understand how the SGBs are managing finances in public schools. All available documents based on the functionality of the SGBs with regard to management of school finances such as minutes of meetings held, audited financial

statements, journals, articles, diaries and letters, reports, newspapers, acts, policies, regulations, prescripts were analysed to examine their relevance to the topic.

4.3.3 Crystallisation of data as a method of data analysis

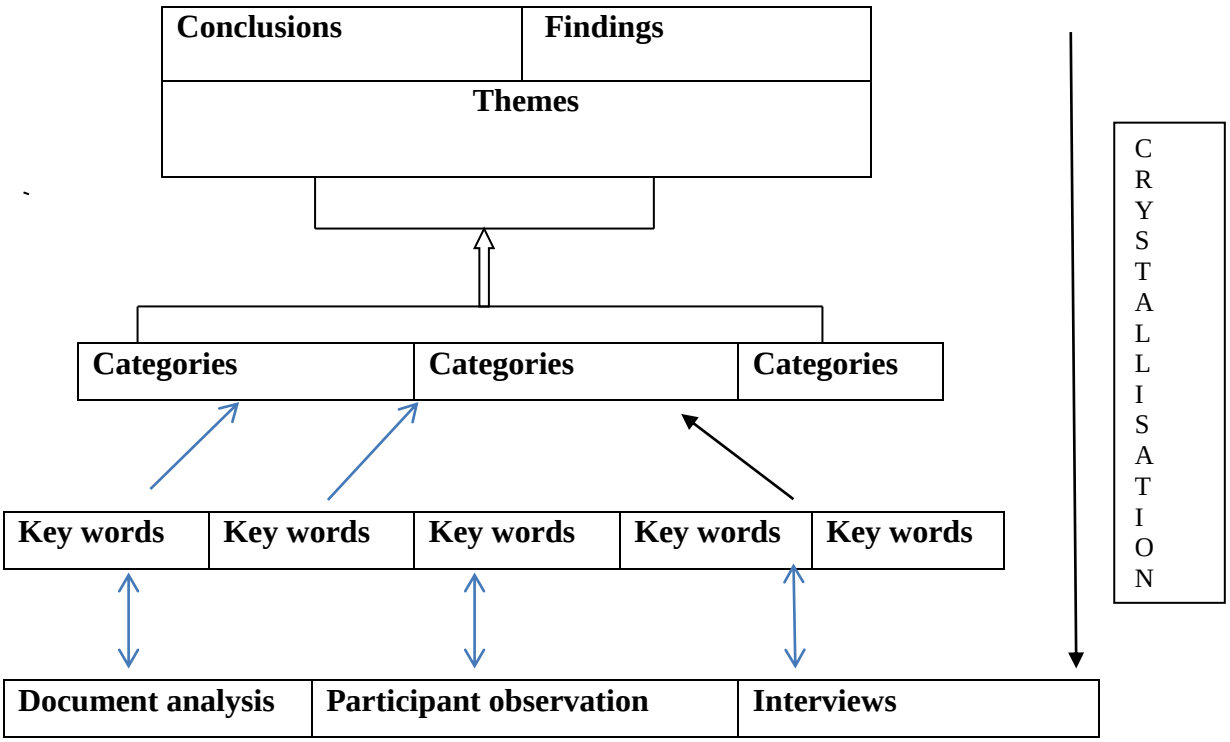
The collected data were also analysed through crystallisation. McMillan and Schumacher (2006:366) view crystallisation as immersion in which the researcher collapses coding, categorising, and pattern seeking into an extensive period of intuition-rich immersion within the data. The process of crystallisation seeks to open the analysis to maximum experiences within the analytical style; the researcher may conduct intensive reflexive analyses simultaneously. In crystallisation, patterns are identified by iterative reflection. Researchers view crystallisation as telling the same story through data gathered from different data collection instruments or data sources such as participant-observation, semi-structured interviews and document review. This statement is echoed by Johnson and Christensen (2008:531) who state that as a qualitative researcher one has to alternate between data collected through observation, semi-structured interviews and documents and field-notes to do data analysis in order to create meaning from raw data and for trustworthiness.

Ellingson (2009:15-16) refers to the strengths (advantages) of the crystallisation approach, used by the researcher to build the trustworthiness of the study. Crystallisation provides deep, rich, thick descriptions of the phenomenon; it gives the reader multiple ways of understanding the phenomenon and it gives the researcher a deeper level of understanding of the phenomenon studied which is the functionality of the SGBs in the management of school finances. Nieuwenhuis (2007:81) states that the aim of qualitative research is to engage in research that probes for a deeper understanding of a phenomenon. Richards (2000:93;94 in Nieuwenhuis, 2007) proposes that the concept of crystallisation enables us to shift from seeing something fixed, rigid, and two dimensional objects towards the idea of a crystal, which allows an infinite variety of shapes, substance, transmutations, dimensions and angles of approach. Crystallisation therefore provides us with a complex and deeper understanding of the phenomenon which is the functionality of the SGBs in the management of school finances. He further states that crystallisation emerges from the various data gathering techniques and the data analysis employed represents our own reinterpreted understanding of the phenomenon.

In this study, data collected as field notes during participant observation on the behaviour and activities of the SGBs in their natural setting were used to verify and corroborate data gained through interviews and documents. As a researcher, it helped me to find cases in which there was a mismatch between interview data and the SGBs' behavioural patterns, where they did not do or act as they said they would do. Interview transcripts and interview notes collected from semi-structured interviews were used to describe and understand the meaning of central themes in the life of the SGBs. They allowed for an in-depth probing for elaboration, clarification and understanding, and document analysis which allowed for the scrutiny and review of any documentation related to the topic were crystallized in order to build the trustworthiness of the research.

Field notes collected during participant observation, interview transcripts and interview notes collected during semi-structured interviews and data collected during document analysis were crystallised to be able to verify what they told me about the functionality of the SGBs in the management of school finances, and to see the same emerging patterns, and this added to the trustworthiness of the research.

Fig. 4.3: **An organogram on how data was analysed using crystallisation**



4.4 Data analysis and interpretation

The observation, interviews and document analysis were used to attain the following research aims:

1. To find out how the SGBs understand their roles in the management of school finances.
2. To find out the SGB's knowledge and understanding of the legislative framework.
3. To identify the challenges facing the SGBs when performing their financial management functions in schools.
4. To investigate the budget processes that SGBs follow.
5. To explore the SGBs' control of expenditure.
6. To explore the finance committees' decision-making processes in school finance.

4.4.1 Data from the observations

4.4.1.1 <u>Observation of SGB or Finance Committee meetings in schools:</u>

<u>SCHOOL A</u>

In school A the meeting of the SGB was held on 14 September 2010 in the principal's office. The matter for discussion was the 2011 budget. At this school the SGB was properly constituted and was a representative of all stakeholders within the school community: parents, staff and support staff as prescribed by SASA. There was a properly constituted and functional finance committee representative of all stakeholders within the school community. The chairperson of the Finance Committee, who was also the treasurer of the SGB, chaired the meeting. He demonstrated knowledge of the legislative framework pertaining to finances and understanding of the role and responsibility of the chairperson, as he was making references to SASA (Section 38) and the Limpopo Financial Management Prescripts (2009, Section 4.5).

Their budget was relevant to governance requirements. Members participated actively in the process. There was collective decision making, members shared ideas on each and every item on the agenda. There was an indication of empowerment of the members of the SGB in the smooth flow of activities in the meeting. After the meeting their school development plans or budget was referred to the SGB for ratification, and to the parents' meeting for discussion and approval in the quarterly meeting scheduled for the last term of the year. They had a finance

policy which on perusal I found to have references to the legislative framework and it was recently reviewed (in 2010) to ensure that it complied with the prescribed requirements of the department. There was reference to the legal framework for decision making. Their financial policy provided clear direction on the specific functions of its members. It was in compliance with Sections 38 and 42 – 44 of SASA and their policy regarding the management of finance was approved by the parents. According to Section 43 of SASA, all the books should be submitted to the auditors when the school closes for the fourth term.

SCHOOL B

In school B the meeting of the SGB was held on 17 September 2010. The business of the day was the discussion of the 2011 budget. In this school the SGB was properly constituted. There was no finance committee. The attendance register for the SGB indicated that they were supposed to be 8 but only four arrived for the meeting, one sent an apology and for the other three no apology was tendered. The meeting went on even though there was no quorum.

The principal and not an elected member of the SGB as required by SASA chaired the meeting, and dominated the discussions**.** According to SASA (Section 23 (1b)), the principal is an *ex officio* member of the SGB and the chairperson of the SGB must be elected from the parent component (Section 29 (2)). The participants were just given copies of the already drafted budget. Participants were requested to adopt it for implementation. The principal stated that it took him the whole night to compile the budget. According to SASA (Section 38(1)) a governing body of a public school must prepare a budget each year according to prescriptions determined by the Member of the Executive Council in a *Provincial Gazette*. It must show the estimated income and expenditure of the school for the following financial year. Section 38(2) provides that, before a budget referred to in subsection (1) is approved by the governing body, it must be presented to a general meeting of parents convened on at least 30 days' notice, for consideration and approval by a majority of parents present and voting. These provisions stipulate clearly that the preparation of the budget is done by the SGB, ratified by the SGB and approved by a majority of parents present through their votes. Parents were not given an opportunity to vote for the budget to be approved. In the meeting there was no mention of a parents' meeting. It was clear that the SGB did not know their duties. If the SGB was knowledgeable about the legislative framework, they would have

alerted the principal to the procedures to be followed. The records kept at this school were not filed in an orderly manner. The school did not record financial transactions, as they did not have the necessary documents such as: a cash book, bank reconciliation statements and payment vouchers (claim forms for payment). The minutes were poorly formulated and written and there was no evidence of authenticity as they were not certified by the chairperson and the secretary as a true record. Failure to do so is an indication of ineffective monitoring at schools.

SCHOOL C

In school C the meeting of the SGB was held on 20 September 2010. One of the key items for discussion was the school budget for 2011. At this school there was no Finance Committee, but the SGB was correctly constituted. The attendance register indicated that all of the ten members as per the composition of the SGB attended.

The chairperson of the SGB (a retired principal) conducted the meeting in a dignified and professional manner. The meeting was conducted smoothly. According to the records all members received notification of the meeting seven days before, with an agenda attached. The minutes of the previous meeting were well prepared and read. The minutes indicated records of the business transacted and decisions taken. Members actively made submissions and rectified omissions by the secretary.

During the discussions of the budget, all members were given an equal opportunity to voice their opinions. The treasurer gave a financial report for the previous month, and a copy of the bank statements was circulated in the meeting. Submissions related to the budget were made. All the participants were unanimously in support of the school development plan or budget. There was an indication that the SGB understood the legislative framework as they quoted from SASA (Section 38 (2)) and the Limpopo Finance Management Prescripts (Section 8.5)) on procedures for the annual budget of a public school time and again. After they had approved the budget, it would then be approved by the majority of parents in the next parents' meeting. The budget as related to my study was ratified and referred to parents for amendment and approval.

SCHOOL D

At this school the SGB was properly constituted according to SASA. The sub-committee for finance was also constituted. The finance committee meeting was held on the 23 September 2010. All members of the committee as per member list provided by the principal during my perusal of the requested documents attended. All members were involved in the proceedings. It was evident that the finance committee was well-organized. The school's SGB financial committee minute book had the school emblem on it.

The chairperson of the committee, who is also the treasurer of the SGB, presented the budget to the members of the SGB. The school budget was well drawn up; money allocated to the school was distributed according to the percentages stipulated in the National Norms and Standards for School Funding (2000) and LPFMP (2009) being 60% for learner teacher support material, 30% for school development and 10% for extramural activities. The budget was discussed at length; there were some additions and deletions in the development of the budget. The meeting agreed that the financial committee should do amendments and forward them to the chairperson of the SGB. A parents' meeting date was also set for discussion and approval of the budget.

When requesting their documents stipulated in my letter for requesting permission, I discovered that the records were safely kept under lock and key in a safe in the strong room. During the interview I found that the key to the safe was accessed only by the principal, treasurer and the finance officer.

SCHOOL E

At this school the SGB was properly constituted and functioning well. The finance committee was established and functioning. I attended their finance meeting held on 3 November 2010. The meeting deliberated on the 2011 school budget.

The finance committee members were very active and participation was good. In their discussions, they used shared collective decision making on how they would implement the budget. Their meeting was characterised by openness, transparency, honesty and integrity.

This became visible when the monthly bank statement was circulated to all members, and every member was given time to raise his or her views without being intimidated. They reached positive consensus on all the key items of their budget, and this demonstrated members' confidence and ability to control what they were doing (the budget).

The school environment was clean and inviting with a relaxed atmosphere. No broken windows and doors were visible. There was water and electricity in the school. The school was also fenced with a palisade fence.

When I requested the documents as indicated in Annexure C, I was given a copy of the finance policy which was well formulated and various legislative documents were used for reference. The minute book was written in an orderly manner and all minutes were duly signed by the chairperson of the finance committee (the treasurer of the SGB) and the secretary. All members of the finance committee were in attendance as per the list appearing in the finance policy.

The treasurer as the chairperson provided the members with the draft budget. In their discussions the members referred time and again to the departmental regulations of the Limpopo Financial Prescripts (2009) and SASA (Act 84 of 1996) and the decisions in the minutes of the previous meeting which were circulated beforehand. In the previous meeting it was agreed that the Finance Committee should draw up the draft budget based on all the submissions forwarded to them beforehand on 3 November 2010 which was the date on which the meeting was held.

SCHOOL F

The school's SGB meeting was held on 11 November 2010. The SGB was properly constituted according to SASA. As the school had no finance committee to oversee financial matters, the SGB was functioning as the finance committee. This meeting was a follow-up on the implementation of the budget as agreed in a meeting held in September 2010.

In the deliberations there was no reference to the budget being referred to the parents for approval before operation. The budget they were referring to was still on the chalkboard in the classroom which also acted as the principal's office. The budget was not approved by the

parents as there was no evidence of a parents' meeting in the minute book.
On perusal of the minutes, it became clear that the minutes of the previous meeting were not ratified or certified by the chairperson and the secretary as a true reflection of discussions and decisions. Record keeping was still a problem in the school. I observed that the minute book was searched for a long time before the meeting could start. It was difficult for the principal to find it.

When requesting a copy of the 2009 audited financial statements, I was not given it. This suggested to me that financial books were not audited the previous year, but the school received its first tranche or money allocation for 2010 in May 2010. Records of financial transactions were inadequate. No records of bank reconciliation statements were available on request.

I observed that there was inadequate asset management of movable equipment and furniture, as those in the principal's office were not marked. I also observed that the environment of the school was not inviting. The yard was dirty, the walls were full of chalk dust, the number of broken windows and doors indicated that renovation and maintenance were a challenge. Learners brought along water bottles from home. On inquiry the principal indicated that the water-pumping machine was stolen during the weekend as there was no proper security.

4.4.1.2. Comments on the observation based on the research aims

4.4.1.2.1 <u>How the SGBs understand their roles and responsibilities.</u>

The observations suggested some dominance of principals in schools. SASA provides that the principals are *ex officio* members of the SGB, but some of the principals of the schools observed were chairing the meetings and giving financial reports and dominating the meetings. As observed, in schools like school A, C, D and E the SGB and finance committee were well-organised. The chairperson of the SGB and the treasurer as the chairperson of finance committee chaired the meetings.

Finance policies in some of the schools provided clear direction on the functions / roles and responsibilities of the treasurer, the chairperson, the principal and the finance officer. The principals followed and implemented the finance policy as adopted by the finance committee

and the SGB supervised and monitored finance officers. They also monitored and controlled income and expenditure and ensured that proper finance records were kept. Chairpersons of schools A, C, D, and E functioned according to Section 38(1) of SASA, by ensuring that the annual finance budget was prepared and presented it for approval to parents. Quarterly or annual financial statements for parents were prepared and SGB chairpersons also chaired meetings. Treasurers in schools A, C, D and E drew up budgets and income and expenditure statements. They also monitored budget implementation on a monthly basis, presented monthly reports to the SGB and parents and monitored the systems related to finance.

4.4.1.2.2 Knowledge and understanding of the legislative framework (see par 2.4 of Chap 2)

The observations revealed that the treasurers of schools A, C, D and E who acted as the chairpersons of the finance committee showed knowledge and understanding of the legislative framework pertaining to the management of finances. They made references to SASA (Section 38) and the Limpopo Province Financial Management Prescripts (2009) (Section 4.5) of no-fee schools. The finance policies of these schools referred to the legislative documents; they complied with SASA (Sections 38, 42-43) regarding the auditing of financial books. In some schools such as B and F, the legislative framework was violated.

The SGBs' level of knowledge and expertise of financial matters, prescripts, and procedures and expectations remain a matter of some concern. In most schools financial management was done according to the requirements of the legislative framework. The legislative frameworks are written in English and this sometimes hampers the smooth running of the SGBs.

4.4.1.2.3 Areas of concern regarding SGBs and the managing of school finances

The following concerns emerged when I observed SGB meetings:-

- In some of the schools the meetings were chaired by the principals instead of chairpersons of the SGBs or treasurers as chairpersons of finance committee.
- The establishment of the finance committee as per Section 30 (1) of SASA and the formulation of finance policies were not done in accordance with legislation, policy and prescripts.

- The understanding of roles and responsibilities according to the key positions of the SGB. The interpretation of parts of the legislative framework was one of the problems visible in some of the meetings.
- In some schools it was clear that the formulation of budget as a route to school development and improvement was done by principals and not the SGB as required by Section 38 (1) (2) (3) of SASA.
- Procedures for conducting meetings not followed. In some schools, I noted that principals owned SGB meetings as a one-man show. Most of the SGB members were inactive in the meetings.
- I observed that minutes in some of the schools were not read as required; in schools where they were read, they were not always ratified by the signatures of the secretary and the SGB chairperson or finance committee chairperson.
- The issue of co-option was still a problem for the SGBs.
- The maintenance and management of assets and stock were not satisfactory.

4.4.1.2.4 Budgeting process (see par 2.5.2.6 of Chap 2)

I discovered that some schools like A, C, D, and E understood what a budget was. These schools followed an operational budget, the school's budget as per Section 38 (1) (2) (3) of SASA.[2] In these schools SGB members and finance committee members were participating fully in the budgeting process of their schools. Budgets were well drawn up and money was allocated according to the NNSSF (2000) and LPFMP (2009) guidelines of 60: LTSM, 30 for school improvements and 10 for extra-mural activities. In schools like B the principal played a dominant role in drawing up the school budget.

4.4.1.2.5 Benefits of Section 21 status and being a no fee school

Some of the schools like A, C, D, and E were able to control income and expenditure efficiently and effectively as mandated and allocated to them as per Sections 20 and 21 of SASA (see par 2.5.2 of chapter 2). Treasurers were able to collect monthly bank statements and they were circulated in the SGB meetings and finance committee. From the comments given in the meetings I realised that the SGBs are able to monitor the flow of their money. On

[2] SGBs are not obliged to establish finance committees by SASA.

observation I realised that the school environment displayed value for money. There were no broken windows and doors; there were tanks and taps for running water and palisade fences as required by no fee schools functions. The environment was clean and inviting. From the money these schools received, they managed to hire gardeners, cleaners and security guards as benefits of good control of income and expenditure.

In school B the environment was dirty, characterised by a number of broken windows and graffiti and chalk dust on the walls. The asset registers were not adequately managed and records were in shambles. Asset registers and office inventory lists were not maintained, movable equipment and furniture were not marked and bar-coded as observed in the principals' office. There was no proper control of computers, photocopiers and printers bought, as they were just lying about in the principal's office without markings. These discrepancies in the procurement of goods in schools led to wasteful expenditure as indicated in the Public Finance Management Act 1 of 1999 and the Preferential Procurement Policy Framework Act, No. 5 of 2000. Some schools were paying more than what equipment costs, in other words the government via some of the public schools was being milked by businesses who charged exorbitant fees. It emerged from the analysis of documents that school E paid 300% more for the same photocopier which another school had bought.

4.4.1.2.6 Financial committees' decision–making processes

SGB members of schools A, C, D, and E were guided by the Limpopo Province Financial Management Prescripts of 2009 on the establishment finance committees and the functions; they were participating actively in the observed meetings without fear and intimidation. They showed confidence in themselves. There was collective decision making, members were sharing ideas on the development of the school and how they were going to implement the budget. In these schools there were openness and transparency, which are the core aspects of dealing with public finances. To the SGB members or finance committee members of these schools the finance policy served as a guideline on taking firm financial decisions. In schools B and F things were done differently.

4.4.2 Data from the interviews

4.4.2.1 How the SGBs understand their roles in the management of school finances.[3]

It appears that there is a need for effective capacity building in the form of intensive skills training and workshops in the school-level governance in public schools as required by the legal framework (prescripts and acts).

A chairperson CP1 commented that:

The PEDs must provide training for all the SGB components in order to understand the relevant documents used to monitor public finances at school level and this must be followed by intensive monitoring and evaluation during school visits which must be done on regular basis by governance officers.

A treasurer T3 indicated that:

SGBs often lack the capacity to be efficient and effective and face confusion and frustration about the real purpose of their work or understanding of their roles and responsibilities. So I think that capacity building in schools is urgently needed, so that SGBs could be provided with necessary support for management of finance.

This statement is consistent with Section 19 (1a and b) of SASA which states that Provincial Departments of Education (PDEs) must provide introductory training for newly-elected SGBs and also provide continuous training for effective performance and to prepare SGBs to assume additional functions.

I have discovered that the failure of the Limpopo Department of Education in this regard is frustrating the SGBs in schools.

A chairperson CP2 indicated that:

I really don't understand at all why I am a member of the SGB. My duties are to accompany learners on school trips, to attend meetings and functions and visit the schools when called.

[3]The responses of respondents were not edited except to improve the intelligibility of the responses.

It appears that SGB members feel marginalized by school principals. Full induction programmes and continuing training are needed, not only a once off three hour session.

One respondent, principal P2 indicated that:
After the election of the new SGBs, our circuit office invited us to a three hour meeting to train us on finance. The facilitators were giving SGB chairpersons and treasurers instructions on what to do when we arrive at schools.

Empowerment of SGBs in managing finances as core aspect should be taken very seriously so that they can be enabled to take major financial decisions that will shape their schools to local needs and wishes. They need to be trained, monitored and supported also on the value and necessity of active participation in the SGB meetings, but this is not happening as it should be.

Chairperson CP2 explained:
Schools need SGB members with the necessary skills, knowledge, expertise and competency to manage public funds, in the form of finances, stock or property. This must be performed in line with the legislative framework regarding governance in schools.

From the findings of the research it is evident that the SGBs did receive training to be able to function effectively, but some of the respondents felt that this training was inadequate. One of the SGB members, chairperson CP1 expressed his dissatisfaction with the training in this manner:
Although the workshop / training attended was fruitful, still there are challenges that need to be addressed such as time frame - it was called during weekends and we are supposed to attend our social events, too much information is given in a short space of time, the training manuals are big, the issue of doing activities after introductions by the facilitators indicates lack of thorough planning.

On the contrary, one of the respondents, the SGB chairperson CP3, was very optimistic about the training: *For us attending the induction training is an achievement because we have been struggling to understand the aspect of managing finances in our school*.

The research findings revealed that training on financial matters which was conducted by the circuit during the inception day of newly elected SGBs a year before was experienced as just window dressing by some.

This was echoed by the response from Chairperson CP4:
As a chairperson I attended a workshop called by the circuit. In the workshop we started by doing activities about something we didn't even know and understand as I was newly appointed with no experience.

In one of the questions regarding the functionality of the governing body posed to the principal P5 by the researcher, his response was
Our school governing body is doing outstanding work, but the area of managing finance still remains a challenge. Our finance committee needs to be fully capacitated in this area, so that it can effectively carry out its mandate and core-functions with full confidence.

With regard to functionality, another principal respondent P2 complained that:
The SGB in this school is properly constituted and exist according to SASA, but is dysfunctional. SGB members don't attend the meetings when called. Meetings are always postponed; meaning that no major decisions are collectively taken. I am working closely with the chairperson and one additional member from parent components. This issue hampers the developments of the school.

From these responses it appears that some schools have functional SGBs and finance committees whilst others are still struggling. I have realised that some SGBs are able to monitor the cash flow of the school. A treasurer T5 as the chairperson of a finance committee indicated that:
…we have attended a training which changed the way we were running our finances. We have been told to cross all the cheques issued for payments as a control measure and not to sign any blank cheque in advance. As a treasurer I am able to read and interpret the bank statements, give monthly financial reports to the SGB and the parents and to draw the budget, although I still need to be developed.

During the SGB training workshop there was an outcry from some of the parents complaining about the use of English throughout the workshop and there was a plea that documents should

be written in home languages such as Sepedi to be valuable and understood by the parent components of the SGB. According to one of the respondents, treasurer T1, English as the language used during training hampers the efficient and effective running of finances. This treasurer remarked that: *I attended a workshop on a Saturday called by the DoE, the principal transported us to the venue, the workshop was run by two white people talking in English all day, I did not hear anything, the principal was trying to update us in Sepedi during breaks, on top of that we were supposed to do activities in groups, as a result the principals were dominating the discussions.*

She was supported by a statement from treasurer T3 who stated that:
The contents of the prescripts, circulars, manuals and acts are not clear at all; especially the English language used in the documents makes it difficult for SGB members the parent components to grasp what is needed.

The chairperson CP4 commented that:
Proper and intensive training whereby SGB members will acquire knowledge and a capability to perform their jobs is not a privilege but a duty to the state which must be honoured. SGBs should be empowered so that they can carry out their daily tasks. Sometimes SGB members are involved in the embezzlement of money because of the lack of public financial management knowledge. This indicates the need for intensive training in management of finances.

Principal P3 indicated:
Although there is a clear distinction between the roles and responsibilities of the key posts in the SGB, such as that of the chairperson, treasurer and the secretary, the need for more support and guidelines in this regard is a challenge. Much is still required to be done in terms of intervention strategies and improvements. Most members serving in the SGB lack the necessary finance skills in order to carry out their responsibilities adequately, adding that there is generally a severe skills shortage in financial sections in the public schools.

Principal P6 commented that: *There is lack of continuous departmental support in the management of finances in schools or inadequate departmental support and guidance. There is lack of understanding among SGB members of their role to be played. SGBs are battling to understand their roles especially the chairperson, treasurer and the secretary.*

One principal P4 commented that:

Our SGB is well constituted and functioning. It is only hampered by lack of commitment and cooperation by some members who are not attending meetings, always absent without apology.

Principal P5 also indicated that:

The current SGB is doing outstanding work in the area of governance, but their work is clearly inadequate with regard to the management of finance in no fee schools. PED must review the training in this regard to ensure that it is geared towards assisting SGB in achieving its mandate and core functions. It must mobilise the necessary expertise.

The above responses all seem to confirm that SGBs are confused and frustrated about the roles they have to play in the governing body. They lack understanding. The DoE (2009:4) states that many SGBs struggle to define their roles. In a survey conducted about the functionality of SGBs, Van Wyk (2004:53) identified problems about inadequate training received by SGBs. As such, they do not know what is expected of them with regard to school finances. They only sign cheques and do not work according to the budget.

Another challenge facing SGBs in their roles is the difficulties experienced in performing functions as required by SASA. SGBs have to perform a range of primary functions, such as developing policies, including finance policies and drawing up school budgets. These functions require a certain level of expertise on the part of the SGB members. Apart from a good knowledge of SASA, it also requires an understanding of other aspects of the legislative framework. In the study I discovered that members of SGBs serving in schools B & F do not have the necessary knowledge and skills required to carry out their responsibilities.

The chairperson CP2 indicated that:

We are relying on teachers and principals, for information and interpretation of documents that involves SGBs from the department. This is limiting our involvement and participation in these governing structures.

It also appears that there is significant confusion about the role of the chairperson and the treasurer. The expectations of these two persons have increased over the years, without any basic intensive training of what they are for in the SGB. I have also found that in the majority

of the schools visited SGB chairpersons were chairing meetings very well. In schools B and F, principals were chairing and dominating every aspect of the discussions in the meeting.

When chairpersons were interviewed, chairperson CP2 commented that:
My duties are to sign the monthly financial reports and claim forms without reading and perusing them with understanding because of lack of financial skills and inability to read and write English clearly.

The chairperson CP2 further remarked that:
We are less involved, regarded as tokens, window dressing, we want to be involved, but principals and teachers in the SGB take decisions on our behalf, they do what they want and later inform us. We are only involved in school trips to accompany them and learners in order to guard the learners during the day" He further indicated that "*…in one of the parents' meeting the principal did the financial reporting to the parents instead of the treasurer.* This was also confirmed by the records in the minute book.

The treasurer T2 remarked:
My duties are only to sign cheques when called, to collect new cheque books when old ones are finished and to collect bank statements for monthly reconciliation of books as mandated by the principal.

She further stated that:
Our principal claims too much money; there are many unnecessary trips to town which are questionable. We don't know where to get the answers. This man is using our money recklessly.

The treasurer T2 further expressed her dissatisfaction by indicating that:
At the workshop of finance I attended, we were told that as the treasurer my work is to look after finances and to present financial reports, but at this school we are only needed when there are cheques to sign, sometimes they bring them for me to sign at home, what worries me is, the principal forces me to sign one or two blank cheques, stating reason as 'for future use.

The same treasurer also complained about the principal for interrupting her role in the control of finances:

We were told the steps of managing finances effectively, how to detect fraudulent claims, not to sign blank cheques, always to get three quotations and all procurement be approved by SGB before any payment can be made, but all these are blocked by the principal who is not interested in following procedure.

At school F, I was informed by the SGB chairperson CP6 that a bank statement is collected monthly from the bank by the treasurer on the instruction of the principal, but never seen or discussed in the SGB meetings. The chairperson CP6 stated that *"The treasurer collects the bank statement every month-end, as instructed by the principal, but this statement was never discussed in the meeting since last year."*

In the interview the same chairperson complained:

… the three signatories to the school account are just signing cheques for payment without verifying whether they still have money in the bank or not. This sometimes leads to overdraft and embezzlement of funds.

According to Section 37 (1) of SASA, Section 37 (1), it is the SGB that is actually responsible to administer and account for finances. It seems that the SGB should be familiarised with the day-to-day operation of the school fund and learn how to administer and monitor it through a finance committee. From the responses and the documents perused, there was an indication that there is lack of monitoring and understanding of roles, lack of capacity and negligence. To be a treasurer seemingly requires a person who is both numerate and literate. He or she is expected to evaluate the budget for accuracy and completeness and to present and explain it to the SGB. This does not seem possible in rural public schools as the SGBs just work with insufficient understanding of their roles and responsibilities pertaining to finance is insufficient. Research done in the six schools revealed that most of the parent members have primary or secondary school education only.

The treasurer T6 remarked that: *I am unable to read and write clearly, but I am expected to head the finance committee and interpret the prescripts and other documents related to finance. I only know how to append my surname and initial. I was chosen because I am the treasurer of a burial society in the community.*

The literature review indicates quite clearly that building capacity is still a challenge. Naidu *et al.*, (2007:158) state that limited capacity of school governors leads to failure of the SGBs to produce documented evidence of financial reports, professionally compiled entries of analysis, neatly filed receipts of payment invoices, and bank statements. Mestry (2004:126; 2006:28) says that many problems in school governance have to do with the limited capacity of school governors, which too often lead to financial mismanagement or misappropriation of funds in the form of embezzlement, fraud or theft.

The above points emphasize the fact that the SGB members in some of the public schools in this study are able to exercise their powers effectively, but in school B and school F they seem to be powerless as this power is only in the hands of principals. They can't take major decisions.

4.4.2.2. <u>The SGBs' knowledge and understanding of the legislative framework</u>

One of the SGB parent members, chairperson CP4 indicated that,
All what we know is that SASA is a law that controls schools. Knowledge and interpretation of the contents is a major concern.

Another respondent T2 also complained: *The language used during training and in the manuals we are receiving in the workshop is a big problem.* She further commented that: *We rely on the mercy of our school principal for the interpretation of documents such as circulars, training manuals, and prescripts.*

The principal P6 also commented that:
Principals also are not knowledgeable or conversant with financial management skills. Knowledge of the legislative framework, beginning with the Constitution of the Republic, PFMA 1 of 1999, PPPFA 5 of 2000, NNSSF of 1998 / 2000 and LPFMP of 2009 - prescripts that govern finances in public schools is still a challenge.

During interviews I also discovered that principals were seemingly taking advantage of the lack of knowledge and understanding of these legislative frameworks by parent members of the SGB. In one of the schools, I heard the principal P6 misquoting some of the sections in SASA commenting that: *SASA allows us as principals to control finances in our respective*

school whilst in reality SASA mandates the SGB to oversee the effective and efficient management of school funds. This is one of the most common errors that principals make. Their main duty is to conduct the professional management of the school. They must use their knowledge to give advice and guidance to the SGBs and not to mislead them.

4.4.2.3 Areas of concern regarding SGBs and the managing of school finances

The interviews with all the participants revealed challenges facing SGBs when performing their functions. Some of these confirm what the literature review yielded as problems and dangers encountered by the SGBs when managing finances in their respective schools (See chapter 2, par 2.6). I have discovered transgressions or problems like the following as major challenges that are faced by SGBs in the six schools in general.

One respondent, the treasurer T6 commented that:
There is violation of the legislative framework such as PFMA, SASA, and Limpopo Province Financial Management Prescripts; our SGB is failing to hold proper parents' meetings as required by the SASA and there is lack of monitoring in how schools manage their finances which results in laxity of governing bodies and principals.

Other transgressions contributing to the dysfunctionality in the management of school finances voiced by the respondents were:

According to the treasurer T2:
Principals are forcing SGBs to sign blank cheques in advance citing for future use, missing cheques which are not reported to police as fraud and cheque books are in the possession of the principals and not in a school safe.

One chairperson CP6 indicated the following points:
The late transfer of money to schools by the department, payments done without invoices or requisition forms as well as the money which is allocated to schools with small number of learner which is too little as it is based on enrolment.

Treasurer T3 commented that
SGBs do not understand their roles and responsibilities and are unable to monitor the utilization of their money allocation or implementation of their budget. She further said that *vacant and unfilled SGB posts hamper the functionality of SGBs especially when major decisions in finance are to be taken.*

The chairperson CP1 also indicated that *the prevalence of absenteeism and late-coming in meetings which result in SGBs not forming quorums is hampering the efficient and effective management of finances as well as the decision-making processes.*

It seems that a major challenge is to ensure adherence to, and compliance with the legislative framework for the promotion of better financial management outcomes. As a result of the factors that contribute to the dysfunctionality of SGBs in the management of finance, major interventions in terms of human resource or empowerment of SGBs in financial management are required.

4.4.2.4 Budgeting processes that SGBs follow (See Chap 2 par 2.4.2.1 & 2.4.3)

During the interviews conducted I discovered that in school B and F, budgeting was done unilaterally by the principal. Stakeholders were not involved. I also discovered that those school principals (P2, P6) lacked the knowledge, skills and expertise to draw up a budget and also to prioritise and identify short and long term expenditures.

The SGBs, because of financial skills deficits as also confirmed in the Review Report (2004:113), are unable to monitor the budget for progress and to determine whether it is done according to planned goals. At those schools (B & F) no effective and efficient budgeting practices were followed. The SGBs appeared reluctant to evaluate their financial documents.

According to the treasurer T2, *...in our school we just know what positions we are holding in the SGB, but roles accompanying these positions create a dilemma.*

The treasurer T2 further expressed her frustration and confusion about her duty by saying that: *We have serious problems in our SGB. Most decisions are taken by the principal and chairperson of the SGB. It seems as if there is collusion before the executive meeting, as they*

always support each other's idea in the meeting. We are told what to do and what to be done at schools, we are just rubber stamps. The chairperson and the principal saw the school as a money-making business. These people are riddled with greed.

One of the respondents, the treasurer T6 indicated that, *The SGB of this school relies on the finance officer and the principal who are supposed to reconcile the books and send monthly reports to circuit office.*

One principal P3 showed knowledge of managing items from the budget through procurement. He indicated that, *If there is any service to be rendered according to the budget at school, the school invites three quotations from the service providers and the lowest one with quality evidence of previous work is chosen.*

The budget assists in the control of finances. One SGB member and treasurer T3 indicated: *We are strictly following the budget. We do not do overdraft and no mismanagement of funds. The money is used as per prescribed policy of the usage of NNSSF.*

It seems that the SGB treasurers in some of the selected schools such as schools B and F do not have the necessary skills, knowledge and expertise required to lead the budgeting process.

4.4.2.5 <u>Benefits of Section 21 status and being a no fee school</u>

Data from the interviews on the benefits of being a Section 21 schools and being a no fee school reveal that all the principals in the study P1-P6 indicated that there is financial relief for the department. There is an indication of knowledge of Section 21 functions, although it is not enough and satisfactory. All the school principals agreed that with the allocated money they have been able to improve their schools as required by the prescripts.

The responses of principals P1-P6 clearly indicate signs of understanding of what is required by section 21 of SASA and the no fee policy, although there are signs of non-compliance with some of the criteria.

The principal P4 indicated that:
We have money transferred in two tranches into our school account; we have the freedom to

decide how to spend the money. I am very happy we don't charge school fees anymore. The burden of demanding school fees from parents is off. The issue of collecting school fees was giving me a head-ache. I am no longer compelled to hold learners' progress reports to compel parents to pay[4]*, and at the same time risking my job.*

The principal P4 further indicated that:
With the money allocated to our school, the SGB has managed to maintain and improve the school's property through painting and renovations, repairing of doors and window-panes. The school was able to purchase Learning and Teaching Support Materials, educational materials and equipment for the school such as photocopiers and computers. As the major requirements of no-fee school, the school managed to have a garden and gardening equipments, borehole and water-pumps as well as the security fence.

The principal P3 explained that: *We have been able to do improvements such as to bore water, to build a security fence, hire cleaners and gardeners.*

One SGB chairperson P3 commented:
One of the challenges facing our schools is the increasing theft of property. The money allocated to our school is not enough to hire and pay for a security guard, and the department does not promise to supply us with any, the community is also not prepared to offer a volunteer."

Principal P1 commented that:
Our community cares less about the school property. The spirit of co-ownership is not there. There is a high rate of vandalism especially during the weekend and holidays.

One of the respondents, the principal P5 indicated that:
Although the department's allocations have met us half-way financially, as the school we are still facing a challenge of fund-raising as one of the requirement of the department and parents are also not willing to comply.

The principal P6 commented that: *There are still challenges that need to be addressed as*

[4] This was illegal.

related to fund-raising such as capacity or skill building in the utilisation of money (uniformly so) and guidance and expertise on how to formulate fund-raising committees and policies.

While the six primary schools studied were enjoying the benefits of being Section 21 and being no fee schools, some of these schools like school B were experiencing a problem regarding inadequate renovation and maintenance. The school needs an adequate plan for renovations and maintenance.

The principal P4 commented that:
As the newly-appointed principal and an ex-officio in the SGB committee, I feel that there is insufficient knowledge of what Section 21 entails as well as being a no-fee school, i.e. what it implies in terms of quality improvements in the schools. Our SGBs need guidance on that as schools were just given the Section 21 status without understanding how it works. The department also started transferring more money to our schools without much support on how to manage it.

The principal P1 commented that, *being a no-fee school is the life-blood of rural public schools. Without that money from the PED, our school would not develop and prosper.*

From the principals' P1- P6 experiences it appears that there is a clear understanding of the benefits of the no-fee school programme. The collective report on principals' views has provided important information indicating their achievement since being declared no fee and Section 21 schools. Their short term and long term objectives were indicated, and some were achieved. Although the NNSSF of 2000 and LPFMP (2009) require that more than 60% of the money allocated to schools be utilized for the benefit of the learner, many of the items did not directly involve teaching and learning improvements, such as the paving of school grounds, tiling of classes and expensive security fences. Principals also indicated that although these allocations have met them half-way financially, they were still facing a dilemma of fund-raising and lack of support from parents. There are still challenges that need to be addressed related to the management of these funds such as capacity or skill building in the utilisation of money and guidance and expertise on how to establish committees such as finance committee and policies.

If the SGBs have sound financial, managerial and administrative capacity and sound school budgets plans, then it will be easier for them to manage finances effectively and efficiently. As indicated in chapter 1 and 2, the 957 schools in the Limpopo Province including the six selected primary schools under study were given Section 21 functions. It means that the SGBs of these schools and others are given full responsibilities for managing the finances of the school as one of the functions, without determining whether these SGBs have the necessary managerial capacity and ability to carry out these functions, as revealed in some of the schools studied.[5]

4.4.2.6 The finance committees' decision-making processes regarding school finances

During the interviews I discovered that unilateral implementation of decisions and policies by chairpersons and principals was rife and this lead to a paralysis of SGBs in some schools.

One of the respondents, the treasurer T2, indicated during the interviews that:
The principal and the chairperson take decisions on our behalf. They do the implementation first and reporting thereafter. We don't have powers to take decisions. Sometimes I end up refusing to sign the cheques as instructed by the chairperson and the principal. Sometimes they bring the cheques to me at home to sign them without validation.

She further indicated that: *...as SGBs we experience difficulties in challenging these people, even if signs of mismanagement or fraud start to emerge.* The treasurer T6 added that: *The principal and the staff component make decisions about the school, while we the SGBs go along with whatever decisions are made.*

[5] Section 21(2) of SASA does provide that the Head of Department may refuse an application contemplated in subsection (1) only if the governing body concerned does not have the capacity to perform such function effectively. In terms of section 21(6) the Head may determine that some SGBs may perform one or more functions without the SGBs applying for them if

(a) he or she is satisfied that the governing bodies concerned have the capacity to perform such function effectively; and

(b) there is a reasonable and equitable basis for doing so.

The principal P5 indicated that:

Reporting on service delivery information is very important. It is very critical for SGBs to inform parents on what we have done with their money allocation time and again in parents' meetings and provide evidence as well as giving them the opportunity to decide on new developments.

During interviews I discovered from the respondents that the absenteeism rate of SGB members is very disturbing. In school B, the SGB chairperson CP2 indicated that:

In our school the meeting was postponed twice last month due to members, especially the parent components not forming a quorum. We are failing to take major decisions because of absenteeism and the frustrating part is failure to tender any apology. AS SGB we can't ratify budgets as there are few members to take such a major decision. Tough actions such as suspension or expulsion from SGB as per SASA must be adhered to.

This is one of the major problems of SGBs because major decisions fail to be taken. I have observed that Code of Conduct for SGBs as per Section 18 (A) of SASA is not available in some of the schools studied.

According to principal P2 *this fall of the SGB members by the wayside during their term of office, sometimes leaves the principal and SGB chairperson alone to run school finances.*

In terms of Section 30 (1a) of SASA, the SGB may establish committees such as finance committees. Finance committees draw up financial policies. A policy should indicate clear procedures and rules of handling money in the school. It should provide a clear understanding of the roles and responsibilities of each member. However, the findings indicated that in two schools the policy was generated by the principals by copying policies from other schools and the SGB or those committee members were mere rubber stamps.

The principal P4 commented that:

Members of the finance committee have just been co-opted without knowledge and competency to manage the finance and to take major financial decisions was a major challenge to them. The members do not understand what they are doing.

In one school the principal P2 showed me the finance committee member lists and finance policy document, but, when perusing their minutes, I found that all financial decisions were taken by the SGB. There was no indication of a finance committee in their minutes.

Schools A, C, D, and E have finance committee member lists and functional financial policies, but in schools B and F, policies and committees existed only on paper but were not operational as lists and policies were filed in the SGB files. When interviewed, the principal P2 indicated that:

The finance policy and finance committee were formulated as per instruction of the deputy manager of governance. The principals initiated them in their various schools for fear of being reprimanded by the DoE.

In one of the schools, the principal P5 commented positively that:

In the workshop we were told how to compose the finance committee and how we must make use of legislative framework and work within the parameters of the legislative framework. As the finance committee we must meet once a month to check income and expenditure and to do monthly financial reports.

In school F, I found that their finance policy was a word for word copy of one of the primary schools in the suburbs. Through perusal I discovered that the content was not thoroughly studied and the name of the school owning the policy was not removed from all the pages. Only the cover page was changed. Innovativeness and the capability to produce something different were lacking.

The compilation of member lists or composition of committee members also differed. In school B the finance committee was made up of the principal and the chairpersons of various staff committees in the school without including parents and co-option as recommended and provided for in law (See Chapter 2 par 2.5.4.4)

It appears that the finance committee is one of the key sub-committees of the SGB and, according to the Limpopo PED's Financial Management Prescripts (2009), it is compulsory for all schools to have a finance committee although it is not compulsory in terms of SASA. For this committee to function efficiently and effectively in managing finances, it should have a policy aligned to the financial legislative framework as a guideline. In order to meet these requirements, SGBs in some schools need intervention strategies and support.

The above view is also held by Motala (in Chaka 2002:10) who found that parental involvement in legislated functions was found limited, while principals and SMT took important decisions. Chaka (2002:10) states that poor school SGBs find themselves as rubber stamps to the decisions already made by their well-informed colleagues in the governance of the school. Chaka (2002) also indicates that the SGBs experience difficulties in challenging these people, even if signs of mismanagement or fraud started to emerge.

4.4.3 Data from document analysis

4.4.3.1 Lack of understanding of roles and responsibilities

Some of the documents perused indicated a lack of monitoring and understanding of roles, lack of capacity and negligence. The findings confirmed that Section 19 (1) of SASA (with regard to the enhancement of capacity) is still a challenge. The understanding of roles and responsibilities pertaining to management of finance is insufficient. The research found that schools have challenges related to the late submission of monthly and quarterly reports to the circuit office on time.

There was no record or sign of parents' meetings for the purpose of reporting the state of their finances to parents as indicated in the minutes. The compilation of school records needs attention and quality of recording daily activities of the SGBs as indicated in the minute books and filing of audited financial statements and bank statements is poor. Minutes and records are not written in a professional manner, they are poorly formulated and not authenticated or certified by the chairperson and the secretary as the true record.

Empowerment is inadequate. SGBs struggle to write minutes and reports, to formulate finance policies and establish finance committees. All of these indicate that there is inadequate departmental support and guidance in the management of finances in schools.

4.4.3.2 Understanding of the financial legislative framework

The findings indicate that there are transgressions of, and non-compliance with the framework as confirmed by the failure of schools to submit monthly financial statements as required by SASA in terms of which schools have to submit financial statements by the 7th of

each month, and audited financial statements by the 30th June each year, following the end of the school financial year. Flagrant violations of the legislative framework as articulated in PFMA, SASA, NNSSF, PPPFA and Limpopo Financial Management Prescripts were found. One of this is failure to hold proper parents' meetings as required by the SA Schools Act.

4.4.3 3 Areas of concern regarding SGBs when managing school finances

I have discovered the following transgressions as some of the major problems experienced by SGBs in the six schools in general:

- Non-compliance with, or failure to submit the monthly financial statements as required by SASA (that schools have to submit financial statements by the 7th of each month, and audited financial statements by the 30th June each year, following the end of the school financial year) as was seen school B.
- Minutes of the SGBs of schools B and F indicate that there is a failure to hold proper parents' meetings to report to parents on financial matters as required by Section 38 (1) (2) (3) of the Schools Act.
- Minutes were poorly formulated with no evidence of authenticity. There was also evidence of poorly-written finance policies, poorly-organised audited financial statements and absence of bank statements and poor quality recording of daily activities of the SGB. These indicate a shortage of skills especially regarding the recording and filing of minute books and the submission of audited financial statements and bank statements by the finance officer and the principal. These poor quality written finance policies, minutes and reports from schools indicate that a three year election system of SGBs may lead to a loss of capacity that has been built for the school.
- There is lack of collaboration, lack of transparency and openness in decision making, as a result of absenteeism and non-active participation.

4.4.3.4 Budgeting process or school development plans

Some of the schools visited were using operational budgets to manage their finances, while some were using common sense; they were not following the budget. When assessing the school budget of school B, I found that most of the items were not related to quality education for the learners as required by law (NNSSF (2000) and LPFMP (2009)) that 60%

of the money be used for LTSM. More money was used for school improvements with exaggerated pricing. In school F, there was no evidence that the budget was approved by parents, as there were no authenticated minutes and attendance registers for parents. I also discovered that there was a lack of internal monitoring of the implementation of the budget in school F. The SGBs tended to rely on finance officers and the principals to reconcile the books and send monthly reports to the circuit office.

The SGB treasurers in schools B and F, who are expected by the legal framework (Limpopo Financial Management Prescripts, 2009) to head the finance committee where major financial decisions are taken, budgets are drawn up, ratified by SGB and later approved by parents community often do not have the necessary skills, knowledge and expertise required to lead the budgeting process. This perception is strengthened by the findings from the document analysis especially of schools B and F, that there is lack of evidence of financial reporting of the SGB to the parents, failure to submit financial records for auditing, and of submission of audited financial statements to the department by 30 June each year, monthly financial records to the circuit office as well as a failure to obtain monthly bank statements for reconciliation and failure to obtain three quotations for procurement. There is no doubt that SGBs require more and detailed training in all the aspects of financial management as also revealed in (Bush 2004; Review Report, 2004).

4.4.3.5 Benefits of Section 21 status and being a no fee school

In terms of Section 43(5) of SASA, the SGB must submit to the department of education, by 30 June of each year, a copy of the annual audited financial statements of the school. There was an indication that monthly reports from schools to circuit offices are not being submitted timeously. Schools B and E submitted late as this is required by the prescripts and SASA. In these two schools no parents' meetings were held for the purpose of reporting the state of their finance to parents. From the six schools studied, the schools A, C, D and E monitored their income and expenditure timely, compiled their monthly financial reports and quarterly financial reports to parents without being monitored. There was evidence of monthly financial report meetings in the minute books and submission books to circuit office. There was also evidence of effective use of the money allocated to them. There was adequate maintenance of school infrastructure.

4.4.3.6 The finance committee's decision making processes regarding school finances

During my study, I also discovered that programmes for SGB meetings indicated that one meeting should be held once per quarter, but the minute books were full of the so-called emergency meetings in which major decisions were taken. This suggests that principals do not plan and also do not adhere to SASA. If principals are good leaders they should recognize the importance of allowing decisions to be made at the appropriate level. They should assist the SGB members to have clear and consistent processes for decision making.

Smoley (1999:17) states that financial management involves constantly making decisions about how the financial activities of an enterprise should be planned and controlled with the help of information that is available at that time. Smoley (1999:17) further states that a decision making process is the lifeblood of a school board. The way they decide things will make them effective. Minutes of the meetings as official records of what transpired in the meeting and, as legal documents, should record all decisions taken. The prevalence of absenteeism and late coming in meetings which result in SGBs not forming quorums and hampering the decision-making processes is also hampering the efficient and effective management of finances in schools. Poor planning of SGB activities and involvement at the schools result in SGB members being inactive in meetings and in the school development programmes.

The decision-making process is sometimes hampered by vacant and unfilled SGB posts. During meetings I have observed that the absenteeism rate of SGB members was alarming. In school B, the SGB meeting was postponed twice due to members, especially the parent component, not forming a quorum. I discovered that some of the schools visited were failing to take major decisions because of absenteeism and the frustrating part of it was failure to tender any apology. SGBs were unable to ratify budgets as there were too few members to take such a major decision. I discovered that the unavailability of a code of conduct for SGBs in some of the schools is a challenge. SASA stipulates clearly in Section 18 (2) that the code of conduct must be aimed at establishing a disciplined and purposeful school environment dedicated to the improvement and maintenance of a quality governance structure at a public school, and Section 18 (3) stipulates that all members of a governing body must adhere to the code of conduct.

4.5 Conclusion

The study revealed the following as concerns regarding SGBs performing their functions -

- The compilation of school records and writing of minutes in a professional manner. The SGB of school B's financial records were inadequately maintained and financial statements were in disarray because of a lack of the following: a cash book, bank reconciliation statements and copies of claim forms.
- The absenteeism rate of SGB members from meetings. Attendance registers for SGB meetings in school B since their inception in June 2009 showed instability especially on the part of the parent component.
- Non-compliance or failure to submit the monthly financial statements as required by SASA that schools should submit financial statement by the 7th of each month, and audited financial statements by the 30th of June each year, following the end of the school financial year as was visible in school B. The PED sanctions the transfer of money to Section 21 schools relying only on audited financial statements and assurance letters from auditors without verifying data given to them. In one school (B) the auditors in the audited financial report queried R 30,000 which was paid for buying three computers without printers, which were not worth the money paid. The verbatim comment was, "there is fruitless expenditure incurred by the school". Their audited financial report was submitted to the department in March 2010. Nothing was done by the department to rectify this. The same school received the first transfer of money in May 2010 and was expecting the second transfer in November 2010. In school F, there were poorly-formulated minutes with no evidence of authenticity, poorly-written finance policies, poor recording and filing of audited financial statements, absence of bank statements and poor quality recording of daily activities of the SGB. This indicates a shortage of skills especially regarding the recording and filing of minutes, audited financial statements and bank statements by the financial officer, the principal and the SGB.
- Capacity to draw up an up to standard school budget was a challenge. In school B there was no evidence that the budget was adopted by the SGB and approved by the parents.
- The composition of the finance committee and the drawing up of a finance policy were sometimes a problem. In both school B and school F a finance committee was not established to oversee financial matters.

- Assets register of all the property that belongs to the school. Such a register must be kept safely, but the asset registers of schools B and F were disorganised and their management and recording of assets were poor. In school B, the two asset registers which were supplied by the department in 2009 were still new. This means that the asset registers and office inventory lists were not maintained and asset management was inadequate.
- Expenditure incurred was not approved by the relevant authority being the SGB or Finance Committee. In School F expenditure incurred was not approved by the SGB and claims for transport to one place varied too much.. A claimant was paid R200.00 for expenses to go to town and a new claimant for the same trip to town was paid R400.00. In school B the SGB processed payments without supporting documents such as requisition forms, invoices, delivery notes and quotations. Section 42(a) of SASA provides that it is the duty of the SGBs to keep records of everything that has to do with the finances or property of the school. All the income and expenditure must be recorded in the financial statements.
- The financial books for school F were not audited the previous year. Section 43 of SASA stipulates the following on the audit of schools' financial statements:

  "43. (1) The governing body of a public school must appoint a person registered as accountant and auditor in terms of the public Accountants and Auditors Act,1991 (Act No. 80 of 1991), to audit the records and financial statements referred to in Section 42.

- A governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section."
- Income and expenditure statements. One of the schools visited bought an electric water-pumping machine three times within a spate of two months, citing theft as the reason and a recently acquired photocopier was serviced twice in three months at exorbitant prices. In two schools I discovered that the names of the SGB members (as in the list given to me) and principals appeared in the school's income and expenditure register as service providers. There was a tender for water supply awarded to the SGB chairperson at a high price. There was an indication that there was lack of transparency and that these people were improperly and irregularly awarding themselves contracts to do jobs for the school such as building palisade fences, doing paving and some major repairs without following

procurement regulations as stipulated in the legislative framework.

- A conflict of interests. The principal and members of the SGB are not allowed to provide services for payment to schools. The principal of school F was contravening the Public Finance Management Act, Act 1 of 1999 (PFMA). These SGB members were also contravening the SGBs' code of conduct. There was a neglect of duties by SGB members being the principal as the *ex-officio* member and the chairperson. Section 22 (3) of the PFMA gives the SGBs powers to take action where there is a suspicion of collusion, corruption or criminal offence. It is a question how the principal and the SGB chairperson will investigate themselves or take care of the public finances as custodian or representative of the HOD while they are involved in tendering or procurement.
- According to Section 50 of PFMA, one of the duties of the Principal and the SGB as the accounting authority for a public entity is to:

  1 (a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity

  (b) Act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity

  2 [Not to] use the position or privileges of accounting authority for personal gain or to improperly benefit another person.

In some schools effective financial management is hampered by a lack of transparency and openness among the SGB members which I observed during meetings attended, during the interview process and while analysing the documents. Mismanagement and misappropriation of finances are caused by principals and SGBs who don't follow procurement processes and systems, treasurers who are signing blank cheques in advance without challenging this or reporting this in the SGB meetings. All of these are capacity problems; hence the need for support from the education department in the form of financial experts who really do take time to get to know SGBs, to find out about their needs, goals or vision and additional training of treasurers, principals and SGB chairpersons which are expected to accelerate the efficient and effective management of finance are a necessity.

As I did my research in the selected primary schools I realised that there are serious governance deficiencies and these erode the DoE's credibility and integrity and also its mission and vision of turning schools into decentralized and self-managing institutions.

Unless SGBs understand their roles we cannot expect good outcomes from public schools in the management of finances. If SGBs are able to manage finances efficiently and effectively in schools, it is unlikely that misappropriation of funds, and mismanagement of funds, gross negligence, theft, fraud and corruption will find a way to schools to paralyse the functionality of SGBs and in particular finance committees.

It seems that, if proper financial management in public schools can be implemented and monitored, and SGBs be empowered with strong and qualified people in order to overcome the problem of record-keeping, the dilemma of management of finance in public schools can be overcome. South Africa is pouring money into schools as state funding to no fee schools (quintiles 1-3) and partly in quintiles 4 to 5, without verifying whether schools have the right people in their SGB components including principals and finance officers in the finance committee to manage these public finances. Schools B and F failed to submit monthly financial reports to the circuit office and also failed to take books for auditing. They also failed to submit audited financial statements. Managing public school finances effectively and efficiently is a chain which must be secured in both ways, from the bottom at school level to the top at circuit level and vice versa.

CHAPTER FIVE

Overview, findings, conclusions and recommendations

5.1. Introduction

The purpose of this study was to explore the functionality of SGBs with regard to the management of school finances in the Bahlaloga Circuit Primary Schools in the Capricorn District of the Limpopo Province. The study proposed to move away from policy and other aspects and wanted to explore the functionality or capability of SGBs with regard to the management of school finances.

This study attempted to answer the primary research question formulated in chapter one which is: How functional are the SGBs in the management of school finances in the Bahlaloga Circuit Primary Schools in the Capricorn District of the Limpopo Province.

In an attempt to attain the above-mentioned primary aim, the following secondary aims were pursued.

5.1.1. How do SGBs understand their functionality or role in the management of school finances?
5.1.2. How do SGBs understand the legislative framework?
5.1.3. What are the challenges facing the SGBs when performing their financial management functions in schools?
5.1.4. What budget processes do SGBs follow?
5.1.5. How do SGBs control expenditure?
5.1.6. How does the finance committee take decisions?

5.2 Overview

This dissertation consists of 5 chapters.

5.2.1. Chapter 1 provided the orientation to the study and discussed the background of the functions of the School Governing Bodies with regard to the management of finance, the

rationale of the study, and the research problem. Research questions and aims were also provided. The results of a preliminary literature review were provided and the research design was set out. The working assumptions and possible significance of the study were explained.

5.2.2. Chapter 2 provided an in-depth review of literature relevant to the functionality of SGBs with regard to the management of school finances. The functions of the SGBs with specific reference to Sections 21 and 34 - 43 of SASA were explored. The capability of SGBs in this regard was investigated. The problems SGBs experienced while managing the school finances were also explored.

5.2.3. Chapter 3 commenced with the research aims, the research approach to the research study, the research design and the motivation for the use of the data collection strategies such as participant observation, semi-structured interviews and the document analysis. The purposeful sampling of the research sites was elaborated with emphasis on information richness and ethical considerations. Data analysis methods were then discussed with an overview of the validity or trustworthiness of the research findings.

5.2.4. Chapter 4 presented an analysis and interpretation of the data from the empirical study and literature review in an attempt to explore the functionality of the school governing bodies with regard to the management of school finances.

5.2.5. Chapter 5, being the final chapter, provides an overview, findings, conclusions and recommendations. The final paragraph assesses the contribution of the study.

5.3. Findings

According to the findings four of the schools did fairly well and were functional regarding the management of finances. The SGBs of these schools are properly constituted. Members are well versed with the legislative framework, their work was well organised, attendance of meetings was satisfactory. There was sharing of ideas and collective decision making. Reporting and recording processes were satisfactory. Financial Committees were suitably constituted. They had good financial policies formulated according to the legislative framework, though there were minor problems. There were references to the legislative framework in their policies.

The principals of all four of these schools had knowledge of the section 21 and no fee schools criteria. According to the biographical data all the principals had post matric qualifications. They showed leadership characteristics. They were practising participative leadership and collective decision making. Members of the SGB consisted of retirees and others who are still active in the employment system. Most of them had matric and above qualifications.

Although all of the six selected primary schools had appropriately constituted SGBs, a minority namely two of the schools, did badly in the management of finance. Some members of the SGB were illiterate. Their level of education was primary school. Most members were in their first term in an SGB. As a result they lacked experience .They relied to a great extent on the principals and the teacher component of the SGB for information regarding their roles and their interpretation of financial documents. These principals seemed to be taking advantage of the situation through dominance of, and interference in the functioning of the SGBs.

Most SGB members of these schools were unsuitable for their portfolios. In one of the schools the treasurer's level of education was low. She cannot read or write but she was given the portfolio of a treasurer by virtue of having been a treasurer of a burial society in the village.

Due to most members being illiterate, the language used for training in the workshops attended was difficult for them to understand. In one of the school members relied on the principal to interpret what was said in the workshop as it was conducted in English.

The training itself is hampering the efficiency and effectiveness of the SGBs. The facilitators were unprepared and started the workshop by handing out pamphlets for activities to be done. The absence of well formulated finance policies was a challenge. In one of the schools, the finance policy was copied as it is from one of the former model C schools without any revision or modification, as it was urgently needed by the provincial Department of Education. The poor asset management, filing and recording, and the minutes which were not ratified indicated problems as did the lack of control and monitoring of the SGBs by the department.

5.3.1. The research aims of this study were divided into:

5.3.1.1. The primary aim

The primary aim of this study was to explore the functionality of the SGBs in the management of school finances in the Bahlaloga Circuit primary schools in the Capricorn District of the Limpopo Province.

5.3.1.2. The secondary aims

In an attempt to attain the above-mentioned primary aim, the following secondary aims were pursued:-

1. To find out how the SGBs understand their functionality or roles in the management of school finances.
2. To explore the SGB's knowledge and understanding of the legislative framework.
3. To identify the challenges facing the SGBs when performing their financial management functions in schools.
4. To investigate the budget processes that SGBs follow.
5. To explore the SGBs' control of expenditure.
6. To explore the finance committees' decision-making processes in school finance.

5.3.2 <u>The findings in relation to the research aims</u>

It became clear that a significant number of the sampled schools were doing well. I will not dwell on what I found in such schools. However, I will build some of the findings related to the better performing schools into the recommendations together with the findings in the others schools that indicated strong warning signs concerning poor financial management.

The study revealed signs of dysfunctionality regarding the management of finances in a minority of the school studied. Even if the findings are derived from the minority of the sample, the problems are so serious that purposeful steps need to be taken to eliminate or avoid them and to prevent then form occurring again.

There is still a need for effective capacity building in the form of skills training and workshops in public schools as required by the legal framework (prescripts, regulations,

policies and Acts). Capacity building for all the SGB components in understanding the relevant documents used to monitor the public finances at school is a pivotal factor in improving financial controls.

It is evident that proper and intensive training through which SGB members will acquire knowledge and capabilities to perform their jobs is not a privilege but a right as required by Section 19 (1) and (2) of the Schools Act. SGBs should be empowered so that they can understand their daily tasks and be functional. The understanding of roles and responsibilities pertaining to management of finance is insufficient. SGBs are still battling to understand the roles especially of the chairperson, treasurer and the secretary. They need to become familiar with the day-to-day operation of the school fund and learn how to administer and monitor it through a finance committee. From the responses and the documents perused, there was an indication that there is a lack of monitoring and understanding of roles by the SGBs. Much is still required to be done in terms of intervention strategies as SGBs are confused and frustrated about the roles to play in the governing body.

Understanding of the financial legislative framework is still a challenge in a significant number of rural public schools. Most of the parents on SGBs only know SASA as a law that controls schools. Knowledge and interpretation of the other policies and regulations, Acts and prescripts is a major concern. Some principals are taking advantage of the lack of knowledge and understanding of these legislative frameworks by parents in SGB. There is a disregard on the part of SGBs of the legal framework due to negligence and lack of knowledge, skills, and expertise. The findings indicated that there are transgressions of, and non-compliance with the financial legislative framework as confirmed by the failure of some of the schools to submit the audited financial statement by the 30th June each year, following the end of the school financial year as mandated by Sections 42 and 43 of SASA.

There are examples of flagrant violations of the legislative framework such as Limpopo financial prescripts by schools in the study. One of this is the failure to hold proper parents' meetings as required by the SASA and the forcing of SGBs by some school principals to sign blank cheques in advance for future use. In some schools there were no signs of parents' meetings for the purpose of reporting the state of their finance to parents.

Compilation of school records and writing of minutes in a professional manner needs attention. The quality of recording daily activities of the SGBs as indicated in the minute books and filing of audited financial statements and bank statements is sometimes poor. Minutes and records are sometimes not done in good order, not well written or poorly formulated and not authenticated or certified by the chairperson and the secretary as the true record.

The study further found that some SGBs' perceptions, experience, feelings and thoughts with regard to management of finances are such that their lack of knowledge and skills in finance due to inadequate training makes them feel uncertain and unsure of their competence to manage finances. The quality of the training that they have received does not adequately empower them to manage finance successfully as it is offered by incompetent people. The contents of the prescripts, circulars, manuals and Acts are not clear at all. The English language used in the documents makes it especially difficult for SGB members the parent components to grasp what is needed.

Lack of support for SGB members with the "added-on" responsibility of no fee school status is a major concern as a result of lack of involvement by the governance managers and monitors through regular school visits and check-ups. There is little departmental investment in the sustained governance of School Governing Bodies. Financial reports which do not reflect expected results, which are missing and below standard of work in the budgets and monthly financial reporting and the reality behind the financial reports and assets registers are a major concern. Poor quality written finance policies, minutes and financial reports from schools indicate that a three year election system of SGBs leads to loss of capacity that has been built for the school.

The research found that budgeting processes in a minority of the schools are done unilaterally by the principals who lack knowledge, skills and expertise to draft budgets, to prioritize and identify short and long term expenditures and stakeholders are not involved. More money is used for school improvements with exaggerated pricing rather than for learning and teaching as required by NNSSF (2000) and LPFMP (2009).

The study also found that there is reason for serious concern with regard to asset management and procurement of goods. Some schools are failing to obtain three quotations for

procurement as required by procurement processes. These discrepancies in the procurement of goods in schools leads to wasteful expenditure as indicated in the Public Finance Management Act 1 of 1999.

There are signs of a lack of collaboration, lack of transparency and openness in decision making in some schools. In the majority of the schools the SGB members did not feel free to express themselves or voice their opinions.

5.4. Conclusion

In this study I assumed that some of the SGBs in Bahlaloga Circuit, public primary schools are dysfunctional in terms of financial management. The findings of the research in schools B and F proved me right in that there are public schools which are still dysfunctional in terms of financial management in public schools. I assumed that there is poor training and support to SGB members by the department, and as a result the SGBs in Bahlaloga Circuit Primary schools lack knowledge, skills, abilities and expertise in managing school finances. Lack of understanding of roles and responsibilities and legislative framework as proved in some of the selected schools indicated that this is still a challenge in efficient and effective management of finances in public schools. The findings of the research confirmed that training given to SGBs was insufficient; due to limited resources and ill-equipped trainers as stated in Bush and Joubert, (2004) , Van Wyk (2004:53), Mestry (2004:127), Bush (2005:36), Chaka (2008:28) and Review (2004:147; 150) to enhance effective functionality of managing the school finances. I also assumed that some of the SGBs of Bahlaloga rural public primary schools were not yet ready to be given all the responsibilities for managing huge amount of money allocated to no fee schools or granted Section 21 status.

I assumed that the department took it for granted that as SGBs were formed more than fifteen years ago and already executing functions at schools (as per SASA), so there was automatic good governance or effective and efficient management of finance by the SGBs, including SGBs of Bahlaloga Circuit primary schools. The department thought that it would be easy to add the responsibility of managing finances in the no-fee schools. Research findings have proved that money allocated by the department to no fee schools is not always used as planned. Some of the criteria for Section 21 and no-fee schools are not honoured as required, as being proved in schools B and F. Even schools like A, C, D, and E are not always working

as required by Section 21 criteria and no fee requirements.

5.5. Recommendations

5.5.1 Recommendations for improvement of the management of finances in schools.

The following points are suggested by the researcher as recommendations that can assist to improve the management of finances in schools as a result of the above-mentioned findings or conclusion.

Recommendation 1: Empowerment of SGB members.

From the evidence of the research study, training offered by the Department of Education should be reviewed to ensure that SGBs are well capacitated to comply with legislative framework requirements dealing with finances including provincial financial prescripts. SETAs should be involved in the training of SGBs, and the right institutions with proven track records and that focus on quality training should be chosen for the in-service training.

Presenters must be competent, experienced and knowledgeable about governance and in particular finance. The PED should bear in mind that an investment in SGB training is an investment in their empowerment and decentralization of finances to public schools. Well trained SGBs could render a better service in managing public finances. In-service training should be targeted to where it is most needed. Treasurers, principals, chairpersons and finance officers should be targeted as they need in-depth training on how to detect fraud, mismanagement, misappropriation and embezzlement of funds at an early stage. Once-off three hour or one weekend induction training should be done away with.

Recommendation 2: Support regarding procurement and budget processes including procurement clusters and budget clubs.

Tighter policy and awareness campaigns on school budget and procurement can bring about better management of finances at schools. A procurement management system should be developed, monitored and evaluated from circuit level. Circuit officials must spend more time working in schools, or working very closely with SGBs for monitoring and support, even

though some of these officials are lacking in competence in this regard.

Schools must be encouraged to create procurement clusters or budget clubs for uniformity in the implementation or prioritization of budgets, transparency, openness and accountability, which, in turn, would be provided with a full-time finance or procurement officer. This would help to identify pockets of dysfunctionality which could lead to more efficient and effective management of school finances, and will also promote school based financial information systems. The PDE must advise schools to establish budget clubs or networks with other schools, so that SGB members can share their knowledge and skills and support material with each other and to encourage partnership.

Recommendation 3: Membership of SGB, length of SGB membership and incentives for SGB members.

Parents must be encouraged during lobbying for SGB posts to choose parents, particularly retired professionals in school affairs who have time to dedicate to the school, who understand finances, can develop policies to make our schools run better and can make sure that children are in class and learning that is taking place. Parents must have a spirit of volunteerism, a willingness to serve the school community not for money but for the reward of knowing that they are making a contribution to our schools. Lengthening the time in office for the SGB from three to four or even five years will add value in the form of human investment. The issue of continuity must be ensured after each and every election or four years of re-election, especially in the portfolio of treasurers. This will enable governors to develop their experience over a longer period. During this time there should be continuous training as stipulated in Section 19 of SASA.

Initial training following SGB elections is not sufficient. Comprehensive support for newly appointed SGBs from PEDs must be a priority. I concur with Wilson (2004:15) who points out that, in order to facilitate effective community control of public schools, it is necessary for the Department of Basic Education to ensure that SGBs are treated as full social partners in education service delivery. The PED should consider incentive programmes or honoraria for SGB members as a sign of acknowledgement, based on performance to improve the quality of their effectiveness and efficiency in the management of school finances.

New funding norms should be developed to cater for the School Governing Body members to be remunerated per sitting or per month. Only schools that submit audited financial statements on time and clean audits must be allocated Section 21 status and their SGBs must be incentivized or given honoraria.

Recommendation 4: Monitoring and support from the Department of Education.

Apart from providing a service to schools, the Limpopo DoE has the responsibility of monitoring the proper and efficient use of school finances in schools, and taking action when there is a problem. This translates into monitoring of the school budgeting process, and the budgets themselves, as well as ensuring that schools follow proper financial management and accounting procedures, and do not engage in wasteful or fruitless expenditure through, for instance, a failure to preserve the existing stock of goods. The prevention of fraud and corruption is also important in this regard. The monitoring function is determined by the PFMA, and the PED financial prescripts, and can be expected to increase in importance as schools assume more financial management responsibilities. Serious consideration should be given to internal control measures of school finances. A list of criteria to be met by all public schools should be drawn up. Schools should be provided with accounting clerks, who will assist in the monitoring of the utilization of money allocated to schools. Effective management systems must be in place and strong monitoring in the usage of money or funds transferred to schools. The procurements as well as projects done by schools must be evaluated and monitored all the way to their conclusion.

Regular meetings between PEDs and treasures, finance officers and principals to discuss financial matters should be conducted. Workshops, awareness campaigns and regular meetings are critically required to enhance the effective and efficient management of finance in schools. Empowerment programmes in the forms of lectures, seminars, workshops, etc. should be put in place for the proper implementation of the school's financial policy. Thoroughly trained and experienced trainers or governance managers who can render the necessary on-going support and guidance in financial management should visit schools on a regular basis to monitor.

Accounting officers should assist in implementing a financial policy, constructing a budget and controlling it, monitoring and approving all expenditure and ensuring that all

procurement (purchasing of goods and services) is done through correct quotation and tendering procedures.

The deputy provincial managers responsible for governance and SGBs must hold regular meetings to share information about management of finances, debate the value of policy and good governance of money.

An efficient record-keeping system needs to be developed at school level to ensure that records of finance are safely kept, readily available and accessible. Schools must be assisted to develop finance policies that will guide all aspects of financial management. A refined finance policy development strategy is needed to be used uniformly by all public schools in the country for common understanding. A finance committee must be established in all schools. There must be a common way of constituting finance committees in public schools and members of these committees must be work-shopped to be functional and to know their roles and responsibilities. At the core of good financial management is an understanding by everyone involved of the roles and responsibilities held. The DoE must dissolve SGBs who do not comply with the criteria for Section 21 status and Sections 36-43 of SASA and all financial prescripts and get rid of incompetent SGBs, but only after intensive training and workshops were given. The DoE must reveal the details of the transgressions in schools to all public schools, in order to prevent the misdemeanours from recurring. The SGBs in public schools must be contracted to submit clean audit reports at the end of each financial year. This will promote a sense of co-ownership and can help to foster more positive SGB attitudes towards governance or financial management.

Strengthening financial oversight is the key to getting clean audits and there must be commitments by both the DoE and the SGBs in public schools. The department must develop a financial assessment programme and remediation initiatives to decisively respond to schools that are dysfunctional in terms of financial management. This must be done with a view to diagnosing the challenges that have contributed to the dysfunctionality of these schools and to introduce short-term interventions that will address these problems.

Recommendation 5: Amendments to the Acts and prescripts pertaining to financial management.

A number of amendments should be made to SASA as a result of implementation challenges. Some of the Sections of SASA and the Policy on Norms and Standards of School Funding should be reviewed. Gaps that are emerging such as in Section 21 on the allocated functions given to the SGBs and Section 34 of the establishment of committees, and Section 35 of SASA of NNSSF or quintiles need to be scrutinized and clarified.

SASA and other documents should be made clear, succinct, and unambiguous and printed in the eleven official languages and easy for understanding and use. The DoE must put more efforts into helping SGBs understand that their financial allocation is committed to the development of the school and improvement of the quality of education offered to their learners. So it must be spent as prescribed by NNSSF, SASA PFMA, treasury regulations and provincial financial prescripts and schools must be supported in all spheres to receive unqualified clean audits by independent DoE auditors. There must be awareness campaigns monthly or quarterly on the recent changes and amendments in the Acts and policies governing public schools especially in the financial matters.

Recommendation 6: Procurement of goods.

Schools are failing to obtain three quotations for procurement as required by procurement processes. The DoE must strictly enforce the acquisition of quotations on all procurement of goods by public schools. PEDs must compile guidelines for the SGBs on how to make claims and how to procure goods in order to stop corruption, collusion and sky-rocketing prices and save money. It will ensure that there is value for money and also enhance efficient and effective procurement practices and systems.

Recommendation 7: Collaboration, lack of transparency and openness in decision making.

In some of the schools the SGB members do not feel free to voice their opinions, and the SGB members are intimidated by principals and chairpersons who seem to be in cahoots. Schools must be visited regularly by department of education officials to introduce the SGB members to the working environment and to share with them examples of good practice in their areas.

Recommendation 8: Assistance to dysfunctional schools.

The lack of leadership, capacity and of lack of immediate response to deal with corruption, misappropriation and mismanagement of funds when they arise and uncovered as well as assets which are unaccounted for, due to lack of internal controls as a result of theft give rise to serious concerns. The department must develop a financial assessment programme and remediation initiatives to decisively respond to schools that are dysfunctional in terms of financial management.

5.5.2 Suggestions for future research

School development plans and budgeting processes in schools are still a major concern. Further intensive study on these aspects is recommended for public school finances to be decentralized, and to have effective and efficient management practices of school finances in place. The following recommendations in the form of research questions may shed more light on the financial management in public schools:

- How do SGBs monitor the implementation and management of finances in their schools and what criteria are they using?
- How do SGBs understand the budget setting environment and the necessity for financial planning and the time frames?
- What good financial management practices can be identified in rural public no fee schools?

5.6 Limitations of the study (see also Chap 3, Section 13)

As this study was qualitative in nature, the aim was not to generalize the findings; hence the research was limited to six public primary schools. However, the study examined the functionality of school governing bodies with regard to management of school finances. Other limitations of this study were time frames to collect data from the respondents. Some schools were willing to assist while other were resisting in giving data. Accessibility of financial documents owing to confidentially of information, the incompleteness and lack of availability of records as they are not safely kept also became limitations of this study.

5.7 Concluding remarks

Previous studies on SGBs have concentrated on issues such as problems regarding the training of SGBs, the illiteracy of SGB members, SGB members' understanding of the law, of policy and their responsibilities. Some of the studies suggested that SGBs are ineffective and that they are not fulfilling the aims for which they were created.

This study moved away from policy and other aspects and explored the functionality of SGBs with regard to the management of school finances. This study added to the knowledge we have about the functionality of SGB and how they are contributing to or failing to contribute to the aim of decentralising educational functions to improve the quality of education. The knowledge that emerged will be valuable in designing better SGB training programmes and monitoring tools for the performance of SGBs, for the principals and deputy managers for governance at circuit and district levels.

This research study has sought to explore the functionality of the SGBs in the management of finances in public schools. The study suggests that there are compelling reasons for concern about the functionality of SGBs regarding financial management. There is still a need to empower people with skills and knowledge in financial management. It is now time for circuit and governance officers in PEDs to mobilize and provide a framework for a viable and reliable system that takes cognizance of the contextual realities of South African schools and that will promote decentralization of finances in schools.

References

Babbie, E. & Mouton, M. 2005. The practice of social research. Cape Town: Oxford University Press.

Babbie, E. & Mouton, M. 2007. The practice of social research. Cape Town: Oxford University Press.

Bailey, C.A. 1996. A guide to field research. California: Pine Forge Press.

Beckmann, J.L. & Prinsloo, I. 2009. Legislation on school governors' powers to appoint educators: friend or foe? South African Journal of Education. Vol 29: 171-184.

Beckmann, J.L. 2002. The emergence of self-managing schools in South Africa: Devolution of authority or disguised centralism? Education Law. Vol 14 (3).

Beckman, J.L. 2009. Recent legislation regarding the appointment of public schools educator: the end of the decentralization debate in education? Acta Academics. Vol 41(3) 128-141.

Berg, B.L 2004. Qualitative research methods for the social sciences. New York: Pearson.

Bisschoff, T. 1997. Financial school management explained. Pretoria: Kagiso.

Bisschoff, T. & Mestry, R. 2003. Financial school management explained. 2nd edn. Cape Town: Pearsons Publishing.

Bless, C. & Smith, C.H. 1995. Fundamentals of social research methods. Kenwyn. Juta & Co.

Bogdan, R.C & Biklen, S.K. 2007. Qualitative research for education: An introduction to theories & methods. Boston: Pearson Education, Inc.

Borg, W.R & Gall, M. 1989. Educational research: An introduction. New York: Longman.

Bowen, G.A. 2009. Document analysis as a qualitative research method. Qualitative Research Journal. Vol.9, no (2) pp.27-40.

Bray, M. & Mukundan, M.V. 2003. Management and governance for EFA: is decentralization really the answer? UNESCO.

Breakwell, G.M., Hammond, S. & Fife-Shaw, C. 1995. Research methods in Psychology. London: Sage.

Briggs, A.R.J. and Coleman, M. 2007. Research methods in educational leadership and management. London: Sage.

Brink, H. 2006. Fundamentals of research methodology for health care professionals. Cape Town: Landsdowne.

Brown, B. and Duku, N. 2008. Negotiated identities: Dynamics in parents participation in school governance in rural Eastern Cape schools & implication for school leadership. South African Journal of Education. Vol 28 431-450.

Bryman, A. 1999. Social research methods. New York: Oxford University Press.

Bryman, A. 2001. Social research methods. New York: Oxford University Press.

Bryman, A. 2004. Social research methods. New York: Oxford University Press.

Brynard, P.A. & Hanekom, S.X. 2006. Introduction to research in management-related field. Pretoria: Van Schaik.

Bush,T. 2004. Evaluation of school management development and governance training in Gauteng Province, South Africa. Unpublished study conducted by the University of Lincoln and the University of Pretoria for the Gauteng Department of Education and the Matthew Goniwe School of Leadership and Governance and funded by the Centre for British Teachers.

Bush, T., Bisschoff, T., Glover, D., Heysteck, J., Joubert, R. and Moloi, K.D. 2005. School leadership, management and governance in South Africa: A systematic literature review. Johannesburg: MGSLG.

Bush, T. and Heystek, J. 2003. School governance in the new South Africa, Compare Vol 33 (2) 127 -138.

Calitz, O.L,. Fuglestad, L. and Lillejord, S. 2002. Leadership in education. Sandown. Heinemann Publishers.

Chaka, T. 2008. School governance. Johannesburg: CEPD.

Chaka, T. 2002. School governance. Johannesburg: CEPD.

Chuenyane, G. 2009. Finance probe into 49 schools. City Press, 31 May 2009, p.6.

Clarke, A. 2009. The handbook for school governors. Cape Town: Kate McCallum.

Clarke, A. 2007. Handbook of school management. Cape Town: Macmillan.

Clase, P., Kok, J. and Van der Merwe, M. 2007. Tension between school governing bodies and education authorities in South Africa and proposed resolutions thereof. South African Journal of Education. Vol 27(2) 243-263.

Coetzee, S.A., Van Niekerk, E. Wydeman, J.L. 2008. An educator's guide to effective classroom. Pretoria: Van Schaik.

Cohen, L., Manion, L. and Morrison, K. 2007. Research methods in education. New York: Routledge.

Conradie, J.J. 2002. Financial management in education. Study Guide for FMO 711. Pretoria: University of Pretoria.

Creswell, J.W. 1998. Research design, qualitative and quantitative approaches. Thousand Oaks, California: Sage.

Creswell, J.W. 2003. Qualitative inquiry and research design. California: Sage.

Creswell, J.W.2007. Research design, qualitative, quantitative and mixed methods approaches. Thousand Oaks, California: Sage.

De Vos, A.S. 1998 (ed). Research at Grassroots: a primer for the caring professions. Pretoria: Van Schaik.

De Vos, A.S. 2005 (ed). Research at Grassroots: a primer for the caring professions. Pretoria: Van Schaik.

Department of Education. 2000. National Norms and Standards for School Funding. Government Notice 2362. Pretoria: Government Printer.

Department of Education. 2001. Handbook: An Introduction to Whole School Evaluation Policy. Government Gazette, vol 433, No.22512. Pretoria: Government Printer.

Department of Education. 2004. The Review of School Governance in South African Public Schools. Pretoria: Government Printer.

Department of Education. 2008. Manage Law, Policy, Planning, School Development and Governance. Pretoria: Government Printer.

Department of Education. 1995. The White Paper on Education and Training. Pretoria: Government Printer.

Ellingson, L. 2009. Engaging crystallization in qualitative research: An Introduction. Thousand Oaks, CA: Sage Publications.

Finkler, S.A., and McHugh, M.L. 2008. Budgeting concepts for nurse managers. Philadelphia: Saunders.

Gann, G. 1998. Improving school governance: How better governors make better schools. London: Falmer Press.

Gay, L.R. & Airasian, P. 2008. Educational research: Competencies for analysis & applications. New Jersey: Merrill Prentice Hall.

Gay, L.R. & Airasian, P. 2003. Educational research: Competencies for analysis & applications. Upper Saddle River. Merrill. Prentice Hall.

Gibbs, G.R. 2010. Qualitative research methods. A Data collector's field guide. School of Human & Health Sciences: University of Huddersfield.

Gorman, G.E. & Clayton, P. 2008. Qualitative research for the information professionals. London: Sage

Henning, E., Van Rensburg, W. and Smit, B. 2004. Finding your way in qualitative research. Pretoria: Van Schaik.

Hoepfl, M. 1997. Choosing qualitative research: A primer for technology education researchers. Journal of Technology Education. Vol 9 (1).

Johnson, B., & Christensen, L. 2000. Educational research: Qualitative and quantitative approaches. Boston: Allyn & Bacon.

Johnson, B., & Christensen, L. 2004. Educational research: Qualitative and quantitative approaches. Boston: Pearson Education.

Johnson, B., & Christensen, L. 2008. Educational research: Qualitative and quantitative approaches. Los Angeles: Sage.

Joubert, R., & Bray, E (eds). 2007. Public school governance. Pretoria: CELP.

Joubert, R. 2005. School governance in South Africa: Linking policy and praxis. CCEAM Conference in Nicosia, Cyprus. South Africa: University of Pretoria.

Joubert, R., and Prinsloo, S. 2009. The law of education in South Africa. Pretoria: Van Schaik.

Karlsson J. 2002. The role of democratic governing bodies in South African schools. Comparative Education.Vol 38 (3).

Kirkpatrick, B. 1997. The Oxford Large Print Thesaurus. Dictionary. Oxford: Oxford University Press.

Knight, B. 1993. Financial management for schools. Oxford: Heinemann.

Krathwol, D.R. 2009. Methods of educational & social science research. Long Grave. IL: Waveland Press, Inc.

Kruger, A. G. 2002. Managing the school as an organization. Study guide for MEDEM5-U. Pretoria: UNISA.

Kumar, R. 2005. Research methodology. A step-by-step guide for beginners. London: Sage Publications.

Kvale, S., & Brickman, S. 2009. Interviewing in qualitative research. Thousand Oaks, CA: Sage.

Leedy, P.D & Ormrod, J.E. 2001. Practical research planning and design. New Jersey: Pearson Education.

Leedy, P.D & Ormrod, J.E. 2005. Practical research planning and design. New Jersey: Pearson Education.

Lekalakala, T. 2006. Problems experienced by school governing bodies in the execution of their financial management task. Pretoria: Unisa

Le Roux, E.E. 1999. Business management: A practical & interactive approach. Sandton: Heinemann.

Lewins, Taylor & Gibbs. 2005. What is qualitative research analysis. UK: University of Huddersfieldhttp://onlineqda.hud.ac.uk.

Liamputtong, P. & Ezzy, D. 2005. Quality research methods. Australia: Oxford University Press.

Limpopo Province. Department of Education. 2009. Financial Management Prescripts. Polokwane.

Limpopo Province. Department of Education. 2009. SGB Training Manual. Polokwane.

Limpopo Province. Department of Education. 2009. MEC's address to Capricorn District school principals. Unpublished paper. Polokwane.

Lincoln, O., Lincoln, Y.S. & Guba, E.G.1985. Naturalistic enquiry. Beverly Hills: Sage.

Mahlangu, R. 2008. The effective functioning of a school governing body: A case study in selected schools. Pretoria: Unisa.

Mahlangu, V. P. 2005. The relationship between the school principal and the school governing body. Pretoria: University of Pretoria.

Mahoney, T. 1988. Governing schools: Powers, issues and practice. London: Macmillan Education LTD.

Makana, C. School principal in trouble over funds. Sowetan, 26 November 2010, p.6.

Makhubela, S. 2005. The role of the school governing bodies in financial administration at sokisi secondary school. Johannesburg: University of Johannesburg.

Maluleka, J.S. 2008. The Capacity of school governing bodies in rural schools in the Moretele District of the Nkangala Region. Pretoria: University of South Africa.

Marishane, R.N. & Botha, R.J. 2004. Empowering school-based management through decentralized financial control. Africa Education Review. Vol 1 (1)95-112.

Marodi, M.J. 2009. School management and governance in Limpopo's rural schools: Are the key role players singing from the same legislative book. Pretoria: University of Pretoria.

Maree, K. 2007. First steps in research. Pretoria: Van Schaik.

McMillan, J.H. & Schumacher, S. 2006. Research in education: A conceptual introduction. New York: Longman.

McMillan, J.H. & Schumacher, S. 1997. Research in education: A conceptual introduction. New York: Longman.

Meriam, B.S. 1988. Case study research in education: A qualitative approach. San Franscisco: Jossey Bass Publishers.

Mestry, R. and Naidoo, G. 2009. Budget monitoring and control in South African township: Democratic governance at risk. Educational Management Administration Leadership .Vol 37 107-125.

Mestry, R. 2004. Financial accountability. The principal or SGB. South African Journal of Education. Vol 24(2) 126-131.

Mestry, R. 2006. The functions of SGB in managing school finances. South African Journal of Education. Vol 26(1) 27-28.

Miles, M.B & Huberman, A.M. 1994. Qualitative data analysis. Thousand Oaks. CA: Sage Publications.

Mokoena, P. 2005. Implementation of SGB functions: School finances and budgeting. Johannesburg: Wits.

Mothata, S., Lemmer, E., Mda, T. and Pretorius, F. 2000. A dictionary of south african education and training. Johannesburg: Hodder & Stoughton.

Mouton, J. & Babbie, E. 2007. Practice of social research. Cape Town: Oxford University Press.

Mouton, J. 2002. Understanding social research. Pretoria: Van Schaik.

Mouton, J. 1996. Understanding social research. Pretoria: Van Schaik.

Naidoo, P. 2006. The design and effective implementation of a financial school policy for school improvement. Johannesburg: University of Johannesburg.

Naidoo, J.P. 2005. Educational decentralization and school governance in South Africa. IIEP. UNESCO

Naidu, A., Joubert, R., Mestry, R., Mosoge, J. and Ngcobo, T. 2008. Education management and leadership. A South African Perspective. Cape Town: Oxford University Press.

Neuman, L.W. 2000. Social research methods. USA: Pearson.

Neuman, L.W.1999. Social research methods. USA: Pearson.

Neuman, L.W. 1997. Social research methods. Qualitative and quantitative approach. Boston: Allyn & Bacon.

Neuman, L.W. 1997. Social research methods. USA: Pearson.

Nieuwenhuis, F.J. 2001. Management of educational institutions IV. Study Guide MEI4M2-E. South Africa:Unisa

Nieuwenhuis, J. 2007. Analysing qualitative data. In Maree (Ed). First steps in research (pp 99-101). Pretoria: Van Schaik.

Nieuwenhuis, J. 2007. Qualitative research designs and data gathering techniques. In Maree (Ed) First steps in research (pp 70-87). Pretoria: Van Schaik.

Nyambi, M.M. 2004. The contribution of school governing body in Section 21 rural schools. Pretoria: Unisa.

Oosthuizen, I.J. 2003. Aspects of educational law. Pretoria: Van Schaik.

Opie, C. 2004. Doing educational research. London: Sage.

Patton, M.Q.2 002. Qualitative research & evaluation methods. California: Sage Publications.

Payne, G. & Payne, J. 2004. Key concepts in social research. London: Sage.

Prinsloo, S. 2006. Sexual harassment and violence in South African schools. South African Journal of Education. Vol 26 92) 305-308.

Punch, K.F. 2005. Introduction to social research. London: Sage.

Quan-Baffour K.P. 2006. The role of school governing bodies in improving school performance in taung rural areas. Pretoria: University of Pretoria.

Ramushu, D.K.M. 2004.The investigation into the impact of the merger process on the management of Capricorn Further Education and Training College in Limpopo Province (Dissertation).S.A: MANCOSA.

Republic of South Africa. 2000. Preferential Procurement Policy Framework Act No 5 of 2000. Pretoria: Government Printer.

Republic of South Africa. 2008. Review of national policies for education. South Africa. OECD.

Republic of South Africa. 1999. Public Finance Management Act 1 of 1999. Pretoria: Government Printer.

Republic of South Africa. 1996. The South African Schools Act 84 of 1996. Pretoria: Government Printer.

Republic of South Africa. 1996a. The Constitution of the Republic of South Africa, 1996. Pretoria: Government Printer.

Sarantakos, S. 2005. Social research. New York: Palgrave MacMillan.

Schulze, S. 2002. Research methodology. Study Guide 2 for MEDEM2- R. Pretoria: University of South Africa.

Schulze, S.2002. Research methodology. Study Guide 2 for MEDEM2- R. Pretoria: University of South Africa.

Schwandt, T. A. 2007. Dictionary of qualitative inquiry. California: Sage.

Smoley, E.R. 1999. Effective school boards: Strategies for improving board performance. San Franscisco: Jossey-Bass Publishers.

Simons, H. 2009. Case study research in practice. London: SAGE.

Strauss, A. & Corbin, J. 1990. Basics of qualitative research. Newbury Park, CL: Sage Publications.

Strauss, A. & Corbin, J. 1998. Basics of qualitative research. London: Sage Publications.

Swartz L. 2009. Financial management of schools. Houston: Rice University.

Theodorou, T.C. 1999. Cypriot primary school head teachers' perceptions about the delegation of school finance. MA in Educational Leadership & Innovation. Theodorou_theodoros@yahoo.com.cyprus.

Tsotetsi, S., Van Wyk, N. and Lemmer, E. 2008. The experience of and need for training of school governors in rural schools in South Africa. South African Journal of Education. EASA Vol 28:385-400.

Van der Horst, H. & McDonald, R. 2005. OBE. Theory and practice. Irene: Tee Vee Printers & Publishers.

Van Wyk, N. & Lemmer, E. 2002. Transforming education. The South African Experience. Education: Emerging goals in the new millennium. Nova: Science Publishers.

Van Wyk, N. 2004. School governing body. The experiences of South African Educators. South African Journal of Education. Vol 24 (1) 49-54.

Vithal, R. and Jansen, J. 2006. Designing your first research proposal. Lansdowne: Juta & Co Ltd.

Walliman, N. 2009. Your research project. Los Angeles: Sage Publications.

Welman, J.C. & Kruger, S.J. 2003. Research methodology. Cape Town: Oxford Printers.

Welman, J.C. & Kruger, S.J. 1999. Research methodology. Cape Town: Oxford Printers.

Wilson, S. 2003. Law and transformation programme. Wits: CELS

Yin, R.K. 2009. Case study research design & methods. Los Angeles: SAGE.

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

ANNEXURE A

ENQ: Rangongo P.N
Cell: 083 414 0853

P.O.BOX 872
SESHEGO
0742
11 /NOVEMBER /2009

The Head of Department
Limpopo Department of Education
POLOKWANE
0700
Dear Sir / Madam

REQUEST FOR YOUR PERMISSION TO CONDUCT RESEARCH

I, Paul Rangongo, am a registered M Ed (Educational Leadership) student at the University of Pretoria (Student Number: 28410361), request permission to conduct research in the primary schools in the Bahlaloga Circuit of the Capricorn District in the Limpopo Province.

My research dissertation topic is: "**The functionality of School Governing Bodies with regard to the management of finances in public primary schools"**

To accomplish my objectives I require participants that will be observed during SGB meetings and also interviewed. The target group for this research is the SGB [School Governing Bodies] and the school manager of the abovementioned Circuit.

Anonymity and confidentiality will be maintained and Participation is voluntary. You are welcome to contact my supervisor (Prof Johan Beckmann) at **(012 420 2571) (w) / (082 570 1825)** if more information is needed.

I hope that you will be able to assist me in this regard.

Yours faithfully

Beckmann

Rangongo P.N (Student) **Prof JL Beckmann (Supervisor)**

ANNEXURE B

LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF EDUCATION

Enquires: Armer I, Telephone: 015 290 7951 e-mail: ArmerI@edu.limpopo.gov.za

P.N. Rangongo
P.O. Box 872
Seshego
0742

Dear Researcher

Request for Permission to Conduct Research

1. Your letter of request bears reference.
2. The Department wishes to inform you that you are granted permission to conduct research. The title of your research project is "Functionality of School Governing Bodies with regard to the management of school finances."

3. The following conditions should be observed.
   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 concerning the conduct of the study. Care should be taken not to disrupt the academic programme at the schools.
   3.3 The study should be conducted during the first three terms of the calendar year as schools would be preparing themselves for the final end of year examinations during the fourth term.
   3.4 The research is conducted in line with ethics in research. In particular, the principle of voluntary participation in this research should be respected.
   3.5 You share with the Department, the final product of your study upon completion of the research assignment.

4. You are expected to produce this letter at schools/offices where you will be conducting your research, as evidence that permission for this activity has been granted.

5. The Department appreciates the contribution that you wish to make and wishes you success in your investigation.

..... 23/11/2009
Head of Department **Date**

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

ANNEXURE C

ENQ: Rangongo P.N
Cell: 083 414 0853

P.O. BOX 872
SESHEGO
0742
15 /June /2010

The principal / chairperson / treasurer

_____

_____

Dear Sir / Madam

REQUEST FOR YOUR ASSISTANCE AS A PARTICIPANT IN RESEARCH

I, Paul Ngoako Rangongo, a registered M Ed (Educational Leadership) student at the University of Pretoria (Student Number: 28410361), request permission to conduct research at your school.

My research dissertation topic is: **The functionality of School Governing Bodies with regard to the management of finances in public primary schools.**

To accomplish my objectives I require participants that will be observed during SGB meetings and also interviewed. The target group for this research is the SGB Finance Committee and the school principal.

1. Research procedure to be followed:

<u>During observation:</u>

The observation will take place during your meetings.

The observation schedule will be used to record your conduct, attitudes in the meetings and the environment in which you operate and will include.

- How you hold meetings
- How your meetings are chaired
- How you interact with one another in the meeting (participation)
- Your understanding of your roles
- Your involvement in the School Development Plans / budgeting process
- Your interpretation of the legislative framework dealing with finance
- The nature of your meetings
- Your confidence in taking financial decisions / How you take decisions
- Your level of knowledge of and expertise on financial matters and prescripts
- Procedures used and expectations expressed
- Your debates and discussions on finance

During interviews:

The interview will last 45 minutes.

The interview schedule will be used when conducting the interview with you in order to explore:

- Your perspective , experience, feelings and thoughts with regard to the management of school finances
- Your understanding and knowledge of the management of school finances
- Your experience in this regard
- The challenges you are facing
- The opportunities that exist for you to improve the management of school finances

Timelines

- Observation will be done during school hours ,during the month of August 2010
- I will attend two meetings of finance committee/SGB dealing only with finance issues
- Venue: The observation will take place at your respective schools

- Interviews will be conducted at a time suitable for you - preferably during office hours
- Duration: 45 minutes
- Venue: School principals' office / staff room
- All interviews will be recorded in full, audio-taped and transcribed verbatim
- They will be administered during the month of September 2010.

Documentation:

Copies of all the recordings will be kept safe and confidential at all times.

The following copies of documents are requested to assist me in completing the study:

The SGBs / Finance Committees

- Minutes, agendas, invitations to attend meetings, attendance register, annual programmes.
- Records of monthly financial reports submitted to circuit office
- Current School Development Plans / budget
- Latest audited financial statements
- Policies on the management of finance

Anonymity and confidentiality will be maintained. Participation is voluntary and you can withdraw at any stage.

I hope that you will be able to assist me in this regard.

Yours faithfully

Rangongo P.N (Student) Beckmann **Prof JL Beckmann (Supervisor)**

Reply slip participation / non-participation

For attention: Mr P.N Rangongo (**083 414 0853**)

I, _____ (name of participant)

Hereby agree / decline to participate in the research project.

Signed: _____

Date: _____

Signature: _____

ANNEXURE D

INTERVIEW GUIDE

INSTRUCTIONS: QUESTIONS FOR SGBs AND GOVERNANCE OFFICIALS.

1. Be concise in your response.

2. These questions will take 20 minutes of your time.

3. The questions and the response will be treated strictly confidential.

CATEGORY A

Biographical data: Tick the correct column

1.Age	Between 30 and 40	Between 41 and 50	Between 51 and 60

2.Marital status	Married	Single	Divorced

3.Faith	Christian	Non-Christian	Other

4.Language	Sepedi	English	Other

CATEGORY B

1.1 AREA WHERE SCHOOL / CIRCUIT IS LOCATED

RURAL	
TOWNSHIP	
TOWN	

1.2. LEVEL OF EDUCATION

ILLITERATE	
PRIMARY SCHOOL EDUCATION	
SECONDARY SCHOOL EDUCATION	
PASSED MATRIC	
ABOVE MATRIC	

1.3. ENROLMENT

BELOW 200	
201-400	
401-600	
601-800	
801-1000	
ABOVE 1000	

1.4. SGB REPRESENTATION EXPERIENCE IN POSITION

CATEGORY	MARK (X)	NO.OF YRS IN SGB
SGB CHAIRPERSON		
PRINCIPAL		
FINANCE OFFICER		
TREASURER		

1.5. TYPE OF YOUR SCHOOL

CATEGORY	MARK (X)
NO – FEE SCHOOL	
FEE-PAYING SCHOOL	

1.6. QUINTILE RANKING

QUINTILE	MARK (X)
QUINTILE 1	
QUINTILE 2	
QUINTILE 3	
QUINTILE 4	
QUINTILE 5	

1.7. SIZE OF YOUR BUDGET

CATEGORY	RANGE IN RANDS	MARK (X)
A	R0 - R50 000	
B	R51 000- R100 000	
C	R101 000 – R200 000	
D	R201 000 –R500 00	

1.8. SOURCE OF INCOME

CATEGORY	MARK (X)
STATE SUBSIDY	
SCHOOL FEES	
SCHOOL FEES + STATE SUBSIDY	

CATEGORY C

Principals

1. How would you describe your SGB's functionality in terms of the management of school finances?
2. What are the benefits of being a Section 21 school?
3. What are the benefits of being a no-fee school?
4. Please tell me about the responsibility for financial management in your school as you see it?
5. How capable is your SGB in managing school finances?
6. Does the SGB have the capability /capacity to manage the school finances?
7. Does the SGB have an appropriate finance policy to enable it to manage finances smoothly?
8. Does your school have a procurement policy?
9. Does your SGBs in a state of being functional in managing school finances?
10. Does your SGB have policies and procedures for controlling school finances?
11. Does the SGB have budget processes and record-keeping to follow in their functionality?
12. Does the SGB get support from the Department of Education in terms of the

management of school finances?

13. Does your SGB take financial management decisions?

CATEGORY B

Finance Committee

14. Have you ever attended training sessions in respect of school financial management?
15. How helpful are these training in your functioning in the management of finances?
16. To what extent did the training you received address your objectives?
17. Does your SGB have knowledge of the legislative framework required to manage the school finances?
18. What challenges do you encounter in fulfilling your financial management functions?
19. How are these challenges addressed?
20. What challenges do you encounter in fulfilling your financial management functions?
21. How are these challenges addressed?
22. What control measures do you (SGB) follow in terms of the management of finances?
23. How is the budget drawn up in your school?
24. How is the budget implemented at your school?
25. How do you monitor and control your budget?
26. Has a Finance committee been established at your school?
27. Are the records of the minutes of the SGB meetings held?
28. What do you regard as the principles of effective school financial management?

Both Principals and Finance Committee members

29. Give your brief summary / view on the functionality of SGBs in your school.

_____

_____

_____

Thank you for your time.

From

P.N Rangongo

ANNEXURE E

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Faculty of Education

Faculty of Education

Ethics Committee

04 September 2010

Dear Mr Rangongo

REFERENCE: EM10/05/01

Your application was carefully reconsidered and the final decision of the Ethics Committee is:

Your application is approved.

This letter serves as notification that you may continue with your fieldwork. Should any significant changes to the study occur after approval was given, it is your responsibility to notify the Ethics Committee immediately.

Please note that this is **not a clearance certificate**. Upon completion of your research you need to submit the following documentation to the Ethics Committee:

1) Investigator(s) Declaration that you adhered to conditions stipulated in this letter (D08/01).
2) Investigator(s) Declaration for the storage of research data and/or documents (Form D08/02).
3) Supervisor's Declaration for the storage of research data and/or documents (Form D08/03).

On receipt of the above-mentioned documents you will be issued a clearance certificate. Please quote the reference number EM10/05/01 in any communication with the Ethics Committee.

Best wishes,

Prof Liesel Ebersohn
Chair: Ethics Committee
Faculty of Education

ANNEXURE F

UNIVERSITY OF PRETORIA

FACULTY OF EDUCATION

RESEARCH ETHICS COMMITTEE

CLEARANCE CERTIFICATE	**CLEARANCE NUMBER :**	EM 10/05/01
DEGREE AND PROJECT	MEd The Functionality Of School Governing Bodies With Regard To The Management Of Finances In Public Primary Schools	
INVESTIGATOR(S)	Paul Ngoako Rangongo	
DEPARTMENT	Education Management and Policy Studies	
DATE CONSIDERED	7 September 2011	
DECISION OF THE COMMITTEE	APPROVED	

Please note:

For Masters applications, ethical clearance is valid for 2 years

For PhD applications, ethical clearnace is valid for 3 years.

CHAIRPERSON OF ETHICS COMMITTEE Prof L Ebersohn

DATE 7 September 2011

CC Jeannie Beukes
Prof J. Beckman

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

1. A signed personal declaration of responsibility

ANNEXURE G

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

ANNEXURE

Letter indicating that this dissertation was edited

LIMPOPO PROVINCE DOE

POLOKWANE DISTRICT

POLOKWANE CLUSTER(MARABA CIRCUIT)

PRIVATE BAG 4009

SESHEGO

O742

19 SEPTEMBER 2011

TO WHOM IT MAY CONCERN

This is to certify that the mini-dissertation titled **THE FUNCTIONALITY OF SGBs WITH REGARD TO THE MANAGEMENT OF FINANCES IN PUBLIC PRIMARY SCHOOLS** by Paul Ngoako Rangongo was *edited for grammar errors by me, Mrs R.M Sibisi.*

Yours faithfully

Mrs R.M Sibisi

SES

English Polokwane Cluster

Maraba Circuit

Limpopo DOE

POLOKWANE CLUSTER OFFICE

114 Bicard Street

POLOKWANE 0699