

THE EFFECTIVE USE OF BUDGETING

AS

A FUNCTIONAL TOOL IN SCHOOL FINANCIAL MANAGEMENT

MOLEFI GEORGE MOSALA

B.A., B.ED. (HONS), M.Ed., S.E.D. (VISTA UNIVERSITY)

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PROMOTER: Dr NJL Mazibuko

CO-PROMOTER: Dr HE Holtzhausen

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SUMMARY

Management of a school's finances is one of the most important areas of school management and procedures of financial control should be established by the school to ensure that transactions are recorded accurately and that its financial position is correctly presented at appropriate intervals. If financial control mechanisms are properly designed, it should enable the role players to discover just where deviations from a specific budget occur and thus facilitates investigation.

A large number of schools in the historically 'disadvantaged' areas in South Africa are not familiar with the process of budgeting, which naturally creates problems in the management of finances in these schools. These schools are not likely to operate within the allocated and adopted school budget and tend to overspend, purchase items that have not been included in the budget and they attempt to borrow from one budget account to supplement another budget account. Almost all township school budgets were negatively affected by poverty and unemployment of parents. Fund-raising projects pose a threat to schools if they are sustained for long periods and are too extensive, because it might be time-consuming to educators and learners. The Government should, however, ensure that especially the township schools, do not have to rely on fund-raising to supplement the funds allocated by the Government.

The school budget is 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 programme the community is willing to support both financially and morally. Translating those needs into a budget can follow the pattern of identifying needs, establishing goals, organizing objectives, building a programme in meeting those objectives, and providing a budget to fund those programmes. There is no comprehensive budgetary system that can be used by all educational schools in South Africa. The budgetary systems differ from school to school due to differences in needs, traditions and goals. A school has to select and develop a budgetary process

that will satisfy the needs of that specific school. However, it remains important to ensure that the budgetary process is flexible, based on sound data as well as comprehensive inputs from all the stakeholders and integrated into the long term planning process of the school.

Budgeting becomes the process of allocating finite resources to the prioritized needs of a school. In most cases, for a governmental entity such as a school, the budget represents the legal authority to spend money. As such, the budget is a product of the planning process. The budget also provides an important tool for the control, evaluation and the use of resources. Thus, the budget is implicitly linked to financial accountability and relates directly to the financial reporting objectives.

It is essential for the financial leadership of a school to realize their accountability and responsibility in the management of school funds. In order to implement this issue, it is necessary for the financial managers to have the necessary knowledge of all the procedures involved in financial management, such as budgeting and fund-raising procedures. Finally, it should be kept in mind that leadership in financial management involves four aspects, namely, sound relationships, motivation of all the people concerned with school finances, communication with all the school stakeholders, internal as well as external, and consistent financial control which is discussed in detail in this study as well as in the financial model included as appendix.

OPSOMMING

Finansiële bestuur is een van die belangrike take van algemene bestuur van skole en prosedures van finansiële kontrole behoort deur die skool ingestel te word om te verseker dat transaksies behoorlik aangeteken word en dat die finansiële posisie van die skool op die korrekte wyse opgeteken word. Meganismis betreffende finansiële kontrole behoort behoorlik ontwerp te word sodat alle opvoedkundige rolspelers in staat sal wees om vas te stel indien afwykings in 'n spesifieke begroting voorkom, wat diengevolge ondersoek moet word.

'n Groot aantal skole in die historiese benadeelde areas in Suid-Afrika is nog onbekend met die opstel van 'n begroting, wat natuurlik probleme veroorsaak as dit by die bestuur van skoolfinansies kom. Hierdie skole is nie geneig om binne die aanbeveelde en aanvaarde skoolbegroting se grense te hou nie en poog dan om van een rekening te leen om die ander rekening daarmee aan te vul. Byna alle begrotings van skole in buite-stedelike gebiede word deur armoede en werkloosheid van ouers beïnvloed. Aan die ander hand word projekte om fondse in te samel as 'n bedreiging vir skole beskou as dit vir te 'n lang periode duur, aangesien dit as tydrowend vir opvoeders en leerders beskou word. Die Regering behoort te verseker dat veral die buite-stedelike skole nie afhanklik hoef te wees van fondsinsameling as 'n poging om die fondse deur die Regering voorsien, aan te vul nie.

Die skoolbegroting word gesien as die omskakeling van 'n opvoedkundige behoefte in 'n finansiële plan wat aan die publiek bekendgestel word op 'n wyse, dat wanneer formeel aanvaar, dit uitdrukking verleen aan die tipe opvoedkundige program wat die gemeenskap bereid is om te ondersteun, beide finansiële, sowel as moreel. Om hierdie behoefte in 'n begroting om te skakel, moet dit 'n patroon volg van behoeftes identifiseer, vasstelling van die doel, organisasie van genoemde doelstellings en dan omskakel in 'n program om daardie doelwitte te realiseer en daarna die begroting te voorsien om die programme te befonds. Daar bestaan geen oorkoepelende begrotingstelsel wat deur alle skole in Suid-Afrika aangewend kan word nie, want hierdie

stelsels verskil van skool tot skool as gevolg van verskille in behoeftes, tradisies en doelstellinge. Dit is nogtans belangrik om te verseker dat 'n begrotingsproses buigsaam is, gebaseer op data wat aansienlike insette van alle opvoedkundige rolspelers insluit, en wat geïntegreer is met die langtermynprosesse van 'n skool.

Begrotings word dus gesien as 'n proses om middelle te allokeer volgens die nodige prioriteite van 'n skool. In die meeste gevalle, vir 'n Regeringsinstansie soos 'n skool, spel 'n begroting die wetlike reg om geld te spandeer, uit. Dengevolge is die begroting 'n produk van die beplanningsproses. Die begroting dien ook as belangrike toerusting, noodsaaklik vir die beheer, evaluasie en die aanwending van middele. Daarom is die begroting implisiet verbind aan finansiële verantwoordbaarheid en is direk verwant aan die verslaggewing van finansiële doelwitte.

Dit is dus noodsaaklik vir die finansiële leiers van 'n skool om verantwoordbaarheid te besef, asook 'n verantwoordelikheid in die aanwending van skoolfondse te openbaar. Om dus hierdie saak te implementeer, is dit dus noodsaaklik vir finansiële bestuurders om oor die nodige kennis van al die prosedures inherent aan finansiële bestuur, soos begrotings- en fonds-insamelingsprosesse te beskik. Ten laaste behoort dit in ag geneem te word dat leierskap in finansiële bestuur vier aspekte insluit, naamlik, goeie verhoudings, motivering van alle persone gemoeid met skoolfinansies, kommunikasie met alle rolspelers, intern sowel as ekstern en ononderbroke finansiële kontrole wat so breedvoerig moontlik in hierdie studie aangespreek is, sowel as in die finansiële model wat as aanhangsel ingesluit is.

TABLE OF CONTENTS

SUMMARY	iii
OPSOMMING.....	v
TABLE OF CONTENTS	vii
LIST OF TABLES	xx
CHAPTER ONE INTRODUCTION, STATEMENT OF THE PROBLEM, RESEARCH METHODS AND CHAPTER DIVISION.....	1
1.1 INTRODUCTION.....	1
1.2 SIGNIFICANCE OF RESEARCH	4
1.3 STATEMENT OF THE PROBLEM	5
1.4 AIMS OF RESEARCH	6
1.5 RESEARCH METHOD	9
1.5.1 Qualitative research.....	9
1.5.2 Quantitative research	9
1.5.3 Research instruments.....	10
1.5.3.1 Questionnaire.....	10
1.5.3.2 Interviews.....	10
1.6 DEMOGRAPHIC INFORMATION.....	11
1.7 CHAPTER DIVISION	12
1.8 CONCLUSION	12
CHAPTER TWO FINANCING EDUCATION.....	13
2.1 INTRODUCTION.....	13

2.2	DEFINITION OF TERMS	14
2.2.1	School.....	14
2.2.2	School Management Team.....	14
2.2.3	School financial management.....	15
2.2.4	School Governing Body.....	15
2.2.5	Principal.....	15
2.2.6	Educator.....	16
2.2.7	Learner.....	16
2.2.8	Budgeting.....	16
2.3	GOVERNMENT SPENDING ON EDUCATION	17
2.3.1	The total budget.....	17
2.3.2	The gross national product.....	18
2.3.2.1	Free education.....	19
2.3.3	Financing education in democratic South Africa.....	20
2.3.3.1	Non-section 21 schools.....	22
2.3.3.2	Section 21 schools.....	23
2.4	MANAGEMENT TASK OF THE SCHOOL.....	24
2.4.1	Universal management tasks.....	24
2.4.1.1	Planning as part of the financial task.....	25
2.4.1.2	Communication of budgeting plans.....	26
2.4.1.3	Decision making regarding school finances.....	29

2.4.1.4	Delegation of financial tasks	30
2.4.1.5	Financial organizing	31
2.4.1.6	Financial coordination	31
2.4.1.7	Financial leadership	32
2.4.1.8	Financial control.....	32
2.5	ACCEPTABLE CONDITIONS FOR FINANCIAL SCHOOL MANAGEMENT	34
2.6	FINANCIAL MANAGEMENT IN SCHOOLS.....	35
2.6.1	Financial value of education	35
2.6.2	School financing process.....	37
2.7	SCHOOL FINANCIAL POLICY	39
2.7.1	Participation to school financial policy	41
2.8	ROLE PLAYERS IN SCHOOL FINANCES	43
2.8.1	The School Governing Body.....	43
2.8.2	The school financial committee	45
2.8.3	The school principal.....	46
2.8.4	The school secretary/clerk.....	47
2.8.5	The educator	47
2.8.5.1	Dealing with all budget-related issues in the planning stage of the budget.....	48
2.8.6	The school treasurer.....	53
2.9	CONCLUSION.....	54

CHAPTER THREE SCHOOL BUDGETING	56
3.1 INTRODUCTION.....	56
3.2 INTERPRETATION OF SCHOOL BUDGETING CONCEPTS	56
3.2.1 Budgeting in general.....	56
3.2.2 Strategies of school budgeting	59
3.2.2.1 Budget approaches and formats	62
3.2.2.2 Other forms of strategic budgeting.....	69
3.3 BUDGETING PRINCIPLES, PROCESSES AND PROCEDURES IN SCHOOLS.....	75
3.3.1 Budgeting processes and procedures in schools	76
3.3.2 Sequential phase of budgeting	78
3.3.3 Setting goals.....	78
3.3.4 Setting priorities.....	79
3.3.5 Organizing the budget	79
3.3.6 Cost projection.....	80
3.3.7 Balancing income and expenses	80
3.3.8 Approval of the budget.....	81
3.3.9 Administration.....	81
3.3.10 Review	84
3.3.11 Staff participation in school budgeting	85
3.3.12 Staff participation.....	85
3.4 BUDGET METHODOLOGIES IN SCHOOLS	86

3.4.1	Executive school budgeting	87
3.4.2	Incremental school budgeting	88
3.4.3	Performance based school budgeting	88
3.4.4	Zero based school budgeting	89
3.4.5	Programmed school budgeting	90
3.5	FINAL BUDGETING PROCEDURES	92
3.5.1	Budget appraisal in schools	92
3.5.1.1	Programmes for evaluating the school budget.....	93
3.5.2	Budget presentation in schools.....	94
3.6	SCHOOL FUNDS	95
3.6.1	Establishment of a school fund	96
3.7	FUND-RAISING	97
3.7.1	Organizing fund-raising events	99
3.7.1.1	Prioritizing needs	100
3.7.1.2	Fund-raising committee	100
3.7.1.3	Assigning responsibilities	101
3.7.2	Income generation	102
3.7.2.1	Renting of school grounds and buildings	104
3.8	ESTABLISHMENT OF SCHOOL POLICY FOR FUND-RAISING	104
3.9	EXECUTING THE FUND-RAISING POLICY	105
3.9.1	Learners	106

3.9.2	Educators	106
3.9.3	Parents	107
3.9.4	Community	108
3.9.5	Companies	109
3.9.6	Organizations	109
3.9.7	School bank account	110
3.9.8	Fund-raising methods	110
3.9.8.1	Distribution of resources	112
3.9.8.2	Promotion and marketing strategy	112
3.9.8.3	Market segmentation	113
3.9.8.4	School products	113
3.9.8.5	Message	114
3.9.8.6	Medium (channel)	114
3.9.8.7	Evaluation	115
3.10	THE PURCHASING FUNCTION OF SCHOOLS.....	116
3.10.1	Policies governing purchasing	118
3.10.2	Standardization.....	119
3.10.3	Quantity purchasing.....	121
3.10.3.1	Bidding	121
3.11	FINANCIAL CONTROL IN SCHOOLS.....	122
3.11.1	Aspects of financial control.....	125

3.11.1.1	Financial statements	125
3.11.1.2	The school fund account	125
3.11.1.3	Bank reconciliation statement	126
3.11.2	Auditing.....	127
3.11.3	The annual school report.....	128
3.11.3.1	Quality assurance	129
3.11.4	Accountability and transparency in school financial management.....	129
3.11.4.1	Accountability.....	130
3.11.4.2	Transparency	132
3.12	CONCLUSION	132
CHAPTER FOUR COLLECTION OF SCHOOL BUDGETING DATA		134
4.1	INTRODUCTION.....	134
4.2	RESEARCH METHOD	135
4.3	RATIONALE FOR CHOOSING THE QUALITATIVE AS WELL AS QUANTITATIVE RESEARCH METHODS.....	136
4.3.1	The qualitative method	137
4.3.2	The quantitative method	139
4.4	CHARACTERISTICS OF A RESEARCH INSTRUMENT	139
4.4.1	Validity	140
4.4.2	Reliability	141
4.5	POPULATION AND SAMPLE SELECTION.....	142

4.5.1	Choice of schools	144
4.6	DATA COLLECTION.....	145
4.6.1	Questionnaires	146
4.6.1.1	Questions explained	146
4.6.2	Interviews	150
4.6.2.1	Interview questions	155
4.7	CONCLUSION.....	158
CHAPTER FIVE DATA ANALYSIS		159
5.1	INTRODUCTION.....	159
5.2	DATA ANALYSIS.....	159
5.3	DESCRIPTIVE PRESENTATION OF RESEARCH RESULTS.....	160
5.3.1	Data display of questionnaires.....	160
5.3.2	Analysis of questionnaires.....	161
5.3.2.1	Demographic data.....	161
5.4	DATA OBTAINED FROM TOWN PRIMARY AND SECONDARY SCHOOLS	166
5.4.1	General information	166
5.4.2	Information about effective budgeting strategies	169
5.4.2.1	Questionnaire for School Principals.....	169
5.4.2.2	Questionnaire for SMT members.....	177
5.4.2.3	Questionnaire for educators.....	181

5.4.2.4	Questionnaire for the school financial secretaries/ clerks/ treasurers.....	188
5.4.2.5	Questionnaire for the parents serving on the SGB.....	195
5.5	DATA OBTAINED FROM TOWNSHIP PRIMARY AND SECONDARY SCHOOLS	202
5.5.1	General information	202
5.5.2	Information about effective budgeting strategies	205
5.5.2.1	Questionnaire intended for School Principals	205
5.5.2.2	Questionnaire for SMT members.....	217
5.5.2.3	Questionnaire for educators.....	222
5.5.2.4	Questionnaire for the school financial secretary/ clerk/ treasurer.	232
5.5.2.5	Questionnaire for parents serving on the SGB	240
5.6	FEEDBACK FROM INTERVIEWS WITH SCHOOL LEARNERS SERVING IN THE SGBS	247
5.6.1	Opinion on maintenance of toilets	248
5.6.2	Opinion on maintenance of classrooms.....	248
5.6.3	Standard of sports fields.....	249
5.6.4	Learner's subsidies when undertaking educational and sports trips.....	250
5.6.5	Involvement when the school budget is drafted and implemented.....	250
5.6.6	Experiencing shortage of support materials.....	250
5.6.7	Treatment of learner/s who do not pay their school fees	251

5.6.8	Opinion on learner/s who do not pay their school fees	251
5.6.9	Treatment of learner who lost school books	251
5.6.10	Treatment of learner/s who vandalized school property	252
5.6.11	Collection of school funds.....	252
5.6.12	Evidence provided as acknowledgement of cash payments.....	253
5.6.13	Fund-raising methods.....	253
5.6.14	Opinion on fund-raising.....	254
5.6.15	Organization of matric farewell	254
5.7	FEEDBACK FROM INTERVIEWS WITH THE SCHOOL MANAGEMENT DEVELOPERS.....	254
5.7.1	Opinion on maintenance of toilets	255
5.7.2	Opinion on maintenance of classrooms.....	255
5.7.3	Standard of sports fields.....	255
5.7.4	Treatment of learner/s who do not pay their school fees	255
5.7.5	Opinion on why learners do not pay their school fees	256
5.7.6	Treatment of learner/s who lost their school books	256
5.7.7	Treatment of learner/s who vandalized school property	256
5.7.8	Problem of paying essential services	256
5.8	CONCLUSION.....	256
	CHAPTER SIX CONCLUSION AND RECOMMENDATIONS	258
6.1	INTRODUCTION.....	258
6.2	FINDINGS AND INTERPRETATIONS	262

6.2.1	Findings of literature research	263
6.2.2	Findings from town schools' questionnaires	267
6.2.3	Findings from township schools' questionnaires.....	275
6.2.4	Findings regarding learners' interviews (cf. Appendix 4.8)	292
6.2.5	Findings regarding SMDs interviews (cf. Appendix 4.9)	296
6.2.6	A comparison between town and township schools	297
6.2.6.1	Similarities between town and township schools	297
6.2.6.2	Differences between town and township schools.....	299
6.2.7	General findings	308
6.3	RECOMMENDATIONS.....	309
6.4	LIMITATIONS OF RESEARCH	311
6.5	CONCLUSION.....	311
6.6	SUGGESTIONS FOR FURTHER RESEARCH	314
	BIBLIOGRAPHY	315
	APPENDIX 4.1 PERMISSION LETTER FROM DEPARTMENT OF EDUCATION	326
	APPENDIX 4.2 LETTER TO THE PRINCIPAL.....	327
	APPENDIX 4.3 QUESTIONNAIRE TO BE COMPLETED BY THE SCHOOL PRINCIPALS	328
	APPENDIX 4.4 QUESTIONNAIRE TO BE COMPLETED BY MEMBERS OF THE SMT	333
	APPENDIX 4.5 QUESTIONNAIRE TO BE COMPLETED BY THE SCHOOL EDUCATORS	337

APPENDIX 4.6 QUESTIONNAIRE TO BE COMPLETED BY THE SCHOOL FINANCIAL SECRETARIES OR CLERKS OR TREASURERS.....	343
APPENDIX 4.7 QUESTIONNAIRE TO BE COMPLETED BY THE PARENTS SERVING IN THE SGB.....	349
APPENDIX 4.8 INTERVIEW QUESTIONS	354
APPENDIX 4.9 INTERVIEW QUESTIONS	356
APPENDIX 5.1A VANDALIZED SCHOOLS	357
APPENDIX 5.1B VANDALIZED SCHOOLS	358
APPENDIX 5.2A LEARNERS SCHOOL FEES	359
APPENDIX 5.2B LEARNERS SCHOOL FEES	360
APPENDIX 6.1A FREE EDUCATION.....	361
APPENDIX 6.1B FREE EDUCATION.....	362
APPENDIX 6.2 APPOINTMENT OF A PROFESSIONAL FUND RAISER.....	364
APPENDIX 6.3A PRINCIPALS ABUSE SCHOOL FUNDS.....	365
APPENDIX 6.3B PRINCIPALS ABUSE SCHOOL FUNDS.....	366
APPENDIX 6.3C PRINCIPALS ABUSE SCHOOL FUNDS.....	367
APPENDIX 6.4 POSTPONEMENT OF FUND-RAISING	368
APPENDIX 6.5A FINANCIAL MISMANAGEMENT	369
APPENDIX 6.5B FINANCIAL MISMANAGEMENT	370
APPENDIX 6.6 ALLOCATED MONEY BY DEPARTMENT OF EDUCATION.....	371
APPENDIX 6.7 ADMISSION LETTER (SCHOOL FEES).....	372

APPENDIX 6.8 SHARING EDUCATIONAL RESOURCES (TEACHING AND LEARNING MATERIALS)..... 373

APPENDIX 6.9 A SCHOOL FINANCIAL MODEL i

LIST OF TABLES

Table 4.1:	Research population	144
Table 5.1:	Participating individuals in town secondary schools	162
Table 5.2:	Participating individuals of town primary schools	163
Table 5.3:	Participating individuals of township secondary schools	164
Table 5.4:	Participating individuals of township primary schools.....	165
Table 5.5:	Type of school you are managing	167
Table 5.6:	How can you best describe the community served by your school?.....	167
Table 5.7:	Where is your school situated?	168
Table 5.8:	Who controls and administers your school funds?	168
Table 5.9:	The way PDoE funding policy affects the school budget....	169
Table 5.10:	Procedures followed when the annual budget is drafted at schools	170
Table 5.11:	The way PDoE funding policy affects the school budget....	170
Table 5.12:	The shortcomings experienced when drafting and implementing the annual school budget.....	171
Table 5.13:	Factors likely to have a negative effect on the success of school's budgeting activities.....	172
Table 5.14:	Measures introduced to enhance the budgeting strategies of schools.....	172
Table 5.15:	Improvements noticed in school finances since attended DoE workshops based on finances.....	173

Table 5.16:	Areas of budgeting that may sometimes cause discontentment amongst members of the school community	173
Table 5.17:	The kind of problems schools experience with regard to utilizing funds provided by the PDoE.....	174
Table 5.18:	Measures applied to prevent unexpected expenditures which were not budgeted for	175
Table 5.19:	Opinions on purchasing unbudgeted items for schools.....	175
Table 5.20:	Ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools.....	176
Table 5.21:	Methods used in order to raise funds to increase the current income of schools	177
Table 5.22:	Whether the general school budget accommodates all classroom needs and in what way	178
Table 5.23:	Knowledge on managing school funds effectively.....	178
Table 5.24:	Ways used in order to raise funds to eliminate shortages of learners teachers support materials in specific departments at school.....	180
Table 5.25:	Whether fund raising ventures really meet the desired needs of the specific department at school.....	180
Table 5.26:	Whether a school's budget expresses the aim of the school	181
Table 5.27:	At what time the annual school budgets are completed and by whom	182
Table 5.28:	Implementation of financial policies prescribed by PDoE...	183

Table 5.29:	Important aspects of school budgets are disclosed at meetings in a satisfactory manner.....	184
Table 5.30:	Schools are inclined to buy items which are not budgeted for	185
Table 5.31:	School's finance committees are knowledgeable enough to enable effective managing of school funds	186
Table 5.32:	Ways used in order to raise funds in schools.....	187
Table 5.33:	Fund-raising projects are substantial in order to meet the financial needs of the specific school	187
Table 5.34:	School Finance Committee knowledge to manage school funds effectively	189
Table 5.35:	The way the school treasurers/ financial clerks account for financial discrepancies at their schools	190
Table 5.36:	The ways in which expected income and expenditure for the next year are estimated.....	191
Table 5.37:	How school treasurers/ financial secretaries keep records of the money received at their schools.....	191
Table 5.38:	Steps taken to prevent the occurrence of excessive expenditure at schools	192
Table 5.39:	The way used to provide acknowledgment of cash payments	192
Table 5.40:	Whether finance policy guidelines provided by the PDoE are adequate to facilitate the keeping of school financial records and budget management	193
Table 5.41:	The measures schools used to ensure the success of the school purchasing process.....	194

Table 5.42:	Whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school	195
Table 5.43:	Whether parents have adequate knowledge of the budgeting procedure of their school.....	196
Table 5.44:	The kinds of financial training parents have been exposed to	196
Table 5.45:	At what time the annual school budget is started and completed.....	197
Table 5.46:	Implementation of financial policies prescribed by PDoE... ..	198
Table 5.47:	The manner in which the SGBs determine the amount charged as school fees for the following academic year	199
Table 5.48:	In what way the SGBs handle the problem of learner/s who do not pay school fees	199
Table 5.49:	The manner in which SGBs handle the problem of parents who are unable to pay school fees.....	200
Table 5.50:	The cause of the school failing to pay essential services such as the telephone bill, electricity, printing machine, support staff and Bank charges	201
Table 5.51:	Whether fund-raising projects are substantial in order to meet the financial needs of the specific school	201
Table 5.52:	Type of school.....	202
Table 5.53:	Community served by school	203
Table 5.54:	Geographical situation of school	204
Table 5.55:	Control and administration of school funds	204
Table 5.56:	The way PDoE funding policy affects the school budget....	205

Table 5.57:	Procedures followed when the annual budget is drafted at schools.....	206
Table 5.58:	The ways used to identify items to be included in the school budget.....	207
Table 5.59:	The types of shortcomings experienced when drafting and implementing the annual school budget.....	208
Table 5.60:	The factors most likely to have a negative effect on the success of a school's budgeting activities.....	209
Table 5.61:	The measures introduced in order to enhance the budgeting strategies of schools	210
Table 5.62:	Improvement noticed in school finances since DoE workshops based on finances were attended	210
Table 5.63:	Areas of budgeting that may sometimes cause discontentment amongst members of school community...	211
Table 5.64:	The kind of problems schools experience with regard to utilizing funds provided by the Provincial Department of Education.....	212
Table 5.65:	Measures applied to prevent unexpected expenditures which were not budgeted for	214
Table 5.66:	Opinions on purchasing unbudgeted items for schools.....	215
Table 5.67:	Ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools.....	216
Table 5.68:	Methods used in order to raise funds to increase the current income of schools	217
Table 5.69:	The general school budget at schools accommodates all classroom needs and in what way	218

Table 5.70:	Knowledge on managing school funds effectively	219
Table 5.71:	Ways used to raise funds in order to eliminate the shortage of teaching or learning materials in specific school departments	220
Table 5.72:	Fund raising ventures meet the desired needs of a specific department at school.....	221
Table 5.73:	The school's budget expresses the aim of the school.....	222
Table 5.74:	At what time the annual school budgets are completed	224
Table 5.75:	Implementation of financial policies prescribed by PDoE ...	225
Table 5.76:	Whether important aspects of school budgets are disclosed at meetings in a satisfactory manner.....	227
Table 5.77:	Schools inclined to buying items which are not budgeted for	228
Table 5.78:	The ways used to raise funds at schools	230
Table 5.79:	Whether fund-raising projects are substantial enough to meet the financial needs of the specific school	231
Table 5.80:	School Finance Committee knowledge to manage school funds effectively	233
Table 5.81:	The way the school treasurer/ financial clerk accounts for financial discrepancies	235
Table 5.82:	The ways in which expected income and expenditure for the next year is estimated	236
Table 5.83:	The way the treasurer keeps records of the money received	236

Table 5.84:	Steps taken to prevent the occurrence of excessive expenditure	237
Table 5.85:	Acknowledgment of cash payments.....	237
Table 5.86:	Financial policy guidelines provided by the PDoE.....	238
Table 5.87:	Measures schools use to ensure the success of the school purchasing process	239
Table 5.88:	Fund-raising projects are substantial in order to meet the financial needs of the school.....	240
Table 5.89:	Parents' knowledge of the budgeting procedure	241
Table 5.90:	The kinds of financial training parents have been exposed to	241
Table 5.91:	The time of the year in which the school budget is commenced and completed	242
Table 5.92:	Implementation of financial policies prescribed by PDoE ...	243
Table 5.93:	The way the SGBs determine the amount to be charged for the school fees for the following academic year.....	244
Table 5.94:	The way the SGBs handle the problem of learners who do not pay school fees	244
Table 5.95:	The way SGBs handle the problem of parents who are unable to pay school fees	245
Table 5.96:	The cause of the school failing to pay essential services ...	246
Table 5.97:	Whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school	247

CHAPTER ONE

INTRODUCTION, STATEMENT OF THE PROBLEM, RESEARCH METHODS AND CHAPTER DIVISION

1.1 INTRODUCTION

The South African School's Act Number 84 of 1996 (Department of Education, DoE, 1996(a):14) imposes a responsibility on all public schools to do their utmost to improve the quality of education. Warner and Leonard (1997:7-9) indicate that, for a school to develop and ensure efficient and effective learning and teaching activities, enough resources should be available. Busher, Harris and Wise (2000:183) are of the opinion that the funds allocated to schools by Government are not sufficient to provide for all educational resources, as well as remunerate human resources sufficiently to improve the quality of education. The most important source of income to supplement the funds allocated by the Government is, according to Warner and Leonard (1997:13-15), through the payment of school fees by parents.

Both the funds allocated by the Government and the school fees paid by the parents need to be managed efficiently and effectively. The only efficient and effective way of managing these public funds is the budget. The budget should, therefore, be proactively prepared in a planned, accurate and surveyable manner by a suitably qualified person (Free State Department of Education FSDoE, 1998:4-16). Section 38 (1) of the South African Schools' Act (SASA) requires that School Governing Bodies (SGBs) of public schools prepare an annual budget according to guidelines determined by the Education Member of the Executive Council of the provincial parliament. The budget should reflect the school's estimated income and expenditure for the following financial year. The SGB should, in terms of Section 38 (2), present the budget to a general parents' meeting convened at least at thirty days notice and most of the parents should be present at such a meeting. The SGB may endorse the budget only after the parents have considered it and approved it by a majority vote.

A school budget cannot be separated from the school's aims and objectives because of its being a strategic school management tool for proactively planning income and expenditure to achieve the strategic educational aims and objectives by the SGB within a given period. The budget becomes an aspect for forecasting how much money the school is expected to receive from parents and Government and intends spending on the funding of their various learning and teaching activities and general school development. This highlights the key role of a budget in financial planning (Tikly, 1996:63). It fosters and promotes efficient and effective proactive financial management practice.

Thomas and Martin (1996:43) see a budget as basically a planning tool where expected income and expenditure is shown in a systematic and proactive way for a given period, usually a financial year. In a school, the expenditure budget thus reflects the expected cost to implement the educational programme over a financial year, while the income budget shows the expected income from each source which finances the future programme (Osteryoung, Newman & Davis, 1997:100). In this way a budget assists SGBs and School Management Teams (SMTs) to apply sound financial management to their educational management.

The fore-going paragraphs clearly highlighted the significant strategic role of SGBs and SMTs in school financial management processes. They have to establish a school fund and administer it in accordance with directions issued by the Free State Department of Education (FSDoE, 1998:19). Each SGB should also plan to obtain extra money (other than that provided by government) and other facilities to improve the quality of education at their school.

Page and Canaway (1996:75) assert that it is imperative that the SGBs should elect members to assist them in a financial committee which should be responsible for the control over the financial affairs of the school. In terms of Section 30 (1) of the South African Schools' Act, a SGB may establish financial committees, including an executive committee, and appoint people who are not members of the SGB to serve on such committees on the

grounds of their expertise, but a SGB member should chair each committee. Tikly (1996:37) suggests that it is important that financial committees should understand and correctly apply the budgeting process. Budgeting starts with a given or forecast funding allocation and seeks to divide all the total resources available in a detailed breakdown between the various departments which the school manages (Swanson & King, 1997:48).

It is therefore apparent that, in a school situation, a budget can only be prepared correctly and effectively after SMTs, that is, school principals, deputy principals and heads of departments have met and considered the planned activities of each department for the coming year. The plans should include all the activities of the school and should take into account any rules imposed by the Government, because planning cannot be done in isolation from likely funding levels, since it is conceivable that costly plans may exceed the available funding.

In such cases, activities will have to be re-thought until final agreed budgets are arrived at. This is a sensitive process which will require schools to prioritise. Agreed changes should reflect the overall objectives of the school (Daft, 1995, 546).

Sound financial management at school level depends on sound financial principles. This can be achieved by following the stipulations of sections of the South African School Act Number 84 of 1996 which apply to school fees, state funding, fixed property, status of public schools, governance, funding of training for SGBs, property/voluntary service/ appointments, reasonable use of school facilities, allocated functions of SGBs, re-imburement of members of SGBs, financial committee, status of minors on SGBs of public schools, responsibility of the state, norms and standards for funding public schools, supplementing the state's resources, school funds and assets of public schools, budgets, school fees at public schools, parents' liability for payment of school fees, enforcing payment of school fees, financial records and statements of public schools, and auditing or examination of financial records and statements respectively. This implies, however, that these guidelines must be stated in a clear and unambiguous way. The role players should also

be willing to follow the guidelines and seek professional advice if they encounter any problems with implementation and interpretation of school budget. The discussion in the next section seeks to clarify the significance of school budgeting.

1.2 SIGNIFICANCE OF RESEARCH

Budgeting is one of the most important activities in the resource management cycle of the school (Fidler & Tessa, 1999:27; Human, Llewellyn, Tshabalala, Eksteen & Miller, 2005:159). The budget is a tool for planning the activities which lead to the achievement of educational objectives (Ladd, 1996:265). The important point about budgeting is that it is not solely, or even mainly, about money. Rather, it provides an opportunity to express the aims and curriculum of the school in financial terms.

This research contends that no school can operate on a sound financial basis without a detailed and realistic budget, drawn up annually in October for the ensuing year. A detailed budget enables the SGBs to present a clear picture of school income and expenditure to the parents at a specially convened meeting during which the latter can approve both the budget and proposed school fees for the following year.

Fidler and Tessa (1999:28) postulate that budget proposals should be made by all school departments which require funding for effective functioning. According to the national department of education (DoE, 1997:32), the budget must be adhered to strictly, but should also allow for contingencies. Expenditure within the budget must be controlled and be measured against the available funds. Expenditure outside of the budget must be well motivated and approved in a meeting of SGBs before such expenditure is made. Monthly statements of income and expenditure, measured against the school budget, must be tabled at SGB meetings. The above argument, therefore, demands investigation into the problems of budgeting in schools.

1.3 STATEMENT OF THE PROBLEM

This research, firstly, assumes that a large number of schools in the historically 'disadvantaged' areas in South Africa are not knowledgeable with the process of budgeting, which naturally creates problems in the management of finances in these schools. Secondly, it assumes that schools are not likely to operate within the allocated and adopted school budget and tend to overspend. Thirdly, the assumption can be made that SGBs and SMTs are sometimes inclined to purchase items that have not been included in the budget and attempt to borrow from one budget account to supplement another budget account.

Considering the above argument, this research endeavours to primarily address the following questions:

- Is the school budget drafted and implemented according to financial policies provided by the South African Schools Act as well as the Free State Provincial Department of Education?
- Are the SGBs and SMTs responsible for drafting the school budget, knowledgeable enough to compile a suitable budget in order to benefit their schools?

These primary questions can lead to the following secondary questions that need to be investigated:

- What financial knowledge is needed in order to be able to competently compile a school budget?
- Are parents, SMTs, learners and educators actively involved in the process of planning and implementing the school budget?
- Are the particulars relevant to the budget disclosed at school meetings?
- Is the money allocated by the Free State PDoE sufficient to meet the needs of a specific school?

- Do schools engage in effective fund-raising activities in order to improve their current budget?

The research questions formulated above imply that certain aims have to be realised in this research.

1.4 AIMS OF RESEARCH

The primary aim of this research is therefore to investigate the extent of the problem of improper budgeting experienced in schools. In order to realize these aims, the following objectives based on the primary questions mentioned above was explored, which was to:

- strive to provide information that should assist in drafting a specific school's budget according to PDoE guidelines; and
- establish whether the individuals responsible for drafting the school budget are knowledgeable enough in order to compile a suitable budget in order to benefit the specific institution.

The research objectives were to attempt to ascertain the impact of budgeting on the survival of schools. The following objectives were established in order to ultimately design a school financial management model that will assist schools in implementing departmental financial policy, which is to establish:

- what type of financial knowledge was needed in order to improve competency in compiling a school budget;
- whether Finance Committees are skilful enough to manage the school funds effectively;
- ways and means of engaging parents, SMTs and educators to assist in drafting the school budget;
- whether accountability and transparency in dealing with a school budget exists;

- whether the money allocated by the Free State PDoE is sufficient to cater for the needs of a specific school;
- whether the school purchasing system is consistent in relation to the school budget; and
- establish effective fund-raising strategies in order to increase school income and result in an improved budget.

1.5 THEORETICAL UNDERPINNINGS OF THE STUDY

The central endeavour of research is thus to understand the subjective world of human experience and the role of theory is then to show the way how reality comes together or how it may be changed to be more effective. This means that theory is a set of meanings that yield insight and understanding of people's behaviour (Creswell, 2003:75).

The task of social science is then to develop a set of concepts such as norms, expectations, positions and roles in order to formulate a 'generalising science of behaviour' and that is what this research is about – to interpret actions and behaviours and generalize it into theoretical explanations of behaviour (Mertens, 1998:17). The choice of the problem, the formulation of the questions to be answered, methodological concerns as well as the kind of data sought, will all be influenced by the viewpoint or theoretical underpinning of the research.

In philosophy of education, many theories, such as behaviourism, positivism, pragmatism, to name but a few, exist, each maintain its own viewpoint from which behaviour can be explained and this then form the underpinning of this research and links to the purpose of the research (Lincoln & Cuba, 2000:39).

Pragmatism – the roots of the word pragmatism is a Greek word meaning work (Cherryholmes, 1992:13). Pragmatism is a philosophy that encourages to seek out the processes and do the things that work best to help to achieve desirable ends. Pragmatism seeks to examine traditional ways of thinking

and doing, to reconstruct approach to life more in line with the human needs of today, which is the underpinning of most of research today.

The assumptions of pragmatism are:

- Pragmatism is not committed to any one system of philosophy and reality (it is eclectic nature).
- Individual researchers have a freedom of choice. They are “free” to choose the methods, techniques, and procedures of research that best meet their needs and purposes.
- Pragmatists do not see the world as absolute unity.
- Truth is what works at the time; it is not based in a strict dualism between the mind and reality completely independent of the mind.
- Pragmatists researchers look to the “what” and “how” to research, based on its intended consequences – where they want to go with it.
- Pragmatists believe that we need to stop asking questions about eality and the laws of nature.
- Pragmatists agree that research always occurs in social, historical, political, and other contexts (Cherryholmes, 1992:13-17).

Within this paradigm the research makes sense and contributes to the body of knowledge called Financial School Management.

There are many forms of pragmatism. For many of them, knowledge claims arise out of actions, situations, and consequences rather than antecedent conditions. There is a concern with application “what works” – and solutions to problems (Patton, 1990:38). Instead of methods being important, the problem is important, and researchers use all approaches (qualitative and quantitative) to understand the problem.

1.6 THE RESEARCH METHOD

A literature review and the qualitative empirical research methods are used to investigate problems mentioned in this research. The quantitative research method is only used to accommodate data gathered through questionnaires. In the following paragraphs the methods referred to above are briefly discussed.

1.6.1 Qualitative research

The qualitative research method is primarily used in this research. Coleman (1998:183), Verma and Mallick (1999:6) and Pogrebin (2003:4) define qualitative research as an inquiry process of understanding a social or human problem based on building a complex, holistic picture formed with words, reporting detailed views of informants and conducted in a natural setting. Denzin and Lincoln (1998:17) posit that one of the chief reasons for conducting qualitative research is that:

- the research is exploratory;
- not much has been written about the topic or population being studied; and
- the research seeks to pay attention to the ideas of informants and build a picture based on their ideas.

This method is deemed relevant to this research as it may afford educators the opportunity to clearly state their opinions regarding their problems (Neuman, 1997:196).

This research mainly involves qualitative research, but in order to report statistics obtained from questionnaires, it contains a quantitative element as well.

1.6.2 Quantitative research

In this research, quantitative research uses numbers in chapter 5 as a way of:

- quantifying data obtained from all the school stakeholders such as principals, Heads of Departments, educators, treasurers, parents, learners and district officials;
- facilitating the analysis and interpretation of numbers obtained from measuring the characteristics of biographical and demographical variables; and
- displaying responses to certain questions contained in the questionnaires in tabular form.

1.6.3 Research instruments

Self-developed questionnaires and the interview schedules were used as data-gathering tools because they both use the question-asking approach.

1.6.3.1 Questionnaire

Reason and Bradbury (2001:329), Best and Kahn (2003:229), Pogrebin (2003:7), Esterhuyse, Horn and Liebenberg (2005:38) regard a questionnaire as a data-gathering instrument used when factual information is desired. Respondents respond to a list of written questions. The questionnaire is constructed to elicit information relevant to the researcher's subject of inquiry (Dodd & Konza, 2002:134; Human *et al.*, 2005:214).

1.6.3.2 Interviews

An interview is a manner of finding out what is in or on someone else's mind, his or her individual lived experience and knowledge, opinions, beliefs, and demographic data (Reason & Bradbury, 2001:350). It is conducted face-to-face with the respondents. Piantanida and Garman (1999:165) and Wragg *et al.* (2000:15) further assert that the interview may be primarily used as a strategy to collect narrative data and also for the researcher to develop insight into the way respondents interpret the idea of their social context. The advantage of an interview is that it provides feedback immediately and the focus group interview is discussed as the technique to collect data in this research.

Semi-structured interviews were employed in this research to elicit information from the respondents.

1.7 DEMOGRAPHIC INFORMATION

The sample population for this research consists of:

- eighty (N=80) principals from both secondary (n=40) and primary (n=40) schools in the Lejweleputswa district;
- one hundred and sixty (N=160) SMTs from both secondary (n=80) and primary (n=80) schools;
- one hundred and sixty (N=160) educators from both secondary (n=80) and primary (n=80) schools;
- eighty (N=80) schools' treasurers or financial clerks from both secondary (n=40) and primary (n=40) schools;
- one hundred and sixty (N=160) parents serving in the SGB from both secondary (n=80) and primary (n=80) schools;
- eighty (N=80) learners serving in the SGBs from secondary schools (n=80); and
- twelve (N=12) School Management Developers serving both secondary and primary schools in the Lejweleputswa Education district office.

The research is conducted in the Free State Province and the focus was on Lejweleputswa (Gold Fields) Education district office. The Lejweleputswa Education district office comprises Welkom, Virginia, Hennenman, Odendalsrus, Ventersburg, Theunissen, Bultfontein, Wesselsbron and Winburg. It was more economic for the researcher to conduct empirical research in the Lejweleputswa district because all of its schools are accessible to the researcher.

1.8 CHAPTER DIVISION

The chapter division of this research is as follows:

- Chapter one provides an introduction, statement of the problem, and research methods of this thesis.
- Chapter two consists of a literature research on budgeting in schools.
- Chapter three covers the conceptual analysis of school budgeting.
- Chapter four covers the empirical research design.
- Chapter five deals with the analysis and the interpretation of the data collected.
- Chapter six provides findings from the empirical research, recommendations and suggestions relevant to budgeting in schools.

Conclusions are presented in this chapter and it also provides the framework for the development of a school financial management model.

1.9 CONCLUSION

This chapter provided an orientation to the research. It was assumed in this chapter that there is a need for SGBs and SMTs of both primary and secondary schools of South African townships to acquire financial management and budgeting skills and knowledge.

The next chapter provides literature review on financing education.

CHAPTER TWO

FINANCING EDUCATION

2.1 INTRODUCTION

In chapter one it was established that a need exists in both primary and secondary schools of South Africa for the acquisition of financial management and budgeting skills and knowledge.

Chapter two and three of this research concentrate on a research of literature related to financial management and budgeting at schools in order to:

- ascertain what the concepts financial management embrace;
- establish prevailing knowledge on content to be included in school budgeting; and
- to construct a foundation for the development of effective budgeting strategies (Charles, 1995:63; Laws, Harper & Marcus 2003:93-4, Kitchin & Tate, 2000:279).

Various facets of school financial management and budgeting are investigated through the review of relevant literature. The aim of a literature review is to investigate the available information with regard to school financial management and budgeting. It is also used to guide the researcher and steer the researcher away from being biased.

Laws, Harper and Marcus (2003:93) recommend that literature review is used for the following reasons, that it should:

- share with the reader the results of other studies that are closely related to the research being reported;
- relate to the larger, on-going dialogue in the literature about a topic, filling in gaps and extending prior studies;
- help the researcher to fill in gaps about the topic under discussion; and

- provide a framework for establishing the importance of the research, as well as benchmarks for comparing the results of the research with other findings.

Kitchin and Tate (2000:279) also maintain that, a literature review establishes a link between the literature and topic of the researcher. Literature review also minimizes the problems for the researcher so that the research can be more focused.

There was also a need for defining some concepts in the context in which they are used throughout this research.

2.2 DEFINITION OF TERMS

It will be imperative to define the following concepts in this chapter: school, SMT, school financial management, SGB, Principal, Educator, Learner and budgeting as they will occur repeatedly in this research.

2.2.1 School

The South African School's Act, Act 84 of 1996, Frost, Durrant, Head and Holden (2000:3) define a school as a public or independent institution, which enrolls learners in one or more grades between grade R and grade twelve. Therefore this research is dealing with public schools only.

2.2.2 School Management Team

Management is a specific type of work in education which consists of those regulative tasks or actions executed by a person or body in a position of authority in a specific field or area of regulation, so as to allow formative education to take place (Van Der Westhuizen, 1996:55, Sallis & Jones, 2002:6). In the context of this research, the concept of school management is limited to the Principal, Deputy Principal and Head of Department (HOD).

Latchem and Hanna (2001:57) define management as the coordination of human and material resources toward objective accomplishment and its basic components are:

- planning, which defines the organization's goals;
- leading, aimed at directing and coordination of people;
- organizing, which deals with designing an organization's structure; and
- controlling, which deals with monitoring activities to ensure that they are being accomplished (Wragg et al., 2000:179, Esterhuyse, Horn & Liebenberg, 2005:4).

2.2.3 School financial management

Correia, Flynn, Uliana and Wormald (2000:4) and Saye (1998:8) explain the concept of financial school management as that phase of education administration that is primarily concerned with procuring, expanding, accounting for, protecting, organizing, and maintaining fiscal and material resources in an efficient manner so that human resources and efforts are aided in achieving educational goals.

2.2.4 School Governing Body

A governing body is a statutory body of people who are elected to govern a school. This means that a governing body is set up by an Act of Parliament, in particular the Schools Act 84. The school governors, that are the people serving on a governing body, represent the school community (Wragg *et al.*, 2000:18-19). The governance of every public school is vested in its Governing Body (Gann, 1998:82).

This term connotes a committee of parents, educators, non-educating staff, principal and learners in the case of secondary schools (DoE, 1996(a):16; Fidler & Tessa, 1999:79).

2.2.5 Principal

Principal refers to the head of the school, the professional leader of the school, the manager of the school who is also an ex-officio member of the SGB (Dodd & Konza, 2002:230).

The principal acts as the accounting officer for the Department of Education and manages personnel and finance resources at school (Gann, 1998:13). The principal organizes all the activities which support teaching and learning and decides on the intra-mural curriculum, that is all the activities to assist with teaching and learning during school hours (Levacic, 1995:122).

2.2.6 Educator

An educator means any person, who teaches, or trains, other persons at an educational institution or assists in rendering educational services or educational auxiliary or support services by or in an educational department (DoE, 1996(b):16; Herring, 1997:201).

Creese and Earley (1999:25) and Frost *et al.* (2000:94) define an educator as a person who leads to a meaningful future where the learner will make decisions by using knowledge acquired under the leadership of the educator.

2.2.7 Learner

A learner means any person receiving education or obliged to receive education (DoE, 1996(b):10; Frost *et al.* 2000:50). Latchem and Hanna (2001:22) and Dodd and Konza (2002:53) define a learner as a person with a purpose to learn and thereafter applies the knowledge and skills to achieve academic goals.

2.2.8 Budgeting

Blandford (1997:146-147), Esterhuysen, Horn and Liebenberg (2005:127) and Human *et al.* (2005:159) indicate that a budget is a financial plan that involves at least four elements which are, planning, receiving funds, spending funds and evaluating results, all performed within the limits of a predetermined time. Thus, budgeting is planning, receiving, and spending funds over a particular period, usually a year. The evaluative aspects cover examining previous budgets in order to improve budgeting for successive periods.

Levacic (1995:46) defines the educational budget 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 programme the community is willing to support, financially and morally, for a one year period". Translating those needs into a budget can follow the pattern of identifying needs, establishing goals, organizing objectives, building a programme in meeting those objectives, and providing a budget to fund those programmes.

Fidler and Tessa (1999:71) define a budget as "The translation of educational needs into a fiscal plan that, when adopted, expresses the kind of education programmes the community support financially and morally, for the budget period". They maintain that the school budget expresses the monetary value of an educational programme and must, therefore, be regarded as an instrument of educational planning and financial control.

A budget may be defined as a "specific plan for implementing institutional objectives, policies and programmes for a given period of time (Dodd & Konza, 2002:240). It embodies descriptions of institutional activities and services requisite to attainment of school goals, it estimates the expenditures and their allocations, and forecasts fiscal resources available to support the school plan.

Government spending on education firstly receives attention on the next section.

2.3 GOVERNMENT SPENDING ON EDUCATION

Probably the most common indicator of the level of educational finances is public expenditure (Government spending) on education as a percentage of the total budget and the GNP (Blandford, 1997:32; Warner & Leonard 1997:5-8; Latchem & Hanna, 2001:22).

2.3.1 The total budget

The government spends money in accordance with what it derives from various sources, such as Personal Tax and Value Added Tax (VAT) (Coleman, 1998:147). Thus, if a country has a budget of R100-billion and it

spends R15 billion on education. Education spending thus should comprise 15% of the total budget.

2.3.2 The gross national product

The GNP is a measurement of literally all commodities (products and services) produced in a country, which comprises total economic activity. Thus, while the national budget of South Africa in 1993 was R155 billion, the GNP was just over R480 billion. Education spending (R32 billion) was almost 21% of the total budget and 6% of the GNP (DoE, 1993:5).

These percentages give an internal indication of the money assigned to education only. The budget of a wealthy country is obviously much higher than that of a poor, developing country. For example, the South African figure appears to compare favourably with that of the USA (21%). However, the USA had a budget of \$900 billion in 1993, which means that 21% of that figure amounts to \$180 billion or about R700 billion, which by far exceeds the South African allocation of R20 billion. Even though the USA has five times more learners (50 million compared to South Africa's 11 million in 1993), it still spends six times more per child on education than South Africa does. This does not indicate that South Africa does not value education, but rather that the USA has so much more money available (DoE, 1993:6).

Funds has to be distributed proportionally among education, social services and public duties (i.e. police, defence, welfare, pensions, and transport). In South Africa, education usually takes up almost 21% of the budget, leaving about 79% of the budget to be distributed among the eighteen other government departments. Critics can justifiably complain that education is simply taking too large a slice of the national 'cake'. Phrased differently, if education takes up such a big 'slice' of the normal budget, it should perform according to expectations. Increasingly, questions are being asked about the effectiveness of education spending in South Africa.

2.3.2.1 Free education

The question: "Is there such a thing as free education"? can now be raised. Virtually all countries are committed to free education, at least in the primary school phase. Free education is often linked with compulsory education, since it is difficult to enforce compulsory education if it is not provided free of charge by government. South Africa is committed to provide free and compulsory education for all up to Grade 9 (DoE, 1996(a):6).

Actually, there is no 'free' education. Education always costs something and somebody has to pay for it. Even when the state funds education, education is still not free, because, Government merely derives its funds from the people. Vally (2002:20-21) states that there is no such thing as 'free' education in the sense that education does not have to be paid for by somebody. However, it is common to use the phrase 'free' education to describe education that is free of charge.

Education that is free of charge for the user (not 'free' education) is defined differently in various countries. In one country a Government may pay for things such as textbooks and transport, while these may be excluded in another country (Gann, 1998:153). However, countries are apt to officially proclaim that they provide 'free' education.

The following two major factors make it difficult for any Government to sustain education that is free of charge (Vally, 2002:21-22):

Population development and education demand - Population growth is considered the most significant factor determining the demand for education. It can be severely detrimental to the equitable provision of education in developing countries where population growth rates are generally high. It is estimated that in 1993, approximately 145 million children worldwide between the ages of six and eleven (i.e. almost four times the entire population of South Africa) could not be enrolled in schools because of a lack of facilities, despite a global commitment toward education.

Economic decline - With a few exceptions, economic conditions across the globe have shown a decline because they follow after 1970 of which high inflation rates are an indication. Major contributing factors are the oil crisis of the 1970's; the negative impact of the high dollar exchange rate (developing countries had to pay more for imported goods) the mounting foreign debt of developing countries (in South Africa foreign debt amounted to more than R250 billion in 1994); and a reluctance by developed countries to lend more money to developing countries. Local factors, such as financial mismanagement in South Africa and the financial costs of maintaining separate development (apartheid) in South Africa also played an important role in economic decline (Burrup, Brimley & Garfield, 1999:2-3; Kallaway, in Kallaway, Kruss, Fataar & Donn, 1997:2-3).

2.3.3 Financing education in democratic South Africa

The democratic government of South Africa faces various educational issues which require vast financial resources (DoE, 1995(a):59-61; DoE, 1995(b):97-100) such as:

- Government is constitutionally obliged to maintain principles such as equality, redress and reconstruction and development, which have excessive financial implications (Gold & Evans, 1998:80; Warner & Leonard, 1997:103);
- Educational policy requires commitment to values and principles which require vast financial outlays.

The values and principles of education in a democratic South Africa comprise the following aspects:

- education as a basic human right, to be advanced by the state;
- lifelong education and training of good quality;
- redression of educational inequalities;
- resources are to be equitably deployed;

- access to education opportunities of good quality to all children, youths and adults;
- improvement of the quality of education;
- rehabilitation of schools and colleges and the restoration of a culture of teaching and learning (DoE, 1995(a):21; DoE, 1996(b)7);
- urbanization and unemployment lead to learners remaining in the formal system longer which, in turn, causes ever-growing school accommodation problems;
- the supply of learning resources is under provided;
- investments in educational productivity, such as the upgrading of teachers and managerial skills at school level are imperative;
- educational programmes need to be diversified to attend to early childhood learning needs, special education needs, adult basic education and training, vocational education and training; and
- free, compulsory education up to the ninth school year (Grade 9) has been introduced, requiring excessive funding.

Almost every single aspect implicated by the White Papers on Education (DoE, 1995(a):65-69), which were the first step taken in developing a new system for education and training in South Africa, have crucial expenditure and financing implications for the government (Kallaway, in Kallaway *et al.*, 1997:41-44).

In determining the Government spending and contribution to the school fund it is important to distinguish between the different sections of the Schools Act 84 (DoE, 1996(b):35) which recommends public schools to have compulsory functions under Section 20. Schools that have the capacity to manage their finances efficiently may apply for additional or allocated functions under Section 21. The implications for schools applying for Section 21 status and

schools that choose not to be registered as Section 21 schools (non-Section 21) are discussed in the next section.

2.3.3.1 Non-section 21 schools

The government allocation towards non-Section 21 schools is not paid over to the school's banking account. The Free State Provincial Department of Education determines an amount for resource allocation and then controls the school's expenditure (DoE, 1996(b):37). This type of budget is referred to as a "paper budget". The school is allowed to spend an allocated amount on the following:

- Learning and teaching support materials, equipment and curriculum needs (60%) of amount;
- maintenance of and repairs to buildings (12%); and
- payments for municipal essential services (28%).

According to Free State Department of Education regulations schools are allowed to acquire the goods and services only from authorized suppliers selected by the Provincial Department of Education (DoE, 1996(b):37). The principal is required to complete the necessary requisition forms and submit it to the department who will then pay the suppliers. These regulations present several disadvantages for non-Section 21 schools, which are that:

- schools are unable to negotiate discounts, better prices, or efficient suppliers because they are allowed to only deal with suppliers contracted to the Provincial Department of Education;
- the local education districts do not have the capacity to process school requisitions timeously because they have to deal with more than hundred and fifty schools in the district. Furthermore, the district officials are compelled to attend to all problems these schools experience;
- if suppliers at year-end cannot process all the requisitions on time, schools lose their allocations since no records of unspent budget amounts

exist. If allocated funds are not spent in a particular financial year by the particular school it means that the unspent portion of the allocation is lost; and

- the unspent portion of allocated funds cannot be carried over to the next financial year.

The benefit of a non-Section 21 school is that when the expense of a service provided far exceeds the amount allocated by the state, the state has to pay for these services (DoE, 1996(b):39).

2.3.3.2 Section 21 schools

A school is only allowed Section 21 status if it has the proven capacity. This is determined by ensuring that the school is able to manage its own funds efficiently and also that it complies with all the regulations as stipulated in the Schools Act, for example, submitting audited financial statements within the first six months of the following year (DoE, 1996(b):39). In the instance of a school being allocated the Section 21 status, the Free State Department of Education should deposit the school's resource allocation directly into the school's banking account.

Section 21 schools are required to spend the resource allocation in the same way as non-Section 21 schools, namely 60% on learning and teaching support materials, 28% on services and 12% on repairs and maintenance. Advantages for Section 21 schools are the following:

- the SGBs may select its own suppliers in respect of purchasing learning and teaching support materials; and during the period in the event of the school being unable to spend its allocation in time, orders for services; and
- to be rendered or learning and teaching support materials can be processed, and purchased because of allocated amount by the Free State Department of Education remains in the school's bank account.

The Free State Department of Education is only empowered to manage the finances of schools who have applied for allocated funds. A disadvantage of school based management is that the school is legally bound to pay for any service not included in the budget. For example, in respect of water and electricity being over the amount provided for, the school and not the Free State Department of Education is responsible to pay for the difference (DoE, 1996(b):39), which forms the core of school management task.

2.4 MANAGEMENT TASK OF THE SCHOOL

Management tasks of the school are jointly related to and intertwined with educational goals. Vander Westhuizen (1996:52) and Dean (2000:75) aptly state that various management tasks in schools require the application of positive standards, and SMTs are required to execute a variety and multiplicity of tasks or activities in a school. Budgeting as a management task is incorporated in all the duties and activities performed by the SMTs as well as the SGBs because it is the responsibility of the SMTs and SGBs to facilitate the planning, communication, decision making, organizing, delegating, co-ordinating, leading and controlling of the school finances.

Correia *et al.* (2000:9) state that when the above mentioned team budgets for their school, they should plan, make decisions, organize, lead and communicate in conjunction with all stakeholders. They should also delegate tasks, motivate parents, educators and learners. Some form of control is necessary to ensure that the budgeting proceeds according to plan. All these activities interact and relate to each other.

They are performed jointly in the various management areas, which necessitates the universal features of school management to now receive attention.

2.4.1 Universal management tasks

Universal management tasks include planning, communicating, decision making, organizing, coordinating, delegating, leadership and control, which are also related to management of a school's finances.

2.4.1.1 Planning as part of the financial task

Van der Westhuizen (1996:37) and Fidler (1997:1) describe planning as aiming at attaining institutional objectives, which forms an important part of financial managerial tasks of a school. Financial planning includes the determination of the school's objectives, financial policies and financial procedures (Knight 1997:8; Blandford, 1997:86; Reason & Bradbury, 2001:318). Lack of planning in the day to day activities of the school can result in waste and inefficiency in the management of the school's resources. A Governing Body of a public school must plan its school's finances annually in order to prepare a school budget (Free State Department of Education, 1998:12; Frost *et al.*, 2000:21).

Watson (2000:46-49) indicates that the main task in preparing a financial plan is to provide a summary of the information contained in the relevant policies. The task of preparation ensures that the stakeholders use the policy programme relationships and priorities as the starting point for programme planning and budgeting. The plan for implementation of a school budget entails what is going to be done, who is going to do it, how often, with what and where.

From the above it is clear that a budget is an estimate of proposed expenditure. It serves as a planning device, a managerial tool, and a basis for reports (Harris, 1996:83, Correia *et al.*, 2000:763; Esterhuysen, Horn & Liebenberg, 2005:127). At school level, a budget is most useful as a chart or way of events. The operating budget for the entire school is usually prepared by the SGBs and the SMTs. The SMTs are also responsible for facilitating planning policies and they are accountable for budgeting (Bottery, 2000:12). A budgeting plan, for example, focuses on the objectives of the school such as mentioning the aims, analyzing the situation and identifying the advantages and disadvantages of budgeting activities, which need to be communicated to all stakeholders eventually (Fidler, 1997:96; Kitchin & Tate, 2000:28).

2.4.1.2 Communication of budgeting plans

Budgeting plans have to be discussed and shared with parents, learners and educators of a school. This is only attainable through proper discussion by all stakeholders. A mutual exchange of ideas and the interpretation of the information, therefore, form an important aspect of school budgeting (Clark & Lacey, 1997:39; Dean, 2000:87). Coleman (1998:4-5) and Watson (2000:78) state clearly that good communication of financial management matters requires consciousness, clarity, simplicity, accuracy, direction and common sense from both SMTs and SGBs.

Internal communication concerning school financial management matters is important to ensure that all internal stakeholders know when to make their submissions and how to spend the funds allocated to them (Human *et al.*, 2005:151). All of these matters should be clearly stipulated in the financial policy of the school (Blandford, 1997:71; Dodd & Konza, 2002:60-61). Regular feedback on spending will ensure that all internal stakeholders remain within their budget limits. The budget, in conjunction with the financial policy of the school, is the most important medium for relaying messages related to school financial management to the internal stakeholders. Communication is, however, not limited to the budget but needs to be used to create financial structure, delegate and co-ordinate, establish relationships, motivate learners and staff, exercise control and extend relationships externally (Clark & Lacey, 1997:40; Van Schalkwyk, 1999:5; Esterhuyse, Horn & Liebenberg, 2005:67).

The main purpose of communicating effectively with the external stakeholders is not primarily to obtain funds for the school. Although financial support is important, it is not the only support the school needs. The feedback that the external stakeholders receive from the school appears to be of strategic use for building positive attitudes. The school principal's communication task involves reporting to the external stakeholders about particulars on the budget, school fees, and the actual income and expenditure for the following year (Herring, 1997:85; Van Schalkwyk, 1999:32). Regular reporting regarding financial management functions at the school is the principals' responsibility, because of his/her being the accounting officer of the school.

Reporting on the financial position of a school to external stakeholders should be kept simple. Visual diagrams are always important for assisting external stakeholders without any accounting experience to gain insight into the finances of the school (Van Schalkwyk, 1999:7; Laws, Harper & Marcus, 2003:251). Schools may also communicate through:

- prospectuses, brochures and flyers;
- newsletters and invitations;
- word of mouth;
- media, local press and television; and
- group promotion.

No method can be regarded to be more successful than the other. Each channel of communication has its attraction and risks and should be evaluated on what is to be achieved and whom the message is intended for.

Horne and Brown (1997:14) contend that once a school has formed a preliminary idea of its communication needs, it should then prepare a plan of action, which should:

- define the communications problem;
- clarify the school's objectives;
- specify the target customer;
- define how the school customer is expected to behave;
- offer guidance on the creative strategy;
- set down the issues regarding media selection and media scheduling; and
- arrangement of meetings.

Meetings constitute a common communication medium employed in schools and in organized social and community activities. Morse and Ivey (1996:75) define a meeting as an assembly of two or more people in order to discuss matters of mutual interest, to decide upon them and to ensure that these decisions are implemented. Morse and Ivey (1996:76-85) and Van Schalkwyk (1999:110-111) draw a distinction between public and private meetings as follows:

Public meetings These meetings are usually attended by ordinary members of the public. A political meeting at which the policy of a specific political party is explained but no binding decisions are taken is a public meeting. Public marches, strikes and celebrations are all examples of public meetings.

Private meetings These are meetings at which only members are entitled to vote, and which only members are often allowed to attend, e.g. caucus meetings of SGBs. Non-members are sometimes allowed to attend private meetings either as guest speakers or as observers. The most important type of private meetings is general meetings, committee meetings and management meetings (Gallagher, Bagin & Kindred, 1997:284).

General meetings: may be attended by all the members of an institution and all members are allowed to vote at these meetings. The general meeting elects the executive committee. The executive committee is therefore employed by the general meeting and has to report to the general meeting (Dean, 2000:145).

A distinction is drawn between the following types of general meetings:

- frequent meetings, e.g. weekly, fortnightly, monthly and quarterly meetings;
- the annual general meeting, at which the executive committee reports back to the general meeting on the activities of the past year; and
- special or extraordinary meetings, which are convened outside the normal routine in order to discuss urgent matters (Gann, 1998:83).

Committee meetings: are attended by the executive committee and ad hoc committees.

- the executive committee usually consists of the chairman, the deputy chairman, the secretary and in most institutions and associations also the treasurer and one or two additional members. The executive committee should preferably consist of an uneven number of no more than nine members.
- ad hoc committees and task groups are committees established for a specific purpose or task. These committees and task groups are usually of a temporary nature. They dissolve once the task assigned to them has been completed.

Management meetings: are convened by senior personnel to discuss matters with their subordinates, to obtain solutions, to give instructions and to get feedback (Fidler & Tessa, 1999:161-162).

Communication planning via meetings is a continuing function and an ongoing process of evaluation and decision making (Fisher, 1996:13; Gallagher *et al.*, 1997:155).

2.4.1.3 Decision making regarding school finances

The SMTs and SGBs have to make decisions concerning school budgeting (Starrat 1996:5; Coleman 1998:136). Decision-making entails inclusive participation and consultation with all stakeholders of a school, thus creating a healthy relationship among the educators, parents, learners and the community (Dodd & Konza, 2002:150).

Many schools attempt transparency in their management systems by publishing plans or diagrams in school textbooks and in communications with parents and educators, in order to indicate formal management structures. This is an attempt to illustrate official decision-making routes, which serves it as an explanation of the way individuals should take in order to discuss problems and possibilities within the structure of the school. This hierarchical

structure enables ease the flow of communication within a school, and allows for effective consultation processes (Levacic, 1995:55; Starrat, 1996:7). In all educational institutions decision making and communication are closely linked, especially where the SMTs and SGBs of the school are committed to open decision making and where they believe that all individuals should take part in decision-making (Horne & Brown, 1997:18; Bisschoff, du Plessis & Smith, 2004:51).

Everard and Morris (1996:39) contend on the sensitive balance between supplying too much information, asking for too much consultation from the SGBs and SMTs and making uninformed decisions without any prior consultation. Whichever balance is attained is based on the management philosophy of the SMTs in a school and enabling them to disseminate information. In theory this is an effective way to be managing the decision-making processes of a school (Everard & Morris, 1996:40).

The correct decision-making is imperative to school budgeting. As a result, budgeting activities could be carried out effectively via decision making and delegation (Bisschoff, Du Plessis & Smith 2004:53; Esterhuysen, Horn & Liebenberg, 2005:120).

2.4.1.4 Delegation of financial tasks

Delegation is part of organizing the financial management of a school, since a specific task is given to a specific staff member through delegation (Gold & Evans, 1998:80; Esterhuysen, Horn & Liebenberg, 2005:20). Since financial management tasks cannot be delegated randomly, the chairperson of the SGBs should consider the background and circumstances of individual staff members beforehand. Should the chairperson have personnel at his disposal with some commercial knowledge, he would delegate mainly financial tasks to them. Should these staff members not be available, the matter may become more complex, since a search must be made for personnel with the right expertise (Knight, 1995:3-6; Horne & Brown, 1997:18).

Delegation ensures that the task of organizing takes place in an orderly manner, which requires the school principal to coordinate all activities. It is

the duty of the SGBs and SMTs to build a healthy and harmonious bond among educators, parents and learners to serve as one big family in an effort to organize activities in school (Blandford, 1997:41; Gann, 1998:72).

2.4.1.5 Financial organizing

The activity of organizing involves devising an institutional structure, delegating duties and establishing relationships. Van der Westhuizen (1996:161), Gallagher *et al.* (1997:61), Sallis and Jones (2002:24) agree that organizing is the creation of a formal system of authority by which components are clarified and delegated for the purpose of education. Such functions are executed in order to develop budgeting plans and establish coordination with all school stakeholders in order for goals to be achieved effectively (Reason & Bradbury, 2001:329).

2.4.1.6 Financial coordination

Coordination is the synchronization of all actions, means and techniques within the school (Herring, 1997:18). The financial committee of the SGBs should ensure that all actions, means and techniques related to school finance are coordinated. In organizing school finances, co-ordination should involve the synchronization of all the administrative and accounting activities in the school, from the mission statement to the final financial statements of the school's activities (Esterhuysen, Horn & Liebenberg, 2005:120). The financial committee of the SGB should draw up the school's financial policy and show firm leadership by clearly indicating the functions of all those involved in the school's finance (Horne & Brown, 1997:66).

Coordination ensures performance of the activities of SMTs members, which leads to the promotion of team spirit and mutual understanding at schools (Latchem & Hanna, 2001:78). It is also important for the SMTs to coordinate school activities and thus achieve positive results required by all stakeholders. Meaningful coordination of budgeting activities requires committed leadership by the SMTs in order to build trust and confidence of parents, educators and learners.

2.4.1.7 Financial leadership

Knight (1997:104) and Watson (2000:6-8) declare that being a good leader and manager of a school is more demanding than excelling at the work you are responsible and accountable for. David, Bryd and McIntyre (1999:168), Watson (2000:93-97), Latchem and Hanna (2001:53) further maintain that a good leader should conscientiously manage and execute school budgeting activities. The SMTs should also heed the fact that leadership is exercised in the performance of school tasks, mainly based on the control of budgeting functions of a school (Smith & Piele, 1997:15; Coleman 1998:157).

With proper control, planning and organizing, the SGBs and SMTs could achieve desired output and, together with the supplementary factor of competent leadership, excellent results can be attained. A school principal with noticeable leadership qualities should be able to persuade his/her staff to accept his/her leadership style (Sallis & Jones, 2002:27).

The importance of a flourishing school and a competent principal is found in healthy human relations, trustworthy advice, commendable leadership and a two way communication between the principal and the staff (Everard & Morris 1996:34; Frost *et al.*, 2000:128; Esterhuyse, Horn & Liebenberg 2005:118).

Leadership in financial management involves four aspects, namely, sound relationships, motivation of all the people concerned with school finances, communication with both internal and external school stakeholders and consistent financial control (Clark & Lacey 1997:8-9; Gallagher *et al.*, 1997:40; Dodd & Konza, 2002:189-92).

2.4.1.8 Financial control

The term control is considered to be the duty exercised by the SMTs to evaluate and regulate performance in progress and duties of educators (Van der Westhuizen, 1996:216; Dean, 2000:85; Human, *et al.*, 2005:152). To ensure that the budgeting of the school is operating according to plan, some form of control is essential such as effective distribution of information to

reached the relevant targets, e.g parents and former learners who should assist with fund raising.

Budgetary control concerns itself with total costs for each department, where each variance is the responsibility of the official in charge of the department in which it arises. He/she must therefore explain the variance and take action to stop its recurrence. Budget control is a system of controlling costs which includes the preparation of budgets, coordinating actual performance budget and acting upon results to achieve maximum output (Daft, 1995:545; Correia, *et al.*, 2000:765).

Differences between budgeted and actual performance are termed variances. These variances will be useful as a spur to immediate remedial action if actual performance is below expectation. Budgeting starts with a given or forecast finding allocation and seeks to divide all the total resources available in a detailed breakdown between the various departments that the school manages. It should therefore be apparent that a budget can only be prepared accurately after considering the planned activities of each department for the coming year (Busher, Harris & Wise, 2000:18). The plans must include all activities of the school and should take into account any rules imposed by the government. Control cannot be considered in isolation from funding levels since it is conceivable that costed plans may exceed the available funding (Gann, 1998:23; Dean, 2000:8; Esterhuyse, Horn & Liebenberg, 2005:118). In such cases, activities will have to be rethought until final agreed budgets are arrived at. This is a sensitive process which will require a school to decide upon priorities. Agreed changes which should reflect the overall objectives of the school (Daft, 1995:546).

Budget control therefore implies the drafting of an annual budget which will be uniquely adapted to the specific situation and circumstances of each school. A budget does not control anything. People control by using a budget. The lack of sufficient budgetary control, acceptable conditions for financing schools and legal connections to educational programmes in most school budgets, denies any effective means of supporting good programmes and weeding out bad ones (Harris, 1996:75-77).

2.5 ACCEPTABLE CONDITIONS FOR FINANCIAL SCHOOL MANAGEMENT

Prior to the formulation of the South Africa Schools Act No 84 of 1996 (DoE, 1996(a):34), school activities were largely unregulated and this had a detrimental effect on the culture of teaching and learning in most disadvantaged schools. It is clear that neither central government nor devolution to provincial level can be effective without a set of guidelines or regulations on how schools should be managed.

The South African School Act No 84 of 1996 was the first attempt to involve communities in governance and to set out guidelines for managing schools. It provides unprecedented responsibility to SGBs regarding all schools as equal and making parents primarily responsible for the education of their children through democratically elected structures. The preamble to the Act emphasises a partnership between parents and the government and aims ultimately to devolve maximum decision-making and power from provincial education departments to SGBs.

It should be the intent of any Government to move towards decentralizing education and making every school independent and self-managing (Hansonm, 1998:118-119). The full control of funds in the school should therefore become the responsibility of the SGBs. The state, apart from paying educators' salaries, providing school buildings, allocating financial resources for learning and teaching support material, services and maintenance of schools, has limited influence over the school's finances.

The SGBs should ensure the effective execution of a sound, watertight financial policy as well as management procedures. Regular checks and counter checks are necessary to avoid the mismanagement of funds by any person or group of persons. In this scenario effective financial management should be properly executed while the principal performs a consultative role and should be called upon to advise the SGBs on financial matters.

2.6 FINANCIAL MANAGEMENT IN SCHOOLS

Financial management in schools focuses on the aspect of education administration that is mainly involved with procuring, accounting for, protecting, expanding, organizing and maintaining fiscal and material resources in an efficient manner so that human resources and efforts are assisted in accomplishing educational goals (Saye, 1998:8). According to Watson (2000:47) and Saye (1998:8), financial management includes activities such as handling funds purchasing, payment of services, the expending of funds, making inventories, auditing, financial reporting, and maintenance of property and budget management.

In recent years, budget management has assumed greater importance in education (Correia *et al.*, (2000:9). Budget management implies that it is neither wise nor prudent to spend money until the SGBs determines exactly what they expect to spend it on. A school is spending money on the public's behalf and should account the way in which the money is spent. After developing and selling a budget plan, there is a need to implement it or to operate according to the plan.

Once the allocation is accepted and adjusted, the monthly budgetary accounting procedure begins. Changes may be indicated at the outset or at any time during the fiscal year. It is essential that such flexibility be allowed in a budgetary accounting system. While extensive deviations from the budget plan should be avoided in order to maintain the credibility of the document, creative changes to acquire beneficial application resources to programme goals must be accommodated. Generally, such transfers require some approval from the SGBs (Levacic, 1995:101).

2.6.1 Financial value of education

People pay for something they perceive to have value. Money is invested in education because it is perceived to have value. In other words, education is financed or funded.

The advantage of education can broadly be defined as having individual and social benefits (Classen, 1995:203; Gallagher *et al.*, 1997:298). Examples of the individual benefit of education include empowerment of an individual as well as the opportunity to be able to earn a living. Examples of social benefits of education are that a literate, educated population leads to stability in a country and the economy benefits from skilled, educated people. It should not be assumed, however, that all people automatically consider formal education to be meaningful. Some people perceive public education and schooling to be seriously flawed. They suggested that society should be de-schooled. Some of their arguments include the following:

- education systems are inordinately expensive to maintain;
- the poor quality and content of teaching do not justify its funding; and
- instead of a government-sponsored curriculum, individuals, families and groups should select their own knowledge.

Nevertheless, the majority of people worldwide perceive education to have sufficient value in order to invest in it. This is supported by the fact that national education systems exist in all countries of the world. A distinction is made between private or individual funding and public funding (Blandford, 1997:86). Individuals spend their money on those goods and services, such as education, that they deem necessary. Examples of such private spending in education are:

- school fees contributed by parents at public schools; and
- opportunity costs borne by the learner and parents, for example the cost of transport, textbooks and school uniforms.

It is not merely an individual's total responsibility to pay for education. Public schooling is driven by the idea that a child's future should not be limited by his/her parents' wealth and influence. Public funds are used to establish a public education system (national education system) that provides access to

education for all learners (McAleese, 2000:79-78). Public funding works as follows:

In all societies, citizens pool a proportion of their income and collectively spend the money on goods and services which are deemed necessary for all the citizens in the society. In other words, government collects the money (revenue) from the people in the form of taxes and redistributes it according to priorities.

Burrup, Brimley and Garfield (1999:62-63), further assert that the level of state funding of education differs from country to country. For example, a developing country which sees a direct correlation between education and national development may spend a large part of its budget on education. This is the case in South Africa. On the other hand, a developed country such as the United States, that has an adequate, established education infrastructure in place and that wants to reduce the role of the state in funding, may spend less on education.

2.6.2 School financing process

The education financing process adopted in a country depends optimally on the kind of government system, and consists primarily of two components, namely the generation and allocation of funds. Funds for education generated by Government through different kinds of taxes, state loans, lotteries (e.g. in some states of the USA) and school fees from parents. In all countries, education is mainly funded by the government, whatever its form, and this funding is done through the national budgeting process (DoE, 1995(a):59-60; Creese & Earley, 1999:6). The budgeting process can be divided into three phases namely the drawing up of a draft budget, approval of the budget and implementation of the budget.

During the first phase (drawing up a draft budget), a specific department, for example the Academic Department, draws up and substantiates an estimation of its expenses in terms of curriculum and the outcomes it wishes to attain. This draft budget is then submitted to a coordinating body (usually the finance committee) together with the draft budget of other departments. The finance

department then submits budgetary proposals to the legislature according to the fiscal policy and overall financial needs of the country concerned.

The second phase (approval of the budget) is undertaken by parliament, in terms of a specific parliamentary statute. Approval of the budget authorises departments to incur approved expenditure. In the third phase (implementation of the budget), it should be borne in mind that funds are allocated for estimated expenditure.

It is therefore crucial that funds be spent judiciously and only for sound reasons. In this regard, it is critically important that the necessary financial control be exercised. For example, the ways in which school funds may be collected, kept and spent are laid down in parliamentary legislation (DoE, 1996(a):26).

The allocation of funds for education in a country also depends on the kind of government system it has (Levacic, 1995:146). The National Education Department determines the funding allocations made to the various Provincial Education Departments by using a subsidy formula, differing from province to province, as a frame of reference. The purpose of the subsidy formula is to make appropriate annual estimates for individual education departments.

Expenditure, such as operating expenses, increase with the number of learners. We can assume therefore, that in this instance a given amount is directly proportional to the number of learners concerned. After negotiations between the Minister of Education and Minister of Finance, the final allocations are made on the basis of the subsidy formula within the capacity of the treasury.

Since a mixed form of management at Government level is implied, a variety of types of schools are found ranging from independent schools to Government (public) schools. From a financial point of view, the most important difference between these types of schools is the Government contribution (DoE, 1996(a):28). In the case of South Africa, for example, independent schools (popularly known as private schools) are subject to certain requirements, with less than one quarter of their operating expenses

subsidized, while the corresponding percentage at public schools differs (DoE, 1996(b):32).

From a financial point of view, the most important management implications of this movement towards greater autonomy for schools is the increase in the managerial autonomy of SGBs at school level and creation of functional school financial policy.

2.7 SCHOOL FINANCIAL POLICY

In order for a school to manage its finances effectively and efficiently, a financial policy should be implemented and adopted by all the relevant stakeholders. The policy must comply with legislation such as the South African Schools Act 84 of 1996 and it should spell out direction and guidance to all stakeholders.

According to Bisschoff (1997:77-79), Watson (2000:107-108) a good policy identifies and articulates the values and the basic principles to be applied to specific needs of institutions. In other words, it compels an educator or an administrator to apply such policy with the required discretion.

Campher, Du Preez, Grobler, Loock and Shaba, (2002:2) state that the school principal, in cooperation with the governing body of the school, accepts the responsibility for ensuring that the school finances are administered correctly. For the purpose of the total administration of the school's finance, an efficient organisational structure, which should include administrative and accounting components, should be developed in all schools. The principal should compile a policy document and school manual on the procedures to be followed by each of the school stakeholders referred to as the role players who are allowed to handle money in the school.

A good school financial policy has four distinct components that should be identifiable within any policy document, namely:

A statement of the need for a policy - When the need is clearly articulated, the credibility of the policy and the policy-making process will be enhanced;

A statement of the values and principles that should be brought to bear on that need-Values such as transparency, democracy and honesty should form the basis of any policy;

A statement of the “guide for discretionary action”- Whatever the 'guide' for discretionary action identifies should be used as a directive that an educator or administrator must merely implement; and

A statement of expected outcomes - Identification of expected outcomes assists in the necessary process of policy review or evaluation, which can be answered by using a simple question, 'Have these outcomes been achieved?' (Frost *et al.*, 2000:19).

Blandford (1997:161-162) and Gann (1998:47) state that it is necessary to spell out the rules and regulations of handling the money and assets of the school in the finance policy. The procedures for handling school fees, donations, post-dated cheques, authorization for cheque payments, signatories to the bank account, bank overdrafts, trust accounts, documentation, recording transactions, and every aspect related to the school's finance should be included in the school's financial policy.

The finance committee should develop and implement control mechanisms that will contribute effectively to the safe and accurate administration of funds (Horne & Brown, 1997:2; Gann, 1998:144). Key control mechanisms for the following should be developed and form part of the finance policy:

- cash receipts and cash payments
- tuck-shop control (if the school has one)
- school fees
- managements of assets
- stock control- cleaning materials and stationery
- petty cash payments

- budgetary control

For example, the policy should clearly outline how the assets of the school are controlled or what criteria are applied to appoint a registered auditor. One of the most important principles in school financial management is the “separation of powers” and the SGBs should ensure that various tasks are delegated to individuals who have the necessary knowledge and skills to perform these tasks efficiently (Gann, 1998:147). This ensures transparency and accountability and avoids and minimizes fraud, pilfering and theft.

2.7.1 Participation to school financial policy

The school financial policy directs role players such as the SGBs, the school principal and finance committee to act in a prescribed manner in handling school finances. A financial policy developed with the participation of the staff, however, is authorised by the SGBs as well as the Free State Provincial Department of Education.

Every school principal should be accountable for the interpretation and application of a financial policy of his/her own school. Meetings of financial committees should be held once per term to ensure that all stake-holders are kept informed and that constant interpretation of the policy is being maintained (Levacic, 1995:124). Campher *et al.*, (2002:25) state that principals should interpret new or modified financial policies as soon as possible after receipt. After they have been informed about a new policy that applies to the finances of the school, it is their responsibility to request the definite information required. Policies are usually written statements that reflect the basic objectives of the plan and provide guidelines for selecting relevant actions.

Policies become important SGB tools for implementing plans. Effective policies exhibit the following characteristics (Creese & Earley, 1999:18), which are:

- **Flexibility** - Conditions change and policies should change accordingly. On the other hand, some degree of stability must prevail if order and a sense of direction are to be achieved;

- **Coordination** - A policy must provide for coordination of various departments whose actions are interrelated. Without coordinated direction provided by policies, each department is tempted to pursue its own objectives; and
- **Clarity** - A policy must be written clearly and logically. It must specify the intended aim of the action which it governs, define the appropriate methods and action, and delineate the limits of freedom of action permitted to those who are to be guided by it.

Sound financial policy can make an outstanding contribution to the effectiveness of a school. Without a sound policy, the governing body may have an insufficient framework of reference for realising the implications, alternatives, and consequences involved in key decision-making.

Levacic (1995:77-80) indicates that clear guidelines allow educational role players a basis of orientation in order to differentiate between relevant and irrelevant courses of action. Without the guidance that policies can provide, the intricate implication of one approach to the solution of a problem, in contrast with others, can present problems. Furthermore, in an absence of sound policy, school departments are likely to reach contradictory solutions or they may fail to take necessary action. A policy provides SGBs with a framework of reference in order to take intelligent action confidently.

The school financial policy links strongly with overall school policy. Financial management is responsible for the creation of financial conditions for academic survival. In the administration of school funds, one of the most important tasks is to formulate a financial policy. The task of planning the determination of school financial objectives becomes effective when expressed in a policy form.

A policy also acts as a guideline in the action or decision-making of individuals. A financial policy is an expression of a school's attitude towards finance. Policy formulation may begin at any level of management and is usually formed by:

- the SGB and the principal, who determine the main policies; being passed up from the chain of command until someone takes responsibility for making a decision; and
- external influence, e.g. Government may force a policy change (Busher, Harris & Wise, 2000:184).

The financial policy of a school needs to arise from the conditions under which its primary functions may be carried out. Policies should include the source from which the school intends to produce capital for the learners it desires to attract, as well as design procedures that protect the right of every child to education.

Horne and Brown (1997:18) indicate that a school policy is a broad decision that becomes standard management practice and guides subsequent management decision-making. Policies clearly originate from school objectives and serve as benchmarks in budgeting, but they are also useful in guiding current school budget operations. Policies also serve as a tool describing in details the role players in school finances and commitment by the SGBs on the manner in which a school reacts to school finances and the budgets (Frost *et al.*, 2000:12).

2.8 ROLE PLAYERS IN SCHOOL FINANCES

At school level the SGB, the school finance committee, the principal, the treasurer, the school clerk and the educators are all responsible for managing school finances.

2.8.1 The School Governing Body

The South African Schools Act imposes a responsibility on all public schools to attempt to improve the quality of education by involving governing bodies to raise additional resources in order to supplement insufficient funds provided by the state (Blandford, 1997:25; DoE, 1999:35).

Vigorous fund-raising by parent bodies, including sponsorship and fee income, have enabled many schools to add equipment, learning and teaching

resources to their facilities. The Act obliges all public SGBs to support their schools financially. The school's budget is delegated to the SGBs and if the budget is mismanaged the SGBs should bear the responsibility. The SGBs therefore, ensures that arrangements to secure effective financial management are put in place (Levacic, 1995:129). It will probably establish a finance committee, interlinked with the school educators, reserving powers of decision-making to the SGBs (DoE, 1996(b):33; Creese & Earley, 1999:107).

The South African Schools Act No 84 of 1996 states that the SGBs should take all reasonable measures within its means to supplement the resources provided by the state in order to improve the quality of education provided by the school. The Act links the question of fees to the budget of the school, which the SGBs must present to a general meeting of parents for approval. The intention is that the SGBs presents the parents all necessary information about the school's income from the state and other sources, and its educational needs (DoE, 1996(b):33; Horne & Brown, 1997:67).

The Education Law and Policy Handbook (DoE, 1999:36) indicates that parents of learners at a public school bear responsibilities with regard to the determination of a school's budget, and its sources of revenue. The school principal and the financial committee provide the SGBs with assurance that the accounting system meets legal requirements and is also sufficiently comprehensive to provide the detailed financial data necessary for future planning. Blandford (1997:38) indicates that in all public schools, control of the budget rests with the SGBs. The SGBs and the school principal have freedom to deploy resources within the school's budget according to their own educational needs and priorities. The SGBs and the principal should together produce a development plan, while the principal should have a key role in securing its implementation.

Delegated systems of management are based on the claim that if decisions about resource allocation are taken as closely as possible to the operational part of the process, better quality decisions will emerge. The meaning behind the idea is that by involving people in the managing of school finances by allowing them autonomy to make their own decisions within the constraints of

a predetermined budget, an incentive will be provided to improve its efficiency and effectiveness (Gann, 1998:74-80).

Wragg and Partington (1995:29-34) and Gann (1998:74-80), indicate that governing bodies are accountable to parents because parents require the SGBs to produce a statement of the annual operating costs and capital expenditure for the school. The duties of the SGBs and the principal are to appoint a competent school financial committee and to ensure the welfare and efficiency of the school while the purpose of the report from the SGBs is to serve as justification to parents of the school.

2.8.2 The school financial committee

One of the most important responsibilities of the SGBs is to appoint a financial committee which is accountable for the control of financial affairs of the school (Creese & Earley, 1999:32). The financial committee should consist of the principal and two members of the SGBs, who then act as the treasurer and secretary. Meetings of the financial committee should take place quarterly (FSDoE, 1998:3). The Free State Department of Education (FSDoE, 1998:4) indicates the following functions of the financial committee:

- the translation of plans into financial implications;
- the development and application of measures to aid in the allocation of funds;
- the determination of the appropriate means for raising funds;
- safeguarding all financial and related documentation against loss, theft or fire;
- implementing proper, acceptable controlling measures; and
- ensuring that all expenditure and income is authentic and is reflected in the financial records: and advising the SGBs and the school principal on financial matters (Creese & Earley, 1999:102).

2.8.3 The school principal

School principals are accountable for their own school's budgets and are subsequently required to be efficient, to make economical use of the resources at their disposal as well as to accomplish the goals of the school. David, Bryd and McIntyre (1999:162) and Smyth and Shacklock (1998:99) indicate that in budgeting, the principal must give guidance in accordance with a mutually agreed plan of operations which clearly indicates that the school principal has a vital role to play in the school finances. A poor relationship between the principal and the SGBs can affect the generation of the school finances.

Subsequently, it is necessary to follow sound budgetary and expenditure practices at school level. With the large amount of revenue generated at school level from various fees such as school food funds, field trips, apportioned district funds and individual school fund raisers, principals must have knowledge of financial practice. It is therefore implied that the principals are the chief financial officers of a school and bear primary responsibility for thousands or in some cases millions of rands. Appropriate handling of such funds should be in compliance with generally accepted accounting principles and district mandated policies and procedures (Dodd & Konza, 2002:230).

It is thus implied that a principal should administer the budget from the expenditures. The principal needs to identify the sources of the funds received at his/her school, to determine how the funds are to be used and who is able to use them (Creese & Earley, 1999:12).

In practice, all individually signed pre-numbered receipts should be given to each person who hands over funds to the school account, which means that a record of the transaction at its basic source exists. Deposits should be made daily, and change should be kept in a small cash drawer because overnight security is difficult within a school building and not comparable to that of a banking institution. Copies of deposit slips should be retained by both the depositor and the school secretary or clerk for use by the financial officer.

2.8.4 The school secretary/clerk

The school secretary has financial duties to undertake, relating to collecting school funds, fund-raising projects and petty cash. School secretaries also handle money during the period of school registration. Two basic guidelines for managing school finances have to be kept in mind by school secretaries as well as educators. Record should be kept of all monies received and receipts issued. Money should never be left unattended in the office (Levacic, 1995:122; Wragg *et al.*, 2000:197).

Management of school finances is one of the most important areas of school management. Management is also involved in planning and controlling certain aspects of the school's budget. Schools require more and more money from parents as well as from other sources. These monies have to be accounted for and, therefore, every educator should have a basic knowledge of financial management as well as basic skills in the handling of school and classroom finances (Campher *et al.*, 2002:3).

2.8.5 The educator

The primary function of schools, namely effective teaching and learning, becomes more complex every day. Despite diminishing resources, educational institutions must continue to perform this function effectively because it presents a considerable responsibility to the educator (Coleman 1998:98; David, Bryd & McIntyre, 1999:49; Frost *et al.*, 2000:122). In view of the demands that have to be met by those dealing with financial matters, it is imperative that educators display discretion and thoroughness in performing their financial management task. In order to do this they must possess relevant knowledge and skills in the planning and organizing of school finances.

School finances should always be dealt with in a planned way but, it cannot be expected from educators to have accounting qualifications. Nevertheless, the educating practitioner cannot perform his/her financial management task properly without skills in the field of financial planning.

2.8.5.1 Dealing with all budget-related issues in the planning stage of the budget

The planning of school finances usually begins with the drafting of a budget (Latchem & Hanna, 2001:64). It is advisable to develop a total-school approach to the drafting of a budget which means that everyone involved in the implementation of the budget, such as educators and parents serving in the SGBs, should also be involved in the drafting process. Parents on the SGBs with a financial and auditing background, and who have the necessary financial qualifications and skills can play an important role in the process.

The drafting of a budget is not done in isolation. It relates closely to the total planning of the school and the expression of the school's plans in financial terms. In simple terms, a budget can be seen as a document that includes the following:

- projected income for a specific financial year;
- amounts allocated to specific items to be financed from revenue;
- conversion of objectives into priorities; and
- ranking of priorities.

The type of expenditure incurred by a school is numerous and includes aspects such as:

- maintenance and development of buildings and grounds;
- maintenance of machinery and vehicles;
- fuel for the school bus and lawn mowers;
- administrative costs;
- sport facilities and equipment;
- learning and teaching support materials; and

- marketing (Human *et al.*, 2005:160-161).

This can be done through the establishment of various sub-budgets (Blandford, 1997:63; Bisschoff, 1997:80). There should be sub-budgets for maintenance, educational aids, administrative costs, marketing, sports facilities, sports and equipment. Educators, together with other role players, are involved in drawing up the sub-budget for those aspects for which they are responsible. For example, the educator(s) responsible for marketing in the school should be involved in the budgeting process when drawing up the sub-budget for marketing.

A budget for a school consists of different sub-budgets that are ultimately combined to form the overall budget. The following possible sub-budgets can be further distinguished in the school:

- a departmental, school grade or activity budget (for educational programmes in the school);
- an operating expense budget (management programmes);
- a capital budget (capital programmes); and
- an income budget (financial estimate).

Creese and Earley (1999:107) postulate that each school should have its own manner of handling revenue and expenditure. Control of these matters should be the responsibility of every educator involved with the budget, together with the school principal and members of the SGBs.

In the process of drawing up the budget, responsible individuals should strive to accomplish the following five matters or issues, namely:

- express the school plan in financial terms;
- identify and prioritize the school's programme;
- estimate the school's income from various sources;

- allocate funds to the programmes according to priority; and
- test expenditure against the budget at least monthly.

Bisschoff (1997:80-81) asserts that, as far as possible, a budget should be based on relevant and objective information. According to Bisschoff (1997:80-81), the following information, for example, can be regarded as relevant and objective for budgeting purposes:

- the amount of funds handled in previous years;
- increases or decreases in learner numbers; and
- the importance of different learning areas.

According to Latchem and Hanna (2001:31), financial planning is an important part of the budgeting process and school educators are required to acquire the following skills in this regard, namely:

- learn to use financial terminology correctly;
- interpret and explain financial statements. For example, a principal should be able to report at meetings of the SGBs or at parents' evenings and explain and justify courses of action concerning financial matters; and
- call in the necessary experts to assist in drafting the budget. In this regard, the role of the expert educators or parents in the SGBs, together with that of a financial committee, should be borne in mind.

If school educators are to organize school finances effectively, the first requirement is that they should be knowledgeable about a number of related matters, namely,

- that they should be familiar with the correct procedure applied in the school when the following financial activities are handled:
 - the collection of different kinds of funds;
 - the handling of cash;

- accounting procedure; and
- reporting procedures.
- how to organize staff concerned with school finances. This entails:
 - knowing how to train staff by delegating certain functions; and
 - knowing how to co-ordinate staff activities.

When staff is organized and ready to assume financial responsibilities, the various duties of clerks, class educators and the treasurer should be clearly explained to those concerned. Everyone involved with school finances must know what to do, when to do it and why to do it (Burrup, Brimley & Garfield, 1999:354-355). Every school has its own rules and procedures for handling money in the classroom which should be stipulated in a school's policy. Sound and careful financial management by the educator should act as a safeguard against accusation of fraud or even disciplinary measures in the case of problems.

The easiest and most secure way of dealing with the collection of public money is to have each learner or parent pay such monies directly to an appointed official and ask for a receipt to be issued. In most public schools in South Africa, however, class educators are given the responsibility of handling the funds for a specific class. Although this is not necessarily a sound practice, it is quick and easy to use classroom educators for this purpose. However, the schools that use register or classroom educators or even sports coaches to handle money should ensure that a well defined system is devised for this purpose.

Dealing with school fees, therefore, puts an important responsibility on the shoulders of the classroom educator. Meticulous and prudent administration is required, since all the monies collected are deemed to be public funds (that is, they belong to the community, comprising such stakeholders as parents and the state) and have been entrusted to the school for educational purposes only (DoE, 1996(a):24).

All monies collected must therefore be recorded accurately against the appropriate item in the bookkeeping system. Money collected by a classroom educator or sports coach should be kept safely until paid over to the secretary concerned with school finances. Educators should be aware of the implications of keeping such monies on their person, and the school principal must ensure that appropriate channels exist for the staff to pay money promptly in the correct account and to receive receipt of payment. Misappropriation or mismanagement of school funds (public funds) is a criminal offence and can have serious consequences including immediate dismissal (DoE, 1996(a):26). The SGB of a public school must appoint a person, registered as an accountant of the school to administer school funds effectively and efficiently.

A receipt is official and documented proof that payment has been made. Receipt books should be printed containing particulars on each receipt form. If the school cannot afford its own receipt forms, the official school stamp must appear on every receipt issued and all forms should be numbered.

The classroom educator or sports coach should issue a receipt for all money collected from learners or parents and record it in a book. When these monies are paid over to the school finance secretary, the educator must be issued a receipt and the receipt number must be recorded in the book. If a learner pays school fees or an account by cheque, the person making the payments is entitled to ask for a receipt, even though the processed cheque is accepted as receipt. The cheque number must also be written on the receipt because this makes auditing and checking easier.

Carbon copies must be retained in the receipt book, and only one receipt book must be issued at a time. Receipts are always issued in numerical order, according to the number of receipts printed in each book. The original receipt is handed to the person making the payment. If an error is made on a receipt, the receipt must be cancelled and retained in the receipt book. The accepted practice is to write the word 'cancelled' diagonally across the receipt and to staple the cancelled receipt to the carbon copy.

Serial numbers of receipt books must be recorded by the finance secretary in a distribution register, and signed for. If a receipt book is issued to a educator, the educator must sign for its receipt, and sign that the receipt book has been returned to the safe custody of the finance secretary. The serial numbers should be recorded on the front and side of the receipt book for auditing purposes.

Deposit books and receipt books must balance. This is often termed 'reconciled'. Checking or reconciling the deposit and receipt books is one of the responsibilities of the school principal. Procedures to do this on a regular basis must be set in place by the principal. Although the majority of the management functions concerning finances are taken care of by the principal and SGB of the school, educators are also closely involved with the financial matters of the school (Fidler & Tessa, 1999:93).

Not only do school educators often handle money in the classroom, but they are also involved from time to time in planning and controlling certain aspects of the school's budget. Therefore, educators should possess certain skills related to management of school finances, school fund administration and financial procedures in the classroom. Much has been written about educational financing and financial procedures in the school and classroom over recent years. However, many aspects are continually changing because of new policies and legislation regarding education financing and the financial management of schools in a democratic South Africa. In this regard, every effort must be made to ensure accuracy of information, which is the main responsibility of the school treasurer.

2.8.6 The school treasurer

According to Wood, Thody and O'Sullivan (1998:57-62), a school financial treasurer plays an important role in resource management that encompasses and impinges on all responsibility areas. It is therefore, not surprising to find financial responsibilities along with a wide range of other activities and level of operation included in every job description (Levacic, 1995:113). The school treasurer also plays a crucial role in providing advice to SGBs and the SMTs

on budget issues and cost management, as well as being the source of information for any financial queries. A further important role of the school treasurer is income generation. Such person is in a vital position as the school's facilities manager and through interaction with external organizations and all school stakeholders. The treasurer possesses financial knowledge; only 12 % of job descriptions expect them to become involved more generally in policy-making decisions (West-Burnham, 1997:74).

2.9 CONCLUSION

Literature relevant to school financial management was studied in chapter two to highlight the importance of the effective financial management in schools. Various opinions were disclosed about role players in school financial management from sources consulted. Managerial tasks of the SMT were highlighted as well as the financial processes involved.

The South African Schools Act No 84 of 1996 points out that the Government plays an important role when it comes to the funding of public schools. DoE (1996: 24) states that the Government should fund public schools from public revenue on an equitable basis in order to ensure the rights of learners to education and to redress the past inequalities in education provision. The South African Constitution determines that education at all levels; excluding the system of higher education is the responsibility of provincial legislatures (DoE, 1995(a):55). Thus, all nine South African provinces will have the responsibility to finance their schools according to national guidelines from the central government funds, such as those contained in the two White Papers on Education.

Allocations from the central government are allocated to schools. This implies that it is the responsibility of the parents to take charge and own the education of their children as it is financed by their money. Parents also need to make sure that funds allocated to schools are administered properly. It is also the duty of each SGBs to improve the quality of education at school by obtaining more money in form of fund-raising and other teaching and learning facilities.

The next chapter focuses on the school budgeting categories, development, methodologies, appraisal, presentation, administration and school funds.

CHAPTER THREE

SCHOOL BUDGETING

3.1 INTRODUCTION

In this chapter, the researcher focuses on literature relevant to school budgeting with reference to budgeting categories and procedures involved. The manner in which school funds and fund-raising are handled and its impact on school aims are examined.

The importance of accountability and transparency in managing school finances will be highlighted. Proper financial management of school finances contribute to efficient and effective school budgeting systems. In order for the school to achieve its desired aims and objectives, proper financial systems should be in place to facilitate understanding of school budgets.

3.2 INTERPRETATION OF SCHOOL BUDGETING CONCEPTS

In order to elucidate the above concept, elements implicated by school budgeting, such as budgets, categories of school budgeting, budgeting process and procedure, development of the school budget, budget methodologies, appraisal, presentation and administration in schools, school funds, fund-raising, establishment of school policy for fund-raising, executing the fund-raising, the purchasing function of schools and financial control in schools are explained in detail.

3.2.1 Budgeting in general

Because of its use in Government, business, industry, home, and education, the concept *budget* is presumed to be commonly understood. Technically, however, the word budget may mean different things to different people. The purpose for which budgets are prepared and the degree of adherence to budgetary detail and administration vary considerably among individuals and agencies that use them (Blandford, 1997:115; Coleman & Anderson, 2000:63-66).

Various researchers have defined the concept budget as follows:

Blandford (1997:146-147) sees a budget as a financial plan that involves at least four elements which are:

- planning;
- receiving funds;
- spending funds; and
- evaluating results.

All these elements are performed, according to Blandford (1997:147) and Esterhuysen, Horn & Liebenberg (2005:127), within the limits of a predetermined time. They conclude that budgeting is planning, receiving, and spending funds over a particular period of time which is usually a year. The evaluative aspects cover examining previous budgets in order to improve budgeting for successive periods.

Correia *et al.*, (2000:304) define the school budget 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 programme the community is willing to support both financially and morally, for a period of one year. Translating those needs into a budget can follow the pattern of identifying needs, establishing goals, organizing objectives, building a programme in meeting those objectives, and providing a budget to fund those programmes.

Busher, Harris and Wise (2000:167) define a budget as a specific plan for implementing institutional objectives, policies and programmes for a given period of time. They see a budget as:

- embodying descriptions of institutional activities and services requisite to attainment of school goals;
- estimating the expenditures and their allocations; and

- forecasting fiscal resources available to support the school development plan.

In this research where emphasis is on public schools budgeting, the concept budget is used to define a set of data that records proposed or adopted allocative decisions in terms of:

- goals to be accomplished (programme plan);
- resources available (revenue plan);
- anticipated services and materials to be acquired (expenditure plan) during a specified; and
- period of time (fiscal period).

From the foregoing definitions of a budget, it is clear that the purpose of a budget is to plan ahead in order to achieve objectives and targets of the school. Once a budget is set, SGBs and SMTs can monitor progress towards achieving school objectives and targets. As a proactive financial plan, the school budget serves a number of important functions, such as:

- It projects the proposed financial programme of the school for the next financial period;
- It shows the sources of funds, anticipated expenditures, and allocation of authority for administering budgetary items;
- It provides a guide for evaluating a year's programme and a means of comparing school services with those that have been offered in previous years;
- It provides the motivation for careful planning, for establishing systems of control, and for wise and effective expenditure of funds; and
- It points out the relationship of the government in supporting education (Levacic, 1995:47).

3.2.2 Strategies of school budgeting

The essential feature of effective budgeting in schools depends on planning, that is, the determining of financial priorities and of financial alternative means to accomplish teaching and learning goals, according to Coleman and Anderson (2000:117). Periodic and intensive examinations of alternative way to allocate school funds necessitate effective planning in the school budgetary process due to the rate of change in school financial management (Creese & Earley, 1999:6; Latchem & Hanna, 2001:32). Additionally, multi-year projections of budgetary needs are essential to provide continuity in the allocation process.

The foregoing paragraphs highlight that a major element of financial data activity rests in the act of budgeting. Budgeting becomes the process of allocating finite resources to the prioritized needs of a school. In most cases, for a governmental entity such as a school, the budget represents the legal authority to spend money. Adoption of a budget in a school implies that a set of decisions have been made by the SGBs and SMTs that culminate in matching a school's resources with its needs. As such, the budget is a product of the planning process.

The budget also provides an important tool for the control, evaluation and the use of resources. Using the accounting system to enact the will of the SGBs, SMTs are able to execute and control activities that have been authorized by the budget and to evaluate financial performance on the basis of comparisons between budgeted and actual operations. Thus, the budget is implicitly linked to financial accountability and relates directly to the financial reporting objectives (Levacic, 1995:80).

The planning and control functions inherent to any organization, including schools, underscore the importance of sound budgeting practices for the following reasons:

- the type, quantity, and quality of educational services provided by schools are often not subject to the market forces of supply and demand. Thus,

enacting and adhering to the budget establishes restrictions in the absence of a competitive market;

- the educational services provided by schools are generally considered critical to the public interest and welfare;
- the scope and diversity of operational activities in a school make comprehensive financial planning essential for good decision-making; and
- the financial planning process is critical to the expression of parents', educators' and learners' preferences and is the avenue for reaching consensus among these stakeholders in schools, members of the SGBs', and SMTs on the future direction of the school's operational activities (Coleman & Anderson, 2000:66).

The link between financial planning and budget preparation gives the budget document a unique role in school organizations. Budgets in schools are often considered the definitive policy document because an accepted budget represents the financial plan used by a school to achieve its goals and objectives (Horne & Brown, 1997:66). When a school legally adopts a financial plan, the budget has secured the approval of the majority of the SGB and reflects:

- public choices about which services the school will or will not provide;
- the prioritization of activities in which the school will be involved;
- the relative influence of various participants and interest groups in the budget development process; and
- the school's plan for acquiring and using its resources (Blandford, 1997:115).

In an educational environment, budgeting is an invaluable tool for both planning and evaluation. Budgeting provides a vehicle for translating educational goals and programmes into financial resource plans, that is, developing a teaching and learning plan to meet learner performance goals

should be directly linked to determining budgetary allocations. The link between teaching and learning goals and financial planning is critical to effective budgeting and enhances the evaluation of budgetary and educational accountability.

Performance evaluation allows parents to hold SGBs as policymakers and SMTs as managers and administrators in schools accountable for their actions (Levacic, 1995:10). Because accountability to parents is often stated explicitly in state laws and state constitutions, it is a cornerstone of budgeting and financial reporting with the following objectives, namely:

- financial reporting should provide information to determine whether current-year revenues were sufficient to pay for current-year services;
- financial reporting should demonstrate whether resources were obtained and used in accordance with the entity's legally adopted budget. It should also demonstrate compliance with other finance-related legal or contractual requirements;
- financial reporting should provide information to assist users in assessing the service efforts, costs, and accomplishments of the governmental entity; and
- meeting these objectives requires budget preparation that is based on several concepts recognizing accountability. Accountability is often established by incorporating these objectives into legal mandates that require state and local public sector budgets to:
 - be balanced in order for current revenues to be sufficient to pay for current expenses;
 - be prepared in accordance with all applicable federal, state, and local laws; and
 - provide a basis for the evaluation of a government's service efforts, costs, and accomplishments (Creese & Earley, 1999:7).

Although some form of a balanced budget requirement is generally necessary to ensure long-term financial health in any organization, variations such as the use of fund balance reserves to pay for current services may be appropriate over a short period. Generally, however, all departures from this fundamental objective must be in accordance with applicable state and local laws and policies (Latchem & Hanna, 2001:33).

Given the importance of demonstrating compliance with the approved budget, the financial reporting system must control the use of financial resources and ensure that budgetary appropriations and allocations are not exceeded (Esterhuysen, Horn & Liebenberg, 2005:128-129). To demonstrate compliance, financial systems are usually operated on the same basis of accounting used to prepare the approved budget. Thus, the actual financial information captured by the accounting system is in a form comparable to the approved budget. Through budgetary integration, the financial accounting system becomes the primary tool to prove financial accountability.

Finally, the budget is evaluated for its effectiveness in attaining the school's stated goals and objectives (Human *et al.*, 2005:160). Evaluation typically involves an examination of how funds were expended, the outcomes that resulted from the expenditure of funds, and the degree to which these outcomes achieved the stated objectives. This phase is fundamental in developing the subsequent year's budgetary allocations. In effect, budget preparation not only is an annual exercise to determine the allocation of funds, but also is part of a continuous cycle of planning and evaluation to achieve the stated goals and objectives of the organization, complied in specified approaches and formats.

3.2.2.1 Budget approaches and formats

The above approaches and formats are line-item budgeting, performance budgeting, programme and planning budgeting, zero-based budgeting, site-based budgeting and outcome-focused budgeting.

(a) Line-Item Budgeting

Line-item budgeting is still the most widely used approach in schools because of its simplicity and its control orientation. It is referred to as the "historical" approach because SMTs often base their expenditure requests on historical expenditure and revenue data. One important aspect of line-item budgeting is that it offers flexibility in the amount of control established over the use of resources, depending on the level of expenditure detail (e.g., fund, function, object) incorporated into the document (Creese & Earley, 1999:8).

The line-item budget approach has several advantages that account for its wide use. It offers simplicity and ease of preparation. It is a familiar approach to those involved in the budget development process. This method budgets by school department and object and is consistent with the lines of authority and responsibility in school departments. As a result, this approach enhances school control and allows the accumulation of expenditure data at each functional level. Finally, line-item budgeting allows the accumulation of expenditure data by school departments for use in trend or historical analysis (Latchem & Hanna, 2001:34).

Although this approach offers substantial advantages, critics have identified several shortcomings that may make it inappropriate for certain school environments. Since this budget presents proposed expenditure amounts only by category, the justifications for such expenditures are not explicit and are often unintuitive. In addition, it may invite micro-management by SMTs and SGBs as they attempt to manage operations with little or no performance information. However, to overcome its limitations, the line-item budget can be augmented with supplemental programme and performance information (Human *et al.*, 2005:161).

(b) Performance Budgeting

A different focus is seen in performance budgeting models. In a strict performance budgeting environment, budgeted expenditures are based on a standard cost of inputs multiplied by the number of units of an activity to be

provided in that time period. The total budget for a school is the sum of all the standard unit costs multiplied by the units expected to be provided. Although this strict approach may be useful for certain types of operations, many schools require a more flexible performance approach. For example, expenditures may be based simply on the activities or levels of service to be provided and a comparison of budgeted and historical expenditure levels (Blandford, 1997:175; Human *et al.*, 2005:160).

The performance approach is generally considered superior to the line-item approach because it provides more useful information for legislative consideration and for evaluation by administrators (Busher, Harris & Wise, 2000:167). Furthermore, performance budgeting includes narrative descriptions of each programme or activity. It organizes the budget into quantitative estimates of costs and accomplishments and focuses on measuring and evaluating outcomes. Finally, the performance approach eases legislative budget revisions because programme activities and levels of service may be budgeted on the basis of standard cost inputs.

However, performance budgeting has limitations owing to the lack of reliable standard cost information inherent in schools (Levacic, 1995:70). Furthermore, the performance approach does not necessarily evaluate the appropriateness of programme activities in relation to reaching a school's goals or the quality of services or outputs produced. Consequently, the performance approach has become most useful for activities that are routine in nature and discretely measurable (such as accounts payable processing) activities that make up only a relatively modest part of the total teaching and learning enterprise. Performance budgeting may offer considerable enhancement to the line-item budget when appropriately applied. Ultimately it can also be alternated by or replaced by programme and planning budgeting (Busher, Harris & Wise, 2000:167).

(c) Programme and Planning (Programming) Budgeting (PPB)

Programme budgeting refers to a variety of different budgeting systems that base expenditures primarily on programmes of work and secondly on objects.

It is considered a transitional form between traditional line-item and performance approaches and it may be called modified programme budgeting (Burrup, Brimley & Garfield, 1999:290). In contrast to other approaches, a full programme budget bases expenditures solely on programmes of work regardless of objects or school departments. As these two variations attest, programme budgeting is flexible enough to be applied in a variety of ways, depending on school needs and administrative capabilities (Levacic, 1995:72).

Programme budgeting differs from approaches previously discussed because it is much less control-oriented and evaluation-oriented (Burrup, Brimley & Garfield, 1999:292). Budget requests and reports are summarized in terms of a few broad programmes rather than in the great detail of line-item expenditures or school departments. PPB systems place a great deal of emphasis on identifying the fundamental objectives of a school as a governmental entity and on relating all programme expenditures to these activities. This conceptual framework includes the practices of explicitly projecting long-term costs of programmes and the evaluation of different programme alternatives that may be used to reach long-term goals and objectives. The focus on long-range planning is the major advantage of this approach, and advocates believe that organizations are more likely to reach their stated goals and objectives if this approach is used (Busher, Harris & Wise, 2000:168).

However, several limitations exist in the actual implementation of this approach, including changes in long-term goals, lack of consensus regarding the fundamental objectives of the organization, lack of adequate programme and cost data, and the difficulty of administering programmes that involve several school departments. Yet despite its limitations, programme budgeting is often used as a planning device while budget allocations continue to be made in terms of objects and school departments. As with performance budgeting, PPB information may be used to supplement and support traditional budgets in order to increase their informational value (Burrup, Brimley & Garfield, 1999:293-294) and is complemented by zero-based budgeting.

(d) Zero-Based Budgeting

The basic tenet of zero-based budgeting (ZBB) is that programme activities and services must be justified annually during the budget development process (Levacic, 1995:71; Horne & Brown, 1997:66). The budget is prepared by dividing all of a school's operational activities into decision units at relatively low levels of the school. Individual decision units are then aggregated into decision packages on the basis of programme activities, programme goals, school departments, and so forth. Costs services are attached to each decision package on the basis of the level of service to be provided to produce defined outputs or outcomes. Decision units are then ranked by their importance in reaching school goals and objectives. Therefore, when the proposed budget is presented, it contains a series of budget decisions that are tied to the attainment of the school's goals and objectives (Levacic, 1995:73).

The central thrust of ZBB is the elimination of outdated efforts and expenditures and the concentration of resources where they are most effective. This is achieved through an annual review of all programme activities and expenditures, which results in improved information for allocation decisions. However, proper development requires a great deal of staff time, planning, and paperwork (Burrup, Brimley & Garfield, 1999:294).

Experience with the implementation of this approach indicates that a comprehensive review of ZBB decision packages for some programme activities may be necessary only periodically. Additionally, a minimum level of service for certain programmes may be legislated regardless of the results of the review process. As a result, ZBB has had only modest application in schools, although the review of programme activities makes ZBB particularly useful when overall spending must be reduced (Levacic 1995:76; Burrup, Brimley & Garfield, 1999:295) or, as an alternative, site-based budgeting can be implemented.

(e) Site-Based Budgeting

Site-based budgeting is widely considered the most practical for budgeting within the school environment, by providing greater control and reporting of school-level data. This budgetary approach (which may be used in combination with any of the four discussed above) emphasizes the decentralization of budgetary decision-making. Site-based budgeting places SMTs and educators at the centre of the budget preparation process, making them responsible for both the preparation and the maintenance of the budget (Burrup, Brimley & Garfield, 1999:295).

Site-based budgeting is popular in many school settings. Within a school system, site-based budgeting generally involves granting increased budgetary authority to the school (Coleman & Anderson, 2001:131). Resources are allocated to the site, with budget authority for programmes and services granted to the school's principal and his management team. Schools are normally allocated a certain level of resources that they have the authority to allocate to educational and support services. These budgetary allocations are meant to cover those areas over which school decision-makers have control. For example, schools that have authority over staffing decisions may be allocated funds for staff costs using the site-based budgeting approach. In contrast, schools that make staffing decisions centrally may not allocate funds to the individual school site for staff costs (Creese & Earley, 1999:100).

The main advantage of site-based budgeting is that those who best understand the needs of a particular school organization are empowered to make resource allocation decisions (Swanson & King, 1997:395). This decentralization of budgetary authority may also increase local accountability. Another potential advantage of site-based budgeting is the increased level of participation of the public and staff in budget development. Many site-based budgeting systems create committees composed of staff and parent members to determine budgetary allocations. These committees give members a voice from the inception of the budget process, rather than merely when the budget is presented for public review and approval.

Although site-based budgeting may provide substantial benefits, it also has limitations. First, schools with limited resources may not be capable of granting a meaningful level of site-based budgetary authority. Even if a school does have discretionary resources, it may be difficult to determine the areas of the budget for which local decision-makers should be held accountable (Horne & Brown, 1997:65). Finally, site-based budgeting may be burdensome to some SMTs, may increase conflict between staff or departments or may limit the school's ability to ensure quality and sufficiency in the services it provides. These problems can be avoided somewhat through the careful design of site-based budgeting guidelines and through training for new budget stakeholders (Burrup, Brimley & Garfield, 1999:296).

(f) Outcome-Focused Budgeting

Consistent with the evaluation objective, school budgeting is becoming increasingly outcome-focused (Swanson & King, 1997:396). Fiscal austerity, coupled with intense competition for school resources, has precipitated an effort to ensure more effective use of resources at all levels of schools. Outcome-focused budgeting is the practice of linking the allocation of resources to the achievement of outcomes. The objective is to allocate school's resources to those service providers or programmes that use them most effectively (Horne & Brown, 1997:66).

Outcome-focused budgeting is closely linked to the planning process in schools. For a school as a Government entity to focus on outcomes, goals and objectives must be identified and tied to budget allocations for the achievement of those objectives (Swanson & King, 1997:397). This premise argues that mission-driven (synonymous with outcome-focused) schools are superior to those that are rule-driven because they are more efficient, more effective in producing desired results, more innovative, more flexible, and have higher employee morale. In the context of increased school scrutiny of school costs, this model may receive more emphasis in the future.

McAleese (2000:44-45) and Bisschoff (1997:64-66) further assert that the school budget is basically an instrument of educational planning and

incidentally, an instrument of control. It reflects the organizational pattern, by categorizing the elements of a total plan into sectional and departmental components, allowing costs to be more easily estimated. It then forces a coordination of these elements by reassembling costs into a whole, making it comparable to revenue. This very process requires a kind of orderly planning that otherwise might never take place. Some benefits of strategic planning and budgeting are that it:

- requires a plan of action for the future;
- requires an appraisal of past activities in relation to planned activities;
- necessitates the formulation of work plans;
- mandates orderly planning and coordination throughout the organization;
- establishes a system of management controls; and
- serves as a public information system.

3.2.2.2 Other forms of strategic budgeting

Strategic budgeting can generally appear in the form of annual, administration, centralized and mechanical budgeting (Coleman and Anderson, 2001:132).

(a) Annual budget

The annual or periodic type of budget approach attempts to construct a school budget in a short period for presentation to the SGBs and to the community. Creese and Earley (1999:101) contend that it is almost a refinement of the mechanical type, in that it forces quick decisions to carry expenditures and revenue and a limited effort is made to evaluate its impact. Decisions about salaries of support staff, programmes, supplies and services are often made without any consideration of educational needs or evolving educational opportunities. The challenge is to get the budget document completed and approved before the deadline date. Usually, this method attempts to adjust the previous year's document to include such items as salary increases and

increased numbers of learners but does not consider changes in programme, availability of new materials, differing needs and emerging strategies. Once completed, this type of budget becomes a restraint that provides limited opportunity for shifts in priority (Gold and Evans, 1998:89).

(b) Administration dominated budget

Burrup, Brimley and Garfield (1999:286-287) view the development of the budget as strictly a responsibility of school management. The SGBs gives the impression that budgeting is an extremely complex process and that only the "chosen few" are able to handle this issue. The prevailing strategy seems to be that if fewer people know about the budget, there should be fewer questions.

Gold and Evans (1998:89) accentuate that judgements are made concerning the budget without proper evaluation and with no alternative options offered. This approach is symptomatic of authoritarian systems and has hastened the coming of the present era of negotiation, citizen involvement, and learner awareness. While still in existence, this method is not considered to be an effective strategy in the future while the centralized budget seems more promising.

(c) Centralized budget

The centralized strategy of budgeting treats all schools in the system in a unified manner. While it is an efficient way of developing a budget, limited consideration is permitted for differing needs among the various communities served (Harris, 1996:28). Allocations are made on a 'per learner' basis and no attention is given to existing resources or to any backlog of requests. Decisions concerning such issues as educator learner ratio, supplies, materials, textbooks and the curriculum are made at the national office and all schools are forced to conform.

This strategy tends to treat the entire system as a homogeneous unit rather than recognize that even the smallest systems are heterogeneous, comprising diverse people with unique needs, abilities and capacities. Burrup, Brimley

and Garfield (1999:385) emphasize that the trend today is toward decentralization, which allows schools to be relevant and responsive to the needs of a local community, which require budgets to be developed.

(d) Mechanical budget

Creese and Earley (1999:99) postulate that the mechanical type of budget can appear on two sheets of paper, the first page presenting the estimated yearly receipts of an institution and the other page showing how the money can be allocated in order to manage the school effectively. According to this strategy, budgeting is strictly a revenue and expenditure operation, a bookkeeping task required by law, which is completed at the end of the year and then ignored until the end of the next year. This type of budgeting forces expenditures to meet income expectations and pays no attention to needs. This type of planning is not beneficial in order to calculate what can be eliminated or what can be added for the budget to succeed. The main task of this type of budgeting is to keep cost at a minimum without regard for needs or educational improvements (Harris, 1996:75).

Several concepts of budgeting have evolved over the years (Blandford, 1997:86). The functional concept is based on a sequence of steps starting with an educational plan, an expenditure plan and ending with a revenue plan. This continuous budgeting concept is based on the steps of the functional concept but incorporates continuous evaluation and modification. The participatory budget concept involves relevant groups concerned in decision making. A fourth concept draws on elements of the three concepts described previously but incorporates considerations of organizational, political and economic environments and can be enhanced by making use of the functional budget.

(e) Functional budget

The concept of functional budget development requires that the planners attempt to determine the educational objectives of a school district as the first step in the budgeting process (Blandford, 1997:87). The educational plan is then translated into a budget and presented to the community for reaction and

adoption. The outcome is usually a compromise between what people are willing to pay for, and what the planners consider necessary. It represents the best programme of education the people of a community are prepared to buy at a particular time. Using the functional approach, the budget committee considers the educational plan first (Harris, 1996:26-27). It translates the qualitative and quantitative aspects of the educational programme into planned expenditures and then communicates these aspects to the taxpayers, who continually provide the resources.

(f) Continuous budget

The concept of a continuous budget development considers budgeting as an integral part of daily operation. Coleman and Anderson (2000:133-134) highlight that immediately upon adoption of a budget, development of the next budget document is initiated. Strengths and weaknesses in the operation of the present budget are appraised and proposed budget plans are made as well as educational plans over a considerable period of time. Hastily formulated educational programmes are not considered. All programme plans are developed in the context of proposed financing for implementation. With year round budget development, various areas of the school can be better coordinated and the SGBs can be allowed time to consider an addition or deletion on the basis of educational merit as well as expenditure.

The continuous consideration of the budget is not an automatic operation, which means that certain administrative instruments should be made use of, as in the following:

- scheduling discussions of the budget throughout the year at meetings;
- setting up tickler files around the system to motivate people to consider and make suggestions concerning the budget;
- establishing a calendar that distributes the various phases of budget making over a twelve month period; and

- requiring reports that force consideration of items that should be included in the budget (Gold & Evans, 1998: 82-83).

(g) Participatory budget

Levacic (1995:80) and Bisschoff (1997:108) agree that the participatory budget concept recognizes two basic principles, namely:

- Firstly, schools, as tax supported institutions, must consult citizens in the planning process if they expect to obtain continuing and expanding support.
- Secondly, educators in schools using equipment and facilities should be given the opportunity to suggest procedures and materials that they believe to be most effective.

If education is considered as an investment that develops human resources, it is one of the largest most important institutions in South Africa (Horne & Brown, 1997:67). Educational expenses are low compared to some other expenditure. Public education is the largest government unit controlled and administered at the local community level. People in the community must be convinced of the desirability of a particular educational programme before they are prepared to support it. Likewise, educators must believe in and understand a plan before they will contribute actively to its success.

Blandford (1997:63) maintains that the participatory concept of budget development involves and provides the interaction of the school staff and public representatives at the various levels of preparing the budget. A combination of formal and informal methods are used to encourage involvement in budget development. Educators and other staff members are asked to submit individual requests for supplies and equipment needed. In addition, staff participation on formal committees dealing with budget development is encouraged. Many schools also conduct staff meetings on the budget.

Parents are involved as members of advisory committees and research groups (Horne & Brown, 1997:43; Creese & Earley, 1999:18). The reporting of committee findings is one of the best ways to keep all parents informed. Public sentiment is, in the long run, in favour of unbiased presentations of and honestly sought advice and suggestions.

Attempts to involve educators, staff and parents often fail because of inadequate planning and a lack of role definition. Clear delineation of the advisory nature of the participants is important before any work is completed (Frost *et al.*, 2000:13). Non-educating staff and parent participation helps create a better understanding of education for the future and assists in giving direction and scope to budget development, which could result in compilation of an alternative budget.

(h) Alternative/ Rational/Political/Economic budget

There are researchers (Smyth & Shacklock, 1998:10; Levacic, 1995:82; Coleman & Anderson, 2000:10-12) who insist, with some justification, that existing budget theories have a number of shortcomings *inter alia*:

- Firstly, these theories cannot satisfactorily explain disequilibrium and detrimental decision making.
- Secondly, rational behaviour is defined so narrowly by both rational and public choice theorists that evidence of inefficiency is interpreted as irrational and unresponsive behaviour and moreover as indicative of bureaucratic pathology.

Subsequently, the notion persists that a series of conditions affect rational budget development, among them the political realities of a given situation and the need to respond to pressures and demands that ultimately affect the rationality of the budget (Swanson & King, 1997:19-22; Busher, Harris & Wise, 2000:35-36). The impact of economic conditions also ultimately affect the budgeting process.

Burrup, Brimley and Garfield (1999:8-9) indicate another variable that affects the rational budgeting process is the impact of organizational behaviour related to employee justice. The fact that education is such a labour intensive activity can have significant impact on the budgeting process. It is important that the rational, political and economic process seeks to incorporate the key elements of several approaches to budgeting in an effort to recognize the realities of emerging conditions while preserving existing budget processes and procedures in schools.

3.3 BUDGETING PRINCIPLES, PROCESSES AND PROCEDURES IN SCHOOLS

Gold and Evans (1998:82) and Correia *et al.* (2000:304) advocate that during the first half of the twentieth century, budgeting evolved as an accepted pattern for governmental agencies. When the choices among possible expenditures and the magnitude of the school programme were more limited, the schedule of proposed revenues and expenditures for a given period of time could be developed with a minimum of involvement and effort by the chief administrator.

As the processes of education became more complex in terms of both content and services, and as the school population increased, orderly financial planning resulted both as a by-product of the growth in the number of learners and due to the concern that public affairs should be managed more effectively (Horne & Brown, 1997:68). Budgets for schools serve as guides to financial planning and programme management to permit orderly operation for a stated period of time. The basic function of a budget is to serve as an instrument for planning so that the educational programme will not be interrupted or restricted because of insufficient funds or exhausted accounts. Sound budgeting practices do not guarantee a never-ending source of funds for the schools, but such practices provide local school officials with information that can be used in financial and educational planning for a given period of time. Bisschoff (1997:26) comments that the budget is an instrument for achieving accountability both external and internal.

Internal accountability may be viewed as a management control task whereas external accountability may be viewed as the opportunity to communicate with constituents about the goals and objectives of the school district. Legislation has made use of budgets in order to provide order for the activities of the executive or administrative branches of government and to assure that sufficient funds have been set aside for specified activities (Bisschoff, 1997:67). Because not all goals can be achieved with the use of limited resources, the budgeting process enables the school management to determine the level of priority of goals for a given time period. In this context the budget is more than a list of figures, rather than an instrument used to control the school finances (Reid, 2003:43).

Various approaches have been used in defining the term "budget". For the purpose of this discussion, "budget" is defined as a "planned pattern of revenue and expenditure in order to achieve educational goals over a specified period of time". The period of time is normally one year, either a calendar year or the fiscal year as determined by state legislation. Because the budget is the heart of the management process, affecting all management decisions directly or indirectly, sound educational planning will reflect both on immediate and on long term programme developments which means that local educational goals may be achieved in a systematic manner (Reid, 2003:44).

The complexity of the total educational process has become too involved for the budget to be developed in a vacuum; consequently budgeting is a political process in which there are competing demands for resources (Gold & Evans, 1998:82-83). Budgeting also is a process involving basic principles of the school, which include principles of advocacy, bargaining, negotiation and compromise among persons at many levels, not just the central administrator.

3.3.1 Budgeting processes and procedures in schools

Because the budget establishes the ceiling for the operation of the school programme for a given period of time, decisions made in formulating and administering the budget should be based on sound and well conceived

principles rather than on expediency (Gold & Evans, 1998:4-7; Esterhuysen, Horn & Liebenberg, 2005:132). The following principles may serve as guidelines as school districts engage in the monetary complex and educationally important process of drafting the budget:

- rather than being viewed as an end in itself, each annual budget should be construed as the present and first step in a long term budget through which the educational programme will be supported over an extended period of time;
- in the early stages of drafting the budget, community, parents and staff members should participate in discussions at their respective levels of expertise so that district office administrators and the SGBs may have maximum information at their disposal during the decision making process;
- final decisions relating to the budget should be based on true assessments of educational programme needs, but should also be tempered by the realities of monetary resources and established traditions of the local school district and pertinent statutory limitations;
- sound monetary practices should be observed in both the formulation and administration of the budget to assure that the available financial resources will be sufficient to support the proposed educational programme;
- the budget should be viewed not as an arbitrary restraint but rather as a guide to permit operational flexibility as school personnel seek to achieve educational goals and objectives;
- when a detailed budget has been approved and adopted formally, local school financial committees should be given permission to make alterations when needed in order to be made to cope with unforeseen conditions when administering the budget; and

- school officials should view budget evaluation as a responsibility to be shared among the SGBs, district office and staff members (Swanson and King; 1997:396-398).

3.3.2 Sequential phase of budgeting

In the drafting of an effective budget, several steps must be considered. Page and Canaway (1996:155) indicate that the first step is the development of goals and, in the second step priorities must be determined, for inevitably the goals or objectives may require resources beyond those that are available for the budgeting period. Following the determination of priorities, the budget must be organized into a coherent whole through programmes.

The next steps in the process are computation of costs, the balancing between income and expenses and approval of the budget. The final step in this sequence is the review of the budget, relating closely to initial goals (Busher, Harris & Wise, 2000:168).

3.3.3 Setting goals

SGBs in the different local school districts have varying levels of participation in the drafting and administration of the budget but the one area in which governing bodies should have maximum involvement is in the determination of goals (Brurup, Brimley & Garfield, 1999:9-12). In view of the importance of this phase of budgeting and its implications for subsequent phases, staff members and the SGBs should devote considerable attention to defining the goals of the educational programme in the school (Human *et al.*, 2005:28- 30). Staff members and SGBs should also make every effort to seek maximum involvement of interested citizens in the process of goal formulation.

Subsequently, all parties have a responsibility to see that the goals represent the aspirations of the community and are communicated to the public to reduce the possibility of later misunderstanding when goals are translated into action programmes (Esterhuyse, Horn & Liebenberg, 2005:3). If goal formulation is viewed as one of the important steps involved in budget process, communities are encouraged to maintain contact as the drafting

process develop, communities will possess a better understanding of the complexity of school financial matters when goals may be examined as aspirations and as cost items in the budget (Creese & Earley, 1999:90-8).

Goals to be used in the budget preparation should not vary from the general goals that have been outlined for the school, but may relate more closely to the current educational programme. In fact, goals in this context may actually constitute a more valid reflection of the current operational goals of the school priorities rather than plans for the future that may be postponed at the discretion of the SGB (Page & Canaway, 1996:156).

3.3.4 Setting priorities

According to Blandford (1997:100) and Frost *et al.* (2000:15), when goals and available information have been examined and interrelated, the next logical step is to determine the priorities to be used as guides for drafting the current budget. As an out-growth of goals, certain decisions concerning the school's programme will inevitably emerge. In most instances, programme aspirations must be adjusted when the aspirations are translated into instructional and service activities.

Creese and Earley (1999:44-46) highlight that priorities are identified and examined when staff members and the SGBs attempt to translate goals and available information into activities. Available facilities and personnel, existing programmes, proposed programme changes, traditional aspirations of the community, past and potential support patterns and external influences such as state educational agencies and laws are among the factors that must be considered as priority. Decisions are made about educational programme activities that are to be supported through the organisation of the budget.

3.3.5 Organizing the budget

When goals are arranged in order of priority, an organization must emerge to implement the goals. Blandford (1997:70) describes that the term "organization", in this context, refers to administrative techniques and to school organizational patterns that are developed to implement the goals of

the school. In determining the goals, SGB members and the community may have participated in the process. As the school district organizes to implement its priority goals, involvement becomes limited to those burdened with the responsibility of operating the schools (Frost *et al.*, 2000:139).

Blandford (1997:70-72) states that an important facet of budgeting is the development of communication channels so that pertinent information may be used in this and later stages of the process. Current school patterns are reviewed to determine necessary changes or alterations in the organizational pattern of the school. In the organizational phase, the structure is established for gathering information, and the pattern of cost projection for later decision making is also determined.

3.3.6 Cost projection

Campher *et al.* (2002:14) advocate that the next essential step in budgeting is the projection of cost of the programmes. Current patterns of cost may be studied to ascertain current expenses and to determine additional funds required for implementation of new programmes. Responsibilities for the different aspects of budget development are assigned to appropriate staff members and these individuals are expected to provide certain information that is necessary in budget preparation. A comprehensive management information base is essential to secure adequate information for decision making, especially when considering the fine balance between income and expenses (Harris, 1996:28-29).

3.3.7 Balancing income and expenses

Coleman and Anderson (2000:168-169) claim that after the costs of the projected budget have been determined, the next step comprises balancing costs and anticipated revenues. If the educational plan requires more funds than are available or projected, the goals of the educational programme will not be achieved. At this stage, the definition of priorities and the focus on the primary goals of the school district are essential because the budget should balance at all costs. External accountability is an important issue at this stage. If the budget is not balanced the school district will be judged as less

than credible in its ability to achieve its established goals and adoption of this specific budget will present problems.

3.3.8 Approval of the budget

Most aspects of the budgeting process involve a variety of forces in a direct fashion. However the SGBs as the legislative body for schools at local level must adopt, reject or modify the proposed budget. In most cases the SGBs will have reviewed the budget before it is presented for formal adoption (Fidler & Tessa, 1999:86). Theoretically, the proposed budget should reflect the goals, organizational aspirations and priorities that served as the skeletal framework for the body of information used in drafting the budget.

Local conditions may arise that dictate changes in strategy, but the governing body should rely upon the advice of the financial committee rather than make arbitrary or unilateral decisions to reduce the budget in certain functional areas without giving consideration the impact that the decision will have on the total educational programme. The SGBs, as the legally responsible body, must eventually approve a budget if the schools are to operate optimally. Failure on the part of the SGBs to approve a budget will result in a legal complex that undoubtedly would be detrimental to the goals and objectives of the local district and affect school administration adversely (Fidler & Tessa, 1999:71-72).

3.3.9 Administration

In contrast to the dominant role that the SGB plays in the approval of the budget, the SGBs role in the administration of the budget should be less prominent (Ray, Hack & Candoli, 2001:5-6). The SGBs should avoid becoming engrossed in the implementation of the day to day activities transferring the budget from the formal document to the classroom. Instead, the governing body should rely upon its executive officer and professional staff to carry out this task. Legal restrictions may force the staff to submit invoices and payrolls to the SGBs for approval before expenditures are made, but the professional staff normally has considerable scope in the daily

operation of the school programme within the overall constraints outlined in the original budget.

Blandford (1997:111-113) states that the detail contained in the budget document accepted by the school board should provide adequate direction for the staff to administer the budget. However the original budget should function as a guide so that adjustments may be made as conditions change during the budgeting period. A certain amount of freedom may be desirable, but complete freedom is somewhat questionable because the original budget was drafted with certain educational goals and programmes in mind. A shift in financial resources should undoubtedly influence the programme that has been designed to direct the school district toward the accepted goals. Major revisions should be submitted to the SGB either as information or action items, depending upon pertinent statutes or local procedures or as a general review of the issue (Ray, Hack & Candoli, 2001:7).

For purposes of clarification, budget development is considered as containing two aspects which are then seen maintenance and the developmental of the budget (Burrup, Brimley & Garrield, 1999:68). Maintenance of a budget focuses its attention on continuing the existing programme and providing those traditional human and material resources that are needed to continue the programme at the established level of operation. Staff members who have been involved in the operation of the existing programme can provide basic information for provincial office personnel as they construct this budget.

Fidler and Tessa (1999:27) assert that operational personnel can also provide assistance in the formulation of the developmental budget, but the nature of their assistance and the validity of their information will differ from their participation in the maintenance budget. Developmental of a budget refers to the financial allocations provided to implement new priorities and support new programmes. Considering the factors of flexibility and stability, decisions relating to the developmental budget cannot be made with the same degree of certainty as those pertaining to the maintenance budget.

As the developmental programme progresses, experience may dictate that programme alterations be made within the school or budget year, therefore the developmental budget must provide for flexibility beyond that needed for the maintenance budget (Horne & Brown, 1997:67). Personnel needs may change and additional supplies or services may be required in order to enable the developmental programme to meet its objectives. As schools seek more effective means to meet their objectives and as available resources become more constrained, developmental programmes may go unsupported.

However, it is important that some developmental programmes be supported so that improvements may be made in the traditional or maintenance programmes. The information gained through the developmental programme may then be incorporated into the provincial office policy.

Ray, Hack and Candoli, (2001:8) state that during the course of budget development, certain decisions have to be made concerning the educational programme for the budget period. The implementation of these decisions and of the budget is essentially an administrative matter that should be delegated to those administrators who are responsible for the daily operation of the schools. In public schools the superintendent and staff are assigned this responsibility. Ideally, the professional staff would be charged with the responsibility for administering the budget and would refer matters to the school board only when deviations from the plan as outlined in the original budget become necessary. The legal structure of public schools does not permit this degree of operational flexibility because the SGBs is charged with the legal responsibility of approving expenditures under state legislation. However, in actual practice the SGBs does rely upon the advice and counsel of the national office staff and are able to perform this function in a rather perfunctory manner in most instances (Coleman & Anderson, 2000:132-133).

As conditions change during the budget period, certain alterations in detailed items in the budget may become necessary if schools are to function at the desired level of effectiveness (Ray, Hack & Candoli, 2001:9). For this reason, the budget should be viewed as a guide rather than as an absolute projection for functions over a given period. In some districts, legal restrictions may

force the local school officials to file legal notice of proposed shifts in their expenditure pattern which may dictate that the budget be reviewed during the period of time for which it was developed. Professional staff members should be permitted to administer the budget, provided that total allocations for a function during the given budget period are not exceeded. The SGBs should not be required to review each expenditure item after having approved and adopted the basic budget. By devoting its attention to policy matters and to the determination of basic goals for the schools, the SGBs can function more effectively and come closer to fulfilling its intended purpose of managing school funds effectively (Gold & Evans, 1998:85).

3.3.10 Review

The last step in the budget sequence is review, but the placement of this step should not be interpreted in the light of the fact that budgetary review takes place only after the budget has been administered (Blandford, 1997:135). From the first day of compiling a new budget, the staff and the community begin the process of reviewing the current budget. This may be more beneficial than any follow-up process that might be devised. Every step in the budgeting process constitutes a review as assessments are made concerning the degree to which the budget provides the human and material resources needed for instructional activities.

Campher *et al.*, (2002:3) indicate that data gathered from day to day experiences should be recorded and assimilated in an organized fashion so that school administrators can capitalize upon this experience in the preparation of the next budget. Each of the different phases in the budgeting process is dependent on precedent and subsequent phases. The effective budget emerges when the different parts coordinate into a coherent pattern that promotes the efficient operation of the educational programme. For example, goals are constantly being re-examined and the schools are able to start organizing for the development of the next budget as soon as the current budget gets underway (Coleman & Anderson, 2000:62). Certain priorities are determined when the final budget is assembled immediately prior to formal adoption. Decisions concerning priorities are also made during the budget

period as administrative problems emerge and as external elements dictate courses of action. Of all phases in the budget process, its review should have a more direct influence on the administration of the budget and should provide input information as the new budget is developed.

3.3.11 Staff participation in school budgeting

Staff development in decision-making has become especially evident in budget development. Educators, parents, clerks and other personnel who are directly involved in its final implementation are being called upon to provide information upon which budget decisions may be based (Busher, Harris & Wise, 2000:174-175). These people submit their requests to their immediate supervisor, who would normally be the departmental head or the school principal. The requests are viewed and coordinated and then forwarded to the budgeting officer (Levacic, 1995:77; Bisschoff, 1997:108).

At each level the budgetary requests are reviewed and coordinated into an integrated package that reflects the goals and objectives of that segment of the school administration by examining the request and determining those items that should be increased, reduced or eliminated. This process is critical because the reviewing authority functions at a different level. For this reason, the reviewing authority may determine which areas need to be emphasized and which not.

Therefore, budgetary allocations for particular activities may be increased beyond the original request submitted by the educator or even the school principal. In budget maintenance development and coordinating function, budgeting personnel may again call upon school personnel for advice and information, but the final decisions concerning budgetary requests are always made by the provincial office personnel (Ray, Hack & Candoli, 2001:145).

3.3.12 Staff participation

Campher *et al.* (2002:50) advocate that budgetary requests associated with staff members and the programme at school level should comprise the major portion of the budget. Throughout the school year, staff members responsible

for drafting the budget should gather information for use in constructing the budget. One rather commonly used technique is the budget file that serves as reference for items and information that should be considered in preparing the budget for the coming year.

Some items may serve only as reminders, whereas others will provide basic data that can be used in the preparation of the next budget. Another technique that may prove helpful is a checklist of items that should be considered when a new school is to be opened or an old one closed during the budget year. Personnel and equipment needs are obvious when a new school is to be opened, but the continuing costs for utilities, insurance premiums and maintenance of the closed school may be overlooked in compiling the budget (Campher *et al.*, 2002:52).

Gold and Evans (1998:84) contend that the use of programme budgeting has increased among school, but that every school should develop its own programme for budget development. In this context, the programme refers to an organized plan with certain critical dates and checkpoints to ensure that necessary information is gathered and available for use by staff as the budget is developed. Coleman and Anderson (2000:60) agree that by establishing and observing these critical dates and checkpoints, budget personnel can have sufficient time to assemble the budgetary requests from different functional areas and then merge all items into the total budget. Budgeting official are then be able to review the total budget package and research the way in which the total plan reflects the school logical progress toward achieving the broad educational goals that have been established for the school. Budget methodologies in schools are now examined.

3.4 BUDGET METHODOLOGIES IN SCHOOLS

Various methods and techniques are used to produce school budgets (Blandford, 1997:117-121). An example of these budgeting techniques are, incremental budgeting, performance-based, zero-based budgeting (ZBB), and programme budgeting. These techniques, and their combinations, are efforts to improve the process of translating the organizational and educational plans

into operational activities. Gold and Evans (1998:83) add that current budgeting practices in school appear to have evolved through several stages, including the use of budgets for control, as exemplified by the executive budget which is the most common technique used in the 1940's. During this period, budgeting techniques appear to have been perceived as tools of management, especially as the educational enterprise grew, and tended to focus on programmes and functions. More recently, the zero-based budgeting method was employed by schools. Currently, the majority of schools use some form of programme budgeting, either on its own or in conjunction with one of the other budget methodologies mainly recommended in executive school budgeting (Coleman & Anderson, 2000:88).

3.4.1 Executive school budgeting

Blandford (1997:133-134) postulates that in the first half of the century, the educational enterprise was neither as complex nor as large as it is now. Schedules of proposed revenues and expenditures could be developed with a minimum of involvement and extra effort. Budgets were perceived to be executive or administrative documents developed by the chief administrator and used by him/her as a measure of control.

According to Burrup, Brimley and Garfield (1999:177-178), the executive budget is a means through which the administrator considers the total "needs" of the school, standardizes expenditure and revenue projections to insure the efficient use of public funds, and control over the execution of those funds. As this technique was perfected, uniform administrative procedures for purchasing and accounting were introduced. Many small schools continue to use the executive budget, with modifications, to insure compliance with applicable state laws. Fidler and Tessa (1999:73) further emphasizes that, because of the limited involvement of the community or staff in this budgeting technique, schools often do not obtain the support needed for a educational programmes to be understood and accepted which means that another budgeting technique such as the incremental school budgeting needs to be implemented.

3.4.2 Incremental school budgeting

Under the incremental or decremental budgeting technique, each line item in the previous year's budget is used as the starting point for the next year's budget and can be adjusted up or down from that base. The underlying philosophy to this approach is that limited programme change needs to occur and that revenues and expenditures are distributed properly in the existing format. Increases or decreases in an item are calculated as a straight percentage adjustment. The incremental budgeting technique may be the only budgeting technique used by a school, or it may be used effectively with other budgeting methods. For example, when costs for staff and utilities are adjusted incrementally for price-level changes, then any anticipated revenues in excess of the fixed increase for staff and utilities may be used in a programme budgeting process (Gold & Evans, 1998:83; Fidler & Tessa, 1999:27).

Incremental budgeting has been criticized for its tendency to be a closed system that overrides previous decisions that are not related to current conditions. Therefore, incremental budgeting techniques do not lend themselves to evaluation of goals and purpose and often become a clerical exercise with minimal input of administrators. However, incremental budgeting may be considered to be a politically astute method for developing a budget because it requires the least amount of work and provides the least opportunity for conflict (Gold & Evans, 1998:84).

3.4.3 Performance based school budgeting

Performance budgeting may be defined as a "budgetary methodology that attempts to allocate resources on the basis of anticipated or past results, based on criteria related to the activities or functions and measurements of the organization". Performance budgets rely on classification of activities or functions, measurements of performance, and reports of performance that attempt to link inputs to outputs. Performance reports compare actual experiences with budget projections (Burrup, Brimley & Garfield, 1999:292).

Performance budgeting has been criticized because definitions of appropriate measures of “performance” have been lacking, the linkages between inputs and outputs are not clear, and the cycle to measure “performance” is not the same as the budget planning cycle. However, performance budgeting does integrate planning and review of activities and attempts to measure achievement of goals (Blandford, 1997:122-123). Efforts to use performance budgeting have had different degrees of success. Problems or issues include using the budgetary process to reward or penalize poor performance, the degree to which differential funding should be provided to schools and students in similar circumstances, and the extent to which the budget can be used as a management tool to improve performance or instead resort to zero based school budgeting.

3.4.4 Zero based school budgeting

Zero-based budgeting uses the relatively simple concept of requiring justification of every activity every budget year, assuming nothing about previous budgets, and starting from zero to create a new budget (Levacic, 1995:76; Coleman & Anderson 2000:122).

Blandford (1997:120) adds that when zero-based budgeting is employed, each activity or programme is defined for management evaluation and comparison. Each activity or programme is associated with a “decision package” that includes goals and objectives for the programme, consequences of not performing the function, and costs and benefits. In determining the budget allocations, each activity or programme is ranked against other programmes. Zero-based budgeting can be used in conjunction with PBBS (cf 2.9.5) and incorporates planning, goal setting, analysis of alternatives, performance measuring, and cost analysis into the budget technique (Levacic, 1995:76; Bisschoff, 1997:69).

Zero-based budgeting has been criticized because the technique requires a massive amount of paperwork, data, and time and it is difficult to establish priorities at many levels. Many portions of the educational enterprise require continuing support and it lends itself to centralized executive decision making.

Gold and Evans (1998:84) further emphasize that, on the other hand, zero-based budgeting provides insights into the schools activities, greater management flexibility, a clear statement of the school goals, objectives, and achievements, and promotes the involvement of citizens and staff. Some school have used zero-based budgeting, but this budget methodology is not used generally amongst local education agencies in the same way as PBBS, which is dealt with in the next paragraph.

3.4.5 Programmed school budgeting

The planning, programming, and budgeting systems (PBBS) or planning, programming, budgeting, and evaluating system (PPBS) has been given widespread exposure by President Johnson's Executive Order in the USA that directed all state agencies to use this budgeting technique (Coleman & Anderson, 2000:122). A standard definition of PBBS does not exist, PBBS may be described as a managerial technique that merges planning with the allocation of funds and leads to a programme or activity budget for operation and control. PBBS focuses on choices among programmes, outputs, total costs, and the relationship between resources and goals. PPBS is very similar to zero-based budgeting, but does not assume that all programmes only rejustify their existence in each budget cycle.

Programmed budgeting has been described as a 10-step budgeting larger space cycle which includes the following:

- establish objectives and goals;
- develop alternative programmes that will accomplish goals;
- establish resource requirements for each alternative;
- estimate benefits to be gained from each alternative;
- develop an operating plan by choosing among alternatives;
- test the fiscal implications of the plan;

- develop the annual budget;
- evaluate the success that programmes have;
- revise planning standards; and
- repeat the cycle to accommodate changes in goals, objectives, resources, and the environment.

In PBBS, goals related to the total organization are determined by a central administrator before programmes are designed (Levacic, 1995:73). The programmatic structure that groups activities in order to achieve a specific objective is established in a hierarchical manner that cuts across departmental lines. Alternatives are then evaluated, and the costs and benefits associated with each alternative are presented. In the process of evaluating the alternatives, other more desirable alternatives may be identified (Blandford, 1997:117).

Criticisms of PBBS have been many and relate to the difficulties of measuring outcomes and objectives, establishing measurable objectives, developing definitions of the various "programmes" and ascertaining the validity of the data associated with each programme. On the other hand, Fidler and Tessa (1999:28) indicate that PBBS provides explicit explanation of multiple-year costs rather than single-year costs, develops alternative methods of achieving objectives, and provides opportunities for the evaluation of the benefits and costs of differing budget choices. However, it appears likely that programme budgeting, in one form or another, is here to stay because many schools currently use this budgeting technique, although the permutations and forms of the budget methodology are as varied as the schools themselves (Blandford, 1997:118-119). The success of any budgeting technique depends on the appraisal to which it submits itself.

Two main differences can be found between the programmed budgeting approach and traditional budget development and review activities. The first is that budget information is presented in order for alterations to be made in individual activities without jeopardizing their basic intent. The second, and

more pertinent over the passage of time, is that decisions may be derived from available data rather than relying on the institution and tradition, with a minimum of objective information concerning the relative effectiveness of either the activity or its components, which should be presented in schools as firmly as possible (Burrup, Brimley & Garfield, 1999:283).

3.5 FINAL BUDGETING PROCEDURES

Final budgeting procedures entail budget appraisal and presentation in schools.

3.5.1 Budget appraisal in schools

Gold and Evans (1998:59-61) claim that budget appraisal involves two basic questions, initially, how effective the programme is in obtaining its objectives and secondly allowing or not allowing the same programme results to be accomplished at a reduced cost. These questions attempt to draw a distinction between the effectiveness of a programme in achieving its objective and the efficiency with which it is implemented (Coleman & Anderson, 2000:143). A review can be made of the effectiveness of a programme under the present organization, as well as allowing for certain decisions to be reached concerning the present organization, and certain decisions can be reached concerning the present programme in the existing operational structure.

Subsequently, identical results could possibly be achieved more efficiently and the instructional process might be increased, or not significantly affected, by having some classes organized with a higher learner-teacher ratio thereby achieving savings or permitting other classes to be organized by making use of a lower learner-teacher ratio (classes in which direct pupil-teacher contacts are more important for the learning process). Lack of adequate research in this area complicates the decision-making process. However, recent increases in the number of schools that have varied their instruction process may possibly yield additional data for research efforts in this area. Additionally, the increased use of programme budgeting may result in better methods of budget appraisal.

Because education is designed to yield both economic and non-economic gains, obvious difficulties emerge when efforts are made to apply research techniques to the educational enterprise. One of the basic functions of the educational system is to produce a creative and productive labour force which should contribute to continued economic prosperity. Another function is to preserve and enlarge the cultural heritage of the nation and intentionally to sustain the capacity of the people to govern themselves in a dynamic culture burdened with confusion as a result of technological and social revolutions. Another complicating factor may be found in the political structure of the South African public schools operating at the local level of government. In many instances, in South African schools first consideration is given to local values and aspirations with state consideration receiving secondary consideration only. National goals and needs are given only minimal consideration in the decision making processes dealing with school programmes (Bisschoff, 1997:14).

3.5.1.1 Programmes for evaluating the school budget

Burrup, Brimley and Garfield (1999:287-288) state that programmes to evaluate the schools on multi-district, regional, or national basis should be formulated with caution because basic assumption relating to goals and purposes must be made prior to the design and implementation of any evaluation programme. Undoubtedly, certain matters are important for national interest. However, these should be reviewed and so that their validity will be generally accepted. The application of traditional research techniques to an evaluation of the educational enterprise is further complicated by decentralized control of schools.

Uniform evaluative techniques assume a uniformity of local goals and purposes as well as a standardized operation or one in which the variables may be identified with appropriate adjustments being made in the evaluative process. For these reasons, programmes for evaluating the educational enterprise should focus their attention on commonly accepted goals and attempt to develop techniques that can isolate the degree to which children achieve these goals (Fidler & Tessa, 1999:30).

Obviously, the input of information that serves as the base for the compilation of the school budget will give direction for the subsequent operation of the schools, however, certain priorities must be determined, and the adopted budget should reflect these priority decisions (Gold & Evans, 1998:83). Separate departments may be established for the coordination and development of future programmes, but planners devoting attention to a possible future programme cannot work independently from administrators operating the existing programme.

To attain optimal efficiency, the administrators in charge of a functional programme within the school (i.e., instruction, service areas, and buildings and grounds) should have certain limited freedom in the administration of their divisions of the budget. Operational procedures should permit limited flexibility, but basic policy considerations cannot be ignored if basic data for future decisions intends to be valid (Gold & Evans, 1998:84).

3.5.2 Budget presentation in schools

The logical sequence in presenting the budget to all educational stakeholders involves three phases or steps. The first is that the budget officials review the tentative document to check for omissions and to determine whether the budget reflects efforts toward achievement of the basic goals of the school. In this phase all of the basic information used in assembling the budget should be made available to interested staff members. Blanford (1997:124) postulates that staff members will naturally be more interested in the sections pertaining to their immediate areas of responsibility. However, each person should be encouraged to review the total document in terms of responsibilities as well as the total educational programme.

According to Fidler and Tessa (1999:71) following the budget's review by the staff, the budget is then presented to the SGBs. Because in most local school districts the SGB is the agency charged with responsibility for formally adopting the budget, this presentation and review is most important. Full supporting information should be available for examination by members of the SGBs. An adequate understanding of the budget by the school board is

important because individual members of the board may be called upon to discuss the budget in a variety of situations. Public presentations of the budget are also normally made by staff members, but the unplanned informal discussions by the SGBs may be more important in gaining public support than hours of public presentations.

In this sequence of presenting the budget, the third step follows when tentative approval has been given by the SGBs and the document, as well as pertinent information, is made available to the public. In the two previous instances, the entire budget with full supporting evidence had been made available to both the staff members and the SGBs. However, in presenting the budget to the public, the public needs a understanding of the proposed educational programme changes from the previous year and the sources of revenue to support the budget (Coleman & Anderson, 2000:87).

Complete copies of the budget should be made available for examination by interested citizens, but mass distribution of the complete budget could possibly be a waste of funds. Few citizens will research and develop an understanding of the complete document. Therefore, many local school districts have developed popularized budgets using graphs and charts to explain the impact of the budget and educational programme. To some degree local tradition and statutory regulations will dictate the course of action to be followed in a particular situation which links to budget administration. However, continued public support for the schools may well depend upon the level of understanding the public has of the budget and the relevant educational programme (Gold & Evans, 1998:85).

3.6 SCHOOL FUNDS

School fees are generally regarded as the amount of money parents have to pay to the school each year on behalf of their children (McAleese, 2000:71-72). However, the concept 'school fund' extends beyond such a narrow definition and all funds collected in the name of the school (DoE, 1996(a):24).

It is sound practice to submit monthly reports to the SGBs of the school concerning the incomes and expenses from the school fund. Regular reports

to parents on payments made out of the school fund create trust in the management of the school. The school fund should be administered and applied toward furthering the general and educational interests of the school (Blandford, 1997:207-208).

3.6.1 Establishment of a school fund

The SGBs of a public school must establish and administer a school fund (Blandford, 1997:144). The Minister of Education, after consultation with the various stakeholders, may:

- determine fair and reasonable guidelines for the payment or exemption from payment of school fees at public schools annually; and
- publish such guidelines by notice in the Government Gazette timeously in order to enable SGBs of public schools to take them into account when planning their budgets. School fees may be determined and charged at a public school only if a resolution to do so has been adopted by a majority of parents at a meeting of the SGBs (DoE, 1996(a):26; Creese & Earley, 1999:99). This resolution must provide for:
 - the amount of fees to be charged, and
 - equitable criteria and procedure for the total, partial or conditional exemption of parents who are unable to pay school fees.

A parent is liable to pay the determined school fees unless, or to the extent that, he/she has been exempted from payments. The SGBs of a public school, by process of law, may enforce the payment of school fees by parents who are able to pay. A parent may also appeal against a decision of a SGBs regarding the exemption from payment of school fees (DoE, 1996(a):26).

The South African Schools Act 84 (DoE, 1996(a):24) stipulates that a school may have only one general financial account. The school fund of the public school according to the South African Schools Act 84 (1996(a):24), must be used only for:

- educational purposes, at or in connection with such school or another public school by agreement with such other public school and with the consent of the head of department (head of an education department);
- the performance of the functions of the SGBs; and
- other educational purposes agreed upon between the SGBs and the head of department.

Regulations in the South African Schools Act 84 (DoE, 1996(a):26) stipulate that the SGBs of a public school is responsible for school fund raising, and should act as the treasurer of such funds.

3.7 FUND-RAISING

McAleese (2000:75-76) and Clegg (1996:2) comment that schools have always been involved in generating additional funds in a small way through parent organizations and these efforts have generally been aimed at raising money for specific projects. The stage where some schools at least feel it necessary to look for major ongoing funding from extra money outside government, in addition to meeting the usual requests for extra money for specific projects has now been reached. It is this aspect that has caused controversy and raised questions that go far beyond common school issues.

It should, however, be noted that there are many reasons that could be regarded as requisite for fund-raising in schools. Amongst many others, the cost of living being too high, technological advancement which demands installation of computers in schools, renovation of buildings and upgrading of sports fields. However, particularly in Black South African Schools, the need for additional funds is imperative. This could be attributed to the legacy of apartheid. Coleman and Anderson (2000: 48) maintain that "over a period of time, less money was spent on Black South African schools than other population groups, with a lot more money on schools for whites".

Though the Government provides all the facilities and staff for its schools, funds may often fall short. Sometimes the problem is worse than a shortage

of materials in schools; for example the absence of a school hall. According to Bush, Qiang and Fang (1997:133-138), a school may resort to self-help to implement a process of upgrading.

Clegg (1996:3) and Marsden (1997:169-170) argue that education certainly remains the most important obligation of any government, but it also becomes difficult for the government to provide sufficient funding for its own schools. Consequently it is the prerogative of the principal and the SGB to develop an on-going culture to take charge of extra funding for their school.

According to the Free State Department of Education (DoE, 1997: 38) the SGB of a school has a duty to raise money. It is advisable for a SGB to appoint a fund-raising committee to plan and co-ordinate all the fund-raising efforts. The committee can include parents, educators and/or learners when a need arises.

Although parents consistently desire better education for their children, they are normally too busy to assist with fund-raising activities. This implies that the SGB has to employ motivational and other skills to involve individuals in fund raising activities. The SGB will, as a result, have to identify different and interesting methods to make all the school's stakeholders, including the general public and business people, part of the fund-raising team. By so doing, the school gives the participants the ownership of the fund-raising venture. Therefore the SGB will have made every stakeholder proud of the success the school will have achieved (Blandford, 1997:204). Gold and Evans (1998:105) state that the success of one fund-raising project will influence the manner and enthusiasm with which the community becomes involved in the next project. The implication is that the SGB's communication skills must be applied to the maximum potential. That is, reporting back to the community, acknowledging the support of those involved, being transparent about the manner in which the money is spent and finally giving the participants a say in the way in which money has to be allocated (Coleman & Anderson, 2000:49-50).

By giving every stakeholder the opportunity to be involved, team work is developed. The latter includes acceptance of ownership and a feeling of belonging and responsibility towards their school. Gold and Evans (1998 :106) advocate that a school is not able to function in isolation from the broader community and that the school and the community are linked socially, politically and economically in organizing fund raising activities at schools.

3.7.1 Organizing fund-raising events

Occasionally the school-fund raisers forget the need and the costs incurred to make money while others can think of nothing but profit. As Blandford (1997:212) comments: "fund raising should be fun, and involve as much of the school community as is realistically possible". There is a need for fund raisers to plan their fund raising strategy. Bisschoff, du Plessis and Smith (2004:82) state that such a grand design has many virtues for the school and that it should:

- impress potential donors with the scale of operation;
- give clear sense of direction and purpose;
- inspire confidence;
- co-ordinate different people and activities; and
- link disparate donors so that they sense a commitment to something greater than their immediate interests.

The problem with fund-raising is donor overburden and limited profit. Learners engaged in mini enterprises could be a resource of both fund-raising and ideas. Fund raisers need to be aware that the planning and publicity stages of any fund-raising event are vital to success. All events should, as a matter of necessity, be organized by a competent and reliable organizer who is supported by an enthusiastic and reliable fund-raising committee.

Fund-raising events require prioritizing needs before any organization can take place.

3.7.1.1 Prioritizing needs

Government funds are strictly allocated for specific purposes. Income which is generated via school funds is also spent according to a predetermined budget which addresses certain priorities within the budget. Any additional needs must be identified and prioritized in order to determine the approximate amount that needs to be raised (Horne & Brown, 1999:11; Creese & Earley, 1999:42).

It is important for the SGB to realize that while they might consider an item a priority, the other members of staff might not necessarily do the same. The SGB should ensure that existing departments at different levels do identify possible needs (luxuries or basics) and then prioritize the list during a general meeting of parents. Another important aspect concerning the SGB is the establishment of a fund-raising committee in order to facilitate fund-raising projects.

3.7.1.2 Fund-raising committee

Important to fund raising efforts are those who manage the process. Blandford (1997:207) states that the members of the fund-raising committee must have a guaranteed concern in the running of the school. Elections for such membership must usually come from the SGB, educators and parents. The school principal should be a member of the fund-raising committee. If needs be, the fund-raising committee could be re-elected at the re-opening of each year. Elections should proceed in the manner that a brief motivation by the nominator should accompany the nominations. Each person nominated must also, preferably in writing, commit him-or herself as being available for at least one year.

The SGB could communicate this information in a letter or circular to all the staff members and parents. The letter should explain the importance of fund-raising and what would be expected from the committee members. Without discouraging people to commit themselves, the SGBs need to be clear about what people should commit themselves to in order to determine their capacity as committee members (Fidler & Tessa, 1999:59). This might discourage the

feeling of demoralizing members of a team not to work together or their disappearance during the course of the year if they are not aware of what they have committed themselves to do.

In order for fund-raising members to become familiar with one another, it is important to identify the ability of each person before allocating portfolios to the members (Conradie, 1999:61). The SGBs should give each member a chance to state their strengths and weaknesses and their interests and expertise. When allocating portfolio it would, for instance be a mistake to appoint a certain person as treasurer if he feels irritated about finances. He might however appreciate advertising and be project manager.

3.7.1.3 Assigning responsibilities

Assigning responsibilities to members of the fund-raising committee should be done according to their ability and interests. For example, an educator who specializes in Accounting could be appointed as the treasurer and the parent who works for an advertising company could be responsible for marketing and advertising (Conradie, 1999:61). The following portfolios are recommended for the fund-raising:

- advertising and marketing
- project manager
- treasurer
- chairperson
- secretary
- three additional members.

The SGB should monitor the performance and achievement of the fund-raising committee. The Chairperson of the fund-raising committee needs to communicate effectively with the SGBs (Fidler & Tessa, 1999:86). It is the duty of the SGB to compile the responsibilities of the different functions of the fund-raising committee or to assign this exercise to the Chairperson. It is

necessary that each committee member should fully understand what her or his role entails. The SGB must also hand the priority list to the fund-raising committee whose first task will then be to develop a fund raising policy and submit a fund raising strategy that includes each project to be undertaken. The responsibility of the Chairperson of the fund-raising committee is to supervise the committee. The Chairperson does not necessarily need to be personally involved with the fund-raising projects or income generation other than to manage the activities of the different members of the committee.

3.7.2 Income generation

In this era of educational entrepreneurialism, one option available to schools to generate additional finances is to employ a professional fund-raiser, either as a consultant although less likely on permanent basis (Carnie 1996:10; Marsden 1997:95-109; Rosenberg, 1998:272-278). The school building is also a source of income generation, as are learners, staff and members of the extended community. In a community, the school often has the largest resources such as the grounds, which in most situations are under-utilized. Warner and Leonard (1997:1-13) and Conradie (1999:61- 62) offer a checklist to assist in the generation of income in schools, which appears in table 3.1.

Table 3.1: School income generation

Sales of products	Stationary or T-shirts sold in the school shop. This category includes percentage commission on second hand uniform or boot sales, as well as school photographs.
Sales of the school's own products	E.g plants, food, printed materials, videos and audio cassettes.
Collection of coupons	From groceries.
Sales of services	Possibilities include: instructional services-training, coaching and teaching; technical sources-word processing and translating; caring services-creche and pre school; research and development projects for local firms or organisations; consultancy and professional advice.
Sales of advertising	On "site", vehicles, in changing rooms and on printed material (but not damage the ethos of the school).
Hire of school facilities	E.g. hall or sports facilities, other rooms, fields, vehicle(s), catering, space for car boot sales and markets; developing conference centres.
Promotion of activities	E.g holiday schemes, adult classes and entertainment.
Competition entries	Including competition intended for schools.
Sales of assets	I.e. unused land or equipment (strictly capital rather than revenue income).

Warner and Leonard (1997:8); Conradie (1999:62)

School income generation proceedings necessitate the need for hiring out of school property in order to accomplish fund-raising objectives (Warner & Leonard, 1997:8-12).

3.7.2.1 Renting of school grounds and buildings

Blandford (1997:210) argues that although the South African Schools Act allows for property to be hired out for private use, schools can operate like businesses by renting some of their facilities to the local organizations and clubs for a reasonable fee (Levacic, 1995:158). These facilities may be sports grounds, halls and classrooms. Before hiring out any school facilities such as building and grounds, principals have to obtain authorization from the Free State Provincial Department of Education, according to its policy (Bisschoff, du Plessis and Smith, 2004:10).

3.8 ESTABLISHMENT OF SCHOOL POLICY FOR FUND-RAISING

The school principal has to initiate the establishment of the fund-raising policy by elucidating the significance of the fund-raising project to the SGB and explaining the necessity for developing a policy of that nature. Firstly, fund-raising policy would have to accommodate the school's vision and mission statements (Blandford, 1997:206).

Levacic (1995:157-158) suggests that fund raising should form part and parcel of the everyday activities of any school. The SGB should actively establish an ongoing culture of fund raising just as any school should establish an ongoing culture of learning. The principal will have to develop a policy for fund raising at school in conjunction with the fund-raising policy, which incorporates the school fund bank account. All these should form part of the school development plan.

Before the SGBs begin developing the fund-raising policy, it could be to their assistance to brainstorm a vision and a mission statement. This could be an agenda point in the SGBs meeting, starting as focus of the development policy on the vision of the school. To gain undivided support of the parents and the community, the SGB could also promote the fact that the aim of education and the school is to provide the community with responsible citizens (Conradie, 1999:61).

It is important, to realise in what way the mission statement will be able to assist SGB in developing school policy. The SGBs might even decide to change the school mission statement as they proceed in the development of the fund raising policy to include the following:

- school aims and objectives;
- fund-raising aims and objectives; and
- acceptable framework.

After complete establishment of a fund-raising policy, it needs to be executed in a proper manner.

3.9 EXECUTING THE FUND-RAISING POLICY

In order to execute and implement any policy, the SGB needs to have the draft policy approved (Gallagher *et al.*, 1997:51; Conradie, 1999:61). The success of fund-raising policy depends entirely on cooperation of all stakeholders and availability of resources. The fund-raising committee will have to include the following stakeholders:

- educators
- parents
- learners
- community (Blandford 1997:6-7).

The fund-raising committee has to have knowledge of the amount of money available or allocated to finance the planning of projects. The committee could present the financial committee with a budget to start organizing the planned projects. The fund-raising committee would need full support from the school to provide the following infrastructure:

- administrative support;
- Internet facilities and a telephone and fax line available for their use;

- control books and letterheads;
- school bank details (Esterhuyse, Horn & Liebenberg, 2005:133); and
- approval letter from the SGB confirming details such as approved policy, financial control, transparency and accountability. The learners of a school should not be excluded from this process.

3.9.1 Learners

The fund-raising aims and objectives should clearly explain that the financial benefits of the fund-raising are intended specifically for the learners. These include for example, introduction of computer classes and improvement of learning and teaching material (LTSM) in the school (Gallagher *et al.*, 1997:110; Blandford, 1997:193; Warner & Leonard, 1997:26-27; Latchem & Hanna, 2001:23). Learners are only allowed to become active participants in the fund raising activities under the supervision of educators (Creese & Earley, 1999:98).

3.9.2 Educators

Educators are most instrumental in fund-raising ventures at school because they are the only resources that have a full time commitment to the school. Educators could be assigned to perform various tasks, supervise learner involvement and co-ordinate the involvement of voluntary participants such as community members and parents (David, Bryd & McIntyre, 1999:49; Blandford, 1997:209). On the other hand, educators are in full-time employment at the school and are available not only during the academic hours but also after working hours (Coleman, 1998:183). It is the responsibility of the fund-raising committee to nominate educators and assign duties according to each educator's skills and interests. The SGB should encourage the team of educators and delegate tasks democratically as part of their extra mural activities. This does not exclude the parents from being delegated tasks as well.

3.9.3 Parents

Blandford (1997:192) and Coleman (1998:183) postulate that parents form the most important part of the school fund-raising structure, especially when they are included in the SGB. Parents have a vested interest in the school as well as in the quality of education offered at their children's school. When they perceive that their children are receiving a "good" education at a school, they respond positively towards school projects.

It is the responsibility of the SGB to invite and involve the parents when there are fund-raising projects at school (Gallagher *et al.*, 1997:40). The SGB needs to communicate effectively with parents if they want their support. The SGBs has to explain to parents in what way the success of the fund-raising effort would directly benefit their child as well as the quality of education offered in future. The SGB should make parents aware of the way in which the school and each learner would benefit from their involvement in fund-raising and should make each parent feel personally that the school is dependent on their efforts, commitment and active participation in school projects (McAleese, 2000:73-74).

The SGB should also have to bear in mind that parents operate in different capacities and that there are many different ways in which parents could be involved. Some might have time to invest; some have some extra money or even expertise that they could invest (Montgomery, 1999:3-4). Some parents might feel that they have nothing to offer, in which case the principal will have to guide them into realizing that every parent has something to offer the school. The more choices of possible ways of participation given to the parents, the more the parents will participate in school fund raising projects (Fidler & Tessa, 1999:142; Montgomery, 1999:49-51). By giving parents ownership of the project, the principal will automatically obtain better commitment from the parents. The more creative the SGBs are and the more effective communication is, the better the commitment from the parents should be (Gold & Evans, 1998:99; Warner & Leonard, 1997:125-126; Wragg & Partington, 1995:64-70; Gann 1998:22).

Various fund-raising projects are targeting children in order to persuade their parents to participate in fund-raising activities. Warner and Leonard (1997:125-127) pose the following questions to the SGBs in order to evaluate in what way the school engages parents:

- Do SGBs interact freely with parents?
- Do SGBs attend to parents input and grievances?
- What obstructions discourage absolute co-operation between the school and its parents?
- How does the school deal with financial circumstances and problems encountered by parents?
- Does the school hold informal social events with parents?
- Are parents engaged in organizing such events?
- Do the SGBs ever involve parents in school projects, such as renovating school buildings, fence, repairing school furniture, fund-raising, assisting on field trips? and
- Do parents participate in the school management as part of the larger community?

3.9.4 Community

Gold and Evans (1998:105) and Dodd and Konza (2002:181) comment that the way of reaching out to the community is through placing notices at central points such as shops or the community hall and advertising in newspapers.

The SGB's strategies should aim to engage the broader community (Gann, 1998:149; Human *et al.*, 2005:218-219). They have to bear in mind that the broader community is not necessarily familiar with the school and they might need to work from a reference list (Fidler & Tessa, 1999:74; Human *et al.*, 2005:218- 219). The SGB will also notice that the communication channels and advertising media within the broader community differ from the local

community. A local radio station could give a school wide coverage while some national newspapers even have a metropolitan section that covers local events in order to facilitate fund raising strategy. The SGB would need to target specific funders, support organisations or businesses within the broader community (Dodd & Konza, 2002:240).

With regard to the communication strategy, the SGB should make the community aware that the school would rent out its facilities, services and buildings to generate income. This could be a way of satisfying the need for facilities (Fielding, 1996:104; Gallagher *et al.*, 1997:263). If the community is aware of the service that the school could provide, such as hiring out of facilities, chairs, PA system and school grounds, it would make use of what the school has available. The school would have to advertise these services to the different community structures and identify parents that are part of that structure (Blandford, 1997:7; Fidler & Tessa, 1999:72). The structures of each community will involve local companies.

3.9.5 Companies

According to Correia *et al.*, (2000:230) the majority of the medium and large businesses form part of organized structure (Taxi transport). As part of fund-raising efforts the chairperson of the SGB could request to address the Business Association (Banks) at their meeting and discuss possible ways of involving local business in fund raising efforts (Warner & Leonard, 1997:82-3). Local businesses would also be able to provide the SGBs with valuable links concerning the broader organization and community businesses (Busher, Harris & Wise, 2000:99).

3.9.6 Organizations

Any community has a network of community organisations and associations (Sallis & Jones, 2002:24). Most of these would be able and willing to assist the school in some way. It is the responsibility of the SGB to be well informed about the organizations before approaching them for assistance. For instance, if the bus and taxi transport organization has been identified by the SGB, they

should enquire who they are and what have they done in the community in the past.

Subsequently the SGB could introduce the school in a newsletter and further inform the community about the common vision that they share, namely 'to provide a service to the community'. In addition commend them for their previous community involvement by specifically mentioning some of their earlier contributions to the community and in what way the community benefited by their activities. Afterwards, the SGB could present them with a proposal outlining ways in which they could become involved in one or more of their school fund-raising projects (Fidler & Tessa, 1999:158).

3.9.7 School bank account

The school fund account may be used for additional funds raised during fund-raising projects. Blandford (1997:219) and Esterhuyse, Horn and Liebenberg (2005:133) indicate that a school does not need a separate account for such purposes, but that the accountant should have a divided column in order to allocate additional money or donations from fund-raising. The school policy should include an article that indicates the separate allocation of donations and extra funds raised, as well as a policy on how the funds should be spent.

A trust account is another account that may be opened by schools for a specific purpose. It could be to the advantage of an educational institution to open a trust account should the school have a long-term fundraising policy in place. When a trust account is opened a legal entity is created and the school lawyer and trust accountant need to assist the SGB in the management of the account. The legal implications include acquiring a fund-raising number and effective managing of the trust account (Bisschoff, du Plessis & Smith, 2004:78-79).

3.9.8 Fund-raising methods

Bisschoff, du Plessis and Smith (2004:82) postulate that fund-raising methods of the fund-raising initiative are fundamental to guarantee maximum participation and accomplishment of school projects. The primary

responsibilities of the fund-raising committee would be to draft a fundraising strategy. A strategy is primarily an imaginary research of the fund-raising maps out for the year. The following have to be in place and serve as input in order to plan an annual strategy:

- the fundraising policy;
- the priorities list;
- an established fund-raising committee;
- the list of resources; and
- creativity.

The fund-raising strategy is not a complicated exercise, it is a two-or three-page document that contains only essential information. Bisschoff, Du Plessis and Smith (2004:84-85) indicate that the following information needs to be communicated in the fund raising strategy:

- what the fund-raising committee aims to obtain;
- the identified projects and suggested dates;
- allocation of resources indicating how the available funds will be allocated;
- marketing and advertising strategy;
- allocation of funds raised; and
- evaluation of each project.

The fund-raising committee needs to realistically brainstorm the strategies, the priority list and finally identify how many projects would need to be planned. Some items on the priority list could be carried over to the next year, some items might need fund-raising over a two-or-three year period and some items might be clustered together and allocated to one fund-raising project.

When identifying the different projects, Marsden (1997:173) and Bounds, Malgee and Mayhew (2005:35) comment that creativity should be a priority to the strategic plan. The intention of each project is to generate money, but the fund-raising also needs to involve the learners, educators, parents and other members of the community in those projects. The moment you start advertising your projects, everyone who needs to be involved has to feel some apprehension and would want to commit him or herself to take part in the projects.

3.9.8.1 Distribution of resources

Bisschoff, Du Plessis and Smith (2004:81-83) state that in this strategy the fund-raising committee needs to indicate how they would strategically apply the different resources. The fund-raising committee also needs to compile a brief budget outlining the manner in which the money allocated to the fund-raising committee will be spent. The initial capital could be funds kept aside from the previous year's fund-raising projects or it could be an advance from the school funds. The fund-raising committee does not need to give a detailed breakdown of all expenses incurred at this stage, since detail should be included in each project proposal. In their strategy the fund-raising committee only needs to indicate in what way the funds will be allocated and why. The SGB will have to bear in mind that the purpose of the strategy is to serve as an approved document for the fund-raising committee to realistically plan each project. It might sound like an excellent idea to hire a fun-fair or a circus for a day, but does the fund-raising committee have enough starting capital to promote and market the event, pay the deposit and in the event of a loss, have enough cash to cover the costs?

3.9.8.2 Promotion and marketing strategy

Gold and Evans (1998:77), Kotler and Fox (1995:378-379) and Evans (1995:124) argue that if the fund-raising committee want the school stakeholders to take part in school fund raising initiatives they will need to be convinced. Establishing awareness could be part of the strategy, but it still does not mean that school stakeholders will actually decide to attend or

participate in school projects. Fund-raising committee strategies need to persuade the action of the stakeholders and broader community and draw them towards the school. Consequently, the fund-raising committee is responsible for co-ordinating with the target market and delivering what could be given to them in order to act as an incentive (Human *et al.*, 2005:90-92).

3.9.8.3 Market segmentation

As soon as the school has determined its fund-raising target, it must establish which section of the market would support its cause. Does the segment consist of companies, industries, churches, local authorities, small businessmen or ex-learners (Laws, Harper & Marcus, 2003:327; Esterhuysen, Horn & Liebenberg, 2005:23). The ideal target market might be diverse, which implies that the fund-raising committee might need to identify different messages or unique selling points for different segments of the target market (Bounds, Malgee & Mayhew, 2005:3). The fund-raising committee must create extensive and stimulating advertisement campaigns to reach people from town and township to attend school fund-raising days (Bisschoff, Du Plessis & Smith, 2004:83).

The market must be analysed in detail or the venture will fail. It would prove unsuccessful to approach a businessman who is interested in boxing to be a sponsor for the school soccer team, and a well known beer manufacturer is unlikely to sponsor a cheese and wine function on behalf of school. A further consideration is whether the donors are confined to the local area (Laws, Harper & Marcus, 2003:328).

The only way the fund-raising committee would be able to target the market effectively is to identify the market, advertise the school product and have knowledge of the market by analyzing each segment.

3.9.8.4 School products

The fund-raising committee advertising message will have to define some of the school products or whatever they have to offer to the participants on that particular fund-raising day (Bisschoff, Du Plessis & Smith, 2004:90). The

fund-raising committee should be able to motivate people to leave their houses and their usual activities and not only attend the school function but also to spend some money on goods and services that are at sale at that moment. The product(s) the fund-raising committee have on offer have to be interesting enough and contain a substantive message in order to change the behaviour of target market and ensure their undivided attendance and support (Bisschoff, du Plessis & Smith, 2004:91-92).

3.9.8.5 Message

According to Bounds, Malgee and Mayhew (2005:105) the message in an advertising campaign is also important. The fund-raising committee could have a function planned with many unique selling points to attract most people in the community, but if the message does not inspire the target market and is not communicated effectively, the attendance will be low (Bisschoff, Du Plessis & Smith, 2004:83). The message has to be communicated to the target market so effectively as to develop an urge to attend the planned event (Human *et al.*, 2005:188- 189). If the message is less effective, another event or even staying at home could be placed higher on their priority list (Esterhuyse, Horn & Liebenberg, 2005:108-109). It could only benefit school campaigns if the fund-raising committee has an advertising agency or even a copywriter in the community who is able to assist the school with such issues. The message would differ according to the chosen medium, which means that the amount of information on a poster or flyer will be less than that of a newspaper article.

3.9.8.6 Medium (channel)

Bearing knowledge of their target market, the product, unique selling points and the message, the next step is to identify the channel for communicating the message effectively (Bisschoff, Du Plessis & Smith, 2004:9; Esterhuyse, Horn & Liebenberg, 2005:35).

The choice of medium also depends on the available budget (Esterhuyse, Horn & Liebenberg, 2005:32). Most community newspaper allows free publicity and some radio stations and television programmes allow times for

free community news. The fund-raising committee can also utilize all school resources in an advertising campaign including the learners taking letters home, containing information that the parents can place at strategic places at their work. Businesses can also be requested to place school notices in their windows.

The way in which the message is presented is essential to the success of the message. The presentation should strive to inspire the target market to change their behaviour and priorities concerning school matters. An article in a newspaper could be more effective than an advertisement, although the same medium is used (Esterhuysen, Horn & Liebenberg, 2005:40). Posters could be highly effective if they are neat and legible containing only essential information (Bisschoff, Du Plessis & Smith, 2004:10-13). The attendance at that function could be disappointing due to the restricted way of advertising.

3.9.8.7 Evaluation

The success of each project will influence the success of the next project. Monitoring criteria after the completion of each project is essential and the question of what type of criteria to use in order to measure the success of each project, can be raised (Gallagher *et al.*, 1997:313; Gann, 1998:62; Busher, Harris & Wise 2000:24-26). The assessment criteria might differ from project to project and could include the following:

- Did the project show a profit?
- Did the profit justify the total input?
- Was the project planned according to its objectives?
- Was the fund-raising committee effective in the delegation, co-ordination, evaluation and utilizing resources?
- Was learner involvement effective?
- Were the critical outcomes as stipulated in the curriculum achieved?

- Was educator participation effective?
- Was community participation effective?
- Was the advertising and marketing strategy effective?
- Were projects effectively communicated? (Bounds, Malgee & Mayhew, 2005:105). and
- What lessons were learned during the planning and implementation of the project to assist in the planning and implementation for the next project as part of purchasing function of schools (Blandford, 1997:174; Frost *et al.*, 2000:68).

3.10 THE PURCHASING FUNCTION OF SCHOOLS

Accountability in education might well start with the procurement of school materials. It is among the first of the school's business operations to be studied and improved upon when the pressure of public opinion is directed toward economizing school business operations. The increased size of schools and the recent influx of machines and gadgets necessary to implement innovative programmes have multiplied the problems involved in purchasing supplies and equipment for a modern school programme (Evans, 1995:34-35; Venter, Muller & Bright, 2005:87).

Purchasing supplies and equipment is not just a simple process of ordering something from a dealer, although some people may view it as such (Human *et al.*, 2005:79). Involved in the complicated process of purchasing are such problems as determining what is needed and in what quantity and quality, synchronizing the time of need and the time of delivery, providing the quality of the product needed without overspending the amount budgeted or some other reason that prevents delivery of essential materials or equipment (Correia *et al.*, 2000:720).

Effective planning and efficiency of operation should be able to solve most of the purchasers' problems. Written policies concerning the use of requisitions, purchase orders, and statements of standards or specifications are mandatory

for efficient procurement and application of materials (Esterhuyse, Horn & Liebenberg, 2005:134-135).

The problems involved and the use of purchased materials differ from school to school in comparison with the type of problems encountered in businesses and industry. Businesses tend to specialize to some degree in certain kinds of products, where, in contrast, schools require a variety of items spread over many areas. In private business, and to some degree in industry, procurement of necessary supplies and equipment is usually restricted to limited fields of a highly specialized nature. The materials required are usually selected, designed, or developed by technical staff and passed on to the purchasing officers. School purchasing agents do not have the benefit of such specialized aids; they need to devise their own methods of evaluating the many items that appear on their requisition list because they have to strive to satisfy the needs of educators at all levels of education and in many special departments (Correia *et al.*, 2000:722).

Subsequently, in the process of purchasing, economy, speed and accuracy are important. Efficient purchasing in any institution comprises a particular item being in the right place at the right time and at a reasonable price. If any deal is to be realized, a procurement programme should strive to provide adequate supplies and equipment that meet the immediate and long-range needs of the local school programme (Esterhuyse, Horn & Liebenberg, 2005:136).

According to the Californian Association of Public School Business Officials, regardless of differences in the size of school or the character of materials procured, or the sources from which they are obtained, some sound principles of purchasing procedures are commonly recognized. Purchasing practices in a school district should, strive to:

- accomplish a definite objective in the shortest possible time and in the easiest manner, which proves to be accurate and efficient;
- provide procedures to speed operations and reduce possibilities of error;

- establish procedures that are definite and understandable to alleviate friction, duplication, and confusion;
- determine responsibility for each step of performance;
- establish flexible procedures in order to allow for expansion as the district grows;
- provide a system of procurement that is inexpensive and consistent with the job to be done; and
- ensure that the system is adequate to perform the task for which it was created according to governing purchasing policies (Esterhuyse, Horn & Liebenberg, 2005:137).

3.10.1 Policies governing purchasing

Effective school purchasing requires a systematic purchasing organization which is operated through an established procedure. The first step in establishing such an organization is for the department of education to adopt written policies concerning purchasing. Such policies are extremely valuable, not only to the board, school staff and learners, but also to the patrons of the school in order to clarify the understanding of school operations. Carefully considered and well-written policies are the basis of any institution because they legalize actions and relieve employees of the responsibility of making policy decisions under pressure related to time. They also assist in the interpretation of expediency. They help interpret institutional purposes and facilitate speed and accuracy in translating policy into action.

Correia *et al.*, (2000:721) suggest that if the four relevant aspects of purchasing are handled properly, the overall school programme should improved, namely:

- the staffing of the purchasing department;
- professional objectivity in vendor relationships;

- patrons' interest in education; and
- user input and feedback.

If the purchasing policies of a school district are to achieve the desired level of effectiveness, they must be clearly understood by all relevant parties. The most effective means of communication should be utilized in order to make information available to staff, personnel, dealers and interested patrons of the community (Bounds, Malgee & Mayhew, 2005:105).

Officials in charge of purchasing at the district level must have knowledge of codes as well as purchasing standardization regulations that may be established at the state level and thus apply them to all state or government entities, including school districts.

3.10.2 Standardization

Many of the supplies that schools use are of a standard size and quality making standardization possible. By making use of standard lists, unit costs can be reduced through buying larger quantities and through competitive bidding by vendors (Horne & Brown, 1997:74). Fortunately, in some cases there will be justifiable reasons for buying supplies with non-standard specifications (Knight, 1997:69). Important as standards are in procuring supplies and equipment, no worthwhile school programme should suffer unduly because of inability to use standardized materials. Standardization of school materials offers the following benefits to schools:

- allows lower costs from bids on large quantities of one item;
- reduces and facilitates repairs and replacements;
- reduces inventories, thereby reducing storage costs, and at the same time increases the amount of school funds available for other purposes;
- speeds up delivery of materials or equipment;

- reduces the number of materials and equipment for which specifications must be written; and
- reduces the work of the purchasing department, including that of business office recordkeeping.

One of the problems involved in determining standards of quality is determining what product is actually required to achieve a particular function for a particular period (Bounds, Malgee & Mayhew, 2005:123). A purchaser meets with the same problem when buying an automobile for personal use. The school district purchasing agent facing the same problem may often be tempted to procure the least expensive item in order to allow for the purchasing of other items as well. Subsequently this results in employee dissatisfaction, poor performance, high repair costs, early replacement, and unwise and uneconomical expenditure of school funds (Frost *et al.*, 2000:140). In determining the standard of quality, the purchasers should take the following into consideration:

- the length of term for which the product is to be used;
- the comparative service that each potential choice is known to have given;
- prestige factor involved, if any;
- the extent of safety hazards involved, if any;
- the availability of the products under consideration;
- initial cost and upkeep costs; and
- disposal problems and costs.

Specifications for materials to be purchased often require much time and effort in preparation. When possible, schools take advantage of the standard specifications already prepared by companies or by the South African Bureau of Standards. Making use of well-known products could provide some

foreknowledge of the quality of the product being purchased (Smyth & Shacklock, 1998:52; Frost *et al.*, 2000:141).

3.10.3 Quantity purchasing

School districts usually try to purchase in large quantities in order to save on original costs as well as to reduce office work and delivery problems (Venter, Muller & Bright, 2005:68; Bounds, Malgee & Mayhew, 2005:124). This kind of purchasing policy requires a thorough knowledge of materials needed and alleviates budgetary control in all supply and equipment accounts. At the same time, this practice could result in funds being restricted in unnecessary inventories and requires large storage facilities. In the case of certain materials being purchased it may result in having to use supplies or items of equipment that are outmoded, obsolete, or not as effective as more recently acquired items (Human *et al.*, 2005:79). There is no standard rule for the purchaser to follow when deciding between quantity orders and more frequent orders, but experience of products, as well as with the desires and working policies on bidding and working policies of school staff members, is necessary to determine the best policy for each school in quantity purchasing (Esterhuysen, Horn & Liebenberg, 2005:137).

3.10.3.1 Bidding

Bidding requires advertising, drawing up of specifications and supplying the materials at a certain price (Bounds, Malgee & Mayhew, 2005:121- 122). Other factors to be considered are quality of product, quality of service, ability of the vendor to provide the product, services, or both (usually covered by a performance bond), time when delivery can be made, and reputation as well as the fiscal responsibility of the vendor.

In controlling of school's finances, districts often have bids contracts for particular equipment that schools may require and possess the ability to buy in large quantities. Savings can be generated for smaller districts as well. Small rural districts may find it advantageous to form a consortium for obtaining bids on certain high-priced items.

3.11 FINANCIAL CONTROL IN SCHOOLS

Management of a school's finances is one of the most important tasks of school management. Procedures of financial control should be established by the school to ensure that transactions are recorded accurately and that its financial position is correctly presented at appropriate intervals. If financial control mechanisms are properly designed, they will enable the role players to discover just where deviations from plans are occurring and enable them to investigate. Financial management can thus make a major contribution to the proper management of the whole school (Laws, Harper and Marcus, 2003:164).

Financial management needs to be integrated with the activities of other departments. If it is isolated there is a danger of inter-departmental confrontation. Although most of the tasks concerning finances are being taken care of by the principal and the finance committee, educators are also closely involved with the financial matters of a school because they are involved in planning and controlling of certain aspects of the school's budget from time to time. Monies received from parents and other sources, need to be accounted for and therefore every educator should have a basic knowledge of financial management (Correia *et al.*, 2000:9).

The principal or chairperson of the financial committee should accept responsibility for ensuring that the school fund is administered correctly. For the purpose of the total administration of the school's finances, an efficient institutional structure, which should include administrative and accounting components, should be developed. The principal should compile a policy document and manual concerning procedures to be followed by each of the staff who handles money. The school's bookkeeping should be done by a capable member of the administrative staff who has knowledge of accounting. A school's accounting system should comprise the following:

- A receipt book
- An order book

- Deposit book
- A cheque book
- A cash analysis book
- Bank statements
- Documentary evidence of payments and
- Reconciliation statements.

It is routine practice to submit reports on a monthly basis to the SGB concerning school fund received and payments made. Regular reports to the parents on the spending of school funds will create trust in the management of the school supported by consistent financial control (Laws, Harper & Marcus, 2003:165).

Financial control is executed in four phases:

- determination of operational standards ensuring that proper acceptable controlling measures are implemented;
- evaluation of the school's progress in relationship to predetermined standards;
- establish a school fund and administer it in accordance with the regulations issued by the HOD;
- in the event of deviations corrective action should be taken; and
- follow-up action by the financial committee to ascertain whether the corrective action is effective.

The financial committee is responsible for ensuring that all expenditure and income is authentic and is reflected in the financial records (Creese & Earley, 1999:32). A cash control system includes not only cash receipts, but cash payments as well. They should ensure that payments are made only for goods and services that were actually ordered and received and that the

correct amount has been paid. At the end of the day entries in the receipt book must be totalled by at least two administrative staff members (Creese & Earley, 1999:102).

A receipt is issued whenever money is received. The original copy of the receipt is handed to the person who paid the amount, while the duplicate copy of the receipt remains in the receipt book as a record. The duplicate copy is also referred to when entering the transactions in the cash book (Wragg *et al.*, 2000:214).

Public funds cannot be handled without strict compliance with fundamental and sound business practices, regardless of the amount of funds under their jurisdiction. Since schools perform these functions by receiving and spending the public's money, it is a major responsibility of school personnel to ensure that the money is spent wisely and that accurate and complete financial records are kept. Auditing of accounts by an outside auditing company is a rule with which all schools have to comply (Blandford, 1997:34)

Fund-raising is an integral function for most schools for a variety of reasons. From Government restrictions in educational spending to increased expectations on the part of learners, educators and parents (Blandford, 1997:207). The delegation of financial management to schools has made school managers more aware of finance, especially because of uneven effects on different schools (Correia *et al.*, 2000:5). Schools raise funds for a number of purposes; these include the co-funding of building repair and maintenance and essential resourcing of books, stationery and teaching equipment.

Traditionally fund-raising efforts in schools were undertaken by individual members of staff or committee members with limited overall co-ordination or planning which often resulted in failure. Subsequently it is vital to set clear objectives for any fund-raising effort because people need to know that their money is being used for a specific and worthwhile purpose. There are specific determining aspects of financial management at school level which role players in a school need to be conversant with (Fidler & Tessa, 1999:93).

3.11.1 Aspects of financial control

Essential aspects or procedures for financial control at school level include cash flow and financial statements, the keeping of a school fund account and procedures such as bank reconciliation, handling of petty cash and auditing. In this section the basic features of a number of these control measures are highlighted.

3.11.1.1 Financial statements

Financial statements are used by school management as a means of exercising control over the financial position of the school (Correia *et al.*, 2000:135; Aboobaker, Hall, Marx, Cilliers, Maharaj, Walters, de Villiers, Delport, Koen, Naude, Nogela, Rhoda & Wiesner, 2003:40-41). The school principal needs to be knowledgeable about three key financial statements, namely:

- **Income statement** - the income statement provides a financial summary of the school's operating results during a specified period;
- **Balance sheet** - the balance sheet presents a summary of statements of the school's financial position at a given point in time; and
- **Cash flow statement** - the statement of cash flow provides a summary of the cash flow over the year. A cash flow statement is a summary of all items of cash received and paid out during the period. A bank statement, for example, is a detailed form of cash flow statement indicating each item received by the account holder and each cheque drawn (Correia *et al.*, 2000:181).

3.11.1.2 The school fund account

The SGB has to open and maintain a bank account in the name of the school at any registered bank, into which all money received by the school must be paid (Blandford, 1997:219). It is not allowed for individuals to keep the school's money under his/her personal control on his/her person unless it is for immediate use for approved expenditure. Furthermore, nobody may

deposit the school's money into any bank account other than the one which exists in the name of the school (DoE, 1996(b):45).

The school fund should be administered and applied in order to further the general and educational interests of the school. The sensible use of a school's available funds for the benefit and in the interest of the learners fosters a positive attitude among the parents and community in general (Wragg *et al.*, 2000:12).

3.11.1.3 Bank reconciliation statement

The term "reconciliation" means to come to agreement and it often happens that two sets of figures which are supposed to agree, do not. The frequent difference between cash (as it appears in the books of the school) and the bank balance as per bank statement does not necessarily mean that the bank or the school make errors (although errors cannot be completely discounted for), but that a difference exists that has to be accounted for (in other words reconciled) (Aboobaker *et al.*, 2003:156).

The bank reconciliation statement thus serves to supplement the bank's records as they are naturally not available to the school and therefore the school cannot record entries therein. Each month or more often, reconciliations of bank accounts and bank statements should be prepared by a person not directly concerned with the control of cash, and reviewed by the principal.

According to Aboobaker *et al.*, (2003:157) reasons for differences between the bank statement and the cash bank of the school may be as a result of the following:

- outstanding cheques - Cheques drawn by the school during a specific month may only be presented for payment by the drawee later (up to six months later);

- deposits not yet recorded/ credited by the bank - In practice, a deposit is often made after the bank's accounts for the month have already been closed;
- bank fees and interests on overdrawn account - Usually the school only takes note of these after the bank statement is received;
- stop orders - These are indicated on the bank statement and usually the entries are only made in the school's cash book after receipt of the bank statement;
- unpaid cheques;
- direct deposits in to the school account at the bank - The school will only take note of these payments on receipt of the bank statement;
- errors made in either the records of the school account and/or the bank; and
- the balance then has to agree with the bank's transactions.

Aboobaker *et al.*, (2003:158- 59) provides the following guidelines used for this procedure:

- the cash book balance is compared, usually in pencil, at the end of the month to that of the bank statement;
- all items not appearing in the cash book must be included in the cash book; and
- items which do not appear on the bank statement must be included in the bank reconciliation statement and be audited.

3.11.2 Auditing

An audit is a systematic process for verifying the financial operations of a school to determine whether or not funds have been or are being used in a legal and efficient way (Evans, 1995:55; Busher, Harris & Wise, 2000:159).

Auditing accounts by an outside auditor is compulsory for all schools. An audit serves many purposes. One important purpose is to determine whether or not the financial operations were proper and legal in agreement with accepted accounting practices (Watson, 2000: 66-67).

Auditors appointed by the SGB should verify that authorities have made proper arrangements to secure economic and efficient use of school monies. An auditor is called upon to assess the school financial statements. The major purpose of the auditing process is to express confidence in the accuracy of school financial records (Blandford, 1997:44; Correia *et al.*, 2000:141).

An auditor is an independent person who provides an opinion concerning whether the financial report was prepared in an approved manner, and whether it accurately represents the true state of affairs of the school. It is not a guarantee that the school is doing well, it merely confirms/or not, that proper accounting procedures were followed in the preparation of the accounting statement (Osteryoung, Newman & Davis, 1997:54; Horne & Brown, 1997:12).

The task of a school's auditors is to ascertain that the school's finances are in place, to test whether the government's procedure makes it difficult for the improper application of the school's funds, appraise whether the SGB's policies are uniformly and properly applied, and test the efficacy of the school's procedures. The aims of this function are to protect the school fund and improve the efficiency with which finance and control tasks are performed and whether there are annual reports on school finances and no shortages or misapplications of funds (Gann, 1998:160).

3.11.3 The annual school report

At the end of each year, on 31 December, the financial committee of each school is obliged to produce an annual report. The annual report presents the state of the affairs of the school ensuring quality on finances and the results of operations for the financial year.

3.11.3.1 Quality assurance

The scarcity of public resources demands efficient use of resources which are invested in the school system. Budget effectiveness is determined by the extent to which the funds allocated for each of the programmes in the school are achieving their objectives. Budget efficiency is determined by the extent to which the products and services are purchased at the lowest price consistent with the items' durability and reliability (Human *et al.*, 2005:176-178). It also involves the monitoring of products and utilization of services (Frost *et al.*, 2000:157; Latchem & Hanna, 2001:7).

Resources need to be managed and spent efficiently because school costs have soared in the last few years. In South Africa, emphasis has been placed on improving education management capacity, particularly financial management, to bring about quality, effectiveness and efficiency (Latchem and Hanna, 2001:14). A uniform accounting system and adherence to that system, along with the submitting of accurate financial reports, assists the external auditor involved in the school's annual report (Knight, 1997:2).

3.11.4 Accountability and transparency in school financial management

The new education dispensation in South Africa is founded on a strong tradition of negotiation and stakeholder participation. There is an ongoing shift towards participative management in decision making and democratic management as advocated by South African Government. The shift, according to Blandford (1997:21) is necessitated by the need to make schools more productive, more effective and more accountable to both the Government and the school stakeholders. This new style of management is commonly referred to as co-operative management. This new corner stone of the Government must filter through to schools. Cooperative governance signifies stakeholders' involvement in governance and management of schools. Blandford (1997:22) and Bisschoff (1997:99) state that harmonious collaboration between the governors and administration staff is a prerequisite for the successful achievement of financial objectives of the school.

3.11.4.1 Accountability

Every public institution is accountable. This means that institutions must account for, or explain the manner in which they performed every specific function for which they are responsible (Laws, Harper & Marcus, 2003:114). Coleman and Anderson (2000:210-211) purport that accountability requires institutions to give explanations about the positive as well as the negative results obtained from the performance of responsibilities entrusted to them. The same authors recognize the close link between responsibility and accountability. They see accountability as the enforcement of responsibility.

Accountable comes from the word account, which means explaining, reporting and giving description, make it clear why something happens. Coleman and Anderson (2000:210-211) further write that accountability implies having an answerable relationship with stakeholders. It involves being called upon to give an account with a clear responsibility. Accountability refers to the fulfilment of legal requirements and judicial reviews of the decisions by a public institution. Macpherson (1996:81) describes financial accountability criteria and processes in education as essential components of effective schools in a complex democracy. According to Macpherson, accountability formalizes collective and personal obligations to all school stakeholders. He states that accountability means answerability to others concerning performances and duties. School Principals, as chiefs accounting officers, must account to themselves, peers, clients and superiors ordinates. He further maintains effective accountability implies collecting and reporting of objective data (Laws, Harper & Marcus, 2003:115).

Accountability and responsibility seem to be synonymous. If an individual is accountable to or accountable for, he/she is responsible to and responsible for something or somebody. To be accountable is therefore described as a self inflicted sanction imposed by the person concerned (Macpherson, 1996:83). Macpherson further describes accountability as a wider than pure management function and adds that it is a multi practice system. Ruskin and Achilles (1995:24) maintain that there is a very strong connection between accountability and partnership (stakeholders), which simply means that if

people are working closely with one another they have to be continuously and permanently answerable to one another. Accountability suggests that there should be a relationship of trust, mutual respect and commitment among the stakeholders involved (Creese & Earley, 1999:99).

Ruskin and Achilles (1995:25-31) suggest three levels of accountability, namely:

- moral accountability, being accountable to one's client;
- contractual accountability, being accountable to one's employers; and
- professional accountability, being accountable to one's colleagues.

Middlewood and Lumby (1998:9-10) purport accountability as a fulfilment of institutional objectives for both internal stakeholders as well as external stakeholders. They further view accountability as being involving, reporting to stakeholders either voluntarily or compulsorily. It means having a conscience or moral responsibility about what one is doing. It means being answerable to stakeholders both subordinate and superior to you as a manager. It is part of the essential administrative cement in a democratic society. If money or budget is allocated it should be accounted for (Middlewood & Lumby, 1998:109-114).

Ladd (1996:265) describes financial management accounting as the administrative medium by which full and systematic reports on financial matters of the school are given. According to him, financial accounting results in the financial statement of a school. Ladd (1996:266-267) concludes by defining the accounting process as a financial information system designed to record, classify, report and interpret financial data of interest to the stakeholders of the school.

Clark and Lacey (1997:3) advocate for a simplified budgeting and reporting format so that all stakeholders, including those stakeholders with limited education and limited financial knowledge can understand. Clark and Lacey also recommend that financial activities must be demystified. Its symbols,

formula processes and terminology must be explained. Clark and Lacey (1997:23) are of the opinion that it should be transferred into simplified versions and performances. Internal reporting, as advocated by them, is as important as external reporting. They recommend widened accountability, which is accountability to multiple stakeholders.

3.11.4.2 Transparency

The word transparency come from the verb “transpire” which means to become known. Transparency means offering no obstacle to sight, that which can be clearly seen through. Therefore transparency is when something is easily understood or recognized (Seshabela, 1996:12).

Fowler and Fowler (1995:894) explain transparency as the transmission of light without hindrance or diffusion so that bodies behind can be distinctly seen. Transparency is understood on a figurative level to mean easily seen through. Synonyms associated with transparency are brighten, clarity, openness and access to independent audit. Transparency includes aspects such as access to information, encouragement, consideration and frankness (Seshabela, 1996:12-13).

3.12 CONCLUSION

There is no comprehensive budgetary system that can be used by all educational institutions in South Africa. According to Gallagher *et al.*, (1997:63), the budgetary systems differ from school to school due to differences in needs, traditions and goals. They state that a school has to select and develop a budgetary process that will satisfy the needs of that specific school. However, it remains important to ensure that the budgetary process is flexible, based on sound data and integrated into the long term planning process of the school. The budget should use inputs from all its stakeholders.

It is essential for the financial managers of a school to realize their accountability in the management of school funds. For the financial managers to realize this, they should possess the necessary knowledge of all the

procedures involved in financial management, such as budgeting and fund-raising.

Chapter four thus comprises the collection and analysis of qualitative data to verify the essence of effective school budgeting. Processed data is displayed in the form of figures and numbers and deduction derived from the questionnaire and interviews are contemplated upon.

CHAPTER FOUR

COLLECTION OF SCHOOL BUDGETING DATA

4.1 INTRODUCTION

Research of literature relevant to the concept of school financial management in chapters two and three, verified that budgeting could be explained as knowledge of the way in which the everyday school finances are managed.

A study of government spending on education and managerial tasks of the school management indicated that facilitation of budgeting processes by planning, communicating, controlling, decision making, delegating, organizing, coordinating, leading and controlling in school remains the responsibility of the SMTs.

Chapter two established that knowledge of financial management at school aims at the improvement of its services of teaching and learning, communication techniques and relationship with the parents, learners, educators, support staff, the school financial secretary/treasurer and the community.

Chapter three further emphasizes the purpose for which budgets are prepared and the degree of adherence to budgetary detail and administration which is supported by financial policies in order to facilitate effective control of school income and expenditure.

This chapter includes data collection to establish the constituents of the concept of budgeting in schools. A qualitative research approach supported by quantitative elements is employed to explore strategic budgeting plans utilized in primary and secondary schools and the rationale for the selection of the mentioned method of research is explained (cf. 4.3).

Questionnaires as a method of data collection are explained and the purpose of including questions in the questionnaire is highlighted. Technical details such as the reliability and validity of the research method are also considered in this chapter.

4.2 RESEARCH METHOD

This research project examines the effect of budgeting in schools. The qualitative research method was chosen as most relevant and suitable for this research. According to Strauss and Corbin (1998:72), Leedy and Ormrod (2001:149) and Brown and Jones (2001:13), one of the features of qualitative research is that it is interpretative in character, i.e. the inquiries try to account for what researchers have given an account of (by asking themselves questions, for example, why should budgeting take place in schools) and thereafter collect the responses from school stake holders.

This interpretative character of qualitative research described above, is in line with the survey method considered for this research (Bodgdan & Biklen, 2003:147). Surveys are used to learn, among other things, about people's attitudes, beliefs, opinions and values (Charles, 1995:20). This corresponds with qualitative research in that qualitative research also enquires about attitudes, i.e. why people behave in the manner they do when in their natural settings (Denzin & Lincoln 1998:47; Brown & Jones, 2001:13).

Qualitative research concentrates on verbal responses and approaches are not limited to formality. The scope is less defined, less structured and data appears as words (Bodgdan & Biklen, 2003:7). Strauss and Corbin (1998:91) argue that qualitative research is a foundation aimed at covering various methods and approaches into the inquiry of human behaviour. It includes exploring the world of people interviewed, researching their background and examining the information gathered with the purpose of establishing the meaning of facts being provided. What people perceive, tends to expose how they think things should be, whereas what is initially identified is more likely to reveal how things are, especially when field observation extends throughout an adequate period of time (Denzin & Lincoln, 1998:56). In the context of this research, the views of learners, educators and parents about budgeting strategies which are employed in schools were established.

McMillan and Schumacher (1997:390) contend that, by trying to understand and observe a problem, qualitative research may enhance the following

elements of endeavour related to educational intervention in the identified patterns of human behaviour, namely:

- establishing which causal factors can be influenced and which cannot; and
- predicting transformation that might be introduced in the domains concerned.

In the light of the previous paragraphs, the qualitative research method may be explained as a guideline which produces descriptive information as engaged in people's own written or verbal words and identified behaviour rather than in figures. This implies that the correct meaning of perception held by learners, educators and parents should be deduced (Denzin & Lincoln, 1998:35). McMillan and Schumacher (1997:233) further assert that qualitative research interprets reality as interactive and as a distributed experience viewed by individuals. In this research, different perceptions by participants on strategic school budgeting are examined and a relevant conclusion is reached.

In order to realize the establishment of relationships, to offer an explanation of the causes of changes in measured social facts and to establish context-free generalizations, the researcher also employs the quantitative method of research to a limited extent in this predominantly qualitative research (Henning, Van Rensburg & Smit, 2004:3).

4.3 RATIONALE FOR CHOOSING THE QUALITATIVE AS WELL AS QUANTITATIVE RESEARCH METHODS

These research methods were considered with the purpose of revealing what benefits can be achieved when the stakeholders of schools are exposed to school budgeting. Due to the evidence that various people view the world differently, responses of educators, learners and parents are sought in order for relevant conclusions to be drawn. The qualitative method of research is viewed as appropriate for this research because it becomes possible to measure the reactions of many people to a limited set of questions, thus

facilitating direct comparisons between people (Best & Kahn, 2003:241; Radebe, 1995:50).

4.3.1 The qualitative method

The word qualitative signifies that emphasis is placed on processes and meanings, not accurately scrutinizing or measuring in terms of quantity, amount, magnitude or frequency. The socially assembled nature of reality is stressed; answers are sought about questions and subsequently given meaning (Leedy & Ormrod, 2001:147-148; Denzin & Lincoln, 1998:4).

Qualitative inquiry gives rise to new questions, expands the frame of reference of the individual and enables the examination of evidence in a productive manner. Qualitative researchers also concentrate on natural settings as they are interested to discover new insights. Nothing is taken for granted, and they want those who are studied, to speak for themselves (Henning, Van Rensburg & Smit, 2004:1-5; Leedy & Ormrod, 2001:149; Best & Kahn, 2003:240).

In present research, school principals, SMTs, educators, the school financial clerk or secretary and parents are the respondents to questionnaires. Each question is accompanied by an open-ended section where the opinion of the respondent is invited. This is necessary in present research because when people speak for themselves, new insights are discovered about the concept school budgeting.

Qualitative research also places emphasis on comprehension by paying attention to the words used by people and the intention of such research is to discover patterns emerging from thoughtful analysis of the research topic. Contextual findings and limited generalizations are the discoveries made through qualitative research (Evans, 1995:55; Bodgdan & Biklen, 2003:10).

Finally, qualitative investigation broadens the understanding of educational research by extending the researcher's frame of reference. It provides a means of counteracting rationalization of researchers and assists them to search for universal and infinite generalizations. In present research, the

qualitative method of investigation should provide constant truths pertaining to the concept of school budgeting (Leedy & Ormrod, 2001:147).

Radebe (1995:51) and Strauss and Corbin (1998:30) indicate that the following important concepts should be applied by the qualitative researcher:

- qualitative research is designed to discover what can be learned about a phenomenon of interest;
- qualitative research has various interpretations. It reveals logistics and the relevance, which has an influence on the readers. It enables a researcher to gain insights about the nature of a particular phenomenon. It develops new concepts or theoretical perspectives about the phenomenon and also discovers the problems that exist within the phenomenon;
- impressive conceptions, related to the origin of truth of the world, the nature of certain situations, settings, processes, relationships, systems, or people, are revealed;
- the focus is based on the respondent's ideas and experiences;
- simple events in their original situations display aspects of real life in the research process;
- it assists in the justification of correct life skills and the future success of the individual;
- it stresses identification, induction and formulated theory;
- it involves the respondent's observation in detailed interview and conversational analysis;
- it allows a researcher to test the validity of certain assumptions, claims, theories and generalizations within real world contexts; and
- it provide a means through which a researcher can judge the effectiveness of particular policies, practices and innovations (Best & Kahn, 2003; Charles, 1995:21).

Qualitative methods enable the researcher to investigate selected matters in depth and detail, while quantitative methods compel standardized measures to be used in order that the perspective and experiences of people could be placed into strategies which are predetermined and to which numbers are allocated (McMillan & Schumacher, 1997:20).

4.3.2 The quantitative method

Charles (1995:97) explains that quantitative data deals principally with numbers while qualitative data deals with meanings. These meanings are expressed through language and action (Thomas, 1998:130). Like meanings, numbers are important at all levels of measurement in research. Numbers must be based on meaningful conceptualizations. Quantitative and qualitative methods complement each other for meaningful research (Bryman & Cramer, 1999:2).

One of the most important requisites in contemporary social science is that scientific information should be quantitative because it represents an endeavour to detect laws, relationships and explanations of various occurrences. Results obtained in such a way are always transcribed in a statistical manner. The extent into which observations are translated into numbers serves as an indication of the maturity of science (Henning, Van Rensburg & Smit, 2004:3; Charles, 1995:99). Quantitative research measures the reaction of many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data, which give a broad, general set of findings (Thomas, 1998:133).

In order to reach the correct conclusion for this research, it is important to focus on the character of a research instrument.

4.4 CHARACTERISTICS OF A RESEARCH INSTRUMENT

An imperative attribute of research instruments is the existence of reliability and validity, the latter being the most important characteristic (Bryman & Cramer, 1999:5; Thomas, 1998; 133). Mouton (1996:78) postulates that research is a scientific method of enquiry, thus information should be carefully

assessed by means of reliability and validity focuses on the trustworthiness (Charles, 1995:101), which invite explanation of phenomena reliability and validity. Validity involves what is intended to be evaluated and for whom it is relevant, whereas reliability includes the consistency with which the instrument appraising whatever should be measured (Thomas, 1998:138; David, Bryd & McIntyre, 1999:49).

4.4.1 Validity

The relevancy, meaningfulness and usefulness of conclusions made by researchers, can be defined as the validity thereof (Henning, Van Rensburg & Smit, 2004:146-149). Strauss and Corbin (1998:76) state that validity is employed to guarantee that information includes everything it should and that it does not include anything that should not be included. Validity is the way of discovering a true and precise picture of what is claimed to be described and is dependent on the purpose in which measurement takes place (Rubin & Rubin, 1995:85; Charles, 1995:102; Laws, Harper & Marcus, 2003:417; Kitchin & Tate, 2000:35). The results of a questionnaire and interview can therefore be valid in one situation and invalid in another.

Validity, therefore, is the degree to which a survey instrument evaluates what it purports to measure (Best & Kahn, 2003:166). For instance, the research of effective budgeting as a functional tool in school financial management is valid if the researcher formulates and asks questions that are relevant to effective budgeting as a functional tool in school financial management.

A more appropriate definition of the concept **validity** is provided by Best and Kahn (2003:166) below.

"Validity is concerned with the accuracy of scientific findings. Establishing validity requires: determining the extent to which conclusions effectively represent empirical reality, and assessing whether constructs devised by researchers represent or measure the strategies of human experience that occur".

The functionality of present research is to ascertain the concepts pertaining to effective budgeting in schools.

Reality is represented in the questionnaire (cf. appendix 4.3 - 4.7) used in this research by posing questions which are relevant to the concepts of budgeting and supported by the fact that it is relevant to human experience as well. Therefore only school principals, SMTs, educators, financial secretaries or treasurers and parents serving in the SGBs, were requested to complete related questionnaires. Accurate interpretation of results can only be made if the group to be studied precisely conforms to specified standards in all aspects.

To obtain validity, Leedy and Ormrod (2001:31) and Fink (1995:500) claim that the researcher has to employ standards which may have a meaningful link with research questions and with data analysis, in order to direct him/her in creating valid arguments, findings and reports. This emphasis is considered with the idea that validity is a single, unitary concept that requires evidence for the specific use that it cited. The questions posed in the questionnaires are of such a nature that ambiguity should not occur in response. Reliability, dealing with the consistency with which an instrument evaluates, is closely linked to the concept of validity.

4.4.2 Reliability

Reliability refers to the consistency of measurement to the extent with which the results are similar over different forms of the same instrument or occasions of data collecting (Leedy & Ormrod, 2001:31-32; Best & Kahn, 2003:276-277). In other words, the same results are obtained each time the researcher uses various techniques for assessing the collected data (Charles, 1995:103). Charles adds that reliability, in ordinary terms, means dependability or credibility. With respect to measurement, the meaning is similar. The ratio to which a test constantly measures what it is intended to measure, is referred to as the reliability thereof. If a reliable test were to be re-administered, the scores obtained would essentially reveal similar scores the second time.

Reliability directly points to the consistency of the scores acquired. If scores are inconsistent they provide no useful information and cannot be declared valid. If reliability of a test improves, the validity improves as well (Henning, Van Rensburg & Smit, 2004:146).

The questions contained in the questionnaire are aimed at concepts relevant to school budgeting which safeguards that only relevant responses will be given. If respondents are given another questionnaire to complete, they are not likely to change their opinions about this matter. Consequently their scores would be similar, which indicates the reliability of the items (Laws, Harper & Marcus, 2003:417; Kitchin & Tate, 2000:34).

Validity has been verified in this research by the fact that another measure of the same variable was supplied by administering a basically similar issue dealing with the issue of school budgeting to all the stakeholders involved. Reliability has been verified by the fact that a similar dealing with the issue of school budgeting has been administered to all respondents involved.

There might be errors in a set of collected data; therefore reliability is utilized with the aim of achieving a more precise reflection of the truth. Clear and relevant questions were formulated for the interview with the purpose of attaining reliable data that is free from measurement mistakes (Mouton, 1996:97).

After the research problem had been defined, related literature was reviewed and the questions stated. Careful thought should be given to sample selection and data collection.

4.5 POPULATION AND SAMPLE SELECTION

Cormack (2000:51), Best and Kahn (2003:12) and Leedy and Ormrod (2001:223-224) postulate that sampling is a process of choosing a small group of participants from a defined population. They further define sampling as the scientific research in which a number of individuals are stakeholders in establishing a concise conclusion about a large number of people.

Sample selection is the primary technique used to collect data and the manner in which cases rich in information, present themselves. The reasoning behind sampling is associated with the purpose of the research as well as the research problem studied (Evans, 1995:56; Best & Kahn, 2003:12).

Cormack (2000:52) states that, when an educational design is in the planning stage, the researcher should take the population, to which the results should be generalized, into account. Such intention should involve decisions over sample sizes and sampling methods. Qualitative research is mainly focused on the description of the site and sample (Frey & Oishi, 1995:14-15). In this instance, questions regarding where, how and with whom a particular phenomenon prevails, may be asked. Best and Kahn (2003:342) and Frey and Oishi (1995:16) emphasize the importance of a selection strategy which should be employed in order to achieve the sub-set of the population from whom data is collected by means of interviewing, observation and documentation. It is therefore important to conceptualize sampling as an aspect of research.

This research has chosen a specific population which comprises SMDs, school principals, SMTs, educators, the financial secretary or treasurer, learners and parents serving in the SGBs from primary and secondary schools in the Lejweleputswa (Gold Feilds Region) district of the Free State Province of South Africa.

The population from which a sample for this research was drawn is eighty **principals** from both primary (**forty**) and secondary (**forty**) schools in the Lejweleputswa district, one hundred and sixty **educators** from both primary (**eighty**) and secondary (**eighty**) schools, one hundred and sixty **SMTs** (SMTs) from both primary (**eighty**) and secondary (**eighty**) schools, eighty **school financial clerk/ secretary/ treasurers** of primary (**forty**) and secondary (**forty**) schools one; hundred and sixty **parents serving in SGBs** of primary (**eighty**) and secondary (**eighty**) schools, twelve **School Management Developer (SMDs)** and **eighty learners serving in SGBs** from secondary schools (cf. table 4.1).

Table 4.1: Research population

POPULATION	PRIMARY SCHOOL	SECONDARY SCHOOL	TOTAL
Principals	40	40	80
SMTs	80	80	160
Educators	80	80	160
Parents in SGBs	80	80	160
Learners in SGBs	0	80	80
SMDs	6	6	12
Financial clerk/ secretary/ treasurer	40	40	80
TOTAL	326	406	732

The researcher used purposeful sampling because he aimed to receive information from participants who were well informed and experienced in budgeting in their schools. Therefore the site where the research was conducted was selected and primary and secondary schools both from towns and townships in Lejweleputswa district were chosen.

4.5.1 Choice of schools

The eighty schools, consisting of schools situated in towns as well as in the townships of the Lejweleputswa district, were chosen according to the following criteria:

- Town primary and secondary schools have a history of producing and maintaining an excellent record of results;
- Township primary and secondary schools have a background of fluctuating (high and low) results;

- Town primary and secondary schools have far better teaching and learning facilities that provide a better teaching and learning environment than most of Township primary and secondary schools; and
- Both types of schools cater for the educational needs of learners, parents and community of Lejweleputswa district in the Free State Province.

4.6 DATA COLLECTION

There are essentially six methods used for collection of data, namely, observations, questionnaires, interviews, documents, tests and unobtrusive assessments. All researchers use one or more of these versions, depending on the effectiveness and restrictions of each of these considerations (Henning, Van Rensburg & Smit, 2004:101-103; Piantanida & Garman, 1999:180). Data collection forms an important part of any research because it does not only give a description of what data could be collected and how it should be collected but it also constitutes the basic information from which conclusions are drawn (Coleman, 1998:161; Bryman & Cramer, 1999:5). It creates an essential component of any research because it does not only supply an explanation of what data is collected and how it is received, it further impacts the important data from which conclusions are drawn (Best & Kahn, 2003:254; Bassegy, 1999:81).

The instruments that were used to collect data in this research are the questionnaire and the interview. The questionnaire was the instrument used in order to collect primary information. Interviews were conducted to validate data collected through the questionnaire.

The researcher made use of the questionnaire and interviews to formulate an opinion about budgeting in schools. In order to follow this course, the researcher had to obtain permission to conduct the research in the Lejweleputswa Primary and Secondary Schools from the Free State Department of Education (cf. Appendix 4.1) and from the school principals (cf. Appendix 4.2).

4.6.1 Questionnaires

The questionnaire was used to conduct research, in order to select a sample of respondents and administer a questionnaire to collect data. The items in the questionnaire were developed by the researcher according to the method suggested by Reason and Bradbury (2001:329), Mouton (1996:36) and Bounds, Malgee and Mayhew, (2005:37).

The questionnaire is the most broadly used technique for acquiring information. It is relatively economical, contains structured or unstructured questions, ensures that the respondent remains anonymous and the questions can be asked with a specific purpose in mind (Evans, 1995:55; Best & Kahn, 2003:301).

Questionnaires are employed to resolve opinions, attitudes, preferences and perceptions whereas studies that deal with sensitive topics that invoke a deeper response cannot be measured by a questionnaire. Thus the need to conduct interviews (Leedy & Ormrod, 2001:197) which also serves as a test for reliability if the same respondents were interviewed.

Complex responses are not required where the concept or notion of school budgeting is indicated in this research. Research in this case revolves around opinions, attitudes, preferences and perceptions. The above mentioned method of obtaining information about school budgeting is regarded appropriate for present research.

Certain practical considerations require attention to ensure the functionality of questionnaires.

4.6.1.1 Questions explained

Piantanida and Garman (1999:250), Bassey (1999:67) and Best and Kahn (2003:303-308) indicated that once objectives have been defined and it has been ascertained that no existing methods can be used, the task of writing the questions may begun. It is best to write the items objectively and to consider the way the results are analyzed once the data has been collected (Reason &

Bradbury, 2001:83). In this research all questions that were deemed irrelevant were eliminated. It is essential to provide clarity to what the researcher wants to achieve by posing the types of questions listed below. Questions listed below solicited the opinion of participants on issues related to effective budgeting in schools.

All questionnaires are divided into two sections. Section **A** comprises a general section and Section **B** contains more specific questions posed for different individuals. The general section is explained first and then questions in section **B** receives attention according to each sector of the population.

A. Section A (general section intended for all parties) of all Questionnaires

Question 1 is a direct question to ascertain the type of school. It aims to engage school principals, SMDs, educators, the school financial clerk/ secretary/ treasurer, parents in SGBs and SMTs managing Section 21 schools and Non Section 21 schools in this research.

Question 2 is also a direct question to pin-point the location of schools. It intends to involve school stakeholders both in township and town primary and secondary schools.

Question 3 aims to establish the community served by schools, which assists to ascertain financial capability of a specific community in order to support schools.

Question 4 attempts to ascertain which person(s) controls and administers school funds. It intends to establish the impact of the State, Community or Private sector on school finances.

B. Section B was distributed to school principals, SMTs, educators, financial clerks/treasurers and parents serving in the SGBs.

(a) School principals (cf. Appendix 4.3)

This specific section was completed by school principals.

Questions 1, 2, 3, 5, 8, 9 and 10 are included to establish whether the budget of schools are drafted and implemented according to financial policies provided by the Provincial Department of Education.

Question 4 intends to verify whether school purchasing systems correlate with the agreed and completed school budget.

Questions 6, 7 and 7.1 aim to ascertain whether the money disbursed by the Provincial Department of Education is sufficient to provide for the needs of the specific school.

Question 11 intends to test the involvement of parents, SMTs, learners and educators in the process of planning and implementing the school budget.

Question 12 intends to test accountability and transparency in managing a school budget.

Question 13 is included to establish whether schools are employing effective fund raising activities in order to improve their current budget.

(b) SMTs (cf. Appendix 4.4)

This section was completed by SMTs (SMTs).

Question 1 intends to establish whether school budgets accommodate the aims of a specific school.

Question 2, 2.2, 3, 3.1 and 4 are included to ascertain whether the budget drafted by SGBs is helpful to the specific institution.

Question 5 and 6 are included to establish whether schools are employing effective fund raising activities in order to improve their current budget.

(c) Educators (cf. Appendix 4.5)

This section was completed by educators.

Question 1 and 1.1 intends to establish whether school budgets accommodate the aims of a specific school.

Questions 2, 6, 6.1, 7 and 7.1 are included to establish whether the budget of schools are drafted and implemented according to financial policies provided by the Provincial Department of Education.

Questions 3 and 3.1 intend to test accountability and transparency in managing the school budget.

Questions 4 and 4.1 intend to verify whether school purchasing systems correlate with the agreed and completed school budget.

Questions 5, 5.1, 8 and 8.1 aim at establishing whether Financial Committees are skilful enough to manage the school funds.

Questions 10, 11 and 11.1 are included to establish whether the budget of schools are drafted and implemented according to financial policies provided by the Provincial Department of Education.

(d) Parents serving in the SGB (cf. Appendix 4.6)

This section was intended for parents in the SGB.

Questions 1 and 5 aim at establishing whether Financial Committees are skilful enough to manage the school funds.

Questions 2, 3, 3.1, 4, 4.1, 6, 7 and 8 are included to establish whether the budgets of schools are drafted and implemented according to financial policies provided by the Provincial Department of Education.

Questions 9 and 9.1 are included to ascertain whether the budget drafted by SGBs is beneficial to the specific institution.

Questions 10 and 10.1 are included to establish whether schools are employing effective fund raising activities in order to improve their current budget.

(e) School financial clerk, secretary or treasurer (cf. Appendix 4.7)

This section was intended for the school financial clerk or treasurer.

Questions 1, 1.1, 2, 2.1, 3, 3.1, 4, 4.1, 5, 5.1, 8, 9, 10 and 11 aim at establishing whether Financial Committees are skilful enough to manage the school funds.

Question 6 intends to verify whether schools purchasing systems co-relate with the agreed and completed school budget.

Questions 7 and 7.1 are included to establish whether the budgets of schools are drafted and implemented according to financial policies provided by the Provincial Department of Education.

Questions 12 and 12.1 are included to establish whether schools are employing effective fund raising activities in order to improve their current budget.

In order to clarify certain questions that arose from the questionnaires, use had to be made of interviews as data collection instruments.

4.6.2 Interviews

The interview is selected as another instrument used for collecting information as well as to give clarity on certain questions posed in the questionnaire. Through the interviewees, the researcher has the chance to discuss, answer and pose questions related to the phenomenon (Rubin and Rubin, 1995:36). This method is regarded as characterized by open-response questions which enable the researcher to determine in what way respondents interpret their world and how they interpret events in their lives. This type of interview provides researchers with a uniform method of recording information, and therefore enhances the validity of the interview as a measuring instrument (Evans 1995:53; Bodgdan & Biklen, 2003:121).

Conducting an informative interview is not as easy as it might seem. Eisner (1998:183-185), Best and Kahn (2003:255-257), Henning, van Rensburg and Smit (2004:50-56) and Briggs (2002:916) offers the following guidelines to researchers for conducting a productive interview:

- **Make sure interviewees are representative of the group** - The researcher should choose people who are expected to give typical perceptions and perspectives. In some cases, the researcher may intentionally “pick extremists” who should be identified as such in the notes.
- **Find a suitable location** - In theory, the researcher can conduct an interview anywhere people are willing to talk. It will probably be a more successful interview if a quiet place is found where the interviewee is unlikely to be distracted or interrupted.
- **Take a few minutes to establish rapport** - Commence the conversation with small talk that can break the ice. Be courteous and respectful at all times.
- **Get written permission from respondents** - Explain the nature of the research and plans for using the results. Ask the respondents to sign an informed consent form. Offer to provide an abstract or copy of the research report once the research is completed.
- **Focus on the actual rather than on the abstract or hypothetical** - Researchers are more likely to get revealing information if they ask what a person does or would do in a specific situation.
- **Do not put words in respondents mouths** - Let respondents choose their own way of expressing their thoughts. A good interviewer is a good listener who lets people say what they want to say in the way that they want to say it.
- **Record responses verbatim** - Whether researcher uses handwritten notes, shorthand, or a tape recorder, everything the respondents says should be captured, especially if the interview is an unstructured one. If the researcher suspect that an interviewee may have said something other than was intended the response must be played back to check accuracy.

- **Keep your reactions to yourself** - Although researchers would not necessarily want to maintain a continual “poker face”, they are more likely to get accurate information if they do not show surprise or disapproval of what is being said.
- **Remember that researchers are not necessarily getting the facts** - As confident and convincing as some respondents may be the researcher should always treat their responses as perceptions rather than as facts.

In qualitative research studies, interviews are often quite open-ended, revolving around one or two central issues while addressing different problems for different respondents (Laws, Harper & Marcus, 2003:197; Kitchin & Tate, 2000:12). In survey research, interviews are more structured. In a structured interview, the researcher asks a standard set of questions and nothing more. In a semi-structured interview, the research may follow the standard questions with one or two individually modified questions to get clarification or probe a person’s reasoning (Gubrium & Holstein, 2002:13).

In this research the researcher used personal interviews and telephonic interviews.

Personal interviews have the distinct advantage of enabling the researcher to establish rapport with potential respondents and therefore gain their cooperation (Henning, Van Rensburg & Smit, 2004:66-67). It also allows the researcher to clarify ambiguous answers and when appropriate, seek follow-up information. These interviews take time and may not be effective when very large sample sizes are incorporated in the particular research (Johnson, 2002:103).

Telephone interviews are less time consuming and less expensive, they involve only the high cost of long distance calls and cell phone calls but no travelling expenses. However the response rate is not as high as for personal interview. There is the occasional person who is busy, annoyed at being bothered, or not interested in participating. The researcher cannot establish the same kind of rapport that is possible in a face to face situation and the sample will be biased to the extent that people without phones and whom the

researcher wants to draw inferences are part of the population (Henning, Van Rensburg & Smit, 2004:74-79).

The following are advantages of interviews:

- by making personal contact, interviewees get the impression that they are being valued and they therefore provide sincere responses;
- the interview setting enables the interviewer to clarify questions that respondents may find confusing;
- respondents may broaden their answers or be limited from the central topic in ways that prove useful to the researcher; and
- provide an in-depth understanding of respondents' motives, their pattern of reasoning and emotional reactions not possible with questionnaires (Thomas, 1998:135).

The main disadvantage of interviews is that they are more expensive and time-consuming than questionnaires (Frey & Oishi, 1995:3).

An interview was originally planned for learners and school management developers (SMDs) in the Lejweleputswa District, with the aim of obtaining an opinion from all school stakeholders to ensure effective budgeting in schools.

Rubin and Rubin (1995:56) claim that an interview permits the interviewer to maintain an understanding of what the interviewee means by responses he/she gives to questions asked. Interviews have been employed extensively across all the disciplines of the social sciences and in educational research as a key technique of data collection.

The following features (Thomas, 1998:134) are deduced from interviews:

- interviewers can probe for more specific answers and can repeat a question when the response indicates that the interviewee has misunderstood the question;

- an interview does not have a time limit, people who cannot read and write could still answer questions in an interview;
- the interviewer is present to observe non-verbal behaviour as well as to assess the validity of the interviewee's answers;
- the interviewer may standardize the interview environment, for example by making sure that there is privacy and no noise;
- the interviewer has full control over the order of questions to be answered;
- the interviewee cannot retract an answer once it has been given and thus the interviewer can record answers from the interviewee as they arise;
- the interviewer can ensure that all questions are answered;
- provide an in-depth understanding of the respondents's motives, pattern of reasoning and emotional reactions not possible with questionnaires; and
- the interviewer can record the exact time, data and place of the interview (Thomas, 1998:135).

In this research, school management developers (SMDs) and learners were requested to be interviewed and informed how important this research could be in adding to existing information on effective budgeting of schools. They were also told that the research may provide solutions or alternatives to problems they are faced with at school and thereby contribute to the improvement of the academic and non-academic results.

A semi-structured interview was employed, during which the researcher listened intently, made notes and where necessary, sought clarity or more information from interviewees (Laws, Harper & Marcus, 2003:198; Kitchin & Tate, 2000:212).

The interviews were conducted as follows:

- the interviewer introduced himself and explained the need for the interview and reasons for selecting the interviewees;

- secondly, questions were asked and answers were recorded. The interviewer accurately recorded answers and did not summarize or paraphrase, because this may have caused loss of information or could distorted the answers;
- thirdly, the interviewer elicited to seek clarity from the interviewees by means of asking probing questions to supply more information. A probe is a neutral request to clarify any ambiguous answers or to obtain a relevant response; and
- finally, the interviewer thanked participants and then entered details like time, place of interview and attitude of respondents. Every disturbance that might have taken place, such as a phone ringing and the respondents going to answer it for ten minutes was also recorded (Neuman, 1997:258).

4.6.2.1 Interview questions

The following questions were utilized to engage school learners and school management developers (SMDs) as an attempt to obtain their opinion on effective budgeting used in schools.

A. Interview questions intended for the learners (cf. Appendix 4.8)

- Do you think that your classrooms are well maintained and conducive to effective learning at your school? Give reason/s for your answer.
- Do you think that your toilets are well maintained and conducive for effective learning to be conducted at your school? Supply a reason/s for your answer.
- Is the standard of your sports field substantial for school games? Give reason for your answer.
- Are learners subsidized when they have to undertake educational and sports trips? Give reason for your answer.

- In what way are you involved when your school budget is drafted and implemented?
- Have you ever experienced a shortage of teaching and learning support materials such as apparatus and chemicals in the laboratory, handouts from educational sources and audio visual aids? If the answer is Yes, then: When? and Why?
- How are learner/s who do not pay their school fees dealt with at your school?
- In your opinion, why do learners not pay their school fees?
- In what way is a learner who lost his/her school books, attire or instruments, handled at your school?
- In what way is the problem of a learner who vandalized school property such as school furniture, doors and windows, addressed at your school?
- To whom do you pay money for?
 - School fees?
 - School trips?
 - Lost books, attire and instruments?
 - Vandalized school property?
 - Fund raising projects?
- What type of evidence is provided as acknowledgment of a cash payment?
- How do you raise funds at your school?
- Why do you raise funds at your school?
- Do the proceeds of fund-raising projects bring in enough money to actually meet the financial needs of your school? Give reason/s for your answer.

- Why do you think it is important for (RCL members) learners to receive financial statements of your school? Do you fully understand what is included in your school financial statement or has anybody ever explained to you what the school financial statement entails? and
- In what way is the matric farewell organized at your school and who carries the financial burden?

After the interviews with learners it was followed by interviews with school management developers (SMDs) of Lejweleputswa district.

B. Interview questions intended for the school management developer (SMDs) (cf. Appendix 4.9)

Do you think that the classrooms are well maintained and conducive to effective learning at your school? Supply reason/s for your answer.

- Do you think that the toilets and classrooms are well maintained and conducive to effective learning at your school? Supply reason/s for your answer.
- Is the standard of your sports field substantial for school games? Give reason/s for your answer.
- In what way are you involved when your schools budget is drafted and implemented?
- How are learners who do not pay their school fees dealt with at your school?
- In your opinion, why do learners not pay their school fees?
- In what way is a learner who lost his/her school books, attire or instruments, handled in your school?
- In what way is the problem of a learner who vandalized school property such as school furniture, doors and windows, addressed at your school?

- Do fund-raising projects really bring in enough money to actually meet the financial needs of your school? Give reason/s for your answer.
- Have you ever received any financial statement of your schools for personal scrutiny? Give reason for your answer.
- Do you fully agree with what it is included in your schools financial statement? Give reason for your answer.
- What kind of problems has your schools experienced with regard to utilizing funds provided by the Provincial Department of Education budget?
- Has it ever happened that your school failed to pay essential services such as the telephone bill, electricity, printing machine, support staff and bank charges? Give reason for your answer.

The interviews with the school management developers (SMDs) concluded the collection of data in this research.

4.7 CONCLUSION

Chapter four highlighted how data for this research was collected. Clarity is provided for the reason of employing qualitative and quantitative methods of research. Characteristics of a research instrument, population and sample selection also received attention. Questions asked in the questionnaire were also clarified.

Chapter five deals with analysis and interpretation of data collected in this chapter.

CHAPTER FIVE

DATA ANALYSIS

5.1 INTRODUCTION

In chapter four the methods of data collection were described in detail. Research instruments such as the questionnaires and interviews were explained. The reasons for including specific questions in the questionnaire were also given attention in chapter four. Interviews were conducted with learners and school management developers (SMDs) in order to assess the validity and reliability of responses to the questionnaires, were discussed.

Bodgdan and Biklen (2003:147) postulate that analysis is a way of gathering and explaining the content of text. The content includes meanings, thoughts, words, themes and messages that can be communicated. The text is anything written, visual and spoken which is utilized as a medium for communication.

In chapter five the collected data is analyzed and interpreted. Collected data has to be organized before interpretation can be made (Charles, 1995:35). Firstly, data analysis is defined and thereafter responses from learners, educators, principals, SMTs, SMDs, school financial clerks or secretaries and parents are analyzed.

5.2 DATA ANALYSIS

Data analysis is the way of choosing, classifying, viewing and discarding information. In this research, the mass of collected data is analyzed and interpreted with the purpose of bringing order and structure to information (Bassey, 1999:81). The researcher is of the idea that primary and secondary schools in the township areas of the Lejweleputswa District do not make proper use of a school budget when compared to schools situated in the town areas. Efforts by the school principals, SGBs, SMTs, SMDs, educators, finance committees and parents, need to be improved to achieve improvement and effectiveness in administering school finances by making

use of an effective school budget. Analysis of data in qualitative research involves logic. This insinuates that reasoning is used and conclusions are drawn based on evidence (Strauss & Corbin, 1998:58). Bassey (1999:83) stipulates that once a conclusion is drawn by reasoning, it should clarify the logic of the data for analysis purposes. In this process of research, the researcher investigates patterns of similarities and differences and attempts to disclose their diversity. The researcher is responsible and accountable to establish the extent to which materials are valid and reliable (Strauss & Corbin, 1998:179). Charles (1995:48) further emphasizes that reliability and validity of the respondents should be maintained as far as possible.

5.3 DESCRIPTIVE PRESENTATION OF RESEARCH RESULTS

Qualitative and quantitative data are not presented in the same pattern. A major distinction is normally made between the qualitative and quantitative data, because qualitative research explores traits of individuals and settings that cannot easily be described numerically. The information is largely verbal and is collected through observation, description and recording (Strauss & Corbin, 1998:31-34). Quantitative research on the other hand, explores traits and situations from which numerical data can be obtained. McMillan and Schumacher (1997:15-17) maintain that quantitative research primarily makes use of measurement and statistics. Often both qualitative and quantitative methods are used in the same research as is the case in this research. After the initial organizing of data, information obtained is tabulated (McMillan & Schumacher, 1997: 15-17). Data has to be displayed as an element of analysis.

5.3.1 Data display of questionnaires

The qualitative questionnaire in this research is divided into two sections, each section of which YES or NO responses are required and open-ended questions at the end require the opinion of the respondents. Each section is analyzed individually. An analysis of the questionnaire completed by school principals, educators, SMTs, school financial clerks or secretaries and parents serving in the SGBs is attempted individually. Interviews that were conducted

with secondary school learners and school management developers SMDs are also analyzed accordingly.

5.3.2 Analysis of questionnaires

Certain practical considerations require attention to ensure the functionality of questionnaires. As an instrument of qualitative research in present research, a questionnaire based on the design of Strauss and Corbin (1998:45) is utilized to establish the opinions of school principals, SMTs, SMDs, educators, school financial clerks or secretaries, parents and learners serving in the SGBs, regarding effective budgeting as a functional tool in financial management in their schools (cf. Appendices 4.3 - 4.9). Questionnaires were personally handed to the respondents and the responses collected at a given time. Ninety percent of questionnaires were completed and returned. Five percent of the questionnaires were not completed and were returned, but unfortunately five percent of the questionnaires were not returned.

Five different questionnaires were prepared for the sample population of forty town schools and forty township schools, which were for one principal from each school, mostly three SMTs, four educators and one financial clerk or secretary. Demographic data was required firstly and section B required more specific information.

5.3.2.1 Demographic data

The first section of each questionnaire addresses demographic data of town and township primary and secondary schools. Participating town and township primary and secondary schools are classified numerically (cf. Table 5.1, 5.2, 5.3 and 5.2) on the next page because the Department of Education has a restriction on the publication of school's names, educators', parents', learners', financial clerk or secretary and SMDs for personal research purposes (cf. Appendix 4.1). Table 5.1 on the next page indicates that twenty secondary schools declared themselves willing to participate in the research and a total of 138 questionnaires (86%) were completed by school principals, SMTs, educators, financial clerk or secretary and parents serving in the SGBs.

Only 22 questionnaires (14%) were not completed and are indicated in the table by the number naught. The above table further indicates the number of actual participating respondents, which are eighteen principals, thirty six SMTs, thirty nine educators, fifteen financial clerks or secretaries and thirty parents serving in the SGBs.

Table 5.1: Participating individuals in town secondary schools

Secondary schools	Principals	SMTs	Educators	Financial clerks or secretaries	Parents in SGBs	TOTAL
SCHOOL 1	1	2	2	1	2	8
SCHOOL 2	1	2	2	0	2	7
SCHOOL 3	1	2	2	1	2	8
SCHOOL 4	0	2	2	1	2	7
SCHOOL 5	1	2	2	0	2	7
SCHOOL 6	1	2	2	1	0	6
SCHOOL 7	1	2	2	1	1	7
SCHOOL 8	1	2	2	1	2	8
SCHOOL 9	1	2	2	0	1	6
SCHOOL 10	1	2	2	1	2	8
SCHOOL 11	1	1	2	1	1	6
SCHOOL 12	1	2	2	0	2	7
SCHOOL 13	1	0	2	1	1	5
SCHOOL 14	1	2	2	1	2	8
SCHOOL 15	0	2	2	0	1	5
SCHOOL 16	1	2	2	1	2	8
SCHOOL 17	1	2	2	1	0	6
SCHOOL 18	1	2	2	1	2	8
SCHOOL 19	1	1	2	1	1	6
SCHOOL 20	1	2	1	1	2	7
TOTAL	18	36	39	15	30	138

The following table 5.2 give particulars of participating town primary schools.

Table 5.2: Participating individuals of town primary schools

Secondary schools	Principals	SMTs	Educators	Financial clerks or secretaries	Parents in SGBs	TOTAL
SCHOOL 1	1	2	2	1	2	8
SCHOOL 2	0	0	2	1	2	5
SCHOOL 3	1	2	2	1	2	8
SCHOOL 4	1	0	2	0	2	5
SCHOOL 5	0	1	2	1	1	5
SCHOOL 6	1	0	1	1	1	4
SCHOOL 7	1	2	1	1	0	5
SCHOOL 8	0	0	2	1	2	5
SCHOOL 9	0	1	0	1	1	3
SCHOOL 10	1	1	1	0	2	5
SCHOOL 11	1	1	0	1	1	4
SCHOOL 12	0	0	2	0	2	4
SCHOOL 13	1	2	2	1	1	7
SCHOOL 14	1	2	2	0	2	7
SCHOOL 15	1	1	2	1	2	7
SCHOOL 16	1	2	2	0	1	6
SCHOOL 17	1	2	2	1	2	8
SCHOOL 18	1	1	2	0	2	6
SCHOOL 19	1	2	2	1	2	8
SCHOOL 20	1	2	1	1	2	7
TOTAL	15	24	32	14	32	117

Table 5.2 indicates that twenty primary schools declared themselves willing to participate in the research and a total of 117 questionnaires were completed (73%). Only 43 (27%) questionnaires were not completed as shown. Table 5.2 further indicates the number of actual participating respondents, which are fifteen principals, twenty four SMTs, thirty two educators, fourteen financial clerks or secretaries and thirty two parents serving in the SGBs. Table 5.3 indicates participating individuals of township secondary schools.

Table 5.3: Participating individuals of township secondary schools

Secondary schools	Principals	SMTs	Educators	Financial clerks or secretaries	Parents in SGBs	TOTAL
SCHOOL 1	1	0	0	1	2	4
SCHOOL 2	0	2	2	0	2	6
SCHOOL 3	1	2	2	1	2	8
SCHOOL 4	1	2	1	0	2	6
SCHOOL 5	0	1	2	0	2	5
SCHOOL 6	1	2	1	1	2	7
SCHOOL 7	1	2	2	0	2	7
SCHOOL 8	0	2	0	0	2	4
SCHOOL 9	1	1	2	1	2	7
SCHOOL 10	1	0	1	0	2	4
SCHOOL 11	0	1	2	1	2	6
SCHOOL 12	1	2	2	0	2	7
SCHOOL 13	1	1	2	1	2	7
SCHOOL 14	1	2	2	0	2	7
SCHOOL 15	1	1	1	1	2	6
SCHOOL 16	0	0	2	0	2	4
SCHOOL 17	1	1	2	1	2	7
SCHOOL 19	1	1	2	0	2	6
SCHOOL 20	1	2	2	1	2	8
TOTAL	15	25	30	10	40	120

Table 5.3 indicates that twenty secondary schools declared themselves willing to participate in the research and a total of 120 questionnaires were completed (75%). School 5 gave no response and only 40 questionnaires were not completed (25%). Table 5.3 further indicates the actual number of participating respondents, which are fifteen principals, twenty five SMTs, thirty educators, ten financial clerks or secretaries and forty parents serving in the SGBs. Table 5.4 indicates participating individuals of township primary schools.

Table 5.4: Participating individuals of township primary schools

Primary schools	Principals	SMTs	Educators	Financial clerks or secretaries	Parents in SGBs	TOTAL
SCHOOL 1	0	0	2	0	2	4
SCHOOL 2	1	0	1	0	2	4
SCHOOL 3	0	0	2	0	2	4
SCHOOL 4	1	0	1	1	2	5
SCHOOL 5	0	1	2	0	2	5
SCHOOL 6	1	0	1	1	2	5
SCHOOL 7	0	1	2	0	2	5
SCHOOL 8	0	1	1	0	2	4
SCHOOL 9	1	1	2	1	2	7
SCHOOL 10	0	0	0	0	0	0
SCHOOL 11	0	2	2	1	2	7
SCHOOL 12	1	2	1	0	2	6
SCHOOL 13	0	1	2	0	2	5
SCHOOL 14	0	2	1	0	2	5
SCHOOL 15	1	1	2	0	2	6
SCHOOL 16	0	0	1	0	2	3
SCHOOL 17	0	2	2	0	2	6
SCHOOL 18	1	1	1	1	2	6
SCHOOL 19	0	2	1	0	2	5
SCHOOL 20	0	2	2	0	2	6
TOTAL	7	19	29	5	38	98

Table 5.4 indicates that twenty primary schools declared themselves willing to participate in the research and a total of 98 questionnaires were completed (61%). Only 62 questionnaires were not completed (39%). Table 5.4 further indicates the number of participating respondents: seven principals, nineteen SMTs, twenty nine educators, five financial clerks or secretaries and thirty eight parents serving in the SGBs.

The researcher aims to engage both town and township primary and secondary schools equally in the research with the purpose of comparing the application of budgeting strategies in town/ township, primary/secondary

schools. Six hundred and forty questionnaires were distributed equally to both town and township schools. Two hundred and fifty five questionnaires were completed by town schools and two hundred and eighteen questionnaires were completed by township schools. Only sixty five questionnaires were not completed by town schools and only one hundred and two questionnaires were not completed by township schools.

Comparing the response of town and township schools, town schools completed 80% of questionnaires against township schools only completing 68%.

The following section analyses the responses of town schools and secondly that of township schools.

5.4 DATA OBTAINED FROM TOWN PRIMARY AND SECONDARY SCHOOLS

In order to clarify data obtained from town primary and secondary schools, firstly the explanation appears and then the actual questions which appear on the questionnaire are explained in detail.

5.4.1 General information

Question 1, 2, 3 and 4 are direct questions to ascertain the type of school, the location where the particular school is situated, the community served by the school and the stakeholder responsible to control and administer the specific school funds. These questions were asked to enable the researcher to place the research problem in a perspective relevant to the present research.

Question 1 establishes the type of school stakeholders are managing (cf. Table 5.5).

Table 5.5: Type of school you are managing

	Code	Total	%
Section 21 school	1	255	100%
Non Section 21 school	2	0	00%

The total, which is two hundred and fifty five respondents from town schools, indicated that they are classified under a Section 21 school. It implies that the majority of town schools resort to Section 21 schools which means the State's allocation of funds are paid over in to the school's banking account and the State is liable for the school's expenditure. It further indicates that town schools have to comply with the requirements of the HoD and all the regulations as stipulated in the South African Schools Act 84, for example, the proven capability in managing their school funds efficiently and submitting audited financial statements of the school within the six months of the following year.

Question 2 aims to describe the community served by the school (cf. Table 5.6).

Table 5.6: How can you best describe the community served by your school?

	Code	Total	%
Above average	1	145	45%
Average	2	84	26%
Poor	3	0	00%
Includes elements of all groups mentioned above	4	26	08%

Out of two hundred and fifty five respondents, one hundred and forty five respondents indicated that they served an above average community; eighty four respondents indicated that they catered for an average community and

twenty six respondents indicated that they served a mixed group community, while there were no respondents indicating the poor community. It implies that the majority of town schools are serving an elite or above average community in their schools.

Question 3 intends to establish the exact location where the school is situated (cf. Table 5.7).

Table 5.7: Where is your school situated?

	Code	Total	%
Urban area	1	255	100%
Township	2	0	00%

Question 3 was a follow-up to questions 1 and 2 to enable the researcher to verify and learn more about the type of schools and the community served by the school. The total of two hundred and fifty five respondents indicated that their schools are located in urban areas which certify them as Town schools.

Question 4 establishes which person/ division controls and administers school funds (cf. table 5.8).

Table 5.8: Who controls and administers your school funds?

	Code	Total	%
State	1	0	00%
Community	2	0	00%
Private	3	0	00%
State and community	4	238	75%
State and private	5	17	5%

Two hundred and thirty eight respondents indicated that the State as well as the community are in control and are administering their school funds, while

seventeen respondents indicated that their school funds are under the control and administration of the State and private sectors. This shows that the South African Government is taking the leading role to ensure educated citizens (75%) in co-operation with the community. The minority of schools are under the control and administration of State and private sectors (5%) private school.

5.4.2 Information about effective budgeting strategies

In section B, each of the five questionnaires intended for mentioned individuals were structured to yield information about effective budgeting strategies. Most of the questions are open-ended questions requiring opinions and understanding of respondents on the research topic. The following is the summary of the responses jointly from town primary and secondary schools, starting with the response of principals.

5.4.2.1 Questionnaire for School Principals

The first questionnaire was completed by primary and secondary school principals and the questions were open-ended (cf. Appendix 4.3). The questions below aim at providing information that should assist in drafting a specific school's budget according to PDoE guidelines.

Question 1 inquires about the way PDoE funding policy affects the school budget and the results are illustrated in table 5.9.

Table 5.9: The way PDoE funding policy affects the school budget

No	QUESTION	Positive	Negative	TOTAL
1	The way PDoE funding policy affects the school budget	33 100%	0 0%	33 100 %

From table 5.9 it can be seen that ALL THIRTY THREE PRINCIPALS indicated that the PDoE funding policy affected their school budget in a positive manner because of the fact that they received sufficient money to continue activities concerning academic and non academic programmes.

Question 2 inquires about procedures followed when the annual budget is drafted at schools and the results are illustrated in table 5.10.

Table 5.10: Procedures followed when the annual budget is drafted at schools

No	QUESTION	Progressive	Regressive	TOTAL
2	Procedures followed when the annual budget is drafted at schools	33 100%	0 0%	33 100 %

Table 5.10 shows that ALL THIRTY THREE respondents indicated that they followed progressive procedures when drafting their annual school budget:

- all school stakeholders, parents, SGBs, educators, non-teaching and supporting staff are actively involved and start participating from the drafting stage until the implementation stage of the school budget;
- SGBs conduct open discussions comparing the current school fees with the next year's school fees with the aim of reducing fees for parents; and
- all inputs are registered in the form of submission of items by SMTs, functional school committees and parents.

Question 3 inquires about the ways used to identify items to be included in school budget and the results are illustrated in table 5.11.

Table 5.11: The way PDoE funding policy affects the school budget

	Frequency	Percentage
Consider all the needs of staff and learners	13	39%
Consulted the previous year's budget	9	28%
Enquired into the school's needs	11	33%
TOTAL	33	100%

From table 5.11 it can be seen that THIRTEEN PRINCIPALS indicated that they consider all the needs of staff and learners, NINE PRINCIPALS indicated that they consulted the previous year's budget and used it as an indicator and ELEVEN PRINCIPALS indicated that they firstly enquired into the school's needs.

Question 4 inquires about the shortcomings experienced when drafting and implementing the annual school budget and the results are illustrated in table 5.12.

Table 5.12: The shortcomings experienced when drafting and implementing the annual school budget

	Frequency	Percentage
Experience no shortcomings	29	88%
Stakeholders are not really interested in drafting and implementing the school budget	4	12%
TOTAL	33	100%

Table 5.12 shows that, TWENTY NINE RESPONDENTS (88%) indicated that they experience no shortcomings when they draft and implement their school budget because most of their members serving in the Finances Department are highly qualified financial specialists, dealing with finances in their private work places. Only FOUR RESPONDENTS (12%) indicated that most of their stakeholders are not really interested in drafting and implementing the school budget because they have undivided trust and respect in their SGBS in the drafting and implementing of their school budget.

Question 5 inquires about factors likely to have a negative effect on the success of school's budgeting activities and the results are illustrated in table 5.13.

Table 5.13: Factors likely to have a negative effect on the success of school's budgeting activities

	Frequency	Percentage
Experience no negative factors	26	79%
Unexpected expenditures always are experienced	5	15%
Always have to deal with extra staff members hired by SGBs who should be remunerated out of school funds	2	6%
TOTAL	33	100%

Above table shows that, TWENTY SIX PRINCIPALS (79%) indicated that they experience no negative factors which are likely to disturb the success of their school's budgeting activities, because everything is in order concerning their school budget. In contrast, FIVE PRINCIPALS (15%) indicated that unexpected expenditures always are experienced in their school's budget and TWO PRINCIPALS (6%) indicated that in their budgeting activities they always have to deal with extra staff members hired by SGBs who should be remunerated out of school funds.

Question 6 inquires about measures introduced in order to enhance the budgeting strategies of schools and the results are illustrated in table 5.14.

Table 5.14: Measures introduced to enhance the budgeting strategies of schools

	Frequency	Percentage
In-service training and active involvement of SGBs	33	100%
TOTAL	33	100%

To this question all THIRTY THREE PRINCIPALS indicated that they make use of in-service training and the SGBs are actively involved in school financial management in order to improve their school's budgeting strategies.

Question 7 addresses improvements noticed in school finances since attended DoE workshops based on finances and the results are illustrated in table 5.15.

Table 5.15: Improvements noticed in school finances since attended DoE workshops based on finances

	Frequency	Percentage
Had not noticed any improvement in their school's finances	33	100%
TOTAL	33	100%

Table 5.15 shows that, All THIRTY THREE PRINCIPALS indicated that they had not noticed any improvement in their school's finances since they attended PDoE workshops based on finances, since their school finances were always up to standard and they still are up to standard.

Question 8 addresses areas of budgeting that may sometimes cause discontentment amongst members of the school community and the results are illustrated in table 5.16.

Table 5.16: Areas of budgeting that may sometimes cause discontentment amongst members of the school community

	Frequency	Percentage
Experienced no discontentment	26	79%
Absentism of parents during budget meetings	4	12%
Educators and parents misleading other school stakeholders	3	9%
TOTAL	33	100%

Above table shows that, TWENTY SIX principals (79%) indicated that no areas of budgeting that may sometimes cause discontentment amongst members of their schools is experienced, the FOUR PRINCIPALS (12%)

indicated that the minority of parents who do not attend school meetings regularly are always dissatisfied when the budget is to be adopted. Only **THREE PRINCIPALS (9%)** indicated that the minority of educators and parents liked to mislead other school stakeholders by broadcasting unfounded allegations that implicate the SGBs in fabricating financial figures.

The majority of principals' responses indicated that they do not have any problems in drafting a specific school's budget according to PDoE guidelines.

Question 9 inquires about the kind of problems schools experience with regard to utilizing funds provided by the PDoE. Question 9.1 is a follow-up to question 2 and enquires about the effect towards schools activities. These questions are included to establish whether the money allocated by the PDoE is sufficient to cater for the needs of a specific school and the results are illustrated in table 5.17.

Table 5.17: The kind of problems schools experience with regard to utilizing funds provided by the PDoE

	Frequency	Percentage
Experienced problems of late payment of subsidies	33	100%
TOTAL	33	100%

ALL THIRTY THREE PRINCIPALS indicated that they experienced problems of late payment of subsidies with regard to utilizing funds provided by the PDoE, resulting in shifting and cancellation of some school programmes.

The above response implies that the money allocated by the PDoE is sufficient to cater for the needs of the specific schools, but the major problem is the late payments of subsidies by PDoE.

Questions 10 and 11 intend to establish whether the school purchasing system is in agreement with the school budget. Question 10 inquires about measures applied to prevent unexpected expenditures which were not budgeted for and the results are illustrated in table 5.18.

Table 5.18: Measures applied to prevent unexpected expenditures which were not budgeted for

	Frequency	Percentage
Pro-active in predicting and guarding against any unexpected expenditure	33	100%
TOTAL	33	100%

THIRTY THREE RESPONDENTS indicated that their school's finance committees excel in controlling finances and they try by all means to be pro-active in predicting and guarding against any unexpected expenditure which was not budgeted for.

Question 11 inquires about opinions on purchasing unbudgeted items for schools and the results are illustrated in table 5.19.

Table 5.19: Opinions on purchasing unbudgeted items for schools

	Frequency	Percentage
Some expenditures are not preventable due to urgency and sensitivity of specific item/s that need to be purchased	33	100%
TOTAL	33	100%

THIRTY THREE PRINCIPALS indicated that some expenditures are not preventable due to urgency and sensitivity of specific item/s that need to be purchased at that particular time.

From the above responses, it is clear that school principals discourage purchasing unbudgeted items in their schools, indicating that it might promote mismanagement of funds and lead to misconduct. Principals also emphasized that approval of purchasing unbudgeted item/s should be granted by the SGBs. If the SGBs did not authorize such a requisition, the purchase must be rejected.

It is also clear from the above that principals are making use of the excellent skills and knowledge of their financial committees to prevent unexpected expenditure. In other cases they do not refuse for some item/s to be bought unbudgeted, due to urgency and sensitivity of specific item/s. In general it implies that there is no consistency of the schools purchasing system in relation to their budget.

Question 12 inquires about ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools. This question aims at establishing ways and means of engaging parents, educators, learners and SMTs to assist in drafting the school budget and the results are illustrated in table 5.20.

Table 5.20: Ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools

	Frequency	Percentage
All parents and educators form part of the planning and implementation of the school annual budget, while learners are excluded	33	100%
TOTAL	33	100%

ALL THIRTY THREE PRINCIPALS indicated that all parents and educators form part of the planning and implementation of the school annual budget, while learners are excluded from the process because they are minors and some financial issues are sensitive and need to be treated with care by responsible and mature individuals. Ten principals indicated that parents and educators receive forms in advance to note their input in the proposed budget in their schools, while twenty eight principals indicated that parents made their input during general parent's meetings and educators gave their input during their staff meetings.

Question 13 inquires about methods used in order to raise funds to increase the current income of schools. This question intends to provide effective fund-raising activities in order to improve the current budget of schools and the results are illustrated in table 5.21.

Table 5.21: Methods used in order to raise funds to increase the current income of schools

	Frequency	Percentage
Drama, sport festivals, tuck shop, school concerts, entertainment day and competitions	30	91%
Golf days, night races and pre-training school for new prospective learners	3	9%
TOTAL	33	100%

To question thirteen shown in table 5.21, THIRTY PRINCIPALS (91%) indicated that they make use of the indicated fund-raising efforts in the table in order to improve their current budget. These include drama, tuck shop sale during school hours and others indicated in above table.

The other THREE (9%) principals indicated three uncommon fund-raising activities that are made use of in their schools, namely:

- Golf days
- Night races
- Pre-training school for new prospective learners

The analysis of the questionnaire for SMTs follows in the next section.

5.4.2.2 Questionnaire for SMT members

The second questionnaire was completed by SMT members and the questions were open-ended (cf. Appendix 4.4).

Question 1 inquires whether the general school budget at schools accommodate all classroom needs and in what way. This question aims to establish whether budgeting accommodates the aims of a specific school and the results are illustrated in table 5.22.

Table 5.22: Whether the general school budget accommodates all classroom needs and in what way

No	QUESTION	YES	NO	TOTAL
1	School budget at their schools accommodates all classroom needs	60 100%	0 0%	60 100 %

Table 5.22 shows that, ALL SIXTY SMTs indicated that the general school budget at their schools accommodates all classroom needs because their school's budget is well planned to cater for all basic needs of their school, including classroom needs.

Question 2 inquired whether schools experienced shortage of support materials, question 3 asked whether schools experienced disconnection of basic services and question 4 inquired whether educators at schools failed to attend departmental workshops due to exhausted funds. These questions aim at establishing whether school financial committees are skillful enough to manage the school funds.

To facilitate analysis, responses to questions 2, 3 and 4, appear in a single table. Table 5.23 addresses knowledge on managing school funds effectively.

Table 5.23: Knowledge on managing school funds effectively

No	QUESTION	YES	NO	TOTAL
2	Experiencing shortage of support materials	8 13%	52 87%	33 100 %
3	Experiencing disconnection of basic services	2 03%	58 97%	33 100%
4	Educators failing to attend workshops due to exhausted funds	0 0	60 100%	33 100%

As indicated in the above table, only EIGHT SMTs (13%) indicated that they experienced some shortage of support materials because of insufficient funds

in their schools, while FIFTY TWO (87%) indicated that they did not experience shortage of support materials because of a well planned budget and sufficient funds and also indicated that office equipment is quickly repaired and replaced by companies on contract.

TWO SMTs (3%) indicated in question 3 that they experienced disconnection of basic services because of insufficient funds, while FIFTY EIGHT SMTs (97%) indicated that they did not experience disconnection of basic services, because they prioritize basic services, and keep to the approved budget.

SIXTY SMTs indicated in question 4, that educators at their schools had not failed to attend departmental workshops due to exhausted funds, because departmental workshops are classified as essential needs to the institution, in order to empower and impart new knowledge upon educators.

Generally it implies that the majority of school financial committees are skillful enough to manage their school funds, while the minority are still struggling to maintain essential services, due to failure to manage their school funds effectively.

Question 5 asks about ways used in order to raise funds to eliminate shortages of teaching or learning materials in specific departments at school and question 6 is a follow-up to question 5. It enquires whether fund raising ventures really meet the desired needs of the specific department at school. These questions intend to strive to provide effective fund raising activities in order to improve the current budget of schools and eliminate shortage of materials.

Table 5.24: Ways used in order to raise funds to eliminate shortages of teaching or learning materials in specific departments at school

	Frequency	Percentage
Class fund-raising and tuck shop sales	54	90%
Spring walk and maths sponsor competition	6	10%
TOTAL	60	100%

To question 5, FIFTY FOUR SMTs (90%) indicated that they use the following fund-raising projects to eliminate shortages of materials in their departments: class fund-raising and tuck shop sales.

The OTHER SIX SMTs (10%) indicated two uncommon fund-raising activities used in their schools such as: spring walk and maths sponsor competition.

Table 5.25: Whether fund raising ventures really meet the desired needs of the specific department at school

	Frequency	Percentage
Did really meet their desired needs	22	37%
Did not really meet their desired needs	38	64%
TOTAL	60	100%

To question 6, TWENTY TWO SMTs (37%) indicated that fund-raising ventures really met their desired needs, while THIRTY EIGHT SMTs (63%) indicated that fund-raising ventures did not really meet their desired needs, due to the weak economy, resulting in high retrenchment of parents who were, as a result, not able to contribute to fund-raising.

The analysis of the questionnaire for educators follows in the next section.

5.4.2.3 Questionnaire for educators

The third questionnaire was completed by educators and the questions were open-ended (cf. Appendix 4.5). To facilitate analysis, some responses to questions will appear in a single table.

Question 1 inquires whether a school's budget expresses the aim of the school and question 1.1 is a follow-up to question 1, which asks respondents to elaborate further. These question intend to establish whether budgeting expresses the aims of a specific school and the results are illustrated in table 5.26.

Table 5.26: Whether a school's budget expresses the aim of the school

	Frequency	Percentage
Did expresses the fundamental aims of their schools	71	100%
TOTAL	71	100%

Above table shows that, ALL SEVENTY ONE EDUCATORS indicated that the general school budget expresses the fundamental aims of their schools, because their school's budget:

- is well planned to cater for all basic needs of the school;
- is drawn up by all school stakeholders;
- it accommodates learners' needs first and it is reasonable; and
- it is planned responsibly and honestly.

Generally, responses to above question prove that all school budgets express their specific school aims.

Question 2 inquires about the time of the year when school budgets are completed and by whom and the results are illustrated in table 5.27.

Table 5.27: At what time the annual school budgets are completed and by whom

	Frequency	Percentage
Completed by the end of October	20	28%
Completed during the third quarter of the academic year	6	23%
Completed during August or September each year	35	49%
TOTAL	71	100%

Table 5.27 shows that, TWENTY EDUCATORS (28%) indicated that their school's budget is completed by the end of October by all school stakeholders. SIXTEEN EDUCATORS (23%) indicated that their school budgets are completed during the third quarter of the academic year by all school stakeholders, excluding learners and the other THIRTY FIVE EDUCATORS (49%) indicated that their school budget was completed during August or September each year by all stakeholders.

Question 3 asks whether educators receive the school financial statement timeously, question 4 addresses whether educators understand what is entailed by the school financial statement and question 5 further inquires whether the school financial statement includes all income and expenditure incurred during the past academic period. Questions 3.1, 4.1 and 5.1 are follow-up questions to 3, 4 and 5. They request respondents to explain in more detail. These questions intend to provide information that should assist in drafting a specific school's budget according to PDoE guidelines and the results are illustrated in table 5.28.

Table 5.28: Implementation of financial policies prescribed by PDoE

No	QUESTION	YES	NO	TOTAL
3	Do you receive the school financial statement timeously	61 86%	10 14%	71 100 %
4	Do you understand what is entailed in the school financial statement	61 86%	10 14%	71 100%
5	Does the school financial statement include all income and expenditure incurred during past academic period	61 86%	10 14%	71 100%

To question 3, 86% OF EDUCATORS indicated that they received financial statements timeously at their schools because all financial submissions are done timeously to internal and external auditors. The statements are returned timeously to schools and distributed to educators. On the other hand 14% OF EDUCATORS indicated that they had not received financial statements at all, and even indicated that they were only provided with the approved budget during general parents meetings.

To question 4, SIXTY ONE EDUCATORS indicated that they do understand what is entailed by their school financial statement because the full report of the school finances is given in the year book. On the contrary, TEN EDUCATORS indicated that they had not received or seen financial statements, which makes it impossible for them to understand what such statements entail.

To question 5, 86% OF EDUCATORS indicated that, according to them, all income and expenditure incurred during the academic year was included in their school financial statement. On the other hand, 14% of educators indicated that they had not received or seen financial statements, which makes it impossible for them to understand whether all income and expenditure was included in their school financial statement or not.

The above responses imply that the majority of schools follow the general guidelines of PDoE when drafting their specific school budget, because their

school budget and financial statement was completed on time, mostly during the third quarter of the academic year (budget), and their financial statements were accurate due to consistent control by professional auditors. On the other hand, only a minority of schools are still experiencing difficulties in applying general guidelines of the PDoE when drafting their specific school budget, because their school budget had not been completed timeously and did not provide their educators with financial statements.

Question 6 addresses whether important aspects of school budgets are disclosed at meetings in a satisfactory manner and question 6.1 is a follow-up which requests respondents to explain more fully. These questions aim to establish accountability and transparency in dealing with schools budgets and the results are illustrated in table 5.29.

Table 5.29: Important aspects of school budgets are disclosed at meetings in a satisfactory manner

	Frequency	Percentage
are disclosed at meetings in a satisfactory manner	61	86%
are not disclosed at their meetings in a satisfactory manner	10	14%
TOTAL	71	100%

Above table shows that, SIXTY ONE EDUCATORS (86%) indicated that the important aspects of their schools' budget are disclosed at meetings in a satisfactory manner because regular meetings are conducted around the status of school finances. All inputs by educators, principals, support staff and SGBs in the school's budget are continuously revised at meetings, alterations are effected and the detailed financial statement is compared with the operational budget. On the contrary, ONLY TEN EDUCATORS (14%) indicated that the important aspects of their schools' budget were not disclosed at their meetings in a satisfactory manner because it was controlled by the schools' principals and SGBs. Educators only received the final

approved school budget during general school meetings and they were not allowed to question the allocation of some items in the final approved budget.

THE MAJORITY, WHICH IS 86% OF EDUCATORS, indicated that in their schools the proposed budget was continuously revised in a series of meetings in order to establish accountability and transparency in budget dealings. On the other hand, 14% OF RESPONSES indicated that they were ignored when essential aspects of their school's budget were supposed to be deliberated in detail during school meetings. This practice implies that no accountability and transparency exist in some schools when dealing with important aspects of their budget.

Question 7 addresses whether schools are inclined to buy items which are not budgeted for and question 7.1. is a follow-up to question 7. It requests respondents to explain in more detail and the results are illustrated in table 5.30.

Table 5.30: Schools are inclined to buy items which are not budgeted for

	Frequency	Percentage
Schools are inclined to buy items which are not budgeted for	65	91%
Schools are not inclined to buy items which are not budgeted for	6	9%
TOTAL	71	100%

SIXTY FIVE EDUCATORS (91%) indicated that their schools were inclined to buy items which are not budgeted for, because they kept strictly to the approved budget. On the other hand, ONLY SIX EDUCATORS (9%) indicated that their schools were not inclined to buy items which were not budgeted for when emergencies arose.

These questions aim to establish whether school finance committees are knowledgeable enough to manage school funds effectively.

Question 8 inquires whether school's finance committees are knowledgeable enough to enable effective managing of school funds and 8.1 is a follow-up to question 8. It requests respondents to explain in more detail and the results are illustrated in table 5.31.

Table 5.31: School's finance committees are knowledgeable enough to enable effective managing of school funds

	Frequency	Percentage
School financial committees were knowledgeable	71	100%
TOTAL	71	100%

SEVENTY ONE EDUCATORS (100%) indicated that their school financial committees were knowledgeable enough to manage school funds effectively because they were well trained and consisted of members with diverse financial skills. Some members were Chartered Accountants, others Bank Managers and others were Attorneys.

The above responses indicate that town schools mostly are blessed with skillful and knowledgeable Finance Committees which are capable of managing their school finances effectively.

Question 9 questions the ways used in order to raise funds in schools. Question 10 further inquires whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school and question 10.1 is a follow-up which seeks respondents' further comments. These questions intend to strive to inquire about effective fund-raising activities in order to improve the current budget of schools and eliminate shortage of materials and the results are illustrated in table 5.32.

Table 5.32: Ways used in order to raise funds in schools

	Frequency	Percentage
Spring walks (sponsored by firms or wholesalers), maths Olympiads, hunting Competitions, bazaars, concerts, class competitions on projects, guest artist performances and tuck shop as a way to generate income	65	92%
Golf days, melodramas, balls, sponsors and marathons	6	8%
TOTAL	71	100%

To question 9, SIXTY FIVE EDUCATORS (92%) indicated that they used the indicated methods in the table in order to raise funds in their schools, which are spring walks (sponsored by firms or wholesalers), maths olympiads and others as indicated in the table 5.32.

The other SIX EDUCATORS (8%) indicated that they also made use of the indicated methods in the table in order to raise funds in schools, which are golf days and melodramas and others as indicated in the table 5.32.

Table 5.33: Fund-raising projects are substantial in order to meet the financial needs of the specific school

	Frequency	Percentage
Fund-raising projects are substantial enough to meet the financial needs	48	68%
Fund-raising projects are not substantial enough to meet the financial needs	23	32%
TOTAL	71	100%

To question 10, FORTY EIGHT EDUCATORS (68%) indicated that fund-raising projects in their schools were substantial in order to meet the financial needs of their schools. Educators indicated that the income raised in their

schools directly was the result of the economic climate of the surrounding areas.

Unfortunately the economy of surrounding areas was declining, which resulted in a high rate of retrenchment of parents which influences schools fund-raising ventures negatively. On the contrary, TWENTY THREE EDUCATORS (32%) indicated that fund-raising projects in their schools were not substantial enough to meet the financial needs of their schools because during the annual budget meetings, the presentations showed clearly that fund-raising had produced substantial income.

The above responses imply that the majority of schools failed to raise substantial and desired income from fund-raising ventures because of declining economy in the mining sectors and other industries surrounding the schools. The analysis of the questionnaire for the school financial secretary/ clerk/treasurer follows in the next section.

5.4.2.4 Questionnaire for the school financial secretaries/ clerks/ treasurers

The fourth questionnaire was completed by school financial secretaries/ clerks/ treasurers and the questions were open-ended to allow opinions to be expressed (cf. Appendix 4.6).

Question 1 enquires whether schools have ever started the academic year with unpaid debts. Question 2 inquires whether schools have ever loaned money from local lenders. Question 3 asks whether schools have ever applied for overdraft facilities at a Bank and question 4 inquires whether schools are inclined to lend school money to educators who experience financial problems. Question 1.1, 2.1, 3.1 and 4.1 are follow-ups to questions 1, 2, 3 and 4 they request respondents to explain in more detail. These questions intend to establish whether financial Committees are skillful enough to manage school funds, and the results appear in table 5.34.

Table 5.34: School Finance Committee knowledge to manage school funds effectively

No	QUESTION	YES	NO	TOTAL
1	Has your school ever started the academic year with unpaid debts	- 00%	29 100%	29 100 %
2	Has your school ever loaned money from local lenders	- 00%	29 100%	29 100%
3	Has your school ever applied for overdraft facilities at a Bank	- 00%	29 100%	29 100%
4	Is your school inclined to lend school money to educators who experience financial problems	- 00%	29 100%	29 100%

Response to question 1 and 2, insured that ALL TWENTY NINE SCHOOL'S FINANCIAL CLERKS/ TREASURERS indicated that their schools had never started the academic year with unpaid debts, and had never previously loaned money from local lenders, because they of their excellent financial committees.

As response to question 3, ALL TWENTY NINE SCHOOLS' FINANCIAL CLERKS/ TREASURERS indicated that their schools have never applied for overdraft facilities at a Bank, because they were complying to a strictly controlled school budget and their school's finances were well planned.

From table 5.34 it can be seen that response to question 4 showed that, ALL TWENTY NINE RESPONDENTS indicated that their schools were not inclined to lend school money to educators who experienced financial problems. The financial clerks/ treasurers responded by indicating that their school's finance policy discouraged lending of school money to any person working at school, including supporting staff, administrators, educators, SMTs members, the principal, departmental officials and SGBs members.

Generally it implies that the school financial committees are knowledgeable enough to manage their school funds, they established consistency in complying with their school's finance policy discouraging unpaid debts, loaning money from local lenders, applying overdraft facilities at a Bank and lending money to educators.

Question 5 addresses in what way the school treasurers/ financial clerks account for financial discrepancies at their schools and the results are illustrated in table 5.35.

Table 5.35: The way the school treasurers/ financial clerks account for financial discrepancies at their schools

	Frequency	Percentage
There were no financial discrepancies in their schools	29	100%
TOTAL	29	100%

Table 5.35 shows that, ALL TWENTY NINE SCHOOLS' FINANCIAL CLERKS OR TREASURERS indicated that there were no financial discrepancies in their schools, due to an excellent book keeping system by financial administrators or financial committees, good financial planning and adequate budgeting. The financial clerks/ treasurers indicated further that their financial policy encouraged regular open discussions, formal financial meetings and internal and external auditing which they strictly complied with, in order to avoid any type of financial discrepancy occurring.

Question 6 asks about the ways in which expected income and expenditure for the next year are estimated and the results are illustrated in table 5.36.

Table 5.36: The ways in which expected income and expenditure for the next year are estimated

	Frequency	Percentage
Consult the admission register of learners for the current year and added a ten percent increase of possible new registered learners for the following year	18	62%
Focus on the current inflation rate and the needs of the school	11	38%
TOTAL	29	100%

Above table shows that, EIGHTEEN RESPONDENTS (62%) indicated that they estimate the expected income and expenditure for the next year by consulting the admission register of learners for the current year and added a ten percent increase of possible new registered learners for the following year. On the other hand, ELEVEN RESPONDENTS (38%) indicated that they focus on the current inflation rate and the needs of the school.

Question 7 inquires how school treasurers/ financial secretaries keep records of the money received at their schools and the results are illustrated in table 5.37.

Table 5.37: How school treasurers/ financial secretaries keep records of the money received at their schools

	Frequency	Percentage
They use receipt books, income statements and computer programmes	29	100%
TOTAL	29	100%

Table 5.37 shows that ALL TWENTY NINE FINANCIAL CLERKS/ TREASURERS indicated that they use receipt books, income statements and computer programmes, such as Pastel statements to keep records of money received at their schools.

Question 8 asks about steps taken to prevent the occurrence of excessive expenditure at schools and the results are illustrated in table 5.38.

Table 5.38: Steps taken to prevent the occurrence of excessive expenditure at schools

	Frequency	Percentage
Discourage purchasing of any item/s which do not appear in the operational school budget	14	48%
Consult the SGBs to approve of over-expenditure	15	52%
TOTAL	29	100%

Table 5.38 indicates that FOURTEEN FINANCIAL CLERKS/ TREASURERS (48%) indicated that they try to prevent the occurrence of excessive expenditure at their schools by discouraging purchasing of any item/s which do not appear in the operational school budget. To the contrary, FIFTEEN FINANCIAL CLERKS/ TREASURES (52%) indicated that they consulted the SGBs to approve of over-expenditure. If approval is not granted, the expenditure is disregarded with immediate effect.

Question 9 inquires about the way used to provide acknowledgment of cash payments and the results are illustrated in table 5.39.

Table 5.39: The way used to provide acknowledgment of cash payments

	Frequency	Percentage
They provided learners and parents with printed computer receipts	29	100%
TOTAL	29	100%

ALL TWENTY NINE FINANCIAL CLERKS/ TREASURERS indicated that they provided learners and parents with printed computer receipts, immediately

after payments had been made and then posted personal financial accounts to parents as acknowledgment of cash payments.

In general, the above responses by the financial clerks/ treasurers imply that their financial committees are skillful enough to manage their school funds.

Question 10 inquires whether finance policy guidelines provided by the PDoE are adequate to facilitate the keeping of school financial records and budget management and question 10.1 is a follow-up to question 10 which requests respondents to explain more fully. These questions intend to provide information that should assist in drafting a specific school's budget according to Provincial Department of Education guidelines and the results are illustrated in table 5.40.

Table 5.40: Whether finance policy guidelines provided by the PDoE are adequate to facilitate the keeping of school financial records and budget management

	Frequency	Percentage
It is adequate to facilitate keeping of their school financial records and budget management.	29	100%
TOTAL	29	100%

Table 5.40 indicates that ALL TWENTY NINE FINANCIAL CLERKS/ TREASURERS indicated that the finance policy guidelines provided by the PDoE are adequate to facilitate keeping of their school financial records and budget management, because all guidelines are clearly explained which makes them well understood by all stakeholders.

Question 11 inquires about the measures schools used to ensure the success of the school purchasing process. This question aims to establish whether the school purchasing system is in agreement to the school budget and the results are illustrated in table 5.41.

Table 5.41: The measures schools used to ensure the success of the school purchasing process

	Frequency	Percentage
Use progressive measures	29	100%
TOTAL	29	100%

Above table shows that ALL TWENTY NINE FINANCIAL CLERKS/ TREASURERS indicated that they use the following progressive measures to ensure the success of their school purchasing process, which is that they:

- follow consistency when budgeting for departments'; and
- follow the correct procedure when purchasing, which is:
 - enquire personally about items or goods to be bought
 - enquire about available discount
 - compare prices and quality of goods before buying
 - complete requisition forms timeously.

The above responses indicate that consistency exists regarding the schools purchasing system in relation to the school budget.

Question 12 inquires whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school and question 12.1 is a follow-up to question 12. It seeks respondents to comment more fully. These questions intend to produce effective fund-raising activities in order to meet the financial needs of the school and the results are illustrated in table 5.42.

Table 5.42: Whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school

	Frequency	Percentage
Meet the desired financial needs of their schools	12	41%
Does not meet the desired financial needs of their schools	17	59%
TOTAL	29	100%

TWELVE SCHOOL FINANCIAL CLERKS/ TREASURERS (41%) indicated that fund-raising projects actually did meet the desired financial needs of their schools, because their fund-raising did generate substantial income which resulted in a reduction of school fees and other fees intended for educational tours. On the other hand, SEVENTEEN FINANCIAL CLERKS/ TREASURERS (59%) indicated that fund-raising projects did not really meet the desired financial needs of their schools because of great losses schools experienced after fund-raising, due to lack of support from parents and uninterested community members to support fund-raising.

The above responses imply that fund-raising projects reveal results in a small number of schools, while the majority of schools are experiencing no positive result by fund-raising projects because of high unemployment of parents and community members at large. The analysis of the questionnaire for parents serving on the Schools Governing Body follows in the next section.

5.4.2.5 Questionnaire for the parents serving on the SGB

Question 1 asks whether parents have adequate knowledge of the budgeting procedure of their school. Question 2 requires the kinds of financial training parents have been exposed to. These questions intend to establish whether individuals responsible for drafting the school budget are skillful enough to compile a suitable budget which could benefit the specific institution and the results are illustrated in table 5.43 and 5.44.

Table 5.43: Whether parents have adequate knowledge of the budgeting procedure of their school

	Frequency	Percentage
Bear adequate knowledge of the budgeting procedure of their schools	62	100%
TOTAL	62	100%

Table 5.43 indicates that ALL SIXTY TWO PARENTS indicated that they all bear adequate knowledge of the budgeting procedure of their schools.

Table 5.44: The kinds of financial training parents have been exposed to

	Frequency	Percentage
They had not received any financial training	15	24%
They had received intensive financial training	47	76%
TOTAL	62	100%

From table 5.44 it can be seen that ONLY FIFTEEN PARENTS (24%) indicated that they had not received any financial training but that they were assisted by financial experts in their SGBs. On the other hand, FORTY SEVEN PARENTS (76%) indicated that they had received intensive financial training. Parents also indicated that they were employed by financial institutions and financial related departments, some parents were Bank managers, others treasurers, auditors, sales persons, business men, educators, pastors, bookkeepers, lawyers, doctors and accountants.

Generally, the above responses indicated that the majority of parents in town schools were skillful and knowledgeable in drafting and compiling a suitable budget to benefit their specific institution, mostly because of their vocation.

Question 3 inquires about the time of the year in which the school budget is started and completed and the results are illustrated in table 5.45.

Table 5.45: At what time the annual school budget is started and completed

	Frequency	Percentage
Commenced in the third term and was completed during the second week of the fourth term.	22	35%
Commenced on the first of October until the thirty first of October each year.	40	65%
TOTAL	62	100%

Above table shows that TWENTY TWO PARENTS (35%) indicated that their school budgeting commenced in the third term and was completed during the second week of the fourth term. THE MAJORITY, WHICH IS FORTY PARENTS (65%), indicated that budgeting at their schools commenced on the first of October until the thirty first of October each year.

Table 5.46 on the next page addresses implementation of PDoE prescribed financial policies by schools. Question 4 asks whether parents and educators receive the school financial statement timeously and question 5 addresses the question whether educators and parents understand what is entailed in the school financial statement. Question 4.1 and 5.1 are follow-up questions to 4 and 5 and they request respondents to explain in more detail. Question 6 inquires about the manner in which the SGBs determine the amount charged as school fees for the following academic year. Question 7 addresses in what way the SGBs handle the problem of learners who do not pay school fees and question 8 addresses the manner in which SGBs handle the problem of parent/s who are unable to pay school fees. These questions intend to provide information that should assist in drafting a specific school budget which should provide for all school financial matters and results are shown in table 5.46.

Table 5.46: Implementation of financial policies prescribed by PDoE

No	QUESTION	YES	NO	TOTAL
4	Do you receive the school financial statement timeously	60 97%	2 03%	62% 100 %
5	Do educators and parents who do not serve in SGBS understand easily what is entailed in financial statement	62 100%	- 0%	62 100%

Table 5.46 shows that SIXTY PARENTS (97%) indicated that the SGBs availed financial statements timeously (according to Provincial Department of Education guidelines) to parents and educators in order to practice open accountability and transparency when dealing with their school's finances. ONLY TWO PARENTS (3%) indicated that the SGBs at their schools did not avail financial statements timeously to parents and educators.

Two parents also indicated that financial information required thorough preparations, scrutiny and meticulous drafting; resulting in the fact that time was wasted before the final financial statements could be submitted for internal and external auditing. This practice caused parents and educators to receive financial statements after the due date.

As response to question 5, ALL SIXTY TWO PARENTS indicated that educators and parents who do not serve in the SGBs could easily understand what was entailed in the financial statements. SIXTY PARENTS (97%) also indicated that financial statements were made available to parents and educators timeously to be scrutinized and amended before the General parents' meeting. ONLY TWO PARENTS (3%) indicated that the SGBs invited a firm of auditors to give a thorough and precise explanation on presented financial statements during the annual budget meeting and also allowed questions to be asked by all school stakeholders to everybody's satisfaction.

Question 6 inquires about the manner in which the SGBs determine the amount charged as school fees for the following academic year and results are shown in table 5.47.

Table 5.47: The manner in which the SGBs determine the amount charged as school fees for the following academic year

	Frequency	Percentage
Consider educational needs of learners and compare the previous year's fees with the current inflation rate.	62	100%
TOTAL	62	100%

From table 5.47 it can be seen that response to question 6 show that SIXTY TWO PARENTS indicated that they apply the following method when their SGBs determine the amount to be charged for the school fees for the following year:

- the educational needs of learners are taken into consideration and then it decided on realistic and fair school fees; and
- the previous year's fees are compared with the current inflation rate.

Question 7 addresses in what way the SGBs handle the problem of learners who do not pay school fees and results are shown in table 5.48.

Table 5.48: In what way the SGBs handle the problem of learner/s who do not pay school fees

	Frequency	Percentage
They contacted parent/s of learner/s who did not pay school fees and had a lengthy discussion around the cause/s of the school fees problem	62	100%
TOTAL	62	100%

Response to question 7 insured that ALL SIXTY TWO PARENTS indicated that they contacted parent/s of learner/s who did not pay school fees and had

a lengthy discussion around the cause/s of the school fees problem, thereafter they tried to work out an affordable agreement with parents. If parents failed to honour the concluded agreement, the SGBs' then decided to take legal action.

Question 8 addresses the manner in which SGBs handle the problem of parents who are unable to pay school fees and results are shown in table 5.49.

Table 5.49: The manner in which SGBs handle the problem of parents who are unable to pay school fees

	Frequency	Percentage
Parents were exempted from paying school fees	40	65%
parents were allowed to pay only half the amount of school fees	22	35%
TOTAL	33	100%

From table 5.49 it can be seen that response to question 8 showed that, THE MAJORITY OF PARENTS (65%) indicated that after establishing that parent/s were unable to pay school fees, parent/s were exempted from paying school fees. On the other hand, TWENTY TWO PARENTS (35%) indicated that, after establishing that parent/s were unable to pay school fees, parents were allowed to pay only half the amount of school fees.

Question 9 inquires about the cause of the school failing to pay essential services such as the telephone bill, electricity, printing machine, support staff and Bank charges. Question 9.1 is a follow-up to question 9 as it request respondents to explain in more detail. These questions aim at establishing whether school financial committees are skillful enough to manage the school funds and the results are illustrated in table 5.50.

Table 5.50: The cause of the school failing to pay essential services such as the telephone bill, electricity, printing machine, support staff and Bank charges

	Frequency	Percentage
It has never happened that their schools failed to pay essential services	62	100%
TOTAL	62	100%

Above table indicates that ALL SIXTY TWO PARENTS indicated that it has never happened that their schools failed to pay essential services. Parents indicated that their SGBs practiced sound financial management, which resulted in settling essential payments and ensuring that the finance committee kept to the budget and never overspent. Parents further indicated that their school also received additional extra funds from individual donations and parents.

Question 10 inquires whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school and question 10.1 is a follow-up to question 10 as it seeks respondents to comment in more detail. This question intends to enquire about effective fund-raising activities which should improve the current budget of schools and eliminate a shortage of materials and the results are illustrated in table 5.51.

Table 5.51: Whether fund-raising projects are substantial in order to meet the financial needs of the specific school

	Frequency	Percentage
Income generated by fund-raising projects were substantial enough in order to meet the desired needs of their schools	22	35%
Income generated by fund-raising projects were not substantial enough in order to meet the desired needs of their schools	40	65%
TOTAL	62	100%

Table 5.51 indicates that TWENTY TWO PARENTS (35%) indicated that income generated by fund-raising projects are substantial enough in order to meet the desired needs of their schools because of excellent marketing in advance which attracted many people to support fund-raising projects and the proceeds were always high. The extra funds generated caused school fees and fees towards educational tours to be reduced. On the other hand, FORTY PARENTS (65%) indicated that income generated by fund-raising projects were not substantial enough in order to meet the desired needs of their schools because of poor support from unemployed parents and the wider community.

5.5 DATA OBTAINED FROM TOWNSHIP PRIMARY AND SECONDARY SCHOOLS

In order to clarify data obtained from township primary and secondary schools, firstly the explanation appears and then the actual question which appears on the questionnaire is explained in detail.

5.5.1 General information

Question 1, 2, 3 and 4 are direct questions to ascertain the type of school, the location where the particular school is situated, the community served by the school and the stakeholder responsible to control and administer the specific school funds. These questions were asked to enable the researcher to place the research problem in a perspective relevant to the present research.

Question 1 establishes the type of school stakeholders are managing and the results appear in table 5.52.

Table 5.52: Type of school

	Frequency	Percentage
Section 21 schools	59	27%
Non section 21 schools	159	73%
TOTAL	218	100%

Above table indicates that FIFTY NINE RESPONDENTS from township schools indicated that they are classified under Section 21 schools. On the other hand ONE HUNDRED AND FIFTY NINE RESPONDENTS from township schools indicated that they are classified under Non-Section 21 schools. This implies that the majority of township schools fall under Non-Section 21 schools which means the State's allocation of funds are not paid into the school's banking account. The Department determines an amount for resource allocation and controls the school's expenditure. It further indicates that most township schools do not necessarily have to comply with the requirements of the HoD and all the regulations as stipulated in the South African Schools Act 84. The reason for this is their proven incapability to manage school funds efficiently and failure to submit audited financial statements of the school within the first six months of each year.

Question 2 aims to describe the community served by school and the results appear in table 5.53.

Table 5.53: Community served by school

	Frequency	Percentage
Above average	8	4%
Average	40	18%
Poor	140	64%
Includes elements of all mentioned groups	20	14%
TOTAL	218	100%

From table 5.53 it can be seen that ONLY EIGHT RESPONDENTS indicated that they served an above average community, forty respondents indicated that they catered for an average community while the majority, ONE HUNDRED AND FORTY indicated that they served a poor community and twenty respondents indicated that they served mixed group community. This implies that the majority of township schools are serving a poor community.

Question 3 intends to establish the exact location where the school is situated and the results appear in table 5.54.

Table 5.54: Geographical situation of school

	Frequency	Percentage
Urban area	0	0%
Township	218	100%
TOTAL	62	100%

Question 3 was a follow-up to questions 1 and 2 to enable the researcher to verify and learn more about the type of schools and the community served by the school. ALL TWO HUNDRED AND EIGHTEEN respondents indicated that their schools were located in township areas which correlate with questions 1 and 2.

Question 4 establishes which person/ division controls and administers school funds and the results appear in table 5.55.

Table 5.55: Control and administration of school funds

	Frequency	Percentage
State	0	0%
Community	0	0%
Private	0	0%
State and community	218	100%
State and private	0	0%
TOTAL	218	100%

ALL TWO HUNDRED AND EIGHTEEN RESPONDENTS indicated that the State and the community are controlling and administering their school funds.

This proves that the South African Government is in co-operation with the community attempting to ensure educated citizens in the country.

5.5.2 Information about effective budgeting strategies

In section B, the questionnaire was structured to yield information about effective budgeting strategies. Most of the questions are open-ended, requiring opinions and understanding of respondents on the research topic. The following is the summary of the responses from the various stakeholders.

5.5.2.1 Questionnaire intended for School Principals

The first questionnaire was completed by school principals and the questions were open-ended (cf. Appendix 4.3). The following questions address information that should assist in drafting a specific school's budget according to PDoE guidelines.

Question 1 inquires about the way PDoE funding policy affects the school budget and the results appear in table 5.56.

Table 5.56: The way PDoE funding policy affects the school budget

	Frequency	Percentage
Improves their school budget	6	27%
The PDoE funding policy is relevant	6	27%
Negatively	10	46%
TOTAL	22	100%

Above table shows that ONLY SIX TOWNSHIP PRINCIPALS (27%) indicated that the PDoE funding policy improved their school budget, because they received sufficient money to proceed with academic and non academic programmes without logistics and it assists in reducing fraud in their schools. SIX PRINCIPALS also indicated further that the PDoE funding policy is relevant in their instance as allocation of funds are distributed on the basis of the number of learners per school and the poverty level of such school. On

the contrary, TEN PRINCIPALS (46%) indicated that the PDoE funding policy affected their school budget negatively. These principals indicated that allocation of funds by the PDoE is insufficient to cater for all their schools' needs because the Departmental funds only catered for T.L.S.M materials (Teachers and Learners Support Material), school maintenance and services but not all their needs, although those excluded items were essential for the smooth running of schools. They also indicated further that Departmental funds were not deposited timeously, resulting in borrowing funds from other school accounts not budgeted for. The reason is that some of the item/s are not paid for by the Department, even though the item/s were included in the submitted budget.

In general, the above responses indicated that a MINORITY OF TOWNSHIP SCHOOLS (27%) are satisfied with the PDoE funding policy because it affected their school budget positively, while the MAJORITY OF TOWNSHIP SCHOOLS (73%) experienced serious problems when dealing with PDoE funding policy and it affected their school budget negatively.

Question 2 inquires about procedures followed when the annual budget is drafted at schools and the results appear in table 5.57.

Table 5.57: Procedures followed when the annual budget is drafted at schools

	Frequency	Percentage
They follow progressive procedures	8	36%
They initially receive a proposed budget from the Department	10	46%
Inputs are derived from parents and support staff and each departmental head	4	18%
TOTAL	22	100%

From table 5.57 it can be seen that ONLY EIGHT PRINCIPALS (36%) indicated that they followed progressive procedures when drafting their annual school budget, namely:

- various committees meet to discuss the needs and prioritize needs to be included in the budget;
- committees make the proposal and submit it to the finance committee; and
- thereafter the proposed budget is presented to parents during the general parents meeting for final approval.

The majority, which is TEN PRINCIPALS (46%), indicated that they initially received a proposed budget from the Department, while SMTs make estimations of learners to be admitted for the following year, provisions are also made for exemption of parents who are unable to pay school fees and calculations made for income expected from payments.

ONLY FOUR PRINCIPALS (18%) indicated that inputs are derived from parents and support staff and each departmental head is asked to draw up a mini budget to complement draft budget for the whole school. The final budget is then drafted by the finance committee and presented to the SGBs for approval. The SGBs then presents it to parents for final approval before it is submitted to the Provincial Department for implementation by the school.

Question 3 inquires about the ways used to identify items to be included in the school budget and the results appear in table 5.58.

Table 5.58: The ways used to identify items to be included in the school budget

	Frequency	Percentage
They receive inputs from all school committees and prioritize it	8	36%
They consider all the needs of staff and learners	14	65%
TOTAL	22	100%

Table 5.58 shows that EIGHT PRINCIPALS (36%) indicated that they identified items to be included in the school budget through the form of inputs

from all school committees and then the needs were arranged in their order of priority. FOURTEEN PRINCIPALS (64%) indicated that they considered all the needs of staff and learners before drawing up a budget.

Question 4 inquires about the types of shortcomings experienced when drafting and implementing the annual budget in school and the results appear in table 5.59.

Table 5.59: The types of shortcomings experienced when drafting and implementing the annual school budget

	Frequency	Percentage
Some parents and educators do not want to co-operate	10	46%
Shortages of financial skilled personnel in schools	12	54%
TOTAL	22	100%

TEN PRINCIPALS (46%) indicated that they experienced problems from some parents and educators who did not want to co-operate when the school budget is in the planning and implementation process. Principals further indicated that those parents and educators failed to list items they needed in the proposed budget. After the budget has been approved by the Department, they raised unbudgeted items to the school management and forcefully demanded those items be supplied.

TWELVE PRINCIPALS (54%) indicated that there are shortages of financial skilled personnel in their schools. Most parents pay school fees late at the end of the year, while others refuse to pay school fees, resulting in insufficient funds to manage schools properly. In conclusion, principals indicated that sufficient funds were not allocated to some important items from the Department, because specific items were received in a limited amount only.

Question 5 inquires about the factors most likely to have a negative effect on the success of a school's budgeting activities and the results appear in table 5.60.

Table 5.60: The factors most likely to have a negative effect on the success of a school's budgeting activities

	Frequency	Percentage
Parents who do not attend parents' meetings, pay their children's school fees as well as insufficient allocation of funds by the Department to schools	14	64%
Lack of financial skills from the parents and educators who make false estimations	8	36%
TOTAL	22	100%

Above table indicates that FOURTEEN PRINCIPALS (64%) indicated that their budgets are most likely distorted by great numbers of parents who do not attend parents' meetings, pay their children's school fees as well as insufficient allocation of funds by the Department to schools.

EIGHT PRINCIPALS (36%) indicated that their budgets are most likely disturbed by lack of financial skills from the parents and educators who make false estimations resulting in under or over budgeting as well as untrustworthiness of some of the school stakeholders in handling school funds.

In conclusion, EIGHT PRINCIPALS also indicated that most educators are unwilling to co-operate and assist the finance committee in drawing up the school budget.

Question 6 inquires about the measures introduced in order to enhance the budgeting strategies of schools and the results appear in table 5.61.

Table 5.61: The measures introduced in order to enhance the budgeting strategies of schools

	Frequency	Percentage
In-service training on financial management	14	64%
Regular and consistent financial meetings	4	18%
Nothing	4	18%
TOTAL	22	100%

Table 5.61 shows that FOURTEEN PRINCIPALS (64%) indicated that they have introduced in-service training on financial management in order to assist their finance committees and SGBs members as a measure which should improve their school's budgeting strategies. FOUR PRINCIPALS (18%) also indicated that they hold regular and consistent financial meetings to guard against deviating from the operational budget as well as encourage parents to pay their children's' school fees. On the other hand, another FOUR PRINCIPALS (18%) indicated that they have done nothing in order to enhance the budgeting strategies of their schools.

Question 7 addresses improvement noticed in school finances since attended DoE workshops based on finances and the results appear in table 5.62.

Table 5.62: Improvement noticed in school finances since DoE workshops based on finances were attended

	Frequency	Percentage
Improvements in the balancing of their financial books are noticed	18	82%
Improvements in the balancing of their financial books are not noticed	4	18%
TOTAL	62	100%

Above table shows that EIGHTEEN PRINCIPALS (82%) indicated that they noticed improvement/s in the balancing of their financial books because the books are well kept, so are invoices, returned cheques as well as the cash and analysis books. Items are recorded accurately in a proper manner as well as indication of the income and expenditure of their schools being provided. Telephones bills are paid on time and bank accounts always contain money for maintenance of school assets. Unbudgeted items are minimized and the school has a sound financial management understanding and accountability is ensured as books are regularly audited. On the other hand, FOUR PRINCIPALS (18%) indicated that they had not noticed any improvement/s in their school's finances since they attended PDoE workshops based on finances, as a result of their school finances not meeting the required standards prescribed by PDoE.

Question 8 addresses areas of budgeting that may sometimes cause discontentment amongst members of school community and the results appear in table 5.63.

Table 5.63: Areas of budgeting that may sometimes cause discontentment amongst members of school community

	Frequency	Percentage
There are no areas of budgeting that might cause discontent	4	18%
There are areas of budgeting that might cause discontent	18	82%
TOTAL	22	100%

FOUR PRINCIPALS (18%) indicated that there were no areas of budgeting that might cause discontentment amongst members of their schools. On the contrary, EIGHTEEN PRINCIPALS (82%) indicated that discontentment amongst members of their schools is caused by un-procedural catering for official visitors, SGBs, the principal's birthday party and educators' workshops and parties. EIGHTEEN PRINCIPALS indicated that dissatisfaction is caused

by unexpected expenditure as a result of over-expenditure on services fees such as high telephone bills and transport.

Principals also indicated that educators claimed that funds allocated to school committees were insufficient for departmental needs, while committees were negligent in handling school funds, claiming that they were not specifically hired to manage school finances and that it was not included in their primary job description. Principals further indicated that some parents and educators who did not attend school meetings were always dissatisfied when the school budget was approved and then proceeded to mislead other school stakeholders by spreading unfounded allegations that implicate the SGBs in increasing school fees randomly and mismanaging school funds.

In conclusion, THE MAJORITY OF PRINCIPALS' responses (82%) indicated that they had extensive problems in drafting a specific school's budget according to PDoE guidelines.

Question 9 inquires about the kind of problems schools experience with regard to utilizing funds provided by the Provincial Department of Education and question 9.1 is a follow-up which inquires about its effect on school activities. These questions are included to establish whether the money allocated by the Provincial Department of Education is substantial enough to cater for the needs of a specific school and the results appear in table 5.64.

Table 5.64: The kind of problems schools experience with regard to utilizing funds provided by the Provincial Department of Education

	Frequency	Percentage
Serious problems are experienced	22	100%
TOTAL	62	100%

ALL TWENTY TWO PRINCIPALS indicated that they experienced certain problems with regard to utilizing funds provided by the PDoE such as:

- PDoE exercised strict budgetary control expenditure on the local schools' budgets and if schools failed to comply with PDoE directives, they were forced to account to the Department, coupled with threats of withdrawing Department subsidies;
- allocated funds are always deposited after the due date in school accounts;
- PDoE budget funds cover TLSM and recurrent cost only, while some essential needs are not funded by the Departmental budget;
- orders are delayed and sometimes not settled by the Department;
- accounts such as telephone bills are not paid in full;
- The Departmental office neglected to inform schools timeously when their funds are exhausted; and
- schools are forced to deviate from the Departmental budget and improvise in order to obtain unbudgeted items.

The above responses imply that the money allocated by the PDoE was insufficient in order to cater for the needs of the specific schools which result in the following negative effect towards school activities:

- academic and non-academic activities are performed below expected standard;
- a delay in buying necessary goods and paying for services rendered because schools need to operate making use of essential goods and services;
- encouraged unnecessary extensive fund-raising, which could disrupt learning and teaching;
- complicate reporting to the parents and learners; and
- it delayed the entire school's progress.

Question 10 inquires about measures applied to prevent unexpected expenditures which were not budgeted for and question 11 inquires about opinions on purchasing unbudgeted items for schools. These questions intend to establish the consistency between the schools purchasing system and the school budget and the results appear in table 5.65 on the next page.

Table 5.65: Measures applied to prevent unexpected expenditures which were not budgeted for

	Frequency	Percentage
The school finance committees attempted to be pro-active	18	82%
The purchasing of unbudgeted items in their schools are discouraged	4	18%
TOTAL	22	100%

Table 5.65 indicates that EIGHTEEN RESPONDENTS (82%) indicated that their school finance committees attempted to be pro-active in predicting and guarding against any unexpected expenditure which was not budgeted for. Principals indicated that certain types of expenditure are not preventable due to urgency and sensitivity of specific items that need to be bought at that particular time.

FOUR PRINCIPALS (18%) further indicated that they discouraged purchasing of unbudgeted items in their schools, because it might promote mismanagement of funds and lead to misconduct. Principals also emphasized that approval of purchasing unbudgeted item/s must come from SGBs, and if SGBs did not authorize that requisition, the purchase must be cancelled. Principals further indicated the following measures which they apply to prevent unexpected expenditure:

- budget conformity, schools keep to the operational budget;
- the operational budget is discussed regularly and extensively with all stakeholders in order to make committees aware of their budget limits;

- SGBs suspend personal calls, calls to cell phones, inactive sports and cultural activities; and
- conformity on tariffs of school trips, based on the nature of specific trip and fixed per kilometre.

Question 11 inquires about opinions on purchasing unbudgeted items for schools and the results appear in table 5.66.

Table 5.66: Opinions on purchasing unbudgeted items for schools

	Frequency	Percentage
The purchasing of unbudgeted items are not permitted at their schools	16	73%
Some unbudgeted items are purchased, due to urgency and sensitivity of specific item/	8	17%
TOTAL	24	100%

Table 5.66 shows that SIXTEEN PRINCIPALS (73%) indicated that they were against the purchasing of unbudgeted items at their schools, because it was procedurally incorrect as well as accounting for unauthorized expenditure because it disorganizes the whole operational budget. Principals also indicated that purchasing of unbudgeted items causes unnecessary confusion, stress, tension and hatred amongst staff members and the community. On the contrary, EIGHT PRINCIPALS (17%) indicated that unbudgeted items occurred accidentally which need to be purchased and should be funded by money raised during fund-raising projects.

From the above, it is clear that principals are making use of the excellent skills and knowledge of their financial committees to prevent unexpected expenditure, while they do not refuse when some unbudgeted item/s are purchased, due to urgency and sensitivity of specific item/s. In general it implies that there is no consistency between the schools purchasing system and their budget.

Question 12 inquires about ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools. This question aims at establishing ways and means of engaging parents, educators, learners and SMTs to assist in drafting the school budget and the results appear in table 5.67.

Table 5.67: Ways in which parents, educators, learners and SMTs are involved in planning and implementing the annual budget in schools

	Frequency	Percentage
Form part of the planning and implementation of the annual budget, while learners are excluded from the process	20	91%
Parents made their inputs during general parents meetings and educators made inputs during their staff meetings	2	9%
TOTAL	22	100%

TWENTY PRINCIPALS (91%) indicated that parents and educators form part of the planning and implementation of the annual budget, while learners are excluded from the process, because they are minors and some financial issues are sensitive and need to be treated with care and handled by responsible and mature individuals. On the other hand, TWO PRINCIPALS (9%) indicated that parents made their inputs during general parents meetings and educators made inputs during their staff meetings.

Question 13 inquires about methods used in order to raise funds to increase the current income of schools. This question intends to strive to provide effective fund-raising activities in order to improve the current budget of schools and the results appear in table 5.68.

Table 5.68: Methods used in order to raise funds to increase the current income of schools

	Frequency	Percentage
Beauty contests, sport festivals, tuck shop during school hours, sale of refreshments, school concerts, competitions and raffles	18	82%
Secure sponsors, school bash, civvies day, circulation of donation sheets, collection of cans and bottles	4	18%
TOTAL	22	100%

Above table shows that EIGHTEEN PRINCIPALS (82%) indicated that they made use of the indicated fund-raising efforts in the table in order to improve their current budget, which are beauty contests, sport festivals and others are in table 5.68.

The other FOUR PRINCIPALS (18%) indicated five uncommon fund-raising activities that are made use of in their schools, namely: secure sponsors, school bash, civvies day, collection of cans and bottles and circulation of donation sheets.

The analysis of the questionnaire for SMTs follows on the next section.

5.5.2.2 Questionnaire for SMT members

The second questionnaire in the township section was completed by SMT members and the questions were open-ended to allow respondents to express their opinions (cf. Appendix 4.4).

Question 1 Addresses the fact whether the general school budget at schools accommodates all classroom needs and in what way. This question aims to establish whether budgeting accommodates the aims of a specific school and the results appear in table 5.69.

Table 5.69: The general school budget at schools accommodates all classroom needs and in what way

	Frequency	Percentage
The general school budget at schools accommodates all classroom needs	14	32%
The general school budget at schools does not accommodate all classroom needs	30	68%
TOTAL	44	100%

FOURTEEN SMTs (32%) indicated that the general school budget at their schools accommodates for all classroom needs because their school's budget was well planned by all stakeholders and desired basic needs are catered for by the school budget, including classroom needs.

On the contrary, THIRTY SMTs (68%) indicated that the general school budget at their schools does not accommodate for all classroom needs, because they always experience a shortage of support material including text books, because of unpaid school fees is due to the high number of unemployed parents and a restricting PDoE budget to purchase some essential items.

To facilitate analysis effectively, responses to questions 2, 3 and 4 appear in a single table. Table 5.60 addresses knowledge on managing school funds effectively.

Question 2 inquires whether schools experience a shortage of support materials. Question 3 asks whether schools experience disconnection of basic services and question 4 inquires whether educators at schools failed to attend departmental workshops, due to exhausted funds. These questions aim at establishing whether school financial committees are skillful enough to manage the school funds.

Table 5.70: Knowledge on managing school funds effectively

No	QUESTION	YES	NO	TOTAL
2	Experience shortage of support materials	20 46%	24 54%	44 100%
3	Experience disconnection of basic services	32 73%	12 27%	44 100%
4	Educators failed to attend workshops due to exhausted funds	18 41%	26 59%	44 100%

As response to question 2, TWENTY SMTs (46%) indicated that they experienced a shortage of support materials because of insufficient funds due to the prevailing culture of non-payment of school fees by parents and of non-payment of important suppliers of schools. TWENTY SEVEN SMTs further indicated that there was no proper control and supervision of support materials by educators in their schools and SMTs and principals were always ignoring the maintenance of school equipment. On the contrary, the majority, which is TWENTY FOUR SMTs (54%), indicated that they did not experience a shortage of support materials, because of a well planned budget and sufficient funds and equipment is timeously repaired and replaced by companies on contract.

Response to question 3 insured 73% of SMTs indicated that they experienced disconnection of basic services because of insufficient funds due to unpaid school fees. This was caused by a developing culture of non-payment, misinterpretation of free education by parents and learners and the high unemployment rate and, on the other side, the late payment of services by the Department, because some schools did not submit the necessary documents timeously. On the other hand, 27% of SMTs indicated that they did not experience disconnection of basic services, because they prioritize basic services and adhere to the approved budget.

To question 4, 59% of SMTs indicated that educators at their schools never failed to attend departmental workshops due to exhausted funds because

departmental workshops are classified as essential requirements to the institution in order to empower and impart new knowledge to educators. On the contrary, 41% of SMTs indicated that educators at their schools failed to attend departmental workshops due to exhausted funds, because their schools had not budgeted for those workshops.

Responses to questions 2 and 3 generally implies that the majority of school financial committees (73%) are not skilful enough to manage their school funds effectively, while the minority (23%) are showing signs of improvement in maintaining essential services in their schools.

Question 5 asks about ways used to raise funds in order to eliminate the shortage of teaching or learning materials in specific school departments and question 6 is a follow-up to question 5. It inquires whether fund raising ventures actually do meet the desired needs of a specific department at school. These questions intend to strive to provide effective fund raising activities in order to improve the current budget of schools and eliminate shortage of materials and the results appear in table 5.71.

Table 5.71: Ways used to raise funds in order to eliminate the shortage of teaching or learning materials in specific school departments

	Frequency	Percentage
Civvie days, tuck shop sales, beauty contests, raffles and sports days	34	77%
sports, educational tours and showing educational videos to learners during the weekend	10	23%
TOTAL	62	100%

Above table shows that THIRTY FOUR SMTs (77%) indicated that they make use of the indicated fund-raising projects in the table to eliminate shortage of materials in their department. These include civvies days, tuck shop sales and others indicated in table.

The other TEN SMTs (23%) indicated two uncommon fund-raising activities that they used in their schools, namely:

- Sports and educational tours
- Showing educational videos to learners during the weekend

Table 5.72: Fund raising ventures meet the desired needs of a specific department at school

	Frequency	Percentage
Fund raising ventures actually meet the desired needs of a specific department at school	8	18%
Fund raising ventures does not meet the desired needs of a specific department at school	36	82%
TOTAL	44	100%

Table 5.72 shows that EIGHT SMTs (18%) indicated that their fund-raising ventures actually met their desired needs because collected funds were spent responsibly and according to each assigned task. On the contrary, THIRTY SIX SMTs (82%) indicated that fund-raising ventures did not really meet their desired needs, due to the weak economy resulting in high retrenchment of parents. The weak economy also affects participation of parents negatively in support of school fund-raising. SMTs further indicated that fund-raising ventures generated insignificant capital and always lent itself to numerous abuses and dishonesty from all stakeholders. Some funds were usually intercepted before they reached the responsible and accountable persons in schools.

The analysis of the questionnaire for educators follows in the next section.

5.5.2.3 Questionnaire for educators

The third questionnaire was completed by educators and the questions were open-ended (cf. Appendix 4.5). To facilitate analysis, some responses to mentioned questions will appear in a single table.

Question 1 inquired whether the school's budget expressed the aim of the school and question 1.1 is a follow-up to question 1. It asks respondents to elaborate upon the question. This question intends to establish whether budgeting expresses the aims of a specific school and the results appear in table 5.73.

Table 5.73: The school's budget expresses the aim of the school

	Frequency	Percentage
The school's budget expresses the aim of the school	20	34%
The school's budget does not express the aim of the school	39	66%
TOTAL	59	100%

Table 5.73 shows that TWENTY EDUCATORS (34%) indicated that the general school budget expresses the fundamental aims of their schools, because their school's budget:

- was well planned to cater for all basic needs of the school;
- was drawn up by all school stakeholders;
- accommodated learner's needs first and it was reasonable; and
- was planned responsibly and honestly.

On the contrary, THIRTY NINE EDUCATORS (66%) indicated that the general budget of their schools did not express the fundamental aims of their schools because:

- there was always a shortage of sports and cultural facilities, cleaning materials and teaching as well as learning materials;
- there were no essential facilities such as laboratories, computer or typing room/s;
- budgets were only approved by certain individuals, which are the school principals and the chairperson of SGBs;
- it accommodates individual needs of SMTs, most especially the principals' transport costs, private calls, birthday parties, catering for SGBs meetings, printing, Internet, fax, laundry and baking cakes during school holidays; and
- funds are never available for official school functions such as learners farewell, spring days and school funerals.

Above generally shows that not all school budgets express specific school aims.

Question 2 inquires about the time of the year when school budgets are completed and by whom and the results appear in table 5.74.

Table 5.74: At what time the annual school budgets are completed

	Frequency	Percentage
Completed at the end of October by all school stakeholders	18	30%
Completed during the third quarter of the academic year by all school stakeholders, excluding learners	10	17%
All stakeholders complete their schools budget during August or September of each year	8	14%
They do not know anything about their school's budget	23	39%
TOTAL	59	100%

Above table shows that EIGHTEEN EDUCATORS (30%) indicated that their school's budget was completed at the end of October by all school stakeholders. The other TEN EDUCATORS (17%) indicated that their schools' budget was completed during the third quarter of the academic year by all school stakeholders, excluding learners, and the other EIGHT EDUCATORS (14%) indicated that all stakeholders completed their schools budget during August or September of each year. Astonishingly, TWENTY THREE EDUCATORS (39%) indicated that they do not know anything about their school's budget.

Question 3 asks whether educators receive the school financial statement timeously, question 4 addresses the question of whether educators do understand what is entailed in school financial statements and question 5 further inquires whether school financial statements include all income and expenditure incurred during the past academic period. Questions 3.1, 4.1 and 5.1 are follow-up to question 3, 4 and 5. They request respondents to explain more fully. These questions intend to provide information that should assist in drafting a specific school's budget according to PDoE guidelines and the results appear in table 5.75.

Table 5.75: Implementation of financial policies prescribed by PDoE

No	QUESTION	YES	NO	TOTAL
3	Do you receive the school financial statement timeously	15 25%	44 75%	59 100%
4	Do you understand what is entailed in school financial statement	15 25%	44 75%	59 100%
5	Does your school financial statement include all income and expenditure incurred during the past academic period	12 20%	47 80%	59 100%

From table 5.75 it can be seen that response to question 3 showed that, FIFTEEN EDUCATORS (25%) indicated that they received their financial statements timeously because all financial submissions were submitted to internal and external auditors on time and, as a result, the auditors returned the statements on time to schools which allowed distribution to educators on time. On the other hand, FORTY FOUR EDUCATORS (75%) indicated that they had not received their financial statement at all. They also indicated that they were only provided with the approved budget during general parents' meetings.

To question 4, FIFTEEN EDUCATORS (25%) indicated that they do understand what is entailed by their school financial statement because:

- the full report of the school finances was handed out during staff meetings and general parents' meetings;
- members of the SGB who presented the financial statement, explained it clearly and in a proper way;
- independent auditors were sometimes invited during presentation of the financial statement to answer clarity seeking questions;

- the financial statement was discussed and all the invoices that co-related with the money spent, were produced, containing all the income and expenditure as well as the bank charges per transaction; and
- some educators were members of the finance committee.

To question 4, FORTY FOUR EDUCATORS (75%) indicated that they did not understand what was entailed in their school financial statement because:

- they had not received or seen any financial statements;
- their principals informed them that their school financial statements were not ready to be distributed to educators;
- they had to wait for a long time before the final audited statement was produced;
- educators were instructed to visit the office of the principal individually if they wanted to know something about the school financial statement;
- educators found it confusing when the principal tried to explain the financial statement to them individually, because of unprepared presentation and confusing terminology used in the statement; and
- the school principals as well as SGBs members decided to remain silent about the schools' financial status.

To question 5, TWELVE EDUCATORS (20%) indicated that their schools' financial statement included all income and expenditure incurred during the past academic period. On the other hand, FORTY SEVEN EDUCATORS (80%) indicated that there were a number of hidden incomes and expenditures in their school financial statement which implies that the statement did not include all income and expenditure such as:

- incomes of fund-raising proceeds and some financial donations; and
- expenditures of SMTs and the principals' transport costs, private calls, personal parties financed by school funds, lending of school funds to staff,

catering for SGBs meetings, printing, Internet, fax, laundry and baking cakes during school holidays.

The above responses imply that the majority of schools (75%) did not follow the general guidelines of the PDoE when drafting their specific school budget because their school budget and financial statement were not completed on time, which is, during the third quarter of the academic year (budget) and their financial statements were not accurate, due to inconsistent control by school financial committees. On the contrary, the minority of schools (25%) were not experiencing difficulties in applying general guidelines of PDoE when drafting their specific school budget because they had completed their school budget timeously and provided their educators with financial statements.

Question 6 addresses whether important aspects of school budgets are disclosed at meetings in a satisfactory manner and question 6.1 is a follow-up to question 6. It requests respondents to give more detail. This question aims to establish accountability and transparency in dealing with school budgets and the results appear in table 5.76.

Table 5.76: Whether important aspects of school budgets are disclosed at meetings in a satisfactory manner

	Frequency	Percentage
Important aspects of school budgets are disclosed satisfactorily	18	31%
Important aspects of school budgets are not disclosed satisfactorily	41	69%
TOTAL	59	100%

The above table shows that EIGHTEEN EDUCATORS (31%) indicated that important aspects of their school budget are disclosed at meetings in a satisfactory manner because regular meetings are conducted around the status of school finances. Educators, the principal, support staff and SGBs, make inputs in school budgets and budgets are continuously revised in meetings, alterations are effected and the detailed financial statement is

compared with the operational budget. The majority, which is FORTY ONE EDUCATORS (69%), indicated that important aspects of their school's budget were not disclosed at their meetings in a satisfactory manner because it was left for school principals and SGBs to control. Educators received the final approved school budget during the general school meeting and they were not allowed to question allocations of some items during the budget meeting, while some of the items were fabricated by the principals and SGBs.

The minority of 31% of educators indicated that, in their schools, they continuously revised the proposed budget in a series of meetings to establish accountability and transparency in dealing with their school's finances. On the other hand, the majority of 69% of responses indicated that in their schools they were isolated when essential aspects of their schools' budget were supposed to be deliberated on in detail during school meetings. This practice implies that in majority schools there is no accountability and transparency when dealing with important aspects of their budget.

Question 7 addresses the fact whether schools are inclined to buy items which were not budgeted for. Question 8 addresses whether school finance committees are knowledgeable enough to enable managing of school funds effectively and questions 7.1 and 8.1 are follow-ups to questions 7 and 8. It requests respondents to explain in more detail. These questions aim to establish whether the finance committees in schools are knowledgeable in managing school funds effectively and the results appear in table 5.77.

Table 5.77: Schools inclined to buying items which are not budgeted for

No	QUESTION	YES	NO	TOTAL
7	Is your school inclined to buy items which are not budgeted for	39 66%	20 34%	59 100%
8	Is the finance committee in your school knowledgeable enough to enable managing of school funds effectively	20 34%	39 66%	59 100%

As response to question 7, 34% OF EDUCATORS indicated that their schools were not inclined to buy items which were not budgeted for; they kept strictly to the approved budget only. On the other hand, 66% OF EDUCATORS indicated that their schools were inclined to buy items which were not budgeted for because, when emergencies arise, schools need to be flexible, for example some items which are under budgeted for are first aid kits, printing materials and unexpected telephone bills.

To question 8, 66% OF EDUCATORS indicated that their school's financial committees were not knowledgeable enough to manage their school funds effectively because their finance committees were well trained and consisted of members having diverse financial skills such as being sales people, entrepreneurs, and bookkeepers. On the contrary, 34% OF EDUCATORS indicated that their school financial committees were knowledgeable enough in managing their schools funds effectively because:

- finance committees were not well trained;
- it consisted of many parents who were not knowledgeable in finances and only one experienced person who could be the school clerk or secretary was overloaded by work and easily manipulated by school principals;
- they issued blank cheques;
- they always signed cash cheques, not specifying the items;
- the school's petty cash was always depleted because it was used to pay for unbudgeted items;
- they did not file the cash receipts, cash change and financial reports after fund-raising projects, tours/trips, and schools functions;
- they were always behind in payments of essential school services and support staff hired by SGBs;
- finance committee members are always in confrontation with each other, shifting responsibilities and blame on each other; and

- finance committees exist by name only but in practice it is non-existent and the principal actually controlled and dominated the financial decisions at schools.

The above responses indicate that a small number of township schools are blessed with skillful and knowledgeable financial committees that are capable of managing their school's finances effectively, while the majority of township schools are struggling to manage their school's finances effectively, because of un-skilled finance committees.

Question 9 asks about the ways used to raise funds at schools. Question 10 further inquires whether fund-raising projects are substantial enough to meet the financial needs of the specific school and question 10.1 is a follow-up to question 10 which seeks respondents to comment more fully. These questions intend to strive to provide effective fund-raising activities in order to improve the current budget of schools and eliminate shortage of materials and the results appear in table 5.78.

Table 5.78: The ways used to raise funds at schools

	Frequency	Percentage
Civvie days, soccer games, raffles, tuck shop sales, concerts, donation lists and beauty contests	45	76%
Educational tours, school fetes, school bash, collect a can and bottle	14	24%
TOTAL	59	100%

From the table 5.78 it can be seen that response to question 9 showed that, FORTY FIVE EDUCATORS (76%) indicated that they used the indicated methods in the table in order to raise funds at schools, which are civvie days, soccer games and others indicated in table.

The other FOURTEEN EDUCATORS (24%) indicated the following alternative methods that they used in order to raise funds in schools, namely educational tours, school fetes, school bash, collect a can and bottle.

Question 10 further inquires whether fund-raising projects are substantial enough to meet the financial needs of the specific school and the results appear in table 5.79.

Table 5.79: Whether fund-raising projects are substantial enough to meet the financial needs of the specific school

	Frequency	Percentage
Fund-raising projects are substantial enough to meet the financial needs of the specific school	51	86%
Fund-raising projects are not substantial enough to meet the financial needs of the specific school	8	14%
TOTAL	59	100%

As response to question 10, FIFTY ONE EDUCATORS (86%) indicated that fund-raising projects in their schools are substantial in order to meet the financial needs of their schools because:

- they failed to achieve targets because income raised in their schools depends directly on the economic climate of the surrounding areas. Unfortunately nowadays the economy of surrounding areas are declining, which results in a high rate of retrenchment of parents and influences schools' fund-raising ventures negatively as follows:
 - wrong timing of fund-raising;
 - there is no co-operation and commitment amongst all school stakeholders; and

- poor management of collecting the proceeds of funds raised sometimes results in absenteeism of learners when they are suppose to hand in collected money at schools.

On the other hand, ONLY EIGHT EDUCATORS (14%) indicated that fund-raising projects in their schools were not substantial enough to meet the financial needs of their schools because:

- learners are forced to report proceeds;
- some proceeds from funds raised were used to organize learner farewell functions; and
- during the annual budget meetings, the presentations show clearly that fund-raising projects had reported a positive income.

This implies that fund-raising in the majority of schools failed to achieve desired targets.

The analysis of the questionnaire for the school financial secretary/ clerk/ treasurer follows in the next section.

5.5.2.4 Questionnaire for the school financial secretary/ clerk/ treasurer.

The fourth questionnaire was completed by the school financial secretary/clerk/treasurer and the questions were open-ended (cf. Appendix 4.6). Table 5.80 inquires whether the school finance committees are knowledgeable enough to manage school funds effectively.

Question 1 addresses whether schools have ever started the academic year with unpaid debts. Question 2 inquires whether schools have ever loaned money from local lenders. Question 3 asks whether schools have ever applied for overdraft facilities at a Bank and question 4 inquires whether schools are inclined to lend school money to educators who experience financial problems. Questions 1.1, 2.1, 3.1 and 4.1 are follow-ups to question 1, 2, 3 and 4 and requests respondents to explain in more detail. These

questions intend to establish whether financial committees are skilful enough to manage their school funds and the results appear in table 5.80.

Table 5.80: School Finance Committee knowledge to manage school funds effectively

No	QUESTION	YES	NO	TOTAL
1	Has your school ever started the academic year with unpaid debts	4 27%	11 73%	15 100%
2	Has your school ever loaned money from local lenders	4 27%	11 73%	15 100%
3	Has your school ever applied for overdraft facilities at a Bank	4 27%	11 73%	15 100%
4	Is your school inclined to lend school money to educators who experience financial problems	4 27%	11 73%	15 100%

Response to question 1, insured that 73% OF SCHOOL FINANCIAL CLERKS/ TREASURERS indicated that their schools had never started the academic year with unpaid debts. On the contrary, 27% OF FINANCIAL CLERKS/ TREASURERS indicated that their schools had started the academic year with unpaid debts because of exhausted funds towards the end of the previous year.

As response to question 2, the above mentioned ELEVEN RESPONDENTS indicated that their schools had never loaned money from local lenders because they have excellent financial committees. They further indicated that loaning money to lenders only happened in the dysfunctional schools. On the other hand, FOUR FINANCIAL CLERKS/ TREASURERS indicated that their schools had loaned money from local lenders because these schools were under pressure to pay suspended services due to exhausted funds and organizing the learners' farewell.

To question 3, ELEVEN SCHOOL FINANCIAL CLERKS/ TREASURERS (73%) indicated that their schools had never applied for overdraft facilities at a Bank, because they strictly adhered to the approved school budget and their school finances were well planned. In contrast, FOUR SCHOOL FINANCIAL CLERKS/ TREASURERS (27%) indicated that their school had applied for overdraft facilities at a Bank, although applications were not approved by the Banks and the PDoE.

From table 5.80 it can be seen that response to question 4, showed that ELEVEN RESPONDENTS (73%) indicated that their schools did not lend school money to educators who experienced financial problems. These schools financial clerks/ treasurers also responded by indicating that their school finance policy discouraged the lending of school money to any person working at school, including supporting staff, administrators, educators, SMTs members, the principal, departmental officials and SGB members. Respondents also indicated that their schools were not operating as micro-lenders (or Machonisa's) because their schools were not a profit making institution. It should be realized that a school's money is for teaching and learning activities only. School financial clerks/ treasurers concluded by indicating that according to (PFM) Public Financial Management, no school/s were allowed to lend any money whatsoever to any person.

On the other hand, FOUR RESPONDENTS (27%) indicated that in their schools the principal and some members of SGBs had loaned school money to educators who experienced financial problems such as disconnection of water and electric services and those whose household goods was recovered by the local sheriff. They further indicated that some educators' problems are contributed to by the failure of PDoE to pay new employed educators timeously and lack of consistency in paying their salaries.

Question 5 addresses in what way the school treasurer/ financial clerk accounts for financial discrepancies at their schools and the results appear in table 5.81.

Table 5.81: The way the school treasurer/ financial clerk accounts for financial discrepancies

	Frequency	Percentage
There are no financial discrepancies in the schools	9	60%
There are financial discrepancies in the schools	6	40%
TOTAL	15	100%

Above table shows that NINE SCHOOL FINANCIAL CLERKS/ TREASURER (60%) indicated that there were no financial discrepancies in their schools due to the excellent book keeping system of financial administrators or financial committees, good financial planning and adequate budgeting. School financial clerks/ treasurers indicated further that their financial policy encouraged regular open discussions. Formal financial meetings were held and internal and external auditing done, and it was strictly complied to their financial policy in order to avoid any type of financial discrepancy. In contrast, six schools financial clerks/ treasurers (40%) indicated that financial discrepancies existed in their schools because of lack of financial knowledge such as:

- recording income and expenditure;
- issuing and signing school cheques;
- correct procedures to require funds from school and PDoE;
- financial bookkeeping;
- proper reporting system and accounting of school funds; and
- some members were dishonest and shortage of money always occurred as well as an imbalance in the financial books caused by fabricating figures.

Question 6 asks about the ways in which expected income and expenditure for the next year is estimated and the results appear in table 5.82.

Table 5.82: The ways in which expected income and expenditure for the next year is estimated

	Frequency	Percentage
Consulting the admission register of learners for the current year and then adding a ten percent increase	6	40%
Focusing on the current inflation rate, the number of unemployed parents and the needs of the school	9	60%
TOTAL	15	100%

From table 5.82 it can be seen that SIX RESPONDENTS (40%) indicated that they estimated the expected income and expenditure for the next year by consulting the admission register of learners for the current year and then added a ten percent increase of possible new registered learners for the following year. On the other hand, NINE RESPONDENTS (60%) indicated that they focused on the current inflation rate, the number of unemployed parents and the needs of the school.

Question 7 inquires in what way the treasurer keeps records of the money received at their schools and the results appear in table 5.83.

Table 5.83: The way the treasurer keeps records of the money received

	Frequency	Percentage
They use receipts books, income statements, an analysis book and a deposit book	15	100%
TOTAL	15	100%

Above table shows that ALL FIFTEEN SCHOOL FINANCIAL CLERKS/ TREASURERS indicated that they used receipts books, income statements,

an analysis book and a deposit book to keep record of the money received by their schools.

Question 8 asks about steps taken to prevent the occurrence of excessive expenditure at their schools and the results appear in table 5.84.

Table 5.84: Steps taken to prevent the occurrence of excessive expenditure

	Frequency	Percentage
Discard purchasing of any item/s which did not appear in the operational school budget	6	40%
Consult the SGB to approve of over-expenditure	9	60%
TOTAL	15	100%

Table 5.84 shows that SIX SCHOOL FINANCIAL CLERKS/ TREASURERS (40%) indicated that they tried to prevent the occurrence of excessive expenditure at their schools by discarding purchasing of any item/s which did not appear in the operational school budget and they always prioritized before purchasing. On the other hand, NINE (60%) OF SCHOOL FINANCIAL CLERKS/ TREASURERS indicated that they consulted the SGBs to approve of over-expenditure. If approval is not granted, the expenditure is then disregarded with immediate effect.

Question 9 inquires about the way used to provide acknowledgment of cash payments and the results appear in table 5.85.

Table 5.85: Acknowledgment of cash payments

	Frequency	Percentage
They provide learners and parents with receipts immediately as acknowledgment of cash payments	15	100%
TOTAL	59	100%

Above table shows that all fifteen financial clerks/treasurers indicated that they provided learners and parents with receipts immediately as acknowledgment of cash payments.

In general, the above responses by school financial clerks/ treasurers imply that the majority of Finance committees in township schools are not skillful enough to manage their schools' funds, while only a minority of schools are progressing well in managing their school funds.

Question 10 inquires whether financial policy guidelines provided by the PDoE are adequate to facilitate the keeping of school financial records and budget management and question 10.1 is a follow-up to question 10 which requests respondents to explain in more detail. These questions intend to provide information that should assist in drafting a specific school's budget according to the PDoE requirements and the results appear in table 5.86.

Table 5.86: Financial policy guidelines provided by the PDoE

	Frequency	Percentage
Financial policy guidelines provided by the PDoE are adequate to facilitate the keeping of school financial records	15	100%
TOTAL	59	100%

Table 5.86 shows that FIFTEEN SCHOOL FINANCIAL CLERKS/ TREASURERS indicated that the financial policy guidelines provided by the PDoE are adequate to facilitate the keeping of their school financial records and budget management because guidelines are well explained and clearly understood by all stakeholders. Workshops are also organized to supplement understanding.

Question 11 inquires about measures schools use to ensure the success of the school purchasing process. This question aims to establish the consistency with which the school purchasing system is in relation to the school budget and the results appear in table 5.87.

Table 5.87: Measures schools use to ensure the success of the school purchasing process

	Frequency	Percentage
Follow consistent system	15	100%
TOTAL	15	100%

From table 5.77 it can be seen that ALL FIFTEEN SCHOOL FINANCIAL CLERKS/ TREASURERS indicated that they used the following measures to ensure the success of their school's purchasing process:

- adhere strictly to each departmental budget; and
- follow the correct procedure when purchasing.

The above responses indicate that there is consistency of the schools purchasing system in relation to their school budgets.

Question 12 inquires whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school and question 12.1 is a follow-up to question 12 which seeks respondents to comment more fully. This question intends to strive to provide effective fund-raising activities in order to meet the financial needs of the school and the results appear in table 5.88.

Table 5.88: Fund-raising projects are substantial in order to meet the financial needs of the school

	Frequency	Percentage
Fund-raising projects are substantial enough to meet the financial needs of the school	5	33%
Fund-raising projects are not substantial enough to meet the financial needs of the school	10	67%
TOTAL	15	100%

Table 5.88 shows that FIVE SCHOOL FINANCIAL CLERKS/ TREASURERS (33%) indicated that fund-raising projects really did meet the desired financial needs of their schools because previous fund-raising efforts did generate substantial income in order to assist in shortages in sports and cultural attire and a reduction in fees for educational and sports tours. On the contrary, TEN SCHOOL FINANCIAL CLERKS/ TREASURERS (67%) indicated that fund-raising projects did not really meet the desired financial needs of their schools, because of great losses schools experienced after fund-raising due to lack of support from parents and uninterested community members to support fund-raising.

The above responses imply that minimal progress is achieved by fund-raising projects in a small number of schools, while the majority of schools are not experiencing substantial income from fund-raising projects because of high unemployment of parents and community members at large.

The analysis of the questionnaire for parents serving in the Schools Governing Body follows in the next section.

5.5.2.5 Questionnaire for parents serving on the SGB

Question 1 asks whether parents have knowledge of the budgeting procedure of their school. Question 2 inquires further on the kinds of financial training parents have been exposed to. These questions intend to establish whether

individuals responsible for drafting the school budget are skilful enough to compile a suitable budget to benefit the specific institution and the results appear in table 5.89.

Table 5.89: Parents' knowledge of the budgeting procedure

	Frequency	Percentage
Bear knowledge of the budgeting procedure	48	62%
Have no knowledge of the budgeting procedure	30	38%
TOTAL	78	100%

As response to question 1, FORTY EIGHT PARENTS (62%) indicated that they all bear knowledge of the budgeting procedure of their schools, while THIRTY PARENTS (38%) indicated that they have no knowledge of the budgeting procedure of their schools.

Question 2 inquires further on the kinds of financial training parents have been exposed to and the results appear in table 5.90.

Table 5.90: The kinds of financial training parents have been exposed to

	Frequency	Percentage
Have not received any financial training	58	74%
Have received intensive financial training	20	26%
TOTAL	78	100%

Response to question 2, FIFTY EIGHT PARENTS (74%) indicated that they have not received any financial training but that they are working together with financial experts in their SGBs, while only TWENTY PARENTS (26%) indicated that they have received intensive financial training. These parents indicated that they were working in financial institutions and financial related

departments; some were sales persons, business men, educators, pastors and bookkeepers.

Generally, the above responses indicated that the majority of parents in township schools are not skilful and knowledgeable in drafting and compiling a suitable budget to benefit their specific institution because they lack financial skills, knowledge and training.

Question 3 inquires about the time of the year in which the school budget is commenced and completed and the results appear in table 5.91.

Table 5.91: The time of the year in which the school budget is commenced and completed

	Frequency	Percentage
Start in the third term and is completed in the second week of the fourth term	36	46%
Start on the first of October to the thirty first October of each year	24	31%
No idea when the school budget is completed	18	23%
TOTAL	78	100%

Above table shows that THIRTY SIX PARENTS (46%) indicated that budgeting at their schools started in the third term and was completed in the second week of the fourth term and another TWENTY FOUR PARENTS (31%) indicated that budgeting at their schools started on the first of October to the thirty first October of each year. Astonishingly, EIGHTEEN PARENTS (23%) indicated that they had no idea when the school budget was started or completed.

Question 4 asks whether parents and educators receive the school financial statement timeously. Question 5 addresses the fact whether educators and parents do understand what is entailed in the school financial statement. Questions 4.1 and 5.1 are follow-ups to questions 4 and 5 and they request

respondents to explain in more detail. These questions intend to provide information that should assist in drafting a specific school's budget according to Provincial Department of Education and the results appear in table 5.92.

Table 5.92: Implementation of financial policies prescribed by PDoE

No	QUESTION	YES	NO	TOTAL
4	Do you receive the school financial statement timeously	20 26%	58 74%	78 100%
5	Do educators and parents who do not serve in SGBs understand easily what is entailed in school financial statement	20 26%	58 74%	78 100%

From table 5.92 it can be seen that response to question 4, shows that TWENTY PARENTS (26%) indicated that the SGBs availed financial statements timeously (according to Provincial Department of Education guidelines) to parents and educators. On the other hand, FIFTY EIGHT PARENTS (74%) indicated that the SGBs at their schools had not availed financial statements timeously to parents and educators.

As response to question 5, ONLY 26% OF PARENTS indicated that educators and parents who do not serve in the SGBs can easily understand what is entailed in the financial statements. These parents also indicated that financial statements are made available to them timeously to be scrutinized and amended before the general parents' meeting. On the other hand, THE MAJORITY, NAMELY 74% OF PARENTS, indicated that educators and parents who do not serve in the SGBs did not easily understand what was entailed in the financial statements because parents and educators get easily bored when SGBs present financial statements and annual budgeting. It was also experienced that educators and parents left the meetings before financial presentation/s were completed and some parents and educators discarded of printed financial statements on the spot.

Question 6 inquires about the way the SGBs determine the amount to be charged for the school fees for the following academic year and the results appear in table 5.83

Table 5.93: The way the SGBs determine the amount to be charged for the school fees for the following academic year

	Frequency	Percentage
Considering the educational needs of learners	50	64%
SGBs compare previous year's fees and the current inflation rate	28	36%
TOTAL	78	100%

Above table shows that FIFTY PARENTS (64%) indicated that they apply the following method when their SGBs determine the amount to be charged for the school fees for the following year by considering the educational needs of learners and then deciding on realistic and fair school fees. The other 36% of parents indicated that their SGBs compare previous year's fees and the current inflation rate.

Question 7 addresses in what way the SGBs handle the problem of learners who do not pay school fees and the results appear in table 5.94.

Table 5.94: The way the SGBs handle the problem of learners who do not pay school fees

	Frequency	Percentage
They contact parent/s of learners who do not pay school fees and have a lengthy discussion about the causes of the school fees problem	78	100%
TOTAL	59	100%

ALL SEVENTY EIGHTY parents indicated that they contacted parent/s of learner/s who did not pay school fees and had a lengthy discussion about the cause/s of the school fees problem. Thereafter the SGBs tried to work out an affordable agreement with parents and if parents failed to honour the agreement, the SGBs then took legal action.

Question 8 addresses in what way SGBs handle the problem of parent/s who are unable to pay school fees and the results appear in table 5.95.

Table 5.95: The way SGBs handle the problem of parents who are unable to pay school fees

	Frequency	Percentage
Certain parents are exempted from paying them	50	64%
Parents are allowed to pay half the amount of the fees	28	36%
TOTAL	78	100%

Table 5.95 shows that FIFTY PARENTS (64%) indicated that after establishing that parent/s were unable to pay school fees, certain parent/s were exempted from paying them. On the other hand TWENTY EIGHT PARENTS (36%) indicated that after establishing that parent/s were unable to pay school fees, they were allowed to pay half the amount of the fees.

Question 9 inquires about the cause of the school failing to pay essential services such as the telephone bill, electricity, printing machine, support staff and Bank charges. Question 9.1 is a follow-up to question 9 and it request respondents to explain in more detail. These questions aim at establishing whether school financial committees are skilful enough to manage the school funds and the results appear in table 5.96.

Table 5.96: The cause of the school failing to pay essential services

	Frequency	Percentage
It has never occurred that the school failed to pay for essential services	18	23%
It has happened that their schools failed to pay for essential services	60	77%
TOTAL	78	100%

Above table shows that EIGHTEEN PARENTS (23%) indicated that it had never occurred that the school failed to pay for essential services. Parents indicated that their SGBs practiced sound financial management which proves that they honour essential payments and SGBs ensure that the finance committee keeps to the budget and never overspends. On the other hand, the majority, which is SIXTY PARENTS (77%), indicated that it has happened that their schools failed to pay for essential services due to insufficient funds in schools caused by the high rate of non-payment of school fees and late payments of services by the Department.

Question 10 inquires whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school and question 10.1 is a follow-up to question 10 as it asks respondents to comment more detail. This question intends to strive to provide effective fund-raising activities in order to improve the current budget of schools and eliminate shortage of materials and the results appear in table 5.97.

Table 5.97: Whether fund-raising projects are substantial enough in order to meet the financial needs of the specific school

	Frequency	Percentage
Fund-raising projects are substantial enough in order to meet the desired needs of their schools	10	13%
Fund-raising projects are not substantial enough in order to meet the desired needs of their schools	68	87%
TOTAL	78	100%

From table 5.97 it can be seen that ONLY TEN PARENTS (13%) indicated YES, implying that income generated by fund-raising projects are substantial in order to meet the desired needs of their schools. Raised funds caused school fees and fees for educational tours to be reduced. On the contrary, THE MAJORITY, NAMELY SIXTY EIGHT PARENTS (87%), indicated that income generated by fund-raising projects was not substantial enough in order to meet the desired needs of their schools because of poor support of unemployed parents and the wider community.

The next section indicates responses by school learners serving in the SGBs (cf. Appendix 4.8) and school management developers (SMDs) (cf. Appendix 4.9) regarding school budgeting through the use of personal interviews.

5.6 FEEDBACK FROM INTERVIEWS WITH SCHOOL LEARNERS SERVING IN THE SGBs

The following is the response to interview questions from town as well as township learners. EIGHTY LEARNERS (100%) from twenty town secondary schools were interviewed and their responses were identical. The responses of TWENTY LEARNERS (25%) out of eighty learners from twenty township secondary schools were also identical to the learners from town schools. The remaining SIXTY LEARNERS (75%) from township secondary schools responded contrarily to the information gathered from the first hundred

learners. The opinion of learners serving in the SGBs receives attention in the next section.

5.6.1 Opinion on maintenance of toilets

All HUNDRED LEARNERS indicated that their toilets were well maintained because they were cleaned daily by support staff members. Of the sixty learners, FIFTY TWO LEARNERS (65%) indicated that their toilets were always dirty even if there were support staff members responsible for cleaning toilets, but unfortunately they always claimed that no cleaning materials were available. These learners then indicated that they were subsequently forced to clean toilets by SMTs members as punishment for late arrival they. The other EIGHT LEARNERS (10%) from township schools added that their schools had no toilet facilities because they were permanently closed and were beyond repair due to their sordid condition. They also indicated that there were no person/s hired by the school to clean the toilets and that school management was ignorant about the state of learner's toilets, their only concern was about staff toilets.

The above response indicates that in town schools and in a small number of township schools, toilets are well maintained. On the contrary, in the majority of township schools, toilets are not well maintained, creating unhealthy conditions and as a result it was impossible to teach due to the stench. Learners were not allowed to go to the toilet because it could transfer diseases as well.

5.6.2 Opinion on maintenance of classrooms

The HUNDRED LEARNERS from town schools as well as from township schools indicated that their classrooms were well maintained, because they were cleaned daily by support staff members and learners. On the contrary, FIFTY TWO LEARNERS (65%) from township schools indicated that their classrooms were always dirty, even if there were support staff members responsible for cleaning classrooms. Learners and support staff members complained that there were no cleaning materials and that they were overloaded with work. These learners also refused to clean their classrooms,

claiming that there were no cleaning materials, they were tired, that they had to travel long distances to home after school and that it was child labour and child abuse to force them to clean their classrooms. These FIFTY TWO LEARNERS further indicated that they were forced to clean classrooms by SMTs members as punishment for late arrival which they refused to do. The 10% of LEARNERS (EIGHT) from township schools added that the classrooms were dilapidated, because they were vandalized by learners and members of the community (cf. Appendix 5.1). They also mentioned that classrooms had no window panes, doors, chalkboards, electric appliances or a supply of furniture.

In general, it implies that in all town schools and in a small number of township schools, effective learning can take place because of well maintained classrooms, while in the majority of township schools, no effective learning can take place because learners and support staff are not prepared to clean classrooms and some classrooms are vandalized, which causes disruption of learning in schools.

5.6.3 Standard of sports fields

All HUNDRED LEARNERS from town schools as well as from township schools indicated that their sports fields were well maintained because they were cleaned daily by support staff members. On the contrary, the FIFTY TWO LEARNERS (65%) from township schools indicated that their sports fields were always in a bad condition although support staff members were responsible for the upkeep of the sports fields. Learners and support staff members always claimed that there were no available gardening implements and that they were overloaded with work. These learners further indicated that they were forced by SMTs members to upkeep the sports fields as punishment for late arrival and that they refused to do labourer's work. The other EIGHT LEARNERS (10%) from township schools added that they had no sports fields at their schools, because they were beyond repair, due to the condition of those fields (sports fields are turned into wild veld). They indicated that there was no person/s hired by schools or the Department to

maintain sports fields and that the school management was ignorant about the state of sports fields and sports activities at schools were discouraged.

Above response indicated that in town schools and a small number of township schools, sports fields were well maintained and sporting activities were supported satisfactorily. On the contrary, in the majority of township schools, sports fields are not well maintained and sports activities do not take place, denying learners the opportunity to display their physical abilities and talents, turning formal teaching in a boring and meaningless activity.

5.6.4 Learner's subsidies when undertaking educational and sports trips

The HUNDRED LEARNERS from town schools as well as township schools, indicated that learners are subsidized when undertaking educational and sports trips and for some trips they do not pay at all, because they made use of school buses. On the contrary, the FIFTY TWO LEARNERS (65%) from township schools indicated that learners from their schools are not subsidized when undertaking educational and sports trips, because they are told that their school has insufficient funds to subsidize trips. The other EIGHT LEARNERS (10%) from township schools added that they had no educational or sports trips in their schools, because they were told that educators were not interested in accompanying learners when they undertake sports and educational trips and parents struggle to financially support children when schools undertake educational or sports trips.

5.6.5 Involvement when the school budget is drafted and implemented

All EIGHTY LEARNERS from town schools as well as All EIGHTY learners from township schools indicated that they were not involved when the school budget was drafted and implemented at their schools.

5.6.6 Experiencing shortage of support materials

EIGHTY LEARNERS from town schools indicated that they had not experienced any shortage of support materials because support materials

were bought in bulk for the full year. On the contrary, All EIGHTY LEARNERS from township schools indicated that they experienced a shortage of support materials in their schools starting from the second, third and fourth terms. During examinations they were told that the schools funds were exhausted.

5.6.7 Treatment of learner/s who do not pay their school fees

All EIGHTY LEARNERS from town schools indicated that learners who did not pay their school fees were not allowed to attend classes, during the time when principals were busy negotiating with parents. When no payment was received, progress reports were withheld until their school fees were paid. On the other hand, All EIGHTY LEARNERS from township schools indicated that learners who did not pay their school fees, were not allowed to attend classes, nor given books, nor allowed to sit for examinations (cf. Appendix 5.2). They were also not allowed to participate in sports, undertake any school trips, allowed to attend learners' farewell functions and were not given progress reports.

5.6.8 Opinion on learner/s who do not pay their school fees

All EIGHTY LEARNERS from town schools indicated that the reason why learner/s did not pay school fees was because of financial problems encountered at home and unemployment of parents. On the other hand, the EIGHTY LEARNERS from township schools indicated that the reason why learners did not pay school fees was because of unemployment of parents. These EIGHTY LEARNERS further indicated that some learners did not pay school fees deliberately, and spent the money for their personal needs, while parents had the idea that their children had paid their school fees.

5.6.9 Treatment of learner who lost school books

EIGHTY LEARNERS from town schools and THIRTY LEARNERS (37%) from township schools indicated that learner/s who lost school books were forced to replace the lost book by buying a new book and as a result their progress reports were retained until they replaced the lost book/s. The other FIFTY LEARNERS (63%) from township schools indicated that learners who lost

school books, were also forced to pay for the book/s or replace the lost book by buying a new book and subsequently their progress reports were also retained until they replaced the lost book/s.

5.6.10 Treatment of learner/s who vandalized school property

All EIGHTY LEARNERS from town schools as well as the TWENTY LEARNERS (25%) from township schools indicated that learners who vandalized school property were treated in different ways. Firstly, their parent/s were called to the school and given verbal or written warning/s and forced to replace broken window/s, doors or furniture. Secondly, their progress reports were retained until they replaced damaged articles and if vandalism is continuous, learner/s were suspended from school. On the other hand, the SIXTY LEARNERS (75%) from township schools indicated that learners, who vandalized school property, were ignored by school management. In some instances, their parent/s were forced to pay damages or replace broken windows, doors or furniture and their progress reports were retained until they replaced damages. If vandalism was continuous, learners were suspended from school.

5.6.11 Collection of school funds

All EIGHTY LEARNERS from town schools as well as the twenty learners (25%) from township schools indicated that they made the following payments to the following person/s during school hours:

- School fees to schools clerk or deposited in the school bank account
- Lost books, attire and instruments to school clerks
- Vandalized school property to school clerks
- Fund-raising projects to the project treasurer.

The SIXTY LEARNERS (75%) from township schools indicated that they, again made the following payments to the following persons:

- School fees to educators and school clerks

- Lost books, attire and instruments to educators
- Vandalized school property to principals and educators
- Fund-raising projects to educators and class reps

5.6.12 Evidence provided as acknowledgement of cash payments

All EIGHTY LEARNERS from town schools as well as the THIRTY LEARNERS (37%) from township schools indicated that they received cash receipts after submitting a cash payment. On the other hand, the FIFTY LEARNERS (63%) from township schools indicated that they sometimes received cash receipts and sometimes they received nothing as acknowledgment of a cash payment.

5.6.13 Fund-raising methods

All EIGHTY LEARNERS from town schools as well as the 25% of learners from township schools indicated that they used the following funds-raising methods in their schools:

- Raffles
- Fashion shows
- Tuck shop sales
- Tournaments
- Collect a can and bottles

On the other hand, the 75% of learners from township schools indicated that they used the following different fund-raising methods in their schools:

- Concerts
- Civvies
- Beauty contests

- Schools bash
- Collection list

5.6.14 Opinion on fund-raising

EIGHTY LEARNERS from town schools and TWENTY LEARNERS (25%) from township schools indicated that they raise funds in order to supplement and replace learning materials in their schools. On the other hand the SIXTY LEARNERS (75%) from township schools indicated that they only raised funds in order to organize the matric learners' farewell.

5.6.15 Organization of matric farewell

EIGHTY LEARNERS from town schools and TWENTY LEARNERS (25%) from township schools indicated that the SGBs as well as the occasion and events committee were responsible for organizing the matric farewell. Grade 11 learners were also involved in the raising of funds for the grade 12 farewell.

On the other hand, the SIXTY LEARNERS (75%) from township schools indicated that grade 12 learners chose a committee of learners to facilitate the organization of the farewell. This learners' committee was mandated by other learners to approach the principal with regard to the expected amount required to host the farewell. The school then carried the financial burden and if learner's demands were disapproved by the principal or SGB, the learners resorted to disrupting teaching and learning, which sometimes ended in massive vandalism of school property and private cars of principals.

5.7 FEEDBACK FROM INTERVIEWS WITH THE SCHOOL MANAGEMENT DEVELOPERS

The following is the response to the interview questions from TWELVE town and township SMD's. TWELVE SMD's (100%) from town and township were interviewed and their responses were identical. The opinion of SMD's receives attention in the next section.

5.7.1 Opinion on maintenance of toilets

In town schools, toilets are well maintained, because they are cleaned daily by support staff members. In most township schools, toilets are always dirty and blocked. Some township schools have no toilets for learners, because they are permanently locked and are beyond repair.

Above responses indicated that in town schools toilets were well maintained. In township schools on the contrary, toilets are not well maintained, disturbing healthy conditions and making it impossible to render lessons freely due to the stench.

5.7.2 Opinion on maintenance of classrooms

In town schools and some of the township schools, effective learning takes place, because of well maintained classrooms, while in the majority of township schools, no effective learning takes place, because learners and support staff are not prepared to clean classrooms and some classrooms are vandalized, disrupting learning in schools.

5.7.3 Standard of sports fields

In town schools, sports fields were well maintained and sporting activities was promoted satisfactory. In the majority of township schools, sports fields are not well maintained and sports activities do not take place, denying learners the opportunity to display their physical abilities and talents.

5.7.4 Treatment of learner/s who do not pay their school fees

In town schools and township schools learners who do not pay their school fees are allowed to attend classes while principals are busy negotiating with their parents. They are aware of a few schools who do not give learners books, nor are they allowed to sit for examinations (cf. Appendix 5.2), or to participate in sports, or to undertake any schools trips, or attend learners farewell functions and are not given progress reports.

5.7.5 Opinion on why learners do not pay their school fees

The reason for learner/s in both town and township schools for not paying their school fees could be because of financial problems encountered in their homes and unemployment of parents. In township schools it also occurs that the high number of children attending schools in one family and poverty in families result in prioritizing basic needs, such as food and payment of water.

5.7.6 Treatment of learner/s who lost their school books

In both town as well as township schools, parents of learner/s who lost their schools books, are normally given the price of such book/s and then referred to the book store where such book/s can be bought. Parents are then expected to bring the book/s as well as the receipt as a proof of replacement of lost book/s.

5.7.7 Treatment of learner/s who vandalized school property

In both town as well as township schools, the SGBs handle such cases and then involves the parents of such learner/s who vandalized the school property. Appropriate measures in accordance with the school policy and SASA act of 1996 are implemented. If the vandalism is serious, the matter is referred to the police to handle.

5.7.8 Problem of paying essential services

In town schools and some of the township schools, there are no problems paying essential services, while the majority of township schools have problems paying essential services because electricity, water and telephone have repeatedly been disconnected. Sometimes this is caused by the failure on the part of the department to pay some municipal services in full.

5.8 CONCLUSION

Chapter five dealt with analysis of data from questionnaires completed by principals, SMTs, educators, financial clerks/ treasurers and parents serving in SGBs and interviews conducted with school management developers (SMDs)

and secondary school learners serving in the SGBs. A clear definition of data analysis has been given. Common responses were grouped together and relevant conclusions were drawn.

Chapter six deals with the summary of findings and recommendations.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The funds allocated to schools by the Provincial Government are not adequate to provide all educational resources as well as remunerate human resources satisfactorily, in order to improve the quality of education (Busher, Harris and Wise, 2000:183). They further highlight that the most important source of income supplementing the funds allocated by the Provincial Government is through the payment of school fees. Both the funds allocated by Provincial Government as well as the school fees paid by the parents, need to be managed effectively through the process of budgeting (cf. 1.1).

Budgeting is one of the most important activities in the resource management cycle of any school. The budget is a tool for planning the activities which lead to the achievement of educational objectives (Ladd, 1996:265). The important point about budgeting is that it is not solely, or even mainly, about money. Rather it provides an opportunity to express the aims and curriculum of the school in financial terms (cf. 1.2).

Considering the above argument, this research endeavours to primarily address the following questions (cf. 1.3):

- Is the school budget drafted and implemented according to financial policies provided by the South African Schools Act as well as the Free State Provincial Department of Education?
- Are the SGBs and SMTs responsible for drafting the school budget, knowledgeable enough to compile a suitable budget in order to benefit their schools?

These primary questions can lead to the following secondary questions that need to be investigated:

- What financial knowledge is needed in order to be able to competently compile a school budget?
- Are parents, SMTs, learners and educators actively involved in the process of planning and implementing the school budget?
- Are the particulars relevant to the budget disclosed at school meetings?
- Is the money allocated by the Free State PDoE sufficient to meet the needs of a specific school?
- Do schools engage in effective fund-raising activities in order to improve their current budget?

The research questions formulated above imply that certain aims have to be realised in this research.

The primary aim of this research is therefore to investigate the extent of the problem of improper budgeting experienced in schools (cf. 1.4). In order to realize these aims, the following objectives based on the primary questions mentioned above was explored, which was to:

- strive to provide information that should assist in drafting a specific school's budget according to PDoE guidelines; and
- establish whether the SGBs and SMTs responsible for drafting the school budget are knowledgeable enough in order to compile a suitable budget in order to benefit the specific institution.

The research objectives were to attempt to ascertain the impact of budgeting on the survival of schools. The following objectives were established in order to ultimately design a school financial management model that will assist schools in implementing departmental financial policy, which is to establish:

- what type of financial knowledge was needed in order to improve competency in compiling a school budget;

- whether Finance Committees are skilful enough to manage the school funds effectively;
- ways and means of engaging parents, SMTs and educators to assist in drafting the school budget;
- whether accountability and transparency in dealing with a school budget exists;
- whether the money allocated by the Free State PDoE is sufficient to cater for the needs of specific school;
- whether the school purchasing system is consistent in relation to the school budget; and
- establish effective fund-raising strategies in order to increase school income and result in an improved budget.

The above mentioned problems have been addressed in the research programme in the following manner:

In chapter one it was established that a need exists in both primary and secondary schools of South Africa for the acquisition of financial management and budgeting skills and knowledge. Subsequently, it should be realized that the SGB of a public school has an important role to play in the school's financial management process. Their task is to establish and administer a specific school's funds in accordance with directions issued by the Head of Department (FSDoE, 1998:19). Each SGB should also attempt to increase the inflow of income and other facilities which could improve the quality of education at that school (cf. 1.1).

Chapters two and three concentrate on a research of literature related to financial management and budgeting at schools in order to:

- ascertain what the concept of financial management embraces;

- establish prevailing knowledge on content to be included in school budgeting; and
- to construct a foundation for the development of effective budgeting strategies.

Chapter two comprised the rationale for the Government to fund public schools from public revenue on an equitable basis in order to cater for the educational needs of learners and redress of the past inequalities in education provision. These funds are then allocated to schools. This means that it is the responsibility of the parents to take charge and own the education of their children as it is financed by their money. Parents need to make sure that funds allocated to schools are administered properly, and it is the duty of each SGB to improve the quality of education at their school by obtaining more money in the form of fund-raising and other teaching and learning facilities (cf. 2.8).

In chapter three, perception is based on the budgetary system and it is indicated that no comprehensive budgetary system exists that can be used by all educational institutions in South Africa. The budgetary systems differ from school to school, due to differences in needs, traditions and goals. They state that a school has to select and develop a budgetary process that will satisfy the needs of that specific school. However, it remains important to ensure that the budgetary process is flexible, based on sound data and integrated into the long term planning process of the school. The budget should use inputs from all the stakeholders (cf. 3.15).

In chapter four, data on perceptions about the essence of school budgeting was collected through the use of questionnaires and interviews (cf. 4.4) in qualitative research. The questionnaire (cf. 4.6.1.1) and the interview (cf. 4.6.2.1) were explained in full and data analysis and the findings were discussed.

Chapter five contains the descriptive presentation of research results (cf. 5.3), display of questionnaire (cf. 5.3.1) and feedback from interviews with the school learners and school management developers (SMDs) (cf. 5.3.2).

Chapter six concentrates on recommendations from literature research, questionnaires and interviews from learners and SMDs. The important aspects relative to the aims of this research are highlighted.

The main aim of this research was to explore the nature and context of budgeting at schools and the impact on the academic and non-academic performance of specific schools.

The conceptual framework of the research was based on the fact that all school principals, SMTs, educators, financial clerks or treasurers and SGBs, if kept empowered through budgeting strategies in schools, should perform to the satisfaction of parents, learners and the community. The skills and knowledge the school principals, SMTs, educators, financial clerks or treasurers and SGBs have, should enable them to assert themselves in the deliverance of quality education (cf. 5.4.4)

This research was motivated by the fact that a high number of township learners moved from township schools and registered at town primary and secondary schools. Town primary and secondary schools were perceived to be producing impressive academic and non-academic results, while some schools in townships were producing unsatisfactory academic and non-academic results. The fact that there were some schools in townships, regardless of material conditions, which were producing good academic and non-academic results, proved that it is not only performance standards that could increase learner enrolment in schools. The human resource factor should not be overlooked and, as such, strategic budgeting in schools became a key issue (cf. 1.2).

Findings of this research are based on literature review, research problems, questionnaires, interviews with learners and school management developers and general aspects related to this research.

6.2 FINDINGS AND INTERPRETATIONS

In order for research to arrive at appropriate findings and interpretations, a literature review on strategic budgeting in schools and the budgeting process

and procedures in schools was conducted (cf. 3.2 and 3.3) and thereafter principals, SMTs, educators, financial clerks or treasurers and parents serving in the SGBs, were requested to complete a questionnaire (cf. Appendix 4.3 - 4.7), while learners and SMDs were interviewed (cf. Appendix 4.8 - 4.9). Findings regarding the literature research, questionnaire and interviews now receive attention.

6.2.1 Findings of literature research

Findings of the literature research (cf. 2.7.1) indicated the following about the SGBs:

- the South African Schools Act (SASA) 84 1996 imposes a responsibility on all SGBs to improve the quality of education in their schools;
- the SASA obliges all SGBs to support their schools financially;
- the SGBs are to raise additional resources in order to supplement insufficient funds provided by the state;
- the school's budget is delegated to the SGB by the National Department of Education;
- the SGB has freedom to deploy resources within the school's budget according to their own needs and priorities;
- if the budget is mismanaged, the SGB should bear the responsibility;
- the SGBs should ensure that effective financial management takes place in their schools;
- the SGBs will establish a finance committee, interlinked with the school educators, reserving powers of decision-making to the SGBs;
- the SASA links the question of fees to the budget of the school, which the SGB must present to a general meeting of parents for approval; and

- the intention is that the SGB must present the parents with all necessary information about the school's expenditure and income from the state and other sources and school's educational needs.

Literature research findings about principals (cf. 2.7.3) revealed the following:

- the principals are accounting officers of the DoE. They operate the school within state regulations and shape the school's programme according to the SGB's policies;
- they are responsible for preparing the school budget for approval by the SGB;
- the principal and the SGB have freedom to deploy resources within the school's budget according to their own educational needs and priorities;
- the principal and the SGB should together produce a financial development plan, while the principal should have a key role in securing its implementation;
- the principals usually exercise personal control over all cash transactions, which implies that the principals are the chief financial officers of a school, bearing primary responsibility for thousands and in some cases millions of rands;
- checking and reconciling the deposit and receipt books is one of the responsibilities of the school principal, and the policies and procedures to do this on regular basis must be set in place by the principal;
- the principal, together with the financial committee, must implement control regulations over cash transactions; and
- the principal needs to identify the sources of the funds received at a school because the source of the funds determines how the funds are to be used and who is able to use them.

Findings of literature research (cf. 2.7.4 and 2.7.6) indicated the following about the school financial secretary/ clerk/ treasurer:

- the financial secretary has financial duties to undertake, relating to collecting school funds and fund-raising projects;
- they are also responsible for controlling petty cash and handling money during the period of school registration;
- the financial secretary should always record all monies received and issue a receipt and should not leave money unattended in their office;
- the school financial clerk or treasurer is responsible to ensure accuracy of financial information; and
- the school financial clerk or treasurer performs a crucial role in providing advice to the SGB and the SMT on budget issues and cost management as well as being the source of information for any financial queries.

Findings of the literature research (cf. 2.7.5) indicated the following about the educator:

- it is important that educators should exercise discretion and thoroughness in performing their financial management task;
- in order for the educators to perform the task of financial management effectively, the educator should possess relevant knowledge and skills in the planning and organizing of school finances such as:
 - the collection of different kinds of funds;
 - the handling of cash;
 - knowledge to use financial terminology correctly;
 - the accounting procedure; and
 - the reporting procedure.

- in most public schools, educators are given the responsibility of collecting and handling the funds for each respective class;
- all monies collected by classroom educators or sports coaches must therefore be recorded accurately against the appropriate item in the bookkeeping system and be kept safely until paid over to the secretary concerned with school finances;
- educators should be aware of the implications of keeping such monies on their person and the school principal must ensure that appropriate channels exist for the staff to pay money promptly in the person's name and to receive receipt of payment;
- misappropriation or mismanagement of school funds (public funds) by educators and any school stakeholders is a criminal offence and can have serious consequences including immediate dismissal of the educator/s;
- with a basic knowledge of the financial aspects of school management and keeping within the parameters of the school's policy, the educator should be able to develop a safe system of financial management in the classroom;
- educators must have knowledge about the key elements of school financing, for example:
 - the role that Government plays in the financing of education;
 - the issue of free education (cf. Appendix 6.1);
 - the education financing process in general;
 - certain factors influencing the financing of education in a democratic era;
 - new models and approaches for the financing of education in democratic South African Schools;

- educators should be involved in the drafting process of the school budget and the implementation of the budget; and
- educators and some school stakeholders should be involved in drawing up the complementary budget for school maintenance, educational aids, administrative costs, school marketing, sports and cultural facilities.

6.2.2 Findings from town schools' questionnaires

Questionnaires completed by principals at TOWN schools (cf. 5.4.2.1) revealed that the majority of respondents:

- indicated that they do not experience any problems in drafting a specific school's budget according to PDoE guidelines;
- PDoE funding policy improved their school budget because they received sufficient money to proceed with academic and non-academic programmes smoothly without logistics;
- town schools followed progressive procedures when drafting their annual schools budget, which are:
 - involving all school stakeholders, except learners when drafting and implementing the school budget;
 - SGBs conduct open discussions when comparing the current school fees with the next year's school fees with the aim of reducing fees for parents. On the other hand, parents and educators are provided in advance with estimated fees and specific conditions; and
 - all inputs are registered in the form of submission of items by SMTs, parents and all functional school committees.
- they considered all the needs of their school and consulted the previous year's budget when they had to identify items to be included in the new school budget;

- they experienced no problems when they had to draft and implement their school budget because most of their members serving in the finance committee were highly qualified financial specialists dealing with finances in their private work places;
- the school budget was always dealt with satisfactorily, although unexpected expenditures were always experienced in their school's budget and in their budgeting activities but they always managed to deal with the payment of extra staff members hired by SGBs who should be remunerated out of school funds in an acceptable manner;
- in order to improve their school's budgeting strategies, they make use of in-service training for members of the SGB who are actively involved in school financial management;
- they had not noticed any improvement in their school's finances since they attended PDoE workshops based on finances, since their school finances were always up to standard and they still are up to standard;
- they experienced no discontentment amongst members of their schools with regard to budgeting, while a small number of parents and educators (12%) who did not attend school meetings regularly were always dissatisfied when the budget was to be adopted and liked to mislead other school stakeholders by broadcasting unfounded allegations that implicated the SGB in fabricating financial figures;
- the money allocated by the PDoE is sufficient to cater for the most important needs of the specific schools, but the major problem is the late payment of subsidies by PDoE resulting in postponement and cancellation of some school programmes;
- principals are making use of the excellent skills and knowledge of their financial committees to prevent unexpected expenditure. In other cases they do not refuse some unbudgeted item/s to be bought, due to urgency and sensitivity of specific item/s, which implies that there is no consistency in the schools' purchasing system in relation to their budget;

- they involve all parents and educators from the planning and implementation of the annual school budget by issuing forms in advance to parents and educators to note their input in the proposed budget and asked for their input during staff meetings and general parents' meetings, while learners are excluded from the process because some financial issues are sensitive and need to be treated with care by responsible and mature individuals;
- a large number of respondents (91%) make use of the following fund-raising efforts in order to improve their current budget:
 - Drama
 - Sport festivals
 - Tuck shop during school hours
 - School concerts
 - Entertainment days
 - Competitions; and
- a lesser number of principals (9%) make use of other types of fund-raising efforts in order to improve their current budget, namely:
 - Golf days
 - Night races.

Questionnaires completed by SMT members (cf. 5.4.2.2) revealed the following:

- the general school budget at town schools accommodates all classroom needs because the budget is well planned to cater for all basic needs of their school, including classroom needs;
- a large number of school financial committees (97%) are skillful enough to manage their schools' funds, while a minority (3%) are still struggling to

maintain essential services due to failure to manage their school funds effectively;

- a large number of SMTs (90%) make use of the following fund-raising projects to eliminate shortage of materials in their departments:
 - Class fund-raising
 - Tuck shop sales
- a lesser number of SMTs (10%) make use of other fund-raising project to eliminate shortage of materials in their departments:
 - Spring walks
 - Maths sponsor competition; and
- most fund-raising ventures (63%) did not really meet their desired financial needs due to the weak economy, resulting in high retrenchment of parents who were, as a result, not able to contribute to fund-raising, while a small number of fund-raising ventures (37%) succeeded as a financial effort.

Questionnaires completed by educators (cf. 5.4.2.3) revealed the following:

- all town schools' budgets express the fundamental aims of their schools, because they are:
 - well planned to cater for all basic needs of the school;
 - drawn up by all school stakeholders;
 - accommodate learners' needs first and are reasonable; and
 - planned responsibly and honestly.
- all town schools followed the general guidelines of PDoE when drafting their specific school budget, and their financial statements are completed

on time, mostly during the third quarter of the academic year and their financial statements are accurate, due to consistent control by professional auditors;

- on the other hand, the minority of schools (14%) are still experiencing difficulties in applying the general guidelines of the PDoE when drafting their specific school budget, because their school budget was not completed timeously and educators were not provided with financial statements;
- in the majority of schools (86%), the proposed budget is continuously revised in a series of meetings in order to establish accountability and transparency in budget dealing;
- on the other hand, in the minority of schools (14%) educators were ignored when essential aspects of their school's budget were supposed to be deliberated in detail during school meetings. This practice implies that no accountability and transparency existed in some schools when dealing with important aspects of their budget;
- town schools mostly are blessed with skillful and knowledgeable financial committees which are capable of managing their school finances effectively, because some members are Chartered Accountants, others Bank Managers and others are Attorneys and they hire professional fund raisers (cf Appendix 6.2);
- a large number of educators (92%) used the following methods in order to raise funds in their schools:
 - Spring walks (sponsored by firms or wholesalers)
 - Maths Olympiads
 - Hunting Competitions
 - Bazaars
 - Concerts

- Class competitions on projects
- Guest artist performances
- Tuck shop as a way to generate income
- the minority of educators (8%) used other methods to raise funds in their schools:
 - Golf days
 - Melodramas
 - Balls
 - Sponsors
 - Marathons; and
- fund-raising projects in most schools (68%) were not substantial enough to meet the financial needs of their schools, due to the high rate of retrenchment of parents which influences schools fund-raising ventures negatively. On the contrary, fund-raising projects in a small number of schools (32%) were substantial to meet the financial needs of their schools because during the annual budget meetings, the presentations showed clearly that fund-raising had produced substantial income.

Questionnaires completed by school financial secretaries/ clerks/ treasurers (cf. 5.4.3.4) revealed the following:

- the financial clerks/ treasurers maintain that their financial committees are skillful enough to manage their school funds due to an excellent financial policy operating in their schools, encouraging regular auditing to avoid any type of financial discrepancy occurring. They use receipt books, income statements and computer programmes, such as pastel statements to keep records of the money received at their schools. They also strive to prevent the occurrence of excessive expenditure at their schools by discouraging purchasing of any item/s which do not appear in the

operational school budget and if over-expending needs appear, they consult the SGBs to approve such expenditure. If approval is not granted, the expenditure is disregarded with immediate effect;

- the financial policy guidelines provided by the PDoE are adequate to facilitate keeping of their school financial records and budget management, because guidelines are clearly explained which makes them understood by all stakeholders;
- the financial clerks/ treasurers make use of the following measures to ensure the success of their school purchasing process, which are to:
 - enquire personally about items or goods to be bought;
 - enquire about available discount;
 - compare prices and quality of goods before buying; and
 - complete requisition forms.
- in a lesser number of schools (41%), fund-raising projects actually did meet the desired financial needs of the schools because their fund-raising generated substantial income which resulted in reduction of school fees and other fees intended for educational tours. On the other hand, in (59%) of schools, fund- raising projects do not actually meet the desired financial needs of the schools, because of great losses experienced after fund-raising due to lack of support from parents and uninterested community members to support fund-raising.

Questionnaires completed by parents serving in the SGB (cf. 5.4.3.5) revealed the following:

- parents bear adequate knowledge of the budgeting procedure of their schools;
- the majority of parents (76%) in town schools were skillful and knowledgeable in drafting and compiling a suitable budget to benefit their specific institution, mostly because of their vocation;

- the time frame for budgeting in most town schools (65%) was from the first of October until the thirty first of October each year, while in a lesser number of schools (35%) budgeting commenced in the third term and was completed during the second week of the fourth term;
- the SGB availed financial statements timeously to parents and educators in order to practice open accountability and transparency when dealing with their school's finances. On the other hand, a lesser number of SGBs (3%) did not avail financial statements timeously to parents and educators, because preparations, scrutiny and meticulous drafting resulted in the time being wasted before the final financial statements could be submitted for internal and external auditing. This practice caused parents and educators to receive financial statements after the due date;
- in town schools, educators and parents who do not serve in the SGBs, easily understood what was entailed by the financial statements, because the SGBs invited a firm of auditors to give a thorough and precise explanation on presented financial statements during the annual budget meeting and also allowed questions to be asked by all school stakeholders to everybody's satisfaction;
- SGBs applied the following methods when determining the amount to be charged for the school fees for the following year:
 - consider the educational needs of learners and then decide on realistic and fair school fees; and
 - compare the previous year's fees and the current inflation rate.
- in town schools SGBs contacted parent/s of learner/s who did not pay school fees and had a lengthy discussion around the cause/s of the school fees problem, thereafter they tried to work out an affordable agreement with parents. If parents failed to honour the concluded agreement, then legal action was taken;

- after they had established in the majority of instances (65%) that parent/s were unable to pay school fees, parents/s were exempted from paying them. On the other hand, in the minority of cases (35%), after they established that parent/s were unable to pay school fees, parents were allowed to pay only half the amount of fees;
- in town schools it has never happened that schools failed to pay for essential services because the SGBs practiced sound financial management which resulted in taking care of essential payments and ensuring that the finance committee kept to the budget and never overspent. Town schools also received extra funds from individual donations and parents; and
- income generated by fund-raising projects in the larger number of schools (65%) was not substantial enough in order to meet the desired needs of their schools because of poor support of unemployed parents and the wider community. Income generated by fund-raising projects in a lesser number of schools (35%) was substantial enough in order to meet the desired needs of the schools because of employed professional fund raisers (cf. Appendix 6.2) and excellent marketing in advance which encouraged many people to support fund-raising projects and the proceeds were always high. The extra funds generated caused school fees and fees towards educational tours to be reduced.

6.2.3 Findings from township schools' questionnaires

Questionnaires completed by school principals (cf. 5.5.2.1) revealed the following:

- only the minority of township schools (27%) are satisfied with PDoE funding policy because they initially received sufficient money to proceed with academic and non-academic programmes without logistics and it assisted them to reduce fraud in their schools. The PDoE funding policy is also relevant because allocation of funds is calculated on the basis of the number of learners per school and the poverty level of such schools;

- the majority of township schools (73%) experienced serious problems when dealing with the PDoE funding policy. Principals were dissatisfied about insufficient allocation of funds by PDoE which cater only for teachers and learner support material (T.L.S.M) and recurrent costs, while excluding some essential items for progressive school functioning. The Departmental funds were also not deposited timeously, resulting in taking funds from other school accounts not budgeted for. The reason is that some of the item/s are not paid for by the Department, even though they were included in the submitted budget to the Department;
- a minority of principals (36%) regarded the procedures they used when drafting their annual school budget as progressive because:
 - various committees meet to discuss the needs to be included in the budget;
 - committees make the proposal and submit it to the finance committee;
 - the finance committee then prioritizes the basic needs; and
 - thereafter the proposed budget is presented to parents during the general parents meeting for final approval.
- principals also indicated that inputs are derived from parents and support staff and each departmental head is asked to draw up a mini budget after which a draft budget is drawn up for the entire school. The final budget is then drafted by the finance committee and presented to the SGB for approval. The SGB then presents it to parents for final approval before it is submitted to the PDoE for implementation by the school;
- when drafting their annual school budget, the majority of principals indicated that they initially received a proposed budget from the Department and SMTs made estimations of learners to be admitted for the following year. Provisions are also made for exemption of parents who are unable to pay school fees and calculations made for income expected from payments;

- the majority of principals (64%) identified items to be included in the school budget through the input of all school committees and afterwards the needs were arranged in their order of priority. The minority of principals (36%) considered all the needs of staff and learners before drawing up a budget;
- 55% of principals experienced problems from some parents and educators who refused to participate when drafting and implementing the school budget, and they failed to list necessary items in the proposed budget. After the budget has been approved by the Department, they raised unbudgeted items to the school management and forcefully demanded those items be supplied. On the other hand, 45% of principals indicated that they experienced problems of shortages of financially skilled personnel in their schools, that most parents pay school fees late at the end of the year, while others refuse to pay school fees, resulting in insufficient funds to manage schools properly. Principals further indicated that insufficient funds are allocated to some important items from the Departmental funds because specific items are received in a limited amount only;
- the majority of principals' (64%) budgets were actually misrepresented because of great numbers of parents who do not attend parents meetings or pay their children's school fees as well as insufficient allocation of funds by the Department to schools. The budget of the lesser number of principals (36%);
- are most likely distorted by lack of financial skills from the parents and educators who make false estimations resulting in under- or over-budgeting as well as untrustworthiness of some of the school stakeholders in the handling school of funds. Principals further indicated that most educators are unwilling to co-operate and assist the finance committee in drawing up the school budget;
- the larger number of principals (63%) have introduced in-service training on financial management in order to assist their finance committees and

SGB members as a measure which should improve their school's budgeting strategies. On the other hand, 18% of principals hold regular and consistent financial meetings to guard against deviating from the operational budget and they encourage parents to pay their children's school fees. A lesser number of principals (18%) have made no attempt to enhance the budgeting strategies of their schools;

- since the larger number of principals (82%) attended PDoE workshops based on finances, they had noticed improvement/s in the balancing of their financial books because the books, invoices, returned cheques and analysis books are well kept. Items are recorded in a proper manner as giving as an accurate indication of the income and expenditure of their schools. Telephone bills are paid on time and bank accounts always contain funds for maintenance of school assets. Unbudgeted items are minimized and the school has a sound financial management understanding and accountability is ensured as books are regularly audited. On the other hand a lesser number of principals (18%) had not noticed any improvements/s in their school's finances since they attended PDoE workshops based on finances, since their school finances do not meet required standards prescribed by the PdoE;
- only a lesser number of principals (18%) indicated that there were no areas of budgeting that may cause discontentment amongst members of their schools. On the contrary, the majority of principals (82%) indicated that discontentment amongst members of their schools is caused by:
 - unprocedural catering for official visitors, SGBs meetings, the principal's birthday parties, educators' workshops and parties; and
 - unexpected expenditure caused by over-expenditure for services as well as costs such as high telephone bills and transport.
- educators claimed that funds allocated to school committees were insufficient for departmental needs;

- school committees were negligent in handling school funds, claiming that they were not specifically hired to manage school finances since it was not included in their primary job description;
- some parents and educators who did not attend school meetings were always dissatisfied when the school budget was approved and then proceeded to mislead other school stakeholders by spreading unfounded allegations that implicate the SGBs in increasing school fees randomly and mismanaging school funds;
- principals also experienced certain problems with regard to utilizing funds provided by the PDoE, such as:
 - PDoE exercised strict budgetary control on the local schools' budget and if schools failed to comply with PDoE directives, they were forced to account to the Department, coupled with threats of withdrawing Department subsidies;
 - allocated funds are regularly deposited in school accounts after the due date;
 - PDoE budget funds cover LMS maintenance and recurrent costs only, while some essential needs are not funded by the Department;
 - orders are delayed and sometimes not paid by the Department;
 - accounts such as telephone bills are not paid in full;
 - the Departmental office fails to inform schools timeously when their funds are exhausted; and
 - schools are forced to deviate from the Departmental budget and improvise in order to provide for unbudgeted items.
- The above responses imply that the money allocated by the PDoE is insufficient to provide for the needs of the specific schools and this has a negative effect towards school activities;

- principals are discouraging the purchase of unbudgeted items in their schools and try to maintain consistency in purchasing, by encouraging the finance committees to be pro-active in predicting and guarding against any unexpected expenditure which is not budgeted for. They further indicated that certain types of expenditure are not preventable, due to urgency and sensitivity of specific item/s that need to be bought at that particular time.

The above implies in general that there is no consistency of the schools purchasing system in relation to their budget;

- the larger number of principals (91%) are involving parents and educators from the planning stage to the implementation stage of the annual budget in their schools, while learners are excluded from the process because they are regarded as minors. On the other hand, a lesser number of principals (9%) indicated that parents made their inputs during general parents' meetings and educators also made inputs during their staff meetings;
- the majority of principals (82%) make use of the following fund-raising efforts to improve their current budget:
 - Beauty contests
 - Sport festivals
 - Tuck shop during school hours
 - Sale of refreshments
 - School concerts
 - Competitions
 - Raffles; and
- the minority of principals (18%) make use of other methods of fund-raising to improve their current budget, namely:

- Securing of sponsors
- School bash
- Civvie days
- Collection of cans and bottles
- Circulation of donation sheets

The questionnaire completed by SMTs (cf. 5.5.2.2) revealed the following:

- in the majority of schools (68%), the general school budget accommodates all classroom needs because the school's budget was well planned by all stakeholders and desired basic needs are catered for by the school budget, including classroom needs. On the contrary, in the minority of schools (32%), the general schools' budget does not accommodate all classroom needs, because they always experience a shortage of support material, including text books. This is due to unpaid school fees, as a result of the high number of unemployed parents and a restricting PDoE budget to purchase some essential items;
- the majority of township school financial committees (73%) are not skillful enough to manage their school funds effectively, because they experience a shortage of support materials towards the middle of the academic year, disconnection of basic services occur and educators fail to attend workshops due to exhausted funds. SMTs further indicated the causes of financial mismanagement in their schools as:
 - insufficient funds caused by unpaid school fees;
 - misinterpretation of free education by parents and learners developing a culture of non-payment (cf. Appendix 6.1);
 - the high unemployment rate of parents; and

- late payment of services by the Department due to the fact that some schools did not submit the necessary documents timeously to the Department.
- On the other hand, the lesser number of township school financial committees (23%) are showing signs of improvement because they did not indicate any shortage of support materials, disconnection of basic services and all educators in their schools attend workshops, because of a well planned budget linked with good financial control;
- the larger number of SMTs (77%) make use of the following fund-raising projects to eliminate shortage of materials in their department:
 - Civvie days
 - Tuck shop sales
 - Beauty contests
 - Raffles
 - Sports days
- a lesser number of SMTs (23%) make use of different fund-raising projects to eliminate shortage of materials in their department:
 - Sports and educational tours
 - Showing action and educational videos to learners during weekends
 - Inviting photo specialists to take photographs of learners, educators, supporting staff and parents and then they share the proceeds of the sales with the school; and
- the fund-raising ventures actually met their target in the minority of schools (18%), because collected funds were spent responsibly and according to each assigned task. On the contrary in (82%) of schools, the fund-raising ventures did not really meet their desired need, due to

unemployment affecting participation of parents negatively in support of school fund-raising. Fund-raising ventures generated insignificant capital and always lent themselves to numerous abuses and dishonesty from all school stakeholders. Some funds were usually intercepted before they reached the responsible and accountable persons in schools.

The questionnaire completed by educators (cf. 5.5.2.3) revealed the following:

- in the minority of schools (34%), budgets express the specific school aims because of careful planning to cater for all the basic needs of the school. The larger number of schools' (66%) budgets do not express the specific school aims because:
 - a shortage of sports and cultural facilities, cleaning materials, teaching and learning materials regularly occurred;
 - there were no essential facilities such as laboratories, computer or typing room/s;
 - budgets were only approved by individuals such as the school principals and the chairperson of SGBs;
 - budgets accommodate the individual needs of SMTs only, especially because they covers the principals' transport costs, private calls, the Internet, faxes, birthday parties, SGBs' catering and baking cakes during school holidays; and
 - funds are never available for official school functions such as learners' farewells, spring days and school funerals.
- the larger number of educators (51%) indicated that their school's budget was completed at the end of October by all school stakeholders, others (36%) indicated during the third quarter, others indicated during August or September of each year. Astonishingly, a lesser number of educators (14%) indicated that they do not know anything about their school's budget;

- a lesser number of educators (25%) received their school financial statements timeously and they understood what is entailed by their school financial statement, which included all income and expenditure incurred during the past academic year;
- On the other hand the majority of educators (75%) had not received their school financial statements at all. They were only presented with the approved budget during general parents' meetings. Educators were instructed to visit the office of the principal individually if they wanted to know something about the school financial statement. Unfortunately educators found it difficult when the principal tried to explain the financial statement to them individually because of unprepared presentation and confusing terminology used in the statement, duplication of items and an unorganized financial statement;
- in other schools, the school principals as well as SGB members decided to withhold information about the school's financial status. Educators indicated that there were a number of hidden and duplicated incomes and expenditures included in their school financial statement, which implies that the statement does not include all incomes and expenditure such as:
 - incomes of fund-raising proceeds and some financial donations; and
 - expenditures of SMTs and the principal's transport costs, private phone calls, faxes, the Internet, personal parties financed by school funds and baking cakes in school during school holidays, SGBs' catering and lending of school funds to staff.

The above responses imply that the majority of schools (75%) did not follow the general guidelines of the PDoE when drafting their specific school budget, because they had not completed their school budget and financial statement timeously during the third quarter of the academic year (budget) and their financial statements were not accurate, due to inconsistent control by school financial committees. On the contrary, the minority of schools (25%) were not experiencing difficulties in applying general guidelines of the PDoE when

drafting their specific school budget, because they had completed their school budget timeously and provided their educators with financial statements;

- in a lesser number of schools (31%), important aspects of the school budget are disclosed at meetings in a satisfactory manner, because regular meetings are conducted around the status of school finances. Educators, principals, support staff and SGBs, make inputs in school budgets and budgets are continuously revised in meeting. Alterations are effected and the detailed financial statement is compared with the operational budget to establish accountability and transparency in dealing with their schools' budget;
- on the contrary, important aspects of the school budget were not disclosed at meetings in the majority of schools (69%) in a satisfactory manner because it is only left under the control of school principals and the SGBs. Educators received the final approved school budget during the general school meeting and they were not allowed to question allocations of some items during the budget meeting, while some of the items were fabricated by the principals and SGBs. This practice implies that in most of township schools there is no proper accountability and transparency when dealing with important aspects of the budget;
- a small number of township schools (34%) are blessed with skillful and knowledgeable financial committees that are capable of managing their school's finances effectively. On the contrary, a large number of township schools' financial committees (64%) were struggling to manage their finances effectively because:
 - finance committees were not well trained;
 - it consisted of many parents who were not knowledgeable in finances and with only one experienced person who could be the school clerk or secretary, who was overloaded (school clerk) by work and thus easily manipulated by school principals;

- they issued blank cheques to educators and principals to pay and buy dealers;
 - they always signed cash cheques, not specifying the items;
 - the school's petty cash was always exhausted, because it was used to pay for unbudgeted items;
 - they did not demand the cash receipts, cash change and financial reports after fund-raising projects, tours/trips, and schools functions;
 - they were always behind in payments for essential school services and support staff hired by SGBs;
 - finance committee members are always in confrontation with each other, shifting responsibility and blame on each other; and
 - finance committees in most of township schools exist in name only, but in practice it is non-existent and the principals are the ones who actually control and dominate the financial decisions at schools.
- 45% of educators indicated that some principals literally possess the school funds, and they are treating school money as their personal money (Appendix 6.3). They also are the only people who have the permission to authorize school spending as they wish. They spend most of the money to purchase office and administration equipment, neglecting curriculum needs. Principals and members of SGBs who did not adhere to the approved school budget are suspected of being involved in the misappropriation of school funds. Principals usually indicate that they are so involved with other important school matters, that they are unable to monitor funds appropriately. Principals complained about the lack of consistency of monitoring and support from the district office and that district officials were not able to intervene when they were requested to assist these schools. False accusations about mismanagement of school funds are a major problem for SGBs members and principals;

- the larger number of educators (76%) make use of the following methods to raise funds in their schools:
 - Civvie days
 - Soccer games
 - Raffles
 - Tuck shop sales
 - Concerts
 - Donation lists
 - Beauty contests
- a smaller number of educators (24%) make use of different methods to raise funds in their schools:
 - Educational tours
 - School fetes
 - School bash
 - Collect a can and bottle
- in most schools (86%) fund-raising projects are not substantial enough in order to meet the financial needs of the school because:
 - the high rate of retrenchment of parents influences schools fund-raising ventures negatively;
 - wrong timing of fund-raising, resulting in postponement of fund-raising (cf. Appendix 6.4);
 - there is no co-operation and commitment amongst all school stakeholders; and

- poor management of collecting the proceeds of funds raised sometimes result in absenteeism of learners when they are supposed to hand in collected money at schools.
- on the other hand, fund-raising projects in a smaller number of schools (14%) is substantial enough in order to meet the financial needs of the school because:
 - during the annual budget meetings, the presentations show clearly that fund-raising projects had reported a positive income;
 - learners were forced to report the proceeds of funds raised; and
 - some proceeds were used to organize the learners' farewell.

The questionnaire completed by the school financial secretary/ clerk/ treasurer (cf. 5.5.2.4) revealed the following:

- the larger number of financial committees (73%) in township schools are progressing well in managing their school funds, justifying their skills and knowledge in dealing with finances because:
 - they had never started the academic year with unpaid debts, loaned money from local lenders, applied for overdraft facilities at a Bank, lent school money to educators; and
 - there were no financial discrepancies in their schools, due to the excellent book keeping system of financial administrators, good financial planning and adequate budgeting.
- on the contrary, the minority of financial committees (27%) in township schools are not skillful enough to manage their school's funds because their schools had:
 - started the academic year with unpaid debts because of exhausted funds towards the end of the previous year;

- borrowed money from local lenders because the school funds was exhausted and they were under pressure to pay for suspended services and organizing the matric farewell of learners;
 - their schools had applied for overdraft facilities at a Bank, although applications were not approved by the Bank and PDoE; and
 - lent school money to educators who experienced financial problems because the PDoE failed to pay the salaries of newly employed educators consistently, as well as to other educators who experienced very serious personal financial problems such as to pay for their disconnected basic services and pay for recovered household goods claimed by the local sheriff.
- the financial clerk or treasurer further indicated that financial discrepancies existed in their schools, because of lack of financial knowledge such as:
 - recording income and expenditure;
 - issuing and signing school cheques;
 - correct procedures to require funds from school and PDoE;
 - financial bookkeeping;
 - proper reporting system and accounting of school funds; and
 - some members were dishonest and a shortage of money always occurred as well as an imbalance in the financial books caused by fabricating figures.
 - the financial policy guidelines provided by the PDoE are adequate to facilitate the keeping of their school financial records and budget management, because guidelines are well explained and clearly understood by all stakeholders. Workshops are also organized to supplement understanding;

- school financial clerks/ treasurers indicated that there is consistency of the schools' purchasing system in relation to their school budgets because they adhere strictly to each departmental budget; and
- in a lesser number of schools (33%) fund-raising projects did meet the desired financial needs of schools because previous fund-raising efforts generated substantial income in order to assist in financing shortages in sports and cultural attire as well as a reduced fee for educational and sports tours. On the other hand, the majority of schools (67%) are not experiencing substantial income from fund-raising projects, because of high unemployment of parents and community members at large.

The Questionnaire completed by school parents serving in the SGB (cf. 5.5.2.5) revealed the following:

- 38% of parents bear knowledge of the budgeting procedure of their schools, while the other 62% percent of parents have no knowledge of the budgeting procedure of their schools;
- the majority of parents (74%) have not received any financial training, while the minority of parents (26%) had received intensive financial training from their work places;
- in most schools (77%) budgeting commenced in the third term and was completed on the second week of the fourth term. On the contrary, the minority of parents (23%) indicated that they had no idea when the school budget was commenced or completed;
- in a lesser number of schools the SGBs (26%) availed financial statements timeously to parents and educators. On the contrary in the larger number of schools the SGBs (74%) had not availed financial statements timeously to parents and educators;
- in a small number of schools' (26%) educators and parents who do not serve in the SGBs can easily understand what is entailed in the financial statements, because the financial statements are made available to them

timeously to be scrutinized and amended before the general parents' meeting. On the other hand, in the larger number of the schools (74%), educators and parents who do not serve in the SGBs did not easily understand what was entailed in the financial statements, because parents and educators get easily bored when SGBs present financial statements and annual budgeting. It was also experienced that educators and parents left the meetings before financial presentation/s were completed and some parents and educators discarded of printed financial statements on the spot;

- SGBs in township schools apply the following method when they determine the amount to be charged for the school fees for the following year:
 - consider the educational needs of learners and then decide on realistic and fair school fees; and
 - compare the previous year's fees and the current inflation rate; and
 - if learner/s failed to pay school fees, the SGBs contacted parent/s of learner/s who did not pay school fees and had a lengthy discussion around the cause/s of school fees problem. Thereafter the SGBs tried to work out an affordable agreement with parents and if parents failed to honour the agreement, they then took legal action.
- in the larger number of schools (64%), parents who where identified as being unable to pay school fees, were exempted from paying school fees. On the other hand, in the minority of schools, (36%) parents who were established as unable to pay school fees were allowed to pay only half the amount of fees;
- in the minority of schools (23%) it had never occurred that the school failed to pay for essential services, because SGBs practiced sound financial management, which proves that they honour essential payments. On the contrary, in the majority of schools (77%) it had occurred that the school failed to pay for essential services due to insufficient funds in schools

which was caused by the high rate of non-payment of school fees and late payments of services by the Department; and

- in a lesser number of schools (13%), income generated by fund-raising projects was substantial enough to meet the desired needs of the schools because of excellent marketing in advance which encouraged many people to support fund-raising projects and the proceeds were always high. Raised funds caused school fees and educational tours fees to be reduced. On the contrary, in the majority of schools (87%) income generated by fund-raising projects were not substantial in order to meet the desired needs of their schools, because of poor support of unemployed parents and the community.

6.2.4 Findings regarding learners' interviews (cf. Appendix 4.8)

All eighty learners from town and all eighty learners from township schools indicated that they were not involved when the school budget was drafted and implemented at their schools.

In the majority of town schools (100%) and in a small number of township schools (25%) effective teaching and learning takes place due to well maintained and cleaned toilets as well as classrooms. They were cleaned daily by support staff members, assisted by learners and educators for supervision. Sports fields were well maintained and sporting activities were supported satisfactorily. Learners were subsidized when undertaking educational and sports trips and for some trips they do not pay at all, because school buses were made use of. Learners had not experienced any shortage of support materials because support materials were bought in bulk for the full year.

While principals were busy negotiating with parents, learner/s who did not pay their school fees, were allowed to attend classes. When no payment is received, progress reports are withheld until they pay their school fees. The reason/s why learner/s do not pay school fees is because of financial problems encountered at their homes and unemployment of parents. Learners/s who lost schools books were forced to replace the lost book by

buying a new book and their progress reports were retained until they replaced the lost book/s. Concerning vandalized school property, parents are called to school and given verbal or written warning/s and forced to replace broken window panes, doors or furniture. Secondly their progress reports are retained until they replace damaged articles and if vandalism is continuous, learner/s are suspended from school.

Learners made the following payments to the following person/s during school hours:

- school fees to the school clerk or deposited into the school bank account;
- lost books, attire and instruments to the school clerk;
- vandalized school property to the school clerk; and
- income from fund-raising projects to the project treasurer.

Learners received cash receipts as acknowledgment of cash payments. Learners make use of the following fund-raising methods in their schools:

- Raffles
- Fashion shows
- Tuck shop sales
- Tournaments
- Collect a can and bottles

It was also indicated that learners raised funds in order to supplement and replace learning materials in their schools.

The SGBs as well as the occasion and events committee, were responsible for organizing the matric farewell. Grade 11 learners were also involved in the raising of funds for the grade 12 farewell.

On the other hand, in the majority of township schools (75%), there is no effective teaching and learning, due to untidy toilets and classrooms because support staff, learners and educators are not willing to clean toilets and classrooms because of the unavailability of cleaning materials. Learners further indicated that the toilets and classrooms are vandalized by learners and members of the community (cf. Appendix 5.1). Toilets have no doors, broken window panes, improper running water, pipes are always blocked and it creates unhealthy conditions. It is impossible to teach due to the stench, learners cannot go into the toilets and it could transfer diseases to learners as well. Classrooms seldom have window panes, doors, chalkboards or furniture.

Sports fields are always overgrown with weeds because support staff members responsible for the up-keep of sports fields, complain that there are no gardening tools. In some schools they have no sports fields due to the condition of those fields (sports fields are turned into wild veld). No person/s were hired by schools or the Department to maintain sports fields and the school management was ignorant about the state of sports fields and sports activities at schools was discouraged.

Learners are not subsidized when undertaking educational and sports trips, because schools have insufficient funds to subsidize trips. In some schools they have no educational or sports trips, because parents struggle to pay for their children when schools undertake educational or sports trips.

Learners experienced a shortage of support material in their schools starting from the second, third and fourth terms. During examinations they were told that the schools funds were exhausted and were issued no stationary or other support material.

Learner/s who do not pay school fees were not allowed to attend classes, nor given books, or sit for examinations (cf. Appendix 5.2). They were also not allowed to participate in sports, nor allowed to undertake any school trip, or allowed to attend the matric farewell if he/she were in grade 12 and were not handed progress reports. The reason/s why learners do not pay their school

fees are because of sensitive financial problems at their home and unemployment of parents. Learners further indicated that some learners did not pay school fees deliberately and took the money to spend it on their personal needs, while parents had the idea that their children have paid school fees.

Learner/s who lost school book/s were forced to pay the price of that book/s or replace the lost book by buying a new book and their progress reports were also retained until they replaced the book/s. Learner/s who vandalized school property was ignored by school management. In some instances their parent/s were forced to pay damages or replace broken window panes, doors or furniture and their progress reports were retained until they replaced damages. If vandalism is continuous, learners were suspended from school.

Learners made the following payments to the following person/s:

- school fees to educators and school clerks;
- lost books, attire and instruments to educators;
- vandalized school property to principals and educators; and
- proceeds of fund-raising projects to educators and class reps.

Learners in some cases received cash receipts and in other cases they received nothing as evidence of acknowledgment of payment cash.

The following fund-raising methods were used in their schools:

- Concerts
- Civvies
- Beauty contests
- School bash
- Collection list

Learners indicated that they raised funds in order to assist in organizing the matric farewell, while others do not know why they raise funds in their schools.

The grade 12 learners chose a committee of learners to facilitate the organization of the farewell. This learners' committee was mandated by other learners to approach the principal with regard to the expected amount to host the farewell. The school then carries the financial burden and if learners' demands were disapproved by (the principal or SGB) the learners resorted to disrupting teaching and learning, which sometimes ended in massive vandalism of school property and private cars of principals in township schools.

6.2.5 Findings regarding SMDs interviews (cf. Appendix 4.9)

In all town schools and in a large percentage of township schools, effective teaching and learning takes place because classrooms and toilets are well maintained by support staff members. Sports fields were well maintained and sporting activities were supported effectively. There were also no problems for paying essential services.

On the other hand, in the small percentage of township schools no effective teaching and learning could take place, because toilets and some classrooms were not well maintained. Sports fields were also not well maintained and some sports activities were suspended, denying learners the opportunity to display their physical abilities and talents, turning teaching in to a boring and meaningless activity. Electricity services were discontinued, plus water and telephone, due to failure to pay by schools. Sometimes this is caused by delay on the part of the Department to deposit money in schools' accounts timeously to enable them to pay for municipal services.

Learner/s who do not pay their school fees were allowed to attend classes, while principals were busy negotiating with their parents. Learner/s do not pay school fees because of financial problems encountered at their homes and unemployment of parents, resulting in serious poverty at home. Parents of learners who lost their schools books, were normally given the price of such book/s and then referred to the book store where such book/s can be bought.

Parents were then expected to bring the book/s as well as receipt as proof of replacement of lost book/s. The SGBs handled cases of learner/s who vandalized school property and called the parents of such learner/s to school. Appropriate measures in accordance with the school policy and SASA act of 1996 were then implemented. If the vandalism was serious, the matter was then referred to the police to handle.

In general, the responses from town and township schools revealed huge differences in financial management and budgeting, aggravated by skills, experience, resources and consistency.

6.2.6 A comparison between town and township schools

When responses obtained from the questionnaires as well as from interviews of town and township schools were compared, the following similarities and differences emerged.

6.2.6.1 Similarities between town and township schools

The following similarities are found, which indicates that both town and township schools:

- cater for the educational needs of learners, parents and the community;
- are dissatisfied about the administration of PDoE funding policy, because;
- the Departmental funds were not deposited timeously into schools' bank accounts;
- late payments of subsidies, services and orders placed to the PDoE;
- late distribution of teachers' and learners' support material because of corruption from some top educational officials (cf. Appendix 6.5).
- it is clear that the SGBs have difficulty managing school finances, because the funds allocated by the State to the schools were insufficient. However, it is surprising that there are large sums of money in the DoE coffers that have not been used. Macfarlane (2002:2) highlights the

following fact: "Millions of rands available for improving the plight of the country's most dis-advantaged learners remained unspent by the end of last year" (cf. Appendix 6.6). This is disappointing because the DoE always claims not to have;

- enough money to support the education of South African learners the way it should. Macfarlane (2002:2) continues that the " Education department is failing to use their resources to improve the plight of the country's learners";
- the financial policy guidelines provided by the PDoE are adequate to facilitate keeping of school financial records and budget management, because guidelines are clearly explained which makes them understood by all stakeholders;
- schools discouraged purchasing of any item/s which do not appear in the operational school budget;
- in a large number of schools (75%), fund-raising does not actually meet their desired needs due to the weak economy, which results in high retrenchment of parents and community members who are, as a result, not able to contribute positively to fund-raising. On the other hand, in the minority of schools (25%), fund- raising has actually met their desired needs, because of effective marketing strategies which were employed in those schools;
- when deciding on the amount to be charged for school fees, both town and township SGBs considered the educational needs of learners and then decided upon realistic and fair school fees, and compared the previous year's fees with the current inflation rate;
- SGBs contacted parent/s of learners who did not pay school fees and had a lengthy discussion around the cause/s of the school fees problem. Thereafter they attempted to negotiate an affordable agreement with parents. If parents failed to honour the concluded agreement, then the SGBs took legal action; and

- after the SGBs had established that parent/s were unable to pay school fees, parent/s were exempted from paying them. On the contrary, after the minority of SGBs had established that parent/s were unable to pay school fees, parents were allowed to pay only half the amount of fees.

The next issue highlights the differences that emerged between town and township schools.

6.2.6.2 Differences between town and township schools

The following controversies on the next page were found to exist between town and township schools, which indicate that:

On Department allocation of funds, the following emerged:

◆ Positive

- All town schools and 27% of township benefitted positively from Departmental allocation of funds because money allocated by the PDoE was sufficient to meet the specific needs of the school. They also had no problem in drafting their specific budget according to PDoE guidelines, because they followed prescribed procedures of PDoE;
- their schools' budget and financial statement was completed on time, mostly during the third quarter of the academic year; and
- their financial statements are accurate, due to consistent control by professional auditors.

➤ Negative

- On the other hand 73% of township schools did not benefit fully from the Departmental allocation of funds because money allocated by the PDoE was insufficient to meet the specific needs of the school. They also had problems in drafting their specific budget according to PDoE guidelines, because they did not follow prescribed procedures of PDoE:

- their school's budget and financial statement was not completed on time, mostly towards the end of the first term of the academic year; and
- their financial statements were inaccurate, due to inconsistent control by professional auditors.

On knowledge on budgeting procedure the following emerged

◆ **Positive**

- All parents in town schools and 27% of parents in township schools bear adequate knowledge of the budgeting procedure of their schools, and they were able to compile a suitable budget to benefit their specific institution, mostly because of their vocation.

➤ **Negative**

- On the contrary, 73% of parents in township schools have no knowledge of the budgeting procedure of their schools, and they were unable to compile a suitable budget to benefit their specific institution.

On shortcoming experienced when drafting and implementing school budgets the following emerged

◆ **Positive**

- A large number of town schools (98%) and a small number of township school (27%) experienced no shortcoming when they drafted and implemented their school budget and experienced no discontentment amongst members of their schools with regard to budgeting. School stakeholders were involved from the planning and implementation of the annual school budget, but learners were not involved in any way. Their school budget accommodated all classroom needs, as well as the fundamental aims of their schools.

➤ **Negative**

- A large number of township schools (73%) and a small number of town school (2%) experienced shortcomings when they drafted and implemented their school budget and experienced discontentment amongst members of their schools with regard to budgeting. School stakeholders were not actively involved from the planning and implementation of the annual school budget and learners were not involved in any way. The school budget did not accommodate all classroom needs, as well as the fundamental aims of their schools.

On payment of essential services the following emerged

◆ Positive

- It has never occurred that town schools and a small number of township schools (27%) failed to pay for essential services, because the SGBs practiced a sound financial management, which resulted in taking care of essential payments and ensuring that the financial committee kept to the budget and never overspent. They also received extra funds from individual donations and parents.

➤ Negative

- It has occurred that large number of township schools (73%) failed to pay for essential services because of unpaid school fees and late payment of services by the Department of Education. They do not receive extra funds from individual donations and parents.

On skills in managing school funds

◆ Positive

- Financial committees in town schools and in small number of township school (20%) are skillful enough to manage their school funds effectively because their committees consist of Chartered Accountants, bookkeepers, sales persons, doctors, attorneys, bank managers, pastors and engineers. They have an excellent financial policy operating in their schools, encouraging regular auditing of financial books to avoid any type

of financial discrepancy to occur. They also have bookkeeping skills, administration skills, accounting skills as well as computer skills.

➤ **Negative**

- Financial committees in township school (80%) are not skillful enough to manage their school funds effectively, because their committees consists of a large number of inexperienced people in the commercial field and most of the time they rely on one person only, namely the school principal.

On finance policies of the PDoE the following emerged

◆ **Positive**

- The PDoE finance policies were followed in all town schools and 27% in township schools, because they adhere to the PDoE policy guidelines.

➤ **Negative**

- The PDoE finance policies were not followed in 80% of township schools because they did not adhere to the PDoE policy guidelines. Blank and cash cheques were signed by school signatories, which resulted in mismanagement of funds. Petty cash withdrawals from the school account were very high, and were also used as a transport account. Most principals benefitted financially out of fabricating transport claims without valid proof which give rise to the fact that schools should have to differentiate between the petty cash account and the transport account.
- It is expected of principals to act as accounting officers, but they actually do not know in what way accounting should be done. Most township principals do not understand the format they should be using to record school finances. The principals would like to use common guidelines on how to manage and record finance transactions.
- They do not have an excellent financial policy operating in their schools encouraging regular auditing of financial books to avoid any type of financial discrepancy to occur.

On the purchasing process the following emerged

◆ Positive

- All town schools and 27% of township schools applied the following measures to ensure the success of the purchasing process in their schools:
 - enquired personally about item/s or goods to be bought;
 - enquired about the availability of discount;
 - considered three quotations and compared prices and the quality of goods before buying; and
 - completed requisition forms.

➤ Negative

- On the other hand, the larger number of township schools (73%), did not apply the following measures to ensure the success of the purchasing process in their schools:
 - enquire personally about item/s or goods to be bought;
 - enquire about the availability of discount;
 - obtain three quotations from dealers or compare prices and quality of goods before buying. They bought goods without proper enquiry; and
 - they are not consistent in completing requisition forms.

On purchasing unbudgeted items the following emerges

◆ Positive

- If unbudgeted items needed to be purchased, town schools and in a smaller number of township schools (27%), the school's financial committee first consulted the SGB to approve of over-expenditure. If

approval was not granted, the expenditure was disregarded with immediate effect.

➤ **Negative**

- If unbudgeted items needed to be purchased the school's financial committee and principal in the large number of township schools (73%), approved of over-expenditure after consulting their SGB.

On PDoE workshops the following emerged

◆ **Positive**

- Town schools had not noticed any improvement in their school finances since they attended PDoE workshops based on finances because their school finances were always up to standard as a result of in-service training on financial management in their schools.

➤ **Negative**

- all township schools had noticed improvement in their school's finances since they attended PDoE workshops based on finances, such as filing and bookkeeping;

On budget meetings the following come forth

◆ **Positive**

- The SGBs in town schools and in a smaller number of township school (27%) held continuous budget meetings at their schools where financial issues are discussed in an amicable manner and they availed financial statements timeously to parents and educators in order to practice open accountability and transparency when dealing with their schools' finances.
- Educators and parents who do not serve in the school's SGB could easily understand what was entailed in the financial statement, because the SGBs invited a firm of auditors to give a thorough and precise explanation of the presented financial statement during the annual budget meeting

and also allowed for questions to be asked by all school stakeholders which should satisfy everybody.

➤ **Negative**

- On the contrary, the SGBs in the township schools (73%) did not hold continuous budget meetings at their schools where financial issues were discussed in cordial manner and they did not avail financial statements timeously to parents and educators in order to practice open accountability and transparency when dealing with their schools' finances.
- The parents' body and educators were also not adequately involved in the drawing up of school budgets. The principal rushed through the budget, because it was needed by the District Office. Parents were only informed that they had to approve and adopt the budget. Some budgets were secrets between principals and some staff members and other staff members were only informed when it was adopted.
- Schools principals and the SGBs did not consider reporting of the status of school finances as an important part of accountability and transparency in their schools. There was an element of secret reporting, where the financial report was deliberately presented to a smaller number of stakeholders. It also emerged that the educators' and parents' body were not free to question the school financial report because of fear of sabotage by the principal or other members of the SGB.
- It was strange to note that the SASA section 38 was not followed. Section 38 states that budgets must be prepared according to the guidelines determined by a Member of the Executive Council. The same section states that the budget must be presented to the majority of voting parents in a general meeting. These requirements were not followed by some schools.
- Educators and parents who do not serve in the SGBs could not easily understand what was entailed in the financial statement, because the SGBs were never ready or prepared when they were expected to present

the statement. Educators were not allowed to question some items in the financial statement related to the approved budget, and at most times the SGBs did not avail the financial statement at all to parents and educators;

- It was also noted that the school budget was not a realistic, working document in some township schools. Items such as catering for principals' birthday parties and repairs of principals' car were not included in the budget. It is obvious that most of the township schools did not adhere to drawn up budgets.

On school fees the following emerged

◆ Positive

- The charging of fees and raising of funds have enabled the SGBs in town schools and 20% of township schools to improve the quality of the school by improving facilities, supplementing teaching and learning resources and appointing additional educators.

➤ Negative

- The SGBs in township schools (80%) are not yet able to provide identical resources to that of town schools. Parents of schools in townships might agree to pay a very small amount of school fees, because of their poor economic position but, at the end, they failed to pay school fees.
- SASA (1996:26) indicates that parents are liable to pay school fees, unless or to the extent that they have been exempted from paying, in terms of the South African Schools Act. In most cases, the township principals and SGBs did not inform parents that they could apply to be partially or totally exempted from paying school fees. On the other hand, district managers keep on reminding schools about the issue of school fees (cf. Appendix 6.7). The SGBs of townships schools also experience problems when it comes to collection of fees, as they are not able to hire legal representatives to collect the small amounts charged as school fees.

On fund-raising the following emerged

◆ Positive

- 70% of town schools and 15% of township school were capable of raising several thousands of rands through fund-raising, because of the skills of the fund raisers (cf. Appendix 6.2) and the wealth of the surrounding community.

➤ Negative

- 30% of town school schools and 85% of township schools can only raise a few hundred rand. This was caused by the absence of wealth of the surrounding community as well as the lack of skills of the fund raisers. Unemployment and low income levels also reduce the community's financial contribution to the school. In such communities, fund-raising was never easy and the SGBs' of such schools were having difficulty in supplementing the Government funds, which results in a shortage of funds.

On fund-raising methods the following emerged

◆ Positive

- Town schools make use of the following profitable fund-raising methods, for example drama, sports festivals, tuck shop sales, entertainment days, competitions, golf days, night race, class fund-raising e.g competition on projects, spring walks, Maths (Olympiads) sponsor competition, bazaars, guest artist performances, marathons, collect a can and bottle, advertising boards on school ground and lending school hall and sports grounds.

➤ Negative

- On the other hand, township schools make use of fund-raising methods, which do not seem as profitable as above, for example school concerts, raffles, beauty contests, civvie days, school bash and collection list.

On donations the following emerged

◆ Positive

- Town schools and a small number of township schools (5%) were fortunate to receive donations and grants from firms and companies. Town schools benefit most from the donations of sponsors, because these schools often receive grants from parents who are directors and managers of big companies.

➤ Negative

- 95% of township schools do not receive any donation and grants. The reason for this could be that some of the donors prefer to give their money to the school that they regard as effective and efficient in producing positive academic and non-academic results. Others are interested in sponsoring schools that they attended as scholars.

6.2.7 General findings

General findings from this research can be summarized as follows:

Almost all township school budgets were negatively affected by poverty and unemployment of parents. Fund-raising projects pose a threat to schools if they are sustained for long periods and are too extensive, because:

- it might be time-consuming to educators and learners;
- a collection list and selling of raffle tickets may expose learners to criminals and rapists and create an obstacle to shy learners;
- continuous civvie days expose learners from poor families negatively, because they cannot afford fashionable clothing, resulting in truancy; and
- an uncontrolled school bash and disco may invite criminals to join in and promote drug abuse to learners, especially at night.

Donations from individuals or NGOs can play an important role in the development of education in schools, more especially in township schools. The SGBs who are successful in organizing donations, might be able to provide their schools with quality education, provided they use the money effectively. Those successful SGBs should be prepared willingly to share their extra resources with poor schools (cf. Appendix 6.8).

The kind of training offered by the PDoE and the District Department of Education is superficial and not substantive because it is usually scheduled for less than a day and only serves as an indication of the kind of records which should be kept in the school and how to complete financial forms. In township schools, some SGB members who were duly trained, resigned before they completed the time prescribed to them by SASA, because of misunderstandings of the manner in which school funds are mismanaged. The remaining members of SGB are then forced to co-opt new untrained members. Most parent in the SGB, struggle to cope with financial workshops conducted by Department officials, because of misunderstanding of the English language which is used to conduct workshops. All support material provided during workshops is written in English. Much further research is recommended especially in the area of mis-management of school funds as well as on manners to acquire extra funds.

6.3 RECOMMENDATIONS

Recommendations which could be implemented by SGBs are provided in the form of the Financial Model (cf. Appendix 6.9) and include the following:

- making use of the guidelines of PDoE policy (South African Schools Act 84 of 1996), effective school budgeting;
- considering school financial statements;
- involvement of school stakeholders;
- ways of ensuring that parents pay school fees;
- considering lost books and vandalized school property;

- implementing effective fund-raising projects;
- ensuring consistency with regard to purchasing;
- providing financial training to SGBs and finance committees; and
- improving accountability and transparency amongst school stakeholders.

It also recommended that the Government should, however, ensure that especially the township schools, do not have to rely on fund-raising to supplement the funds allocated by the Government. As has been mentioned before, the socio-economic conditions of other communities make it difficult for the SGBs of those schools to collect money through fund-raising. If the PDoE should insist that the schools have to rely on fund-raising to supplement the State funds, this would mean that school equity will never be reached in South Africa.

For all schools the funding of the schools on an equitable basis to redress past inequalities would not be an easy goal to achieve. Township schools will still lag behind if the availability of funds and resources are not properly addressed. Township schools will still have to comply with needs such as shortage of classrooms, furniture, equipment, books and educators.

The gap that exists between the education of the different South African communities is acknowledged in the National Norms and Standards document of 1998. It is recommended that SGBs consult the document which gives hope when it highlights that "allocations of funds and resources must be targeted as far as possible on the basis of the need, determined according to the conditions of the school and the relative poverty of the school community" (Department of Education, 1998:13). This is a good attempt by the Department of Education to try to ensure that their funding system corrects the wrongs created by the past.

It is also recommended that the School Financial Model as appendix to this research could be used beneficially in order to alleviate problems experienced in the school budgeting process.

6.4 LIMITATIONS OF RESEARCH

Resource material was focused on higher education and industrial sectors. The researcher travelled extensively to distribute questionnaires and conduct interviews. The delivery of questionnaires to principals, SMTs, educators, school treasurers, school financial clerks and parents presented problems because respondents failed to complete it, and the researcher was forced to redistribute the questionnaires after the respondents misplaced some of them. 60% of respondents from township schools did not feel comfortable completing the questionnaires, because they were scared that the researcher might disclose information to their superiors and they were not used to discussing financial matters of their school openly.

Some individuals claimed that they did not have time to attend to questionnaires and interviews. The researcher was forced to conduct some of the interviews to SMDs telephonically. Sixty five questionnaires were not completed by town schools and one hundred and two questionnaires were not completed by township schools.

The interviews with learners could not be conducted during school hours because formal schooling could not be interrupted for such a long period of time, thus it was conducted after school hours, and learners were tired at that stage and hungry.

Managing finances present nightmares to schools. It is the cause of serious tensions, bitterness and battles in schools.

6.5 CONCLUSION

School budgeting is a process involving advocacy, bargaining, negotiation and compromise amongst school stakeholders. It serves as a planning device, a managerial tool, and a basis for financial reports. Budgeting serves

as a guide to financial planning and programme management to permit orderly operation for a stated period of time. It also ensures that the educational programme will not be interrupted or restricted because of insufficient funds or exhausted accounts.

In the early stages of developing the school budget, educators, parents and supporting staff members and the community should participate in discussions at their respective levels of expertise so that the SGB and the District office administrators may have maximum information at their disposal during the decision-making process. It was established that the final decisions relating to a budget should be based on true assessments of educational programme needs, but should also be qualified by the realities of fiscal resources and established traditions of the particular school.

It was established that the school budget is the heart of the financial management process, affecting all management decisions directly or indirectly. Sound budgeting reflects both immediate and long term programme developments so that local educational goals may be achieved in a systematic fashion. Financial management has to create all the financial conditions needed for the survival of academic and non-academic activities. In the administration of school funds, one of the most important tasks of financial management is to formulate a financial policy. Financial policy outlines clearly in what way the assets of the school are to be controlled or what criteria is applied to purchase goods and pay services rendered to schools.

One of the most important principles in school financial management is the "separation of powers". The finance policy should clearly outline the duties and responsibilities of the school principal, treasurer, finance committee, educators, SGB and auditors. It is the duty of SGB to ensure that various tasks are delegated to different stakeholders who have the necessary knowledge and skills to perform these tasks efficiently.

Findings indicated that the procedures for handling school fees, donations, authorization for cheque payments, signatories to the bank account, recording

transactions, and every aspect related to the school's finance should be included in the school's finance policy. It is the responsibility of the finance committee to develop and put in place control mechanisms that will contribute effectively to the safe and accurate administration of funds. Since schools perform their functions by receiving and expending public money, it is a major responsibility of school stakeholders to see that funds are spent wisely and that accurate and complete financial records are kept.

Financial control should be the procedures established by the SGB to ensure that financial transactions are recorded accurately and that its financial position is correctly presented at appropriate intervals. If financial control mechanisms are properly designed, they will enable the stakeholders to envisage just where departure from plans is occurring and to investigate the reasons.

It is the intention of the Government to move towards making every school independent and self-managing. The full control of funds in the school therefore becomes the responsibility of the SGB. The State, apart from paying educators' salaries, providing school buildings and allocating financial resources for learning support material, services and maintenance of schools, has very little influence over the school's finances. The SGB must ensure the existence of the effective execution of sound, watertight financial policy and also management procedures. Regular checks and counter-checks are necessary to avoid the mismanagement of funds by any person or groups of persons. In this scenario the principal performs a consultative role and will be called upon to advise the SGB on financial matters.

Proper financial management of school finances contributes to efficient and effective school systems. In order for the school to achieve its desired aims and objectives, proper effective financial systems should be in place. The very essence of a successful school, the SGB and a principal, is found in sound human relations, good guidance and exemplary leadership. Leadership in financial management constitutes a healthy relationship encouragement of all stakeholders dealing with school finances, collective planning and decision-making with all stakeholders.

It is important for the financial managers of a school to actualize their accountability in the management of school funds. For the financial managers to realize accountability, they should have the necessary knowledge of all the procedures involved in financial management, such as budgeting, distribution of resources and fund-raising procedures. The implication of accountability in the management of school funds is thus that financial managers should allocate and spend school funds in an appropriate way. A sense of accountability in the management of funds will help the school principals and SGBs to guard against improper administration of funds and to ensure quality service delivery in education.

6.6 SUGGESTIONS FOR FURTHER RESEARCH

The following are suggestions for further research:

- the role of budgeting in building a school's image
- the task and the role of the principals as a school public relations officer in school budgeting
- the funding of the schools on an equitable basis to redress past inequalities.

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APPENDIX 4.1

PERMISSION LETTER FROM DEPARTMENT OF EDUCATION

FREE STATE PROVINCE



Enquiries : Mrs M V Vessels/
Reference no. : 164/1/18-2004

Tel : (051) 404 8075
Fax : (051) 4048074

2004-05-19

Mr M G Mosala
3 Adante Street
Flamingo Park
WELKOM
9460

Dear Mr Mosala

REGISTRATION OF RESEARCH PROJECT

1. This letter is in reply to your application for the registration of your research project.
2. Research topic: **The effective use of budgeting as a functional tool in school financial management in Lejweleputswa.**
3. Your research project has been registered with the Free State Education Department and you may conduct research in the Free State Department of Education under the following conditions:
 - 3.1 Principals, educators, SMDs, SMTs and parents participate voluntarily in the project.
 - 3.2 The names of all schools, principals, educators, SMDs, SMTs and parents involved remain confidential.
 - 3.3 You consider making the suggested changes.
 - 3.4 This letter is shown to all participating persons.
4. You are requested to donate a report on this study to the Free State Department of Education. It will be placed in the Education Library, Bloemfontein. It will be appreciated if you would also bring a summary of the report on a computer disc, so that it may be placed on the website of the Department.
5. Once your project is complete, would you kindly present your findings to the relevant persons in the FS Department of Education. This will increase the possibility of implementing your findings wherever possible.
6. You are requested to confirm acceptance of the above conditions in writing to:

The Head: Education, for attention: CES: IRRISS
Room 1204, Provincial Government Building
Private Bag X20565, BLOEMFONTEIN, 9301
7. We wish you every success with your research.

Yours sincerely

Chief Director: Strategic Management Services
cc Director of District: Lejweleputswa

Department of Education v Departement van Onderwys v Lefapha la Thuto

Private Bag X20565, Bloemfontein, 9300 • Republic of South Africa • Riphabolike ya Afrika Borwa

APPENDIX 4.2
LETTER TO THE PRINCIPAL

ENQUIRIES: M.G MOSALA

3 ANDANTE STREET

CELL: 083 52 40416

FLAMINGOPARK

Email: mg mosala@univetech.ca.za

WELKOM

9459

Dear Principal

Your position in education is considered as highly valuable. You are an important link between your school and the community, which means that effective school management and your contribution to the shaping of educational activities is expected from you.

I am presently engaged in a doctoral study at the NORTH-WEST UNIVERSITY where I am doing research on **THE EFFECTIVE USE OF BUDGETING AS A FUNCTIONAL TOOL IN SCHOOL FINANCIAL MANAGEMENT**. As a member of the school, your views are of particular interest in this study.

Please be so kind to assist me to gather information at your institution by way of circulating questionnaires and conducting interviews, which will highly contribute to the body of knowledge on school management and leadership.

Hoping and trusting that you will find this information in order.

Yours truly

M.G MOSALA

APPENDIX 4.3
QUESTIONNAIRE TO BE COMPLETED
BY THE SCHOOL PRINCIPALS

Attached is a questionnaire which attempts to gain information on the effective use of budgeting as a functional tool in school financial management.

The researcher wishes to ensure you that your response will remain completely confidential and anonymous. No names of schools, educators, parents, learners, school secretaries or treasurers will be reflected in the report.

Indicate applicable information by making a cross (X) in the relevant box.

For example:

1. What is your gender?

Male	1
Female	2

After completing the questionnaire please put it in the box provided.

SECTION A

BIOGRAPHICAL PARTICULARS OF THE SCHOOL

1. What type of school are you managing?

Section 21 school	1
Non Section 21 school	2

2. Where is your school situated?

Urban area	1
Township	2

3. How best can you describe the community served by your school?

Above average	1
Average	2
Poor	3
Includes elements of all groups mentioned above	4

4. Who controls and administers your school funds?

State	1
Community	2
Private	3
State and community	4
State and private	5

SECTION B

1. In what way does the Provincial Department of Education funding policy affect your school budget?

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2. Which procedures are followed when the annual budget is drafted at your school?

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3. In what way do you identify items to be included in your school budget?

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4. What types of shortcomings do you experience when drafting and implementing the annual budget in your school?

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5. Which factors do you think are most likely to have a negative effect on the success of your school's budgeting activities?

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6. Which measures have you recently introduced in order to enhance the budgeting strategies of school?

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7. Which improvement did you notice in your school finances since you attended DoE workshops based on finances?

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8. What areas of budgeting may sometimes cause discontentment amongst members of your school community?

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9. What kind of problems did your school experienced with regard to utilizing funds provided by the Provincial Department of Education budget?

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9.1 Referring to the above Q 9, what is the effect towards your school activities if any?

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10. Which measures do you apply to prevent unexpected expenditures which were not budgeted for such as: high telephone bills, school or private transportation (local or distance trips), extra mural activities (sports and culture)?

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11. What is your opinion on purchasing unbudgeted items for your school?

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12. In what way/s are parents, educators and learners are involved in planning and implementing annual budget in your school?

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13. What methods do you use in order to raise funds to increase the current income of your school?

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After completing the questionnaire please put it in the box provided.

Thank you for your co-operation

Mr M.G Mosala
Student

Dr N.J.L Mazibuko
Promoter

APPENDIX 4.4

QUESTIONNAIRE TO BE COMPLETED BY MEMBERS OF THE SMT

Attached is a questionnaire which attempts to gain information on the effective use of budgeting as a functional tool in school financial management.

The researcher wishes to ensure you that your response will remain completely confidential and anonymous. No names of schools, educators, parents, learners, school secretaries or treasurers will be reflected in the report.

Indicate applicable information by making a cross (X) in the relevant box.

For example:

1. What is your gender?

Male	1
Female	2

After completing the questionnaire please put it in the box provided.

SECTION A

BIOGRAPHICAL PARTICULARS OF THE SCHOOL

1. What type of school are you managing?

Section 21 school	1
Non Section 21 school	2

2. Where is your school situated?

Urban area	1
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Township	2
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3. How best can you describe the community served by your school?

Above average	1
Average	2
Poor	3
Includes elements of all groups mentioned above	4

4. Who controls and administers your school funds?

State	1
Community	2
Private	3
State and community	4
State and private	5

SECTION B

1. Does the general school budget at your school accommodate for all your classroom needs and in what way?

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2. Have you experienced shortage of support material such as laboratory facilities and unprinted materials because of unfixed printing machinery due to the exhausted funds? Make a cross under yes or no.

Yes	No

2.1 Give reasons for your answer.

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3. Have you ever experienced disconnection of basic services such as telephone and electricity due to late payment in the past? Make a cross under yes or no.

Yes	No

3.1 What do you think could be the case?

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4. Do educators at your school fail to attend departmental workshops due to exhausted funds? Make a cross under yes or no.

Yes	No

5. In what way/s do you attempt to raise funds in order to eliminate shortage of materials in your department?

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6. According to your opinion, do fund raising ventures really meet the desired needs of your department?

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After completing the questionnaire please put it in the box provided.

Thank you for your co-operation

Mr M.G Mosala
Student

Dr N.J.L Mazibuko
Promoter

APPENDIX 4.5
QUESTIONNAIRE TO BE COMPLETED
BY THE SCHOOL EDUCATORS

Attached is a questionnaire which attempts to gain information on the effective use of budgeting as a functional tool in school financial management.

The researcher wishes to ensure you that your response will remain completely confidential and anonymous. No names of schools, educators, parents, learners, school secretaries or treasurers will be reflected in the report.

Indicate applicable information by making a cross (X) in the relevant box.

For example:

1. What is your gender?

Male	1
Female	2

After completing the questionnaire please put it in the box provided.

SECTION A

BIOGRAPHICAL PARTICULARS OF THE SCHOOL

1. What type of school are you managing?

Section 21 school	1
Non Section 21 school	2

2. Where is your school situated?

Urban area	1
Township	2

3. How best can you describe the community served by your school?

Above average	1
Average	2
Poor	3
Includes elements of all groups mentioned above	4

4. Who controls and administers your school funds?

State	1
Community	2
Private	3
State and community	4
State and private	5

SECTION B

1. Does your school budget express the aim of the school? Make a cross under yes or no.

Yes	No

1.1 Give reason/s for your answer.

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2. At what time of the year is your school budget completed and by whom?

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3. Do you receive the school financial statement timeously? Make a cross under yes or no.

Yes	No

3.1 If your answer is no, please give your reasons.

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4. Do you understand what is entailed in the school financial statement? Make a cross under yes or no.

Yes	No

4.1 Give reasons for your answer.

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5. According to your knowledge, does your school financial statement include all income and expenditure incurred during the past academic period? Make a cross under yes or no.

Yes	No

5.1 Give reason/s for your answer.

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6. Are important aspects of your school budget disclosed at meetings in a satisfactory manner? Make a cross under yes or no.

Yes	No

6.1 Then substantiate your answer.

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7. Is your school inclined to buy items which are not budgeted for? Make a cross under yes or no.

Yes	No

7.1 If yes, why do you think these actions are allowed?

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8. According to your opinion, is the finance committee in your school knowledgeable enough to enable managing of school funds effectively? Make a cross under yes or no.

Yes	No

8.1 Give reason/s for your answer.

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9. Which type of fund-raising activities does your school make use of?

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10. Are fund raising projects substantial in order to meet the financial needs of the school? Make a cross under yes or no.

Yes	No

10.1 Give reason/s for your answer.

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After completing the questionnaire please put it in the box provided.

Thank you for your co-operation

Mr M.G Mosala
Student

Dr N.J.L Mazibuko
Promoter

APPENDIX 4.6

QUESTIONNAIRE TO BE COMPLETED BY THE SCHOOL FINANCIAL SECRETARIES OR CLERKS OR TREASURERS

Attached is a questionnaire which attempts to gain information on the effective use of budgeting as a functional tool in school financial management.

The researcher wishes to ensure you that your response will remain completely confidential and anonymous. No names of schools, educators, parents, learners, school secretaries or treasurers will be reflected in the report.

Indicate applicable information by making a cross (X) in the relevant box.

For example:

1. What is your gender?

Male	1
Female	2

After completing the questionnaire please put it in the box provided.

SECTION A

BIOGRAPHICAL PARTICULARS OF THE SCHOOL

1. What type of school are you managing?

Section 21 school	1
Non Section 21 school	2

2. Where is your school situated?

Urban area	1
Township	2

3. How best can you describe the community served by your school?

Above average	1
Average	2
Poor	3
Includes elements of all groups mentioned above	4

4. Who controls and administers your school funds?

State	1
Community	2
Private	3
State and community	4
State and private	5

SECTION B

1. According to your knowledge, has your school ever started the academic year with unpaid debts? Make a cross under yes or no.

Yes	No

1.1 If your answer is yes, how often does it happen and why?

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2. Has your school ever loaned money from local lenders? Make a cross under yes or no.

Yes	No

2.1 What do you think caused this to happen?

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3. Has your school ever applied for overdraft facilities at a Bank? Make a cross under yes or no.

Yes	No

3.1 Give reason/s for your answer.

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4. Is your school inclined to lend school money to educators who experience financial problems? Make a cross under yes or no.

Yes	No

4.1 Substantiate your answer.

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5. How do you account for financial discrepancies at your school?

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5.1 What normally causes financial discrepancies?

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6. In what way do you estimate the expected income and expenditure for the next year?

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7. How do you keep record of the money received at your school?

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8. What steps do you take to prevent the occurrence of excessive expenditure at school?

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9. In what way does your school provide acknowledgment of cash payments?

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.....

10. Are the finance policy guidelines provided by the Provincial Department of Education adequate to facilitate keeping of school financial records and budget management? Make a cross under yes or no.

Yes	No

10.1 Give reason for answer

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.....

11. What measures does your school use to ensure the success of the school purchasing process?

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.....

12. Do fund raising projects really meet the desired financial needs of your school? Make a cross under yes or no.

Yes	No

12.1 Give reason for your answer

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After completing the questionnaire please put it in the box provided.

Thank you for your co-operation

Mr M.G Mosala
Student

Dr N.J.L Mazibuko
Promoter

APPENDIX 4.7
QUESTIONNAIRE TO BE COMPLETED BY THE PARENTS
SERVING IN THE SGB

Attached is a questionnaire which attempts to gain information on the effective use of budgeting as a functional tool in school financial management.

The researcher wishes to ensure you that your response will remain completely confidential and anonymous. No names of schools, educators, parents, learners, school secretaries or treasurers will be reflected in the report.

Indicate applicable information by making a cross (X) in the relevant box.

For example:

1. What is your gender?

Male	1
Female	2

After completing the questionnaire please put it in the box provided.

SECTION A

BIOGRAPHICAL PARTICULARS OF THE SCHOOL

1. What type of school are you managing?

Section 21 school	1
Non Section 21 school	2

2. Where is your school situated?

Urban area	1
Township	2

3. How best can you describe the community served by your school?

Above average	1
Average	2
Poor	3
Includes elements of all groups mentioned above	4

4. Who controls and administers your school funds?

State	1
Community	2
Private	3
State and community	4
State and private	5

SECTION B

1. Do you bear knowledge of the budgeting procedure of your school?

Make a cross under yes or no.

Yes	No

2. What kind of financial training have you yourself been exposed to?

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3. At what time is budgeting at your school started and completed?

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4. Does the SGB avail financial statements timeously (according to Provincial Department of Education guidelines) to parents and educators? Make a cross under yes or no.

Yes	No

4.1 Give reason/s for your answer.

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5. Do educators and parents who do not serve in the SGB easily understand what is entailed in the financial statements? Make a cross under yes or no.

Yes	No

5.1 Give reason for your answer.

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6. In what way do you as a SGB determine the amount to charge for the school fees for the following academic year?

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7. How do you handle the problem of learners who did not pay their school fees?

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8. How do you handle the problem of parents who are unable to pay school fees?

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9. Has it ever happened that your school failed to pay essential services such as the telephone bill, electricity, printing machine, support staff and Bank charges? Make a cross under yes or no.

Yes	No

9.1 Give reason/s for your answer.

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10. Is the income generated by fund raising projects substantial in order to meet the desired needs of your school? Make a cross under yes or no.

Yes	No

10.1 Give reason/s for your answer.

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After completing the questionnaire please put it in the box provided.

Thank you for your co-operation

Mr M.G Mosala
Student

Dr N.J.L Mazibuko
Promoter

APPENDIX 4.8

INTERVIEW QUESTIONS

Intended for the school learners serving in SGB

1. Do you think that your toilets and classrooms are well maintained and conducive to effective learning at your school? Give reasons for your answer.
2. Do you think that your classrooms are well maintained and conducive to effective learning at your school? Give reasons for your answer.
3. Is the standard of your sports field substantial for school games? Give reasons for your answer.
4. Are learners subsidized when they have to undertake educational and sports trips? Give reasons for your answer.
5. In what way are you involved when your school budget is drafted and implemented?
6. Have you ever experienced a shortage of support learning materials such as apparatus and chemicals in the laboratory, handouts from educational sources and audio visual aids? If the answer is "Yes", then:

When? and Why?

7. How are learners who do not pay their school fees dealt with at your school?
8. In your opinion, why do learners not pay their school fees?
9. In what way is a learner who lost his/her school books, attire or instruments, handled at your school?
10. In what way is the problem of a learner who vandalized school property such as school furniture, doors and windows, addressed at your school?

11. To whom do you pay money or who collects the money for?
- (a) School fees
 - (b) School trips
 - (c) Lost books, attire and instruments
 - (d) Vandalized school property
 - (e) Fund-raising projects
12. Which evidence is provided as acknowledgment of a cash payment?
13. How do you fund-raise at your school?
14. Why do you fund-raise at your school?
15. In what way is the matric farewell organized at your school and who carries the financial burden?

Thank you for your co-operation.

APPENDIX 4.9

INTERVIEW QUESTIONS

Intended for the school management developer (SMDs)

1. Do you think that the toilets and classrooms are well maintained and conducive to effective learning at your schools? Give reason/s for your answer.
2. Do you think that the classrooms are well maintained and conducive to effective learning at your schools? Give reasons for your answer.
3. Is the standard of your sports field substantial for school games? Give reasons for your answer.
4. How are learners who do not pay their school fees dealt with at your school?
5. In your opinion, why do learners not pay their school fees?
6. In what way is a learner who lost his/her school books, attire or instruments, handled in your school?
7. In what way is the problem of a learner who vandalized school property such as school furniture, doors and windows addressed at your school?
8. Has it ever happened that your schools failed to pay essential services such as the telephone bill, electricity, printing machine, support staff and bank charges? Give reason/s for your answer.

Thank you for your co-operation.

APPENDIX 5.1A
VANDALIZED SCHOOLS

Vandals, thieves cause damage at high school

HENDRIK MOCHUDI

TETO HIGH SCHOOL has become the latest victim in a series of attacks by vandals at schools in Welkom. A break-in at the high school has caused damages in the region of R15 000.

Students and teachers returned to school last week on Monday to find a number of classrooms had been broken into and systematically stripped. The doors and windows were forcefully broken down and eight classrooms were vandalised. The thieves then proceeded to strip the rooms of anything that was made of aluminium or copper.

According to Mr Deon Oosthuizen, principal, the thieves seemed to know exactly what they wanted. "It doesn't look like a random attack, they knew what they were doing and how to do it," he said.

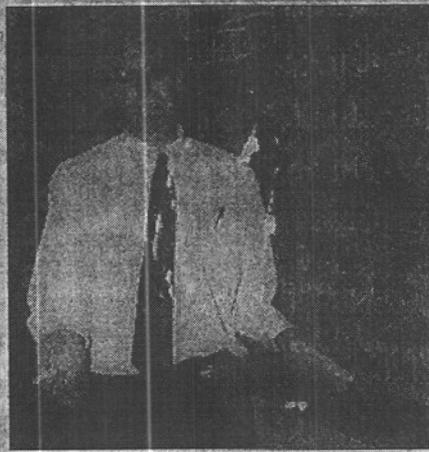
He did, however, show his approval of the positive attitude the students showed towards helping to recover the stolen property. A number of volunteers have come forward and offered to help in any way possible. Oosthuizen believes this shows a sense of pride in their school.

The deputy chairperson of the Representative Council of Learners (RCL), Thembeni Macingwani, says that he does not rule out the possibility of the acts being performed by fellow students. He based this on the fact that the thieves knew the school well enough to target areas where they knew they could find copper and aluminium. "If seniors are doing this, it is wrong when older pupils behave in this manner. They are leaving behind a shameful legacy for the youngsters," he said.

This is the second theft-related act at the school in a matter of months. Recently the metal covers of the school's manholes were removed and later tracked down when sold on the black market.

The police are currently investigating a case of house-breaking, and request any information from the general public that can assist them in their search.

Following similar incidents at Bronville



MR DEON OOSTHUIZEN, headmaster of Teto High School, stands helplessly before a black board with no panelling. Thieves removed the aluminium panelling and copper window handles from eight of his classrooms last week.

Photo: Hendrik Mochudi

APPENDIX 5.1B VANDALIZED SCHOOLS

Donderdag 16 Desember 2004

Three caught again

THREE juveniles were recaptured for housebreaking at a school on the same day they received bail for housebreaking at the same school.

Capt. Mokete Mongali of the Crime Information Analysis Centre says last week Tuesday the Community Service Centre at the Thabong Police Station received a call from a member of the public, informing them that there is a housebreaking in progress at the Mantsebo Primary School.

They caught the three juveniles red-handed while they were stripping the buildings of its electrical wiring.

They caused damage in excess of R4 000.

Mongali says housebreaking by juveniles is a big problem, especially in the time running up to big events. There is an increase in housebreaking cases in Thabong. In a lot of the cases, negligence contributes to the crimes. People leave their houses open and unguarded when they visit with their neighbours.

CAPT. MOKETE MONGALI with the stolen electrical wires.



Gewapende mans beroof skool

WELKOM. - 'n Skool in die woonbuurt Thabong is hier kort voor sluitingstyd op die eerste skooldag deur gewapende mans beroof.

Insp. Josephine Boselesele van die polisie se 'n administratiewe beampte van die skool is omstreeks 13:10 deur drie mans in haar kantoor oorval. Sy het begin skreeu, waarna twee van die

mans op die vlug geslaan het.

Die derde man het 'n vuurwapen op haar gerig en geld geëis. Hy het haar gedwing om die kluis oop te sluit, waarna hy sowat R1 615 gebuit het.

Enigiemand wat die polisie in die ondersoek kan help, word gevra om insp. Mokgitla Rantai by (057) 916-2275 te bel.

- Goudveldse Kantoor

APPENDIX 5.2A

LEARNERS SCHOOL FEES



APPENDIX 5.2B

LEARNERS SCHOOL FEES

The Educators' Voice 7

Progress on making access to schooling available to all

Laura Pollecut

The teachers shout at you. They say that we cannot sit on the seats at school because we don't pay school fees. People who sit on the chairs are those who pay school fees. The teachers like to swear at us. They don't have a good way of approaching children. They keep on teasing us about the school fees. It is not nice because we also like to pay; we just don't have the money." (Girl, 11)

This story was typical of the stories the Alliance for Children's Entitlement to Social Security (ACCESS) encountered during the nine provincial workshops it held with children themselves on issues relating to social security and recorded in the report "Children speak out". Access to education is seen by ACCESS as a key component of a comprehensive social security package.

In the workshops, children also complained of being beaten, reports being withheld, being kicked out of school because of the lack of uniforms, and victimisation because they did not have the relevant school stationery.

The good news for some parents is that the Department of Education has recognised these critical areas and is attempting to address them on a systematic basis. A report addressing some of these issues is to be released soon. Consideration is being given to setting guidelines for uniforms which could result in a considerable reduction in cost.

Also encouraging is the investigation into whether or not a standard fee or a maximum fee can be introduced. Deputy Director General Bobby Soobrayan is quoted as saying: "The minister is expected to consider the recommendations while at the same time consulting with his peers in the treasury and finance ministries and so on, before releasing a report in February."

However, although this will bring some

relief to some of those earning a living but at the lower end of the scale, we will have to wait and see whether or not the report will go far enough in accommodating those families or children whose incomes are non-existent. For these families, and of course orphans, even finding funding for reduced fees, uniforms, and stationery, is an impossibility.

Making school governing bodies conform with new regulations may also prove difficult. Experience has shown that despite the law providing for parents who cannot afford school fees to be exempted from paying, many principals and governing bodies do not assist eligible parents in gaining the exemption.

This negative attitude is quite common, but fortunately for some, not adopted in all schools. Where the attitude differs, it makes a tremendous difference to the lives of poor children. The ACCESS "Children speak out" report recorded some positive actions of teaching staff.

Children from the Eastern Cape, for example, shared heart-warming stories of the warmth and care which educators at their school, in particular their principal, showered on them and the extent to which alternative arrangements were made for the children: "We do not pay school fees here at school. We do not have much money. We live on my grandmother's pension. We do not buy school uniform. But it is not a problem at school. They can buy you uniforms at home if they can, but if you can't, we are given school uniforms by other children here at school. Those whose uniforms are smaller, or have many."

This just shows that with the right attitude and will, children can still attend school and retain their dignity. Surely making children sit on the floor because their parents have not paid fees is an abuse of the child's rights and those perpetrating these abuses should be pulled up? Besides, it is also demeaning to both the teacher and the pupil.

APPENDIX 6.1A FREE EDUCATION

Financing schools under the spotlight



School fees should be scrapped or capped at a certain level

Cross-subsidisation of fees should be introduced, whereby fees paid by parents in richer schools would be transferred to poorer schools.



SOARING SCHOOL COSTS TO BE PROBED

SCHOOL UNIFORMS SHOULD BE ABOLISHED - OR REPLACED BY A UNIFORM UNIFORM FOR ALL.

These were just some of the headlines and rumours that greeted the announcement that Minister Asmal and his nine provincial counterparts were due to meet to discuss a plan to arrest what the *Cape Argus* called 'the above-inflation increases in the cost of educating the country's 11 million school children'.

Some of the proposals—for example the scrapping of school fees would have been appreciated by some but others would have feared that it would lead to huge downscaling in some schools of extra services and staff (which includes loss of jobs and less favourable learner: educator ratios in schools that have hired additional teachers).

In the end, most of the fears were not realised in the report which emerged entitled *The review of the financing, resourcing and costs of education in public schools*, which appeared in the Government Gazette of 14 March 2003. Clive Roos, of the Governing Body Foundation, put it as follows:

Despite the alarmist rumours which circulated before the release of the report, it is now clear that the document is much more a technical summary of a number of financial features of the public school system than a blueprint for limiting the financing of school governing bodies. Although there can be no guarantees about the political level decisions which will result from the report, its contents do not support radical change at the level of school governance of the nature rumoured before the release of the report.

REMARKABLE ACHIEVEMENTS

The Standing Committee of the NUE met on Saturday 12 April to draw up a response to the report for submission to the Minister. It concurred with the claim that 'Remarkable advances have been made in access, funding and equity in the schooling system since the advent of a democratic order in the country in 1994' as evidenced by the fact that 'Net enrolment rates have improved, funding per learner has increased in real terms, and the schooling system is vastly more equitable in



2003 than it was in 1994.' The NUE applauded the state for the fact that, as Asmal put it, 'There has been a reduction of about 60% in a key index of inequality between provinces, between 1995 and 2001' and that his could be regarded as 'a remarkable achievement that has few parallels throughout the world'.

The Standing Committee also endorsed the view of the Minister that the key issue was 'ways and means of improving present mechanisms that seek to target resources of the poor'.

SCHOOL FEES

It based its response to the question of school fees on two motions passed at the 2002 National Conference:

* The NUE declares its support for the current system of school fees at public schools, provided that the State ensures that poorer schools receive sufficient funding from the State, and calls upon the education authorities to take action against schools which abuse the system, rather than to heed calls for the scrapping of school fees.

* While fully cognisant of the wide range of socio-economic levels within schools, the NUE supports the concept of parent communities having autonomy over the issue of school fees.

The retention of school fees, which the document suggests, was supported, provided that poor schools receive sufficient funding and that allowances are made for parents who cannot afford to pay the fees or the full fees.

The motivation for the support of fees was as follows:

⇒ It is important to respect the right of communities to make decisions as to how to finance their schools.

⇒ The State cannot – not for the foreseeable future, at any rate – provide for all the needs of all schools. Schools therefore need to supplement their income, and the only real way that they can achieve that is through a system of legally enforceable school fees.

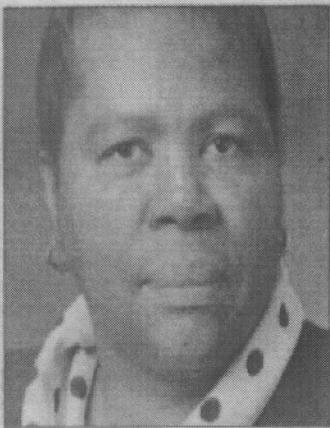
⇒ Even if the State were able to supply the basic needs of all schools, communities should have the right to raise additional funds in this way to add further value to their schools.

APPENDIX 6.1B
FREE EDUCATION

4 May/June 2005

news &
views

Education Budget Speech:



Minister of Education, Naledi Pandor

No-fee schools

The much-delayed and watered-down commitment to bring relief to the poorest schools and the

poorest families from the burden of user fees raises a number of concerns. In particular the implementation proposals appear to entrench inequalities between provinces.

Rather than targeting poverty on a national basis the actual implementation proposal for 2006 appears to be provincially-based with each province calculating the numbers to be relieved on the basis of affordability.

The likely outcome is that the poorest schools in relatively wealthy provinces will not have to pay fees, whilst many poorer schools in the relatively poor provinces will continue to collect fees. This flies in the face of equity and rationality.

Another consequence may be to promote a stampede to the no-fee schools which will receive additional state funding.

Shake up or rhetoric?

APPENDIX 6.2

APPOINTMENT OF A PROFESSIONAL FUND RAISER



PUBLIC RELATIONS OFFICER

Welkom High School invites suitable candidates to apply for a vacancy that requires a dynamic, creative and innovative person that has the necessary drive skills and experience in the following fields:

- * The applicant must have relevant experience in fundraising and event management
- * Completely Computer literate (Microsoft Office Package)
- * Accounting and Bookkeeping

Remuneration negotiable
Date of appointment: 1 September 2004
Closing date for applications: Wednesday,
25 August 2004 at 13:00

Address CV to:

The Principal, Welkom High School	Tel. (057) 352-3758	Fax. (057) 352-1875
PO Box 753, Welkom. 9460	Cell. 083 635 0315	

APPENDIX 6.3A
PRINCIPALS ABUSE SCHOOL FUNDS



The worst headmaster in SA

- He uses school fees to pay his domestic — and his bills, his petrol, and his Diners Club card
- He blocked a bursary to a poor student, allegedly because she is black
- The school's ambulance delivers food — prepared at the school's hostel — to his house every day
- He drives a C180 Mercedes — paid for with school fees

But now he has been suspended — thanks to our investigation team

Story on
Page 7

PRINCIPALS ABUSE SCHOOL FUNDS

The worst headm

Principal, accused of blocking a R2 760 bursary to poverty-stricken black p

RAFOFA RANGONGO

AN INVESTIGATION by the Sunday Times has led to the suspension of a headmaster who stands accused of gross mismanagement after being caught blowing school funds on a Mercedes-Benz, booze, dinners and a casino outing.

Furious education authorities have vowed to lay criminal charges against Koos Kruger, the headmaster of Hoërskool Ermelo in Mpumalanga.

A nervous-looking Kruger had 'no comment' when the Sunday Times confronted him this week with evidence of starting irregularities at the school.

But provincial education MEC Craig Padayachee was furious.

"In the light of the available evidence, which confirms rampant and serious transgressions that border on criminality the head of department issued the principal of Ermelo High School with a letter of suspension without pay pending criminal and administrative charges," he said.

Part of the newspaper's investigation was based on a secret report from the Auditor-General's office, which has also discovered alleged mismanagement at the school.

"After the final report of the Auditor-General has been presented before the end of October, the matter will be referred to the relevant authorities for criminal prosecution," vowed Padayachee.

Kruger — who also used school fees to pay his domestic worker's salary — blocked a R2 760 bursary to a pupil, allegedly because she is black.

Kruger was allegedly so adamant that 17-year old Dulcie Mahlangu was not going to get the money that he told a bursary committee on the day funds were being awarded that he was no longer at the school. The Sunday Times has documents which record what he told the committee.

But Mahlangu was at school that day, on May 21 this year, and has never left.

Her unemployed parents, Ama and Jeremiah Mahlangu, to struggle to feed their six children, have been slapped with a summons from the school for unpaid fees.

They applied to the principal writing for the bursary but were never told why their register did not qualify.

According to the South

African Schools Act and the National Education Policy Act, both of 1966, they are entitled to a full exemption from paying fees. The laws state that "if the combined income of the parents is less than 10 times the annual school fees per learner the parents qualify for an exemption".

Padayachee said "a lot of people at the school will have a lot to account for" for reported racial discrimination against Mahlangu and possibly other pupils of colour.

The director-general of the national Education Department, Thami Mseleku, said: "We have an obligation to monitor that our policies are followed. We would like to know what happens and would insist that action is taken."

Our investigation shows that Kruger, the school's principal for the past six years, has been using school fees to live his pockets.

He lives for free in a neat three-bedroomed home on the school property and drives a Mercedes-Benz C.80, paid for with school fees.

Fees have also been used to pay for his water and lights, petrol, Diners Club card, telephone and cellphone, and for the private line he has in his big, air-conditioned office.

He also pays his domestic worker out of school fees. According to the Auditor-General's report, he has paid her R11 200 in wages and Christmas bonuses over the past two-and-a-half years — an amount that could have paid the education costs of four pupils for a year.

Every day, three times a day, cooked meals are delivered to his home in the school ambulance. The food is made in the school hostel and delivered by a matron and her staff.

A Sunday Times team photographed the ambulance on its "food delivery rounds" last week. The ambulance is also part of the Auditor-General's investigation into mismanagement at the school, which is known for having the South African cadet band champions.

The once flourishing school is now facing bankruptcy. Its bank accounts were R122 870 overdrawn on Friday.

Among other irregularities, the Auditor-General found that:

- The school "reads on wheels" ambulance had no logbook and no records were kept of the issue and return of keys and petrol cards;

- Other school vehicles did



MEALS ON WHEELS: Koos Kruger, above, and the school ambulance delivering food to his home, top

not have logbooks. As a result, there was no control over petrol and usage.

- Kruger used a Diners Club card while on holiday to pay hundreds of rands for alcohol, dinners and a visit to the Gracehard casino in Secunda. The card bills were allegedly paid with school funds;

- He signed cash cheques in the name of "Die Hoo" instead of his own name, as required by law, estimated to total R359 000 over two years;

- Cheques totalling about R1-million were drawn against school funds at least 250 times without the supporting documents required by legislation;

- The deputy principal's petrol for two private cars was paid out of school funds,

- bought on account at De Witt's Garage in Ermelo;

- A computer was bought for about R5 000 out of school funds and installed at the deputy principal's house

- Surety to the tune of almost R20 000 was signed by the Hoërskool Ermelo's "Prestasie Trust" to help a teacher obtain a loan from Absa to buy a house. The teacher has now left the school and the bank might recall the loan and request payment from the school;

- School staff were paid from two accounts for the purposes of tax evasion and PAYE was not deducted from their salaries;

- Loans given to employees, as far back as 1996 — in another contravention of school legislation — had not been paid back; and

- At least 10 appointments at the school were invalid. Employees received appointment letters but did not sign these as an acceptance of the offer. In some cases, letters were not signed on behalf of the school or the signature of the employee wasn't witnessed.

Padayachee said, "The nature and extent of the misdemeanours might prompt my office to institute a full-scale forensic audit of finances of other suspect schools."

Asked about irregularities at his school, Kruger said: "There is an investigation by the Auditor-General and I can't respond before the investigations are finalised."

Asked whether he had denied a black pupil a bursary on the basis of her colour he said: "We treat all children equally."

APPENDIX 6.3C
PRINCIPALS ABUSE SCHOOL FUNDS

Principal abuses funds - teachers

By SPHIWE MBOYANE

THE principal of Isikhumbuzo Comprehensive Secondary School, in Orange Farm, south of Johannesburg, has been accused of colluding with two "self-appointed" school governing body (SGB) members who misused school funds amounting to thousands of rands.

The allegations were made by concerned teachers who also accuse their principal, Solly Mkhabela, of failing to pay them salaries for three months.

The teachers claim that in May this year Mkhabela told them they could not be paid because there was "insufficient" funds in the school's bank account. The same happened in August and September.

One of the teachers told City Press none of the 28 teachers has a written contract, adding Mkhabela has threatened to fire some of them.

"Our salaries are fluctuating from month to month. We do not exactly know how much we are earning," said one teacher.

Isikhumbuzo is a section 21 school. Sec-

tion 21 schools are self-management schools who do their own administration, maintenance and purchasing of learner support materials with the subsidy, calculated per learner, received from the provincial education department.

But so far children at the school have been purchasing stationery for themselves.

City Press is in possession of copies of cash cheques which reveal that between July 17 and July 27 nearly R300 000 was withdrawn from the school account for reasons which were not beneficial to the school.

Mkhabela has allegedly disbanded the finance committee and retained the school's cheque books since April this year.

One of the teachers who used to serve on the finance committee said the school has received payments of more than R700 000 and was to receive another R123 000 soon.

The SGB, who it is alleged was not democratically elected, is paid by the school.

Mkhabela, who is doubling as school director, is also accused of truancy.

Mkhabela claimed this week the Gauteng Department of Education (GDE) has been withholding 30 percent of the school's subsidy and has failed to release funds to the school since last year.

He said he only started having access to the funds last week.

GDE director Tidimalo Nkotsoe confirmed to City Press funds had been withheld by the department after there were allegations of financial mismanagement.

Nkotsoe explained the GDE had no problem in releasing the funds if the school management applies for them.

She said the school received more than R1 million a year.

Mkhabela also denied there was any financial mismanagement, insisting SGB members were not paid but compensated for their transport expenses when they attend meetings.

He also denied he was never at school and accused some teachers of gunning for his position, saying he had improved matric results from 20 percent to 54 percent.

CITY PRESS NOV 4 2001

APPENDIX 6.4
POSTPONEMENT OF FUND-RAISING

SOWETAN Wednesday December 22 2004 17



APOLOGY

FRED NORMAN SECONDARY SCHOOL
ENNERDALE

21ST ANNIVERSARY **CAR RAFFLE 2004**

The school wishes to thank all our supporters and apologise for the delay in the 4 December 2004 draw of the raffle. We were unable to meet our sales targets and this forced us to postpone the draw to next year.

ALL tickets remain valid. Do not destroy. Please wait for our announcement next year.

THANK YOU FOR UNDERSTANDING

- issued December 2004.

CONTACT INFO

frednorman @acenet.co.za

Phone: (011) 855-1445

APPENDIX 6.5A
FINANCIAL MISMANAGEMENT

EDUCATION FRAUD SHOCK

Colleagues of SABC journalist
stunned by her arrest



Sophie Mokoena is out on bail of R1 000 after being arrested with some top education officials.

By CONSOLATION MOKOALE

THE arrest of a top SABC journalist has sent shock waves through the Free State community.

Political reporter Sophie Mokoena appeared in the Bloemfontein Magistrates Court in connection with charges of fraud and corruption on Friday.

She was arrested on Thursday, along with other top education department officials, after months of investigation into fraud and corruption related to tenders in the department. Mokoena was released on R1 000 bail and will appear again on 18 September.

Her arrest sent shock waves through the Free State community and close colleagues who held her in high esteem as the local SAEC's presidential journalist.

The fraud allegedly involves tenders for school books in the Department of Education.

Nearwhile, friends and colleagues said they were shocked at the news of Mokoena's arrest. A colleague who did not want to be named, said: "I am surprised to hear this. Sophie was always a bubbly dynamic personality, the last thing I expected was for her to be involved in this mess."

APPENDIX 6.5B
FINANCIAL MISMANAGEMENT

DAILY SUN

Monday 2 August 2004

Education tender fraud a shocker

By ISAAC KOLOBE

THE GOVERNMENT is struggling to stamp out corruption as several bribery investigations by the police and Free State Department of Education's Anti-Corruption Unit have led to a probe into the department itself.

Joint investigators included those into a tender to the department that was awarded to 37 tenders to distribute learner support material, texts and prescribed books, and stationery to schools in the province from 2001 to 2004.

Police Inspector Lorraine Kalp said during 2002 a large quantity of government property was recovered and several people were arrested.

"A man from Sasolburg was

arrested for his alleged involvement in corruption. He is alleged to have received about R2 500 from businessmen after he promised to award them Department of Education tenders.

"He was arrested with Abel Motaung on charges of corruption and theft and his case is currently pending at Phutaditjhaba Magistrates Court," said Kalp.

"During investigations, it was established that government officials had been awarded tenders while not declaring their employment, and other businessmen made use of individuals as fronts to obtain the tenders.

"Two of the applicants that were used as fronts, had died before the tender was awarded. However, tenders were awarded to them. During investigations it was also established that money changed hands between businessmen and officials of the department who were responsible for

awarding these tenders," she said.

"The total value of tenders under investigation was R20 million over a three-year period and each tender received between R700 000 and R900 000 for services rendered to the department.

"From these investigations, several warrants of arrest were issued and about 27 people were summoned to report in Bloemfontein last Thursday," Kalp said.

"Of these, 26 people pitched and were officially charged for fraud, theft, receiving of stolen property and corruption respectively. They appeared in the Bloemfontein Magistrates Court.

"The Education deputy director, Dikeledi Tshabalala (36), was charged with corruption and granted bail of R1 000. Dikeledi appeared with the deputy director general of Education, Thabogo Lioma (48), who appeared on

charges of corruption and was granted bail of R2 000 on condition that he hands in his passport and did not interfere with State witnesses." Sekese Motaung, employed in the department's tender office, got bail of R1 000.

"The case has been postponed to 15 September, but Costa Retsinas (61), a businessman from Bloemfontein, appeared on a charge of receiving stolen property and was released on a warning to appear in court in June 2005," Kalp said.

"Investigators are continuing and more arrests are expected.

"The South African Police Service is appealing to anyone who can assist with information regarding the investigation, especially those who paid money to government officials for tenders, to come forward."

Contact: Superintendent Erasmus at 032 4466 202 or on 082 8503 640.

ALLOCATED MONEY BY DEPARTMENT OF EDUCATION

Money in the bank deprives learners

Education departments are failing to use their resources to improve the plight of the country's learners, writes David Macfarlane

Millions of rands available for improving the plight of the country's most disadvantaged schoolgoers remained unspent by the end of last year. At the same time, spending on adult basic education continued to shrivel — and will worsen in the next few years.

Spending trends in the national Department of Education (DoE) and the provincial education departments are the focus of recent budget analyses by Russell Wildeman, education researcher at the Institute for Democracy in South Africa (Idasa). The trends suggest that, whether because of underspending or lack of budgetary provision, South Africa's neediest and most vulnerable citizens continue to be short-changed.

Among the education priorities worst hit by underspending was the Thaba Makote Rural School Building Project: only R1,5-million of R46-million allocated last year was spent. The project is intended to develop 27 rural schools that will also cater for community needs and development. Over three years, R146-million is budgeted for the project.

The financing for Thaba Makote falls into a budget category known as "conditional grants" — monies made available by the Treasury for specific projects over a defined period of time. "Underspending on conditional grants has been a perennial problem" with the national and provincial education departments, Wildeman says.

Only 40% of available conditional grants was spent by the end of the year — that is, R160-million of the R393-million on offer from the Treasury. Areas the government has repeatedly said are high priorities to redress years of apartheid inequities were affected. The worst was early childhood development, which saw an underspend of 83%. Life skills and HIV/AIDS was underspent by 69%; and financial management and quality enhancement in school education by 54%.

Director General in the DoE, Thami Mseleku, concedes that "expenditure on conditional grants was very low in some previous years as departments were not geared to act to these responsibilities. Problems were also encountered with the flow of funds as provinces were expected to execute the initiatives from their running budgets and to then reclaim the expenditure. For the past two years the procedures have been streamlined ... although there is still room for improvement."

Figures Mseleku supplied in April suggest that spending on conditional grants accelerated markedly between January and March. But it is "undesirable" to spend so fast in the last three months of a financial year, Wildeman argues. "It raises the question of injudi-

cially spending and creates the impression that spending has not been well-timed or laid out according to business plans."

Underspending on the capital budgets — which allocate funds for constructing school buildings, for example — causes as much concern as the poor performance on condi-

tional grants, says Wildeman. By the end of December, provinces had managed to spend only 27% of their capital budgets. "Large additional allocations presuppose that such allocations can be spent in the first place. If provincial education departments do not improve this spending record, then the argument for reduced allocations that stand a better chance of being spent gains weight."

Wildeman suggests that the main political pressure on provinces has been to spend on textbooks, but that capital spending on buildings and other factors that determine the environments in which children learn is critically important to deal with the inequities of the past, he says.

Backlogs in infrastructure amount to about R12-billion, Mseleku says, "while the funds that are available for this purpose in the

normal budgets of provinces are extremely limited ... In the President's State of the Nation address this year, he clearly indicated that the present situation is unacceptable ... He directed that no children should be attending school under trees three years from now ... Negotiations are at present taking place to address this serious problem. The role players include all education departments, treasury, public works, water affairs and forestry, NGOs and donors."

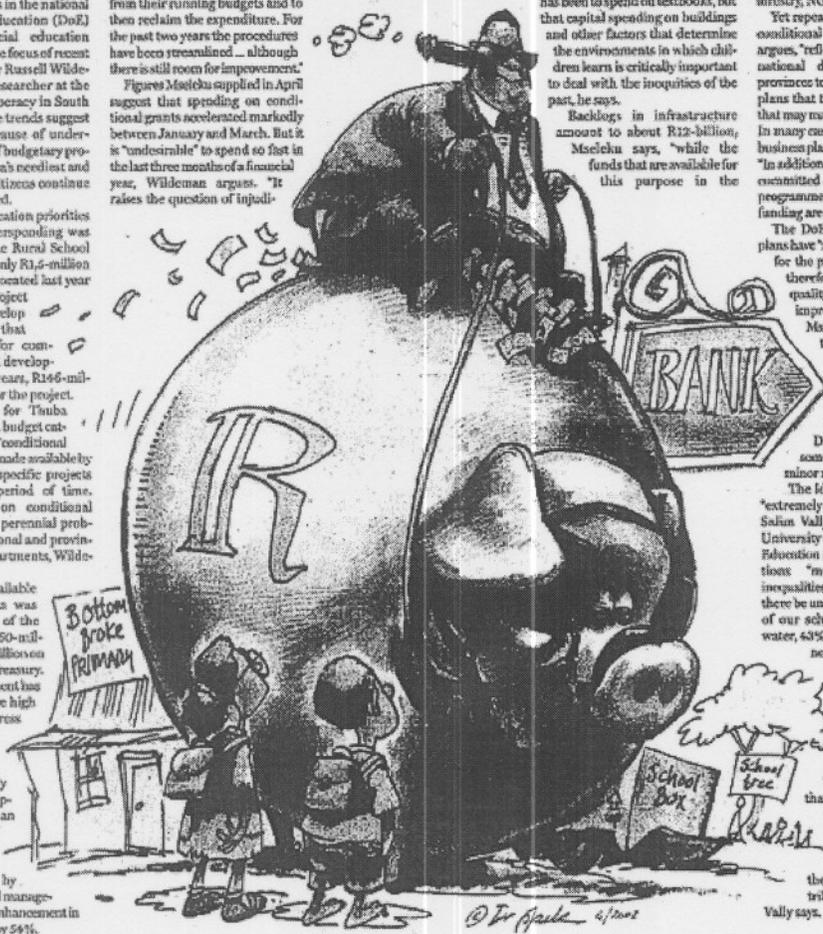
Yet repeated underspending on conditional grants, Wildeman argues, "reflects on the ability of the national department and the provinces to put together business plans that take account of factors that may make spending irregular". In many cases, the quality of these business plans is "shocking", he says. "In addition, once funding has been committed and is not spent, other programmes or priorities in need of funding are disadvantaged."

The DoE claims that business plans have "received much attention for the past two years ... It can therefore be reported that the quality of business plans has improved tremendously," Mseleku says. "Proof thereof is that the business plans for 2002/3 were submitted by the provinces and provisionally approved already in December last year. Only some were referred back for minor refinement."

The Idasa figures suggest an "extremely disturbing trend", says Salim Vally, a researcher in the University of the Witwatersrand's Education Policy Unit. The projections "mean that historical inequalities will worsen ... How can there be underspending when 27% of our schools have no running water, 43% no electricity and 80% no libraries?" asks Vally.

"If the state doesn't provide a safe space in the public sphere for the development of our children, then what's happening to them?"

The figures also show that it is not the case that South Africa lacks the resources to combat these inequalities, rather that "how they're handled and distributed" is the problem, Vally says.



APPENDIX 6.7
ADMISSION LETTER (SCHOOL FEES)

FREE STATE PROVINCE



Enquiries Mrs NEH Motsoeneng
Reference no. 15/11/04

Tel. : 067 – 3632902 ext 103
Fax. : 067 – 3675443
E-mail : motsoeneng@edu.fs.gov.za

06 December 2004

TO : ALL PRINCIPALS
Lejweleputswa District

ADMISSION OF LEARNERS

It is hereby brought to your attention that learners may not be refused admission to schools nor may their reports be held back because of:

1. Non-return of school books
2. Non-payment of school fees (as indicated in SASA Act 64 of 1996 Section 5(3)(a) "is unable to pay or has not paid the school fees determined by the governing body under section 39")

Your cooperation in this regard will be highly appreciated.


NEH MOTSOENENG
District Director



Department of Education Departement van Onderwys Lefapha la Thuto

Private Bag/Privaatbriek K30, Welkom, 9460 • Rep. of South Africa • Republiek van Suid-Afrika • Riphabolike ya Afrika Borwa

APPENDIX 6.8
SHARING EDUCATIONAL RESOURCES (TEACHING AND
LEARNING MATERIALS)

GOLD-NET NEWS

22 OKTOBER 2004



Aurora donates computer equipment

The pupils of Aurora Primary School donated a computer, a monitor and a printer to President Brand Primary School recently. Aurora have an outreach project each term which can take the form of a cash donation, food for the hungry, art equipment to orphans, or clothing for the poor. Pictured are: Mr Jaco Louhert (deputy at Aurora), Miss Nomboniso Skiti (secretary at President Brand Primary), Mr JWE Engellrecht (principal at President Brand Primary)

APPENDIX 6.9

A SCHOOL FINANCIAL MODEL

SUMMARY

The planning and control functions inherent to any organization, including schools, underscore the importance of sound budgeting practices for the following reasons:

- the scope and diversity of operational activities in a school make comprehensive financial planning essential for good decision-making; and
- the financial planning process is critical to the expression of parents, educators' and learners' preference and is the avenue for reaching consensus among these stakeholders in schools, members of the SGBs and SMTs on the future direction of the school's operational activities.

The link between financial planning and budget preparation gives the budget document a unique role in school organizations. Budgets in schools are often considered the definitive policy document because an adopted budget represents the financial plan used by a school to achieve its goals and objectives. The budget becomes an aspect of forecasting how much money the school is going to receive and spend from parents and Government to fund their various learning and teaching activities. This highlights the key role of a budget in financial planning. It fosters sound management.

A budget is basically a planning tool where expected income and expenditure is shown in a systematic way for a given period, usually a financial year. In a school, the expenditure budget thus reflects the expected cost to implement the educational programme over a financial year, while the income budget shows the expected income from each source which finances the programme in future. In this way a budget assists SGBs and School Management Teams (SMTs) apply sound financial management to their educational management.

TABLE OF CONTENTS

SUMMARY	i
TABLE OF CONTENTS	ii
LIST OF TABLES	v
LIST OF FIGURES	vi
LIST OF PICTURES	viii
1. INTRODUCTION	9
2. FINANCIAL STRUCTURE AND RESPONSIBILITIES	9
2.1 PRINCIPAL	10
2.2 SCHOOL TREASURER	10
2.3 THE SCHOOL FINANCIAL CLERK	11
2.4 THE EDUCATOR	12
3. COMMUNICATION AND INVOLVEMENT OF STAKEHOLDERS IN SCHOOL BUDGETING AND FINANCIAL MANAGEMENT	13
4. GUIDELINES ON ACCOUNTABILITY AND TRANSPARENCY	15
DIFFERENT TYPES OF MEETINGS	18
4.1 Parents day meeting	18
4.2 Department and staff meeting	18
4.3 General parents' meeting	18
5. THE TRANSLATION OF SCHOOL PLANS AND AIMS INTO FINANCIAL IMPLICATIONS (BUDGETING)	21

6.	THE DEVELOPMENT AND APPLICATION OF MEASURES TO AID IN THE ALLOCATION OF FUNDS AND EFFECTIVE REPORTING	39
7.	APPROPRIATE MEANS OF RAISING FUNDS FOR SCHOOL PURPOSES	41
7.1	TYPES OF FUND-RAISING	45
7.1.1	Alumni association.....	46
7.1.2	Appeals.....	46
7.1.3	Projects.....	46
7.1.4	Support from companies.....	47
7.1.5	Sponsorship.....	48
7.2	ORGANIZING FUND-RAISING EVENTS	50
7.2.1	Prioritizing needs.....	52
7.2.2	Establishing a fund-raising committee (FC).....	52
7.2.3	Allocating portfolios	52
7.2.4	Duties of fund-raising members.....	53
8.	IMPLEMENTING PROPER ACCEPTABLE CONTROLLING MEASURES	53
8.1	PURCHASING PROCESS.....	53
8.2	ENSURING THAT ALL EXPENDITURE AND INCOME IS AUTHENTIC AND IS REFLECTED IN THE SOURCE DOCUMENTS AND FINANCIAL RECORDS	56
8.2.1	Invoice	56

8.2.2	Receipt	56
8.2.3	Cheque counterfoil	58
8.2.4	The petty cash fund	59
8.2.5	The cash receipts and payments journal	61
9.	EFFECTIVE OPERATIONAL CONTROL OF SCHOOL FUNDS	65
9.1	GOVERNMENT GUIDELINES.....	65
9.2	SCHOOL FINANCIAL STATEMENT.....	66
10.	FINANCIAL TRAINING (SKILLS NEEDED).....	68
11.	LOST BOOKS AND VANDALIZED SCHOOL PROPERTY.....	69
12.	CONCLUSION	69

LIST OF TABLES

Table 2.1:	School financial structure	9
Table 3.1:	School stakeholders	13
Table 5.1:	Actual budget	23
Table 5.2:	Budget comparism: COMPARING JANUARY TO FEBRUARY	38
Table 6.1:	Income and expenditure	40
Table 8.1:	Petty cash book.....	61
Table 8.2:	The cash receipts journal.....	63
Table 8.3:	The cash payments journal.....	63-65
Table 9.1:	School financial statement	67

LIST OF FIGURES

Figure 4.1:	School accountability structure.....	16
Figure 5.1:	Telephone account as an example of over-spending.....	24
Figure 5.2:	Overspending on furniture.....	24
Figure 5.3:	Telephone account as an example of over-spending.....	25
Figure 5.4:	Telephone register	27
Figure 5.4	Telephone register.....	26
Figure 5.5:	Transport as example of overspending	27
Figure 5.6:	Overspending on office equipment and furniture.....	29
Figure 5.7:	Overspending on printing	30
Figure 5.8:	Overspending on water and electricity	31
Figure 5.9:	Overspending on supporting staff salaries	32
Figure 5.10:	Overspending on stationery	33
Figure 5.11:	Bank charges	34
Figure 5.12:	Maintenance.....	35
Figure 5.13:	TLSM	36
Figure 5.14:	Sports and culture	37
Figure 6.1:	Pie graphs income and expenditure.....	39

Picture 7.2:	Sponsorship	49
Figure 8.1:	Invoice.....	55
Figure 8.2:	Receipts.....	56
Figure 8.3:	Cheque counterfoil.....	58
Figure 8.4:	Petty cash voucher.....	60

LIST OF PICTURES

Picture 7.1:	School fees Exemption.....	43
Picture 7.2:	Sponsorship.....	48

1. INTRODUCTION

Management of a school's finances is one of the most important areas of school management and procedures of financial control should be established by the school to ensure that transactions are recorded accurately and that its financial position is correctly presented at appropriate intervals. If financial control mechanisms are properly designed, it should enable the role players to discover just where deviations from plans are occurring and facilitate subsequent investigation.

School principals, School Management Team (SMT), School Governing Body (SGB), educators and parents are in need of easily accessible information on practical issues such as financial reporting, payment of services, budget management, financial accounting, handling cash, maintenance of property and other matters related to financial school management. This financial model is written primarily for anyone who plays a part in the financial management of schools, especially public schools, and attempts to satisfy the need for knowledge of financial school management.

2. FINANCIAL STRUCTURE AND RESPONSIBILITIES

Table 2.1: School financial structure

SCHOOL FINANCIAL STRUCTURE			
PRINCIPAL	SCHOOL TREASURER	SCHOOL FINANCE CLERK	EDUCATOR

One of the most important responsibilities of the SGB is to establish a financial structure which will be competent and accountable for the control of financial affairs of the school, that structure is the school financial committee. The financial committee should consist of the principal and four members of the SGB,

who then act as the treasurer, secretary and two additional members. The duties of each stakeholder are discussed in the next section.

2.1 PRINCIPAL

The duties and responsibilities of the principal are the following:

- be accountable to both the Department of Education for operating the school within state regulations, and to the SGB for shaping the school's programme according to the SGBs policies;
- exercise personal control over all cash transactions taking place at school;
- implement control regulations over cash transactions in conjunction with the financial committee;
- the financial system should include all aspects related to accuracy and honesty (the principal should
- not reimburse with school funds nor should school funds to be used to further his/her personal
- obligation or car maintenance);
- consider him/herself as the chief financial officer of a school as well as bear primary responsibility for thousands or in some cases millions of rands; and
- ensure a good relationship with school stakeholders, because a poor relationship between the principal and the school stakeholders can affect the generation of school finances negatively.

2.2 SCHOOL TREASURER

The duties and responsibilities of the school treasurer are the following:

- in conjunction with the principal, identify and recognize the sources of the funds received at their
- school because the source of the funds determines how the funds are to be used and who is able to
- use them;
- For example, funds donated by supportive parents may have restrictions attached where they may
- indicate that the donated funds are to be used for the school band only because their child takes part;
- learner fees paid by learners for specific school programs or activities should be allocated only for the purpose of which the fees were collected;
- revenues collected for student activities such as dance and athletic events, need to be accounted for separately in order not to be included with funds from another school program;
- ensure that all funds are recorded and deposited into one school account; and
- ensure that all funds are processed through the financial clerk and principal's office, for it is the principal and financial clerk who carry the responsibility for school funds.

2.3 THE SCHOOL FINANCIAL CLERK

The duties and responsibilities of the financial clerk are the following:

- undertake financial duties relating to collecting school funds, fund-raising projects and controlling the petty cash;
- handle all monies received;

- guarantee that a cash control system at schools should include not only cash payments, but cash receipts as well;
- also ensure that payments are made only for goods and services that were actually ordered and received and also ensure that the correct amount has been paid;
- at the end of the school day total all cash received making use of confirmation from the receipt book as well as doing the actual counting in the presence of the principal as well as obtaining his/her signature in the receipt book;
- prioritize debt collection and implement an effective form of follow-up for example open a two way communication channel, by sending reminder letters, invitation letters and telephone calls to debtors e.g parents and members of community; and
- prioritize school outstanding accounts for payment first as this will alleviate pressure in terms of unpleasant telephone calls and letter, in the case of the school experiencing cash flow difficulties.

2.4 THE EDUCATOR

The duties and responsibilities of the educator are the following:

- of all funds handled by a school, the majority are collected and handled in the classroom by the classroom educator;
- use a class list on which the learner's names are entered alphabetically on the left-hand side of the page and enter all monies received;
- record all payments on the class list and ensure that the money placed in the envelope is on the class list as well;

- pay over monies collected in class to the school financial clerk or responsible person in a large size (A4) envelope with a class list total and date pasted onto the front;
- ensure that the clerk issues a receipt in the name of each learner, and then record the number of each receipt against the learner's name on the class list;
- make sure that all receipts are distributed to the learners; and
- ensure that the class list containing the receipt numbers and amounts are filed and kept in a safe place for accountability in future.

The ideal is to have a competent and businesslike member of staff controlling the finances, within the school context. Such professional person should work jointly with the school treasurer to monitor the income and expenditure in relation to the budget, execute sound accounting principles and control as required by the auditors and the SGB and also keep accurate records of all transactions which should also be reflected in monthly financial statements.

3. COMMUNICATION AND INVOLVEMENT OF STAKEHOLDERS IN SCHOOL BUDGETING AND FINANCIAL MANAGEMENT

Table 3.1: School stakeholders

SCHOOL STAKEHOLDERS					
DEPARTMENT OF EDUCATION	PARENTS	EDUCATORS	LEARNERS	COMMUNITY	BUSINESS PEOPLE

Communication should be utilized to develop an effective and efficient financial structure by delegating and co-ordinating with all school stakeholders. The mutual exchange of ideas and interpretation of the information should form an important aspect of school budgeting. Principals should regularly report all financial matters of the school to its stakeholders. Reporting on the school financial position to internal and external stakeholders should be kept clear and

simple, and visual diagrams are essential when reporting to assist all stakeholders without any accounting experience to gain insight into the school's finances (cf. 5 and 6).

Schools have to form a preliminary idea of their communication needs and then prepare a plan of action which should define the communication problems, clarify the school's objectives, specify the target customer, offer guidance on the creative strategy, set down the issue regarding media selection and media scheduling and arrangement of meetings. All means should be implemented to attract parents and educators to attend meetings. School's meetings should be kept as brief as possible and be stimulating to encourage active and voluntary participation from parents and educators.

The responsibility of the SGB, the principal, finance committee, educators and support staff with regard to school finances, should be clearly defined in the school policy and the limit of delegated authority should be clearly established. The SGBs and principals must not treat the school funds as their personal accounts, and see themselves as sole owners or sole spenders of school funds, and they must refrain from hiding some income and expenditure and should be transparent in their dealings with other stakeholders when asked about school finances.

The SGBs and the principals ought to involve all stakeholders in schools' financial matters. The SGBs and the principals must openly report all dealings with school funds; they should not misinform educators and the parents' body. The SGBs and the principals must adhere to the budget, which means that all money collected must be used to facilitate effective teaching and learning in schools. It is the responsibility of the SGBs and the principals to see that effective communication is implemented in their schools and inform all school stakeholders regularly about the financial position of their schools.

The SGBs must make sure that all stakeholders understand what their school budget and financial statement entails. The full report of the school finances

must be distributed during staff meetings and general parents' meetings. The member of the SGB who presents the school budget and financial statement, should explain it clearly and in a proper way (language/s used should be understood by all stakeholders), and independent auditors might sometimes be invited during the presentation of the financial statement to be able to answer clarity seeking questions.

4. GUIDELINES ON ACCOUNTABILITY AND TRANSPARENCY

Enforcement is an element of accountability that can be linked to the rewarding of good financial management and punishment of unacceptable mismanagement of school finances should be encouraged. It follows that all decisions with regard to financial accountability should be transparent.

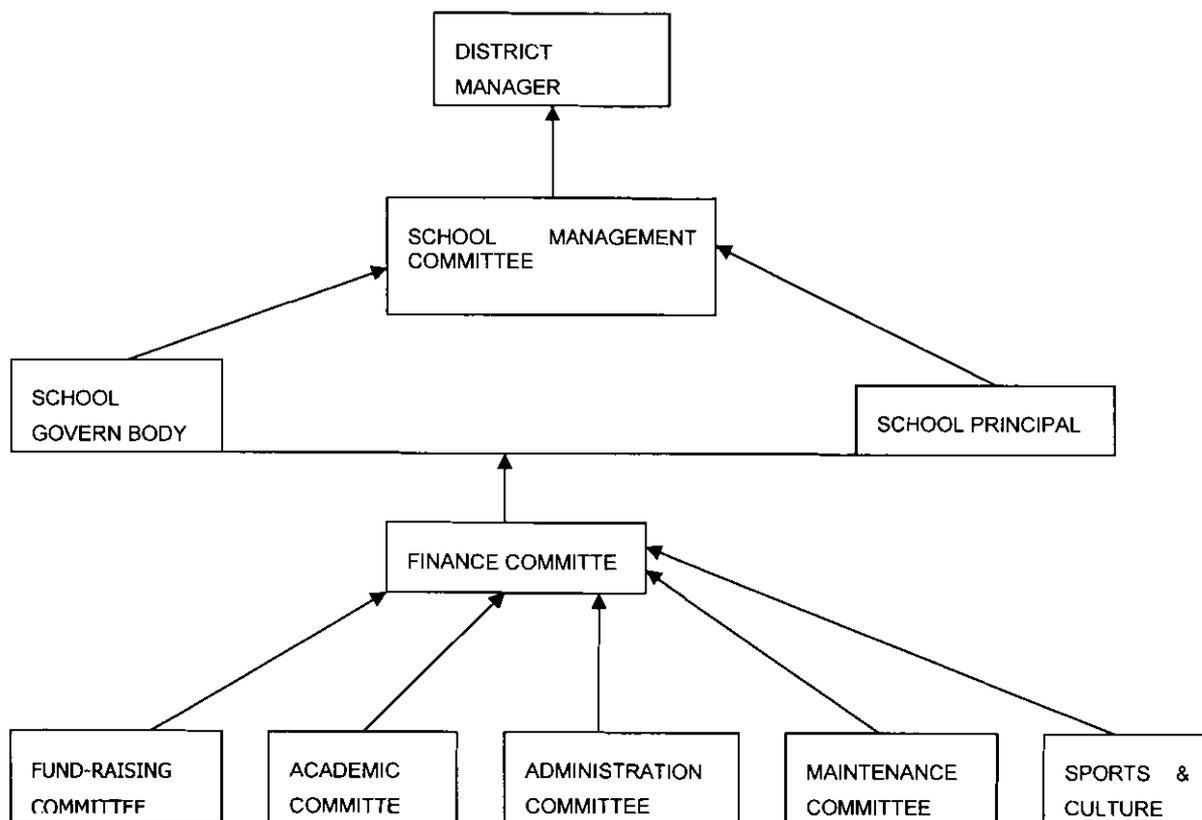
Stakeholders need to know what happens when budgeting and purchasing decisions are taken at school. Accountability is an essential element of school governance. It is an obligation of the school to report to its community in various meetings about the quality of services it offers in conjunction with the financial status of the school.

Accountability does not mean dictating or that accountability is a process that is inextricably linked to control. Control is a management task which requires information and justification of attempts to shed light on what happens in the decision-making process and using the power one has over other stakeholders as a way of monitoring (Beckmann 2000:16). Monitoring here refers to the exercising of power in a transparent way. Monitoring also involves who should be accountable to whom and about which issue. It is apparent that accountability involves being answerable and reporting to other stakeholders voluntarily or compulsorily. It includes having a conscience or a moral responsibility about the doings of SGBs and principals. If the parents, educators and community are kept informed about what has been accomplished by school funds through the presentation of financial statements and a budget, they would realize in which financial areas their contribution is needed. The principals and the SGBs should

manage their schools like businesses and ensure that there are effective financial policies and procedures operating in the school.

They should further ensure that there are measures in place to monitor and control school finances. Schools need a structure in which one person is always accountable to another person or persons, no matter how senior a position they hold. It is important because SGBs, principals and top education officials often think that no one should question the decisions and actions of top leadership. Every education stakeholder remains vulnerable to failure and error in some way, therefore there is a need to be willing to allow someone to hold stakeholders accountable for succeeding or failing in the fulfillment of given duties and responsibilities.

Figure 4.1: School accountability structure



The accountability structure should be detailed and documented in the school finance policy drafted by the SGB and the finance committee. This is achievable by holding regular meetings as well as supplying financial feedback to stakeholders, and it should be taken into account that:

A meeting is considered as a gathering of people with the intention of talking, sharing information, reaching consensus or making decisions about issues of common importance. A good meeting should be planned in advance and all stakeholders should be informed of the desired outcomes of the meeting.

A MEETING SHOULD BE PREPARED BY THE SGB AS FOLLOWS

- Keep the *OBJECTIVES* of the meeting clearly in mind e.g drafting of annual budget,
- PLAN the CORRECT NUMBER of meetings e.g once or twice per term;
- Prepare a PROPER AGENDA e.g minutes of previous meeting must be available, sequential order of items, other matters of concern and closure must form part of agenda;
- Make SURE that everyone can ATTEND e.g establish available time for majority of stakeholders, mostly after working hours (in the evening or during weekends on the Saturday morning);
- Organize the LOCATION e.g school hall, classrooms, assembly point or board room;
- Organize RESOURCES e.g copies of agenda, proposed budget, financial statements, sound improvisers (PA system), chalkboard, overhead projectors and television for demonstration and if there is sufficient funds, tea may be organized; and

- Develop an APPROPRIATE STYLE FOR CHAIRING meetings e.g keep to the agenda and time, be objective though flexible, allow one person to speak at a time, mistakes should be admitted openly and honestly, and decisions be reached and acted upon to clarify any financial misunderstandings and confusion among school stakeholders.

Here follows the different types of meetings:

DIFFERENT TYPES OF MEETINGS

4.1 Parents day meeting



Conducted by SGB and Finance committee

Agenda [Parents input and involvement in fund-raising activities]

Once per term

During weekends

On a Saturday morning

4.2 Department and staff meeting



Conducted by the Principal, SMTs and Finance committee

Agenda [Specific needs of the school e.g academic, administrative, maintenance, sports and culture that need financial resources]

- Twice per term
- During working days
- After lessons or during break times

4.3 General parents' meeting



Conducted by the SGB and the Finance committee

Agenda [Involvement of all school stakeholders in achieving the school mission and vision with sound financial support via proper budgeting and fund-raising ventures]

- Once per term
- During weekends
- On a Saturday or Sunday morning

All parents have absolute interest in the school as well as in the quality of education offered at their children's school. If the SGB wants to involve the parents, they need to communicate effectively with them. The SGB have to explain to parents in what way the success of the budgeting effort would directly benefit their child as well as the quality of education offered in future.

The SGB should make parents aware of the way the school and each learner would benefit from payment of school fees, and involvement of parents in fund-raising. The SGB should make each parent feel personally that the school is dependent on their efforts, commitment and active participation in school projects to succeed and survive financial constraints. Information letters should also be sent to parents quarterly, keeping them informed about school activities. An example of an information letter is on the next page:

INFORMATION LETTER TO THE PARENTS

ENQUIRIES: GOMOLEMO M

TSUNAMI HIGH SCHOOL

888 NKOANE ROAD

THABONG

9463

(057) 392 1567

29 MAY 2005

DEAR PARENTS

Your position in education is considered as highly valuable. You are an important link between your children's school and the community, which means that your contribution to the shaping of educational activities is expected from you and educators.

As a member of the school, your views are of particular interest in this institution. The following are a proposal for school fees next year:

- School fees for next year will be determined no later than August of the academic year.
- The amount determined will be payable in 5 instalments before or on the last day of each month, excluding June.
- Parents will be allowed seven days of grace after the last day of each month to settle their obligation for that month.
- Accounts will be sent out to parents no later than the 15th of each month.
- A 10% discount will be given to parents who pay the full amount in January.
- If more than one learner per family registered during the same academic year, 5% discount will be allowed per learner.

Additional fees for fund-raising

Computer studies	Grade 10/11/12 R30-00 p.m per learner
Media fee	R40-00 to obtain books from library and for Internet use
Damage fee	R30-00 per learner per year for unforeseen damage caused
Prestige photos	R30-00
Newsletter and Magazine	R80-00 payable by each learner for the magazine and newsletters

Please be so kind to cooperate by sending inputs to Principal or School Governing Body. Hoping and trusting you will find this information in order.

Yours truly

Gomolemo M (Principal)

5. THE TRANSLATION OF SCHOOL PLANS AND AIMS INTO FINANCIAL IMPLICATIONS (BUDGETING)

Schools exist in order to develop a sense of social responsibility and leadership qualities amongst learners and communities. Schools also assist in the enhancement and development of necessary skills and knowledge in sciences, commerce, languages, art and culture. The above aims are achievable through the use of effective budgeting. In this model, you will learn about the importance of financial planning through budgeting.

<p>THE MISSION OF THE SCHOOL CAN ONLY COME INTO REALITY THROUGH A BUDGET</p>

The budget in this sense reflects the mission of the school in monetary terms. The mission and the objectives derived from the mission can only be implemented if funds are available. Because funds of any school are limited, priorities must be determined when a school wants to put its objectives into concrete activities. The meaning of these activities in relation to effective education and teaching is the most important criterion for determining priorities. Normally the requirements of schools cost far more money than the amount available.

The money a school uses to buy one item reduces the money available to buy other things. For this very reason it is a good idea to draw up a budget. The school budget is a financial plan of expected income (the money a school receives) and expenses (the money a school spends) over a period of time. In this way, you will be able to plan for school expenditure and set financial goals.

The following QUESTIONS should be asked by the SGB and financial committee when DRAFTING A BUDGET:

- what does the existing infrastructure of the school look like (buildings i.e hall, offices, classrooms, staff room, toilets, library and laboratory?)

- what do the Department of Education and the parents expect the school to accomplish?
- what are the expectations of the business world and community for the school?
- what are the expectations of the learners for the school?
- what are the expectations of the staff? and
- what are the existing sources for generating funds?

Steps when DRAFTING a SCHOOL BUDGET

- **Step 1:** The SGB and finance committee should invite INPUTS from the parents about school fees and fund-raising activities, inputs from school departments such as the academic department including all subjects offered at school, the payments for services, maintenance, sports and culture;
- **Step 2:** The mission statement of the school be taken into consideration when drafting a budget. There should be a clearly defined mission statement. It will also be difficult for the schools that do not have a clear mission statement, to draw up a budget that successfully addresses the needs of the school. It is through a carefully planned budget that the school can achieve its objectives, and it is also through a fair and good budget that the SGB of a school can attempt to cater for the needs of the school as they are defined in the mission statement of the school; and
- **Step 3:** Include all items relating to all the activities that happen at a school. Some essential activities are: school administration, maintenance, teaching and learning support materials (TLSM), sports and culture. An example of an actual budget is displayed on the next page.

EXAMPLE OF AN ACTUAL BUDGET

For example, at the end of each month the **ACTUAL BUDGET** should be compared with the **AMOUNT SPENT** and the **BALANCE** should be indicated, as demonstrated below.

Table 5.1: Actual budget

	Amount budgeted	Amount spent	Balance
Administration	R 12 100-00	R 13 400-00	- R 1 300-00
Telephone	R 1 000-00	R 1 500-00	- R 500-00
Official trips (transport)	R 1 500-00	R 1 800-00	- R 300-00
Office equipment and furniture	R 2 500-00	R 2 000-00	+ R 500-00
Printing	R 600-00	R 1 200-00	- R 600-00
Water and electricity	R 1 500-00	R 1 900-00	- R 400-00
Supporting staff salaries	R 4 000-00	R 4 000-00	R 00-00
Official trips (transport)	R 1 500-00	R 1 800-00	- R 300-00
Office equipment and furniture	R 2 500-00	R 2 000-00	+ R 500-00
Stationery	R 600-00	R 500-00	+ R 100-00
Bank charges	R 400-00	R 500-00	- R 100-00

Explanation:

The amount budgeted indicates the expected amount to be spent on a particular item, the amount spent is the actual amount spent on item/s and balance indicates the remaining amount after actual expenditure which then can be

applied during the next month if the amount is positive (+). Negative (-) amounts indicate a shortfall which will require immediate action.

MANAGING SCHOOL FINANCES

Research has shown that many school finance committees have difficulty managing their school finances. When amounts exceed budgeted amounts; you have to think of reasons why your school overspent:

Figure 5.1: Telephone account as an example of over-spending



	Amount budgeted	Amount spent	Balance
Telephone	R 1 000-00	R 1 500-00	- R 500-00

Figure 5.2: Overspending on furniture



	Amount budgeted	Amount spent	Balance
Furniture	R 2 500-00	R 3 000-00	- R 500-00

- do not buy items to impress other people or schools (e.g. big luxury furniture); for example:
- do not buy on the spur of the moment without thinking or planning the purchase (e.g. like a new sport outfit with money intended for Teaching and learning support materials (TLSM));
- do not buy expensive items on credit or instalment agreement (like furniture or equipment) and pay items over a long period which will then force the school to pay a large amount of interest;
- keep unforeseen expenses in mind because emergencies can occur and no provision is then made through planning;

- do not fail to plan income and expenses through regular budgeting; and
- finance committees always keep in mind that you should manage and monitor school finances regularly and properly.

Look back at the example of the budget on **page 21 to 23**, expenses (school administration, maintenance, TLSM, sports and culture) should be placed into strategies, which are:

- **FIXED EXPENSES** - expenses which are the same for each month and do not change,
 - WAGES
 - SALARIES
- **VARIABLE EXPENSES** - expenses which differ from month to month,
 - TELEPHONE ACCOUNT
 - WATER
 - ELECTRICITY

In order to establish EFFECTIVE BUDGETING, you need to prevent occurrence of UNDER-SPENDING and OVER SPENDING by thorough investigation and constant monitoring of your budget.

Let us start by investigating the school's **TELEPHONE** account.



Figure 5.3: Telephone account as an example of over-spending

	Amount budgeted	Amount spent	Balance
Telephone	R 1 000-00	R 1 500-00	- R 500-00

When the budgeted amount of R1 000-00 is compared with the amount spent R1 500-00 we find a shortfall of R 500-00.

$$\mathbf{R\ 1\ 000-00 - R\ 1\ 500-00 = -R\ 500-00}$$

After this calculation, the cause of over spending should be established in the following manner:

- monitor outgoing telephone calls and the purpose;
- check the rate of calls and duration of each call; and
- identify persons making the calls.

Now try to provide solutions and implement it:

- discourage personal calls by school telephone;
- only official calls (school related calls) should be approved by the principal;
- encourage the head of school department to make calls on behalf of their colleagues if necessary to establish order; and
- introduce a telephone register and adhere to it.

An example of a telephone register is demonstrated below:

Figure 5.4: Telephone register

TELEPHONE REGISTER OF TSUNAMI HIGH SCHOOL

Person making call	Purpose of call	Destination of call	Call number	Duration of call	Date	Time	Signature of principal approving

The telephone register should be controlled and monitored by the principal and financial clerk regularly (daily); and any staff member disobeying telephone orders should immediately be reprimand by the principal.

INVESTIGATION OF OVER-SPENDING FOR TRANSPORT (OFFICIAL TRIPS).

Figure 5.5: Transport as example of overspending



	Amount budgeted	Amount spent	Balance
Official trips (transport)	R 1 500-00	R 1 800-00	- R 300-00

When the budgeted amount of R 1 500-00 is compared with the amount spent R 1 800-00 we find a shortfall of R 300-00.

R 1 500-00 - R 1 800-00 = -R 300-00 (shortfall)

After this calculation, the cause of over-spending should be established in the following manner:

- monitor trips per/day/week/month and the purpose of each trip;
- identify destinations (local/town); and
- some trips may be similar in purpose and destination for example to collect material,
- pay/purchase items in town.

Now try to provide solutions and implement it:

- discourage subsidy of personal trips through school funds for example, some staff members might indicate personal trips as official trips;
- only official trips (school related trips) should be approved by the principal;
- the principal and the financial clerk should discourage the making of many trips each day, by grouping trips if they are similar in destination;
- the principal should encourage common transport if staff are to attend workshops and meetings;
- the SGB and the finance committee should discourage any staff member who tries to assist the school by using their own transport and all staff should be informed that if they assist the school by using their own transport it is at their own risk. Should any accidents and damage occur, it is not the responsibility of the school to repair or pay damage on private cars,
- the SGB and finance committee should introduce binding transport tariffs for any official trip/s to all school stakeholders including the principals; and

- the SGB should strive to own means of school transport in order to minimize risk and high transport costs.



INVESTIGATION OF EQUIPMENT AND FURNITURE

Figure 5.6: Overspending on office equipment and furniture

	Amount budgeted	Amount spent	Balance
Office equipment and furniture	R 2 500-00	R 3 000-00	- R 500-00

When the budgeted amount of R 2 500-00 is compared with the amount spent R 3 000-00, we find a shortfall of R 500-00.

$$R\ 2\ 500-00 - R\ 3\ 000-00 = -R\ 500-00 \text{ (shortfall)}$$

After this calculation, the cause of over-spending should be established in the following manner:

- take stock of available office equipment and furniture;
- establish durability of office equipment and furniture;
- you might find that some office equipment and furniture is not durable and in good condition; and - you might also find that poor maintenance and vandalism of office equipment and furniture is practiced at school.

Now try to provide solutions and implement it:

- monitor office equipment and furniture consistently once a month;

- always buy durable (strong and long lasting) office equipment and furniture even if the price is too high or low go for quality not price; and
- encourage good maintenance of office equipment and furniture and discourage vandalism of office equipment and furniture at school by reprimanding those who are careless.

LET US INVESTIGATE PRINTING



Figure 5.7: Overspending on printing

	Amount budgeted	Amount spent	Balance
Printing	R 600-00	R 1 200-00	- R 600-00
Machinery service	R 300-00	R 600-00	- R 300-00
Toner	R 300-00	R 600-00	- R 300-00

When the budgeted amount of R 600-00 for printing is compared with the amount spent R 1 200-00, we find a shortfall of R 600-00.

$$R\ 600-00 - R\ 1\ 200-00 = -R\ 600-00 \text{ (shortfall)}$$

Step one is to establish the cause of overspending:

- establish efficiency and durability of the printing machine;
- you might find that one printing machine is not efficient due to overloading caused by copying text books and it might not be in a condition to function normally; and
- the machine consumes more ink than expected, and it requires extra service.

Step two is to provide solutions and implement it:

- discourage printing of text books for learners which is illegal, rather buy text books for learners; and
- replace old and dysfunctional machines with new ones or rent it on contract.

INVESTIGATION OF OVERSPENDING ON WATER AND ELECTRICITY

Figure 5.8: Overspending on water and electricity



	Amount budgeted	Amount spent	Balance
Water and electricity	R 1 500-00	R 1 900-00	- R 400-00

When the budgeted amount of R1 500-00 is compared with the amount spent R 1 900-00 we find a shortfall of R 400-00.

$$R\ 1\ 500-00 - R\ 1\ 900-00 = -R\ 400-00 \text{ (shortfall)}$$

Step one is to establish the cause of overspending:

- identify pipe leakage and duration of watering the garden and playgrounds;
- establish the condition of heavy duty appliances; and
- learners might be playing with water and electricity, leaving leave taps open and not switching off electric appliances after school.

Step two is to provide solutions and implement it:

- report any water pipe/s leakage and faulty electric appliances to public works as soon as possible;
- switch off all electric appliances after school;
- keep on only the necessary lights such as grounds lights; and
- appoint staff members to switch off appropriate appliances.

LET US INVESTIGATE SUPPORTING STAFF SALARIES



Figure 5.9: Overspending on supporting staff salaries

	Amount budgeted	Amount spent	Balance
Supporting staff salaries	R 4 000-00	R 4 500-00	- R 500-00

When the budgeted amount of R 4 000-00 is compared with the amount spent, R 4 500-00 we find a shortfall of R 500-00.

$$R\ 4\ 000-00 - R\ 4\ 500-00 = R\ 500-00 \text{ (shortfall)}$$

Step one is to establish the cause of overspending:

- establish the number of supporting staff against their work load;
- establish the condition of the tools and machinery they use to perform their duties; and
- you might find that overspending occurs because extra staff are hired due to shortage of staff in the case of heavy work loads, dysfunctional machinery and a lack of tools.

Step two is to provide solutions and implement it them:

- employ only the appropriate number of supporting staff compared to the work load;
- replace old and dysfunctional machines with new ones or rent it on contract; and
- encourage consistency in payments of supporting staff.

LET US INVESTIGATE OVERSPENDING ON STATIONERY

Figure 5.10: Overspending on stationery



	Amount budgeted	Amount spent	Balance
Stationery	R 600-00	R 800-00	- R 200-00

When the budgeted amount of R 600-00 is compared with the amount spent of R 800-00, we find a shortfall of R 200-00.

$$R\ 600-00 - R\ 800-00 = -R\ 200-00 \text{ (shortfall)}$$

Step one is to establish the cause of this over spending:

- identify the quantity by taking stock of available stationery;
- establish durability of stationery and storage; and
- stationery which is semi durable (does not last for long time) may be stored in a hot sunny or windy area which could result in damaging files and manuals.

Step two is to provide solutions and implement it:

- buy more durable stationery and store it in a protected area; and
- encourage good handling of files and manuals.

LASTLY LET US INVESTIGATE BANK CHARGES WHICH ARE CHEQUE BOOK FEES, TRANSACTION FEES, EXTRA BANK STATEMENTS AND DEBIT ORDERS:

The school uses a current account (cheque account) facility of a bank and has to pay a variety of bank fees for these services, as indicated above.

Figure 5.11: Bank charges



	Amount budgeted	Amount spent	Balance
Bank charges	R 300-00	R 350-00	- R 50-00

When the budgeted amount of R 300-00 is compared with the amount spent R 350-00, we find a shortfall of R 50-00.

$$\mathbf{R\ 300-00 - R\ 350-00 = -R\ 50-00}$$

Step one is to establish the cause of over spending:

- identify the type of banking account/s you could use or apply for;
- establish withdrawals you make per/day/week/month; and
- payment by debit order occurs while having insufficient funds in that account.

Step two is to provide solutions and implement it:

- all schools should use a current account (cheque account) for safety and accountability;
- plan your cash withdrawals carefully, and try not to make numerous small withdrawals because a charge is levied every time you withdraw cash;
- avoid paying penalty charges, for example when you have insufficient funds for a debit order, or you overdraw the school account without permission from the bank itself;
- appoint a person to examine your bank statement over time to see what you pay for service fees and take action (control withdrawals, avoid paying penalty charges, ask bank for reduction fees) if they are too high; and

- some banks give rebates or exemption of service fees if your school keeps a minimum balance (usually R1 500 or R 2 000, depending on the bank) in the current account.

When you have completed these above steps, continue in the following way.

NOW WORK THROUGH YOUR COMPLETE MONTHLY BUDGET TOGETHER WITH YOUR FINANCE COMMITTEE MEMBERS

- Include the following items relating to all the activities that happen at a school.
- Some essential activities are: school maintenance, teaching and learning support materials (TLSM), sports and culture.
- Use the template provided after each example.

START BY INVESTIGATING MAINTENANCE



Figure 5.12: Maintenance

	Amount budgeted	Amount spent	Balance
Cleaning materials			
Repairs equipment			
Renovating buildings			
Service machinery			
Replace machinery			
Security			

- Step one is to establish the cause of over spending or under spending: and

- Step two is to provide solutions and implement it.

NEXT, ANALYZE TEACHING AND LEARNING SUPPORT MATERIALS (TLSM)



Figure 5.13: TLSM

	Amount budgeted	Amount spent	Balance
Text books			
Laboratory apparatus			
Stationery and chalk			
Educational tours			
Workshops			
Audio Visual aids			

- Step one is to establish the cause of over spending or under spending: and
- Step two is to provide solutions and implement it.

LASTLY SPORTS AND CULTURE



Figure 5.14: Sports and culture

	Amount budgeted	Amount spent	Balance
Attire			
Catering			
Trips			
Local transport			
Affiliation fees			
Booking hall and stadium			

- Step one is to establish the cause of over spending or under spending: and
- Step two is to provide solutions and implement it.

IN THIS WAY, COVER THE CONTENTS OF THE COMPLETE BUDGET

After the complete budget has been evaluated at the end of the month, another form has to be prepared to accommodate the next month to be used for comparison.

Now compare each month with the previous one as follows on the next page.

Table 5.2: Budget comparison: COMPARING JANUARY TO FEBRUARY

ITEM	January budget	February budget	Difference in Rand
Administration	R 8 000-00	R 13 700-00	R 5 700-00
Telephone	R 500-00	R 1 500-00	R 1 000-00
Official trips (transport)	R 1 000-00	R 2 000-00	R 1 000-00
Office equipment and furniture	R 2 500-00	R 2 000-00	R 500-00
Printing	R 600-00	R 1 200-00	R 600-00
Water and electricity	R 1 500-00	R 1 900-00	R 400-00
Supporting staff salaries	R 4 000-00	R 4 000-00	R 00-00
Stationery	R 600-00	R 500-00	R 100-00
Bank charges	R 400-00	R 600-00	R 200-00

Comparing the difference between amounts allocated for different months or years could assist in determining the progress of budgeting, whether expenditure is positive/normal or negative. It will allow you to respond and react to prevailing situations by improving where expenditure indicates a negative (-) amount. Now follow the steps indicated previously in order to determine where and why differences occur and take steps to rectify amounts. Complete this for the first three (3) months of the year (term or quarter) and then undertake reporting to stakeholders.

6. THE DEVELOPMENT AND APPLICATION OF MEASURES TO AID IN THE ALLOCATION OF FUNDS AND EFFECTIVE REPORTING

After these steps have been followed, the accounting information should be communicated regularly to the internal and external stakeholders (parents, educators, and community and business people) and can be displayed in such a way as to obtain maximum visual impact. This can be done in the following ways:

- the SGB and finance committee should estimate expense and income amounts in percentages for each activity, where appropriate for the next month or academic year which can then be reported to stakeholders in form of pie graphs for better understanding.

Each school will need to adapt its budgeting process according to its needs and operation, for example: schools that depend entirely on income contributed by Government will have the following pie graph (50%), school fees (35%) and fund-raising and donations (15%). The expenditure will be distributed as follows:

TLSM (40%), administration (25%), fund-raising (5%) then sports and culture (20%), maintenance and services (10%) (cf. pie graphs and table).

Figure 6.1: Pie graphs income and expenditure

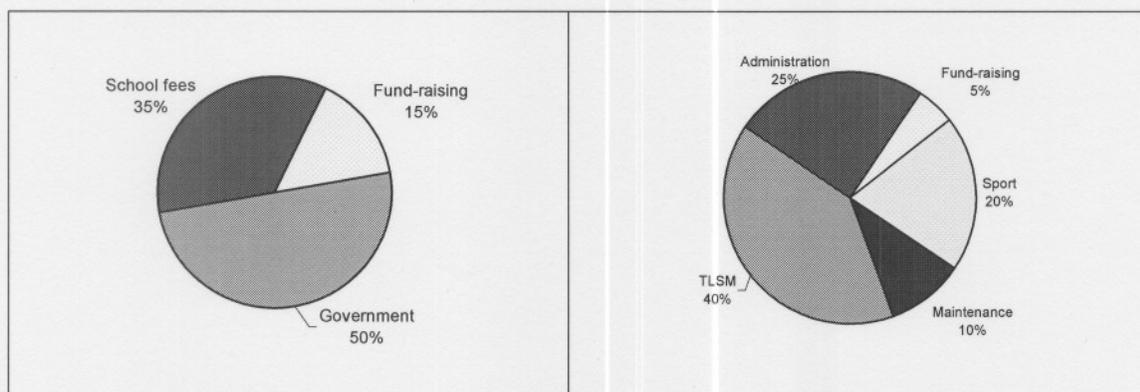


Table 6.1: Income and expenditure

INCOME	%	EXPENDITURE	%
Government contribution	50%	Teaching and learning support material (TLSM)	40%
School fees	35%	Administration	25%
Fund-raising and Donations	15%	Maintenance	10%
		Fund-raising	5%
		Sports and culture	10%
		Services	10%
TOTALS	100%		100%

For the next term or quarter the SGB and finance committee should calculate income and expenditure strategies according to priorities for the next month or academic year. They should take into account any new or planned activities such as implementation of the OBE curriculum which will need intensive and extensive training of educators and will also need sufficient equipment, apparatus and furniture. Strategies and priorities of items may change from year to year as the operations of the institution increase and change such as introduction of new subjects such as computer studies which will need construction of computer labs and equipment;

The finance committee and the SGB should consider any shortfall, i.e where the total of the expenditure exceeds the total income and then adjust expenditure where necessary.

Also consider alternatives to increase income, for example where telephone and transport cost are too high against available income. The SGB and the finance committee could discourage private calls and limit cell phone calls. They should

also lower transport cost by grouping trips into one trip for example one trip to town per day and collective trip when attending workshops, reduce private transport by buying school transport such as a school bus and adhere to standardize tariff trips; and

Finally, if there are adjustments the finance committee and SGB should redraft the budget with adjustments, where necessary. Applying the principles of budgeting consistently will ensure that every stakeholder in the institution benefits from the use of budgeting. In the case of serious shortfalls throughout, the SGB should organize a means of raising funds internally (cf. 7.1).

7. APPROPRIATE MEANS OF RAISING FUNDS FOR SCHOOL PURPOSES

One of the major ways of raising funds for schools is through payment of school fees. It is clear that the SGBs of schools must take the issue of school fees very seriously as it can determine the amount of resources that the school will possess. This implies that the SGBs should design effective ways of ensuring that parents pay school fees, rather than punishing innocent learners by discrimination in school and withholding learners' progress reports. SGBs must involve all school stakeholders, except learners when planning school fees by:

- conducting open discussions when comparing the current school fees with the next year's school fees with the aim of reducing fees for parents;
- on the other hand, parents and educators provided in advance with estimated fees and specific conditions; and
- all inputs be registered in the form of submission of items by SMTs, parents and all functional school committees (cf. Figure 7.1 estimated fees) on the next page.

Figure 7.1 Estimated school fees

FEES		
PRIMARY:		
Development fee: (including stationery & textbooks)	Grade 1 - 6	R500-00 (non refundable)
Tuition fee (p.m x 11 months):	Grade 1	R270-00
	Grade 2	R270-00
	Grade 3	R270-00
	Grade 4	R300-00
	Grade 5	R300-00
	Grade 6	R300-00
	Grade 7	R330-00
SECONDARY:		
Development fee:	Grade 7 - 9	R550-00 (non refundable)
(including stationery & textbooks)	Grade 10 - 12	R600-00 (non refundable)
Tuition fee (p.m x 11 months):	Grade 8	R360-00
	Grade 9	R360-00
	Grade 10	R390-00
	Grade 11	R440-00
	Grade 12	R480-00
If more than one student per family is enrolled during the same academical year, 5% - discount will be allowed per student.		
COMPUTER STUDIES	Grade 10/11/12	R30-00 p.m per student
N3 SUBJECTS	Grade 10/11/12	R30-00 p.m per student
ADDITIONAL FEES TO BE PAID BY PRIMARY AND SECONDARY SCHOOL STUDENTS		
MEDIA FEE	Primary - R30-00 / Secondary - R40-00 to obtain books from library and for internet use.	
DAMAGE FEE	R30-00 per student per year for unforeseen damage caused.	
PRESTIGE PHOTOS	Price available during August.	
SPORTS & CULTURE	An amount of R120-00 per student is payable with registration. This should cover all official league and cultural travelling expenses, during the year. (Not Provincial & National levels)	
NEWSLETTER & MAGAZINE	R80-00 payable by each student for the magazine and newsletters.	

The PDoE must take serious action against the principals and SGBs that are still harassing learners who are unable to pay school fees.

SASA (1996:26) indicates that school fees may be determined and charged at a public school only if a resolution to do so has been adopted by a majority of parents attending the meeting. This can be done when the parents approve the budget and vote for the amount to be charged. Socio-economic conditions of that particular community play an important role in determining the amount to be paid for school fees. This means the amount agreed upon by parents would reflect the economic conditions of that community.

Parents are liable to pay school fees, unless they have been exempted from paying in terms of the South African Schools Act. All public schools should inform parents that they can apply to be partially or totally exempted from paying school fees (cf. Picture 7.1 school fees exemption) on the next page. On the contrary, every parent who is not exempted has an obligation and can be forced to pay the school fees and the SGB must be held responsible for that decision.

However, it is clear that there is no free education in South Africa, and also clear that the school fees cannot be used as the main source of raising school funds as the SGBs are struggling to get parents to pay the fees. The State might not be able to provide free education for all South African children. However, it is the responsibility of the State to ensure that even the poorest child in the country has access to education. The PDoE should be aware of the amount the parents have agreed to pay for school fees and the methods of collection of fees for each school. The schools could then be required to identify those learners with parents who actually cannot pay the school fees. The PDoE should then set aside some funds to subsidize those learners whose parents have applied for exemption and cancel payment of school fees in totality to all schools supported by poor families and communities. The SGBs could also employ the services of skilled parents who are unable to pay school fees for the benefit of the school for a certain period of time.

Picture 7.1 School fees exemption

10 April 2004

CLASS STRUGGLE

I DON'T THINK WE SHOULD TELL PARENTS THAT THEY CAN APPLY TO BE EXEMPT FROM PAYING FEES. IF WE DO THAT, EVERYONE WILL APPLY.

I DON'T THINK THAT WILL BE A PROBLEM. IF PARENTS CAN'T PROVE THAT THEY ARE ENTITLED TO AN EXEMPTION, THE SCHOOL WON'T GIVE THEM ONE.

BUT WHAT ABOUT PARENTS WHO CAN AFFORD TO PAY BUT WHO WON'T?

WELL, IF WE CAN'T PERSUADE THESE PARENT TO PAY THEIR FEES, WE CAN TAKE THEM TO COURT.

Being told to go home because of unpaid school fees is not the only thing that keeps children out of school. The following article illustrates another cause of children missing an education.

Admission and school fees
Information: According to the South African Schools Acts (1997), a public school may not discriminate in any way against a learner whose parents can't pay fees. This means a school may not refuse to admit, or to readmit, a child whose parents can't pay school fees, or to withhold children's reports for non-payment of fees. Something to think about: Do you think the law is right in what it says about this matter? Give reasons.

Exemption from paying fees
Something to think about: As far as you know, can parents who are unemployed or who earn very little be exempt from paying school fees?
Information: Unemployed parents and parents who earn very little can apply to the school for a conditional, partial or full exemption from paying school fees. There are strict rules that govern these exemptions and parents must prove that their income is limited. Something to think about: Do you think parents should be told that they can apply for an exemption from paying fees? Give reasons.

Although parents always want the best education for their children, they are usually too busy to be involved in some of the fund-raising activities the moment the school demands their involvement. This implies that the SGB has to employ motivational and other skills to involve individuals in fund raising activities.

The SGB will, as a result, have to identify different and interesting methods to make all the school's stakeholders, including the general public and business people, part of the fund-raising team. By so doing, the school gives the participants the ownership of the fund-raising venture. In this way the SGB will have made every stakeholder proud of the success that the school has achieved.

The success of one fund-raising project will influence the manner and enthusiasm with which the community becomes involved in the next project. The implication is that the SGB communication skills must be applied to their maximum potential, that is, reporting back to the community, acknowledging the support of those involved, being transparent about the manner in which the money is spent and finally giving the participants to have a say in the way money has to be allocated.

By giving every stakeholder the opportunity to be involved, team work is developed. The latter includes acceptance of ownership and a feeling of belonging and responsibility towards their school. No school is able to function in isolation from the broader community and everybody should realize that the school and the community are linked socially, politically and economically in organizing types of fund raising activities at schools.

7.1 TYPES OF FUND-RAISING

Fund-raising efforts fall into five strategies. Alumni association, appeals, projects, support from companies and sponsorships are briefly discussed below, all of which may overlap, yet have distinctive features:

7.1.1 Alumni association

Individuals rarely give money to a school unless they have some form of connection with it. Alumni associations are usually formed to keep that link between former students and the school.

Old students are usually asked to donate for a specific project in a school. This starts as a 'friend-raising' and can ultimately become fund-raising. Such contributions can only be voluntary and the school is not able to exert the same pressure as on parents. 'Old' students donate voluntary, however, well-organized projects can achieve a great deal by using the 'appeal' approach as a method of fund-raising.

7.1.2 Appeals

Appeals are established to raise money for a specific objective and usually against a specific financial target. An appeal is usually launched to coincide or commemorate an anniversary. In these ceremonies, local politicians and other important guests are invited, projects are launched, foundation stones are laid, speeches are made and money is donated. The events can be given wide publicity in the newspaper, on the local radio and on posters displayed at schools and in the neighbouring schools.

7.1.3 Projects

There are many projects that can be carried out in a school in order to fund-raise. Amongst many of them, the following can be mentioned:

- School fetes
- Fun runs
- Raffles
- Fashion shows

- Cultural evenings
- “Civvies” days (where learners pay a small amount to come to school wearing ordinary clothes instead of school uniforms) (NB) it should not overrun for more than two days to avoid exposing other learners from poor family negatively; and
- School disco's (NB) it needs intensified security to avoid drugs and alcohol abuse.

7.1.4 Support from companies

There are a number of ways in which commercial companies can and do provide support to schools. There are reasons why a company will get involved as well as why it may not support an appeal which are the following:

- it conforms to their policy of local community support;
- it conforms to their current advertising and marketing strategy;
- there is an existing close connection with the school;
- many employees have children at the school;
- key personnel in the company are former learners/parents/former parents;
- it benefits the work environment;
- it benefits recruitment of workers;
- it benefits staff development;
- it demonstrates a commitment to equal opportunities;
- it helps them to clinch a commercial deal with the school;
- it gives them a competitive advantage over their competitors;

- they are obliged to support because they are school suppliers; and
- the chairperson or managing director is keen to support the school.

The reasons why companies do not support school appeals are as follows:

- the company does not want to be seen to support one particular school rather than others or charities in the area;
- the company is concerned that an association with the school could embarrass its staff or shareholders. The clients or customers could be offended if the company appears to favour one school rather than others or local charities;
- the school is unable to provide the benefits the company wants in return for its support; and
- the company does not want to be seen to be giving money to a school when it is cutting back on other costs.

Sometimes companies are willing to help in other ways like sponsoring school with goods and services rather than giving actual money.

7.1.5 Sponsorship

Sponsorship implies benefits to the company in return for financial outlay. Here are examples of the benefits which can be negotiated by a company offering to fund a school sports hall which are the following:

Picture 7.2: Sponsorship



- school staff are to use the company facilities at a reduced cost at certain times each week;
- the company is to be acknowledged as sponsor on a large plaque in the entrance foyer;
- the company should be allowed to display leaflets for its products in the foyer;
- the company is to be acknowledged each year in the school magazine;
- the company's managing director should be invited as a guest of honour to speech days and other major events; and

- the company's chairperson should be allowed to present prizes at sport day annually.

Fund-raising from private sources can mean business to schools. Financial sponsorship and donations could be requested from local businesses such as (The Coca-Cola Company and surrounding mines), professional organisations (Lawyers, Accountants and Doctors), embassies (Europeans), overseas churches (Methodist and Romans) government departments (Sports, art and culture).

Companies are particularly keen to sponsor fund-raising events which have good media appeal, are in areas with which they are potentially connected, which have high status, or to which they can take their clients and are keen to assist in organizing.

7.2 ORGANIZING FUND-RAISING EVENTS

Occasionally the school-fund raisers forget the need and the costs incurred to make money while others can think of nothing but profit.

"FUND-RAISING SHOULD BE FUN, AND INVOLVE AS MUCH OF THE SCHOOL COMMUNITY AS IS REALISTICALLY POSSIBLE"

There is a need for fund raisers to plan their fund raising strategy. Such a grand design has many virtues for the school, namely:

- impresses potential donors with the scale of operation;
- gives clear sense of direction and purpose;
- inspires confidence;
- co-ordinates different people and activities; and

- links disparate donors so that they sense a commitment to something greater than their immediate interests.

All events should, as a matter of necessity, be organized by a competent and reliable organizer who is supported by enthusiastic and reliable fund-raising committee.

The following important advice should be kept in mind when planning fund-raising is shown in the following frame.

- What period of time will tickets, programs, leaflets, posters take to write and design?
- How much will they cost to print?
- How many can be produced and distributed?
- In what way can people be notified about what's happening in school?
- What kinds of activities will attract support?
- How many events are needed to reach targets?
- What else is happening on and around that date in this school? Locally? Nationwide? On TV?
- Who will arrange the publicity? the main activity? and
- Who will liaise with the school organize a volunteer rota for the day itself co-ordinate all planning?

Fund-raising events require that needs should be prioritized before any organization can take place.

7.2.1 Prioritizing needs

It is important for the SGB to realize that they might consider an item a priority while the other members of staff might not necessarily do the same. The SGB should ensure that existing departments at different levels do identify possible needs (luxuries or basic) and then prioritize the list during a general meeting of parents.

7.2.2 Establishing a fund-raising committee (FC)

Important to fund raising efforts are those who drive the process. The members of the fund raising committee must have a vested interest in the running of the school. Nominations for such membership must usually come from the SGB, educators and parents. Preferably, the school principal should also be part of the committee. If needs be, the FC could be re-elected at the beginning of each year. Elections should proceed in the manner that a brief motivation by the nominator should accompany the nominations.

7.2.3 Allocating portfolios

Allocation of portfolios to members of the fund-raising committee should be according to their expertise and interests. For example, an educator who specializes in Accounting could be appointed as the treasurer and the parent who works for an advertising company could be responsible for marketing and advertising.

The following portfolios are recommended for the Fund-raising committee:

- chairperson
- secretary
- treasurer
- advertising and marketing

- project manager
- two additional members.

7.2.4 Duties of fund-raising members

The Chairperson of the fund-raising committee needs to report to the SGB.

It is the function of the SGB to compile the duties of the different portfolios of the fund-raising committee or to delegate this task to the Chairperson.

It is important that each committee member should fully understand what her or his role entails.

The SGB must also hand the priority list to the fund-raising committee whose first task will then be to develop a fund raising policy and submit a fund raising strategy that includes each project to be undertaken.

After efforts of raising some 'extra' income for the school is taken into account, it requires measures for the control thereof.

8. IMPLEMENTING PROPER ACCEPTABLE CONTROLLING MEASURES

Proper controlling measures of school finances entails paying attention to the purchasing process as well as ensuring that all expenditure and income is authentic and is reflected in the financial records.

8.1 PURCHASING PROCESS

Schools should ensure consistency with regard to purchasing. Subsequently purchasing arrangements should comply with good accounting practices, such as the following:

- enquiring personally or telephonically about item/s or goods to be bought;

- enquiring about the availability of discount;
- considering three quotations and comparing prices and the quality of goods before buying; and
- completing requisition forms.

Examples of these forms appear below. When an item has to be purchased, the following form has to be completed and forwarded to the responsible person.

REQUISITION FORM OF TSUNAMI HIGH SCHOOL

NAME OF COMMITTEE: *i.e ADMINISTRATION*

DATE: *i.e 29- 05- 2005*

PURPOSE: *(i.e how will the money be spent)*

1. *i.e To buy toner and printing paper.*

2.

3.....

TOTAL AMOUNT REQUIRED: R *i.e R 807-55*

SIGNATURE OF CONVENER: *i.e M BOITUMELO*

APPROVAL: PRINCIPAL'S SIGNATURE: *i.e M GOMOLEMO*

DATE: *i.e 29- 05- 2005*

SCHOOL STAMP

ACTUAL AMOUNT SPENT: R *i.e R 807-55*

NOTE: THIS FORM MUST BE RETURNED TO THE SCHOOL FINANCIAL CLERK WITH ALL THE DOCUMENTS RECEIVED FROM THE SUPPLIER/S ATTACHED AT THE BACK.

Note to the educator:

Keep a copy of completed form in your class file; and to the school secretary.
Copy the following template and adapt it for your school requirements.

Examples of these forms appear below. When an item has to be purchased the following form has to be completed and forwarded to the responsible person.

REQUISITION FORM OF SCHOOL

NAME OF COMMITTEE:

DATE:

PURPOSE (i.e how will the money be spent)

1.....

2.....

3.....

TOTAL AMOUNT REQUIRED: R

SIGNATURE OF CONVENER:

APPROVAL: PRINCIPAL'S SIGNATURE:

DATE:

SCHOOL STAMP

ACTUAL AMOUNT SPENT: R

NOTE: THIS FORM MUST BE RETURNED TO THE SCHOOL FINANCIAL CLERK WITH ALL THE SOURCE DOCUMENTS RECEIVED FROM THE SUPPLIER/S ATTACHED AT THE BACK.

8.2 ENSURING THAT ALL EXPENDITURE AND INCOME IS AUTHENTIC AND IS REFLECTED IN THE SOURCE DOCUMENTS AND FINANCIAL RECORDS

Every month the school treasurer and financial clerk should write all particulars of transactions (expenses incurred) from source documents (invoices, receipts and cheque counterfoils) in the finance books of the school.

8.2.1 Invoice

FIGURE 8.1 INVOICE

INVOICE		15-04-2005	No. 13	
To: City stationery Supplied by toner and printing papers				
Address: 08 Mooi Mansions Welkom				
Quantity	Description	Price	R	C
2	Toner		R 370	80
4	Box of papers		R 436	75
..... VAT inclusive				
Terms: Cash %				
..... TOTAL			R 807	55

The first source document mentioned is an invoice. The invoice is used to record the amount of items bought or purchased plus the price charged for each item. These amounts are added to form the total of goods bought.

8.2.2 Receipt

Secondly, a receipt as acknowledgement of payment is given to parents, learners and educators after paying his/her account (school fees, fine, fund-raising money) in cash or purchasing an item for cash (uniform, student card). A receipt is official and documented proof that payment of a debt or a donation has been made (cf. Figure 8.2 Receipt).

Figure 8.2 Receipt

RECEIPT		No. 675
23-06-2005		
Received from: <u>City stationery</u>		
The sum of: <u>Eight hundred and seven</u>		Rands
<u>Fifty five</u>		Cents
R 807-55	Cash <input type="checkbox"/> <u>Cheque</u> <input checked="" type="checkbox"/>	
<u>M. Keat</u>		
For: <u>stationery</u>		
In payment of: <u>Toner and paper</u>		

Receipt books should be printed containing particulars on each receipt form. If the school cannot afford its own receipt forms, the official school stamp must appear on every receipt issued and all forms should be numbered. The classroom educator or sports coach should issue a receipt for all money collected from learners or parents and record it in a book. When these monies are paid over to the school finance secretary, the educator must immediately on receipt of cash payments be issued with a receipt and the receipt number must be recorded in the book. If a learner pays school fees or an account by cheque, the person making the payments is entitled to ask for a receipt, even though the processed cheque is accepted as receipt for a cheque payment. The cheque number must also be written on the receipt because this facilitates stream lined auditing and checking.

Carbon copies must be retained in the receipt book, and only one receipt book must be issued at a time.

Receipts are always issued in numerical order, according to the number of receipts printed in each book. The original receipt is handed to the person making the payment. If an error is made on a receipt, the receipt must be cancelled and retained in the receipt book. The accepted practice is to write the word 'cancelled' diagonally across the receipt and to staple the cancelled receipt to the carbon copy.

Serial numbers of receipt books must be recorded by the finance secretary in a distribution register, and signed for. If a receipt book is issued to an educator, the educator must sign for its receipt, and sign that the receipt book has been returned to the safe custody of the finance secretary. The serial numbers should be recorded on the front and side of the receipt book for auditing purposes.

When banking money, the receipt numbers for each deposit should be entered on the bank deposit slips. Deposit books and receipt books must balance, in other words, correspond with one another. This is often termed 'reconciled'. Checking or reconciling the deposit and receipt books is one of the responsibilities of the school principal, and policies and procedures to do this on a regular basis must be set in place by the principal. Erasing an error or using correction fluid is not allowed in financial records because these are legal documents.

8.2.3 Cheque counterfoil

Thirdly, when writing out a cheque, a small part on the left of the cheque form is completed as proof of payment. This stub or small part of the cheque form remains in your cheque book after tearing out the completed cheque form. This is called a cheque counterfoil and acts as source document when the books of the school are compiled. Information from the cheque counterfoils is used to enter the transactions in the payments side/the right hand side of the cash book and auditing is recommended as the final step in protecting school funds. An example of cheque counterfoil appears on the next page (cf. Figure 8.3 Cheque counterfoil).

All school payments must be made by cheque, and supported by valid invoices approved by the treasurer of the finance committee or the principal. All cheques must be validated by two signatures, one of which must be the school principal. The school principal and treasurer should discourage the issuing of blank and cash cheques at all cost.

Figure 8.3 Cheque counterfoil

DATE: 23-06-2005	VAN AFRICA BPK	12-34-56-78
AAN	DIR	
TO: CITY STATIONERY	THE SMS BANK OF AFRICA LTD.	
VIR	TSUNAMI HIGH SCHOOL	
FOR: STATIONERY		23-06-2005
SALDO	PAY/BETAAL CITY STATIONERY	
BAL. R	Eight hundred and seven rand and fifty five cents	R 807-55
INBET	Only	
DEP. R		
TOTAAL		
TOTAL R		
TEK		
CHQ R 807-55		
SALDO		
BAL. R		

No.002 No.002 11'000001 : 123456 : 0112300023411' 02

...M. KOOS.....

COUNTERFOIL

CHEQUE

The school signatories must never issue cheques unless there is adequate money in the bank to cover the amount appearing on the cheques.

8.2.4 The petty cash fund

The school treasurer and financial clerk should monitor and balance the petty cash regularly, at least weekly. A school may deem it necessary to pay certain small amounts in cash, for example, for postage, telegrams, petrol and refreshment and this is done by making use of a petty cash fund. These funds are provided by issuing a cheque for a certain amount to be drawn from the school funds and then cashing this cheque. This is known as a petty cash. This petty cash advance must be kept apart from the other cash received by the school and is usually kept in a separate container. When making payments from petty cash, a petty cash voucher is completed and recorded in a separate journal known as the petty cash book.

The petty cashier, probably the school clerk, receives a cheque from the chairperson of the financial committee of the SGB for the amount considered sufficient for petty imprest. He or she should be able to verify every payment by means of a document called a Petty cash voucher. This voucher should be countersigned for every payment by a second person, which could be the

principal or an accountable staff member. The Financial school clerk should then record the transaction in such a way that the amount of money available can be easily determined. The following is an example of a petty cash voucher:

Figure 8.4: Petty cash voucher

<i>No 6</i>		
PETTY CASH VOUCHER		
DATE 23 MAY 2005		
PAYEE/ FOR WHAT RECEIVED:		
Amount:.....		
	R	c
Coffee and milk	108	00
TOTAL	108	00
SIGNATURE:		

The petty cash book is similar to the school cash book. The left-side/debit side records receipts such as reimbursement and additional advances of petty cash, whereas the right side/credit side records payments.

Below is an example of petty cash books:

Table 8.1: Petty cash book

Dr				PETTY CASH BOOK								Cr	
RECEIPTS				PAYMENTS				ANALYSIS					
Date	Details	Foil	Amount	Date	Details	Voucher	Amount	Postage	Stationery	Refreshments	Fuel		
1	Details		25-00	3	Stamps	102	39932	39932		40085			
1	Balance		125-00	6	Milk	103	40085						
	Bank			10	Letter	104	39963	39963					
				12	Coffe	105	40024			40024			
				15	Fuel	106	60-00				60-00		

If analysis of payments is required, analysis columns may be added next to the payments column.

8.2.5 The cash receipts and payments journal

The cash receipts journal should correspond with the debit side of the bank account and accommodate all receipts received in cash (cheques and postal orders are also regarded as cash). The second journal is the cash payments journal which corresponds with the credit side of the bank account and accommodates all cash payments (cheque payments are also regarded as cash). The following are examples of transactions that may occur in a school with a manual accounting system.

Transactions for the month of April:

1. Favourable balance from the previous month R6 000
3. Received school fees R600, receipts nos.106-115
4. Paid Ray's Maintenance for maintenance to the boys' toilets R500 by cheque no.0006
8. Received a donation from Spoton Sports R800

10. Bought stationery for R900 from Waltons, cheque no 0007
20. Received school fees from 20 parents R60 each
25. Bought R100 worth of fuel for the lawnmower from MG Garage
28. Bought stationery for R700 from Waltons
30. Bought a melodica for the choir for R130 from Tay's Music

When these transactions are recorded all receipts are entered into the Cash Receipts Journal (CRJ) and payments in the Cash Payments Journal (CPJ).

Table 8.2: The cash receipts journal

CASH RECEIPTS JOURNAL OF TSUNAMI HIGH SCHOOL								CRJ		
Document Number	Day	Details	Folio	Analysis of receipts	Bank	School fees	Donations	Sundry accounts		
								Amounts	Folio	Details
	1	Balance		6000-00	6000-00					
106-115	3	Parent		600-00	600-00	600-00				
	8	Spoton		800-00	800-00					
116-135	20	Parents		1200-00	1200-00	1200-00				
					8600-00	40024				

Table 8.3: The cash payments journal

CASH PAYMENTS JOURNAL OF TSUNAMI HIGH SCHOOL CPJ									
Document Number	Day	Name of payee	Folio	Bank	Maintenance	Stationery	Sundry accounts		
							Amounts	Folio	Details
6	4	Dan's		500-00	500-00				
7	10	Koos		900-00		900-00			
8	25	MG Garage		100-00			100-00		Fuel
9	28	Koos		700-00		700-00			
10	30	Tay's Music		130-00			130-00		Equipment
				2 300-00	500-00	1 600-00	230-00		

Note: Copy the following template and adapt it for your school requirements.

Table 8.3: The cash payments journal

CASH PAYMENTS JOURNAL OFSCHOOL									
CPJ									
Document Number	Day	Name of payee	Folio	Bank	Maintenance	Stationery	Sundry accounts		
							Amounts	Folio	Details

9. EFFECTIVE OPERATIONAL CONTROL OF SCHOOL FUNDS

For financial management in a school to be sound, an effective financial policy must exist and be adhered to.

The policy must give clear guidelines on all matters pertaining to sound monetary practice. While the policy itself will not guarantee sound management, it will serve as a clear guideline and will also hold those involved accountable for their actions.

9.1 GOVERNMENT GUIDELINES

According to government guidelines a school should do the following:

Schools should implement effective operational control to administer the school funds accurately. All funds raised in the name of the school must be paid into the official School Fund Account and only one account must be used. All school funds must be receipted immediately in receipt books, and banking must be done on a daily basis.

SASA (1996:6) indicates that after the financial statement has been drawn up, it must be audited. The SGB of each school must appoint an independent, professional and qualified person to audit the school's books to make sure that the financial management is successful. SASA (1996:26) states that the SGBs of schools must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act of 1991 to audit the records and financial statements. SASA further points out that "No person who has a financial interest in the affairs of the public school may be appointed."

9.2 SCHOOL FINANCIAL STATEMENT

SASA (1996:26) suggests that the SGB must strictly keep the financial transactions of all the records of the funds received and spent by the school. This means that every cent that goes out or comes in must be recorded in the school's financial records. Therefore the SGB must also draw up a financial statement each year. This should be drawn as soon as is practicable, but not later than three months after the end of each financial year (SASA 1996:26).

The financial statement will help to reflect the income and expenditure incurred during a particular year. It will make it easier for the SGB to notice where they have incurred unnecessary expenditure and how this can be avoided in future. This might be a very taxing and difficult task for schools where the majority of the members of the SGB are illiterate and are equipped with very little or no skills in the keeping of financial records to draw up financial records. Fortunately, the SASA allows the SGB to co-opt some members of the community who have skills that can help in the development of the school, though the co-opted members do not have the right to vote in the decision making (SASA 1996:18). The drawing up of a financial statement can also assist the school in analyzing and assessing the school's financial situation. On the next page is an example of a financial statement.

Table 9.1: School financial statement

**FINANCIAL STATEMENT OF TSUNAMI HIGH SCHOOL
FROM 01/ 01/ 2004 TO 15/ 12/ 2004**

INCOME		EXPENDITURE	
R 158 000-00		R 158 000-00	
Government allocations	R 80 000-00	Telephone	R 16 000-00
School fees	R 60 000-00	Official trips (transport)	R 15 000-00
Fund-raising	R 6 000-00	Office equipment and furniture	R 5 000-00
Sponsors	R 7 000-00	Printing	R 11 000-00
Donations	R 5 000-00	Water and electricity	R 20 500-00
		Supporting staff salaries	R 30 000-00
		Stationery	R 5 000-00
		Bank charges	R 4 500-00
		Maintenance	R 20 000-00
		TLMS	R 18 000-00
		Sports and culture	R 10 000-00
		Fund-raising	R 3 000-00

If the income exactly totals the expenditure, the budgeted target was reached, but it will very seldom happen. Try to avoid either a surplus or a shortfall.

The presence of the auditor should promote a sense of responsibility amongst the SGB members, as they will be forced to account for every cent in the school fund. The auditor's report will also help to improve the way the SGB has been managing the school finances. The role of the auditor should, however, not be overemphasized. This means that the auditor's work is to analyze and scrutinize the financial records of a school, but not to give the SGBs advice on how to manage their school funds.

10. FINANCIAL TRAINING (SKILLS NEEDED)

The PDoE needs to organize broad based school financial training that involves all school stakeholders. This training should not be superficial for one day only, or a few hours turning into an information session not training. Financial training needs to be practical, hands on training and geared towards school activities.

The SGB, principals, educators, non-teaching staff and support staff need to be precisely informed of their responsibilities and their function in school finances. Financial courses should focus on imparting knowledge on the financial areas:

- recording of income and expenditure;
- issuing and signing of school cheques;
- correct procedures to require funds from school and PDoE;
- financial bookkeeping;
- proper reporting system and accounting of school funds; and
- developing trust and honesty among financial committee members.

This training should assist schools in recording of transactions, accounting procedures and should explain clearly to the SGBs what their role, because there is a cold war between members of SGBs, the principals, treasurers, parents, educators and chairpersons of the SGBs in the way school finances should be managed. Principals and SGBs must be trained to understand that the funds for maintenance should be used for maintenance purposes only, and the money for learners' support materials, used for learners' support materials only.

The PDoE must ensure that they train people who will serve schools and pass on their knowledge to other stakeholders. This will help to avoid a situation where the PDoE will have to train new people every one to two years when a new SGB is elected. Schools should be able to function effectively and develop creatively

only if stakeholders realize their responsibilities and act accordingly in managing their school funds.

Schools will fail in their mission if educators and parents body's in the SGBs are simply waiting to be told what to do or do only what they are told by the principals, without clear knowledge of financial management. The PDoE should provide incentives for improvement of managing school funds by SGBs, and schools well advanced in financial management should be requested to offer assistance to struggling schools in managing their finances.

11. LOST BOOKS AND VANDALIZED SCHOOL PROPERTY

The PDoE does not make provision in their budgets for purchases of additional lost or damaged textbooks within the prescribed life span of five years, as well as vandalized school property.

Subsequently, it is the responsibility of the SGBs to purchase additional books, and repair all the damages to school property. The book costs and repair cost are extensive and have a negative effect on schools' budgets, hence it is important for the principals and SGBs to tighten efforts in controlling text books and school property. Lost books should not be simply written off, efforts should be made to replace lost books by engaging learners and parents equally to devise means in replacing lost books (by buying lost books), the same with learners who vandalized school property. Parents should be forced to refit or replace vandalized property.

12. CONCLUSION

Proper financial management of school finances contributes to efficient and effective school systems. In order for the school to achieve its desired aims and objectives, proper effective financial systems should be in place.

The very essence of a successful school, SGB and principal is found in sound human relations, good guidance and exemplary leadership. Leadership in financial management constitutes a healthy relationship, encouragement of all stakeholders dealing with school finances, collective planning and decision-making with all stakeholders.

