
Financial accountability at schools: challenges and implications

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Abstract

Financial accountability is the cornerstone of ensuring that schools disburse funds allocated to them for the sole purpose of advancing the best interests of the learners. The prescriptions of the South African Schools Act clearly locate financial accountability on school governing bodies and, as such, make financial accountability a legal requirement. We examined the challenges experienced by school governing bodies in executing their financial accountability responsibilities. It emerged from the findings that schools do experience challenges in this regard. The main contributory factor seems to be largely attributed to the lack of capacity to execute financial accountability functions as manifested in budgeting, accounting and reporting functions. While there could be reasons for this, including the supposed illiteracy of the parent-governors, the implications seem to relate to the very core of legislation concerned with school governance. In essence, this implies a review of the Schools Act in terms of functions that are specialised and that require expertise.

Introduction

Proper management of school finances is pivotal to the success of all educative teaching endeavours of any school. Equally important is financial accountability, which is, according to legislation, a legal requirement at schools. Sections 36 and 43 of the South African Schools Act No. 84¹ of 1996 (as amended) (Republic of South Africa, 1996) make it mandatory for schools to manage school funds and take responsibility to implement all the necessary financial accountability processes. This implies ensuring effective, efficient, economical and transparent use of financial and other resources within the school, which includes taking appropriate steps to prevent any unauthorised, irregular and fruitless and wasteful expenditure which in essence, implies being accountable for the school's finances (Republic of South Africa, 1999).

Robinson and Timperly (2000, p.67) define accountability as “a condition under which a role holder renders an account to another so that a judgment

¹ Hereafter referred to as the Schools Act.

may be made about the adequacy of the performance”, and point out that accountability is equated with the act of reporting. Lewis (2003) defines financial accountability as a moral or legal duty, placed on an individual, group or organisation, to explain how funds, equipment or authority given by a third party has been used. In the school’s case, this includes parents and the Department of Education. School financial accountability, therefore, stems from the notion of accountability as reporting about school finances to school stakeholders.

Despite what financial accountability means, as well as its attendant legal prescriptions, schools continue to experience problems regarding it. Bush, Clover, Bisschoff, Moloji, Heystek and Joubert (2006) report that a large-scale survey of principals in the Gauteng Province demonstrated anxiety about managing finances and the need for additional training in financial management. Mestry (2004) argues that there is indeed lack of capacity for school governors, especially lay governors to play an active role in, for example, school budgeting. Bush *et al.* (2006) cite Tshifura who reports an instance where there was mistrust between certain school governors and the school principal following a decision by the principal and the treasurer of the school governing body (an educator) on how to use funds which the school governing body did not budget for. Bush *et al.* (2006) further cites a Centre for Education, Policy and Development (CEPD) study that found lack of transparency at some schools, which led to mistrust among stakeholders. Mestry (2004) indicates that there are reports that principals and school governing bodies have been subjected to forensic audits by the Department of Education due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of financial records.

Illiteracy, lack of experience and training of lay school governors have been cited as the reasons for poor financial management and accountability at schools (Bush *et al.*, 2006). Despite numerous training efforts by the Department of Education, financial management at many schools seems beset with challenges (Joubert, 2009). If such reasons as those cited above are considered, it can be deduced that lack of training, illiteracy of the parent governors and generally corrupt practices from some school principals and school governing body members are responsible for poor management of finances at schools. In addition, it can be deduced that poor training, combined with poor assessment of the implementation of financial accountability practices by the Department of Education (Dieltiens, 2005; Mestry, 2006) contribute to this state of affairs.

In light of the foregoing exposition regarding financial management at schools, this study aimed to investigate the state of financial accountability at schools. To investigate this, the empirical inquiry sought to answer the question:

- What are the challenges facing school governing bodies with regard to financial accountability and what are the implications of such challenges?

This question was investigated by examining how elements of financial accountability were carried out at schools.

Conceptualisation of financial accountability

This study is underpinned by the United States-based Financial Accounting Standards Board's (FASB) conceptual framework for reporting and accounting. According to the FASB (2006: p.x), the objective of general purpose external financial reporting is to provide information that is useful to present and potential investors, creditors and others in making investment, credit and similar resource allocation decisions. Based on this objective, financial accountability is conceived as concerning tracking and reporting on allocation, disbursement and utilisation of financial resources, using the tools of budgeting, accounting and auditing (Brinkerhoff, 2001). Brinkerhoff (2001) states that financial accountability rests upon an appropriate legal framework, which in many cases includes constitutional provisions, laws and regulations, such as laws on institutional structures mandated for executing and monitoring the budget, laws on public procurement, regulations on accounting and bookkeeping, property management and so on. To accomplish the objective of financial accountability, FASB (2006) postulates that financial reporting and accounting should communicate information about an entity's financial position as reflected by assets and liabilities, transactions and other events and circumstances that change them in terms of financial performance and cash flows.

The usefulness of the financial information refers to the ability of financial reporting information to assist users in decision-making and is characterised by features such as reliability, which refers to being verifiable and being a faithful representation, reasonably free of error and bias, and relevance, which refers to the existence of a close relationship between the financial accounting

information and the purposes for which the information is prepared (Keating and Frumkin, 2000). This is dependent on the organisation's internal accounting system. School financial accountability is therefore a function of proper financial accounting and reporting processes.

According to Lewis (2003), financial accountability describes the systems and procedures used to keep track of financial and monetary transactions that take place inside an organisation and therefore it is a system of recording, classifying and summarising information for various purposes. According to *idasa* (2004), financial accountability refers to producing regular financial reports to those with an interest and a right to know, proving that leadership has control over financial decisions and accounting for funds by producing documentary proof of receipts and payments.

Section 16(1) of the Schools Act locates the governance of schools on school governing bodies, which are elected democratically by school stakeholders. According to Van Rooyen (2007), the governing body is charged with the financial accountability function of school financial management which, as alluded to earlier, entails an obligation to account for the financial actions as is legally prescribed. This is provided for in terms of establishing a school fund, collecting and controlling funds and, most importantly, ensuring that school funds are disbursed exclusively for educational purposes (cf. Van Rooyen, 2007). In this regard, the Schools Act (Funding of Public Schools: Chapter 4) specifically directs that the school governing body must, *inter alia*, prepare a budget each year according to guidelines determined by the Member of the Executive Council which, must be tabled before and be approved by the general meeting of parents; keep records of funds received and spent by the school and keep a record of its assets, liabilities and financial transactions; and as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with guidelines determined by the Member of the Executive Council. School governing bodies can achieve this by adopting and implementing best financial accounting practices (Republic of South Africa, 1999) which include ensuring that:

- the systems of financial management and internal control established for the school are carried out;
- they are responsible for the effective, efficient, economical and transparent use of financial and other resources; and that

- they take effective and appropriate steps to prevent any irregular expenditure or fruitless and wasteful expenditure, and are responsible for the management, including the safeguarding of the assets and the management of the liabilities.

Section 43(1–2) of the Schools Acts also states that the governing body must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991) to audit the records and financial statements, and if the audit is not reasonably practicable, the governing body of a public school must appoint a person to examine and report on the records and financial statements. Such a person must be qualified to perform the duties of an accounting officer in terms of the relevant Act or a person who is approved by the Member of the Executive Council for this purpose.

The provisions of the Schools Act in so far as financial accountability is concerned, imply a reporting function. It is also clear that the Act, as directive to governing bodies and school principals, locates financial accountability within a legal framework and thus implies that schools are, by law, obliged to adhere to principles of school financial accountability. This can be realised through the implementation of proper financial management and accounting systems which, in essence, imply effective financial management and include, as main elements, budgeting, auditing and reporting.

Budgeting entails planning for school finances (Niemann, 2002). Gildenhuis (1997) defines a budget as a financial statement, which contains the estimates of revenue and expenditure over a certain period of time. According to Hôgye (2002), the budget is a policy statement, declaring the goals and specific objectives an authority wishes to achieve by means of the expenditure concerned. Applied to a school, this means that a budget should be a scheduled plan which indicates estimated future income and expenditure which, in addition, serves as an important mechanism used in ensuring financial accountability and enables an individual to establish at any stage whether expenditure exceeds the budgeted amounts and to take timely remedial steps. A budget thus serves as a financial monitoring tool in that it enables the governing body to compare actual receipts and expenditures to the budget with timely variance explanations (Cuomo, 2005).

The budget also serves as a planning, controlling, monitoring and reporting tool (Niemann, 2001). It is for these reasons that a budget becomes one of the main elements of accountability. The budgeting process may look easy and

within the competency of the school governing body. However, as articulated by Mestry and Naidoo (2009), owing to the dearth of financial management skills among many school governors, the preparation of effective budgets at schools is unlikely. Developing a school budget requires time and skill and can thus be considered a specialised function requiring, as it were, specialised skill.

Auditing relates to external financial control which, according to Maritz (2005), is a form of external control and is a comprehensive analysis, by a professional from outside an organisation, of that organisation's financial management activities. Lewis (2003) describes an audit as an independent examination of records, procedures and activities of an organisation which leads to a report outlining the auditor's opinion on the state of affairs. In this regard, the School's Act (Section 43(1)) clearly stipulates that the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act of 1991 to audit the records and financial statements and produce the results in a report which gives an audit opinion as to the true and fair view of the state of affairs of the organisation and operations for the period. For the school, the finance committee must reconcile all financial documents, files and ledgers, before the end of January and submit them to auditors, who must complete the audit and then provide a report to the governing body (Van Rooyen, 2007).

Reporting implies providing a financial report on how public money is spent and, as such, it shows how a school is funded and from which sources (Maritz, 2005). Therefore in terms of accountability, financial reporting provides an opportunity for the school to report to the community namely, parents, learners as well as the government, and should account for the ways it has used resources provided by the government and earned by the school for the education of learners. With regard to reporting, Van Rooyen (2007) points out that the reports must be made on a weekly and monthly basis, at meetings of the school governing body and of the parent community.

Annual financial reporting can be regarded, perhaps, as the most important component of school financial accountability. According to KwaZulu-Natal Department of Education and Culture (2002b), its purpose is to provide financial information to the governing body, parents and other interested parties and, as such, these statements form the basis of the governing body's external responsibility to the community which, in essence, implies accountability. Indeed, this is a legal requirement stipulated by the Schools Act (Section 42(b)) that the governing body of a public school must, as soon

as practicable, but not later than three months after the end of the financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council. The governing body is thus obliged to report on school finances, particularly to the State and to the parents. In the case of the State, the school governing body should submit audited annual financial statements to the department of education while, in the case of the parents, the governing body can report by availing audited financial statements for self-scrutiny, reporting at the parents' annual general meeting or issuing special newsletters and circulars on a regular basis and at parent evenings.

Empirical research

We used a qualitative enquiry as we wanted to gain an understanding of the state of financial accountability at schools from participants who would give the most unbiased accounts. In this regard, we used purposeful participant selection for selecting the research sites which, according to Creswell (2009), relates to purposefully selecting participants or sites (or documents or visual material) that will best help with the understanding of the problem and the research question, and may include the research setting, participants or actors, events and the process. For this reason and in our judgement, educator-governors and departmental officials charged with school governance responsibilities were the most appropriate participants to help us understand financial accountability challenges at schools. For purposes of convenience, participants were drawn from the historically disadvantaged primary and secondary schools in the Sedibeng Districts of the Gauteng Department of Education. To this end, 15 Educator-governors, five Institutional Development and Support Officers (IDSOs)² and an official in charge of school governance at the Gauteng Department of Education's Head Office were selected as participants. Convenience participant selection involves selecting cases that are easily obtained and, is according to Thomas and Nelson (2001), used because the purpose of the study is not to estimate some population value, but to select cases from which most can be learnt. In addition, convenience selection was used because there was no intention of comparative analysis among schools, but rather an understanding of the state of financial accountability. Educators were thus from different schools, with ten from primary schools and five from secondary schools.

² The IDSOs, are charged with the support and development of schools.

The inquiry used the telephonic and one-to-one interviews lasting three quarters of an hour for data-collection. The telephone interview was conducted with an official in charge of school governance at the Department's Head Office and was preferred for being time-efficient, cheaper than the face-to-face interview and a written survey, useful for gaining rapid responses and for being useful in collecting even awkward, embarrassing or difficult matters (Cohen, Manion and Morrison, 2000). In securing the appointment, a preliminary conversational discussion was held in preparation for the interviews. Cohen *et al.* (2000) point this out as a necessary step for ensuring that telephonic interviews realise their potential.

An interview schedule with similar questions was used for all interviews. To establish validity and reliability of the interviews, we identified the subject of study as the variables expressing financial accountability and referred to the parameters describing elements of school financial accountability (De Vos, 2002:). It was also ensured that the interviews, though semi-structured, had the same format and sequence of words and questions for all the respondents (Cohen *et al.*, 2002). Data obtained from the interviews were analysed by means of procedures typical of qualitative research (cf. De Vos, 2002). Suffice it to say that this entailed analysis and process note-taking during interviews, which involved a meticulous ascription of responses to aspects relating to financial accountability at schools (cf. Cohen *et al.*, 2000), and involved noting regularities or commonalities and emphases in participants' responses. This way trends in the practice of financial accountability at schools were identified.

Interviewees gave their informed consent to the interviews. They were assured of the confidentiality of their participation and that the research report would not reveal their identities or identities of their schools. As such, pseudonyms were used in the report and direct reference was made to participants' schools.

Results

The questions asked related to how schools were executing financial accountability elements as manifested in budgeting and reporting. The responses from the interviews, while not representative of the population of schools in the Gauteng Province, provide some important insights into challenges relating to financial accountability at schools.

Budgeting

Questions with regard to the budget related to the budgeting and expenditure processes at schools. From the side of officials, comments indicated that schools did engage in budgeting. However, IDSOs' remarks indicated that they did not really know how the budgeting process took place at schools. Mr Maax, an IDSO, remarked that at most schools the budget usually became the responsibility of the principal and the School Management Team (SMT):

I do not know how schools do their budget, . . . the SGB (school governing body) must play a very prominent part in the drafting of the budget. . . .but I know that SGBs in township schools are not financially literate, so that the principal and the members of the SMT play the important role in the drawing of the budget.

It was also found that, while schools did engage in budgeting, this was often done for purposes of compliance with departmental regulations and that the budgets were drafted for purposes of adherence to submission requirements to the department and did not really focus on the needs of the schools. This was aptly expressed by the Head Office official:

. . . It is the responsibility of the SGB to identify the needs of the school, prioritise them, and in a parents' meeting, explain in detail how the monies are going to be spent. However, if you look at the budgets drafted year in and out by schools, for instance, you find that a school has budgeted for paving. The following year there is the same amount budgeted for the same thing. Whatever is done in schools, there is no sustainability, and that creates a very serious problem.

Interestingly, he reasoned that some of the schools evidently did not receive proper training on how to execute the budgeting function. This notion is evident in educator-governors' comments about the budgeting processes at their schools. It emerged that in one school, the figures put in the budget did not correspond with the needs of the school and that the budget was just a formality. Ms Zethu, an educator-governor from a primary school, rued the fact that there was no transparency in the drawing of the budget at their school:

. . . the principal decides on what will be bought, then calls an SGB meeting, where we are presented with the budget. No one is expected to

question. The parents have no say. The LSTM³ portion is done by one HOD and the principal.

Another primary school educator-governor, Mr Peter, remarked that for the two years he had been a school governing body member, he could not recall being in a budget meeting. He stated:

You can't believe I have served in the SGB for two years, I don't remember the SGB sitting together, drawing a budget. In fact, the budget is drawn for the district office. Otherwise, I think, if it was not for that, we were not going to draw it or have it.

Of the educator-governors interviewed, four indicated that their budgeting processes were done properly. Their responses indicated that at their schools there was transparency and involvement of various school committees in the drawing up of the budget, notably, committees involving educators. Despite this, it was also clear that not all governing bodies involved parents-governors, mainly because of their supposed illiteracy.

Another problem related to expenditure being in line with the budget. It was clear that expenditure at schools was not according to the budget. The Head Office official pointed out that expenditure at schools was not according to the budgets. He made the point that when analysing budgets drafted each year by schools, it would be found that a school budgeted for an item in the same manner and allocated the same amount of money for that item for two consecutive years, which indicates that budgeting was not done for purposes of expenditure and accountability. Furthermore, he hinted at shady practices at schools, *"We know of instances, where principals engage in cheap labour, but pay large amounts of money, and that is wrong."* In this regard, he alluded to misconduct cases lodged against some school principals who actually connived with service providers to claim amounts of money that were higher than the services they rendered to schools.

This is also indicative of schools not spending monies in terms of the best financial accounting practices, which stipulate, *inter alia*, that effective and appropriate steps must be taken to prevent any irregular, fruitless and wasteful expenditure and, in addition, expenditure must be lawful and authorised. Most educator-governors expressed similar sentiments. Mr Khudo, from a

³ LSTM: Learning Support and Teaching Material

secondary school, hinted at unauthorised expenditure, “. . . *The principal, at any time when he wants to spend money, just buys without even consulting the SGB*”, and further stated, “*Even if we want to stick to the budget, the principal brings issues that were not budgeted for, and the chairperson will agree with him. . . We just keep quiet, because our principal wants us to do things the way he wants*”. Ms Gada from another secondary school concurred with the notion that there was non-adherence to the budget, though for ‘proper’ reasons, “*especially when there is something very important that was not budgeted for*”.

On how the governing bodies exercised control over their finances, there were mixed accounts. While schools seemed to have policies directing how financial control processes were to be executed, the implementation of such policies was doubtful, which was therefore indicative of poor budget and expenditure control. The Head Office official indicated that, from a scrutiny of school financial records, it was clear that what schools had on paper, was actually not the case in practice, which re-emphasised the fact that records were compiled as a matter of compliance with departmental regulations. He observed:

. . . analysing the records, it seems implementation of those policies is sadly poor or not adhered to. Yes, reports from district officials are well done. They say only nice things about schools. But, when you go to schools, you find that so many things are contrary to the reports given about those schools. Furthermore, I think from the districts officials’ point of view, in schools that are producing good results, it is taken for granted that their finances are running smooth.

From his account, it also emerged that there was a challenge regarding district offices’ monitoring of what actually happens at schools. Mr Dondo, an IDSO seemed to agree and stated:

Well, I must admit. We do not really get to check if schools have control systems in place, or if they do, they are implemented. It is only when a case has been reported that they (financial records) are checked thoroughly. It is taken for granted that, one cannot submit a document that is self implicating to the district. . . .But in all earnestness, it is not easy to see how the monitoring is done. Those records may very well be ‘cooked’.

Educator-governors expressed strong opinions about the control of finances at their schools as stated by Ms Cand, a primary school educator-governor:

. . . it is a hopeless situation. When what is budgeted for differs from the actual expenditure, clearly there is no control. This is done hurriedly when books have to be audited. That is the part we absolutely never get to be involved in. Of course I think those books are doctored. . . . We do not know. As I said before, we are not involved. We are just told about this and that. I personally have not seen any bank reconciliation being done. Maybe, they do it. Only the principal and the so-called finance officer know.

Some educator-governors indicated clearly that there was no monitoring of the implementation of policies for financial control. Mr Zonki from a secondary school commented that they, as governors, were not involved and were just told what was done. Another educator-governor from a primary school, Ms Siphila indicated that she did not think financial record books were controlled and that sending them to the district was a mere formality. Two educator-governors stated emphatically:

Well, there is no transparency. Honestly, I do not know if this is done, or if it is, I'm not sure it is a true reflection of what is happening

– Mr Peter

Monitoring? Monitoring what? We do not know. As I said before, we are not involved. We are just told about this and that – Mr Khudo

Financial reporting

Financial reporting, the most important element of financial accountability, entails producing regular financial reports for those with an interest and a right to know. Questions in this regard related to how often schools report about expenditure, how and when financial reports are given to parents and educators. From participants' accounts, it was evident that most schools did submit audited financial records to the department as required by law. Although not all schools' records were checked, it was apparent that not all reports gave a reflection of what was really happening at schools. To this end, the Head Office official commented:

. . . but from those that we manage to check, it is clear that there are differences among schools. As I pointed out earlier, some details seem to be the same this year and last year. One can conclude what that means. . . . Authentic? I'm not sure. You know, there are cases handled by the Labour Relations Unit where it becomes clear that there are conflicts on the handling of funds in many schools. There was even a time when the Department considered withdrawing Section 21 functions from many schools. So you see, there may be major problems.

It was also clear from the IDSOs that there were doubts as to the financial reporting aspect. While reporting was done to the parents, it is not clear if the objective of such an exercise is followed. Mr Thima explained:

They do send audited financial records to us, which gives the impression that they do report. What I can't say for sure, is whether they report to parents and whether these reports are authentic. Often there are cases where there are allegations of fraud, 'doctored reports' and parents not being given financial reports. As far as educators are concerned, they seem not to be informed.

Another IDSO, Mr Deve, was much more direct in answering the question. He remarked that parents did get reports, but he doubted if the intention was to make them understand as partners with the schools or if it was just a formality to comply with the Schools Act. He commented:

Most principals claim that parents are illiterate and would not understand all the intricacies of the financial management jargon. I often ask, what exactly do they report? You see, financial reporting to parents seems just a formality. I know. Even in my own child's school, the report is just a summary with figures. It doesn't show me how exactly my child benefits from what we pay. So I think while they do have general meetings and report, the intention is not for parents to understand.

Another IDSO, Mr Lokane, indicated that was one difficult issue to assess. She alluded to parents' illiteracy as perhaps a factor. She reasoned:

Often principals complain that parents do not understand the reports read to them. As such, they have to summarise the reports. But then, some parents do complain about not being informed. This goes for teachers as well. They often complain that they do not know what is

happening with the school funds. They just see things being bought. How much the school has, they are not told. When they need money for things like transport to workshops and meetings, they claim that they are told there is no money, despite these being budgeted for. So you see, it is not easy to know if reports are made to parents and educators.

Educator-governors also related accounts indicating numerous challenges including parents not attending meetings, not understanding the reports they were given and not reporting the true reflection of the schools' finances. These views were expressed in the following comments:

You are asking an important question. I sometimes ask myself if this exercise is worth the effort. We do our best to ensure that our financial management is effective. We do hold meetings to report about finances, but the attendance is poor. Even those parents who attend, seem not to understand. But then, in our school we believe that the more transparent we are, the more trust we get from parents. Judging by the donations and support we get, I think our financial management and accountability do work

– Mr Vubu, a primary school governor

We do hold meetings, even if we report what we do not practice. It is frustrating to listen to the principal in the parents' meeting telling lies about how we have spent the money. There is no financial report given to educators

– Ms Dimbi, a primary school governor

Look, our principal runs a one-man show. You dare not challenge him. Since being declared a no-fee school, it has become worse. We are not informed of the financial status of the school; and we are SGB members. The chairperson is simply manipulated. Towards the audit of finances, the principal and finance officer are not available for some time. They claim to be busy with reconciling financial statement. This is where I suspect the manipulation of figures is made

– Mr Hinza, a secondary school governor

One educator-governor, Ms Sihlo from a primary school, however, gave a positive outlook, which indicated adherence to financial reporting principles. She proudly expounded her school's position:

We have a format that we follow on a monthly basis. The financial report is given by the SGB in the staff meeting. The finance committee compiles

a report on a monthly basis. The SGB meets with the parents every quarter with the aim of giving a financial report and other things that might need reporting. At the end of the year, we give and explain the budget in an annual general meeting. The audited financial statements are reported to the parents at the beginning of the year and submitted to the district by June of every year.

Discussion

It appears from the findings of this study that school governing bodies do experience immense challenges regarding financial accountability and while not representative of the population of school governing bodies in the Gauteng Province, the findings provide some important insights into challenges governing bodies have to contend with at schools.

It seems that schools do prepare budgets. However, it seems, in some cases, as if the manner of drawing up budgets lacks transparency. Firstly, this may be due to a number of reasons. It may be because school governing bodies lack the capacity to prepare budgets and, ultimately, the task remains with the principal to take over. In this regard, Mestry and Naidoo (2009) point out that when considering the time and input needed for the phases of the budget process, the skills and disposition of the members become even more important because they have to be able to complete the preliminary analysis phase, in which they examine the likely level of funding, learner enrolment, prices and any other major financial commitments.

Secondly, this might also be caused by the fact that, for monitoring and control purposes, these are submitted to the Department of Education, and as a result, the concern becomes more about submission than addressing the needs of the schools, as evidenced by the Head Office official who noted that the same items appeared in one school's budget, with the same money allocation as the previous year. This clearly indicates that there is a disjuncture between budgets drawn and presented to stakeholders, and the needs of the school as reflected in school budgets.

Adhering to the budget is not always possible, because budgets, by their very nature, are planning tools and not necessarily accounting tools (Niemann, 2002). However, large deviations which are unauthorised are not advisable in terms of principles of accounting and good practice. It is clear from some

responses that, this is an occurrence in some schools. The remark that “*even if we want to stick to the budget, the principal would bring issues that were not budgeted for*” attests to regular deviations. Expenditure in terms of the budget is actually a financial control function. This seems to present challenges to schools. While some schools reportedly adhere to correct procedures where expenditure is concerned, some schools seem to face problems. The fact that some expenditure is actually not budgeted for and that the planning that was done jointly is changed anytime and anyhow, indicate that there are challenges. This is clearly not permitted unless approved by the Department of Education (Gauteng Department of Education, 2009) and can make it difficult for schools to deliver on their mandate of being accountable. The notion that there are possibilities of fraud and manipulation of financial statements, raises serious concern. Besides being illegal and criminal, this limits schools from exercising their financial expenditure to the benefit of learners.

While some schools seemed to be doing well in terms of internal financial control as evidenced by financial records being kept up to date, regular reports being given to the school governing body, educators and parents, as well as documentation of all the deviations and accounting to the school governing body, which are examples of good practice in financial monitoring and accountability in general, it was clear that other schools did not exercise this function. As indicated by remarks like: “. . . *we are not involved*”; “*there is no transparency*”; “*it is just a formality*” attest to the poor state of financial monitoring at some schools.

These findings have serious implications regarding financial accountability at schools. Prime among these implications, is the fact that financial accountability requires specialised knowledge and or skills in financial management and school governing bodies are not succeeding in this function. Accounts from participants indicate challenges pertaining to such aspects as financial budgeting and reporting. Clearly, training in financial management and accountability process seems less than adequate, which is confirmatory of the Mestry (2004) and Bush *et al.* (2006) assertions on poor and/or lack of training for school governors. In this regard and going by the accounts gleaned from the literature review and those proffered by participants in this study, one could boldly venture to say this challenge pertains to principals as well.

Accounts from the participants also indicate that budgeting processes are not necessarily authentic, but are done for purposes of compliance with departmental requirements. The Head Office official’s assertions attest to this. Clearly, reference to lack of transparency and non-involvement of some

governors in financial accountability processes imply unplanned and unauthorised expenditure and point to less than reliable accountability processes. Furthermore, accounts from participants indicate that, due to the specialised skills and knowledge for executing financial accountability, there is a blame-apportionment ‘game’ being played. Parents are blamed for lack of knowledge, principals are blamed for being domineering and individualistic, and educators are blamed for wanting to get their own way. A deeper analysis of this blame apportionment indicates clearly that school governing body members have to deal with aspects of financial accountability at which they are not competent, which is compounded by the indescribable and seemingly inefficient role of departmental officials charged with developing and supporting schools based on their reliance on reports and not hands-on development and support.

Recommendations

The apportionment of blame among governors and departmental officials seems to imply difficulties experienced by school governors in executing their roles, in this case, financial accountability. However, the implications of the findings seem to relate to the very core of legislation that provides for school governing bodies’ functions. Firstly, there is a need for the Schools Act to be reviewed or amended in terms of which roles and functions are prescribed for school governing bodies and how they are. It is clear that some functions require specialised knowledge and skills. The Schools Act should be reviewed to look at which functions are specialised and who should perform such functions. For example, the execution of functions like financial management and accountability require functionaries with accounting qualifications and skills, especially since schools are receiving massive funding from the state. This might necessitate the appointment of functionaries qualified as accountants for this responsibility at schools.

Secondly, the terms of office of school governing body members need to be reviewed. Assuming that training as prescribed by the Schools Act does take place initially and perhaps continuously before governing body members have gained enough capacity and/or have just begun to, the three-year term is over and new members are elected, basically on their campaigning strategies. A new cycle of capacity-building thus begins. Continuity is therefore lost on the ‘promises’ election campaigns are usually notorious for. Instead, the benefits of principals who quite clearly seem to know more about governance than

other members, is worth looking at. The fact that they are permanent members of school governing bodies, as it were, implies that they receive continuous development. Therefore, it could be beneficial for some or even all functionaries of the school governing body to be allowed to run for at least two terms, so as to ensure continuity and full utilisation of capacity gained during the initial years as functionaries in the school governing body.

Thirdly, the role of district and provincial development and support functionaries needs to be enhanced. The fact that IDSOs seemed not to know how schools were doing their financial planning and reporting, sheds some light onto the reasons for schools not being able to implement what they were trained to do. It might be that officials themselves lack capacity to develop, support and monitor school functions. Therefore capacity-building seems a necessary aspect even for departmental officials in terms of, *inter alia*, monitoring skills, document study and trend analyses to identify weaknesses and areas needing support.

Finally, the department of education should have a system of feeding information to its various units for purposes of supporting schools. Though not mentioned in this report, in off-the-record discussions, it was mentioned that principals and school finance officers in many instances, had been investigated for misconduct in terms of mismanagement and misappropriation of finances. The units in charge of such process should conduct trend analyses of such cases, identify gaps and feed this information to units that are responsible for governance support and development.

Conclusion

This study has revealed the challenges pertaining to financial accountability at schools as accounted by educator-governors and departmental officials involved in school governance through oversight, monitoring and support. While accounts generally indicate financial accountability as a challenge for school governing bodies, it can be deduced that the challenges emanate from the challenging nature of prescribed functions in the Schools Act. The research, however, was limited by some factors. Firstly, the scope of this research did not include principals, parents and learners (at secondary schools). Their views could have enriched the data collected. This implies the need for further research. Secondly, the data collected pertains only to historically disadvantaged schools. The inclusion of former ex-Model C

schools could provide a basis for comparative analysis. Thirdly, the views expressed by the Head Office official did not necessarily pertain to specific schools or districts, but gave a general impression pertaining to financial accountability challenges faced by school governing bodies from the perspective of a monitoring function of the department. These factors, however, open up a scope for further research in these areas.

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