THE FINANCIAL MANAGEMENT OF SECTION 21 FUNDS IN PREVIOUSLY DISADVANTAGED SCHOOLS

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A RESEARCH REPORT

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ABSTRACT

The South African Schools Act, Act 84 of 1996, states that the school principals are responsible for managing personnel and finance and should therefore plan, control and budget properly (Section 3). S/He is responsible for money and property and should therefore plan, control and budget properly in line with the South African Schools Act.

The Act further puts emphasis on the overall control of the school finances as the responsibility of the school governing body (SGB). The SGB of the public school must establish a school fund and administer it in accordance with the direction issued by the principal. All the money received by a public school including fees and donations must be paid into the school account. The SGB would plan, according to their education needs, taking provincial policy into account, and all such expenditure must be accounted for.

The purpose of this exploratory study was to investigate how previously disadvantaged schools are managing their section 21 funds. This was done by first looking at the formation of the school governing bodies, their roles in managing the school funds, and lastly challenges of functioning in an environment that is not unique to them. Section 21 status requires schools to be self-reliant. This status needs governors who are well versed in financial management skills. The study used a sample of four schools from the MEGA District 11 Soweto in the Gauteng Province. It used the exploratory case method as an instrument in data collection.

The study has established that SGBs from previously disadvantaged schools lack skills and competencies to thrive in the self-reliant environment. In some instances no training was given. Where training was given, it was insufficient, as governors do not understand their roles. There was no clarity on who is accountable for the funds of the school. Central to this is the fact that some of the parents are functionally illiterate, while others lack interest in the running of their school. To them, the smooth running of the school is the sole responsibility of the principal and the teachers. This affects the financial contribution needed in their schools when compared to the former Model C schools.

In order to avoid mismanagement of the funds, the study recommends that continuous training and support be provided on how funds should be used and managed.

DECLARATION

I declare that this research report is my own unaided work. It is submitted in partial fulfilment of the requirements of the Degree of Master of Management (in the field of Public Management) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

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Mapule Magdeline Ngwenya

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DEDICATION

With special thanks to my family and friends especially my mother, Sesi Catherine Ngwenya and my daughter Dineo, who have been so kind and supportive to me.

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CHAPTER 1

1.1. BACKGROUND

One of the major issues facing us in the educational context is the question of funding. The South African Schools Act (SASA) introduced School Governing Bodies (SGBs) as a part of a process to ensure that communities control schools. The educational restructuring has produced structural transformation that has made change a permanent factor confronting those managing schools. However, clarity about exactly who makes decisions about what within the schools as well as at the district, regional and national level is gained hopefully through the implementation of the South African Schools Act (1996) (SASA).

SASA defines a Section 21 school as a school that is receiving a lump sum of money according to their ranking on the Resource Targeting Table. The act is aimed at making schools self-managing (self-reliant) by devolving power to school communities.

In the past, the government used education as a tool to create and maintain a racially divided society. Historically black schools did not get what they needed. The majority of the South Africans got very little education. The government designed different school curricula for different racial groups; they gave strict instructions about what had to be taught in each subject in each standard and they kept strict control over learning and teaching (Shariff & Butler 2000).

Due to that, most schools suffered from extreme shortages in terms of resources (including finances). The question of funding deeply affected the life of the school and, in some cases, made it impossible to pursue educational goals. The lack of resources, the mismanagement of resources where they have been available and, in particular, the unfair distribution of resources within the education context is currently being addressed under the new dispensation in South Africa (Davidoff & Lazarus, 1997).

1.2. DECENTRALISATION OF THE EDUCATION POWERS

After the 1994 democratic elections, South Africa gained momentum by moving toward greater community participation and involvement. The new approach is very challenging for all the stakeholders. It is after this event that a general framework for school governance was mapped through the introduction and implementation of the South African Schools Act 1996 (SASA). The Act makes provision for schools to be run or governed by parents, learners and teachers. The Act is putting a lot of responsibility on the people at the school level. Instead of being controlled by centralized government education departments, schools are now expected to develop as self-managing learning organizations. It is intended to empower schools to make their own decisions, and at the same time to make them accountable for their decisions. This poses a new challenge for most previously disadvantaged schools because it means everything they do should not be in conflict or contrary to the rule of law of this country (Segoati 2002).

The aim of decentralization of education control to the parents through the school governing bodies is to help the historically disadvantaged schools to close the gap that existed between the former Model C schools and the township schools. Former Model C schools were those schools which admitted predominantly white learners. Those schools would get a state subsidy but had to supplement it with school fees and donations. Sayed (1999) argues that the current educational decentralization in the South African context may result in greater educational inequalities along the lines of class rather than race. This fear seems to be presenting itself especially in the rural and township schools, if the exodus of the learners from the township schools to the suburban schools is to be used as the yardstick

1.3.PROBLEM STATEMENT

South Africa is following the trend observed in many countries by promoting policies which give greater decision making powers to schools. A self-managing school takes responsibility for developing its capacity to manage itself. This type of setting puts major responsibility for managing the school on the principal, School Management Teams (SMT), and the SGB.

Currently, many school governing bodies especially those serving in black communities, lack sufficient capacity to thrive in a self-managing environment and to enable them to function effectively. This puts schools where they were before the dawning of democracy. The effect that this has on the morale of teachers cannot be ignored. Davidoff & Lazarus, (1997) are of the opinion that this has stifled teaching and learning and rendered it unduly inefficient. To make the scenario clearer, teaching up to 80 or even 90 learners in a crowded class, where there is no room for anyone to move, with insufficient textbooks, little equipment, no sport facilities, have been the realities that our teachers and students have to live with on a daily basis (Davidoff & Lazarus, 1997).

1.4.PURPOSE STATEMENT

Given the scenario above, the purpose of this research is to explore how schools, through the principal and the parent community, are managing school funds in the previously disadvantaged schools. The new system wants schools to be self-reliant. It emphasizes equal access and improved quality through participation by the school communities.

1.5. RESEARCH QUESTIONS

From the earliest times education was configured along race and geographical lines. Generally the best available education was provided for the landed urban whites classes while black rural and township schools were the most neglected, causing vast differences between the richest and the poorest schools. The provision of resources and how these resources should be managed could be the only solution to the problems of equity as envisaged by the South African Schools Act (Act 84 of 1996) document.

It is therefore becomes imperative for the government to see to the redistribution of resources in order to redress the imbalances of the past. The focus of this research will be captured in the question: “How are funds managed in the previously disadvantaged schools?” This research attempts to answer the following questions:

- What is the current policy framework with regard to the funding of schools?
- How does the school management team manage school funds?
- What role do school governing bodies play in the management of school funds?
- What are the constraints that impede effective utilization of funds?

1.6. SIGNIFICANCE OF THE STUDY

This research can only serve as a preliminary investigation of the problem besetting previously disadvantaged schools when examining issues around finances. SASA clearly stipulates what SGBs and SMTs should do. Now the question is: “Are they complying with what the Act requires them to do?” If not, why? This research will try to search for answers to these questions.

1.7. STRUCTURE OF THE RESEARCH REPORT

Chapter 2 provides the literature review. The thrust of the literature will focus on the debates around decentralization of education powers and its challenges, policy framework for funding, section 21 funding, formation and roles of the school governing bodies, roles of the school management teams in relation to the management of the finances. Chapter 3 provides the research methodology to be undertaken and why they were chosen. Chapter 4 will present the data collected through interviews, documents in the form of policies and circulars, analyzing and interpreting the results of four selected schools. Comparisons will be made and differences outlined. Chapter 6 provides concluding remarks and recommendations.

1.8. CONCLUSION

The principle of inclusivity, which is a key element in the organisation and operation of the school governing body, is the key cornerstone of the new system of educational governance. Governing bodies are there to further the educational aims of the school within the community, inculcating a democratic approach to decision making and problem solving, fundraising and monitoring the usage of school funds (Sithole, 1994: 3). In the following chapter, literature on the topic will be reviewed.

CHAPTER 2

2.1. LITERATURE REVIEW

In this section the researcher looks into the available literature on the topic at hand. The section will examine debates around devolution of education powers and its challenges, roles or functions of the local communities, through the school governing bodies (SGBs) and the roles of the school management teams (SMTs) in the management of the school funds. The review will also look at legal framework on funding in terms of the South African Schools Act. Lastly focus will be around section 21 funding and how schools are chosen to acquire such status.

2.2. DEVOLUTION OF EDUCATION POWERS

With the dawning of the democratic era in South Africa, the post 1994 era has witnessed all schools undergoing reform in terms of the South African Schools Act of 84 (1996). This has facilitated the upgrading of governance by local communities. The aim behind structural reform is to change traditionally highly centralized approach and to give way to decentralization through systems of self-managing schools operating with centrally determined framework of policies, priorities, curriculum, standards and accountability (Caldwell: 2002).

The concept of devolution of education powers, in which responsibility is given to the people involved in the actual task of schooling, in consultation with the parents of the pupils whom they teach and at senior level with students themselves. The belief in the approach to the control of schools reflects a conviction that responsibility will be most effectively discharged where the people entrusted with making the decisions are also the people responsible for carrying them out, with an obligation to justify them (Caldwell: 2002).

Shaeffer (1992: 223) provides a convincing overview of the importance of involving the school in the policy making processes at the initial stage of the policy formulation, thus highlighting the importance of the concept of democratic participation at the outset of policy formulation. The Gauteng Education Department (1992: 2) further supports the idea by regarding democratic school governance as a way of broadening participation and ownership of the educational process.

Governance in public schools is entrusted to the governing body. One of its responsibilities is to 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 (SASA 1996). Beckett (1991:35) is also of the opinion that governing bodies provide a forum of accountability for the school, which is local, which has a close knowledge of the school and its problems, and understands the constraints under which the staff works.

From these assertions, there is a strong perception of school governance as a collaborative interaction between the school and the education department. This is also emphasized in the Schools Act, which focuses on the principle of co-operative governance or a partnership, by all the stakeholders, namely, the state, parents, and learners, educators and members of the community. School Governing Bodies thus represent the legally constituted executive power of the school community, "they make decisions on behalf of the school and see to it that the school is administered properly." (Department of Education, 1997: 6). The rationale is that these governing bodies are often in the best position to identify what the school really needs and what the problems are in these schools and in their communities (Department of Education, 1997).

On the contrary, Hurst (1985:82) points to a series of the practical problems identified in wider participation, waste of time in extended meetings, long wrangles over controversial issues, increased conflict in communities, and stalemate. Despite these conflicting views school governing bodies in the South Africa were established with the view of involving and enhancing participation of other critical groups.

Despite the apparent success of decentralization, Weiler (1990) portrays a different view on decentralization; he is of the opinion that it carries its own contradictions because government finds it difficult to release power to communities, while they cling to national standards. He further describe it as a notion that involves a way in which micro-context within the system handles or manages their affairs in the light of the policies and the directions which are set at the level of bureaucratic governance. Therefore, this shows that even though government is prepared to decentralize power, they still do not have confidence in the local governance.

Others suggest that decentralization does not necessarily result in efficient and quality services. If there are no commonly shared values and beliefs, the objective won't be achieved. All that will result is wastage of time and money. Mc Lennan (2000) is of the opinion that decentralization is set up without having taken into cognisance the power structures between different levels of government and society, then decentralization instead of enhancing the efficiency, quality and development objectives of services can result in increasing inequality within the society and not reaching those parts of the public for which it was intended (Mc Lennan, 2000). Another problem was that, while schools had to continue providing educational services to students with the new governing bodies, the old categories and structures of school were still in place.

Mc Lennan (2000: 184) regards devolution as incomplete, she is also of the opinion that governing bodies are accountable for supplementing scarce resources and quality improvement but the state has retained the right to decide about development and the distribution of the teachers, resources and learners. In other words, while responsibility and accountability were decentralized, autonomy and control were not.

In the context of disadvantaged schools, decentralization was introduced to close the gap that existed between the former Model C schools and the township schools. Sayed (1999) argues that the current educational decentralization may result in greater educational inequalities along the lines of class rather than race. This fear seems to be presenting itself especially in the rural and township schools, if the exodus of the learners to the suburban schools is to be used as a yardstick. According to Sayed (1990), many writers are of the opinion that educational reform is mainly professional, and middle class parents (mostly whites in the South African context) are the ones that benefit from the current situation, which historically was meant for whites only. This is probably because of the literacy level of the white community, and their exposure to decision making.

The common view emerging from the review is that education succeeds to the extent that it is grounded in the reality of the local school and the communities responsive to local needs and demands, and implemented through effective local school management. The literature points to the creation of local capacity as critical; that if there is no experience or capacity at the level targeted, attempts to devolve decision making are unlikely to succeed (Sekgana, 2001).

The one good thing that came out of decentralization is that it enabled much stronger representation from the local community. The key aspect of decentralization in the educational arena in the South African context and internationally is clearly put by Mc Lennan, (2000), when she states that there was a need to disperse authority and voice among key stakeholders. The assumption underlying this approach was that governing structures at the lower level in the system would enable those closer to the point of delivery to make decisions about education provision. And it was also thought that inclusion would yield improved education delivery and accountability.

Elaborating on the above assumption on the governance approach, Mc Lennan (2000) is of the opinion that it incorporates several key assumptions which reflected global understanding about education change, as well as the context and the history of South African education. The first assumption was that education enhances and sustains national development. Education was seen as key to the process of national development which enhances economic, social and political development of the country because it empowered the people to participate effectively in all processes of democratic society, economic activity, cultural expression and community life (Department of Education, 1995, p 5). McLennan's second assumption linked to the focus, aimed at improved, efficient and decentralized management which in turn would ensure delivery at all levels of education system. McLennan (2000) regards the apartheid education system as being managed neither effectively, in the sense of ensuring delivery of the services, nor efficiently, in the sense of saving, utilizing limited resources. Democratic participation was regarded as the third assumption, which was regarded as key to education change and delivery. Finally, it was assumed that democratic governance would ensure equity and redress. In a nut shell education is seen as means of empowering and developing the nation provided, in the researcher’s opinion, that there is full participation of all the stakeholders.

The formation of the school governing bodies is a feature not unique to South Africa. Other countries resorted to decentralization because it is equated with efficiency and community participation. Australia also introduced decentralization and it was elevated to the status of a value-adding factor (Hanson, 1995).

France was forced to institute a decentralization process because of the intense grass-root pressure and dissatisfaction with the inefficiencies of central control. Emphasis was greatly put on "control by process evaluation", that is, the exertion of control through the bureaucratic relationships of accountability. Control was carried out in the form of inspection of quality of the education process itself, as opposed to the product. There was also central funding and centralized curriculum planning and control of certification. Emphasis was more on making rules than on implementation. Local administration carried out such rules without bothering by wanting to know whether they were practical or not. At the end all aspects of education were about rules which had nothing to do with the end-product of education (learners who pass or fail). In saving the system from collapse, centralized system was changed. Responsibility was shifted from central to regional offices. Officials who are responsible to the central authority made decisions at local level. More control was left in the hands of the state whereas planning, decision-making and control were at local level (Lauglo & Mc Lean, 1995).

England and Wales also resorted to decentralization. The two countries introduced the Education Reform Act in trying to decentralize some aspects of their education. In 1980 Brazil followed suit and the Netherlands in 1982. Problems in the centralized education control, forced England to introduce local education authority (LEA). LEA policy was based on the principle of promoting active community participation. It is based on the rationale that people should be involved in the management of their own learning and that the curriculum should be rooted in the realities and resources of local life in order to make the most of educational resources (Mashele: 2002, 14).

2.3. NORMS AND STANDARDS FOR FUNDING

Bischoff and Sayed (1999) acknowledge that the state has legislated its intentions of funding public school from the revenue. Thus it is up to the school to use the funds allocated to them in an effective and efficient way. Public schools receive funding through Norms and Standards for Funding. The aim was to bring about equity to all communities of the country.

According to section 34 (1) of SASA, the state is obliged to "fund public schools from the public revenue on an equitable basis in order to ensure the proper exercise of the rights of the learners to education and to redress the past inequalities in the provision of education" (DOE, 1998b; NEPA, 1996). According to National Norms and Standards for School Funding, Provincial Education Department is required to produce a resource targeting list for all the schools in its province. This list should try to classify conditions at the school and the poverty of the community served by the school. This will result in a grouping of schools in a province ranging from poorest to least poor. Resource allocation should also be based on such a list. This is important if the government wants to address the issue of inequality (Bishop, 1989) but the criticism is leveled against SASA that it allows for the possibility of redress without making it obligatory (Motala, 1998).

Motala, (1998) further echoes dissatisfaction on funding by saying that “this is sad because the size of the education budget is not strictly needs-driven, but it is largely determined by the government overall policy priorities.” It was assumed that National Norms and Standards for School Funding would tackle the problem of funding which was not adequately dealt with in SASA and the Education Laws Amendment Act. Hopes were shattered, because the very document which had long been expected still falls short of addressing the expectations.

In trying to address the problems there was a need for leveling of the playing field which was ignored. SASA of 1996 is of the opinion that, while the state is providing funds for public schools, additional funds need to be obtained to supplement these funds. While trying to address issues of redressing and equity, SASA acknowledges that "existing funding provisions which allow SGB to improve the quality of education by raising funds for additional resources, have mainly advantaged middle class learners in an already well resourced schools" (Motala, 1986:60).

The main aim of Norms and Standards were to:

- Improve facilities at public schools,
- Exempt parents from paying prescribed fees at those schools, partially or completely,
- Bring equity to all the public schools in the republic.

Chapter 4 of the SASA document deals mainly with funding of schools. It also mentions that "subject to Constitution of this country and SASA, the minister must determine norms and minimum standards for the funding of public schools, after consultation with the Council of Education Ministers" (this is a committee made of all MECs of Education and the National Minister of Education) (NEPA, 1996; SASA, 1996, section 35).

2.4. COMPOSITION OF THE SCHOOL GOVERNING BODY

Prior to the eighties, school committees were charged with the responsibility of governance at all public schools. These were undemocratic structures representing parents of learners. Neither educators nor learners were incorporated in them. These structures were composed of school principals and parents only. Later there was an upswing of policy changes in education system, and a new structure came into the arena.

According to SASA Section 23(1), the membership of the Governing Body comprises the elected members, the principal in his official capacity (as a manager) and the co-opted members. Sub-Section 2 further states that elected members of the Governing Body shall comprise members of each of the following categories: Members of the staff who are not educators, who are called the non-teaching staff, parents of learners at the school, educators and learners in grades eight to twelve at the school (Oosthuizen, 1998: 69).

It would also be helpful to say something with regard to the formation of the SGB, as most institutions would be favoured because they would be given powers to decide on priorities with programmes, particularly with regard to the maintenance of the buildings and the surroundings, as it would be regarded as an opportunity to respond to their own perceived needs if and when they arise (Muro, 1995:11).

The SGB is the heart organ of the school, because it has been empowered by the Head of Department to govern the school aiding the principal, in the smooth running of the institution. As mentioned earlier, the country is changing dramatically, we are in the beginning of major paradigm shift, and add-on changes to existing schools are inadequate. According to Gold and Evans (1998:15) there must be a meaningful educational change of culture of the school, where the community has to take control of the schools. The community must have a feeling of possessing the school in order to reap the rewards of the school.

Dimmock (1993:115) suggests that the government has focused upon the idea of empowerment by giving the principal, educators, parents and local citizens an opportunity to participate in schools decision making hence Section 21 allocated functions. Such empowerment, usually involving delegation of financial management, has to be transferred to the SGB with the hope that the SGB has the financial knowledge and skills. According to Gold and Evans (1998:119), financial delegation highlights the need for efficient governance. Governance deals with the management of the school, which also includes the management of the fiscal resources in the public education. The parents must be informed that school finance studies consist of three basic functions, namely:

- How revenues are generated
- How they are distributed
- How they are managed

Financial delegation highlights the need for efficient school management; because the governing bodies' responsibilities have been expanded, they have been given an enhanced role (Dimmock, 1993:119). Dekker and Van Schalkwyk continue, stating that the SGB has been empowered to carry out some functions, which lead to the smooth running of the school, which will have an effective output in the end (1995:422). As the SGB is the perfect example of the new understanding of governance, which at the same time is the center of the new education system, the roles and responsibilities of the SGBs must also be part of this discussion, as the research is based on how Section 21 funds are managed in schools.

2.5. FUNCTIONS OF THE SCHOOL GOVERNING BODY

The established way of working through the governing bodies focuses on an integrated approach where all stakeholders are involved in decision making. It should be borne in mind that including all members in the decision making process through school governing structures is in conflict with the way traditional structures operated as departments were responsible for decision making in the school. According to Davies & Ellison (1992:70) the school management teams must co-ordinate and manage this process as well as providing the necessary leadership. Their previous role in leadership was more of control than co-ordination. This is in contrast to the traditional way of working and potential conflicts are likely to take place in the process. Davies et al., (1990:94) state that schools are naturally conservative places.

As governance is usually exercised on a larger scale, in a school situation it would mean the shift of unilateral decision making by the principal to an interaction between the principal and the school community as members of the civil society. Thus school governance encompasses the parents, teachers, students and the community members in the decision-making system Davies et al., (1990:94).

Kooiman (1993:4) concurs with the above idea of governance as a shift from the unilateral decision making by government to an interaction between the government and the society characterized by complexity, dynamism and diversity of socio-political subsystems such as education, health and welfare that need to be governed.

The above definition describes governance as being complex because it involves interaction of various subsystems and Shaeffer (1992:14) highlights that governance is a subsystem highly interactive of all parts of a social whole. According to him it is dynamic in the sense that various subsystems move from one stage to another in the interaction process influenced by social, political and technological forces. It is diverse in that, as these systems have different goals, intentions and powers and this results in individualisation and specialization

On the other hand the Review Committee Report (August 1995:54) states that the term ‘governing body’ should be used uniformly to describe the body that is entrusted with the responsibility and authority to formulate and adopt school policy within the national provincial and district vision for education. According to this report (1995: 55) the governing body should include key stakeholders highlighted in the previous section.

The South African Schools Act (1996) gives voice to the school constituencies, meaning all the members of the school. The act states that parents, teachers, non-teaching staff and students (in secondary schools) should be represented and participates in these bodies. The aim is to encourage parents, teachers and students to be responsible for effective provision of education. The governing body members as such have the right to participate in the activities of the school and have a role in making decisions about the ways in which schools are to be run (Department of Education, 1997).

In terms of the South African Schools Act (1995), parents should have a majority representation on these governing bodies, which has implications for parents' capacity to deal with the outlined tasks. The act vests the professional management of the school in the hands of the provincial Head of Department, who in turn should establish programmes to be funded from the provincial funds.

The introduction of the concept of school governance is aimed at developing, and involving as rapidly as possible, communities in governing their educational institutions so that the decision making in education should be entrenched at the grassroots level (Department of Education, 1997). Within this broad system of restructuring in the South African education system, an argument emerged that the school governing policy was designed without taking the implementation realities into consideration, especially those of the previously disadvantaged communities, seriously. Again there were no clear guidelines on strategies for the implementation process (Makhoba, 2001)

While the policy on governing bodies is aimed at broadening participation and ownership of education process through the joint responsibility of the community and state, Vally (1998), perceives the whole issue on school governing bodies as having been conducted unintentionally and implicitly from the perspective of the privileged communities with high levels of skills and involvement. Neither special attention nor consideration was given to the needs of the disadvantaged communities, except in so far as they were expected to develop skills and capacities assumed to exist amongst better- off communities. SGBs were not provided with enough training to allow them to thrive in an environment of self-management. Therefore, the school governing body members face the enormous task and responsibility of experimenting with and translating this new and unfamiliar policy into practice.

While it is acknowledged that South Africa's deep rooted crisis in education cannot be solved overnight, it is also a fact that lack of skills and competency of the school governing bodies from previously disadvantaged schools might hamper the implementation process.

Christie (1997: 65) is of the opinion that a concrete implementation strategy was supposed to have been incorporated into the new policy on school governing bodies before the policy was finalized. Such strategy should identify and provide for resources during the implementation phase, and should consider the individual and the contextual needs of the school governing bodies. The implementation plan is critical and it has an enormous impact on delivery. If the governing body members do not possess the required skills and competencies, the whole motive of entrenching education decision-making at the grassroots level might be at risk.

It is of vital importance to identify potential implementation constraints and also to attempt to pre-empt them during the policy formulation phase. Prior preparation with regard to the need analysis, building capacity and a support strategy for the implementation process are important in preparing governing bodies to perform their tasks effectively. Clear guidelines on such key issues should be provided if the envisaged skills and competencies are to be acquired by the governing body members (Makhoba: 2001, 7). The assumption is that if policy does not cater for this, critical implementation constraints will be experienced.

According to the South African School Act of 1996, every governing body of every public school must promote the best interests of the school by inter alia, drawing up the constitution and developing the mission statement of the school, adopting the code of conduct for the learners, preparing annual budgets, establishing and administering school funds, raising funds, preparing annual audited statements of income and expenditure, and reporting to parents. All these are the compulsory functions every governing body has to engage in.

2.6. ROLES OF THE SCHOOL MANAGEMENT TEAMS

In the traditional, highly centralized systems of public education evident in many countries, considerable power and authority have resided in the position of the school principal (Seddon, Angus & Poole, 1990: 227). This form of leadership characterized practices in the South African education system during the past era. Principals used legal and practical powers to take decisions for the whole school community. Principals were prime sources of authority and decision making (Barnard, 1994:417).

The current trend in education in South Africa moved towards the kind of leadership as described by Mortimer, namely purposeful leadership where the principal understood the needs of the school and was involved actively in the school work without exerting total control over the rest of the staff (Bolam, McMahon,, Pocklington & Weindling, 1993:23). It is in the light of this description that Duke's observation that leadership seems to be a gestalt phenomenon, greater than the sum of its parts, holds water (Bolam et al., 1993). This corresponds with democratic governance instituted in South African schools. It is apparent that the intention was to move away from the autocratic and bureaucratic leadership that characterizes the traditional education system.

Hirschowitz et al., (1994:72) acknowledge governance, which is referred to as "a well managed, participative, equitable and integrated system that is mutually beneficial" ...

as being fundamentally concerned with relationships between people in the form of individuals, interest groups, stakeholders and organizations. The importance of a shared purpose by the school community in the school organization is not only essential but also a necessity.

Caldwell & Spinks (1993: 56) are of the opinion that a shared vision provides a picture of how the schools operate, that is, how the principal, teachers, students, parents and others in the community will work together to manage the affairs of the school. This is the type of leadership that is recognized by democratic governance at school level. Democratic leadership contrasts with top-down leadership where there are inequalities in schools. It is a synergy where all give their contributions for effectiveness of schooling.

The principal has the responsibility for making staff and learners aware of the economic aspects of the school's task. If the staff and the learners are not encouraged to make effective use of scarce financial means, this will result in the obstruction of the planning and organization of school funds. For instance, taking care of the textbooks will avoid the need for buying textbooks every year and this will save a significant amount of money. It should also be emphasized that the principal should inspire staff and learners to carry out tasks requiring the use of school funds as effectively as possible with regard to the material and economic aspect, and to do this with enthusiasm and dedication, in the interest of effective education (Bisshoff, 1977).

As in most countries, the lack of funds in education affects the delivery of quality education in South Africa. It is imperative for schools to make changes to ensure that the decrease in resources does not lower overall education standards. If the decrease in resources occurs, parents must bear the brunt by contributing more to the education of their children. This places a big responsibility on the shoulders of the principal and the SGB to use funds effectively and to ensure that the education remains affordable to all South Africans (Bisshoff, 1997: 132).

In terms of SASA each school is a “juristic person", that is, it is a legal entity. Meaning that if serious problems arise, the school can sue or be sued. Since the financial management is concerned with money, it will always be a sensitive issue to deal with. Lipham and France (1996: 107), therefore, are of the opinion that communication with regard to school finances has to be in writing. Downs and Haze (1997: 44) also place emphasis on the importance of the written financial report. They are of the opinion that feedback of information forms the basis of exercising control, as well as for future planning.

2.7. SELF MANAGING SCHOOLS

This is the status granted to qualifying schools on the basis of their ability to manage their monetary resources. The South African Schools Act makes provision for school governing bodies to become responsible for managing aspects of recurrent expenditure. This will be done on a progressive basis, because this kind of responsibility was not common in all schools. Former Model C schools are however, at an advantage as they had been exposed to this kind of management of finances in the past (Segoati, 2002: 24).

Section 21 Status of a school would be based on some qualification on the governing body. As a result of this, not all schools would qualify for the Section 21 status. A school governing body may apply in writing to the Head of Department of Education in the province. The governing body must prove its capacity beyond reasonable doubt to the Head of Department that they can undertake these functions effectively.

Schools on the Section 21 list would receive a lump sum in accordance with their ranking on the Resource Targeting Table. This would ordinarily differ from one school to another. It is in the hands of the SGB to vary the proportion of the funding devoted to their schools, depending on their perception of what their educational needs are, taking provincial policy into consideration, and with all such expenditure, the school must be accountable. The autonomy for such accountability would apply even in dealing with suppliers and contractors as long as this is in accordance with standard procurement procedures (Norms and Standards of School Funding, 1998).

This responsibility requires parents to have a certain level of commitment to the school. Thus the average level of literacy of the parent community also plays an important role. If parents are knowledgeable, this adds some relief to this aspect. For instance, most of the black schools are run by parents who do not have any specialized knowledge on finances, while in many instances, white parents do.

Vally (1998) presents a useful synthesis, when pointing out that governing bodies were expected to resume their powers, without considering their unpreparedness and the complexity of their task clearly resulted in serious difficulties and is a cause for real concern. This assertion alludes to a potential lack of skill and competencies in some of the governing body members. There is a view that the whole governance project was unitentionally and implicitly conducted from the perspective of the privileged communities with high levels of skills and involvement.

Shaeffer (1992:227) asserts that the frequent passivity of participants is, at times, as a result of lack of skills. This may become a potential constraint hindering the performance of governing bodies in the era of educational reform.

Dimmock (1993:127) is of the opinion that most principals seem to be enjoying what Section 21 allocated functions has brought to them. Such status is as good as school-based management, because it allows principals and SGBs to operate under fewer constraints than under centralization. As a result, the school is able to adapt easily to school needs and also with great speed.

Thomas as quoted by Dimmock (1993:127) states that power autonomy is given in deciding priorities within programs, particularly with regard to maintenance of the buildings and grounds. This opportunity enables the SGB to respond to their own perceived needs as soon as they arise. The SGB is in the position to use the manpower from their surroundings, and to boost their unemployed parents.

Financial delegation (SASA, 1996) is embarking on major breakthrough innovations as the SGB function has the following benefit when it comes to the maintenance of the grounds and buildings:

> They are able to save money and time. The school is also safe and secure, as the school knows the people who render the services. The chance of using local expertise is very high. The school ensures accountability (Dimmock, 1993:128)

Gold and Evans (1998:84) support the idea of the freedom given to governing bodies, to use the school's funds in accordance to their assessments of the needs and priorities, with an emphasis on the drawing of a proper budget.
The payment for services by the SGB is one of the benefits of the SGB functions (SASA 1996). The following are some of the benefits enjoyed by Section 21 schools:

- The SGB is able to decide on the services they need.
- They are in a position to monitor and control expenditure.
- The SGB ensures that no wastage takes place.
- They get into partnership with local business (Muro, 1995:3-4).

According to Spear (1994:56) SGBs have been given stewardship of public funds, and it is therefore essential that schools and SGBs develop clearly defined mechanisms for accountability. Schools need become much more accurate with the process of matching budgets, and developing plans and priorities.

2.8. FINANCIAL MANAGEMENT AT SCHOOLS

Mestry (2003) argues that it is important that schools make sure that all monies received by them are well accounted for. Clear policies regarding the management of funds must be put in place. The financial policy must be very clear as to who is responsible for accountability, who must authorize financial expenditure, procedures and management plans should be discussed and agreed upon by the entire SGB. Involvement of other stakeholders like educators, governing body members should not be overlooked.

In organizing school finances, Bisschoff (1997) maintains that co-ordination should involve the synchronization of all administrative and accounting activities in the school from the mission statement right up to the financial statement of the school’s activities.

Jacksons (1994) cited by Bisschoff and Sayed (1999) quotes a report that states the objective of delegating financial management from local authorities was to empower schools to use their closer knowledge of the pupils and their communities in determining how resources could be applied to the greatest effect. “Furthermore, it was aimed at improving efficiency and effectiveness by enabling schools through their day today management, to use resources efficiently.

Financial accountability means being able to account for the way money is spent to the different stakeholders like the parents, the community, teachers, and donors and to the Department of Education.

Financial management in a school is important for a number of reasons: making sure that a school can be sustainable and that money is being spent in the most efficient way; making sure that money is being spent appropriately and being able to plan for the future of the school.

Mestry (2003) is of the opinion that a systems model of thinking might be relevant to be used by all the committees in managing the finances of the school effectively, efficiently and economically. According to this model, the school's finance committee will be required to coordinate the activities of the various sub-committees. It is also advisable that the chairperson of each sub-committee be a member of the finance committee.

Effective management could be achieved if good communication structures are in place and feedback from the School Governing Body is given on a regular basis. Financial planning is a crucial element in financial management. Through budgeting, a school is able to know the probable income and all the probable expenditure of the coming year from January to December (South African Schools Act, Section 38).

Each school has its own needs, so its budget must be individually adapted to suit the unique character of a particular organization or institution (Berkhout and Berkhout, (1992)) simply because organizations differ with regard to objectives, organizational structure, and administrative procedure and operational methods.

SASA (Section 38, 2) requires that the School Governing Body draw up a budget for the school funds and present this budget to the parent body for approval. School principals must be conversant with basic financial management skills. Principals must be able to make their schools thrive in the self-reliant environment. Burrup, Brimley and Garfield (1992:280) explain a budget as a financial plan that is made of the following elements: planning; receiving funds; spending funds and evaluating results.

That is why budgeting is regarded as planning, receiving and spending funds over a particular period of time. Evaluation of previous budgets plays an important role in determining the future budget. Educational budget is defined "as the translation of educational needs into a financial plan which is interpreted to the public in such a way that when formally adopted it expresses the kind of educational program the community is willing to support financially and morally for a one year period."

Burrup, Brimley and Garfield, (1992,) emphasize the importance of budgeting by saying that it requires a plan of action for the future so that it may give guidelines as to what is to be done next. It also requires evaluating mechanisms of the past activities in relation to planned activities and necessitates the formulation of work plans. It allows expenditure and estimating revenues. It commands orderly planning and co-ordination through the organisation because it gives directive of what is to be done.

Translation of those needs into a budget can be linked to the school development plan and the mission of the school; it is where the needs of the school are identified, goals are established, organising objectives which are well stipulated and building programs to meet those objectives and providing a budget to fund those programs and activities.

2.8.1 FINANCIAL RECORDS AND STATEMENTS OF PUBLIC SCHOOLS

Section 42 of SASA states 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, and
- ❖ As soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the member of executive council.

Section 43 (5) of SASA, states that a governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the records and financial statements of the public school. A registered accountant and auditor must audit financial records. The governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991(Act No. 80 of 1991).

2.8.2 FINANCIAL POLICY DOCUMENT

It is imperative that each school should have a financial policy. The school financial document should describe clearly what the procedures and rules are for handling money in a school. A clear indication of the responsibilities of the treasurer, of the finance officer, of the principal and other persons delegated for specific jobs must be provided. These may differ from school to school. In order to fulfil the obligation of financial accountability, a school needs to have:

- Policies that control decisions about income and expenditure;
- Structures that ensure that policies are adhered to;
- Structures that ensure that money is spent in accordance with the vision of the school;
- Up-to-date bookkeeping records;
- Regular mechanism for reporting back on all financial matters.

Bisschoff (1997:77) emphasizes the importance of a school having a school policy. That policy is where mission of the school will be highlighted in operational terms. The financial policy should either form an integral part of the school policy, or be a separate policy. The policy should be seen as a document that may change over time. This process should at all times be inclusive and transparent.

The following rules and regulations must be included in the financial policy:

- **Receipts**

The receipt of the school fees that are paid by the parents, tuckshop which may be run at school, donations received from different people and companies, fundraising that may be done, excursions that may be taken, sub-letting of premises, outsourcing of the tuckshop, post-dated cheques / dishonoured cheques, credit policy and school fees exemptions as there may be parents who are exempted from paying due to unemployment.

❖ **Payments**

- Payment i.r.o. assets, consumables, services
- Quotations for purchases
- Authorisation
- Documentation
- Tender procedures
- Number of loans that will be advanced to educators and non-teaching staff.

❖ **Bank account**

- Signatories to bank account
- Investment and current account
- Deposit of money
- Trust account should not be opened.

❖ **Other financial matters**

- Section 21 funds
- State funding
- Educators employed by the School Governing Body.
-

❖ **Control measures**

- Control mechanism
- Auditing, etc.

2.8.3. ACCOUNTABILITY

Mestry (2003: 7) argues that the employer is not entitled to hold the principal responsible for School Governing Body obligations. The employer is only entitled to hold employees liable and accountable for the professional development of the school but not liable for statutory functions vested in School Governing Body relating to assets, liabilities, property and financial management of the school.

Mestry (2003: 6) further points out that up to a point in time, principals were all accounting officers and were accountable to the Head of Department. The issue of who is accountable in the new dispensation could be confusing. Previously, it was known that the principal was the one who was accountable but now the Act does not clearly state whether the principal or the school governing body is accountable for the school finances. Mestry (2003) raises the following issues, saying that the professional management of the school is vested in the principal and overall governance of the school is vested in the School Governing Body. According to Mestry (2003) assertion on accountability the principal has the duty to facilitate, support and assist the School Governing Body in executing its statutory functions relating to assets, liabilities, property and financial management of the school. Principals are thus accountable to the governing body for financial and property matters not specifically entrusted to him or her by statute.

2.8.4. ACCOUNTABILITY AND REPORTING

Berkhout & Berkhout (1992) in Motha (2003) state that accountability and reporting should be based upon relevant information and that certain steps and procedures like control, analysis and interpretation of discrepancies, and internal audit should be completed prior to the committee meeting. Such a meeting is an important event with considerable training value for every official involved in the budget. Motha (2003) is of the opinion that the speed at which reporting and accountability can be completed is material for timeous implementation of remedial or corrective measures. A suggestion is put forth on the interval between budget committee meetings not to be too long, so as to apply corrective remedial measures if it is needed.

Budget committee meetings should not be allowed to develop into unproductive meetings where officials are not fully prepared. To promote smooth functioning of the budget system, it is the duty of top management, having regard to all the circumstances, to put in writing the dates and times for the submission of financial data reports from financial committee. It is important that all reporting and financial records be in written form and be kept in a safe place at all times. Reporting can be done monthly, quarterly and annually at the annual general meeting of the parents. This practice will prove that there is proper financial accountability by the school governing body and the school management team (Motha 2003:29).

2.8.5. THE TREASURER AND FINANCE OFFICER

The treasurer is a member of the executive committee of the school governing body. The treasurer of the school governing body plays a crucial role in school financial management. According to Mestry (2003:15), it is suggested that the treasurer be the chairperson of the finance committee because his / her task may cover some of the following:

- Monitoring the income and expenditure in relation to the budget,
- Report irregularities to the School Governing Body,
- Execute duties in accordance with sound accounting principles and control as required by the school governing body,
- Liaise with the finance officer on all financial matters,
- Determine the accuracy of the financial records, and
- Ensure that all expenses incurred by the school are paid on time.

The finance officer is the "bookkeeper" of the school. Many schools use the administrative clerks to perform the functions of a finance officer while some schools use educators who have accounting knowledge to be the finance officer. The finance officer will be responsible for the following duties:

- Recording all financial transactions and keeping the finance committee / treasurer informed of all financial matters,
- Ensuring that the school fund is administered in accordance with the directives of the School Governing Body or the Head of Department of Education,
- Handling cash and petty cash transactions, and
- Various other duties related to the finances of the school.

Effective and efficient management of school finances depends solely on the finance officer and the treasurer. The principal must always be involved and be in control of the situation.

2.9. CHALLENGES

The Department's introduction of policy generically across communities with different historical contexts raises concerns about the success of the implementation process. The reality is that “There are those who adopt their position with full knowledge of what they are doing... and those whose Olympian elevations above temporal concern is quite unselfconscious." (Gellner, 1964:73). Since the unequal education system of the past has resulted in disparities, this differentiation may require special focus and attention for those who were previously disadvantaged if the concept of influencing quality across South African schools has to be realized.

According to Spear, (1999:52) there are many people who still regard Section 21 status as a threat and a burden, preventing them from doing their job properly. They prefer somebody, whom they do not know, to manage their finances and make decisions for them. Most schools in South Africa had had very limited self-management experience and tended to respond reactively to instructions from above. Many district offices, which would have to provide much needed support, are also lacking the experience and capacity (Mc Lennan, 2000: 183).

The fact that the policy on School Governing Bodies is new in the South African context requires that those appointed be trained, especially those from previously disadvantaged communities who have not had the opportunity to learn from those with more experience in governance, such as members of old governing bodies.

However, this may not be entirely the case in former "Model C" schools and as a result, the capacity needs may not be similar in the two cases.

The trends emerging from the literature review reflects the importance of building professional capacity of the governing body so that members are able to sustain or challenge practice. The emphasis should be on the importance of building capacity and rendering continuous support when responsibilities are introduced. Particularly where local governance is contemplated in areas that previously were marginalized and underprivileged, "Special strategies to empower the previously marginalized and disempowered, may need to aim at training and re-orienting rural villagers and the township schools." (CEPD, 1996:21).

Administrators are expected to work towards organizational goals and to preserve and propagate values and beliefs of the organization. The latter task is accomplished through the reinforcement of policy and the development of rules and regulations (Kowalski & Reitzug, 1993:17). Unquestionably, the practice of school administration is more demanding now than it was in the past. As a result, the governors need greater knowledge and skills prior to entering practice and need to continually enhance and expand their knowledge and skills through continued education while they are serving the school (Kowalski etal, 1993:17).

Spear (1995:53) argues that the aim is to improve efficiency and enable schools through their daily management to use resources efficiently. For this delegated financial function to be used effectively by the school, it is essential that there is a well thought-out and comprehensive plan in place. This enables the school to set attainable and observable targets and develop plans in order for them to draw up the school budget. That is not the case with the SGBs in the previously disadvantaged schools. Instead, the SGBs only rubber-stamp the process. One can say that they abdicate their responsibilities; at some stage the SGBs are not asked for their consent and are not told of the consequences (Spear, 1998:56). He further argues that governors need to know that financial responsibility is delegated to them and not to the head teachers. Head teachers need to remember that the management of the school is a partnership and that the governors are very powerful and important partners who need to be kept informed.

Barberton, Blake and Kotze (1998) quoted by McLennan, (2000) maintain that decentralization aimed at enhancing the quality of education by passing on some of the responsibility to parents and other groups. However, in contexts with large discrepancies in socio-economic status, local responsibility often meant poor communities continued to have less access to education as they were unable to take on the burden of financing quality provision. Furthermore, poor communities tended to lack the access, resources, information or organizational skills to influence decisions about education appropriately.

In trying to meet the challenges facing the SGB, Muro (1997:12) says the election of the SGB is extremely important, in that members will be charged with the all-important task of establishing credibility, making policies and also raising and administering funds for the school. On that note, governors should be empowered with skills and competencies needed, and supported, so as to be actively involved.

Parents were not the only actors lacking the capacity to run self-managing schools, even the districts lacked the capacity and support of local education authorities, which renders the framework for school management and governance insignificant as it is not different from those in developed countries only the institutional context was. The framework was, therefore, a mixture of international education management and governance trends and specific South African needs (Mc Lennan, (2000).

The aspiration of this approach can only be achieved if financial plans reflect educational plans and if resources are allocated to support the priorities that a school has set itself (Reynolds, 1996:64).

2.10. CONCLUSION

The South African education system is in transition, marked by major challenges of transforming the authoritarian system to a democratic system. The previous education system gave parents, teachers, students and the community very little opportunity to experience and exercise involvement and choice within the school, with the exception of the former Model C schools, where communities participated in school management.

The new education dispensation requires schools to be governed by stakeholders. This provides a valuable experience in implementing the school governing body policy in South Africa. It is clear that there are major challenges and possibilities facing School Governing Bodies in implementing this policy. The dominating trend from the review is that governing body members have to be developed so that they are prepared and have critical thinking skills and basic financial management skills. The review reflects the need to refine the kind of knowledge, experiences, and value governing body members bring and to identify those relevant and useful.

The review offers valuable information for creating an environment of support, one in which problems would be seen as issues to be solved rather than weaknesses. If issues of this nature are addressed, potential situational constraints would be eliminated and this would also enhance and sustain the required skills envisaged in the South African context. It is in the light of the above discussion that proponents of democratic governance in education believe that communities will be well served when decision making is decentralized to the school level.

The issue of financial management and accountability can create tension in schools if it is not well managed. The principal and the school management team, the School Governing Body is accountable for how money is being spent in the school.

CHAPTER 3

3.1. RESEARCH METHODOLOGY

The essence of this study is earlier set out in chapter one as the financial management of section 21 funds in previously disadvantaged schools. In chapter two the literature review formed the framework for the empirical research.

This chapter is devoted to the strategy and the methodology employed in the development of the research. It is also important to explain how the research sample was chosen.

3.2. QUALITATIVE METHOD

The research method used in this study is descriptive hence the qualitative research approach was identified as the most suitable method. The qualitative approach methodology has been described as a creative way of doing things and is termed qualitative as it is "intended more to determine what things 'exist' than to determine how many such things there are" (Walker, 1998). The choice of this method lends itself well to what Leedy (1993) and Seidman (1991) say that it gives a good understanding of how people make sense of their lives, experiences and world structures.

Creswell (1994: 61) cites Thompson in affirming that the qualitative research paradigm is largely an investigative process, where the research gradually makes sense of the social phenomenon by contrasting cataloguing, comparing and classifying the object of study. It is of vital importance, to mention that a qualitative approach intends to understand a particular social situation, event, and role group of interaction. Furthermore, Creswell (1994: 21) states that one of the important reasons for conducting a qualitative study is that, as the study is exploratory, not much has been written about the population being studied, and the researcher seeks to listen to informants and to build a picture based on their ideas.

Mouten (1991: 43-51) refers to qualitative research as an in-depth analysis of a phenomenon in which a researcher collects and interprets the data and reports the findings in a descriptive manner. Qualitative research focuses on delivery, insight and understanding of those being investigated.

According to De Vos (1998: 240) it is difficult to describe qualitative research in such a way that it will satisfy everybody. Thus "qualitative research" can mean different things to different people. However, in this study qualitative research will be used as an approach which uses different methods such as interviews, note taking and observing.
In this study interviews will be used as a means of collecting information. According to Vockell et al (1995: 133) an interview is designed to enable the interviewee to supply information to the researcher immediately.

Fraenkel and Wallen (1993:10) define qualitative research as "the documenting or portraying by observing and interviewing them and relevant other". This implies that the researcher goes out to participants.

3.3. CASE STUDY

A case study mode of inquiry was used. This strategy was used because of its suitability to get an in depth, detailed and holistic picture of how SGBs in the chosen schools manage the funds.

According to Merriam (1989: 41) a case study is the "best plan for answering the research questions... its strengths outweigh its limitations and (it) offers means of investigating complex social units consisting of multiple variables of potential importance in understanding the phenomena".

She goes on to say that it offers insights and illuminates meaning that plays an important role in advancing a fields knowledge.

Bell (1993: 8) augments by saying, "... the great strength of the case study is that it allows the researcher to concentrate on a specific instance or situation and to identify various interactive processes at work". Case studies are also useful when there is little knowledge about the problem or an issue, because they may provide new insight into complex organizations. The instances studied in these cases were the involvement of parents and the school in managing funds with a view to establishing a sense of greater responsibility. These quotes accurately articulate what the study is intended to achieve.

3.4. THE RESEARCH POPULATION

For the purpose of this study, the population comprised of members of the SGBs, namely the parents, learners, the principal, non-teaching staff and educators who belong to the SGB. The schools involved were two high schools and two primary schools situated in Mapetla and Protea North, Soweto. The four schools were selected from the MEGA DISTICT D11 where the researcher is employed. According to Patton (2002), the logic and power of purposeful sampling lie in selecting information-rich cases for study in depth.

The cases were selected in a way that fairly represented the following different dimensions: the different school phases / bands, geographical location, population group and class, and perceived notions of resourcefulness. The other reason why schools had to be chosen from different places was based on the assumption that such schools reflect the immediate communities they serve and that based on these, they may be doing things differently to others (Dlamini, 1993:72).

The selection above is what Patton (2002:234) refers to as "maximum variation" (heterogeneity) sampling. He further suggests that a small sample is a useful tool when conduction research. He says that one begins by identifying diverse characteristics or criteria for constructing the sample. According to him, selection of a small sample, of great diversity, the data collected and analysis will yield two kinds of findings: (1) high quality, detailed descriptions of each case, which are useful for documenting uniqueness, and (2) important shared patterns that cut across cases and derive their significance from having emerged out of heterogeneity. He concluded that these cases are important findings in qualitative inquiry.

3.5. CRITERIA FOR SELECTION

Schools were chosen for convenient locality, they are on section 21 lists and also previously disadvantaged. Due to personal frustration the researcher is encountering on daily basis and lack of physical visibility of changes, and as well as the information derived through informal discussions with friends and colleagues, the researcher decided to verify problems and concerns by conducting this research.

(a) School A

School A was chosen because the researcher is working in that school. The school caters for grades 8-12. It has 1700 learners, with 52 staff members, the principal included. The researcher felt it would be easier to get the information needed for this research. Another reason is that the school has section 21 status.

(b) School B

The school became the choice of the researcher because it is located next to the researcher's home and the researcher's children attended that school. The researcher used her friend, who is working in this school, to link up with the principal of this school. Another reason is that this school is known for its excellent matric results. Everyone in the neighborhood knows the school to be a model school.

(c) School C

The school is a stone’s throw from where the researcher is working. The school was chosen because of its uniqueness in the way it has lost its learners to the neighboring city schools. The school is the feeder school for School A.

(d) School D

This school is situated next to school B. It is a primary and a feeder school for school B. It has a beautiful modern structure and well cared for.

3.6. INTERVIEWS

Interviews constituted the main method for collecting the necessary data. This was done by getting the perceptions of the individual governing body members on issues pertaining to school governance, in particular school finances. The aim of the interviews was to engage in direct contact with those who normally participated in school governance, that is, the school governing body members. The rationale for employing this method is that it is both exploratory and participatory. According to Cohen and Manion (1995) interviewing allows the individual to explain his / her own professional and personal development.

In the interviews, the main emphasis was on encouraging the governing body members to act freely as the best judges of their own practice through their participation in this inquiry. They were encouraged to be open and free in reflecting on their experiences in the whole governing body process. This was done as a way of establishing their contribution through the experience, knowledge and skills, which they brought to and gathered while serving on these structures.

The interviews were conducted as a series of in-depth individual encounters with the principal, governing body members, elected educators and learners. Some points of view were also obtained from the broader school community, though this was limited and does not constitute a significant part of data collection. The interview procedures included both verbal (non-recording) and recording sessions in four schools.

Landman (1988:67) defines an interview as representing a direct attempt by a researcher to obtain reliable and valid measures from one or more respondents. Schumacher and Mc Millan (1923:251-252) identify three types of interviews, which are: structured, semi-structured, and unstructured. Maykut and Morehouse (1984:80) cite an interview as a form of discourse shaped and organized by asking and answering of questions. This enables the interviewer and interviewee to talk about the focus of the study and it also leads to discussion of thoughts and perceptions.

Interview questions were both structured and unstructured and focused on the competencies and skills required to enable School Governing Bodies to perform their financial delegated functions. There were eight questions for parents, six for learners, ten for teachers and ten for principals in each case. The pre-set, structured questions were aimed at finding out information about capacity built, support rendered, and the required know how in managing funds which the particular school governing body had and/or lacked in performing its governing body functions. The questions on governing body members' background and their present positions constituted the basis from which data was generated. (See Appendices A, B, C & D)

The unstructured questions in these interviews were spontaneous and at times, there were follow-up questions. These kinds of questions were also useful as they allowed the interviewees some freedom to raise issues that affected them as individual governing body members in performing their functions. As a result, the discussions often took the form of free association between the interviewer and members of the governing bodies, with bits of information and opinion thrown in by various participants on governing body issues. The reality is that it was not always possible to get focused answers to questions hence the follow-up and spontaneous questions. The unstructured questions were particularly useful because the initial insistence upon a tight structure for questions resulted in a formal and tense atmosphere, and curbed the necessary freedom for the sharing of the governing bodies' experiences. Though the results emanating from the interviews were, at times less structured, they presented a more lively account of the contextual realities from the point of view of governing body members.

3.7. QUESTIONNAIRES

A questionnaire was also used to collect data regarding the skills and competencies of financial management by the School Governing Bodies. The aim was to get uninterrupted and direct feedback from the members' perspective through their answering of specific questions. Respondents were asked to answer a set of pre-set and open-ended questions. Each member in selected cases was presented with a set of questions, and given three days to respond to them. The respondents were advised to complete the questionnaires by ticking the correct answers. Only questions on the financial tasks were asked (See Appendix E).

3.8. DOCUMENT ANALYSIS

Documents in this instance were in the form of circulars, constitutions or policies, and memoranda. These became fundamental for the researcher because it was easy for the researcher to compare documents with what was said in interviews. Some important documents like SASA and some circulars were very important because they also formed the basis of this study.

3.9. OBSERVATION AND NOTE TAKING

According to Bailey (1989:239) the observational method is the primary technique for data collection on non-verbal behaviour. Observation is preferred when one wants to study in detail the behaviour that occurs in a particular setting. Keeping a diary of three weeks yielded the researcher the information she was looking for. A record of observation was kept before, during and after School Governing Body and sub-committee meetings and other unofficial encounters. This instrument helped in revealing characteristics about groups that would have been very difficult to discover by other means (Bell, 1993:109).

Information about the governing body members' knowledge on their responsibility in the management of the school finances was obtained through investigating the governing body involvement in two of their budget meetings. This method was employed in one governing body meeting in each case and in two sub-committee meetings.

3.10. RELIABILITY AND VALIDITY

Attempts were made to maintain "vigorous reflexivity" argues Lather (1986"58). Cohen and Manion (1995) point out the problem of validity in gathering data through interviewing. Therefore, as a way of obtaining valid and reliable data, a flexible interviewing structure was used. During interviews formal and tense atmosphere was avoided. This would have impacted on reliability and validity.

Validating data was ensured through repeating similar questions to each member in the chosen schools to close the feedback loop. Again, the respondents' accounts were later checked with them to make sure that the records reflected their original perspective.

Commenting on reliability Bailey (1989:70) refers to it as consistency. On the other hand Weirma (1991:274) sees reliability as the extent to which an instrument gives similar result for the same individual at different times. This means that if an instrument is to be used in the same population, under more or less the same conditions, even after some outcome has been reached, the same result will still be found.

3.11. LIMITATION OF DATA

The major limitation in this study is that at first some of the governing body members were skeptical, uncomfortable and unwilling to participate, and sometimes seemed not honest in their responses. As such respondents had to be persuaded and assured that they were the beneficiaries of the project, and return successes and constraints will be reported.

The other limitation was that discussions, at times, took the form of informal discussion between the interviewer and members of the governing bodies, which in turn resulted in bits of information and opinion being thrown in randomly by various participants on finance issues. At times the interviewer was forced to probe further responses and ended up having to have follow-up questions.

Owing to time constraints in completing this study, it has been difficult for the researcher to include learners in the sample, hence there are no responses from the learners in one of the schools.

3.12. CONCLUSION

This research is prompted by the fact many schools or SGBs seem to have difficulties in managing school finances. Notwithstanding these limitations, the methodology and data gathering instruments were, on the whole, useful and suitable for this study. The research methods employed do not necessarily claim that problems have already been diagnosed and that attempts have been made to solve them in the case of the selected schools. The research methods merely facilitated an exploration of the challenges encountered by the governing bodies and the school management teams thriving in the self-managing environment.

CHAPTER 4

4.1. PRESENTATION OF THE RESEARCH DATA AND THE RESULTS

This study was conducted in four schools, two high schools and two primary schools. All the schools are situated in Soweto under the MEGA D11 DISTRICT in Gauteng Province. The first part of this chapter presents the policy overview and the second part provides the case study of each school.

4.1.1. NORMS AND STANDARDS OF SCHOOL FUNDING

The introduction of norms and standards of school funding was introduced on the basis of redressing the past imbalances of the system of apartheid. The system that was used lacked representativity and legitimacy due to its promotion of racial segregation. The need to change was born in 1994. The uneven distribution of resources among the population had to change. The policy on funding formed part of SASA. SASA formed the basis of operation and transformation for the provision of education on an equal basis.

For the purpose of this chapter, focus will be on the section 21 funding. This policy of funding, before it could be implemented, is supposed to have started with the groundwork of assessment and the involvement of everybody. If this type of exercise was not taken into consideration, problems would be encountered. Section 21 status is qualified for by the school on the basis of their ability to manage their own monetary resources. It is a responsibility of school governing bodies to manage allocations made to their schools.

SASA makes provision for public school governing bodies to become responsible for managing aspects of recurrent expenditure. This would be done on a progressive basis, as this kind of responsibility was not common in all the schools. This responsibility also hinges much on the level of commitment of the parents of a particular school. The average level of literacy of the parent community also counts. For instance, most of the black schools are run by parents who do not have any specialized knowledge of finance. Members of the Executive Council (MEC) may determine that some School Governing Bodies may exercise one or more functions under section 21, even if they have not applied for such functions.

4.1.2. COMPOSITION AND ROLE OF SCHOOL GOVERNING BODY IN MANAGING FUNDS

According to SASA (1996) the SGB of the public school is composed of the following groups of people namely:

- ❖ Parents of the learners at the school, excluding parents who are employed at the school,
- ❖ Educators at the school,
- ❖ Learners at the school who are in grade eight or higher,
- ❖ The non-teaching staff (supporting staff),
- ❖ Co-opted members
- ❖ The principal (the principal's role is discussed in 4.1.3)

The above categories can be unpacked as follows:

❖ Parents

Parents represent other parents and are elected by other parents. They need to be aware of what other parents at the school are thinking and need to find ways of consulting and reporting back to other parents at the school (Interim Unit on Education Management, 1997:9).

❖ Learners

The learners represent and are elected by other learners. The Learner Representative Council of learners (LRC) elects them. They bring to the Governing Body the thoughts and views of learners. They should also make sure that valid information is shared between the Governing Body and the learner community (Interim Unit on Education Management, 1997:9).

❖ Co-opted members

These are chosen for their experience and skill. They are there to widen the experience of the Governing Body, in order to reflect the local authority.

❖ Non-teaching staff

They represent the non-teaching staff of the school that chooses them. They are employed by either the Department of Education or by the SGB of the school.

❖ Educators

According to Interim Unit of Education Management (1997:9) they represent, and are elected by other educators. They bring knowledge of teaching and learning to the Governing Body. They should report back to the staff after Governing Body meetings (Interim Unit on Education management, 1997:9).

The powers and the functions of the governing body are divided into compulsory functions that all governing bodies must perform and allocated functions that the governing body may apply to the head of the department in the province, to perform. Regarding the optional functions, the particular governing body needs to have the necessary skills and competencies to perform such tasks before the functions can be allocated.

The compulsory functions generally comprise determining the policy and rules by which the school is to be organized and controlled. Compulsory functions include ensuring that those rules and policies are carried out effectively in terms of the law and the budget of the school. The following table draws together the main functions and duties facing the school governing bodies (Governing Bodies Regulation, 1997:3), which concern the duties related to school policy, school finance, school development and school administration. Therefore, the envisaged skills and competencies of the governing body members in general and also in relation to the management of funds in this study are investigated and measured against the function tabulated below.

4.1.2.1. Compulsory Functions

The duties related to school policy:	The duties related to school administration:
❖ Drawing up the school constitution ❖ Determining the language policy of the school ❖ Determining religious observances ❖ Drawing up of the school rules ❖ Adopting a code of conduct for learners ❖ Adopting a code of rights and responsibilities for all	❖ Preparing a budget for the school ❖ Determining school fees ❖ Raising funds ❖ Opening a bank account and keeping a record of the school's income and expenses ❖ Drawing up the financial statements of the school
The duties related to school development:	The duties related to school administration:
❖ Developing a mission statement for the school ❖ Drawing up a development plan for the school ❖ Supporting and developing the staff in their professional work ❖ Seeking voluntary helpers when needed ❖ Establishing partnerships with the community ❖ Interacting with other schools	❖ Looking after the school's buildings and grounds ❖ Determining the school hours ❖ Deciding on the use of the school property for other purposes ❖ Interviewing new staff and making recommendations to the Head of Department ❖ Organizing annual meetings with parents ❖ Reporting to the school community annually

The optional or allocated functions for which a governing body can apply to the head of the provincial department (Governing Body Relations, 1997:4) are:

4.1.2.2. Allocated Functions

- Determining the admission to the school
- Maintaining and improving the school's property
- Determining extra-curricular activities of the school
- Purchasing textbooks or educational equipment
- Paying for services to the school
- Inquiring into written complaints about staff members
- Inquiring into written complaints about pupils

4.1.3. HOW SCHOOL MANAGEMENT TEAMS MANAGE SCHOOL FUNDS

The Provincial HoD sees Section 21 as delegating financial management from the Department of Education to schools so as to empower schools to use their close knowledge of the learner's surroundings and their communities in determining how resources could be applied to greater effect.

The principal should know and understand that he / she is the accounting officer for all the school's resources.

- The principal should set up a Learning Support Material management system, that is, a Learning Support Material Committee (LSMC). This committee should comprise of all the relevant stakeholders, especially the SGB, as the latter is responsible for the purchasing function of materials as delegated by the HoD.
- The committee has to be trained in the processes of financial management as well as the purchasing function.
- The guidelines and procedures on requisition have been developed by the committee concerned i.e. the (LSMC) (Circular 64 of 1993: 3-4) (GDE 27:28).

Since 1997 the GDE has embarked on a process which is aimed at the development of the Learning Support Material (LSM) provisioning system from a centralized process to one that is more school-based. It is as a result of this development plan that some schools are called Section 21. The above mentioned schools perform the following functions.

- Manage their budgets. This means that they decide how much to use for which materials and for which grades, according to their needs.
- Make their own choices for stationery.
- Choose their own textbooks from a GDE Catalogue, which caters for all ex-HoR/D and DET schools (Circular 64 of 1999).

Through these programs, schools become exposed and empowered, gaining valuable experience. Schools choose their own supplier. Educators are also trained on how to select LSM (Circular 64 of 1999:3). SMT members need to understand the financial position of the school, and need to be able to participate in managing school finances, including helping with fundraising. The principal is the "Accounting Officer" of the school. That is s/he is ultimately responsible for the school money and property. The question remains, whether SMT members have the capacity to manage finances of the school. Bisschoff (1997) says school financial management can only be successful if it is done in an organized manner. This implies that organizational structures should be set in place to handle various financial management tasks, whether in the field of administration or accounting.

SASA also states that the SGB has responsibility by virtue of being delegated the financial functions. It is the responsibility of the SGB to collect the funds and manage them. Paying for the services is a necessity. Unlike personal finances, public funds must be accounted for, hence the opening of a bank account by the SGB is essential (SASA 1996). All the monies received must be deposited into the bank account and be withdrawn by means of a cheque.

SASA (1996) Section 37(5) states that the funds in the school do not belong to the parents, the state, the learners, or the governing body. Funds belong to the school and may therefore only be utilized and controlled as permitted by the School Act. The Act stipulates that no single person like the principal or the chairperson of the governing body must act alone without consulting the other members of the SGB. The

Act is very clear on this issue. It states that the governing body must control and take care of the school's money and property.

SASA (Section 5) points out that the money from the state is not enough to provide education to everyone, so other means of augmenting income must be found. SASA (38) provides suggestions for schools to raise money. The governing bodies may exploit networks to look for sponsors. It is advisable to set up a special committee in the governing body to deal with fund raising.

The Schools Act (Section 5.3.2) allows governing bodies to use the facilities of their schools in a reasonable manner in order to obtain further income for the school. This means that the school may allow communities to run their activities using the facilities against payment to the school.

Financial management includes two key issues namely: financial responsibility and financial accountability. Financial responsibility means, ensuring that financial obligations do not exceed the financial resources available to the school. Through planning the school is able to increase its financial resources. Payments would be done on time. Keeping proper records of the money that comes into the school and goes out of the school.

4.1.4. FINANCIAL RECORDS

Each school must open a bank account for the school fund. No school may have more than one bank account (Section 37 (1) (3). The governing body of a public school opens and maintains a banking account. Bisschoff (1997) says that it is possible and highly recommended that a financial committee should be formed to assist the governing body to handle the financial affairs of the school. In terms of section 30(1), a governing body may:

- Establish committees, including an executive committee, and
- 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 South African Schools Act (Section 3), Act 84 of 1996, maintains that, “the Principal of the school manages personnel and finance". He is responsible for the money and property therefore he must have proper financial management skills. He is accountable for the school money. If anything goes wrong with the school money, he must take responsibility.

4.2. THE PROFILE OF SCHOOLS

This section will look at four schools. The main focus will be on the Schools’ background, Schools’ Management Teams, governance, schools’ environment, schools’ learning and teaching resources and financial management. The researcher felt that the aspects mentioned above form part of whole school development and are necessary for the smooth running of the school.

4.2.1. SCHOOL A

(a) **Background**

School A was established in 1970. The school caters for 1700 learners. It is the biggest among the four selected schools. It is the biggest in terms of the building structure and also in terms of the number of teachers. This school has been the only secondary school in the vicinity for many years. The school has a team of 52 staff members. In the past three years the school obtained the following percentage pass rates for matric 95%, 54% and 74%. In all these years the number of matric exemptions were lower. Even the number of learners taking subjects in higher grade was lower. (See Appendix F)

There is a good relationship between learners, teachers and parents. The school has a massive building structure. The school is an attractive building from afar but now is showing signs of decay because of lack of environmental support.

(b) School Management Team

The school has a management team consisting of the principal, two deputies (one deputy responsible for administrative matters, while the other handles academic). The principals are assisted by eight Heads of Department. They form the school's executive. They are responsible for the smooth running of the school. The HoDs and the treasurer are also members of the financial committee. Each member of the executive, apart from his/her portfolio or department, is responsible for other activities that include supervision of learners and teachers, monitoring late coming, discipline, and examinations.

(c) Governance

The School Governing Body is made up of 15 people. The breakdown of representation is 3 teachers, principal, 1 non-teaching staff, 3 learners and 7 parents. The chairperson and the vice-chairperson of the SGB come from the parent component as prescribed by SASA. The chairperson of the SGB said meetings are held twice per quarter mainly on Saturday afternoon. The school is a Section 21 school. In terms of SASA, this means that the governing body has been allocated special functions, to improve the school building, pay school services (like water and electricity), recruit teachers and raise extra funds if necessary. The chairperson of the governing body admitted that he is not very clear on what to do on issues of governance. The role of the SGB is questionable as the researcher finds out during the interview. He further said that the governing body relies heavily on the principal.

The principal showed concern about attendance by parents at SGB meetings. Many times the SGB meetings reflected a record of irregular and very poor attendance. Parents justified their absence from meetings by arguing that when meetings are called, the meeting is just a reporting on the decisions taken by the principal and teachers. Parents complained that they do not see themselves as part of the whole process as per requirement of SASA.

(d) School environment

The school has 35 big classrooms, and an attractive administration block. There is ample space behind the classrooms, empty classes which teachers use as offices. There is a library, which gets its section 21 portion of funding but it has no books. It is complete with shelves but because the school does not have a full-time librarian, the library cannot function. There are two science laboratories and two biology laboratories. These laboratories are not fully functioning simply because of the high rate of vandalism and breakins. The security system installed is not adequate.

One learner highlighted dissatisfaction with the condition of sanitation services. He said that sanitation is in a shambles and toilets are broken. Of the 35 classrooms, 15 are without doors and windows. There is no furniture in the lower grades, and learners steal furniture from other classes with furniture. Chalkboards are falling and teachers cannot use them. Electrical devices like plugs do not function in some classrooms, and in others, they have been removed. The environment is not conducive to teaching and learning.

(e) Teaching and learning resources

The school does not have enough resources like textbooks, chalk, overhead projectors, and laboratory equipment. The principal's office is disappointing for a school situated in the suburban area. It is spacious, about five metres by six with one small table, one very old torn chair for the principal and three plastic chairs for visitors and a very shabby filing cabinet. The room that was meant to be a staff room is empty, with no furniture for teachers to use. When there are staff meetings teachers stand from the beginning of the meeting till the end.

(f) Financial management

The eight HoD’s who form the school's financial committee draw up the school budget. One SMT member said that the school budget is drawn up without consulting the SGB. One member of the clerical staff collects school funds. The chairperson of the SGB is one of the signatories but cheques are signed by the principal and one elected teachers. The researcher could not access the copy of the budget as the principal did not want to divulge that information.

4.2.2. SCHOOL B

(a) Background

The school was established in 1986. It has about 1500 learners. It was formed because of the newly developed urban area and also because of overcrowding in surrounding high schools. The school is very popular for performing well in the matriculation examinations. The school has attracted the attention of media since its inception, for producing 100% pass rate and the standard has not dropped. The former and the present MEC's for education also profiled it as one of the best school in Soweto. It attributed the good results mainly to teacher commitment and learner participation in all the activities of the school.

(b) School Management Teams

The school management team is made up of the female principal, two deputy principals, and eight HoD's. They all supervise the staff of 40 teachers. Three of their staff members were promoted at the district level for different higher positions. All the HoD's are responsible for managing the school. The SMT in this school is very active and all members are involved in activities such as grade 12 moderators, assessment guideline writers and examiners.

(c) Governance

The school has an elected SGB and a learner representative council (LRC). From what the principal has said, the SGB is very functional. The school itself tells the story. There is really no need to ask as to whether the SGB is functional or not. As the researcher was invited to one of the parents' meetings, she could see that parents are involved in the education of their children. The chairperson told the researcher that they received training provided by the GDE. The department organized a two-day workshop where all SGB members were introduced to the program they had to follow and functions they were perform.

(d) School environment

The school does not operate like a township school. It has adopted the culture of ex-Model C school. Learners do not leave school premises during teaching and learning times. The school adopted the policy before it was introduced by the department of education. The school is very clean and can be easily mistaken for a primary school. In most of the primary school cleanliness is believed to be next to godliness. The school has a beautiful, well covered parking area. Entrance to the school is controlled. One has to sign before entering the premises of the school and indicate in the register the reason for the visit. Learners are not allowed to leave the school premises during school hours without permission.

(e) Learning and teaching resources

The school is well resourced. It has a working library, computer centre for learners. It also has well equipped laboratories for physical science and biology. The principal's office is also well resourced with furniture and many comfortable chairs. The staff room is well decorated and well furnished. Each teacher has his/her own bookshelf, a chair and table.

(f) Financial management

The school is a section 21 school. The school is responsible and accountable for the money they spent. The SGB, with the mandate of the parents, decides on the school fee to be paid. The SGB is given a monthly financial statement by the school. Apparently the governing body in this school complies with the prescription laid by SASA. The principal in this school gave the researcher permission to peruse the following documents: minutes of the governing body meetings, financial policy and audited financial statements for 2003 to 2006.

4.2.3. SCHOOL C

(a) Background

The school is situated next to school A. It is a primary school and also a feeder for school A. It has about 300 learners. The school offers from grade R up to grade 7. The school used to have large numbers of learners. The drop in numbers, according to one of the SGB members, is because of the reluctance of the school to introduce computer lessons. Another reasons cited is the shortage of remedial teachers to cater for repeating learners, forfeiting them to another school in the same area.

(b) School management team

A male principal, who is newly appointed, female deputy and four HoD's, lead the school. The SMT manages the staff of 18 teachers. All HoD's are females. The female HoD's do nearly all the work. The principal is a SADTU member who is very active in the running of the school.

(c) Governance

The school has an elected school governing body. As it is a primary school, it does not have a learner representative council. The governing body is not functional. The principal governs the school with the help of the other SMT members. Governance is not according to the stipulation of SASA. The SGB only sanctions all projects brought forward by the SMT and does not initiate any of them.

(d) School environment

The school has 15 classrooms, a photocopier, fax machine and a computer for administrative purposes. Learners in this school do not have a computer laboratory like other schools with the result that learners are not exposed to computers. The principal has his office, which is very small. There is no library, no school hall, and no developed sports ground. Regardless of this, the school is very active in different sporting codes.

(e) Teaching and learning resources

The school has resources just like other schools. All the classes are well cared for. The walls are painted and the school is very clean. Although there are no computers for learners, that lack does not hamper teaching and learning.

(f) Financial management

The principal draws up the school budget. Apparently he has a BCom. Degree majoring in Accounting and Economics. The school relies on him for control of the school finances. The researcher's main concern is that according to SASA the governing body should be part of the process. One educator indicated to the researcher that the principal might be hiding something by not involving the other members. When asked about who authorizes payments, he said parents do not have the basic financial skills.

4.2.4. SCHOOL D

(a) Background

The school is located next to school B and is also a feeder for that school. It has a beautiful modern structure, built recently. It was occupied in the year 2000 and was the primary school provided for the newly developed urban area. The school started with 900 learners, headed by a lady principal. Having managed the school for four years she was promoted to district manager. Initially, the school admitted learners from the neighbourhood only. Gradually the school admitted learners from other places such as learners from school C. The school has acquired the status of an ex-Model C school just like school B. Now the school has 1400 learners.

(b) School management team

The school has a good reputation and is run by a very active principal and five HoD’s. The SMT is responsible for 21 teachers. The HoD’s take care of the teachers and the principal oversees the whole administration.

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(c) Governance

There is an elected SGB. They are actively involved in the business of the school. The school has no learner representative body because it is a primary school. The SGB meet twice every month to ensure that the school runs smoothly. It is simple for them to solve problems if there are any. They respond very quickly when they are needed and they do not wait for meetings. In a nutshell they are involved. They are the nuts and bolts of the school.

(d) School environment

The school is big. The gates are always locked as in school B, and entrance to the school is controlled. From the gates when a visitor enters, there are signposts showing where the reception is. There is a beautifully decorated general reception office and another reception for the administration assistant who mainly serves the principal and her deputy.

The school has an intercom to allow the principal to make announcements at any time. The school has almost all sports facilities which are lacking in other schools mentioned in this study. It has computer for learners. The principal's office is well resourced with expensive furniture and many comfortable chairs. This is the only school that serves visitors with tea.

(e) Teaching and learning resources

The school has a library and a computer center. Teaching and learning is carried out without any problem. Classrooms are well resourced; basically there is everything that a teacher needs.

(e) Financial management

The principal seem to know that clear, effective and accountable financial management in schools is key for the achievement of educational purposes. The reason for this statement is that the school is doing exactly what SASA recommends with regard to school finances. Clearly there is effective use of the property and money. The principal stated that they were not trained on financial management but they have parents who are specialists in that area. In this school the researcher was given all the books that what she requested. The researcher noted that schools do give information about their financial status when asked to, but they do not want that information to be made public. The researcher promised not to make that information public but to comment on what she was analyzing.

4.3. SOME COMMON OBSERVATIONS ABOUT THE FOUR SCHOOLS

(a) Background

The four schools A, B, C and D have a common background in that they all fall under MEGA D11 DISTRICT in Soweto. The difference is that school A and C are situated in the old township whereas schools B and D are in the newly developed area. All the schools cater for black learners. Looking at the socio-economic position of the parents of learners in the four schools, in A and C parents and guardians are very poor and uneducated. In school B and C most parents and guardians are well to do and enlightened. Those parents who live next to school A and C prefer to take their children to schools B and D rather than to the aforementioned schools. If a family can afford the fees for and transport to such schools, then there is no way that such a family will allow their child to be educated in school A and C. It does not matter that those schools are in the vicinity of their homes.

(b) School management team

The organisation and structure of management teams the same in all schools. All schools are led by principals assisted by deputies and HoD's. The number of the deputies depends on the size of the school. In all the schools the duty of the management team is to maintain order and to ensure that the school runs smoothly. In all these schools principals are the chairpersons in school meetings, assisted by deputies when the principals are not available.

(c) Governance

All schools have elected SGBs and, in keeping with SASA regulations, the chairperson of the governing body comes from the parent component. In all the SGBs in these schools parents are in the majority. One major condition for qualification for section 21 status is that the governing body should be responsibly involved in the management of funds. Only the SGB of school B and D are committed to their work and they are functional. One common observation is contrary to the wishes of the South African Schools Act (Act 84 of 1996), parents in school A and C do not seem to be interested in their schools. The constituencies of the governing bodies in these differ in the sense that school C and D do not have learner representative council simply because they are primary schools. The governing body treasurer indicated that lack of commitment by the governing body members, and more especially parents, through their absenteeism and inadequate involvement in the governing body issues, adversely affected building an effective team.

(d) School environment

The environment of the four selected schools is in an urban setting. Schools B and D are in a setting that gives the impression that the community is well to do. The geographical position of schools A and C indicates that the socio-economic status of the surrounding communities is disadvantaged. Schools A, B & D have halls. However, even if the schools have a hall, learners are being addressed in the open air. Laboratories are available in schools A and B, but in school A there is a lot of vandalism and the learners in that school often break in to the laboratory. Despite vandalism the school is not well looked after. The community around the school does not show any interest in the school. School A does have a computer lab which is not functioning, due to lack of computer literate teachers.

(e) Financial management

On the question of financial management, especially banking and collection of school funds, the respondents in school A and D were unanimous. The school account is in the name of the school and it is a current account. Parents of the learners pay school fees directly to the bank.

Most responded by saying that a budget is not taken seriously in schools. Although SASA requires schools to draw a budget, one educator said the budget is always drawn up but not followed. It has been noted that schools draw up their budgets but they ignore that budget, and money is used to buy and pay for what they need with immediate effect, without considering their budget.

In schools B and D there is proper management of the funds and accountability. In both cases the SGB members are actively involved. The principals, together with the SGB have opened the bank account. The schools involve parent members of their school governing body when they prepare their financial plans. Their treasurers take an active role when planning is done.

Respondents in school A & C said they are not sure of who is responsible for other duties like the task no. 4, "who records receipts in the cash book and payments?", task no. 5 "who may sign cheques?", and task no. 8 "who prepares annual financial statements?". Most of the respondents indicated that banking of the school money is the responsibility of the treasurer. The chairperson of the SGB in school A is not the signatory and this is contrary to (Circular 13. 2000)

School A is a victim of misappropriation, embezzlement, theft and the mismanagement of funds. The treasurer said that the school charges R100 per learner for school fees. Payment is made directly to the bank, but many learners are defrauding the school, defaulting on payment. Learners pay R10 and write a zero to R10 on the deposit slip to make it look as if R100 has been paid. In many instances these issues are being swept under the carpet, in fear that the school's principals may be implicated. The researcher is of the opinion that this happens simply because the principal is ignorant. The principal of school C seems to be controlling funds alone.

The governing body members rely on that principal because of his commercial qualifications. According to the respondent from the SGB teacher component, he said he has never seen or handled financial records of their school. He went on to say that he did not even know that they had the right to access them. According to him the financial records were solely for the principal and the treasurer.

According to the chairperson in school A, budget meetings are unproductive simply because the committee is not fully prepared. The school always delays when financial reporting is to be done.

The principal in school C highlighted the need for training on financial management as the solution to the school's problems. He further suggested that all stakeholders be trained in order to support each other. According to him the SGB and principals are the most important people to have full knowledge of finances, as they are the ones to take final decisions on how to spend the money in schools.

The principal in school C highlighted that most of the SGB members are not very clear on how to manage school funds. This is because most of the SGB members do not possess the basic literacy level required to run schools. One parent responded by saying that he is not confident in governance and financial management.

The treasurers, the SGB and principals need to work hand in glove because financial tasks are their responsibility. The treasurers should know or be aware of what is happening regarding finances, as they produce the records.
All the learners that were interviewed said that learners are not represented in the budget meetings nor are they involved in the financial matters of the school. One of them said:

"We are in the RCL (Representative Council of Learners) but we have never heard the financial stuff being reported back to us, it goes to our parents".

This chapter has drawn a picture insofar as the skills and competencies of the governing body members in managing funds in schools are concerned. The next chapter will focus on analyzing and interpreting the results.

4.4. RESEARCH RESULTS

The aim of this chapter is provide the analysis and discussion of the findings and issues that emerge from the previous chapter on the financial management of section 21 funds in previously disadvantaged schools. This chapter contains information of the envisaged skills and competencies, emerging constraints and strengths entailed in the management of the school funds by the governing body members, including the principal.

The central argument in this chapter is that financial management and accountability in schools is a big problem. It is not done according to the method stipulated by SASA. There is also a problem of who is actually responsible or accountable for the money spent, whether it should be the principal alone or the entire governing body. This ought to be a participatory process with active involvement of all the relevant stakeholders. Parents are critical stakeholders in this regard, they are the ones who contribute money in the form of school fees, and therefore they need to know what is happening. The ignorance of this critical interest group leads to institutional constraints, mismanagement of the school finances and lack of proper accountability.

From the responses given, there is still a great deal of confusion as to who is really responsible for controlling and managing school finances and the accountability of that money.

The researcher would like to emphasize that two principals complained of non-participation by the governing body members in financial matters of the school. When invited to budget meetings, the parents make apologies. The researcher is convinced that the SGBs are only represented by treasurers, principals and teachers. There is no active involvement on the side of the parents. They are there because SASA requires them to be there. Allen & Martin (1992) call this type of representation unsuitable because most people find themselves meddling in areas or positions not wanted or well suited.

Only one school could provide proof of the active involvement of their governing body, by showing the researcher written evidence of their budget with the endorsement of the SGB. That alone shows that the governing body of that school has developed a sense of ownership of their school.

It is clear from the responses received that not all members of the school governing bodies are educated. The domination of the financial tasks by the principal and teachers by virtue of their expertise in some cases intimidates the parents. According to the Department of Education (1997), the days when the governors used to nod when the principals spoke are long gone. That seemed to be the case with the parents of the two schools A and C.

Principals showed concern about attendance by parents at SGB meetings. Most of the time the SGB meetings reflected a record of irregular and very poor attendance as in two cases mentioned above. Parents justified their absence from governing body meetings by arguing that, when meetings are called, it is just reporting on the decisions taken by the principals and the teaching staff. They do not see themselves as part of the whole process as it is supposed to be. Tickly (1997) holds the view that it would be difficult for school in disadvantaged areas to succeed because they lack the financial and administrative resources to take on the extra function.

The four schools selected are all on the section 21 list. They have so far been allocated function 1 and 2. The new status means more responsibility in financial management by the school. The schools together with the SGB are now accountable for each and every cent they spend. The additional function requires considerable expertise and the Department of Education have the responsibility to make sure that the necessary training is provided to every governing body so that schools such as school A and C could be able to sustain themselves and to manage their funds properly. It is a problem for less privileged schools to assume self-managing status, because they do not have good financial resources to add to what the government has provided.

The training that is needed will to some extent involve the governing body members in new learning, because the ability to perform depends solely on people's confidence and skills as the participation process involves breaking new ground. On the other hand it is unrealistic to expect the governing bodies from previously disadvantaged communities, suddenly to develop capacity to make complex decisions and also to become actively involved in complex issues like drawing up the school's budget, writing the mission statements, compiling the development plan, and so forth without the necessary training and support.

Commenting on the above statementCoombe (1996) in Makhoba (2001) sees skills as not the only aspect of implementation process, but also places emphasis on the attitudes and perceptions of the members, their ability to interact, their mindset, and commitment to social activism, their creativity, imagination and capacity for taking initiative. The researcher concurs with the quotation by saying that, she discovered that while some of the parents lacked governing body skill and competencies in financial management, others felt that the effective running of the school was not their responsibility. They were content when the principal and his staff attended to the governing body issues without involving them.

This study acknowledges the fact that changing governing bodies' current effectiveness cannot happen overnight but it will take time. However, the argument is that involving the SBGs fully will not automatically become a reality without thorough provision of training and support. There was no proper strategy and blueprint for capacity building and support for the SGBs.

There is a perception held by parents that principals and teachers dominate the control of funds. One principal declared that they were also not trained in financial management. They acknowledge the need for training and workshops on how to handle the issue of finance in schools. They also highlighted the point that it would benefit both parties to have well drawn up school budgets.

The researcher conducted an interview with the principals. A questionnaire consisting of ten (10) questions was also used. Principals were keen to answer the questions and they were able to diagnose themselves and were prepared to improve.

Two principals identified two problem areas as very serious and challenging.

(1) poor management of school finances

(2) fund raising

They feel that there should be training on the abovementioned issues since they create tension in schools. They also felt that fund raising should be given priority, since section 21 money is not enough to satisfy the needs of the school.

A concern was raised regarding lack of clarity on who is accountable for the finances of the school. They identified lack of financial accountability as a major setback for schools. Principals seemed to have different views on financial accountability, others said that the school governing body and others felt that they are accountable.

One principal reiterated that financial management and accountability depends on the strategy the school and the parents agreed upon to make sure that the principal is not misusing the school funds. The researcher feels that this type of arrangement shifts responsibility from the SGB to the principal.

Most responded by saying that budget in schools is not taken seriously and one clearly stated that the principal and the SGB are not taking the budget very seriously though many educators responded that their schools have a budget.

A questionnaire with thirteen financial tasks was outlined and handed to the educators, SMT as well as the SGB for information on the financial tasks to be carried out in schools. Only one principal submitted his, the others postponed the submission of that questionnaire. The fear of not submitting could be fear of disclosing what is happening in their schools. According to his response, most financial tasks are to be done by the treasurer, SGB and the principal and then followed by the financial committee. He highlighted that there are financial tasks that cannot be performed by the SGB, simply because of their level of literacy.

On the other hand learners reported that they feel they are merely in the SGB because of SASA provisions. They complain that they are not taken seriously. Most of the time their views are not even considered.

4.5. CONCLUSION

It is evident from this study that there is a great need for special assistance for schools which were previously disadvantaged. Training is needed in financial management. All stakeholders should be trained in order to support each other to draw up the budget which is to be followed. The SGBs and principals need to have full knowledge of finances, as they are responsible for taking final decisions on how to spend the money in schools.

The Department of Education should provide training and support to schools to ensure that the running of the schools is not impeded. An indication was given by the principals of the overwhelming constraints experienced in making a school governing body functional; principals also blame lack of training. Buckland (1996) in Makhoba (2001) suggests a permanent structure for training and monitoring governing body members. This in his opinion will assist in building capacity of those responsible for the implementation of what SASA prescribed.

The chapter then concludes by saying that despite all the problems in gathering this sensitive and thorny data, respondents in the selected schools were mostly open. They also showed the willingness to take on the challenges. They had a strong belief that their school would improve and achieve the educational goals they have set for themselves.

CHAPTER 5

5.1. RECOMMENDATIONS AND CONCLUDING REMARKS

5.1.1 INTRODUCTION

The purpose of this chapter is to provide a general overview of the findings of the research conducted in schools under the MEGA DISTRICT D11 in SOWETO. The aim of the research is to explore how finances are managed in the previously disadvantaged schools. In an attempt to answer the research questions: what is the current policy framework for school funding; how school management teams manage school funds; what roles do school governing bodies play in managing school funds and lastly the constraints that impede effective utilization of funds.

5. 1. 2. METHODS USED IN THE RESEARCH

Questionnaires were distributed to schools by the researcher. Because of the thorny nature of the topic researched, the researcher decided to stick to the confidentiality promised to interviewees. Documents in the form of circulars and policies were used.

This study sought to explore how previously disadvantaged schools manage their finances. As the South African Schools Act has mapped the functions of the school governing bodies and the school management teams in managing the schools finances, it was up to this study to establish whether that is happening according to the prescription of SASA.

An outline of the main issues that have emerged will be provided. Possible ways of attending to problems will also be provided. It is important to reiterate the fact that this study does not necessarily represent the way finances are being managed in schools in the whole Gauteng Province or South Africa. The four cases selected only provide a picture of their own context.

5.2 CONCLUDING REMARKS

The previous chapters are a true reflection of the tremendous pressures and challenges facing South Africa as it moves from the Apartheid to post-Apartheid system in schooling in the four selected cases. Many issues and inadequacies regarding school governance still exist in the system. Most of the black South African schools like schools A and C are still faced with this problem, which is likely to be part of the black school contexts for quite some time, and there has to be a way of dealing with this challenge.

This study has, among other things, found that the huge gap between advantaged schools and disadvantaged schools poses a big challenge for SGBs in less privileged areas. The lack of knowledge and expertise among parents in previously disadvantaged schools makes it difficult for them to make meaningful contributions to governing their own schools. Decentralization in the context of the selected cases is not yielding good returns. This is evidenced by the research findings and which also concurs with Mc Lennan's (2000) views on decentralization. She is of the opinion that decentralization may result in greater educational inequalities. The implication would be that ex Model C schools will always be ahead of developments when compared to the schools researched. This is because of the level of literacy of the parents in the two scenarios.

The study has also found that some parents are unfortunately not as much involved as they should be, because they believe principals, as managers, should provide direction. Principals, in some instances, take advantage of the ignorance of parents and do things their own way without consulting parents. Decentralisation is not achieving what the government has sought to achieve which is redressing and equity. The aim was to give the marginalised an opportunity to have a say in the running of the education of their children. Views of Dimmock (1993) and Muro (1995) were purely in support of decentralisation but the researcher feels that it is not the answer to the problems besetting the schools.

Although there are problems in schools, it is encouraging that the majority of parents, despite the low level of their own education take the education of their children seriously. Despite the lack of proper training in school governance activities, some are prepared to assist their schools. This in itself provides a good foundation for our education authorities to help take the process further.

In support of the above notion, Buckland (1996:28) points to the importance of developing policy and administrative capacity of education interest groups and that this leads to the successful transfer of autonomy to these levels.

The study then concludes by saying that financial management plays a very important role in schools. Proper financial management and accountability will enhance smooth running of schools.

The above mentioned will be possible only if we acknowledge that the governing body faces problems because contextual preparation like resources and strategies to support it were not thoroughly catered for, before the implementation of the policy especially on the allocated functions. Allocated functions enable the school to manage its own monetary affairs. The policy intentions are good, but the problems in some of the South African schools' contexts are not yet adequately conducive for its implementation, due to the past legacies. Therefore, there have to be ways of putting in place clear policies regarding management and control of finances in schools.

5.3. RECOMMENDATIONS

Financial management and accountability in less privileged schools is a problem. In some cases parents are elected or chosen to be treasurers, without any consideration of expertise relating to accounting procedures used when working with money. The school treasurer should be someone who has accounting skills. This is very important because treasurers have to sign cheques and balance their books. A situation where parents are signing cheques without reading the supporting documentation or any knowledge of who the cheques are addressed to must be avoided. The signing of blank cheques must also be avoided at all cost.

The governing bodies should not have a feeling that they are simply there to rubber stamp decisions on finances. An approach that promotes active and reflective learning in order to improve schools actor's self-esteem should be adopted. School based reform calls for the kind of leadership that advocates a wider range of knowledge and skills to achieve a high level of commitment from the staff, students, and the local community.

A governing body of a public school should establish and administer a school fund as contemplated in section 37 of SASA. It is important to do things the right way so that every action is supported and protected by the law or regulations of the Department of Education. Financial accountability will be possible only if financial statements are prepared monthly and submitted to the governing body or person/s appointed by it for reporting purposes. While on the issue on financial statements, they should be checked regularly and this will assist in identifying mistakes or problems should they happen.

Schools use public funds, so every payment made should be recorded. There must be proof for such payments. Every cent used must be accounted for and for that reason proper records must be kept. This will be helpful in eliminating unauthorized expenditure. Petty cash should not be taken for granted, it must also be properly recorded and be controlled by one person chosen by the governing body. A petty cash book should also be maintained and be audited as well.

A clear financial policy should be drawn up in consultation with the other stakeholders, and this will help to promote transparency. Involvement of the other stakeholders in drawing the financial policy will assist in giving clear directives on how to utilize money and for what purpose.

There should be clarity on roles and responsibilities of school managers and governors. The principal and school management teams are responsible for school governance. The school governing body is responsible for school governance. The school governing body should authorize expenditure. The principal, SGB chairperson and treasurer should be signatories on the bank account in terms of Circular 13/ 2000.

The SGB should be encouraged to co-opt members with expertise required in a particular field. The co-opted member's assistance will facilitate the realization of the motive and rationale for entrenching decision-making at grassroots and encourage the broader community participation that the South African Schools Act advocates.

The area of focus of this study is on the management of section 21 funds, so the SGBs must be trained and educated regarding section 21 status. Training should be targeted at the governing bodies experiencing problems due to lack of skills in managing their own finances. There should be continuous support and monitoring systems to continue to encourage and help those newly appointed in the SGB structure.

The literature and legislation have both emphasized that the SGB is the heart organ of public schools in South Africa. Both the empirical data and literature study indicated that a school's financial management as laid down by SASA no 84 of 1996 is an inherently complex aspect to be achieved. The SGB should accept responsibility for the execution of financial responsibilities. Where applicable, some of the responsibilities may be delegated in writing to a single or more than one adult member of the school community that are not members of the school governing body.

Schools are to strengthen their working relationship with school governing body members, especially the parent component. If corrected, effective financial management and accountability could be improved. Parent members are sometimes left outside when financial matters are discussed. It is recommended in most financial policies, and circulars from the Gauteng Department of Education, that the parents or community members be involved in financial committees.

5.4. CONCLUSION

In conclusion, the researcher would like to highlight that the scenario of the governing bodies at the schools was found to be pathetic, and it calls for an urgent remedy, which is training and support in financial management. Governance of the new democratic education regime through the SGB is an indispensable vehicle to realize the long-wished call for equality and quality education. Lack of capacity is the key factor that causes SGBs to be incompetent in performing their financial tasks, hence they resort to passivity.

From this study, it is suggested that it is never too late to correct or remedy the situation. Training of the school governing body members is essential, and should be based on contextual needs and skills audits. The context becomes critical because different governing bodies experience different problems pertaining to their individual context.

School governing bodies should be acquainted with SASA 84, 1996, which makes it possible for school communities to participate and be involved in the education of their children. Section 21 of this act provides for parents to assume joint responsibility with the education authorities for the provision and control of education and training in schools. It also ensures that the school communities are responsible for the growth and development of school in terms of staff, learning materials, finance and building. It becomes very clear that financial management and accountability plays a very important role.

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7. APPENDICES

7.1. APPENDIX A: INTERVIEW QUESTIONS FOR PRINCIPALS

1. What are the challenges facing principals in managing schools?

2. Are you getting any support from the parents as a principal?

3. Having worked with the SGBs (especially the parent body), do they understand these complicated aspects about school governance?

4. Is your school on section 21?

5. If yes, did you apply for such status?

6. Does the SGB take part in drawing the school budget? If yes, what role do they play?

7. Does your school provide financial statements to parents during annual parents meeting?

8. Who decides on the signatories?

9. Does your school have a financial policy?

10. Who is accountable for school funds?

7.2. APPENDIX B: INTERVIEW QUESTIONS FOR SGB CHAIRPERSONS

1 What is the term of office for SGBs?

2 Do you have an SGB policy? If yes, do you adhere to it?

2 How often do you meet as the SGB?

3 What do you do to make sure that school fees are collected on time?

4 Have you received any training or workshop on financial management before assuming office?

5 How are parents informed if there is a meeting?

6 How often do you call parents to the meeting?

7 Do you have any means of augmenting the fees? If yes, how?

7.3. APPENDIX C: INTERVIEW QUESTION FOR EDUCATORS

1. Does the SGB in your school function as they were supposed to?
2. In your opinion, do you think that the SGB make decisions that benefit the school?
3. Do you think the SGBs promote a partnership between the school and the community?
4. Do you think the introduction of the SGBs has broadened participation and ownership?
5. In your opinion, will the involvement of the SGBs provide greater efficiency towards the functioning of the school? And why?
6. Will the introduction of the school governing bodies lead to more community support to the school?
7. According to you is there any open line community participation?
8. Do you really need capacity to perform your task as a teacher representative in the SGB?
9. In your opinion, does the South African historical background have an impact on the effectiveness of these SGBs?
10. Are there any special consideration for the needs of the disadvantaged communities in terms of training and support?

7.4. APPENDIX D: INTERVIEW QUESTIONS FOR LEARNER REPRESENTATIVE COUNCIL

1 How many members does your LRC have?

2 Were you elected or simply asked to serve?

3 Do you always understand what happens in SGBs meetings?

4 Do you have an LRC policy?

5 Have you participated in the drawing up of the code of conduct?

6 Do you think it was a wise move to involve learners in the SGB? Elaborate.

7.5. APPENDIX E: QUESTIONNAIRE FOR SGB, PRINCIPALS, TEACHERS

<u>Financial Tasks</u>

Personal Details: **Position:** **Name of the School:**

TASKS	Financial Committee	Principal	SGB	Treasurer	All
1. Who is accountable for the school money?					
2. Who banks money?					
3. Who authorizes cheques payments					
4. Who records receipts cash book and payments?					
5. Who signs cheques?					
6. Who controls petty cash and records payment in petty cash book?					
7. Who finalizes draft annual budgets?					
8. Who prepares annual financial Statements?					
9. Who present financial reports at AGM?					
10. Who controls fundraising?					
11. Who regularly check all Financial Records?					
12. Who controls stock in the school?					
13. Who controls systems of collection of school fees from learners?					

7.6. APPENDIX F: MATRIC RESULTS FOR SCHOOLS A & B

PASS RATES	SCHOOL A	SCHOOL B
2003	95%	100%
2004	54%	100%
2005	74%	98%