

THE MANAGEMENT OF “NO FEE” SCHOOLS IN MPUMALANGA: A CASE  
STUDY OF SELECTED SECONDARY SCHOOLS

by

SIPHO MOSES THWALA

submitted in accordance with the requirements for  
the degree of

MASTER OF EDUCATION

in the subject

EDUCATION MANAGEMENT

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: PROF A G KRUGER

JUNE 2010

DECLARATION

“I declare that THE MANAGEMENT OF “NO FEE” SCHOOLS IN MPUMALANGA: A CASE STUDY OF SELECTED SECONDARY SCHOOLS, is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.”

---

SM Thwala

---

Date

## ACKNOWLEDGEMENTS

I wish to acknowledge the following people for their varied and selfless contributions to this research study:

My wife, Ramaesela Paulina Maria, and my three sons, Samuel, Zwelakhe and Bonginkosi, for their support and patience;

A special ex-teacher, Ms. Mary Mashego, for caring;

The Mpumalanga provincial office of SADTU and to Mr. Maritz van Zyl, Ms. Martha Ledwaba, Mr. Jorge Mahlangu, Mr. Joas Mathibela, Ms. Sizakele Sifunda, Ms. Annah Bhuda and the late Ms. Jabulile Nyembe for their logistical support as well as my uncle, David Madonsela, for his inspiration;

All the SGB members and principals for agreeing to participate in the research study;

My parents, Abram and Thalita, for their sacrifices;

My sister, Khabonina, all relatives and friends for their encouragement;

Dr. David Levey, for editing the dissertation;

My special appreciation and gratitude for my supervisor, Professor A.G. Kruger (Okkie) for his professionalism and invaluable academic guidance;

Almighty God for the unending strength and endurance.

## ABSTRACT

### THE MANAGEMENT OF “NO FEE” SCHOOLS IN MPUMALANGA: A CASE STUDY OF SELECTED SECONDARY SCHOOLS.

by

Sipho Moses Thwala

**SUPERVISOR:** Professor A.G. Kruger  
**DEPARTMENT:** Education Management  
**DEGREE:** Master of Education  
**KEY WORDS:** “no fee”, policy, financial, decentralization, management, principals, SGBs, education, capacity, monitoring, fees, support, poor, effective, access, redress, equity, delegation, accountability, responsibility, implementation, resources, curriculum, capacity, norms, funding, benchmark,

The study focuses on the extent to which the “no fee” policy affects the financial management and support for educational programmes at “no fee” secondary schools in Mpumalanga. The “no fee” policy derives from the Education Laws Amendment Act (Act No. 24 of 2005) according to which the levying of mandatory fees have been abolished at public schools that are declared “no fee” institutions. The State has subsequently assumed the role of funding these “no fee” schools in order to create greater access to quality education and to improve the supply of educational resources as well as equipment in the impoverished schools.

The findings of the research study eventually led to the recommendations that are presented as guidelines for the SGBs, principals as well as education authorities on the management of “no fee” schools.

## TABLE OF CONTENTS

	Page
DECLARATION.....	ii
ACKNOWLEDGEMENTS.....	iii
ABSTRACT.....	iv
LIST OF TABLES.....	x
ABBREVIATIONS.....	xi

### CHAPTER 1

#### ORIENTATION AND OVERVIEW

1.1	Introduction.....	1
1.2	Background of the study.....	4
1.3	The problem statement.....	8
1.4	Aim of the study.....	9
1.5	Research design and methodology.....	9
1.5.1	Literature study.....	10
1.5.2	Empirical study.....	10
1.5.2.1	Research approach.....	10
1.5.2.2	Sampling.....	11
1.5.2.3	Data collecting process.....	11
1.5.2.4	Administrative matters.....	12
1.5.2.5	Trustworthiness.....	13
1.5.2.6	Data processing.....	13
1.6	Definition of terms.....	14
1.6.1	School financial management.....	14
1.6.2	Resource-Targeting Table.....	14
1.6.3	“No fee” policy.....	14
1.6.4	“No fee” schools.....	14

1.6.5	“No fee threshold”.....	15
1.6.6	Mpumalanga Province.....	15
1.6.7	Ministry of Basic Education.....	15
1.7	Chapter division.....	15
1.8	Summary.....	16

## CHAPTER 2

### REVIEW OF EDUCATION FUNDING AND SCHOOL MANAGEMENT LITERATURE

2.1	Introduction.....	18
2.2	The aim and nature of school-based management.....	20
2.3	School funding.....	24
2.3.1	Sources of funding.....	24
2.3.2	Differences between Sections 20 and 21 schools.....	27
2.3.2.1	Section 20 schools.....	27
2.3.2.2	Section 21 schools.....	28
2.3.3	The importance of school financial management training... ..	29
2.4	Financial management in schools.....	30
2.4.1	The introduction of SGBs.....	30
2.4.2	The role of the SGBs.....	32
2.4.3	The role of the school principal.....	32
2.4.3.1	The financial management role.....	33
2.4.3.2	The professional management role.....	33
2.4.4	Phases in the school financial management.....	36
2.4.4.1	The planning phase.....	37
2.4.4.2	The organizing phase.....	40
2.4.4.3	The control phase.....	42
2.5	The influence of school finances on the	

	educational programme.....	43
2.6	Review of the funding policy.....	46
2.6.1	The School Funding Norms.....	47
2.6.2	Changes in school funding policies.....	51
2.6.2.1	The “no fee” policy.....	51
2.6.2.2	Implementation of the “no fee” policy.....	53
2.6.2.3	The situation of “no fee” schools in Mpumalanga.....	55
2.7	Summary.....	59

## CHAPTER 3

### RESEARCH METHODOLOGY

3.1	Introduction.....	61
3.2	Research aims.....	62
3.3	Research design and methodology.....	63
3.3.1	Research approach.....	64
3.3.2	Sampling.....	64
3.3.3	Data collecting process.....	66
3.3.3.1	Interviews.....	67
3.3.3.2	Examination of relevant documents.....	68
3.3.4	Administrative matters.....	70
3.3.5	Data processing.....	70
3.3.6	Trustworthiness.....	72
3.3.7	Ethical considerations.....	74
3.4.	Limitation of the study.....	75
3.5	Summary.....	75

## CHAPTER 4

### ANALYSIS AND INTERPRETATION OF THE RESULTS

4.1	Introduction.....	77
4.2	Data analysis.....	78
4.3	Research findings.....	79
4.3.1	Research findings: Interviews.....	79
4.3.1.1	SGBs’ and principals’ experiences on the “no fee” policy..	79
4.3.1.2	SGBs’ financial management and support for educational programmes.....	95
4.3.1.3	The major obstacles encountered as regards the new policy.....	110
4.3.1.4	Enhancing the effectiveness of the support for educational programmes by means of financial management .....	113
4.3.2	Research findings: Documents.....	114
4.3.2.1	School admission policies.....	114
4.3.2.2	Mission statements.....	115
4.3.2.3	School improvement plans .....	115
4.3.2.4	School allocations and budgets.....	115
4.3.2.5	School financial reports.....	116
4.3.2.6	Minutes of meetings.....	117
4.3.2.7	School financial policies.....	117
4.3.3	Summary.....	118



## CHAPTER 5

### SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1	Introduction.....	120
5.2	Summary of findings.....	121
5.3	Conclusions.....	125
5.3.1	Conclusions drawn from the literature.....	125
5.3.2	Conclusions drawn from the empirical research.....	127
5.4	Recommendations.....	131
5.5	Proposed topics for further research.....	136
5.6	Summary.....	136
5.7	Bibliography.....	139
	Appendix A: Permission letter from Mpumalanga Department of Education.....	149
	Appendix B: Interview schedule.....	150
	Appendix C: Example of interview transcripts.....	152

## LIST OF TABLES

Table 2.1:	Resource-Targeting Table based on conditions of schools and poverty of communities .....	49
Table 2.2:	National “no fee threshold” for the period 2007 to 2011	52
Table 4.1:	Categories and sub-categories of research findings.....	79

## ABBREVIATIONS

CELP:	Centre for Education Law and Education Policy
COLTS:	Culture of Learning and Teaching Service
DET:	Department of Education and Training
FINCOM:	Finance Committee
HOD:	Head of Department
LTSM:	Learning and Teaching Support Material
MEC:	Member of the Executive Council
NSC:	National Curriculum Statements
OBE:	Outcomes-based Education
PEDs:	Provincial Education Departments
RSA:	Republic of South Africa
SAHRC:	South African Human Rights Commission
SASA:	South African Schools Act
SGBs:	School Governing Bodies
SMTs:	School Management Teams
SBM:	School-based management

## CHAPTER 1

### ORIENTATION AND OVERVIEW

#### 1.1 Introduction

The focus of the study is to establish the extent to which the “no fee” policy affects the management of school finances and support for educational programmes at “no fee” secondary schools in the Province of Mpumalanga. Section 7 of the Constitution of South Africa requires the state to fulfill the Bill of Rights by performing certain duties. The state has a duty to take measures in order to advance the right to education (Nieuwenhuis, 2007:190). Public schools, according to the South African Schools Act (Act No. 84 of 1996), should be funded from public revenue on an equitable basis in order to ensure the proper exercise of the learners’ right to education. The Act further encourages a partnership between the state and local school communities. The nature of this partnership is briefly captured in the following preamble to the South African Schools Act (RSA, 1996:3):

*“Whereas this country requires a new national system for schools which will redress the past injustices in educational provision, provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all our people’s talents and capabilities, ...contribute to the eradication of poverty and the well-being of society, uphold the rights of learners, parents and educators, and promote their acceptance of responsibility for the organization, governance and funding of schools in partnership with the State”.*

This partnership is pursued through a strategy of decentralizing financial and governance functions to school-based structures to improve and encourage self-management of schools (Marishane & Botha, 2004:95). Donaldson (1992:303),

Nieuwenhuis (2007:139) and Rothman (1996:99), point out that efficient school-based financial management is a solution to the shortage of state resources because *“sufficient school finance and the effective management thereof will play a major role in building an effective school. It makes sense to commit more resources to schools when schools use resources wisely and justly”*

The approach which required school-based management necessitated the redesigning of public schools to empower educational stakeholders to develop and improve their schools (Kruger, 2007:236). School Governing Bodies have been introduced and given full responsibility to manage finances at public schools (RSA, 1996:24-28) and school principals are required to assist and support SGBs to execute their functions.

The financial responsibility granted to SGBs is a huge one because the lack of sufficient public funding for education has resulted in a situation where the affluent communities subsidize their children’s education with private resources while the poor communities rely on the state which has insufficient resources to fund an acceptable level of education provision (Naidu, Joubert, Mestry, Mosoge & Ngcobo, 2008:158). Many SGBs which are located within poor communities rely solely on state subsidies for their budgets (Naidu *et al* 2008:158). It is, however, a general responsibility of all public school governing bodies to ensure that schools are managed effectively so that they provide the best possible education for learners. They are required to take reasonable measures within their means to supplement the resources supplied by the state to improve the quality of education offered by the school (Wolhuter, Lemmer & De Wet, 2007:39).

Most SGBs that are situated in poor communities are unable to adequately supplement state resources because of their socio-economic conditions. The situation of poor communities often hinders school development initiatives and the quality of education offered by the schools. In 2005, the state therefore initiated the amendment of Section 39 of the South African Schools Act (Act No.

84 1996) which deals with school fees in public schools (RSA, 1996:26) through the Education Laws Amendment Act No. 24 of 2005 (“no fee” policy) in order to:

- assist SGBs to address the existing educational resource backlogs and
- realize the basic aim of the South African Schools Act (Act No. 84 1996) which is to improve the quality of education offered to all learners, better facilities, trained teachers and better school conditions that would motivate learners to take their education seriously (National Department of Education, 1997:6).

Through the new amendment, the Education Laws Amendment Act No. 24 of 2005 (RSA, 2005:6), the state has assumed full responsibility to allocate considerable funds to “no fee” public schools. SGBs at these schools are prohibited from levying mandatory school fees unless the Department of Education allocates an amount less than that which is determined by the “no-fee threshold”. The Minister of Education has the authority to “annually determine the national quintiles for public schools or part thereof, which must be used by the Member of the Executive Council to identify schools that may not levy school fees” (see section 2.5.1).

The new policy’s implications for school financial management are that two streams of public schools are introduced, “fee” paying and, “no fee” schools. This change allows SGBs of “fee” paying schools to levy fees to supplement state resources and prohibits SGBs of “no fee” schools from doing the same.

“No fee” schools could receive considerable amounts of finance if the policy were correctly implemented by the Provincial education Departments (PEDs). But if PEDs incorrectly apply the policy, “no fee” schools could experience financial difficulties considering that state allocations have become their main source of income. According to Wildeman (2008:47) poor provinces could struggle to finance “no fee” schools on a basis of *per learner* allocation as the national targets require.

Consequences of the new policy, on education, include the possibility of large learner enrolment at “no fee” schools: a situation which could compound the current educational problems of large classes, lack of adequate classrooms, equipment and trained quality teachers, shortages of school furniture, textbooks and other learning materials. Failure to forecast and prepare correct budget projections has the potential to undermine the Culture of Learning and Teaching Service (COLTS) at “no fee” schools.

The decentralization strategy requires that SGB members and principals be sufficiently capacitated to effectively manage the additional funds. Financial accountability is a demanding obligation for SGBs which may in practice pose a challenge for rural-based SGB members with low levels of literacy and financial skills (Naidu *et al* 2008:158). This study maintains that, despite the above mentioned facts, the notion of school-based management places the responsibility for ensuring school accountability on the school management team (SMT) and more specifically on the school principal who is also an *ex officio* member of the SGB. The principal has the duty to ensure that the school’s provisioning system is effective and that it adequately supports the teaching programme (Nieuwenhuis, 2007:139)

## **1.2 Background of the study**

The World Bank, through its Chapter 36 of *Agenda 21* (World Bank, 2002:151) regards education as a powerful instrument for poverty reduction, inequality and for the laying of a basis for sustainable economic growth. In its policy study the World Bank (1998:56) also established that secondary education is often expensive, particularly in Africa. It therefore proposed greater cost sharing and the raising of user fees as solutions to secondary education provision. In sub-Saharan Africa (Graham-Brown, 1991:38) government budgets for education materials and equipment have in some cases declined to zero. In the case of South Africa, the World Bank’s proposals of greater cost sharing at the

secondary level and the raising of fees in satisfying the high demand for secondary education in Africa are partly endorsed. The state contributes more substantial funds towards poor public schools than towards affluent ones.

A school funding policy, based on National Norms and Standards for School Funding (RSA, 1998:34-35) enables state Provincial Education Departments (PEDs) to direct 60 percent of their non-personnel and non-capital resources towards the poorest 40 percent of the schools in a province. A resource-targeting table, which is based on the ranking of schools, permits PEDs to allocate recurrent cost items on a sliding scale. Schools in the first group (quintile 1) receive more funds than those in the last group (quintile 5), (see section 2.5.1). This state initiative falls short as regards addressing the lack of financial resources. Christie, Butler and Potterton (2007:80) make the following observation in this regard:

*“There is no doubt that the schools in the middle quintiles, most of which are ex-DET or homeland schools; are resource-strapped. Many teach science and biology without laboratories. Though some Dinaledi [i.e. schools that receive extra assistance from the Department of Education for Mathematics and Physical Science] schools do have laboratories, and all received calculators, some equipment, and some textbooks, not one school reported satisfaction that it had adequate resources to meet all teaching needs”.*

The introduction of the Education Laws Amendment Act (Act No. 24 of 2005), as earlier discussed, increased the amount of state funding to “no fee” schools. Despite this state poverty alleviation initiative, cumulative evidence indicates a lack of satisfaction among teachers and principals with respect to the application of the Act. The dissatisfied teachers and principals even predict that the new policy is bound to fail. Newspaper reports cite the following cases as examples of general dissatisfaction:

- A Khayelisha school principal (Oliphant, 2008: 10), whose school faces a



bill of R957 625.04 for water and electricity (accumulated before the school's "no-fee" status), is reported saying that he has an annual budget of R500 000.00 to buy stationery and textbooks, pay municipal services and ensure that the school is properly run. The principal asserts that he needs at least R40 000 every month to run the school properly.

- A "no fee" school in Lusikisiki, in the Eastern Cape (*The Star*, 2008: "Pupils vandalize school during fees protest". 29 February. p2), levied a fee on learners as a temporary arrangement while the school waited for money from the Department of Education, despite the fact that the Education Laws Amendment Act, No. 24 of 2005 explicitly prohibits "no fee" schools from levying fees. When learners were not refunded as promised they vandalized the school.
- "Scores of no-fee schools in Gauteng are running into financial difficulties as the National Department of Education fails to make payments. The problem which was first reported in Mpumalanga is now spreading to other provinces" (Masipa, 2007: 4).
- Further newspaper headlines captured the following financial situation of "no fee" schools:
  - "Teachers pay up so kids can learn" (*Daily Sun*, 2007. Wednesday, May 2, p8)
  - "Why no-fee schools are set to fail" (Oliphant, 2008:10) and
  - "Poor schools run out of money" (*Mail & Guardian*, 2007. Friday, April 20, p11).

In the province of Mpumalanga all public schools have been granted Section 21 functions since 2004 (Mpumalanga Provincial Government, 2004:14). The implication is that all SGBs of "no fee" schools in the province do satisfy the

requirements for Section 21 status and are, therefore, granted the autonomy to utilize school funds. According to Clarke (2007:282) the checklist, for a school to claim a Section 21 status, includes policies on admission, financial controls, delegation, fund-raising, and taking on financial responsibilities, financial reporting and budget planning procedures.

A 2004 performance audit conducted on the management of funds at some of the Section 21 schools in the Province (Auditor-General, 2004:4-5) established, among other factors, that:

- principals and SGBs did not comply with the norms and standards of the Provincial Education Department (PED) that require the appointment of financial officers
- financial accounting systems had still not been developed or introduced at these schools
- principals utilized school finances without the involvement of SGB members and
- school finances were not utilized for the benefit of learners.

The creation of SGBs and the allocation of decentralized functions and responsibilities to them imply that SGB members and principals are held accountable for the proper and effective execution of these functions (Nieuwenhuis, 2007:117). The “no fee” policy requires the state to disburse increased funds to public schools. These funds are to be utilized by the SGB and principal to ensure that there is improvement in the quality of the education offered by the school to its learners.

### **1.3. The problem statement**

Mestry (2004:130) points out that the school governing body is responsible and accountable for the management of school funds and that the principal must facilitate support and assist the SGB in the execution of its statutory functions. Therefore, the SGB members are responsible and accountable for the management of school finances. Financial management skills are essential for them to be able to effectively perform these responsibilities. Inadequate state funding and the SGBs' lack of financial management skills could undermine the vision of the new education system as regards equity and the reduction of poverty through the provision of quality education to impoverished learners and communities.

In view of the above, the following main or primary research problem can be stated:

What effects does the new policy have on the management of finances and support for educational programmes at “no fee” secondary schools?

The research problem is encapsulated by means of the following research questions:

- How do SGBs and principals experience the effects of the new policy on finances and educational programmes of “no fee” secondary schools in Mpumalanga?
- How does the SGBs' financial management ensure support for the educational programmes of “no fee” secondary schools?
- What are the SGBs of “no fee” schools and principals' major obstacles on the new policy?
- How can SGBs, principals and provincial education authorities effectively support educational programmes through financial

management at “no fee” secondary schools?

#### **1.4. Aim of the study**

The general aim of the study, as mentioned, is to establish the extent to which the new policy affects the management of school finances and support for educational programmes at “no fee” secondary schools.

The specific aims of the study are:

- To establish how SGB members and principals experience the effects of the new policy on the educational programmes of “no fee” secondary schools in Mpumalanga.
- To determine how the SGB’s financial management ensures support for the educational programmes of “no fee” secondary schools.
- To identify and describe SGBs of “no fee” schools and principals’ major obstacles on the new policy.
- To develop guidelines for SGBs, principals as well as education authorities to effectively support educational programmes through financial management at “no fee” secondary schools.

#### **1.5. Research design and methodology**

A research design indicates the general plan of the research. This includes when, from whom and under what conditions the data will be obtained. It indicates how the research is set up, what happens to the subjects and what methods of data collection are used (McMillan & Schumacher, 2006:22). A research design is a procedural plan that is adopted to answer questions validly, objectively, accurately and economically (Kumar, 2005:84). This section therefore explains the approaches and methodology that are used in finding answers to the research questions that are stated for this study.

### 1.5.1 Literature study

A detailed literature study enables the researcher to gain further insight into the purpose and the results of a study. Literature for a review includes many types of sources such as professional journals, reports, scholarly books, government documents and dissertations. It is a review of the available body of knowledge which assists the researcher to see how other scholars have investigated the research problem, what instrumentation they have used and to what effect (Delpont & Fouche, 2005:263).

The literature for this study relates to issues such as human rights, access to education for all and basic education, education funding, school financial management and governance, culture of teaching and learning, values in education and school support systems and will include sources such as journal articles, national and provincial government gazettes, relevant legislation, research reports, newspaper articles, unpublished dissertations and theses, as well as books on school finance, governance and management.

### 1.5.2 Empirical study

An empirical research is a process of trying to gain a better understanding of the complexities of human interactions. Through systematic means, the researcher gathers information about actions and interactions, reflects on their meaning, arrives at and evaluates conclusions, and eventually puts forward an interpretation (Marshall & Rossman, 1995:15).

#### 1.5.2.1 Research approach

Fouche (2005:272) remarks that in qualitative research, unlike quantitative, the design or strategy is determined by the researcher's choices and actions. The exploration and description of the phenomenon take place through detailed, in-depth data collection methods, involving multiple sources of information that are rich in context such as interviews, documents, observations or archival records.

The choice of a qualitative approach for this study was based on its effective description of social problems. It also allows for the exploration of certain subtleties of the policy implementation process and the understanding of the effects of the new policy (Marshall & Rossman, 1995:11-12). In-depth data collection methods that are applicable in this study include interviews and the examination of relevant documents as the main sources of information.

#### 1.5.2.2 Sampling

Schools in the Mpumalanga province were selected because of their proximity to the researcher and their statuses of being “no fee” and Section 21 entities. The province under study contains four regions. From each of the regions, two secondary schools were selected through purposeful sampling. Eight (8) principals and eight (8) SGB members participated in the study (one principal and one member of the SGB per school). A total of 16 participants from four regions of the Province of Mpumalanga were interviewed.

Principals were selected on the basis of their direct involvement in the daily management of school activities, their *ex-officio* positions in the SGBs and influence on the financial management systems at “no fee” secondary schools. The South African Schools Act (Act No. 84 of 1996) requires principals to assist SGBs in the management of finances. The inclusion of SGB members is informed by the responsibilities of SGBs on school finances as derived from the South African Schools Act (Act No. 84 of 1996). Interview sessions with the eight (8) SGB members were conducted separately from those of the principals.

#### 1.5.2.3 Data collecting process

##### (1) Interviews

According to Bogdan and Biklen (2007:64) interviews in qualitative research may be regarded as the dominant strategy for data collection, or they may be employed in conjunction with participant observation and/or document analysis.

In this study semi-structured interviews are used in conjunction with document analysis to collect relevant data. The goals of these semi-structured interviews were to explore the topic more openly and to allow the participants to freely express their ideas (Esterberg, 2002:87). Principals and SGB members responded to pre-formulated questions as listed in the interview schedule. The schedule was composed of initial questions that are clearly worded. Each question relates to the specific objective (theme) of the study.

Questions in the interview schedule were prepared and formulated using guidelines on international, national and provincial norms and standards for educational funding and school performance, as discussed in chapter 2 (the literature study). All interviews were conducted at the premises of the selected schools. Field-notes were also taken during the sessions. Permission to tape-record interview sessions was obtained from each participant and the audio-tapes were clearly marked and stored to safeguard collected data.

## (2) Examination of relevant school documents

The examination of documents was used to supplement the main data source of interviewing. Documents that were consulted for the purpose of the study included school records such as budgets, minutes of meetings, finance policies, *etcetera*. The motivation for the examination of documents is that it is an unobtrusive method rich in portraying the values and beliefs of participants in the setting (Marshall & Rossman, 1995:85).

### 1.5.2.4. Administrative matters

Written permission to enter the “no fee” schools and conduct this research study was obtained from the Provincial Department of Education and from principals of participating schools. All participants were informed with regard to their voluntary participation, the aims of the study, confidentiality and anonymity. The researcher used code names for people and places to ensure anonymity. Marshall and Rossman (1995:64) assert that successful qualitative studies depend primarily on

the interpersonal skills of the researcher. These are often couched in terms of building trust, maintaining good relations, respecting norms of reciprocity and sensitively considering ethical issues.

#### 1.5.2.5 Trustworthiness

Reliability in the study was ensured through a logical link between formulated interview questions and the aims of the study. Questions were worded in a language that is not abstract as far as the participants are concerned. This eliminates ambiguity and the risk of different interpretations emanating from participants (Kumar, 2005:156-157). In this qualitative study the researcher was part of the data collecting process and captured what actually took place and what participants said. The researcher collected data that include a great deal of pure description of activities, interactions and settings (Patton, 2002:14-28). The researcher's personal values and beliefs were suspended to ensure objectivity or confirmability in the study (Denscombe, 2007:300-302).

The reliability of the research process ranging from the mechanically recorded raw data to findings is further verified through participants' verbatim accounts and low-inference descriptors such as the actual descriptions from interviews, documents and field-notes (McMillan & Schumacher, 2006:325). Direct quotes from the interviews and examined literature are utilized to check and validate the accuracy of participants' meanings and understanding of the phenomenon

#### 1.5.2.6 Data processing

Responses of interviewed SGB members and principals were recorded and analyzed. The tape recordings of each interview session were transcribed verbatim and classified according to emerging repeated patterns and common occurrences in the interview (Baker, 1994:250) and document analyses.

All transcripts were read and jotted down. A list of all topics was compiled, similar



topics were clustered together and major ones identified. Similar topics were abbreviated by means of codes that were written next to each segment of data in the transcribed interview. Categories were formed by grouping topics together and relationships between the categories were established. All the data material of each category was assembled in one place. The existing data were recoded. Transcribed field notes of every audio-taped interview and of the document analysis were added to determine categories. The categories that display similar meaning are combined in order to create logical sense in patterns (McMillan & Schumacher, 2006:375). In summary, the data were processed, mapped, interpreted and results presented

## **1.6. Definition of terms**

### 1.6.1 School financial management

Financial management within the school context is, according to Naidu *et al* (2008:164), the performance of management actions connected to the finance of schools with the main aim of achieving effective education.

### 1.6.2 Resource-Targeting Table

The resource-targeting table refers to a table ranking schools from the poorest to the least poor. The poor and poorest schools are on the first and second rungs (quintiles) of the table, whereas the least poor schools are on the fourth and fifth rungs. The listing of schools takes the following factors into account: the physical condition, facilities, any crowding in the school and the relative poverty of the community around the school (RSA, 1998:13 -14).

### 1.6.3 “No fee” policy

This refers to the amendment of Section 39 of SASA, 1996 through the Education Laws Amendment Act (Act No. 24 of 2005). This policy authorizes the Minister of Education to annually declare South African public schools that are deemed to be poor as “no fee” schools.

#### 1.6.4 “No fee” schools

Schools annually declared by the Minister at which parents do not have to pay school fees (Bentley 2006:1).

#### 1.6.5 “No fee threshold”

Refers to the level of funding per learner in accordance with the norms and standards for school funding applicable to a public school, which enables the Minister of Education to declare a school a “no fee” school in terms of the Education Laws Amendment Act, No. 24 of 2005 (RSA, 2005:1).

#### 1.6.6 Mpumalanga Province

This is a South African province situated to the east of Gauteng Province and to the south of Limpopo Province respectively. It is the only province that has declared all public schools Section 21 institutions and it is reported that this particular Province allocates the highest amount per learner at its “no fee” schools.

#### 1.6.7 Ministry of Basic Education

The Ministry of Basic Education refers to the newly established ministry responsible for public primary and secondary education in the Republic of South Africa. In 2009 the then Ministry of Education, which was responsible for all education matters in South Africa, was split into two ministries, namely, the Ministry of Basic Education and that of Higher Education respectively. The latter Ministry is responsible for higher education and training (i.e. post-Grade 12).

### **1.7. Chapter division**

Chapter 1 is mainly introductory and describes the context of school funding and financial management in support of curriculum management activities at “no fee” schools. Background to the problem, research design and method, definition of key terms, chapter division, specific and general aims of the study are all discussed in this chapter.

Chapter 2 provides the theoretical background to the study. In this chapter a detailed literature review is furnished on the management of school finances and support for educational programmes. In addition, the effects of the “no fee” policy on the educational programme are explored.

Chapter 3 includes the detailed explanation of the research design, as well as a brief explanation of the theory underpinning the method, data collection instruments. A description of data analysis procedures is provided in this chapter.

Chapter 4 discusses the results of the research study in view of the stated theoretical framework and the research findings.

Chapter 5 contains the summary, conclusions and recommendations of the research study. Topics for future research are also highlighted in this chapter.

## **1.8. Summary**

South Africa and the broad international community of nations have committed themselves to the principles of creating access to education and the eradication of poverty through the provision of quality education. Despite this commitment, some countries, especially those in sub-Saharan Africa, continue to struggle against financial debts.

South Africa faces problems that are part of the legacy of the *Apartheid* education system. These problems are viewed as major causes of high rates of learner dropout and poor performance. In order to assist SGBs in poor communities to address their educational problems, the South African Schools Act (Act No. 84 of 1996) was amended through the Education Laws Amendment Act (Act No. 24 of 2005) which is also referred to as the “no fee” policy. Through this new policy the state took the greater responsibility in the funding of “no fee” schools and abolished mandatory fees that were levied by SGBs.

This study aims to establish the extent to which the “no fee” policy effects the management of school finances and support for educational programmes at “no fee” secondary schools. Emphasis is placed on measures taken by school governing bodies to ensure financial allocations to support educational programmes, and on the major obstacles of the policy for SGB members and principals and guidelines, in order to enable SGBs, principals as well as provincial education authorities to effectively to support educational programmes through financial management. In the next chapter, a detailed literature review will focus on the recent data sources with respect to financial management and financial support for educational programmes.

## CHAPTER 2

### REVIEW OF EDUCATION FUNDING AND SCHOOL MANAGEMENT LITERATURE

#### **2.1 Introduction**

In this chapter a detailed theoretical background on the management of school finances and support for educational programmes is presented. In addition, the effects of the “no fee” policy on school financial management and support for the educational programmes at “no fee” secondary schools are explored.

In South Africa, as in many other countries, a decentralization strategy which devolves certain kinds of decision-making authority to school-based management structures (i.e. SGBs and SMTs) is pursued in order to ensure that these structures are empowered to carry out the development and improvement of schools (Marishane & Botha, 2004:95-96). School development and improvement are largely determined through successful translations of monetary inputs into school resources and subsequently, the translation of school resources into learner achievement (National Department of Education, 2003:103-104).

In the context of the South African education system, the decentralization strategy is largely applied to Section 21 schools (see section 2.3.2). These schools have been granted financial responsibilities and decision-making authority, which is in line with the international approach to SBM. The policy framework on education, which also encompasses the South African Schools Act (Act No. 84 of 1996) and the School Funding Norms, encourages all parents, teachers, learners and communities to play an active role in ensuring that the state’s resources granted to schools are translated into quality teaching and learning. In accordance with the decentralization policies all public schools, even

those in poor communities, are expected to eventually take a role in managing resources effectively through the SBM structures (National Department of Education, 2003:36).

The management of “no fee” schools in the Mpumalanga Province should consequently be considered within the context of the nature and purpose of school-based management. Considering that “no fee” schools in the Province are managed as Section 21 institutions, it is important to trace the origins of and the rationale behind the school-based management and financing approach. In essence, the management of “no fee” schools in the Mpumalanga Province could be viewed within the context of such an approach.

The decision of the Province to grant all public schools the functions of Section 21 entities has huge financial management implications for these schools. SGBs of “no fee” schools, with Section 21 functions, face increased accountability on the utilization of funds. In addition, SGBs and principals are required to allocate finances in a manner that responds promptly to the needs of the school in order to increase effectiveness, efficiency and the quality of the educational programme which the school offers to learners. Rothman (1996:12) notes that though education is often considered to be the solution to development, and appears to be the solution to the dilemma of poor communities, however, the problem is that:

*“... even those who are to manage education in developing countries are not fully competent to do so. Resources are used inefficiently and the benefits are thus reduced to a trickle, keeping the learner poor in skills, making it almost impossible for him [sic] to escape his poverty.”*

The efficient and effective deployment of financial resources could be ensured through adherence to the required school financial management principles. In order to ensure that school funds are managed in a manner that supports the educational programme, it is essential for the SGB members and principals of

“no fee” schools to acquire the necessary knowledge and skills as regards the required school financial management principles (see section 2.4).

The chapter will conclude with some key aspects that are identified in the literature regarding the adequacy of state allocations; the process of decentralizing financial responsibilities and decision-making authority to SGBs and principals; and the support of educational programmes through financial management at “no fee” schools with Section 21 functions.

## **2.2 The aim and nature of school-based management**

School-based management (SBM) or self-management of schools is an approach through which management structures at school level are granted decision-making authority on functions and responsibilities through a process of decentralization. According to Odden (1999:156), it is adopted mainly to improve learner achievement. The approach is based on the belief that schools will improve because they will operate more like businesses (Picus, 1999:22). SBM involves decisions about resources such as the number and kinds of personnel, amounts of equipment and supplies purchased, and sometimes maintenance and utility services (Ozembloski & Brown, 1999:131).

Briggs and Wohlstetter (2003:352) state that the SBM approach was initially adopted as a means of political reform that shifted the balance of power from the central office to the school community, but later SBM efforts increasingly became focused on improving learner achievement through the following aspects:

- Changes in school culture and practice
- Use of decision-making authority to create meaningful change in teaching and learning
- Creative division of power among individuals by establishing networks among administrators and teachers
- Principals adopting the role of manager and facilitator of change, while

- teacher leaders take on responsibilities around issues of teaching and learning
- Focusing resources on particular innovations or initiatives rather than using resources to pull the school in multiple and competing directions

The origin of school-based management and financing, particularly in the United States [U.S.], is attributed to the reform movement called the “standards- and school-based education reform” (Odden, 1999:157). This reform strategy allowed the higher levels (i.e. structures of authority) in education and the district to set curriculum content and learner performance standards, measure learner achievement results, and devolve to school sites the responsibility for producing improvements in systems and learner performance. Odden (1999:157) further indicates that the SBM strategy requires major changes in school curriculum, governance, management, finance and a school-based management system. The SBM approach means that schools will have to be redesigned to give educational stakeholders the opportunity and power to improve and develop their schools (Kruger, 2007:235).

The underlying philosophy of school-based management and financing (Coopers & Lybrand Associates, 1988:77), is the application of good management, which requires the identification of management units for which objectives can be set and resources allocated. The unit is then required to manage itself within the allocated resources to achieve the set objectives. The unit is then held to account for its performance and for its use of funds. Furthermore, Coopers and Lybrand Associates are of the view that delegation to schools includes the following gains:

- It will increase the accountability of schools with respect to providing value for money
- it will give schools the flexibility to respond directly and promptly to the needs of the school and its pupils [i.e. learners] in a way which will increase the effectiveness and the quality of the services provided



The view of government is that effective schemes of local financial management will improve the quality of teaching and learning in schools because they will enable school governors and principals *“to plan their use of resources to maximum effect in accordance with their own needs and priorities”* (Young, 1989:179). Stewart and Holtham (1989:37) describe the purpose of decentralized management as:

*“Decentralized resource management does not mean simply allocating budgets to cost centre managers to do what they wish with the resources. Budgets and finance are a means of achieving management purposes. The management purposes are achieving the policy objective of the authority.”*

Decentralized school funds, therefore, are intended to finance the curriculum and instructional programme, classroom and school organization, school staffing and resourcing (Odden, 1999:159). Schools have to consider how their decision-making processes need to be adapted in view of the new responsibilities and opportunities presented by the delegation of financial responsibilities (Levacic, 1989:73).

In the case of the South African education system, all funding and governance issues for public schools are regulated and managed in accordance with the South African Schools Act (Act No. 84 of 1996). Section 21 of the Act provides for the decentralization of financial responsibilities to school-based structures (i.e. SGBs). The provision implies that lump sums are allocated to Section 21 schools, including “no fee” schools with Section 21 functions.

According to Coopers and Lybrand Associates (1988:78-79), the following implications derive from the decentralization of financial responsibilities and decision-making powers to schools:

- Delegation schemes add considerably to the administrative workload at the school level. This necessitates a redesigning of schools to

- accommodate delegated functions
- Decision making will cover all aspects of school activities starting with the setting of goals, and proceeding through the preparation of detailed budgets and operating plans, the monitoring of progress and achievement, agreement about changes to an annual review
  - The role of governors in school management will become more meaningful as they will now have real resources to control
  - On planning and budgeting, each school will be faced with the task of planning its operations to achieve its educational objectives within the constraints of cash limits and overall policies and guidelines
  - Schools will need to respond quickly to changes in their resources which result from changes in learner numbers
  - The execution of a school's operating plans and budgets will need to be controlled. Schools will need to monitor activities and achievements in parallel with the budget

In the South African context, SBM is founded on the tenets of participatory democracy, namely, direct or indirect participation by the educational stakeholders (teachers, parents, learners and the community at large) who are given the opportunity and power to improve and develop their school (Kruger, 2007:235; Gildenhuys, 2008:54). The approach is introduced into the South African public education system through the provisions of the South African Schools Act (Act No. 84 of 1996). Section 21 of the Act provides for the establishment of SBM (self-managing schools) by permitting schools to apply for functions that were originally carried out from and by the central offices of education departments. The decentralization of these functions includes state-allocated budgets (school allocations) and financial management responsibilities (Marishane & Botha, 2004:96).

The school allocation is an amount the state allocates to schools, through provincial education departments, in order to finance key inputs other than personnel and buildings in the education process. Examples of the key inputs

necessary for teachers and other school personnel to properly perform their functions are: textbooks, stationery and items such as cleaning materials and electricity (RSA, 2006:25).

## **2.3 School funding**

### 2.3.1 Sources of funding

In the South African education setting, funds for public schools are obtained from private (i.e. individual) and public sources. Private funding is defined as that which includes school fees contributed by parents and different costs borne by learners with respect to transport, textbooks and uniforms, while public funding represents the finance from the public revenue (Kruger, 2007:234). Public funding is made available in order to create greater access to quality education for all (National Department of Education, 1997:5-6).

The provision of quality education, according to the Ministry of Basic Education, is a public responsibility to be largely funded by the state at an affordable and sustainable level. This implies, nonetheless, that certain education costs are to be borne by parents and learners (National Department of Education, 2000:18). Therefore, partnerships between the state and non-state structures have become a strategic element in the implementation of policy and transformation processes (Naidu, *et al* 2008:151).

The private funding of education, which consists mainly of the levying of mandatory school fees, has allowed schools or groups of schools to set fees according to the wishes of parents. Nonetheless, the private funding of education, in some cases, has led to public schools serving largely poor communities being unable to raise much money and so having poorer facilities (Graham-Brown, 1991: 43-44).

Public funding is allocated in accordance with Section 34(1) of the South African

Schools Act (Act No. 84 of 1996). The Act requires the state to fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision (Bisschoff, 1997:133).

The provincial governments and legislatures have a Constitutional responsibility to allocate appropriations to their education departments from the total revenue resources available to their provinces. Each province determines its own level of spending on education. Although the Ministry of Basic Education does not decide on the amounts to be allocated annually for Provincial Education Departments (PEDs) the Ministry of Basic Education nevertheless is responsible for determining national policy and norms for the provision of educator and non-educator personnel, including administrative and support personnel at school level (RSA, 2006:9).

Presently the Ministry of Basic Education has determined that personnel and non-personnel spending in public schools should be in the ratio of 80:20 (i.e. 80% on personnel and 20% on non-personnel expenditure). The new expenditure ratio on personnel and non-personnel is intended to increase the budget for pedagogically critical items such as the construction of new schools, supply of learning and teaching support materials (LTSM), and professional teacher development programmes (RSA, 2006:8-9).

According to the School Funding Norms (RSA, 2006:21), Provincial Education Departments, in their overall budget for education and for schools, must budget for:

- capital cost allocations and
- school allocations

The **capital cost allocation** entails the category for “new classrooms and other construction allocations”. This category includes the provision of water,

electricity, sewage and telephone services on site, and connections to main services where these are provided to the school site. PEDs are required to:

- Maintain an accurate, prioritized, annually updated database of school construction needs, and
- Undertake annually updated long-term projections of new school construction targets and funding requirements, based on these norms

Furthermore, in the allocation of new school construction funds, PEDs must give preference to facilities serving the compulsory education grades (i.e. grades 1-9) and extensions to existing schools except where extensions would result in schools that are too large to be pedagogically sound.

The ***school allocation*** strictly covers non-personnel recurrent items and small capital items required by the school as well as normal repairs and maintenance to all the physical infrastructure of the school (RSA, 2006:26-27). The following items are examples of aspects that the school allocation may cover:

- Learning and teaching support materials (LTSM) which include textbooks and education equipment
- Non-LTSM equipment such as photocopier machines, telephone sets, hardware tools, furniture other than learners' desks and chairs
- Consumable items of an educational nature such as stationery for learners
- Consumable items of a non-educational nature such as cleaning materials, fuel, food and lubricants
- Services relating to repairs and maintenance
- Other services, including workshop fees, television set licences, postage, rental of equipment, audit fees, bank charges and legal services

In essence the school allocation is primarily and exclusively intended for the promotion of efficient and quality education in public schools (RSA, 2006:27).

Public funds are distributed to schools in accordance with the national norms and minimum standards for school funding (School Funding Norms) that Wildeman (2008:8) defines as the *“guidelines about the distribution of government resources to the ‘poor’ and ‘non-poor’ alike”*. The School Funding Norms allow the education department to allocate funds according to the needs of the school. However, there is no clarity as to whether per learner allocations are equal to the needs of the school. The norms also provide for fee exemptions (see section 2.6.1). Public schools are required to manage state funds in terms of the provisions of Sections 20 and 21 of the South African Schools Act (Act No. 84 of 1996).

### 2.3.2 Differences between Sections 20 and 21 schools

According to the South African Schools Act (Act No. 84 of 1996) Section 20 schools are those that are accorded the authority only to perform the general functions under Section 20 of the Act (Act No. 84 of 1996), whereas Section 21 schools are those that have been granted the authority to execute the general functions under Section 20 as well as the additional functions of Section 21 as prescribed in the South African Schools Act (Act No. 84 of 1996). The distinction between Sections 20 and 21 schools presents complexities in the management of these public schools.

#### 2.3.2.1 Section 20 schools

Section 20 schools, unlike their Section 21 counterparts, procure their goods and services according to existing education departmental arrangements. These Section 20 schools do not receive lump sum allocations but are only informed of their budget and given a “paper budget” to prepare them to understand the actual costs of running the school (RSA, 1998:28).

The funds for Section 20 schools remain with the respective provincial education department which controls the school’s expenditure as follows:

- Learner support material, education material, equipment and curriculum needs: 60%
- Maintenance of and repairs to buildings: 12%
- Payments for services (municipal): 28% (Mestry, 2004:130)

Unused funds that are allocated for Section 20 schools are returned to Treasury and are not rolled over for utilization in the next financial year. This is an area which disadvantages Section 20 schools and runs against the pro-poor provisions of the School Funding Norms (National Department of Education, 2003:58). This arrangement could have the unintended consequence of perpetuating the inequalities among schools that the policy intends to redress.

#### 2.3.2.2 Section 21 schools

Section 21 functions are allocated by the Head of Department (HOD) *“only if the school has the proven capacity. This is determined by considering that the school has managed its own funds efficiently and also that it is complying with all the regulations as stipulated in the Schools Act”* (Mestry, 2004:130).

According to Section 21(6) of the South African Schools Act (Act No. 84 of 1996), a Member of the Executive Council (MEC) may also, by notice in the *Provincial Gazette*, determine that some governing bodies may exercise one or more functions under Section 21 even if they have not applied for these functions, and on condition that:

- The MEC is satisfied that the governing bodies concerned have the capacity to perform such functions effectively; and
- There is a reasonable and equitable basis for doing so

Implicitly, Section 21 schools exercise financial and decision-making authority. They receive lump sums per learner transfer in accordance with the Resource

Targeting Table (see section 2.6.1) and are allowed to save funds from one year to the next, and could perform the additional functions such as: the maintenance of school property, purchasing teaching and learning materials (LTSM) and equipment, paying for services and determining the extramural curriculum. In addition, Section 21 schools are given the authority to deal directly with suppliers and contractors for the relevant budgeted items (Marishane & Botha, 2004:96).

The primary implication of this financial management autonomy for Section 21 schools is that SGBs and school management teams (SMTs) will enjoy increased managerial autonomy (Kruger, 2007:235). Members of the SGB and SMT, therefore, are required to exercise considerable control and management (Naidu, *et al* 2008:167).

### 2.3.3 The importance of school financial management training

Thompson and Lakin (1999:81) state that the success of school-based financial management depends on principals, governors and the teachers. In regard to teachers, this assertion is relevant to those elected or appointed to the sub-committees of the SGB and the SMT respectively, particularly teachers that are involved in the management of school finances. According to Davidoff and Lazarus (1997:118-120), the process of financial delegation to schools should take into account the importance of equipping members of the school community with the requisite skills to analyze budgets and financial statements and to manage finances when schools are ultimately given more financial autonomy. In essence it is important for PEDs to provide effective financial training to school-based management structures in order to ensure that school allocations are effectively managed. According to Thompson and Lakin (1999:81) an effective training programme is important to the success of school-based financial management

It is consequently imperative that all members of school-based management structures (parents, principals and teachers) acquire the necessary financial



skills. Picus (1999:23) observes that a lack of interest in acquiring business and finance skills, particularly by teachers, has the potential to exacerbate the lack of requisite financial management skills at the level of the school. It is important for teachers to develop interest in the acquisition of such skills, considering the demands of a participatory democratic approach on educational matters and the crucial role that teachers play in the development of communities, especially in the South African education setting in which most “no fee” schools are situated in deep rural and semi-urban communities.

## **2.4 Financial management in schools**

Naidu *et al* (2008:164) define financial management as the performance of management actions connected to the finance of schools with the aim of achieving effective education. The first and most important aspect of managing school finances is to be clear about who is responsible for what because overlapping responsibilities need to be minimized to avoid areas of conflict (Clarke, 2007:280).

### **2.4.1 The introduction of SGBs**

The South African Schools Act (Act No. 84 of 1996) assigns school governance to the governing body and professional management to the school principal. The “governing body” is defined as the body that is entrusted with the responsibility and authority to formulate and adopt policy for each public school in terms of national policy and provincial education regulations (RSA, 1996:16). The governing body stands in a position of trust towards the school and fulfills the role of a public entity (Centre for Education Law and Education Policy [CELP], 1999:60-65). The South African Schools Act (Act No. 84 of 1996) has entrusted tasks that relate to the management of school property and finance to the SGBs.

The CELP (1999:61) points out that Section 23(2) of the South African Schools Act (Act No. 84 of 1996) provides for four types of members that may be elected

to the SGB, namely: parents or guardians of learners at the school; teachers at the school; non-teaching staff at the school; and learners in the eighth grade or higher at the school. Besides their financial responsibilities, the members of all SGBs are required to perform, among others, the following general functions:

- Determine the admission policy of the school
- Adopt a constitution
- Develop the mission statement of the school
- Determine a language policy for the school
- Lay down rules for the conducting of religious observances at the school
- Determine a code of conduct for the learners of the school
- Determine the times of the school day
- Recommend to the Head of Department the appointment of teachers and non-teaching staff to the subsidized post establishment of the school
- Support the principal, teachers and other staff of the school in the performance of their professional functions

Section 21(1)(a)-(e) of the South African Schools Act (Act No. 84 of 1996) provides SGBs with the option to apply for the following allocated (additional) functions:

- maintain the school grounds and property
- determine the extramural curriculum and the choice of subjects
- purchase educational equipment, materials and textbooks for the school
- pay for services to the school (CELP, 1999:62-63; RSA, 1996:12).

Schools that have successfully applied for the above mentioned functions are known as “Section 21 schools”, as explained in section 2.3.2.2.

#### 2.4.2. The role of the SGBs

The responsibilities of financial control entrusted to the SGB are probably their most important responsibilities, in particular, the preparation and approval of the annual budget (Clarke, 2007:280-281). Section 37 of the South African Schools Act (Act No. 84 of 1996) prescribes that the SGB should perform the following mandatory financial functions:

- establish a school fund
- collect and administer school fees
- keep financial records
- draw up annual financial statements and
- supplement state resources.

The general function of the collection and administration of school fees is no longer applicable to the SGBs of “no fee” schools because the Education Laws Amendment Act (Act No. 24 of 2005) has effectively abolished the levying of fees at “no fee” schools. Section 39(7) of the Act states:

*“The Minister of Education must by notice in the Government Gazette annually determine the national quintiles for public schools or part of such quintiles which must be used by the Member of the Executive Council to identify schools that may not charge school fees”.*

#### 2.4.3 The role of the school principal

There is a clear distinction between governance, which is the responsibility of the SGB and professional management of schools (National Department of Education, 1997:11), which means the day-to-day organization of teaching and learning, and the activities which support teaching and learning, for which teachers and principals are responsible (National Department of Education,

1996:15). Although the SGB is entrusted with tasks regarding school finance and property, all activities in a school, including those of management, revolve around resources. The effective utilization and development of resources in a school is dependent on the management and leadership skills of education leaders. School principals are tasked with financial and professional management responsibilities (Wolhuter, *et al* 2007:134). The financial responsibilities of the principals are derived from the provision of the South African Schools Act (Act No. 84 of 1996) which requires principals to assist SGBs in the execution of their functions. Therefore, principals shoulder the responsibility of ensuring that school finances are managed efficiently.

#### 2.4.3.1 The financial management role

The South African Schools Act (No. 84 of 1996) describes the principal's role simply as providing assistance to the SGB on school property and finance (Mestry, 2004:129). Assistance to the SGB includes the monitoring of the school's financial position, particularly in relation to cash flow (Clarke, 2007:288-289). The principal also has a responsibility to ensure that the SGB manages the school's finances in terms of the provisions of the South African Schools Act (Act No. 84 of 1996) and in the best interests of the school (CELP, 1999:60).

#### 2.4.3.2 The professional management role

A positive organizational (school) culture contributes to effective teaching and learning in schools. Organizational culture is defined as the manner in which all tasks in the school are embarked upon and executed (Van der Westhuizen, 2002:125). The organizational culture of the school and the principal's influence on this relate directly to the effectiveness of teaching and learning. The principal's personal convictions about the nature and purpose of education come to the fore in the educational programme of the school (Kruger, 2007:247).

A principal is the single greatest influence on the life of the school. It is

impossible to visualize a school trying to operate without the full involvement and support of the principal (Pipes, 1991:3.4-01). In fact, a deficiency in the principal's involvement and a lack of fulfilling leadership and support roles are negative school practices that contribute to a negative school climate (Nieuwenhuis, 2007:222).

A school principal is important in the creation of a positive organizational culture of the school in order to motivate teachers and learners to achieve educational outcomes. It is the principal's duty to foster and maintain a school culture (climate) where the majority of the staff members are committed to their work. The principal is required to articulate the school's mission in order to contribute to the establishment of positive and sound cooperation in the school (Kruger, 2007:11).

John Adair's model of the functions of a leader, as cited by Pipes (1991:2.3-03) and widely promulgated and used in Britain, is a reminder that school principals belong to the category of leaders and must meet the needs of the task, the team and the individual as outlined below:

The **task function** requires the leader (principal) to possess skills that include time management, public relations, financial accounting, target definition and setting, appraisal and the management of change in order to perform the following functions:

- defining the aims
- making plans
- allocating resources
- controlling quality
- checking performance against the plan
- adjusting the plan

The **team function** requires the leader (principal) to command skills as regards

team building, team briefing, motivating, communication and staff selection skills in order to perform the following:

- building team spirit
- maintaining team discipline
- encouraging, motivating and giving a sense of purpose
- appointing section and school departmental leaders
- ensuring effective team communication
- training the team

The range of additional skills needed to perform the ***individual function*** facet of leadership includes delegation, managing staff development and interpersonal skills that are key in the following aspects:

- encouraging individuals
- attending to personal problems
- according status
- recognizing and using individual abilities
- training the individual

It is essential for principals to possess most, if not all, of the above attributes as defined in John Adair's model. Principals who manage within the context of the South African education legislative framework, particularly in accordance with the regulations of the South African Schools Act (Act No. 84 of 1996), are under the authority of the Head of Department and must undertake the professional management of public schools. The principal serves as a representative of the Head of Department in the SGB when acting in an official capacity. The implication is that the principal is accorded delegated powers to organize and control teaching, learning and associated activities at the school effectively (Mestry, 2004:127). In addition, the principal also performs the following functions:

- prepares and submits an annual report to the Head of Department in respect of the academic performance of the school
- prepares and sets out how academic performance at the school will be improved
- implements all educational programmes and curriculum activities
- manages the use of learning support material and other equipment
- keeps all school records safe and
- implements policy and legislation (RSA, 2007:10-11).

According to the above mentioned facts, it is apparent that the main responsibility of the principal and the school management team (SMT) is to organize teaching and learning activities (the educational programme). This is executed through devising operational plans that encompass the objectives of the educational programme. SGBs are responsible for the financial plan (budget) by means of which financial resources are allocated to support the objectives of the educational programme.

#### 2.4.4 Phases in school financial management

There are a number of required principles in the process of school financial management that serve as guidelines. An outline of these required financial principles, in the process of school financial management, is provided under each of the following phases:

- planning
- organization and
- control of finances

The planning phase entails the budgeting process. The organization of finances focuses on the drawing up of a financial policy, setting up a structure to handle financial matters, delegation of certain functions and the coordination of activities. The control of finances deals with the criteria through which school resources are

effectively mobilized, monitored and evaluated.

#### 2.4.4.1 The planning phase

According to the *Oxford Dictionary of Business and Management* (2006, sv “financial planning”), the concept of financial planning is defined as the formulation of short-term and long-term plans in financial terms for the purposes of establishing goals for an organization to achieve, and against which the actual performance of the organization can be measured. Financial planning encompasses the use of a budget.

A budget is a planning instrument and a statement of the school’s priorities in financial terms. A budget looks forward and is used in assessing systematic planning, quantifying objectives and identifying priorities, coordinating activities and communicating plans within the school (Bisschoff, 1997:66-67). Budgets and operating plans should contain proposals with estimated costs for curriculum and extra-curricular development, administration and systems, staff developments and training, and building and ground maintenance (Coopers & Lybrand Associates, 1988: 80).

According to Pipes (1991: 4.1-01) a budget is a quantitative expression of a plan of action and an aid to its coordination and implementation. For a school the annual budget provides a plan which brings together the school’s objectives, levels of achievement and resources. In essence, budgets represent the financial expression of the school’s formal plans (Arnold & Hope, 1989:49). Hawkins and Turner (1995:8) provide the following definition:

*“A budget is telling your money where to go, instead of worrying where it went.”*

SGB members will only be in a position to formulate their budgets once decisions are taken about the number of required teachers and the grades to be taught. These should be in line with the long-term plans and objectives of the school.



Ensuring that the assumptions made in preparing a budget are consistent with the objectives of the long-term plan, an adequate basis of data from which to calculate expected costs is required. As the budgeting process begins the amount of funds available from the education department should have been identified and responsibility for preparing the budget should have been assigned (Pipes, 1991:4.1-05).

The education department is required to assist SGBs by providing, on an annual basis, sufficient information such as the available funds for public schools to enable them to prepare their budgets for the next year and in accordance with the South African Schools Act (Act No. 84 of 1996) (Clarke, 2007:133). Section 39 of the Act (Act No. 84 1996) requires the SGB to convene a general meeting of parents to consider and approve through a vote, a budget which has been prepared in accordance with Section 38 of the Act (RSA, 1996:18):

*“A governing body of a public school must prepare a budget each year, according to prescriptions determined by the Member of the Executive Council in a Provincial Gazette, which shows the estimated income and expenditure of the school for the following financial year”.*

The budgetary process begins with decision-making and the stating of expected outcomes. Clarke (2007:294) describes the following steps as being very important during the school’s budgeting process:

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

budget and an up-to-date income and expenditure statement for the current year.

- *Estimate acceptable fee increase range* (not applicable for “no fee” schools).
- *Estimate income*. This will mostly depend on the quintile ranking and the “per learner” allocations from the education department. This information is important to “no fee” schools because of the abolition of mandatory fees as a source of income.
- *Estimate operational costs*. It is ideal to start with the major costs identified during the review of the current budget.
- *Estimate minimum reserve funds needed*. Schools are not permitted to borrow money or make use of an overdraft facility. Therefore, schools need reserve funds.
- *Estimate priority major capital development costs*. This refers to long-term budgeting (Arnold & Hope, 1989:52). If the school plans to set aside money for future development needs, the estimated expenditure needs to be included in this section of the budget.

In fulfilling their obligation to raise supplementary resources SGBs are not required to levy mandatory school fees. The decision whether or not to levy school fees is a matter for the parents of the schools, where schools have not been declared “no fee” ones (RSA, 2006:11). In the case of “no fee” schools, where parents could make voluntary contributions (Gauteng Department of Education, 2009:2), SGBs will certainly require sufficient information on their estimated income considering that mandatory fees are no longer part of their income and that their only estimated income is allocated strictly in accordance with the number of learners at the school. The important factors in the size of the school budget are, therefore, the learner numbers and the level of state funding. It is through learner numbers that state funding is made available. Current and forecast learner numbers are central to the development of the school plan and setting of objectives. For this reason, SGB members and principals should be aware of the historical trend in learner numbers and reasons associated with the

trend (Pipes, 1991:4.2-01).

#### 2.4.4.2 Organizing phase

The organization of finances entails activities such as the establishment of organizational structures to handle various financial management tasks, whether in the field of administration or accounting (Bisschoff, 1997: 92). Other aspects that are entailed in the organizing of school finances include the drawing up of a school financial policy, the coordination of activities, and delegating certain functions to clerical staff, class teachers, the treasurer or even to the principal (Kruger, 2007:240).

##### (i) The school financial policy

The financial policy is in essence, a control procedure (Clarke, 2007:281) which establishes:

- How financial transactions are processed
- Internal checks that need to be in place
- The delegation of responsibility and
- The system of authorization.

##### (ii) Finance committee

Section 30 of the South African Schools Act (Act No. 84 of 1996) provides that SGBs may establish sub-committees such as the finance committee. A finance committee is established strictly to handle school finances on a day-to-day basis. Members of the committee should also include those with some financial or accounting background. The chairperson of the finance committee should cooperate with the principal as regards the day-to-day management of finances (Bisschoff, 1997:92).

The importance of the finance committee is emphasized by Marishane and Botha (2004:100) who state that though schools in the province of Limpopo are

encouraged to establish finance committees, the functionality and effectiveness of the committees is not followed-up. This finding on the lack of functionality and effectiveness of the finance committees in public schools is confirmed through a study by Mestry (2006:34), which states that most of the participants interviewed (i.e. teachers and parents) from four schools in Gauteng, indicated that they were excluded from financial decisions because the principal and chairperson of the SGB did not discuss finances with them. Implicitly, the management of school finances could be enhanced if the establishment of SGBs' sub-committees such as one for finance were to be backed by practical steps to ensure their functionality.

In terms of the South African Schools Act (Act No. 84 of 1996), sub-committees are chaired by the SGB members. The problem in regard to this provision relates to the day-to-day management of finances. It is probable that the chairperson of the finance committee may not be available for the day-to-day management of school finances. In such a situation, the task of managing finances could be delegated.

### (iii) Delegation

Delegation is part of organizing the financial management of a school, since a specific task is given to a specific staff member through delegation (Bisschoff, 1997:93). Decision-making through the full and formal structure of the governing body seldom allows the flexibility for prompt action which will be required to make the best use of resources. SBM should, therefore, involve a considerable delegation of powers and responsibilities to teachers, clerks and even to the principal (Kruger, 2007:240 and Coopers & Lybrand Associates, 1988:80-81).

Mestry (2004:131) however, is wary about the delegation of financial duties from the SGB to the principal. The reason for being cautious is the fact that the principal is generally better informed with regard to the delegated financial tasks than the SGB, and the principal may use this information to pursue personal objectives at the expense of the school. The other problem is the difficulty of

involving teachers (if SGB members) in the day-to-day financial management activities. Marishane and Botha (2004:101) assert that teachers see their active involvement in financial activities on a daily basis as compromising their equally valuable teaching time.

#### 2.4.4.3 The control phase

Jones (1996:53) states that the notion of control contains within it a dimension of flexibility. A controlled situation is one where the operator possesses freedom, within understood limits, to respond to changing circumstances. Budgetary control can be practised properly only by managers who enjoy a degree of autonomy and who have the information to enable them to make sensible decisions.

The control process involves three sequential stages: the recording of actual performance, the comparison of actual performance with expected performance and the provision of regular feedback to allow continual monitoring of events (Arnold & Hope, 1989:52). There should be control procedures to ensure that the school is progressing towards its objectives, and that allocated resources are utilized efficiently (Naidu, *et al* 2008:177).

##### (i) The budget as a control document

Despite its usefulness as a planning tool, once authorized the budget serves as a control device. All spending must in principle be within the limits of authorization (Jones, 1996:46). The generation of differences between budgeted and actual performance (i.e. variances) provides the feedback which qualifies this process being called a control system. Timely and regular feedback, normally through the medium of a budgetary statement, is vital to a successful control system (Arnold & Hope, 1989: 52; Jones, 1996:54).

The finance control system could be enhanced through the auditing of the school financial records and statements by an appointed person who is registered as an

accountant and auditor, in terms of the Auditing Profession Act (Act No. 26 of 2005), or a person approved by the Member of the Executive Council (MEC). The South African Schools Act (Act No. 84 of 1996) prescribes that all school money and all assets acquired by a school are the property of the school, and that they may be used only for the purposes of the school (Bisschoff, 1997:140).

(ii) Financial reporting

On the management of property and finance, the principal is accountable to the SGB because, in terms of the South African Schools Act (Act No. 84 of 1996), the principal does not play an executive role in relation to school property and finance (Mestry, 2004:129). In order to compile and submit a proper final report to the SGB for approval, the principal will have to ensure that monthly and quarterly statements are correct, kept safely and made available for examination by stakeholders whenever necessary. The SGB accounts for funds to the parents, teachers, learners, community and the Department of Education; it is therefore, important to invite parents to comment and acknowledge the final annual report before it is submitted to the Head of Department (Kruger, 2007:243).

## **2.5 The influence of school finance on educational programmes**

Over a long period South Africa has experienced a practice which allowed schools to utilize school fees for items that are to be financed through the school allocation, which is an amount allocated by the state to each public school to finance non-personnel and non-capital items (RSA, 2006:25). The school allocation targets items such as the LTSM, equipment, consumable items, minor repairs and maintenance (see section 2.3.1) (RSA, 2006:27). In order to end this practice, of utilizing school fees instead of the school allocation, the state has adopted an approach which supports the gradual transfer of decision-making powers relating to the school allocation to school-based management structures in a controlled manner so that public funds are spent in a manner which fully supports the national curriculum (RSA, 2006:25). In view of the educational items

that the school allocation covers (i.e. textbooks, equipment and stationery), it is evident that the allocation is largely and exclusively intended for the promotion of efficient and quality education in public schools (RSA, 2006:27).

According to the above facts it is clear that a school's first priority is the delivery of the national curriculum, and that in order to achieve this priority, effective financial management, which provides the equipment to deliver the curriculum in a safe and pleasant school climate, must first be achieved (Pipes, 1991:3.3-01).

SGB members and principals are required to ensure that monetary resources are translated into school resources that support the educational programme which should also subsequently be translated into learner achievement (RSA, 2006:35-36). Given that the state will not be able to fund more than the bare necessities of schools, a possible solution to the shortage of school funds lies in efficient financial management on a local education level (Rothman, 1996:6). Furthermore, according to Rothman (1996:7), previous research studies have thus far identified the following two major problems in education funding:

- The critical shortage of funds and the inability of school administrators to allocate these and other resources maximally
- The ineffectiveness of schooling and the skills not gained at school by learners. If schools are ineffective the implication is that funds are used ineffectively.

The above mentioned problems in education funding reveal a need for the improvement of both the distribution of available resources for schooling and the managerial capacity of SBM structures to use these resources (National Department of Education, 2003:10). Inherently, resources and the effective management thereof do and should contribute to learner achievement, as Rothman (1996:12) remarks:

*"...sound financial management in schools can make the difference by*

*maximizing the effects of education”.*

In spite of a review of literature in Britain which reveals that research evidence on the link between school resources and student outcomes is equivocal (Levacic & Vignoles, 2002:313-314), most research studies do suggest that additional resources typically translate to gains in learner achievement. For example, a study of *Perceptions of stakeholders on causes of poor performance in Grade 12 in a province in South Africa* (North West) reveals that the lack of educational resources is rated as the major cause of poor performance in Grade 12; and that very few high schools are well equipped with electricity, libraries, laboratories, water or toilets. Furthermore, in some schools learners attend in classrooms without chairs, chalkboards, doors or windows (Legotlo, Maaga, Sebogo, Van der Westhuizen, Mosoge, Nieuwoudt & Steyn, 2002:115).

A recent article on the funding of public schools, published in the *City Press* (Chuenyane, 2009:27), indicates that the Outcomes Based Education (OBE) approach, which South Africa has adopted, requires learners to do independent work, group work, self-study and assignments. These activities depend largely on available resources. Presently there seems to be a mismatch between the capacity of resources and the curriculum, in view of the facts that if there is no laboratory learners cannot do scientific experiments; and when the library contains no books learners cannot do research. In its education report, the SAHRC (2008:121) points out that redress and the right to basic education cannot be achieved if learners are still subjected to inadequate teaching and learning materials, shortage of classrooms, lack of access to computers and laboratories, lack of access to library facilities, water and electricity.

Rothman (1996:78-80) refers to the imbalances of resource allocations during the previous political dispensation to illustrate the importance of educational resources and their effective management. According to Rothman (1996:80), historically White schools that were administered by the former Transvaal Education Department (TED), are well equipped with audio-visual equipment



whereas historically Black schools that were under the administration of the ex-Department of Education and Training (DET), do not possess any audio-visual equipment. In addition, Rothman's study notes that the perception that audio-visual equipment enhances the quality of education will probably affect financial decisions in respect of the objectives of the school.

The above mentioned facts afford an indication that learners and teachers require resources in order to properly perform their teaching and learning activities. "No fee" SGBs and principals therefore have a duty to ensure that the available state monetary allocations, which may be adequate or not, are managed efficiently and translated into school resources that support the educational programme.

## **2.6 Review of the funding policy**

Policy is defined as text and action, words and deeds. It is what is enacted as well as what is intended. Policies are always incomplete insofar as they relate to or map the "wild profusion" of local practice (Taylor, Ritzvi, Lyngard & Henry, 1977:163). According to McMillan and Schumacher (2006:448), policy is both what is intended to be accomplished by government action and the accumulative effort of the actions, assumptions, and divisions of people who implement public policy. Therefore the state's cumulative education funding efforts that are aimed at improved access to quality education for poor learners and communities constitute an overall policy direction of the Ministry of Basic Education.

The Minister of Education (i.e. Basic Education) has authority to determine policy for the organization, governance and funding of public schools in accordance with the South African Schools Act (Act No. 84 of 1996). The Ministry of Basic Education is therefore responsible for the implementation and monitoring of school policies. If policy cannot be implemented or is found to be ineffective, new policy changes become inevitable. The following are examples of school funding policies that are new or have been amended since the enactment of the South

## African Schools Act (Act No. 84 of 1996):

- National Norms and Standards for School Funding (Government Notice 2362 of 1998)
- The exemption of parents from the payment of school fees regulations (Government Notice 1293 of 1998)
- National Norms and Standards for School Funding-revision (Government Notice 0020 of 2003)
- Education Laws Amendment Act (Act No. 24 of 2005)
- Regulations for the exemption of parents from the payment of school fees (Gazette 28156, Notice 1044)
- National Norms and Standards for School Funding (Gazette 29178, Notice 868 of 2006)
- Amended National Norms and Standards for School Funding (Gazette 29179, Notice 869 of 2006)
- National Norms and Standards for School Funding (Gazette 30322, Notice 883 of 2007)
- Amendment of National Norms and Standards for School Funding-Par.121A Transfers to Schools by Provincial, 05 November 2008 (National Department of Education, 2009:1).

### 2.6.1 The School Funding Norms

The National Norms and Standards for School Funding (School Funding Norms) is the resourcing policy which prescribes an approach for redress that is formula-based and non-racial. The policy deals with funding averages and models as the basis of comparison that the Minister of Education authorizes as measures by which the accuracy of PEDs in the funding of public schools is determined. Furthermore, the policy focuses on non-personnel recurrent resources and evidences a bias towards the poor (National Department of Education, 2003:59).

The Minister of Basic Education, in accordance with the provisions of the South

African Schools Act (Act No. 84 of 1996), must determine national quintiles and School Funding Norms for school funding. The following objectives are expected to be realized through the said norms (RSA, 2005:6):

- set out criteria for the distribution of state funding to all public schools in a fair and equitable manner
- provide for a system in terms of which learners at all public schools can be placed into quintiles, referred to as national quintiles for learners, according to financial means
- provide for a system in terms of which all public schools in the Republic can be placed into quintiles referred to as national quintiles for public schools, according to the distribution of learners in the national quintiles for learners, and
- determine the procedure in terms of which the Member of the Executive Council must apply the criteria for the distribution of state funding to all public schools.

The amended School Funding Norms have become mandatory spending levels and also constitute a direct claim on provincial resources (Wildeman, 2008:46). These norms require provincial departments of education to progressively distribute 60 percent of their non-personnel and non-capital resources towards the poorest 40 percent of their respective schools (South African Human Rights Commission (SAHRC), 2008:94).

Allocations for recurrent cost items are targeted on the basis of the needs of the school, and are determined according to the condition of the school and the relative poverty of the school community, using the “Resource-Targeting Table” (Figure 2.1 below).

<b>Table 2.1. Resource-Targeting Table based on conditions of schools and poverty of communities</b>				
School quintiles, from poorest to least poor	Expenditure allocation	Cumulative percentage of schools	Cumulative percentage of non-personnel and non-capital recurrent expenditure	Per learner expenditure indexed to average of 100
Poorest 20%	35% of the resources	20%	35%	175
Next 20%	25% of the resources	40%	60%	125
Next 20%	20% of the resources	60%	80%	100
Next 20%	15% of the resources	80%	95%	75
Least poor 20%	5% of the resources	100%	100%	25

Source: RSA (1998:26)

Provincial education departments (PEDs) are, in addition, required to generate a “resource targeting list” of all schools in a province, in order to produce five groups of schools. Having listed the schools in rank order, PEDs must then divide the list into five quintiles, from poorest to least poor. The distribution by quintile determines the per learner allocation in terms of the Resource Targeting Table. Allocations are made on a variable per learner basis that is biased towards the poorest segments of the population. The neediest and largest schools are to receive priority in funding (RSA, 1998:25-26).

The Ministry of Basic Education is entrusted with the responsibility to monitor all aspects of the implementation of the South African Schools Act (Act No. 84 of 1996), in order to assess to what extent its objectives are being met in particular, the effect of the new budget allocation policy on the current inequalities in school

provision, the levels of fee charging by public schools and the uses to which such income is put (RSA, 1998:14). The capacity of the Ministry of Basic Education to monitor the implementation of policies has been tested through the implementation of the policy regarding the exemption of parents from the payment of school fees. This policy is an integral part of the School Funding Norms.

Although SGBs in public schools bear the responsibility to levy mandatory fees, public schools are not allowed to refuse admission to a child because of the parents' inability to pay fees. According to Hall and Monson's (2006:46-47) study, *Free to learn: the school fee exemption policy and the national nutrition programme*, the education department is required to compensate schools for their loss of income due to fee exemptions. But some education departments failed to budget for the compensation of schools. This has led to some SGBs and principals concealing from parents the existence of the exemption policy. This has resulted in poor families continuing to pay fees in order for their children to access education (Hall & Monson, 2006:46-47).

The Hall and Monson's (2006:46-47) study further concludes that the reason for the non-implementation of the exemption policy is not only schools failing to do their job, but also the result of a systemic problem in the conceptualization of the programme, which includes the failure to compensate schools for the loss of revenue, the lack of central monitoring of whether exemptions have been granted and the non-existence of sanctions against schools that have failed to implement the policy.

To a certain extent, the objectives of the Schools Funding Norms were therefore not being realized. The fee exemption policy was beset with implementation and monitoring problems. Wildeman (2008:4-5) points out that no feedback loop existed between 2000 and 2006 to analyze implementation problems. In addition, district offices, who are closest to the schools, have not apparently documented such problems faced by poor and rich schools (Wildeman, 2008:27).

## 2.6.2 Changes in school funding policies

In 2003 the National Department of Education investigated the financing, resourcing and costs of education in public schools (National Department of Education, 2003:54-55). The results confirmed that, *inter alia*:

- some public schools did not implement the fee exemption policy
- fees are a burden for many poor parents and learners
- some public schools have resorted to illegal measures against learners whose parents could not afford to pay school fees.

Subsequent to the above mentioned results, the Minister of Education (Pandor, 2005:5), in regard to school fees, pronounced that:

*“the second door of learning often closes in the face of parents, who cannot pay school fees or the associated costs of schooling; their children are victimized in school principals’ offices, in the classrooms; and during leisure time. Poor parents’ property is seized; school governing bodies refuse to assist parents who are entitled to a fee exemption.”*

### 2.6.2.1 The “no fee” policy

The report on the review of the financing, resourcing and costs of education in public schools (National Department of Education, 2003) led to a new process aimed at the provision of a better funding deal for poor learners. This new process also paved the way for the amendment of the South African Schools Act (Act No. 84 of 1996), and for the introduction of the Education Laws Amendment Act (Act No. 24 of 2005) or the “no fee” policy. The latter Act provides for the abolition of mandatory fees and the declaration of certain public schools as “no fee” schools. Other objectives of the Act (Act No. 24 of 2005) include the following:

- to improve funding for schools
- to make it easier for parents to apply for exemptions and
- to create the possibility for targeted interventions that enhance the quality of resources available for education and extracurricular activities. (Pandor, 2005:3-4).

In effect, the Education Laws Amendment Act (No. 24 of 2005) abolished the levying of mandatory fees in the poorest 40% of the public schools. SGBs of these schools may only levy mandatory fees, in accordance with Section 39 (11) of SASA (No. 84 of 1996), when a “no fee” school receives less than the “no fee threshold” from the provincial education department. These SGBs are however encouraged to raise additional funds by “requesting parents and local businesses to make voluntary contributions to the school” (Western Cape Department of Education, 2006:3). The “No fee thresholds” were determined until the year 2011 (Figure 2 below):

“No fee thresholds”	2007	2008	2009	2010	2011
	R554	R581	R605	R641	R687

Source: RSA (2006:31)

The “no fee thresholds” as listed above, were originally drafted according to the “best practice” examples to inform adequate funding levels in the school allocation. Apparently the “best practice” examples were drawn from poor primary schools in Gauteng that were considered to be doing well with their limited resources (Wildeman, 2008:53). The effects of these funding “thresholds” (i.e. primary school-based) on the management of finances and support for the educational programmes of “no fee” secondary schools are yet to be established.

However, as noted, previous research studies have found that secondary education is more expensive, particularly in Africa, than primary education (World

Bank, 1998:56). The policy study of the World Bank (1998:56) concludes that what was spent on each secondary school learner in Africa during 1983 could be used to educate four additional primary school learners. The SAHRC (2008:130) also reports that during the 1999/2000 financial year, most provincial education departments in South Africa, with the exception of Gauteng, have indicated that the budgetary allocation for secondary schools was inadequate.

#### 2.6.2.2 Implementation of the “no fee” policy

The Western Cape education department implemented the “no fee” policy in stages due to limited funds in the 2006/2007 financial year. The first stage of implementation focused on the poorest primary schools. “No fee” schools were allocated the norms and standards funding of R527 per learner for the 2006/2007 financial year. The benchmark of R527 includes the norms and standards funding already allocated to the “no fee” schools. “No fee” schools still have to prepare budgets as well as keep records of funds received and spent in line with the provisions of the South African Schools Act (Act No. 84 of 1996). The Western Cape education department indicates that:

*“The adequacy benchmark level is more than the school fees raised by the majority of the qualifying schools and therefore, those schools should be better resourced”* (Western Cape Department of Education, 2006:1).

The province of KwaZulu-Natal also implemented the “no fee” policy during the 2006/2007 financial year. This province allocated a state subsidy of R565 per learner for the 2006/2007 financial year. The allocation of R565 is higher than the national minimum benchmark of R527 for the year 2006. The R565 per learner allocation is composed of two forms of allocations, namely, the **basic allocation** which covers various items such as the portion that replaces school fees; and the **Learning and Teaching Support Material (LTSM) allocation** which includes money for textbooks and stationery. The disbursement of the allocations to schools differs according to whether the “no fee” school has a Section 20 or



Section 21 status. The “no fee” schools are required to submit audited annual financial statements to the Head of Department. The provincial education department stresses that *“there is no further separate allocation provided as a ‘no fee’, allocation over and above the School Funding Norms allocation”* (KwaZulu-Natal Department of Education, 2006:1-2).

The above mentioned provinces are examples of what constitutes the “no fee” policy implementation process. It is clear that the view of education authorities is that school allocations in accordance with the “no fee” policy will exert a positive effect on the educational resources of the concerned schools. In addition, SGBs of “no fee” schools must still manage school finances in accordance with the provisions of the South African Schools Act (Act No. 84 of 1996); while the national benchmarks for “no fee” schools consist of various expenditure items for educational purposes. These items include amounts such as those for the purchasing of LTSM and a portion which replaces mandatory school fees. The school fees portion is however not specified in the overall school allocation.

The view of the Minister of Education on the “no fee” policy, according to a report published in *The Citizen* (Pandor, 2006:12), is not different from the views of the KwaZulu-Natal and Western Cape PEDs. The Minister of Education is convinced that the new policy will improve the resource base and the operations of “no fee” schools:

*“The fact is that poor schools generally charged very low school fees (often less than R100 per annum) and seldom have had the resources to appoint additional teachers in Governing Body posts. They will now be able to consider this possibility since the schools will receive in excess of R500 per pupil per annum”.*

The above view implies that the present financial school allocations are adequate for “no fee” schools to be able to perform tasks that were previously not feasible due to financial constraints. However, this view is contradicted by the views of some of the “no fee” schools’ teachers and principals who regard the school

allocations as insufficient (see section 1.2). The only plausible explanation of the two main opposing views lies in the actual translation of the monetary allocations into school resources through effective financial management.

Wildeman (2008:60) points out that while “no fee” schools were only officially introduced in 2007, their net impact on the present and future funding of public schools is considerable because they attract the best government funding. The study, however, attributes the financial problems of “no fee” schools to, among others the following factors:

- the per learner funding differences across provinces
- a lack of adjustments to the provincial equitable shares
- the non-existence of a national conditional grant for “no fee” schools and
- the movement of learners between “no fee” and “fee-paying” schools.

In essence, Wildeman acknowledges that “no fee” schools do encounter financial problems as a result of uneven inter-provincial expenditure on education.

#### 2.6.2.3 The situation of “no fee” schools in Mpumalanga

The names of all public schools are published in the Mpumalanga Provincial Gazette as Section 21 institutions, in accordance with the South African Schools Act (Act No. 84 of 1996), and in accordance:

*“...with the decision taken by the Mpumalanga Executive Council Caucus of 01 October 2003 to allocate the section 21 functions to all public schools in Mpumalanga Province.”* (Mpumalanga Provincial Gazette, 2004:14).

In 2004 the Auditor-General established that the audited 24 Section 21 schools had not set adequate financial management systems in place (see section 1.2). Subsequently, the Auditor-General recommended the following:

- the roles and responsibilities and level of understanding of the target audience, regarding financial management of school funds, should first be determined and a training programme to transfer the financial management skills should be developed
- SGBs should ensure that persons appointed as financial officers possess a reasonable financial management background
- SGBs should insist that the financial officers keep appropriate financial records and submit a financial report on a monthly basis (Auditor-General, 2004:4-5).

Although the above recommendations were made according to the audit findings involving only 24 Section 21 schools, the recommendations could be extended to recently declared “no fee” schools because all “no fee” schools in the Province have retained the Section 21 status.

In order to improve the management of finances in the public schools, the Mpumalanga provincial education department undertook to develop a new capacity building programme for “no fee” schools, and to “re-write” the financial management manual. In addition, the Member of the Executive Council (MEC) declared that the education department would assess the effects of the “no fee” policy on public schools in order to improve the implementation of the policy:

*“...we will assess the effects of these developments to [sic] the stability of schools and our view is that 2006 will provide important lessons on how this objective has to be enhanced”* (Mpumalanga Department of Education, 2006:2).

Recent reports, mainly from newspaper publications (Moatshe, 2007:5; Moselakgomo, 2009:6), indicate that “no fee” schools in the Mpumalanga Province continue to levy mandatory school fees, and that delays in promised government funding are hampering teaching at “no fee” schools in the Province. Commenting on the levying of mandatory school fees, the provincial education department has pointed out that there could be some school principals “who

might have *deliberately chosen to turn a blind eye to the procedure because they were not happy with it and refused to relinquish the old procedure*” (Moatshe, 2007:5). The PED further indicates that the Province:

*“has made strides in implementing the “no fee” school policy and that only the schools which did not submit the required documents had not been funded”* (Moselakgomo, 2009:6).

It is therefore not clear, in regard to the above mentioned instances, whether the “no fee” schools are invoking the provisions of the Education Laws Amendment Act (Act No. 24 of 2005) or whether the schools are engaged in a process of raising funds through voluntary contributions from parents. The Education Laws Amendment Act (Act No. 24 of 2005) allows “no fee” schools to levy mandatory fees only if the funds from the provincial education departments were below the “no fee threshold” (RSA, 2005:8). The Act encourages parents of learners and communities to voluntarily contribute into the school funds (Gauteng Department of Education, 2009:3).

“No fee” schools in Mpumalanga, according to the *Guideline Budget Allocation*, receive funds from the PED (Mpumalanga Department of Education, 2008:1), specifically for the following items:

- Telephone accounts
- Office stationery
- Consumables
- Toiletries
- Municipal services and
- Day to day maintenance

An additional amount of R85 per learner is allocated as a “no fee subsidy” to the declared “no fee” schools (Mpumalanga Department of Education, 2008:1). However the *Guideline Budget Allocation 2008* indicates that the following

expenditure items are centrally controlled:

- the learning and teaching support materials (LTSM)
- the construction of new buildings
- learner transport
- learner furniture
- rental of buildings and photocopying machines.

The implication of the above arrangement is that though all public schools in the province, including “no fee” schools, are accorded greater financial autonomy and decision-making authority, in accordance with Section 21 of the South African Schools Act (Act No. 84 of 1996), the task of improving the managerial capacity of SGBs and principals in the utilization of school resources is yet to be completed in Mpumalanga. This implication is based on the fact that some of the centrally controlled expenditure items include those that are to be devolved to Section 21, for example, the LTSM.

The dearth of research on the effects of the “no fee” policy and financial management at such schools contributes to the lack of understanding the complexities of the “no fee” school phenomenon. The literature on the effects of the “no fee” policy on financial management and support of educational programmes at “no fee” schools was reviewed but is inadequate and mostly anecdotal.

As a result the present study is designed to examine the gap in the literature on the effects of the “no fee” policy on the management of school finances and support for educational programmes at “no fee” secondary schools in the Province of Mpumalanga.

## 2.7 Summary

The decentralization of financial responsibilities and decision-making authority to school-based management structures is an international trend which began during the early 1980s and 1990s. Its philosophy is based on the principles of good management. And its general purpose is to empower school-based management structures in order to develop and improve the performance of the schools.

Decentralization to schools creates many financial implications for the school governing structures. Some of these implications are the increase in the administrative workload; the need to control the execution of operating plans and budgets; and the need to monitor activities and achievements in parallel with the budget.

In the South African education setting, the South African Schools Act (Act No. 84 of 1996) provides for the decentralization of financial responsibilities to schools. The Act draws a distinction between Section 20 and Section 21 schools. Schools with Section 21 functions are self-managing because of the greater financial autonomy granted to them. On the contrary, schools with Section 20 functions only perform the general functions. Both Sections 20 and 21 schools have tasks that are entrusted to their school governing bodies (SGBs). The SGBs were essentially established to handle issues of school governance, in particular, on finance and property. SGBs are therefore, required to manage finances and property within the requirements of school financial management principles.

Principals have a responsibility to assist SGBs with the monitoring of the budget and to ensure that school objectives are achieved. It is the responsibility of the principal to ensure that school finances are utilized only for educational purposes. Furthermore, the literature which was reviewed on the management of “no fee” schools indicated that SGBs, principals as well as education authorities

are required to focus on the following emerging educational challenges:

- improved distribution of resources for schooling and the managerial capacity to use these resources (National Department of Education, 2003:10)
- determining whether the adequacy benchmark is more than the mandatory school fees that the majority of “no fee” schools used to raise (Western Cape Department of Education, 2006:1-3; Pandor, 2006:12)
- assessing the auditing of school financial records and reporting processes to Heads of Department (KwaZulu-Natal Department of Education, 2006:1-2)
- determining the extent to which the required financial controls are executed at school level (Naidu *et al* 2008;169) and
- establishing whether activities related to teaching and learning are effectively organized and controlled (Mestry, 2004:127).

## CHAPTER 3

### RESEARCH METHODOLOGY

#### **3.1 Introduction**

The previous chapter furnished a literature study, a theoretical background on aspects such as school-based management, financial management in schools, the nature and roles of the School Governing Bodies (SGBs) and of principals and the influence of school finances on the educational programme at schools.

This chapter furnishes a detailed explanation of the research design, a brief explanation of the theory underpinning the method and of the data collection instruments. Data analysis procedures are also explained.

At least four years have passed after the introduction and the start of the implementation of the “no fee” policy in 2006. The main question of the study has already been stated: What effects does the new policy have on the finances and support for educational programmes at “no fee” secondary schools? Four research questions emerge from this main question (see section 3.2.7).

In the context of business or industry, practicing a high level of managerial commitment to organizational improvements and the empowering of employees to make decisions are some of the aspects that are deemed necessary for increasing job satisfaction (University of Maryland, 1996:95).

In the case of the education sector, the given attributes of practising the said high level of managerial and governance commitment to school improvements, training and empowering of school-based management structures, and involving parents, teachers, learners and communities in decision-making could lead to the development and improvement of schools and an increase in learner



achievement.

The literature review presented in chapter 2 in regard to the main research question implies that appropriate education policies and their effective implementation, monitoring and evaluation bring about improvements in school governance, management and learner achievement

### **3.2 Research aims**

The aims of the study entail the extent to which the “no fee” policy affects the financial management and support for educational programmes of secondary schools that are declared as “no fee” schools in Mpumalanga Province. The study further identifies measures that SGBs utilize in ensuring that financial management supports the educational programme; major obstacles that SGB members and principals encounter on the “no fee” policy are also identified; the researcher intends to develop and recommend guidelines for SGBs, principals as well as education authorities to effectively support educational programmes through financial management at “no fee” secondary schools.

The literature review section identifies the purpose of the school allocation as primarily and exclusively aimed at the promotion of quality education and ensuring that school financial management provides equipment to the school to deliver the curriculum. In addition, it is established that school fees are regarded as another burden for many poor parents and learners in accessing educational opportunities.

The empirical study addresses the following main research questions, as outlined in chapter 1:

- How do SGBs and principals experience the effects of the new policy on finances and educational programmes of “no fee” secondary schools in Mpumalanga?

- How does the SGB's financial management ensure support for the educational programme of a "no fee" secondary school?
- What are the SGBs of "no fee" schools and principals' major obstacles on the new policy?
- How can SGBs, principals as well as provincial education authorities effectively support educational programmes through financial management at "no fee" secondary schools?

### **3.3 Research design and method**

As indicated, a research design indicates the general plan of the research. This includes when, from whom and under what conditions the data are obtained. It indicates how the research is set up, what happens to the subjects and what methods of data collection are used (McMillan & Schumacher, 2006:22). Kumar (2005: 84) asserts that a research design is a procedural plan that is adopted to answer research questions validly, objectively, accurately and economically. The research design corresponds with the research problem which links the collected empirical data to the study's initial questions and leads to the study's conclusions (Jones, Wahba & Van der Heijden, 2007:212).

Through systematic means, the researcher gathers information about actions and interactions, reflects on their meaning, arrives at and evaluates conclusions, and eventually puts forward an interpretation (Marshall & Rossman, 1995:15).

The study involves an in-depth description of the effects of the "no fee" policy on the financial management and support for educational programmes at eight (8) "no fee" secondary schools in the Mpumalanga Province. Purposeful sampling is utilized in the selection of 16 participants. Semi-structured interviews and document analysis were regarded as the appropriate data collection instruments.

### 3.3.1 Research approach

According to Fouche (2007:270-272), in qualitative research, unlike quantitative, the design or strategy is determined by the researcher's choices and actions. The qualitative approach, therefore, is selected because of its effective description of social problems. This approach allows for the exploration of certain subtleties of the policy implementation process and the understanding of the effects of the new policy (Marshall & Rossman, 1995:11-12). A major distinguishing attribute of the qualitative approach is that it requires the researcher to go into the field and move close enough to the people and circumstances there to capture what is happening (Patton,2002:48). The main task of the approach is to explicate the ways people in particular settings come to understand, account for, take action, and otherwise manage their day-to-day situations (Miles & Huberman, 1994:6-7). In the context of this study, "people in particular settings" refers to the SGB members and principals of the "no fee" secondary schools in Mpumalanga.

### 3.3.2 Sampling

Miles and Huberman (1994:27) remark that samples in qualitative research tend to be purposeful, partly because the initial definition of the universe is more limited and partly because social processes have a logic and a coherence. The logic and power of purposeful sampling derive from its emphasis on in-depth understanding which leads to information-rich cases for in-depth study. The aim of sampling in social research, according to Mouton (1996:132), is to produce representative selections of population elements.

In order for the study to "reach accurate results" (Jones *et al* 2007:235), a purposeful sample was applied in the investigation of how participants view the extent to which the "no fee" policy affects the financial management and support for the educational programmes at "no fee" secondary schools in the

Mpumalanga Province.

For the purpose of capturing and describing the central themes that cut across the geographical variation among the participating “no fee” schools, the maximum variation strategy of purposeful sampling was applied in the study. The said strategy is often utilized in the capturing and description of such themes that encompass a great deal of variation (Patton, 2002:230-231). The maximum variation strategy was utilized in order to yield detailed descriptions of the uniqueness of each of the eight “no fee” secondary schools and the shared patterns shared amongst these schools.

The Mpumalanga Province consists of four education regions in which “no fee” secondary schools are situated. All the participating secondary schools are controlled by the Mpumalanga Department of Education. These are granted Section 21 functions and also declared “no fee” schools under quintiles 1 and 2.

The eight secondary schools (two from each of the four regions) were selected in order to provide a perspective on the effects of the “no fee” policy from a managerial level. The participating schools were selected based on the following reasons:

- at least a period of two to three years of participation in the implementation of the new policy and
- their proximity to the researcher.

Information on these participating secondary schools was obtained from “no fee” lists provided by the Mpumalanga Department of Education.

Eight (8) principals and eight (8) SGB members were selected for the study. As indicated, from each of the eight (8) participating “no fee” secondary schools, one principal and one SGB member per school were selected for interviewing because of their vast experience of the management and governance of such

schools. These experiences provided rich details for the study, particularly with respect to school financial management and its support for the educational programme.

Criteria that were applied in selecting the principals included a minimum of three years “no fee” school management experience; financial, teaching and learning responsibilities, and the roles emanating from their *ex-officio* positions in the SGBs. Furthermore, the inclusion of principals is supported by the South African Schools Act (Act No. 84 of 1996) which, according to Mestry (2004:129), prescribes that the responsibility of principals is to assist SGBs in the execution of their duties that include the management of finances.

SGB members were included in the study in accordance with the financial responsibilities that the South African Schools Act (Act No. 84 of 1996) entrusts to SGBs. The choice of SGB members was based on the financial responsibilities of each member.

### 3.3.3 Data collecting process

Data collection involves the application of the measuring instruments to the sample or cases selected for the investigation. It produces new data about the world that require further processing (Mouton, 1996:67). The exploration and description of the effects of the “no fee” policy on the financial management and support for educational programmes at “no fee” secondary schools took place through detailed, in-depth data collection instruments, namely, qualitative interviews and the examination of relevant documents.

The purpose of qualitative interviewing is to capture how those being interviewed view their world, to learn their terminology and judgments, and to capture the complexities of their individual perceptions and experiences (Patton, 2002:348). In order to record the views of participants and the complexities of their perceptions on the new policy, the study utilized the following two data collection

strategies:

- semi-structured interviews and
- the examination of relevant documents.

### 3.3.3.1 Interviews

Gay and Airasian (2003:209) describe an interview as a purposeful interaction between two or more people focused on one person trying to obtain information from the other person. Gall, Borg and Gall (1996:289) observe that interviews consist of oral questions and oral responses by the participants and those interviews can explore and probe participants' responses in order to gather more in-depth data about their experiences and feelings.

Individual semi-structured interviews were utilized in the collection of oral data from eight (8) school principals and eight (8) SGB members at the eight selected "no fee" secondary schools. These semi-structured interviews allowed for the more open exploration of the research problem more openly and provided participants with an opportunity to freely express their ideas (Esterberg, 2002:87). The semi-structured interviews permitted the researcher (interviewer) to probe far beyond the answers to the pre-formulated questions (Berg, 1989:61). The questions and the order of presentation were previously determined (see interview schedule – Appendix C) (Gay & Airasian, 2003:211).

Semi-structured interviews were designed, based on an interview schedule which encompassed questions that were selected from various sources covering all the variables of the research questions (Jones *et al* 2007:236). During the interviews principals and SGB members responded to pre-formulated questions as listed in the interview schedule. The schedule was pre-prepared to ensure that the same basic lines of inquiry were pursued with each participant. The schedule provided topics within which questions were asked to clarify and illuminate particular subject areas. Rapport with the participants, according to Patton (2002:343), is

essential and is established through the phrasing of questions that facilitates mutual understanding.

The interview schedule involved translating the research objectives into the questions that make up the main body of the schedule (Cohen, Manion & Morrison, 2005:274). Each interview question relates to the following specific themes of the study:

- access to education for all
- education funding
- school financial management and governance
- school support systems and
- teaching and learning.

To recapitulate, permission to tape-record interview sessions was obtained from each participant and the audio-tapes were clearly marked and stored to safeguard collected data. Interview sessions with the eight (8) SGB members were conducted individually and separately from the eight interviews that involved principals. All interview sessions were conducted at the premises of the selected schools.

#### 3.3.3.2 Examination of relevant documents

Official documents are produced by organizational employees for record-keeping and dissemination purposes (Bogdan & Biklen, 2007:64). Patton (2002:294) points out that documents are valuable not only because of what can be learnt directly from them but also as stimuli for paths of inquiry that can be pursued only through direct observation and interviewing. The use of these documents (Marshall & Rossman, 1995:85) is an unobtrusive method which is rich in portraying the values and beliefs of participants in the setting. For the purposes of this study, the examination of formal documents supplemented the semi-structured interviews. The utilization of formal documents, according to Mason

(2002:108), is intended to contextualize, verify and clarify the obtained data obtained.

For the purpose of the study the following school documents formed part of those that were examined:

- Admission policy
- Mission statement
- School improvement plans
- School allocations and budgets
- Financial reports
- Minutes of meetings and
- Finance policies.

McMillan and Schumacher (2006:357) highlight the importance of formal documents since these documents provide an internal perspective on an organization and describe its functions and the values in terms of which various people define it. Furthermore, these documents identify the chain of command and provide clues about the organization's leadership style and values. Therefore, in this study the examination of formal documents at "no fee" schools was essential in defining the nature and purpose of the "no fee" school phenomenon and also assisted in the clarification and verification of data on the aforementioned values, beliefs, leadership style and the chain of command in regard to the management of finances at these schools.

The data derived from the contents of the formal documents were added to the data gathered through interviews.



### 3.3.4 Administrative matters

Written permission to enter the “no fee” secondary schools and to conduct the study was obtained from the provincial Mpumalanga Department of Education (Appendix A), and from the principals (Appendix B) of participating schools in the Province. Initial meetings were held with the participants to discuss the study. Expectations were explained and participants were also informed that their participation in the study was voluntary. Mutually agreed times and places for interviewing were arranged (Gay & Airasian, 2003:193).

### 3.3.5 Data processing

The basic aim of the South African Schools Act (Act No. 84 of 1996) is to improve the quality of education offered to all learners, to provide better facilities, trained teachers and better school conditions that will motivate learners to take their education seriously (National Department of Education, 1997:6). This aim is enhanced through school allocations. School allocations have become the major sources of income for “no fee” schools (see section 2.3.1). Therefore it is essential to establish how these allocations affect the management of finances and support for the educational programmes at “no fee” schools. To repeat, the study’s main research question entails the aforementioned sub-questions that constitute the major research elements in the management of “no fee” schools (see section 1.3).

The aforementioned research elements were dealt with as variables and the questions of the interview schedule were based on them. Collected data were also grouped according to these variables for the purpose of analysis. The study utilized an inductive analysis which applies derived sets of codes and categories to the data. The initial codes or categories were derived from the research questions and interview schedule (McMillan & Schumacher, 2006:364). The technique of comparing and contrasting was utilized in all the intellectual tasks during analysis.

According to Miles and Huberman (1994:7), words can be assembled, sub-clustered, and broken into semiotic segments. They can be organized to permit the researcher to contrast, compare, analyze, and bestow patterns upon them. Ary, Razavieh and Sorensen (2006:490) indicate that data analysis involves reducing and organizing the data, synthesizing, searching for significant patterns, and discovering what is important. In short, this involves making sense of the data in terms of the participants' definitions of the situation, noting patterns, themes, categories and regularities. Typically in qualitative research, data analysis commences during the data collection process (Cohen *et al* 2005:147).

In accordance with the above assertions, data in this study was organized, coded, categorized, analyzed and interpreted. The process of data analysis was performed according to the following qualitative steps (De Vos, 2007:334):

- Data collection and preliminary analyses
- Organizing the data
- Coding the data
- Generating categories, themes and patterns
- Testing the emergent understandings
- Searching for alternative explanations, and
- Presentation of the data (writing the report).

A preliminary data analysis began while the interviews were still underway (Mouton, 2008:198). The tape recordings of each interview session were transcribed verbatim (Baker, 1994:250). All transcripts were read; data was dotted down and segmented.

Segmenting was followed by coding. Miles and Huberman (1994:56) define codes as tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. During the coding step similar topics were clustered together and major ones were identified. These similar

topics were abbreviated by means of precise codes that were written next to each segment of data in the transcripts.

A list of all topics or categories that were developed during coding was placed on a master list followed by the codes (Schulze, 2002:63). This list was compiled on a single sheet for easy reference. All data materials of each category were assembled in one place and the existing data recoded. Data from the document analysis process were added to determine emerging patterns (McMillan & Schumacher, 2006:375).

According to McMillan and Schumacher (2006:373) the ultimate goal of qualitative research is to make general statements about categories by discovering patterns in the data. Furthermore, a **pattern** is defined as a relationship among categories. A thorough search through the data for patterns was therefore conducted. The emerging patterns were challenged by looking for negative evidence and alternative evidence.

Plausible explanations were sought for while data were evaluated and interpreted for their usefulness in illuminating the research questions and their centrality to the phenomenon. A demonstration was provided as regards the explanation offered as the most plausible of all (De Vos, 2007:338-339). In summary, data were processed, mapped, interpreted and results presented.

### 3.3.6 Trustworthiness

The researcher has an obligation to represent the realities of the research participants as accurately as possible (Ary, *et al* 2006:504). The most practical way of achieving greater reliability (validity) is to minimize the amount of bias as much as possible. The sources of bias are the characteristics of the interviewer, the characteristics of the respondent, and the substantive content of the questions (Cohen, *et al* 2005:121).

A combination of strategies such as confirmability, participant language and verbatim, low-inference descriptors and mechanically recorded data was applied in the study to ensure trustworthiness.

Regarding interviews, their disadvantage, according to Jones, *et al* (2007:238), is that the reliability of data might be threatened by the participants who might commit the error of not being frank and honest. Therefore, distortions stemming from the interviews owing to participants' justifications of their actions or in defence of their points of view were eliminated through the logical link between pre-formulated questions and the aims of the study. Direct quotes from the interviews were utilized to check and validate the accuracy of participants' meanings and understanding of the "no fee" phenomenon.

The reliability of the research process as determined from the tape-recorded data was further ensured and verified through low-inference descriptors such as the actual descriptions from interviews, documents and field-notes. The interview schedule contained pre-formulated questions that were worded in language that was not abstract as far as the participants were concerned in order to effect the strategy of recording participant language and verbatim reports (McMillan & Schumacher, 2006:325-326). This strategy eliminated ambiguity and the risk of different interpretations from participants (Kumar, 2005:156-157).

In this qualitative study the researcher was part of the data collecting process, and collected data that included a great deal of pure description of activities, interactions and setting (Patton, 2002:14-28). To ensure that the researcher's personal values and beliefs did not influence the findings, the strategy of confirmability was applied (Denscombe, 2007:300-302). Ary *et al* (2006:511) define confirmability as the extent to which the research study is free of bias in the procedures and the interpretation of results. In confirmability the objectivity of the study was removed from the researcher and placed on the data themselves (De Vos, 2007:346).

The authenticity of the examined documents was ensured through a study of the history of the document, its completeness and the document's original purpose. The contents of the documents were compared with data from external sources (Strydom & Delpont, 2007:317-318). The knowledge of the participants concerning the issues under investigation and the fact that some of the participants were personally involved in the production of the documents is meaningful in confirming the authenticity of documents. The importance of ascertaining this kind of authenticity is emphasized by Fouche (2007:317) because of the possibility of the writer's prejudices and the effects of the time lag between the occurrence of the event and the writing of the document.

### 3.3.7 Ethical considerations

According to Marshall and Rossman (1995:64), the success of qualitative studies depends primarily on the interpersonal skills of the researcher. This is often couched in terms of building trust, maintaining good relations, respecting norms of reciprocity and sensitively considering ethical issues. The writer of this study consequently applied ethical considerations such as privacy, informed consent, anonymity and confidentiality.

Although Gall *et al* (1996:290) state that the interview has the disadvantage of not providing anonymity for the respondents who must reveal their identity to the interviewer, in this study every participant's privacy was protected and each one was informed about the aims and the procedures that were to be followed in the research in order to gain his or her informed consent.

Anonymity in the process was ensured by means of utilizing numbers or codes instead of the real names of the participants and their schools; the latter were identified as A, B, C and D until H. The information on participants was, and is treated as confidential, only the researcher has access to the names and data of the study (Schulze, 2002:18).

Ethical practices and informed consent to the examination of relevant documents were handled in a similar manner to that of the interviews. The reason for this approach is that documents may take a private or confidential form because they may refer to or implicate people other than their owners or keepers (Mason, 2002:118).

### **3.4 Limitation of the study**

The research study is limited to the secondary schools that were declared as “no fee” in the Province of Mpumalanga. In addition, the study focused on the effects of the new policy at only eight “no fee” secondary schools in the four education regions of the Mpumalanga Province. The results should not therefore be generalized to other schools in this province or elsewhere.

A school that initially granted permission for the interviews was later replaced by another school due to the fact that its principal could not be contacted in order to confirm the date and time for the scheduled interviews. Furthermore, owing to the fact that SGBs of several schools had new members who were not previously exposed to the governance and financial management issues in their schools, former SGB members were interviewed instead because of their vast experience in the managerial aspects of “no fee” schools. It is important to indicate that the research study coincided with the period of SGB elections in the Mpumalanga Province.

### **3.5 Summary**

This chapter provides a detailed explanation of the research design which is a plan the researcher uses when attempting to answer questions objectively. This plan includes the discussion of the qualitative approach, as applied in the study, and the reasons for the selection of this approach.

A brief explanation of data collecting instruments was provided. Possible threats

to trustworthiness, emanating from data collecting instruments (interviews and documents analysis), were also identified. Measures that were adopted to reduce threats to trustworthiness are also explained.

The chapter concludes with a discussion of the data analysis procedures. Emphasis was placed on the organization and coding of data, the generation of themes, categories and patterns. The next chapter discusses the results of the research study in view of the stated theoretical framework.

## CHAPTER 4

### ANALYSIS AND INTERPRETATION OF THE RESULTS

#### 4.1 Introduction

Chapter three provided information on the research design, the theory underpinning the method, data collecting instruments as well as data analysis procedures.

In this chapter the results are discussed in the light of the theoretical framework. The chapter analyzes the collected data from the sixteen (16) participants in order to provide evidence on the effects of the “no fee” policy on management of school finances and support for educational programmes at secondary schools of this kind. The findings are grouped under the following categories drawn from the four research sub-questions of the study:

- SGBs’ and principals’ experiences on the “no fee” policy
- SGBs’ financial management and support for educational programmes
- The major obstacles encountered as regards the new policy
- Enhancing the effectiveness of the support by SGBs, principals as well as provincial education authorities for educational programmes through improved financial management at “no fee” secondary schools.

In addition, an examination and analysis of official documents from the schools were conducted in order to supplement data from the semi-structured interviews. The said documents were also utilized to contextualize, verify and clarify the data obtained from the interviews (Mason, 2002:108). Therefore for the purposes of the study the following documents from each participating school were analyzed:



- Admission policy
- Mission statement
- School improvement plans
- School allocations and budgets
- Audited financial reports and
- Finance policies.

The contents of each of the above documents were analyzed and interpreted individually in order to establish areas of commonality with and divergence from the stated positions in the literature and the findings of the interviews. Subsequently the findings from the documents were discussed and presented separately from data in the interviews (see section 4.3.2).

## **4.2 Data analysis**

According to Ary, Razavieh and Sorensen (2006:490), data analysis involves reducing and organizing the data, synthesizing, searching for significant patterns, and discovering what is important (see section 3.3.5). In this study the analysis of the collected data was performed manually and according to the predetermined research elements or categories that were described in chapter three (see section 3.3.5). The various questions in the interview schedule were utilized as sub-categories of all the predetermined research elements (categories). Data from the transcripts and examined documents were organized and analyzed in order to trace significant patterns that were interpreted and eventually grouped according to the different categories and sub-categories below.

<b>Table 4.1. On categories and sub-categories of research findings</b>	
<b>CATEGORIES</b>	<b>SUB-CATEGORIES</b>
1. SGBs and principals' experiences of the "no fee" policy	1.1. Views on the policy 1.2. Parents' reactions to the policy 1.3. Implementation of the policy 1.4. Effects of the policy
2. SGBs' financial management and support for educational programmes	2.1. School financial management 2.2. Capacity building in financial management 2.3. Monitoring and evaluation
3. The major obstacles encountered as regard to the new policy	3.1. Communication on the policy 3.2. Disbursements to schools
4. Enhancing support for educational programmes through financial management	4.1. Involvement of school-based management structures 4.2. Paper-budgets and inflation

### **4.3 Research findings**

The interpretation of the significant patterns subsequently led to the findings which are presented and discussed below.

#### **4.3.1 Research findings: interviews**

##### **4.3.1.1 SGBs' and principals' experiences on the "no fee" policy**

The National Norms and Standards for School Funding (School Funding Norms) is a resourcing policy which prescribes a redress approach that is formula-based

and non-racial. The policy deals with funding averages and models as bases of comparison that the Minister of Education authorizes as measures by which the correct funding of public schools are determined in the respective PEDs (National Department of Education, 2003:59). Therefore some of the objectives of the Education Laws Amendment Act (Act No. 24 of 2005) entail improved funding and the creation of the possibility for targeted interventions that enhance the quality of resources available for education and extracurricular activities in impoverished schools and communities (Pandor, 2005: 3-4).

(1) Views on the policy

The participants were asked about their views on the new policy; the majority mentioned that it was a sound policy for their schools that are particularly situated in poor, rural communities. Most participants said that the policy was solid because it has enabled poor learners to access education and felt that the policy was an indication that the government was serious in its efforts at addressing the imbalances of the past. The principal of school B remarked: *“...it is quite a good policy in that it helps those communities where parents are very poor and it also helps in terms that all learners will have a right to education. They don't need to have money to go to school so it is a good policy, that's my take.”* In this regard the principal of school E also commented: *“...it's a correct policy because the current or present government is trying to address the previous imbalances. They are also trying to alleviate poverty in those schools and in poverty-stricken areas.”*

According to the above statements it is apparent that the said objectives of the Education Laws Amendment Act (Act No. 24 of 2005) or the “no fee” policy are being gradually realized.

The improved state funding to the “no fee” schools has resulted in the abolition of mandatory fees in several schools though in some instances there were learners who reportedly tried to solicit money from their unsuspecting parents, claiming

that it was meant for school fees. A concerned SGB member of school H explained: *“But there are those learners who are playing hide and seek. They demand school fees from their parents but sometimes when the parents come here we inform them that we are not taking school fees at our school.”* In essence, this remark indicates that there was a communication gap between parents and school administrators which some learners used wrongly.

Although mandatory fees were abolished in several “no fee” schools, it was found that not all ceased the practice of levying fees. The practice continued, notwithstanding the fact that the involved schools were declared “no fee” in line with the provisions of the Education Laws Amendment Act (Act No. 24 of 2005). Some of the affected principals confirmed the existence of the practice of levying mandatory fees: *“...a school fee was agreed upon in that meeting and after the parents were supposed to pay, but then we made it clear that it is not compulsory for parents, more especially if they don’t have, if they don’t have money it is better if they avail themselves to the school so that, and indicate their problem so that they might not be charged that amount but we made an estimation of plus minus, how many parents will be able to pay the school fees.”*

The above comment implies that the affected schools were administered as “no fee” and “fee-paying” institutions. Regarding the “fee-paying” schools, the policy which exempts some parents from the payment of fees is applicable, hence the remark by the principal of school B in regard to the impoverished parents: *“...if they don’t have money it is better if they availed themselves to the school so that, and indicate their problem...”*

Implicitly, certain SGB members and principals lacked an understanding of the “no fee” policy and its implications. The only provision for the SGBs to levy fees, according to the new policy, is when the relevant provincial department of education has allocated the school an amount which was less than that which the “no fee” threshold determined (see section 1.1). Therefore “no fee” schools are prohibited from levying mandatory fees except in instances where their funding

from the education authorities was below the “no fee threshold” as determined by the Minister of Education in line with the Education Laws Amendment Act (Act No. 24 of 2005). There was no indication from the affected schools that the money they received from the education department was below the “no fee threshold” and therefore allowed them to levy the difference.

The above supports the findings of the policy study which was conducted by the World Bank which indicated that secondary education is often more expensive, particularly in Africa (see section 1.2).

Another finding was that some parents have suddenly become inactive as regards educational matters. Some of the principals who were interviewed mentioned that the apparent lack of parental involvement has deprived the schools of valuable parental support. The principal of school C remarked: *“You don’t have money, you’ve nothing. So the basic challenge is, when you run out of money, your parents are not supportive if they knew you are a “no fee” school, they won’t assist you.”* The SGB member of school G supported this view by saying: *“Secondly, we are having parents who are now folding arms, their arms. They say everything must be done by the Department. Isn’t the Department is now pumping money in?”*

It was noticeable that some parents were not only abdicating their financial responsibilities but also that curriculum activities were affected. The principal of school E mentioned that some parents were reluctant to assist their children with classroom related activities: *“...because of no fee school other parents even think that eh, even if they are expected to assist with homework, got a mindset that, because it’s a no fee school, government will provide everything, even things that parents are expected to assist, they are no longer willing to assist.”*

In spite of the experiences described above, there were a few schools where it was found that parents were supportive. The principal of school D described the parents’ financial support as follows: *“The parents of the school, they indicated in*

*the past that should we experience the problem because the learners are theirs, they are not for the school so they need to be put on board so that they can see what to do with the situation. They're very much supportive in that case, yeah."*

The involvement and support of parents in education is valuable. The Ministry of Basic Education emphasized the importance of parents' involvement because its belief is that the provision of quality education is a public responsibility to be largely funded by the state at an affordable and sustainable level. In essence this belief underscores the fact that the provision of education to children is a partnership in which parents have to acknowledge that certain education costs are to be borne by themselves (see section 2.3.1). However it appears that some parents have assumed that their involvement in the education of their children is based on their financial contributions to the schools. Therefore when the education department took the financial responsibility for the "no fee" schools, some parents interpreted that as the end of their involvement in the schools.

Practically, it is evident that the provision of education resources cannot be the sole responsibility of the education department. The apparent apathy of some parents, especially in the previously disadvantaged communities could unwittingly widen the resource gap between the poor and the affluent schools. The principal of school E remarked: *"The greatest challenge is that the money we are receiving as schools is not enough to fill the school's requirements, even if we compare the previously White schools. The money that we are receiving as previously disadvantaged, we are receiving 1/10 of what they are receiving. To make a practical example, our total income is about R280 000 but the nearest primary school because it is quintile 4, per annum they are receiving R4 million, so you can see the discrepancies that are there."*

The above-mentioned discrepancies in the financial resources of the schools underscore the fact that the financial contributions of parents in affluent schools exceeded the contributions of those in poor schools. It is noticeable that quintile four (4) schools largely relied on mandatory school fees that are decided upon in

accordance with the affordability of the majority of parents in a general meeting.

The implication of the above is that the apparent parental apathy and dependency on state funding in the historically disadvantaged schools could gradually weaken the education partnerships between the state and non-state structures in poor communities. These partnerships are important and have become a strategic element in the implementation of policy and transformation processes (Naidu, Joubert, Mestry, Mosoge & Ngcobo, 2008:151) (see section 1.1).

## (2) Parents' reaction to the policy

Most participants mentioned that the general reaction of the parents to the news that they were no longer obliged to pay school fees was exemplified by great joy and relief because in the past some parents had perceived schools as institutions whose intentions were to impoverish them. The principal of school F remarked: *"...parents were not that supportive because they were looking at the school as another way, the school was an institution which drained their money."*

Although parents in several schools felt relieved about the abolition of mandatory fees, it was however not feasible to determine the reaction of parents in all the selected "no fee" schools because some SGBs and principals did not inform parents about the introduction of the new policy. The affected SGBs and principals indicated that they could not inform parents because the education department had not officially communicated the new status to the affected schools. In this regard the principal of school A commented: *"...the problem that we are encountering is that the Department is not giving us information in black and white as to tell us as whether we are a no fee school or a fee school, and then that is a major problem as I'm saying we are charging learners school fees and hence we're declared as a no fee school but then we're not formally informed by the Department by that issue."*

In the same context, that of the above remarks, it was found that another “no fee” school informed parents about the policy, nonetheless a general meeting of parents resolved to continue with the levying of school fee of R150 per learner in order to complete the construction of toilets which was underway. The principal of school B commented as follows: “...if the Department can come on board to make sure that when we have capital projects, which are, which is needed at the school, we could come to a point whereby, as per policy, the school fund is scrapped altogether and therefore it will be a happier day for all parents.”

The above information is an indication that parents in some of the “no fee” schools were unaware of the existence of the policy and its financial implications for them. The failure to inform parents about the policy could deprive them of their right to take informed decisions on school finances and eventually lead to implementation problems similar to those experienced with the fee exemption policy (see section 2.6.1).

### (3) The implementation of the policy

All “no fee” schools in Mpumalanga are Section 21 institutions by virtue of being some of the public schools that were granted the Section 21 functions in 2004 (see section 1.2). As indicated, the South African Schools Act (Act No. 84 of 1996) provides for Section 21 schools to exercise greater financial authority and decision-making powers. Therefore, the respective Provincial Education Departments (PEDs) are required to transfer lump sums per learner to these Section 21 schools in accordance with the Resource Targeting Table. Furthermore, Section 21 schools are allowed to save funds from one year to the next and to perform the following additional functions (see section 2.6.1):

- maintenance of school property
- purchasing teaching and learning materials (LTSM) and equipment
- pay for services, and
- determine the extramural curriculum.



The fact that “no fee” Section 21 schools were granted additional functions in Mpumalanga did not necessarily translate into the transfer of lump sums into their bank accounts or to greater financial management authority as well as decision-making powers.

An indication from several principals and SGB members who were interviewed was that the implementation of the new policy was still beset with various problems. One of the SGB members for school B commented: *“No, the information is not given to the school which is why initially when I said the policy is good but the implementation has grey areas. One of the grey areas, grey area I was referring to was the fact that the information is not received in time or else the money is not paid in time. So there is actually that gap in between.”*

The examples of the implementation problems that were cited were varied, but many hinged on the apparent conflict between the financial roles and responsibilities of school-based management structures and those of the education department. The fixed amounts for specified items in the paper-budgets and the process of shifting funds from the items (i.e. verimentation) were cited as examples of the schools’ lack of greater financial autonomy and decision-making powers. In terms of the South African Schools Act (Act No. 84 of 1996), Section 21 schools should be allocated lump sums to manage on their own and to deal with suppliers directly (see section 2.3.2.2).

The schools described the process of verimenting funds from the paper-budgets as cumbersome because the SGBs and principals are required to obtain permission to shift funds and wait in anticipation for responses that, in most cases, were not forthcoming. The principal of school D explained: *“...you must make sure that you are going to use the money accordingly as it is stated in the paper-budget So should anything happen you need to explain or to ask permission from the Department that since we need a lot of money in a certain aspect, that is when you are going to be allowed to deviate a certain amount of*

*money to that particular thing you want to do.”* The principal of school F expressed a similar view: *“...these amounts are fixed and then we, we if you have to change from this rate to this rate so fixing of eh these things in various sections that is problematic.”*

The above-mentioned statements mean that the “no fee” school-based management structures do not allow greater financial autonomy and decision-making powers despite the Section 21 functions they were granted in accordance with the South African Schools Act (Act No. 84 of 1996). The Act (Act No. 84 of 1996) also allows Section 21 SGBs to perform additional functions such as the purchasing of LTSM. However, it was established that the majority of Section 21 “no fee” schools did not have the authority to procure LTSM. Several principals confirmed this, as expressed by the principal of school G: *“... we were also told that money is distributed in terms of the learner study material, there are some of them which the Department do (sic) deal with them as a bulk, the only money that comes to us, a paper budget which we use for day-to-day running. So after the whole contest you find that at that time my allocation is R500 000 but only R264 000 comes to me in the school account for us to run the day-to-day. The rest, for textbooks, stationery, furniture all those things are done centrally at Head Office even though we are a Section 21 school. We do not have the capacity to run that one, according to them our SGBs and our financial management officers are not up to that level to run. So what we run is only the day-to-day by buying ink, fixing computers, buy the electricity for the school that’s what we do for the school.”*

The apparent lack of greater financial autonomy and decision-making of the SGB members of “no fee” schools serves to highlight the findings of an audit which was conducted during 2004 by the Auditor-General. The audit established that Section 21 schools in the Mpumalanga Province operated inadequate financial management systems (see section 1.2).

Implicitly the “no fee” schools were granted Section 21 functions during 2004 and subsequently received funds to manage on their own but the absence of financial management capabilities deprived the SGBs of greater financial autonomy and decision-making powers (see section 1.2). In essence, it could be concluded that Section 21 functions were granted before the financial management capacity of these schools had been determined although the South African Schools Act (Act No. 84 of 1996) provides that such functions must be allocated only if the school has the proven capacity (see section 2.3.2.2).

Based on the above finding, an intervention from the Ministry of Basic Education becomes necessary considering that the Ministry of Basic Education is entrusted with the monitoring of the implementation of all aspects of the South African Schools Act (Act No. 84 of 1996). Some of the aspects of the Act entail the levels of fees levied by public schools, the uses to which such income is put and the effect of the new budget *allocation* policy on the current inequalities in school provision (see section 2.6.1).

(4) The effects of the policy

As earlier noted, it is one of the requirements of the School Funding Norms that the provincial education departments must progressively distribute 60 percent of their non-personnel and non-capital resources towards the poorest 40 percent of their respective schools (South African Human Rights Commission (SAHRC), 2008:94-96). Furthermore it has been determined by the Minister of Education that personnel and non-personnel spending in public schools should be of the ratio of 80:20 (i.e. 80% on personnel and 20% on non-personnel expenditure).

The purpose of the above-mentioned expenditure ratio is to increase the budget for pedagogically critical items such as the construction of new schools, supply of LTSM and professional teacher development programmes (RSA, 2006:8-9). The implication of the School Funding Norms is that public funds should be incrementally directed to the needs of most public schools which are

impoverished so as to ensure improvement in the supply of educational resources.

(a) *On financial management*

The introduction of the new policy could be interpreted as a measure by means of which resources in poor schools are improved. Most SGB members and principals felt that the new policy had brought justice to the few parents who had consistently paid school fees at the time when most parents were unable to pay. A relieved principal of school H asserted that: *“...few people pay the school fees and so the rest of the people benefit from the few people’s payments. So really it is unfair. Now when the new policy came it is a uniform support, everybody is getting same type of treatment.”*

Furthermore it was found that the introduction of the “no fee” policy was not only a relief to poor parents but also to the SGB members and principals who were responsible for the administration of the fee exemption policy. The principal of school G described the administrative challenges they had encountered in the past: *“...in the olden times when we used to charge school fees, we used to have situations where parents could not afford and then there was this exemption policy. Our area here don’t seem to understand the policy very well, especially where the policy sometimes says a parent who cannot afford must come and declare what he can do to support the school; And some of them take it as if the school wants to make them slaves.”*

In fact the above-mentioned challenges in relation to the fee exemption policy were some of the causes of differences in the implementation approach between education departments, the SGBs, principals and affected parents. In many cases several SGBs failed to grant fee exemptions to deserving parents. The failure to do so was a disappointment to the Ministry of Basic Education:

*The second door of learning often closes in the face of parents, who cannot pay school fees or the associated costs of schooling; their children are*

*victimized in school principals' offices, in the classrooms; and during leisure time. Poor parents' property is seized; school governing bodies refuse to assist parents who are entitled to a fee exemption (Pandor, 2005:5.)*

According to Hall and Monson (2006:46-47), SGBs and principals were not wholly responsible for the erratic application of the fee exemption policy to a certain extent, failure by various provincial education departments to budget for the compensation of schools for their loss of income was also a contributory factor.

The introduction of the new policy has, to some extent, lessened the impact of the fee exemption policy on the operational cash flow budgets of many schools because there has been a noticeable improvement in the schools' cash flow budgets. The majority of principals and SGB members attested to the improvement as explained by the principal of school F: *“So in total we were running the school at a budget of about R35 000... and that was the maximum and that was difficult because we had to you know, allocate for different sections and sometimes we, that money was not enough to cater for all the needs of the school, but now from R35 000 to an amount of approximately a, more than a quarter of a million which means is able to reach those things which previously we could not.”*

The above remarks are in support of the view which was expressed by the Ministry of Basic Education that the new policy would improve resources in “no fee” schools:

*The fact is that poor schools generally charged very low school fees (often less than R100 per annum) and seldom have had the resources to appoint additional teachers in Governing Body posts. They will now be able to consider this possibility since the schools will receive in excess of R500 per pupil per annum (Pandor, 2006:12).*

The noticeable improvement in the cash flow budgets of the “no fee” schools has also ensured financial stability and certainty to the majority of schools because principals and SGB members are able to perform their duties with the knowledge that the funds will eventually be deposited into schools’ bank accounts, unlike the situation in the past when parents were expected to pay but failed to do so. The principal of school C explained: “... *the fact that we’re guaranteed that we have money does not mean all is bed of roses, all is fine, does not imply that, but at least if you go to speak with creditors, where perhaps we need stationery, we are sure that at some stage we will get money.*”

In spite of the above mentioned improvement it was noted that several schools were compelled to acquire goods and services on credit because the money from the education department had been deposited into their bank accounts between April and June. However some of the service providers inflated their prices when selling to schools on credit. The principal of school C further explained the impact of credit purchases on the school budget as follows: “... *instead of saying a box of ream charging R165, because you are going there on credit he charges you R180, now you are losing in that way.*”

The above points emphasize the fact that “no fee” Section 21 SGBs in Mpumalanga Province are accorded the authority to deal directly with suppliers in line with the provisions of the South African Schools Act (Act No. 84 of 1996) (see section 2.3.2.2). The importance of sustaining sound cash flow budgets for “no fee” schools is also a factor because when these schools encounter financial problems they can no longer rely on fee payments or on the voluntary contributions from parents. These “no fee” schools are prohibited from seeking loans because in terms of Section 36(1) of the South African Schools Act (Act No. 84 of 1996) a governing body may not enter into any loan or overdraft agreement so as to supplement the school fund without the written approval of the appropriate Member of the Executive Council (RSA, 1996:17). Therefore it is important that SGB members should exercise firm control over school finances (see section 2.3.2.2).

According to some participants, it was important for the education department to ensure that funds were adequately disbursed to offset the effects of reduced fundraising opportunities as some of the business people were reportedly reluctant to donate funds to “no fee” schools. The concerned principal of school E asserted: “... *even other business people around the schools when you request for donations they don’t respond because they usually give you an answer that government is giving you money, so suggesting that you are having enough.*”

In terms of security services it was found that the schools incurred huge costs. For example, in school G it was established that an amount of R65 000 per annum was budgeted for security services because, according to the principal, the school was initially provided with a security company which was paid for by the National Department of Education as an identified safety project. When the nationally initiated project faltered the school was, however, compelled to fund the project from its budget. The principal explained: “... *the budget for the security for this year is R65 000. And we have reported this one to the national office. They were here, they know but every-time they are giving different stories altogether. Now if we decide not to have the security to that level, when there is a problem of violence, the Department will still come back to us and say: ‘Why such?’ When vandalism continue they’ll come back to us but now they are not providing.*”

It is apparent that the financial allocations have comprehensively improved the schools’ finances though there are assertions that the new policy has diminished the fundraising opportunities of the “no fee” schools.

*(b) On educational programmes*

The organization of teaching and learning is executed through operational plans that encompass the objectives of the educational programme. SGBs are responsible for the financial plan (budget) through which financial resources are allocated to support these objectives of the educational programme (see section

2.4.3.2). However the principal is the single greatest influence on the life of the school. It is impossible to visualize a school trying to operate without the full involvement and support of him or her (Pipes, 1991:3.4-01). In fact Nieuwenhuis (2007:222) asserts that a lack of this involvement, and or of fulfilling leadership and support roles, are negative school practices that contribute to an unconstructive school climate. The major influence of the principal is measured through his or her ability to organize teaching and learning activities.

The introduction of the new policy has afforded principals more time to organize teaching and learning programmes rather than being obliged to focus on the collection of school fees. The principal of school H commented: *“Hmm the teaching and learning, we, we, we are really reduced with the lot of work (sic) once the government is paying the no fee school subsidy. It helps us moving from class to class collecting school fees.”*

Furthermore, teachers and learners spent more time on teaching and learning. In the past, according to the principal of school B, there were instances that compelled some schools to send learners home in order to fetch school fees for the purchase of the necessary teaching and learning materials and equipment: *“In the past you’ll get us may able somewhere having a serious problem of papers in the more,(sic) especially before final examination and we’ll be forced to force parents to come and pay or send learners home to go and fetch the money before we can write an examination.”*

Since the introduction of the new policy many “no fee” schools have been able to acquire more educational materials and equipment. In this regard the principal of school C explained: *“... we could not actually, you know finance certain programmes in Math, Science, Economics and so on but we are now able to assist those learners.”* The principal of school E supported this opinion by saying: *“... we have been enabled, with the no fee subsidy, to manage to buy IT equipment because we managed to buy computers to assist the learners, to assist the learners to computer literacy.”*



The acquisition of additional materials and equipment however did not mean, however, that the schools were able to acquire all the necessary materials and equipment. The majority of SGB members and principals commented that the funds were allocated mainly to curriculum activities and that these funds were inadequate for the all the needs of their respective schools. The SGB member of school D mentioned the following: *“Just now you will look at the paper-budget and say: Ok these people been given R400 000 but then we’ve got a thousand, more than a thousand learners who write tests, who, we don’t even have textbooks, we have to use plus minus 200 boxes of paper, the educators have to go to workshops. You see then when you say you’ve received R400 000 to a layman, it’s a lot of money. But in actual fact when money has arrived you have to use the money it’s nothing...”*

The above mentioned examples indicate that curriculum related activities were prioritized in most schools in terms of financial resources, especially in the area of the New Curriculum Statements (NCS) that are part of the OBE approach. This approach, according to Chuenyane (2009:27), requires learners to undertake independent work, group work, self-study and assignments. These activities depend largely on available resources. The acquisition of educational resources is very important for poor schools considering that the lack of these resources is rated as the major cause of poor performance in Grade 12 (see section 2.5).

Therefore the SGBs and principals have the responsibility to consistently supplement their schools’ funds, organize the necessary education resources and ensure that quality education is offered to the learners. The importance of acquiring educational resources is even stressed by the South African Human Rights Commission (2008:121) which states that the goals of redress and the right to basic education cannot be achieved if learners are subjected to inadequate teaching and learning materials, shortage of classrooms, lack of access to computers and laboratories, to library facilities, water and electricity

(see section 2.5). The provision of educational resources remains a challenge for SGBs and principals of “no fee” secondary schools considering the World Bank Policy study’s conclusions (see section 2.6.2.1).

#### 4.3.1.2 SGBs’ financial management and support for educational programmes

School financial management is defined as the performance of management actions connected to the finances of schools with the aim of achieving effective education (Naidu *et al* 2008:164). In terms of public schools financial management activities should be in accordance with the provisions of Sections 20 and 21 of the South African Schools Act (Act No. 84 of 1996) (RSA, 1996:12-13). The Act classifies the financial and property functions of the SGB into Sections 20 and 21 respectively (see section 2.4).

##### (1) School financial management

The most important responsibility entrusted to the SGB is financial control, particularly the preparation and approval of the annual budget (Clarke, 2007:277-280). Other related and general financial functions for the SGB are prescribed under Section 37 of the South African Schools Act (Act No. 84 of 1996) and include the following:

- establish a school fund
- collect and administer school fees
- keep financial records
- draw up annual financial statements and
- supplement state resources.

In regard to the above-mentioned responsibilities of the SGBs, it was established that in the majority of schools the required financial management structures and systems were in place, though there were systemic problems concerning their

functionality and adherence to the approved policies. The financial management structures and systems in essence referred to the finance committees and financial policies that guided schools with respect to the management of finances:

(a) Financial Planning

Evidently the starting point for effective financial management is the planning phase, particularly for school-based management and financing. According to Coopers and Lybrand Associates (1988:77-81), the underlying philosophy of school-based management and financing is the application of good management, which requires the identification of management units for which objectives can be set and resources allocated. The unit is then required to manage itself within the allocated resources to achieve the set objectives.

In the context of the above, “no fee” schools are in essence the said management units. Therefore “no fee” schools are expected to manage themselves within the allocated financial resources in order to achieve the set educational objectives, of which curriculum delivery is the main priority.

The allocated financial resources are normally managed according to a financial plan called a budget. Bisschoff (1997:66-67) defines a budget as a planning instrument and a statement in financial terms of the school’s priorities. In essence a budget looks forward and can be used in the assessment of systematic planning, quantifying objectives, the identification of priorities, coordination of activities and communicating plans within the school (see section 2.4.4.1).

Several participants pointed out that the amounts that were in the paper-budgets were eventually integrated into the schools’ internal budgets. The principal of school G explained the integration of budgets: *“And the budget stipulates some of the areas the money is supposed to be used for, and out of that budget we’ll*

*also have to draw our local budget, as a school, with the SGB. And then we fit in that budget that comes and spread it over to the things that we need.”*

The integration of the paper-budgets into the internal process of budgeting reduced the two different budgets into a single manageable document. The internal budgeting processes began with the identification of needs. The needs were drawn from the different learning areas or subjects and then forwarded to the Schools’ Management Teams (SMTs) for consideration. The SMTs consolidated the needs and compiled priority lists that were eventually converted into draft budgets that were presented to the finance committees and later to SGBs. The principal of school C outlined the process. *“Mhh, basically here the process of budgeting in the school, the way we do it here, we use departments, for example we have five active departments in the school: the language department, science department, the business and commerce. I think we’ve five, now each HOD will then consult with his educators, what will they like to have in terms of their priorities and in addition, the SMT may have a project of their own so that from the HODs which is what educators think will assist them in the classroom, added to what the SMT thinks and then brings out the budget.”*

All the relevant stakeholders such as teachers were involved in the budgeting processes of most schools.

Another finding in relation to the schools’ budgeting processes was that the processes were begun very late because the schools did not receive the financial information in time. Most principals and SGB members said that the financial information was only received in October and sometimes in November of each year. The school principal of school F asserted: *“Yeah, we do get the information but the timing therefore is problematic because sometimes we get this information almost at the end of the year, somewhere in November, where one would find that, the school was supposed to have actually done the budget because, normally this budget should be done somewhere in September or later so. Then so, if it is November, it’s a little bit late...”*

In terms of Section 34(2) of the South African Schools Act (Act No. 84 of 1996) the state must provide sufficient information on an annual basis to public schools regarding funding in order to enable them to prepare their budgets for the next financial year (see section 2.4.4.1).

The provision of sufficient financial information to SGBs of “no fee” schools is important considering that mandatory fees have been abolished and that voluntary contributions from parents were no longer guaranteed as a basis on which the schools’ income could be estimated. Therefore the only financial information that “no fee” schools depended on to estimate their income came from the education department. The principal of school C emphasized the importance of the availability of such information: *“Yeah firstly, I will appreciate if I would know in time, on time as to how much the allocation will be for the following academic year, that’s number one. And also know exactly how much each learner is subsidized, this will help us in drawing a budget well in advance because as for now I cannot draw a budget until I know exactly how much I have. I may have a list of priorities but that is not what one can call a budget until you have, you can at least put some figures in terms of so much will be spend on this, so if firstly information was readily available in terms of the amount each learner is supposed to get, the amount, the time when this money will be delivered, I mean deposited. That will help a great deal. That will definitely help.”*

Due to the non-availability of sufficient financial information many schools started budgeting between October and November while the actual financial allocations were only made to schools between April and June, as the principal of school F indicated: *“Yeah, from January your school run until somewhere in June without this, without this fee, so it’s, it’s quite challenging because you sometimes check from the coffers only to find that the money you have is so little that you can’t do a thing...”*

Based on the above remark it was therefore evident that the funds to schools were disbursed according to the financial year of the education department (i.e. April to March) which is in terms of the Public Finance Management Act (Act No. 1 of 1999), whereas the financial year of the schools stretched from January to December in terms of Section 44 of the South African Schools Act (Act No. 84 of 1996).

The fact that SGBs and principals were uncertain about the exact dates on which the funds were disbursed to their schools implied that there was uncertainty about the management of finances in terms of the income to the schools.

Some of the SGBs included estimates of capital development projects in their budgets and actually funded these projects from their school allocations, as pointed out by the principal of school G: *“... then we have R20 000 set aside for projects. We have what we call the C-projects. For example, at the moment we are building a computer centre.”*

The above-mentioned projects, according to the Schools Funding Norms, are the responsibility of the education department. In fact these funding norms distinguish between the utilization of school allocations and the capital cost allocation. The latter allocation has not been decentralized to schools and entails construction of new classrooms, the provision of water, electricity, sewage and telephone services. Each provincial education department is required to budget for the said allocation (see section 3.2.1).

Nevertheless, several schools took the initiative and financed capital projects from school allocations. The remarks by the SGBs and principals are an indication that the delivery of capital projects to schools has proved to be very slow. Although a number of schools did take the initiative, it was established that the majority of schools did not include reserve funds in their budgets and eventually experienced major financial problems at the beginning of the next academic year. The principal of school C confirmed the financial problems as

follows: *“Yeah, firstly, Isn’t that when schools start for example you are expected to have all the necessities to teach, and now schools re-open you know you’ll have about R300 000 but you don’t have it, learners need to write tests and need papers, teachers need to type notes etc. and you don’t have it and it means you either have to wait until you receive the money or get to a creditor who may not, who may charge exorbitant fee because will take an advantage of the fact that you don’t have the item and you are desperate for that.. .”*

The discrepancies in the budgeted items or school priorities confirmed that there was a great need for effective financial management training programmes (see section 4.3.1.2), In spite of the already-mentioned discrepancies and financial challenges, few SGBs nevertheless managed to develop strategies and place reserve funds in their budgets in order to lessen the impact of depleted cash flow budgets on the educational programmes during the first school quarter. The principal of school G explained: *“In the first year when we started we didn’t know, and so we came to a point where at the beginning of the year up to April there was no money in the school. And you cannot go and ask parents to contribute, but after one year we were able to adjust and manage it that way so that our budget goes to say by the end of the year we should have, in my school in particular, I should have at least R80 000 or something for a start for the next four months the first, the following year.”*

Based on the above it is evident that there were schools which managed to save funds for the next academic year thus alleviating the financial problems encountered by most schools during the first quarter. Therefore financial planning is important in ensuring that schools achieve their objectives within the approved budgets.

(b) Financial organization

The organization of finances entails activities such as the establishment of structures in order to handle various management tasks in administration and accounting (Bisschoff, 1997:92). Therefore any good financial management system would in essence focus on the existence of financial policies and the functionality of finance committees.

- *School financial policies*

According to Clarke (2007:281) the financial policy in a school serves as a control procedure which establishes how transactions are processed, providing for internal checks, delegation of responsibility and a system of authorization (see section 2.4.4.2).

Most principals and SGB members pointed out that there were approved financial policies in their schools though some of them also commented that they were still experiencing problems of non-compliance with policies. The principal of school E observed: *“We do have a financial policy as a school, but currently, even though we have a financial policy, in the past some of the parents were unable to interpret the financial policy, so the challenge because of academic level, so the financial policy, even though we’re having the financial policy but it was not, eh followed to as written.”*

- *School finance committees*

Finance committees are established in accordance with the provisions of Section 30 of the South African Schools Act (Act No. 84 of 1996) which allows SGBs to establish sub-committees in order to handle school finances on a day-to-day basis (Bisschoff, 1997:92).

Several participants said that their SGBs have managed to establish finance committees in order to discuss financial transactions and to prepare financial



reports monthly and quarterly. Some of the interviewed principals commented in this regard as the following remark from the principal of school D attests: *“We’ve a finance committee and there’s also a policy that we are trying to follow by all means even though there are some problems there and there because the Department is saying the petty cash should not be like this...”*

Although it was found that the majority of the schools have established finance committees, it was evident that the low level of literacy among SGB members has impacted on the functionality and effectiveness of these committees.

In addition it was established that in a few schools finance committees were non-functional and the financial policies non-existent. The SGB member of school B confirmed: *“For now it is not yet functional. We are still busy at, in terms of the policy the policy development we’re at a draft level. So I cannot say it is functional but I’m positive that once we finish with the development part of the policy framework, everything will work according to, according to what actually the money is intended to, intended for.”*

The absence of functional finance committees and financial policies in several schools could lead to unnecessary conflicts over finances and to possible financial mismanagement.

- *Financial delegation*

Delegation is part of organizing the financial management of a school, since a specific task is given to a specific staff member (Bisschoff, 1997:93). In practice decision-making through a full and formal structure of the governing body, in financial management, seldom allows the flexibility for prompt action which is required to make the best use of resources. Therefore, as shown, school-based management should involve a significant delegation of powers and responsibilities to teachers, clerks and the principal (Coopers & Lybrand Associates, 1988:80).

In the majority of schools it was found that the day-to-day management of finances was performed by the principals who were assisted by the finance officers and administrative clerks (i.e. support staff). The duties of the support staff included the daily management of requisitions, financial transactions and the safe-keeping of financial records in accordance with the applicable school financial policy. The principal of school B stated the following: *“Yeah, on day-to-day basis we work with the financial administrator of the school and check how we are spending and on monthly basis we draw sort of a monthly report of finances...”*

It was not clear whether the principals and their support staff were officially delegated by their respective SGBs to perform the financial tasks. There were no documents that could serve as evidence as to confirm such delegations. The only plausible explanation for the arrangement could be that principals were deemed to be the accounting officers of the schools with respect to finances, as some of the SGB members and principals believed. The principal of school D commented: *“But the principal is the only person who is accountable to all what is happening in terms of money.”* This view was also supported by the SGB member of school F: *“Yeah, the thing is it seems, but the principal is an accounting officer, but the principal alone cannot, because the way it is, the principal you cannot do anything, whether you belong to the finance committee or SGB but when the principal say: ‘no, its ‘no’...”*

The belief that principals are the accounting officers regarding school finances and property is an indication that the provisions of the South African Schools Act (Act No. 84 of 1996) have not been fully understood by the majority of SGB members and principals. In terms of the Act the role of the principals in these matters is to assist SGBs (see section 2.4.4.2). It is clear that the financial knowledge that principals possess gives them an advantage over the not so literate SGB members.

(c) Financial control

The financial control process involves three sequential stages: the recording of actual performance, the comparison of actual performance with expected performance and the provision of regular feedback to allow continual monitoring of events (Arnold & Hope, 1989:52). Control procedures should be put in place to ensure that the school is progressing towards its objectives and that allocated resources are utilized efficiently (Naidu, *et al* 2008:177). Some of the measures or instruments that could be utilized to effectively control school finances entail the budget, audits and regular reporting.

- *The budget as control instrument*

A school budget, once approved, becomes a control device and all the spending should be within the authorized limits (Jones, 1996:46).

It was found that most schools relied on the finance committees to monitor and control their budgets. However the finance committees, in most instances, were unable to ensure adherence to the approved budgets because some activities compelled schools to deviate from their budgets. The SGB member of school A, for example, mentioned that the workshops and meetings for teachers and SGB members that were convened by the education department contributed, to a certain extent, to the deviations: *“We try to follow the budget that we have discussed and agreed upon where possible because sometimes you find that eh, things just come in like workshops arranged by the Department where there will be no catering that we wouldn’t have prepared for. So that’s how we manage the money.”*

Most schools were unable to correctly forecast and budget for the actual number of such workshops and meetings because they did not possess the relevant details when budgeting. Therefore the schools were obliged to constantly review their budgets to make the necessary adjustments.

- *Financial audits*

The purpose of auditing the school's financial records is basically to enhance the finance control system. The requirement is that the person appointed to perform the audits must be qualified as an accountant and auditor (see section 2.4.4.2).

It was found that the audited financial statements were regarded as prerequisites for schools to access funds for the next financial year. Schools were made aware of this requirement through the paper-budget guidelines that also encompassed the deadline of the end of April (see section 2.6.2.3). The principal of school D confirmed the requirement: *"...there's no way because they cannot put the money if you've not submitted the audited financial statement. You can receive this no fee subsidy but just for one quarter."*

In preparation of the next allocations from the education department, the majority of schools dispatched their financial records to external auditors in January or early February and received feedback towards the end of the same months (i.e. January or February}, depending on the month during which the financial records were sent out for auditing. This is attested to by the principal of school H who remarked: *"...the end of December, by January, when it comes we get our income statement from the bank, that is January 15<sup>th</sup>, we get the bank statement. So it reflects the balance at the end of the year, then we take this, at the end of January, we take it for audit with our income statement and our expenditure statement. Then they audit and then give us the audited report. Usually it happens in January, end of January/February in the beginning."*

The implication of the above mentioned remarks is that schools went into the December recess without finalizing the auditing process of their financial records. In essence, the majority of schools submitted their audited financial statements to the education department during the beginning of March of the next financial year. Eventually the submission process impacted on the educational activities of most schools, especially during the first quarter of the academic year. The

principal of school B provided the following description: “... schools re-open somewhere in January, early January and there it says before you can get the funds to the school you must have submitted an audited financial statement and the financial year ends in December and you submitted to the auditors; maybe you get back the audited financial statement somewhere in February then after having got that you submit to the Region in order to get money and then it only comes somewhere in June or somewhere in late May and you see, the obstacle is now how do you run a school?... ”

According to the above factors the submission of audited financial records to the education department was delayed, this could contribute to the late disbursements of funds to some of the schools, since the audited financial statements were prerequisites for the next financial allocations.

(d) Financial reporting

The audited financial records were integrated into a final report that principals presented to the SGBs considering that they were accountable to the SGBs in relation to finance and property (Mestry, 2006:126-130). The SGBs in turn account to the parents, teachers, learners, community and the Department of Education. Therefore, according to Kruger (2007:243) parents have to comment on and acknowledge the final annual financial reports before their submission to the provincial Head of Department.

It was established that in several schools general parents' meetings were convened to discuss and adopt the final report on finances once feedback from the auditors had been received. Thereafter the adopted financial reports were conveyed through to the education department in order for the schools to receive their financial allocations for the next year.

Implicitly, financial reporting is an important stage in financial management because it marks the period during which the people tasked with school financial management account to the stakeholders for the utilization of allocated funds.

## (2) Capacity building programmes

Davidoff and Lazarus (1997:118-120) point out that financial delegation should take into account the importance of equipping members of the school community with the requisite skills in order to enable them to analyze budgets and financial statements and to manage finances (see section 2.3.3).

It is against the above background that the recommendations of the 2004 audit on the finances of Section 21 schools in Mpumalanga Province should be understood (Auditor-General, 2004:4-5). The audit recommended, among others, that the provincial education department should:

- determine the roles and responsibilities and level of understanding of the target audience regarding financial management of school funds and
- develop a training programme to transfer the financial management skills to the schools.

Based on the above mentioned recommendations the provincial education department subsequently undertook to develop a new capacity building programme and to “re-write” the financial management manual in order to improve the management of finances in the public schools (see section 1.2).

In spite of the above undertakings most SGB members and principals felt that there was a need for “no fee” schools’ personnel to be trained in financial management because some of the SGB members had been newly elected onto the governance structures. The SGB member of school B indicated the following: *“... because in essence when you say you are giving the governance of school, particularly the finance part of it, to the SGB and when these SGB members were*

*not necessarily screened when they were elected whether their financial skill [sic] are there or not, it tells you that you actually need to enhance their development in terms of financial management, eh because in essence you cannot give governance, particularly on the finance side to people when, when the capacity is neither here nor there. So we need to be incapacitated [sic] financial management skills.”*

The above view was supported by the principal of school D who stressed the importance of the frequency of training programmes as follows: “... so a new SGB has been elected, there are new people altogether and they need to be educated on this, so that’s very important that now and then, now and then, now and then workshops on financial management should be done.”

It was further found that the expressed need for capacity building programmes did not imply that principals and SGB members were not trained in financial management. The education department often conducted training workshops for principals and SGB members nonetheless, most participants felt that these workshops were inadequate and mostly ineffective because the officials who conducted the workshops were not acquainted with school finances and as a result the training focused on general financial matters rather than on the required specific financial management skills. The principal of school G made the following comment, as one of the several participants who had attended some of the training programmes: “... training should be done more effectively. We are in a situation where SGBs are called and sometimes you find that those people do not have any experience, training is given but sometimes the training is not adequate.”

According to the above remarks the capacity building programmes for SGBs and principals could be of value if they were to focus on specific skills in school financial management. Some of the participants identified bookkeeping and fundraising techniques as some of the specific skills that are essential in school financial management. The principal of school F explained: “...but in my case as

*a principal, because I said I'm also included in the whole process, I also need more workshops and how to handle resources such as, for example, budgeting. Yeah, we're doing it but I'm not quite sure whether I'm doing the right way. So and sometimes how to handle certain documents like, eh if someone has used, has spent a certain amount of money with invoice, with all the documents. In short, bookkeeping. Yeah."*

Furthermore most participants felt that the envisaged capacity building programmes in financial management should involve all members of governing bodies, school management teams and finance committees. Several participants felt it was important for all SGB members to be trained because certain principals took advantage of the low level of education among SGB members and subsequently dominated proceedings in all aspects of financial management in the schools. The SGB member of school F indicated: *"Yeah, practically it is something else. The problem is, because all the members of the SGB they are not as educated as you and me, and in our school if you talk about the chairperson of the SGB you can feel it, even the principal can threaten such a person, can give orders, give suggestions and say: learners are not, are not getting information enough. He may look at the budget and request somebody else, somebody to come and assist. But in our area everything lies in the hands of the principal."*

However, not all SGB members and principals required training in financial management. There were also a few participants who mentioned that these funds were presently being managed very well, as was confirmed by the principal of school H: *"On the management of funds, eh no the finance committee is strong and the SGB is also strong, they can do this thing. They do those things correctly, we are managing. There is no discrepancy and there is no disparity in managing these funds allocated ..."*

Briefly stated, the majority of participants felt that effective capacity building programmes were a necessity for the effective management of school finances in



order to assist school-based management structures to effectively deal with various financial problems and to ensure effective support for the educational programmes. This confirmed that an effective training programme is important to the success of school-based financial management (see section 2.3.3).

### (3) Monitoring and evaluation of the policy

As has been confirmed, Wildeman (2008:4-5) asserts that one of the reasons why the objectives of the earlier editions of the Schools Funding Norms was not realized was the fact that the fee exemption policy was beset with implementation and monitoring problems because no feedback loop existed between 2000 and 2006 to analyze implementation problems (see section 2.6.1).

In line with the above observation, several participants pointed out that the current monitoring mechanisms of the “no fee” policy were ineffective. This view was strongly expressed by the SGB member of school F: *“Ehm, our Department, it is according to me, eh the Department is not responsible for anything. It’s not taking any account to the finances given to all the schools. That’s my observation since they implemented this policy.”*

The SGB member of school D also mentioned that the ineffective monitoring of the new policy has the potential of depriving learners of their right to quality education because the failure of the schools to submit the required audited financial statements to the education department will eventually impact negatively on the acquisition of educational resources for learners: *“...the Department or the Circuit Manager, I would say, is not doing the follow-ups. You would find that we at the school, we can relax and not submit and not receive the monies that are due to the school and nothing is going to be done...; because this thing is not all about the money but about the service that has to be rendered to the learners...”*

The success of the “no fee” policy fundamentally depends on effective monitoring and evaluation to ensure that allocated funds are utilized for the sole benefit of learners.

#### 4.3.1.3 The major obstacles encountered as regards the new policy

The participants were requested to specify the major obstacles that they encountered in this respect. It was evident from their responses that SGB members and principals encountered numerous hindrances.

##### (1) Communication between “no fee” schools and education authorities

It was established that the introduction of the new policy was beset with communication problems between the education stakeholders. Several principals and SGB members mentioned that their schools were not officially informed that they have been granted a “no fee” status. The participants said that they had only learnt about the new status upon receipt of paper-budgets that reflected amounts that were referred to as “no fee subsidies”. The subsidies were exclusively allocated to the schools which qualified. The principal of school A remarked: *“...the problem that we are encountering is that the Department is not giving us information in black and white as to tell us whether we are a no fee school or a fee school, and then that is a major problem as I’m saying we are charging learners school fees and hence we are declared a no fee school, but then we were not formally informed by the Department on that issue.”*

It was evident that the lack of effective communication on the policy has led to a lack of common understanding among the various education stakeholders in regard to the implications of the policy, particularly concerning the application of the “no fee threshold”. The SGB member of school D remarked: *“...the Department must try, call these principals and explain to them fully what it means to be a no fee school because I’m quite shocked to hear about this threshold thing and I know my principal does not know about it...”*

The above mentioned aspects on communication were also cited as some of the reasons that contributed to the continuation of the practice of levying school fee in certain “no fee” schools. However the provincial education department viewed the situation differently. It asserted that the “no fee” schools’ principals that were collecting mandatory fees were deliberately ignoring the new procedure (abolition of fees) and refused to relinquish the old one (mandatory fees) (see section 2.6.2.3).

(2) Disbursement of funds to the schools

Another finding was that the funds were made available to the schools when the curriculum delivery activities were already underway, particularly during the first quarter, as pointed out by the principal of school G: “... *But there was no explanation as to when was the money going to come because when we do give audit reports it states (sic) from the 1<sup>st</sup> January to the 31<sup>st</sup> December. So we thought that because they are declared and the Department knows that schools start in the first or second week of January, we would get the money and it didn’t happen that way.*”

It was further found that the schools not only re-opened without sufficient funds but also that the deposits were effected piecemeal. These allocations impacted severely on the schools that had been previously administered under the Limpopo Province. The principal of school C shared the following experiences: “... *Well when we were declared a “no fee” school then, back then, we were in Limpopo. What they did in Limpopo, they deposited the full amount like this, for example: R300 000 at once in the account. Now we knew we had so much. But then we moved over to Mpumalanga, currently our no fee status remains the same, no problem. But however the Region, I wouldn’t like to blame the Province, I don’t know, decided to deposit it in instalments... Unfortunately they would not even keep their promises.*”

The above comments imply that most principals lack crucial information on the new policy and its implications for their schools in terms of finances. This lack of information, if not attended to, could undermine the leadership role of the principals within the school communities.

#### 4.3.1.4 Enhancing support for educational programmes by means of financial management

##### (1) Involvement of school-based management structures

Several participants mentioned that educational programmes could be effectively supported through sufficient funding, the involvement of stakeholders in the identification of school needs and the timing of disbursements to schools. The principal of school B indicated: *“Yeah, well firstly, like I said, it is the timing at which this money comes in so that the school can be able to run the activities of the school and secondly, it should be clear how much each learner gets in a school as a subsidy for ‘no fee’ school...”*

Based on the above remark it therefore became evident that a review of the present implementation strategies is necessary in order to involve school-based structures in the process that culminates in the ranking of schools into quintiles. The involvement of the structures will also ensure that the partnerships between the state and non-state structures are functional and focused on the provision of effective support for the educational programmes at “no fee” schools.

##### (2) Paper-budgets and inflation

The other issue which was of great concern to some of the principals was the formula for the allocations. Several principals mentioned that the allocation did not consider the effects of inflation. The principal of school E explained: *“... eh is that the money that is being distributed, eh, must be increased annually because if you are looking at the inflation, most of the things that we are buying, they keep*

*on increasing. So I think the Department must be considering the Consumer Price Index to increase the paper-budget.”*

Implicitly the paper-budgets have not considered the economic factors such as inflation. Therefore the quantities of educational materials and equipment that schools acquire might be reduced unless the funds are consistently increased in order to offset the impact of the inflation rate. In essence inflation linked allocations suggest that the state will require additional revenue to cater for the needs of the “no fee” schools.

#### 4.3.2 Research findings: documents

##### 4.3.2.1 School admission policies

It was found that the admission policies of several schools contained clauses to the effect that parents were liable for the payment of mandatory fees despite the “no fee” status. The following clauses were identified:

- *All learners shall pay the fees that is [sic] determined by SGB from time to time. Parents who experience problems with the payment of school fees must come to the school administration and the principal will advise the paren. (School E).*
- *Learners without school fee are also allowed admission but their parents sign a declaration form of when and how are they going to pay the fee. (School D).*

In spite of the above mentioned clauses, there were also a few schools that clarified the “no fee” status and its implication for mandatory fees. For example, the admission policy of school F stated:

- *Our institution is a no fee school, which means that no fee will be charged to the learners on registration.*

It is implicit that the majority of admission policies were not reviewed in order to accommodate the “no fee” policy and its implications for compulsory school fees.

#### 4.3.2.2 Mission statements

The majority of the mission statements, which were examined, prioritized the involvement of stakeholders such as the parents and school communities in the activities of the schools. It was apparent that the participation of parents in the educational matters was a significant focus of the participating schools.

#### 4.3.2.3 School improvement plans

The professional development of teachers, effective teaching and learning, leadership and management were key aspects in the improvement plans of the majority of schools. The implication is that most schools believed that teaching and learning was only possible through a well-developed teaching corps and an effective leadership.

#### 4.3.2.4 School allocations and budgets

An analysis of the paper budgets revealed that several “no fee” schools were allocated the additional amount known as a no fee subsidy in line with their number of learners. This no fee subsidy was part of the overall sum of money which was deposited into the schools’ bank accounts.

Further examination of the paper-budgets revealed that between 2007 and 2009 the no fee subsidy rate was R85 per learner (see section 2.6.2.3). However in 2009 the subsidy rate declined to R70 per learner. The documents solicited by

the researcher and the reasons that could explain the causes of the decline were not provided. The principals and SGB members also did not know the causes.

In terms of the budgets it was found that most schools initiated the budgeting process during the fourth quarter (i.e. September to December). Procedures for budgeting processes were included in the financial policies of several schools. These procedures extensively quoted, and were derived from, the provisions of the South African Schools Act (Act No. 84 of 1996).

#### 4.3.2.5 School financial reports

It was established that all the schools kept copies of externally audited financial statements. The said statements mentioned that school finances and property were the responsibilities of SGBs.

The audited financial statements revealed that the majority of the schools had depleted their budgets at the end of their financial year. For instance, one of the schools had incurred a deficit of R43 436 at the end of the 2008 financial year. This finding confirmed the fact that most of the schools encountered financial problems at the beginning of the next academic year.

Another finding was that not all the schools presented their final financial reports in January or early February. There was an instance in which external auditors only finalized an audit report on 28 April 2008. Therefore such a report could not be submitted to the education department in January or February for funds to be deposited to the school in April.

Basically, the above mentioned factors imply that some of the audited financial reports were approved and subsequently submitted very late to the education department for the next financial allocation.

#### 4.3.2.6 Minutes of meetings

Very few schools were able to provide minutes during which the schools' budgets were approved by the parents or the SGBs. The few copies that were received dealt with discussions of the finance committee on draft budgets for 2010. Therefore the available data was scanty and as such no significant finding was made.

#### 4.3.2.7 School financial policies

The majority of financial policies which were examined outlined the financial management procedures and the composition of the finance committees in accordance with the provisions of the South African Schools Act (Act No. 84 of 1996).

It was found that several financial policies mentioned that principals (referred to as accounting officers) were members of the said committees. In some instances the principals were also nominated or appointed as chairpersons of these committees.

According to the South African Schools Act (Act No. 84 of 1996) principals are *ex-officio* members of the SGBs who do not hold executive positions in the SGBs. Therefore the election or nomination of principals as chairpersons of the SGBs' sub-committee on finance could lead to the transgression of the South African Schools Act (Act No. 84 of 1996).



### 4.3.3 Summary

The findings clearly indicate the effects of the “no fee” policy on the management of school finances and support for the educational programmes of “no fee” secondary schools. The improvements in the cash flow budgets of many schools have enabled SGBs and principals to acquire additional materials and equipment to support teaching and learning activities.

The majority of SGB members and principals felt relieved from the administrative workload of collecting fees and of the procedures of the fee exemption for impoverished parents. Principals were confident that teachers and learners would fully concentrate on the curriculum delivery activities rather than on the collection of school fees.

However there were some “no fee” schools that were still levying mandatory fees because, according to them, the education department did not officially inform them about their new “no fee” status. This was an indication that the new policy has not been effectively communicated to the respective education stakeholders.

It was further established that most schools submitted audited financial statements and received money when teaching and learning programmes were already underway. This practice negatively affected their educational programmes.

There were also participants who felt that the parents were gradually withdrawing from the educational activities of their children because they believed that the education department had wholly taken over the responsibilities of educating children. This withdrawal of parents does not augur well for the partnerships between the state and non-state organizations and communities.

Effective financial management training was identified as one of the necessary aspects that should be enhanced. Several participants were of the view that the training should be conducted by people from outside the education department.

Although the South African Schools Act (Act No. 84 of 1996) provides for the SGBs to establish sub-committees, the chairpersons of these sub-committees must be members of the SGBs. However the examination of school documents revealed that some of the principals were members and also chairpersons of the finance committees.

The summary, recommendations and conclusions of the research study as well as topics for future research are discussed in the next, final chapter.

## CHAPTER 5

### SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

#### 5.1 Introduction

The discussions in the preceding chapters have clearly demonstrated that the “no fee” school policy has impacted on the management of school finances and support for educational programmes at “no fee” secondary schools. In this final chapter of the research study, the summary, recommendations and conclusions are discussed.

From the evidence of the research study, it has been established that many “no fee” schools receive financial allocations that are far above the amounts these schools previously raised from the levying of mandatory fees.

Many participants, however, felt that the allocations from the education department were insufficient to address the needs of the “no fee” schools. Probably this view also contributed to the several cases where “no fee” schools were found levying mandatory fees while at the same time receiving money from the education department. The levying of mandatory fees is contrary to the provisions of the Education Laws Amendment Act (Act No. 24 of 2005). The Act encourages parents to make voluntary contributions to the schools.

Briefly stated, the overarching intention of this research study is to establish the extent to which the new policy affects the financial management and support for the educational programmes at “no fee” secondary schools. The sub-questions of the study entailed the following:

- How do SGBs and principals experience the effects of the new policy on finances and educational programmes of “no fee” secondary schools in Mpumalanga?
- How does the SGBs’ financial management ensure support for the educational programmes of “no fee” secondary schools?
- What are the SGBs and principals of “no fee” schools’ major obstacles as regards the new policy?
- How can SGBs, principals as well as provincial education authorities effectively support educational programmes through financial management at “no fee” secondary schools?

The above-mentioned research questions are addressed throughout the various chapters of the research study.

## **5.2 Summary of findings**

The research study established that most participants welcomed the new policy and viewed it as a step in the right direction by the government because the practice of levying mandatory school fees was an impediment to the impoverished learners and deprived them of access to educational opportunities (see section 4.3.1.1). Members of SGBs and principals pointed out that the funds from the government far exceeded the amounts that schools collected from the levying of mandatory fees.

The reactions of the majority of parents to the new policy were in line with the views as expressed by the SGBs and principals. Parents were generally satisfied with and felt relieved about the new policy because it removed the financial barriers which made it almost impossible for their children to access education. Although the new policy abolished the payment of mandatory fees as regards the “no fee” schools, it left their Section 21 powers in the management of finances and property unaltered. The SGBs remain responsible and accountable for the

management of school funds and the principal's role is to support SGB members in the execution of their functions (see section 1.3).

Based on the above, the implication is therefore that, in terms of the effects of the new policy, Section 21 "no fee" schools are still required to exercise greater financial autonomy and decision-making in the management of finances and in accordance with the provisions of the South African Schools Act (Act No. 84 of 1996). The SGBs and principals could be held accountable for the execution of the devolved functions (see section 1.2). However, it was established that although the "no fee" schools in Mpumalanga Province are Section 21 institutions, in practice they do not exercise greater financial autonomy, particularly in relation to the purchasing of items such as Learner Teacher Support Materials (LTSM) and to the verimentation of funds. The lack of greater financial autonomy could partly be attributed to the fact that most schools operate inadequate financial management systems, as indicated in the 2004 audit report of the Auditor-General (see section 2.6.2.3).

The new policy has also benefited the few parents who regularly paid schools fees at the time when the majority of poor parents were unable to do so. The policy also removed the administrative workload from the SGBs and principals who were required to implement the exemption policy regarding the payment of school fees.

It was found that teachers were also freed from the tasks of collecting school fees which allowed more time for teaching and learning activities. The policy further assisted "no fee" schools in the acquisition of additional educational materials and equipment in order to ensure support for the educational programmes. In spite of the positive effects of the policy, it was nevertheless established that the majority of schools, to a certain extent, still encountered financial problems during the first quarter of the academic year (see section 4.3.1.3)

In spite of the financial challenges, the research study found that many schools have established finance committees and adopted financial policies although compliance with these offered challenges to many SGB members. Furthermore, teachers were actively involved in the budgeting processes of their schools. The involvement of teachers suggests that the budgets included curriculum needs (see section 4.3.1,2). However the late distribution of the necessary financial information to the schools was identified as a hindrance to the budgeting process. As a result of this delay many schools were unable to complete their budgeting processes in time. The importance of the necessary financial information for the schools' budgeting process was emphasized by some of the interviewees (see section 4.3.1.2).

Another finding relates to the delegation of financial management responsibilities from SGBs to the principals. The majority of schools possess no written documentation on the delegations of financial responsibilities to principals mainly because most SGBs assumed that principals are the accounting officers with respect to school finances and property (see section 4.3.1.2).

Possible reasons for SGBs to make this assumption could be the dearth of financial management skills and the allocation of Section 21 functions to SGBs without proven capacity to manage school finances (see section 2.3.2.2). Financial management skills are essential for SGB members (see section 1.3). It was also established that there is a major need for SGB, SMT and Finance Committee members to be effectively trained in school financial management, especially in the areas of budgeting, bookkeeping and fundraising. Several participants asserted that the training programmes that were offered were too general and ineffective.

Another view suggests that the implementation of the new policy was inadequately monitored and evaluated. The view that the education department did not monitor the utilization of the allocated funds to ensure that the money was utilized for the purpose for which it is intended was expressed by several

participants. It was mentioned that the education department disbursed funds to the schools without taking measures that would ensure that the utilization of the funds benefits the targeted learners (see section 4.3.1.2).

Effective monitoring cannot be divorced from effective communication. However, several principals and SGB members mentioned that the lack of communication with respect to the “no fee” policy was one of the obstacles they had encountered in the application of the new policy. The SGB members and principals indicated that their schools were not formally informed that they had been declared “no fee” institutions, as a result of this lack of communication some of the schools were still levying compulsory school fees.

It was also apparent that the collection of compulsory fees was not only the result of poor communication between the stakeholders. Several SGBs and principals pointed out that the allocated funds were insufficient hence the collection of compulsory fees. Inadequate state allocations could undermine the vision of the new education system as regards equity and poverty reduction (see section 1.3). The participants further pointed out that their schools encountered financial difficulties during the first quarter of each academic year because these schools only received the allocated funds between April and June of each year. In an attempt of supplementing the funds, some of the schools have resorted to the procurement of educational materials and equipment by means of credit in order to ensure uninterrupted teaching and learning programmes (see section 4.3.1.1).

Furthermore, some of the participants felt that the involvement of school-based management structures in the process of identifying school needs was important. The view of these participants was that the involvement of school-based structures would strengthen the educational partnership between the State and the school communities and also enhance the support for the educational programmes at “no fee” schools.

Briefly stated, it was established that the majority of “no fee” schools received substantial funding from the State in order to support teaching and learning activities. The findings of the research study, however, indicate that in spite of these sizeable funds, the needs of the “no fee” schools are not yet adequately addressed.

The findings of the research have led to the generation of several recommendations in section 5.4 that serve as guidelines for SGBs, principals as well as education authorities in the improvement of financial management so as to ensure support for educational programmes at “no fee” schools.

### **5.3 Conclusions**

#### 5.3.1 Conclusions drawn from the literature

It is clear that financial autonomy and decision-making powers for School Governing Bodies (SGBs) are derived from the South African Schools Act (Act No. 84 of 1996). The Act upholds the rights of learners, parents and educators and promotes their acceptance of responsibility for organizing; governance and funding of schools in partnership with the State (see section 1.1).

Section 21 of the South African Schools Act (Act No. 1996) devolves additional functions to SGBs and provides these governors with greater autonomy and decision-making powers on school finances and property. School principals are only required to assist and support SGBs in the execution of their statutory functions (see section 1.1). However, it was established that the majority of SGBs regard principals as the accounting officers with respect to school finances (see section 4.3.1.2).

The operations of SGBs in semi-urban and rural communities are largely frustrated by various problems. Some are the result of the lack of resources, high levels of illiteracy and the dearth of financial management skills. The study



confirmed that SGBs encounter serious problems in the execution of their functions (see section 4.3.1.2). These barriers contribute to insufficient funds for the poorest schools, of which the SGBs are unable to supplement these funds (see section 1.1). The introduction of the “no fee” policy has also brought about a situation in which SGBs are unable to effectively supplement school funds because some business people have become reluctant to assist state-funded “no fee” schools (see section 4.3.1.1). It is imperative for SGBs to ensure that their schools have adequate funds to deliver the national curriculum. Therefore effective financial management, which provides the equipment to deliver the curriculum in a safe and pleasant school climate, must first be achieved (see section 2.5).

In view of some of the above-mentioned factors and many other impediments experienced in the provisioning of quality education, the South African Schools Act (Act No. 84 of 1996) was amended by means of the Education Laws Amendment Act (Act No. 24 of 2005). This Amendment effectively abolished mandatory fees in all public schools that were declared “no fee” institutions and allowed the State to allocate considerable amounts of money through the National Norms and Standards for School Funding (see section 1.1). However, the accumulated research evidence suggests that the state allocations remain inadequate to address the needs of the “no fee” schools (see section 4.3.1.1).

The above mentioned facts partly explain the rationale behind the pessimism of several teachers and principals towards the application of the new school funding policy. At the centre of the teachers and principals’ doubts was the fact that the state funds were insufficient and even lesser than the amounts that schools had raised from mandatory fees (see section 1.2). However the contrary view, emanating from the Ministry of Basic Education, is that the adequacy benchmark level is higher than the amount of the school fees raised by the majority of the qualifying “no fee” schools (see section 2.6.2.2).

Cumulative evidence from earlier research studies (Rothman, 1996:6), confirms that funding for education has always been insufficient because of the critical shortage of funds and the inability of school administrators to allocate these funds and other resources maximally (see section 2.5). School governing bodies and principals are basically expected to effectively manage the available funds and to devise other means through which school funds could be supplemented. It is implicit that principals and SGB members will have to be trained in school financial management in order to maximize the effects of education. SGBs and principals of Section 21 schools are required to utilize their greater financial autonomy and decision-making powers to improve learner achievement through the following:

- Changes in school culture and practice
- Creation of meaningful change in teaching and learning
- Principals to take the role of manager and facilitator of change, while teachers take responsibility on issues of teaching and learning (see section 2.2).

It can be concluded that the correct implementation of the new policy will lead to the availability of considerable amounts of money for “no fee” schools in order to support educational programmes. Incorrect application of the policy will lead to financial problems for these “no fee” schools (see section 1.1).

### 5.3.2 Conclusions drawn from the empirical research

The introduction of the “no fee” school policy means that the objective of creating greater access in education for the impoverished learners is gradually being realized. Many SGB members and principals believe that the abolition of mandatory school fees has relieved poor communities of the financial barriers and encouraged them to send their children to school. However the irony of the policy, according to one of the principals, is that some parents were suddenly shirking their responsibilities. Apparently these parents are of the view that the

policy was intended to relieve them not only from the financial burdens but also from all their responsibilities in regard to the education of their children (see section 4.3.1.1).

Although the majority of SGBs and principals acknowledged that the new policy has improved the cash flow budgets of their schools from the paltry amounts they had raised in the past through the collection of compulsory fees, the participants firmly believed that the funds allocated to schools are inadequate in addressing the needs of their respective schools (see section 4.3.1.1). This finding confirms the assertion by several teachers and principals that state allocations will not sufficiently address their financial needs (see section 1.2).

The above view indicates that most schools are heavily reliant on State funding rather than on innovations that will generate additional funds. The tendency to rely on state allocations could be traced to the fact that the provisions of Section 21 of the South African Schools Act (Act No. 84 of 1996) are not being sufficiently adhered to because the majority of SGBs and principals still do not exercise their potentially greater financial autonomy and decision-making regarding school finances due to the fact that the majority of SGBs and principals are not yet empowered in terms of financial management although their schools are already Section 21 institutions.

The noticeable cause of this lack of greater financial autonomy is that the SGBs of these schools were granted Section 21 functions before their financial management capabilities were assessed. This assertion is confirmed by the findings of the 2004 audit which was conducted on the financial systems of Section 21 schools in Mpumalanga Province. The audit concluded that the Section 21 schools had set inadequate financial management systems in place (see section 2.6.2.3).

Based on the above facts and considering that the levying of mandatory fees has been outlawed in all “no fee” schools, it is clear that SGBs will have to explore

other sources of income in order to supplement school funds. The new policy has not only affected compulsory fees but also the application of the exemption policy on the payment of school fees. In the past very few parents were able to pay school fees and most school principals and SGBs failed to grant exemptions on the payment of school fees to the deserving parents, instead many schools resorted to illegal means to enforce the payment of such fees. However with the advent of the “no fee” policy, the workload on the administration of fee payment exemptions was removed from SGBs and principals of “no fee” schools because they are no longer required to exempt parents individually. All parents with children at “no fee” schools are consequentially exempted from the payment of school fees.

The removal of the administrative workload on the fee exemption policy implies that SGBs and principals are able to provide the necessary support for teachers and learners. The new policy also allows SGBs and principals to focus on the management and governance of school finances and on the acquisition of additional educational materials and equipment for teaching and learning activities.

It should be realized that the improvement and development of “no fee” schools will be a very slow process because it takes longer to reduce high levels of illiteracy, especially among SGB members who lack a solid foundation of formal education. This anticipated slow pace of development means that some aspects of school financial management will not be speedily addressed. In the interim some principals will be tempted to knowingly or without knowing abandon the role of assisting and supporting SGBs and virtually take over the role of accounting officers from the SGBs, in the management of school finances and property in spite of the fact that the South African Schools Act (Act No. 84 of 1996) place the management of school finances and property under the control of SGBs.

In order to avoid the above-mentioned possibility the training of SGBs should be a priority considering that several research studies (Naidu *et al* 2008:158) have identified the acute shortage of financial management skills among SGB members as an area which needs attention. In order to address the acute shortage of financial management skills, it is imperative to design continuous and effective financial management training programmes for the members of SGBs (see section 4.3.1.2).

The dearth of financial management skills at the school level is not the only causal factor of inefficiency in the implementation of policies. For example, available evidence points out that incorrect application and monitoring of the fee exemption policy led to its ineffectiveness. Similarly the objectives of the “no fee” policy may well be compromised if the policy is incorrectly implemented and monitored. For instance, a “no fee subsidy” of R85 per learner was allocated to “no fee” schools in Mpumalanga Province between 2006 and 2008 but in 2009 the amount was reduced to R70. However the SGBs and principals were not formally informed about the reduction. The reduction of the “no fee subsidy” amount could be another contributory factor to the apparent reluctance of some SGBs and principals at “no fee” schools to end the practice of levying mandatory fees because they were not formally informed that their schools were declared “no fee” schools (see section 4.3.1.1).

The absence of formal and effective communication between “no fee” schools and the education authorities on the new policy is indicative of a serious weakness in the partnership between the SGBs, principals and education authorities. If this weakness is not swiftly attended to it may negatively affect the application of the new policy because it will mean that SGBs and principals will not be sufficiently empowered in dealing with the transition from a “fee-paying” status to a “no fee” status. In addition, SGBs could be reluctant convey to the general parents the importance of the new policy and its implications, thus affecting the administration and governance of the “no fee” schools negatively.

The effect of the apparent communication gap between the education authorities and “no fee” schools manifests itself through the financial problems that schools encounter during the first quarter of each academic year. The majority of SGBs and principals indicated that they experience financial problems that are caused by the distribution of funds to schools between the months of April and July of each year instead of January when schools re-open for the next academic year. However a closer look at the situation reveals that the fiscal year of the schools and that of the education department commence during different months because they are derived from the South African Schools Act (Act No. 84 of 1996) and the Public Finance Management Act (Act No. 1 of 1999) respectively.

Based on the above, it is evident that it is proper and beneficial to involve SGBs and principals as partners on matters that have a bearing on the organizing, governance and funding of schools, especially on issues such as the identification of school needs.

#### **5.4 Recommendations**

The following recommendations that are presented as guidelines for SGB members, principals of “no fee” schools as well as education authorities, should be understood within the context of the findings of the research study. The guidelines are intended to assist in the management of school finances and also enhance support for educational programmes at “no fee” secondary schools.

(a) The implementation of the policy

The provisions of Section 21 of the South African Schools Act (Act No. 84 of 1996) in regard to the devolution of additional functions to the SGBs need to be adhered to. It is recommended that Section 21 functions granted to SGBs of “no fee” schools that are unable to perform these additional functions be withdrawn. SGBs that have the proven capacity to manage their own funds should be

allowed greater financial autonomy in the utilization of school funds, particularly in regard to the purchasing of Learner Teacher Support Materials (LTSM).

(b) School financial management

The central thread of the research study is the extent to which the new policy has effect on the management of finances and its support for educational programmes in “no fee” schools. The findings on the management of school finances highlight, among others, the importance of introducing financial management systems such as policies, functional financial committees, financial delegation and proper budget planning in the schools. It is therefore suggested that:

- All SGBs of “no fee” schools should be adequately trained in order to ensure that they are empowered with relevant skills, especially in the writing of appropriate financial policies that will clarify the financial roles and responsibilities and to eliminate risks that could lead to financial mismanagement.
- The education department should assist all “no fee” schools to establish functional financial committees that will manage school finances on the day-to-day basis in conjunction with the principals.
- Schools’ budgets should be submitted to the education authorities in time in order to ensure that paper-budgets relate to and address the identified needs of the schools.
- School governing bodies could ensure that the appropriate financial functions and responsibilities are delegated to principals and other staff members in writing.

- All “no fee” schools should be prioritized by the education department in the provisioning of capital projects in order to ensure that the school allocation is strictly utilized for minor repairs and maintenance and for the acquisition of materials and equipment that have a direct bearing in the delivery of the curriculum.

(c) Capacity building programmes

The decentralization of greater financial authority and decision-making powers to school-based management structures is linked to the acquisition of financial management skills and the abilities of SGB members and principals to manage finances. It is recommended that education authorities and schools should conduct regular and effective capacity building programmes for the members of SGBs, SMTs and Finance Committees. These capacity building programmes should be conducted by people who are qualified in financial management. The attendance of these programmes should be made compulsory.

(d) Monitoring and evaluation of the new policy

The lack of effective monitoring and evaluation during the course of implementing the new policy has the potential to derail the noble intentions of the policy and subsequently lead to mismanagement and embezzlement of school funds. It is therefore suggested that monitoring structures be established in all the Regions and Circuits to assist “no fee” schools. Furthermore, monthly financial reports of all the “no fee” schools could be evaluated to determine progress in the implementation of the policy.



(e) Communication between “no fee” schools and education authorities

The findings of the research study assert that there is no effective communication between the declared “no fee” schools and the education authorities. The lack of communication weakens the quality of decisions and implementation. Therefore the following measures are recommended:

- The education authorities should initiate consultations with all SGBs of the earmarked “no fee” schools in the early stages of the process and promptly inform schools in writing about the decision to declare them as “no fee” institutions. This approach will enable schools to prepare for the transition from the “fee-paying” to the “no fee” status.
- Explore new communication strategies in order to ensure that Regional education authorities are able to inform Circuit offices, principals and all stakeholders about the new policy and its implications to the affected school communities.
- The education authorities should enforce the abolition of mandatory fees in all the “no fee” schools. Several “no fee” schools continue to levy mandatory fees on the grounds that they were apparently not officially informed about their “no fee” status, however, the practice of levying compulsory fees at the declared “no fee” schools is contrary to the provisions of the Education Laws Amendment Act (Act No. 24 of 2005).

(f) The disbursement of funds to the schools

Several “no fee” schools commenced the next academic year with depleted budgets. Subsequently the schools were compelled to acquire educational materials and equipment from suppliers on credit. Most SGB members and principals blamed the education department for depositing the funds between April and July of each year. In order to alleviate the financial problems during the first quarter of each year, it is recommended that:

- SGBs of “no fee” schools should appropriately budget and ensure that funds are reserved for the first quarter of the next academic year. Alternatively SGBs should ensure that sufficient materials such as duplicating papers are acquired for the next academic year.
- A review of the South African Schools Act (Act No. 84 of 1996) and the Public Finance Management Act (Act No. 1 of 1999) should be conducted in order to align the fiscal year of the schools with that of the education department.

(g) Involvement of school-based management structures

It is important that all the stakeholders are involved in the decision-making processes that affect their institutions. However the view of several principals and SGB members is that they were not involved in the process through which the needs of their schools were identified and in the ranking of schools into quintiles. The suggestion is the inclusion of SGB members of “no fee” schools in the forum or structures that are tasked with the ranking of schools into quintiles, the identification of school needs and compilation of registers of such school needs. The inclusion of SGB members of these “no fee” schools in the structures will ensure that correct and appropriate information from the schools is gathered.

(h) School admission policies

The examination and analysis of school documents revealed that the contents of school admission policies in the majority of “no fee” schools do not include the required changes that emanate from the new policy. The recommendation is:

- A review of admission policies of all “no fee” schools in order to align the admission policies with the provisions of the Education Laws Amendment Act (Act No. 24 of 2005) on school fees matters.

### **5.5 Proposed topics for further research**

This research study concerned itself with the effects of the “no fee” policy in secondary schools. Implicitly the study focused on the implementation of the policy and the challenges encountered. Based on the findings of the research study, it is evident that further research is necessary. The following are some of the suggested topics for further research:

- In-depth investigation on the criteria for quintiles and the involvement of school-based management structures in such a process
- A similar investigation of “no fee” schools but from the perspective of primary schools

### **5.6 Summary**

The introduction of the “no fee” policy has eliminated the compulsory payment of school fees in the declared public schools. Gathered evidence on the experiences of SGBs and principals clarifies the position of “no fee” schools on the introduction and implementation of the new policy. The majority of SGBs and principals view the new policy as a step in the right direction whereas earlier reports indicated that teachers and principals were skeptical on the introduction of the new policy (see section 1.2). Several SGB members and principals

acknowledged that the new policy is a good initiative through which the state intends to create greater access to education for learners from poorer communities.

The creation of greater access to education opportunities should be understood within the context of the South African Schools Act (Act No. 84 of 1996), which upholds the rights of learners, parents and teachers and promotes their acceptance of responsibility for organizing, governance and funding of schools in partnership with the state (see section 1.1). Additional functions and financial responsibilities to SGBs and principals are thus devolved through Section 21 of the South African Schools Act (Act No. 84 of 1996). According to the Act, Section 21 functions are granted to SGBs that have proven capacity in the management of their own finances.

The devolution of functions and responsibilities is pursued in the belief that self-managing schools will improve and develop because they will be run like businesses (see section 2.2). Implications of the decentralization strategy for SGBs and principals include increased financial accountability and flexibility in responding to the needs of the schools and learners (see section 2.2). In essence it remains the responsibility of learners, parents and teachers to ensure good organization, governance and effective financial management in schools. Therefore, the finding on the reluctance of some parents to participate and assist “no fee” schools needs to be attended to. Parents need to be informed about the importance of their involvement and support in the education of their children and how it contributes to the development of the “no fee” schools.

Further evidence in the research study confirms that school governing bodies require effective training in school financial management in order to ensure that school funds are managed and utilized to support educational programmes.

Effective training will enable SGBs to acquire requisite financial management skills that will empower SGBs to exercise greater decision-making on issues

such as the procurement of essential and relevant educational materials and equipment for the delivery of the national curriculum, which is the first priority of every school. The research study contains sufficient evidence which confirms the importance of resources in enhancing educational programmes (see section 2.5).

In conclusion, SGBs, principals as well as education officials have a collective responsibility in ensuring that the “no fee” policy is correctly implemented. The correct implementation of the policy will lead to improved “no fee” schools and will also enable principals to organize educational programmes effectively. On the contrary, incorrect implementation of the policy and poor monitoring will lead to financial problems and ultimately compromise educational programmes at the “no fee” secondary schools. It is apparent that any collapse of educational programmes will imply the failure of the “no fee” policy in regard to the Culture of Learning, Teaching and Service (COLTS).

## 5.7 Bibliography

Arnold, J. & Hope, T. (1989). The budgeting process. In: Levacic, R. (Editor) *Financial management in education*. Bristol: Open University Press.

Ary, D., Razavieh, A. & Sorensen, C. (2006). *Introduction to research in education*. New York: Thomson Wadsworth.

Auditor-General. (2004). Performance audit of financial management training provided to various schools in the Mpumalanga Province as well as the management of funds at these schools. Nelspruit: Auditor-General.

Baker, TL. (1994). *Doing social research*. 2<sup>nd</sup> edition. New York: McGraw-Hill.

Bentley, B. (2006). *No fee schools*. Available from: <http://schoolmanagement.blogspot.com> (Accessed 23 March 2006).

Berg, BL. (1989). *Qualitative research methods for the social sciences*. 3<sup>rd</sup> edition. Boston: Allyn & Bacon.

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

Bogdan, RC. & Biklen, SK. (2007). *Qualitative research for education: An introduction to theories and methods*. Boston: Pearson.

Briggs, KL. & Wohlstetter, P. (2003). Key elements of a successful school-based management strategy. *School effectiveness and school improvement*. 14 (3): 351-372.

Centre for Education Law and Education Policy [CELP]. (1999). *Administration of the education system and school governance*. 2<sup>nd</sup> edition. Pretoria: CELP.

Christie, P. Butler, D. & Potterton, M. (2007). A report of the committee on schools that work. Pretoria. National Department of Education.

Chuenyane, G. (19 April 2009). Just do the maths. *City Press*, page 27.

Clarke, A. (2007). *The handbook of school management*. Cape Town: Kate McCallum.

Cohen, L. Manion, L. & Morrison, K. (2005). *Research methods in education*. London: Routledge Falmer.

Coopers & Lybrand Associates. (1988). Local management of schools. In: Levacic, R. (1989). *Financial management in education*. Bristol: Open University Press.

Davidoff, S. & Lazarus, S. (1997). *The learning school: an organizational development approach*. Kenwyn: Juta.

Delpont, CSL. & Fouche, CB. (2005). The place of theory and the literature review in the qualitative approach to research. In: De Vos, AS, Strydom, H, Fouche, CB. & Delpont, CSL. (Editors). *Research at grass roots for the social sciences and human service professions*. 3<sup>rd</sup> edition. Pretoria: Van Schaik.

Denscombe, M. (2007). *The good research guide: for small scale social research projects*. 3<sup>rd</sup> edition. Berkshire: McGraw-Hill.

De Vos, AS. (2007). Qualitative data analysis and interpretation. In: De Vos, AS., Strydom, H., Fouche, CB. & Delpont, CSL. (Editors). *Research at grass roots for social sciences and human service professions*. 3<sup>rd</sup> edition. Pretoria: Van Schaik.

Donaldson, AR. (1992). Financing education. In: McGregor R & A. *McGregor's*

*education alternatives*. Cape Town: Juta & Co. LTD.

Esterberg, KG. (2002). *Qualitative methods in social research*. Boston: McGraw-Hill.

Fouche, CB. (2007). Qualitative research designs. In: De Vos, AS., Strydom, H., Fouche, CB & Delport, CSL. (Editors). *Research at grass roots for social sciences and human service professions*. 3<sup>rd</sup> edition. Pretoria: Van Schaik.

Gall, MD., Borg, WR. & Gall, JP. (1996). *Educational research: An introduction*. 6<sup>th</sup> edition. New York: Longman.

Gay, LR. & Airasian, P. (2003). *Educational research: competencies for analysis and application*. 7<sup>th</sup> edition. Ohio: Merrill Prentice Hall.

Gauteng Department of Education. (2009). Resource allocations for public ordinary schools, including “no fee schools”, for 2009/2010. Circular 23/2009. Johannesburg: Gauteng Department of Education.

Gildenhuys, JSH. (2008). *Public financial management*. 5<sup>th</sup> edition. Pretoria: Van Schaik.

Graham-Brown, S. (1991) *Education in the developing world: conflict and crisis*. London: Longman Group.

Hall, K. & Monson, J. (2006). Free to learn: The school fee exemption policy and the national school nutrition programme. Cape Town: Children’s Institute.

Hawkins, A. & Turner, C. (1995). *Managing budgets*. Westmidlands: Management Pocketbooks Ltd.

Jones, B. (1996). *Financial management in the public sector*. London: McGraw-



Hill.

Jones, S., Wahba, K. & Van der Heijden, B. (2007). *How to write your MBA thesis*. Oxford. Meyer & Meyer Media.

Kumar, R. (2005). *Research methodology. A step-by-step guide for beginners*. London: SAGE.

Kruger, AG. (2007). Efficient financial management. In: Van Deventer, I & Kruger, AG. (Editors). *An educator's guide to school management skills*. Pretoria: Van Schaik.

Legotlo, MW., Maaga, MP., Sebegu, MG., Van der Westhuizen, PC., Mosoge, MJ., Nieuwoudt, HD. & Steyn, HD. (2002). Perceptions of stakeholders on causes of poor performance in Grade 12 in a province in South Africa. *South African Journal of Education*. 22(2): 113-118.

Levacic, R. (1989). Managing a delegated budget: three schools' experiences. In: Levacic, R. (Editor). *Financial management in education*. Bristol: Open University Press.

Levacic, R. & Vignoles, A. (2002). Researching the links between school resources and student outcomes in the UK. A review of issues and evidence. *Education Economics*. 10 (3): 313-331.

KwaZulu-Natal Department of Education. (20 July 2006). Media release on no-fee schools. Pietermaritzburg: KwaZulu-Natal Department of Education.

Marishane, RN. & Botha, RJ. (2004). Empowering school-based management through decentralized financial control. *African Education Review*. 1(1): 95-112.

Marshall, C. & Rossman, GB. (1995). *Designing qualitative research*. London:

SAGE.

Masipa, N. (21 February 2007). No fee schools run into money problems. *Daily Sun*, page 4.

Mason, J. (2002). *Qualitative researching*. 2<sup>nd</sup> edition. London: SAGE.

McMillan, JH. & Schumacher, S. (2006). *Research in education: evidence-based inquiry*. Boston: Pearson Education.

Mestry, R. (2004). Financial accountability: the principal or the school governing body? *South African Journal of Education*. 24(2): 126-132.

Mestry, R. (2006). The functions of school governing bodies in managing school finances. *South African Journal of Education*. 26(1): 27-38.

Miles, BM. & Huberman, AM. (1994). *Qualitative data analysis: An expanded sourcebook*. 2<sup>nd</sup> edition. Thousand Oaks: SAGE.

Moatshe, R. (8 February 2007) Confusion over which schools must pay fees. *Mpumalanga News*, page 5.

Moselakgomo, A. (5 May 2009). Teachers pay for no-fee schools. *Sowetan*, page 6.

Mouton, J. (1996). *Understanding social research*. Pretoria: Van Schaik.

Mouton, J. (2008). *How to succeed in your Masters and Doctoral studies: A South African guide and research book*. Pretoria: Van Schaik.

Mpumalanga Department of Education. (2006). Open letter from the office of the Head of Department. Nelspruit: Mpumalanga Department of Education.

Mpumalanga Department of Education. (2008). *Guideline budget allocation 2008*. Nelspruit: Mpumalanga Department of Education.

Mpumalanga Provincial Government. (2004). Publication in respect of Section 21 functions allocated to all public schools. *Provincial Gazette*. 11 (1127).

Naidu, A. Joubert, R. Mestry, R. Mosoge, J. & Ngcobo, T. (2008). *Education management and leadership: A South African perspective*. Cape Town: Oxford University Press.

National Department of Education. (1996). *Education White Paper on organization, governance and funding of schools*. Pretoria: National Department of Education.

National Department of Education. (1997). *Understanding the South African Schools Act: What public school governors need to know*. Pretoria: National Department of Education.

National Department of Education. (2000). *Education for All: The South African assessment report*. Pretoria: National Department of Education.

National Department of Education. (2003). *Report to the Minister: Review of the financing, resourcing and costs of education in public schools*. Pretoria: National Department of Education.

National Department of Education. (2009). *Education; Financial Planning Directorate documents*. Available from: <http://www.education.gov.za> (Accessed on 17 April 2009).

Nieuwenhuis, J. (Editor). (2007). *Growing human rights and values in education*. Pretoria: Van Schaik.

Odden, A. (1999). School-based financing in North America. In: Goertz, ME & Odden, A. (Editors). *Twentieth annual yearbook of the American Education Finance Association: School-based financing*. California: Corwin Press.

Oliphant, L. (10 February 2008). Why no-fee schools are set to fail. *City Press*, page 10.

*Oxford dictionary of business and management*. (2006). 4<sup>th</sup> edition. New York: Oxford University Press.

Ozembloski, LW. & Brown, DJ. (1999). The institution of school-based management in Edmonton. In: Goertz, ME. & Odden, A. (Editors). *Twentieth annual yearbook of the American Education Finance Association: School-based financing*. California: Corwin Press.

Pandor, N. (2005). Education Laws Amendment Bill debate. National Council of Provinces. Available from: <http://www.info.gov.za>. (Accessed 24 March 2006).

Pandor, N. (4 October 2006). Don't be afraid of school laws. *The Citizen*, page 12.

Patton, MQ. (2002). *Qualitative research & evaluation methods*. 3<sup>rd</sup> edition. Thousand Oakes: SAGE.

Picus, O. (1999). Site-based management: A nuts and bolts approach for school administrators. In: Goertz, ME. & Odden, A. (Editors). *Twentieth annual yearbook of the American Education Finance Association: school-based financing*. California: Corwin Press.

Pipes, M. (1991). *NAHT: A guide to school management*. London: Longman.

Poor schools run out of money. (20 April 2007). *Mail & Guardian*, page 11.

Pupils vandalize school during fees protest. (29 February 2008). *The Star*, page 2.

Rothman, JG de K. (1996). *Efficient financial management as a means of maximizing available education resources*. Unpublished Med. dissertation. Pretoria: University of Pretoria.

RSA. (1996). South African Schools Act. Pretoria: *Government Gazette* (Vol. 377, No. 17579).

RSA. (1998). National norms and standards for school funding. Pretoria: *Government Gazette* (Vol. 400, No.19347).

RSA. (2005). Education Laws Amendment Act. Cape Town: *Government Gazette* (Vol. 487, No. 28426).

RSA. (2006). National norms and standards for school funding. Pretoria: *Government Gazette* (Vol. 29179. No. 30322).

RSA. (2007). Education Laws Amendment Act. Cape Town: *Government Gazette* (Vol. 510, No. 30637).

Schulze, S. (2002). Research methodology: Study guide 4 for MEDEM3-5. Pretoria: UNISA.

South African Human Rights Commission [SAHRC]. (2008). 3<sup>rd</sup> Economic and social rights report. Available from: [www.sahrc.org.za](http://www.sahrc.org.za). (Accessed 21 November 2008.)

Stewart, J. & Holtham, C. (1989). Decentralized resource management in local government. In: Levacic, R. (Editor) *Financial management in education*. Bristol:

Open University Press.

Strydom, H. & Delpont, CLS. (2007). Sampling and pilot study in qualitative research. In: De Vos, AS., Strydom, H., Fouche, CB & Delpont, CLS. (Editors). *Research at grass roots for the social sciences and human service professions*. 3<sup>rd</sup> edition. Pretoria: Van Schaik.

Taylor, S. Ritzvi, F. Lyngard, G. & Henry, M. (1997). Education policies and the politics of change. Routledge.

Teachers pay up so kids can learn. (2 May 2007). *Daily Sun*, page 8.

Thompson, P. & Lakin, J. (1999). Local management of schools and school-based financing: The experiences in England and Wales since 1998. In: Goertz, ME. & Odden, A. (Editors). *Twentieth annual yearbook of the American Education Finance: school-based financing*. California: Corwin Press.

University of Maryland. (1996). *Effects of variations in employee perceptions of Total Quality Management implementation on intermediate quality outcomes in the Health Care Financing Administration*. Maryland: University of Maryland.

Van der Westhuizen, PC. (Editor). (2002). *Schools as organizations*. 2<sup>nd</sup> edition. Pretoria: Van Schaik.

Western Cape Department of Education. (2006) More than 400 Western Cape schools to consider "No Fee" status. Available from: <http://www.info.gov.za>. (Accessed 24 March 2006).

Wildeman, RA. (2008). Idasa report on *reviewing eight years of the implementation of the school funding norms, 2000-2008*. Available from: <http://www.idasa.org.za>. (Accessed on 20 April 2008).

Wolhuter, CC. Lemmer, EM. & De Wet, NC. (Editors). (2007). *Comparative Education: education systems and contemporary issues*. 1<sup>st</sup> edition. Pretoria: Van Schaik.

World Bank. (1998). *A World Bank Policy Study: Education in Sub-Saharan Africa*. Washington, D.C: International Bank for Reconstruction and Development.

World Bank. (2002). *The World Bank and Agenda 21*. Washington DC: International Bank for Reconstruction and Development.

Young, P. (1989). Local school management and school effectiveness. In: Levacic, R. (Editor). *Financial management in education*. Bristol: Open University Press.

APPENDIX A.

**MPUMALANGA PROVINCIAL GOVERNMENT**

Building 5  
Government Boulevard  
Riverside Park  
NELSPRUIT  
1200  
Republic of South Africa



**DEPARTMENT OF EDUCATION  
RESEARCH UNIT**

Private Bag X11341  
NELSPRUIT  
1200  
South Africa

Tel. No.: (013) 766 5476  
Fax No.: (013) 766 6291

*Litiko leTernfundvo Umnyango weFundo Departement van Onderwys Umnyango weze Mfundo*

Eng: Mr Baloyi  
Contact No.: 013 766 5476

Mr. Thwala Sipho Moses  
Denilton  
1030

**RE: APPLICATION TO CONDUCT RESEARCH IN THE SELECTED SCHOOLS.**


Your application (dated 06 August 2009) to conduct a scientific research in the selected "no-fee" schools in Mpumalanga Province was received on the 11 August 2009.

Your motivation for the research demonstrates that the findings and the subsequent recommendations will also benefit the Department and our planning processes in particular. Based on the strength of your motivation the Department therefore approves your application and further wishes you and your Department a successful research study in our schools. Attached is the Department of Education's research manual which helps to regulate all research activities in our schools. I therefore request that you observe the guidelines as provided in the manual as far as possible.

We request that after the completion of your research project you prepare a presentation of the findings and recommendations to the Mpumalanga Department of Education.

If you need more support, please contact Mr. A.H. Baloyi at 013 766 5476 or 071 201 4043.

Best wishes with this important research.

  
\_\_\_\_\_  
**MR JR NKOSI  
ACTING DEPUTY DIRECTOR-GENERAL:  
SYSTEMS AND PLANNING**

13/08/09  
DATE



## **APPENDIX B**

### **INTERVIEW SCHEDULE FOR PARTICIPANTS IN: THE MANAGEMENT OF “NO FEE” SCHOOLS IN MPUMALANGA**

1. What do you think of the “no fee” policy?
2. What effects does the policy have on the management of school finances and the educational programme?
3. In which areas of financial management and the educational programme are the effects experienced greatly?
4. What is the actual financial allocation the school receives from the Department of Education?
5. Do you think the allocation is an improvement over the amounts collected from the previous system of school fees?
6. In what ways do you distribute funds to ensure an effective educational programme?
7. How is the management and accountability of the school funds carried out?
8. Do you need any further support on financial management? If so, what kind of support do you need?
9. What are the major obstacles you encounter on the new policy?

10. How do parents view the “no fee” policy? Do they think it is an improvement from the previous system of school fees?
11. What should be done to ensure that financial management effectively supports the educational programme?

## APPENDIX C

### INTERVIEWS AT SCHOOL F: PRINCIPAL

RESEARCHER: Mmh, thank you Mr. principal for the time you've afforded me to conduct this interview at your school. As you've confirmed that this is a "no fee" school eh, my first question would be to get your views in terms of the policy itself. What do you think about the policy?

PRINCIPAL: Yes, eh the policy we seem to be moving towards the right direction is an improvement especially to these schools, shall I say those schools that were previously disadvantaged in rural areas where the majority of parents are not working hence it came as a relief to the parents who were struggling. So this is a move in the right direction.

RESEARCHER: Alright, in terms of the policy, particularly in your school on the management of finances and the educational programme. How is it assisting?

PRINCIPAL: Yes of it is course assisting eh, eh especially the educational because we are even able to, to finance those programmes which initially we could not, like example, the buying of the support materials such as the study guides and so on but there are still challenges in as far as how these finances should be managed, eh by the, because we know that they should be managed by the parents.

RESEARCHER: Ok.

PRINCIPAL: Hence sometimes the allocation thereof is giving some problems but we hope, through education, through workshops and so on parents will get on board with this. But as far as the educational programmes are concerned we find a bit of improvement. There's an improvement because those things that we could not do in the past, we could not actually you know, finance certain programmes in Math, science, Economics and so on but we are now able to assist those learners. Hence I can say that this "no fee" policy is assisting us a great deal, in realizing this educational programme.

RESEARCHER: Ok, so you've already indicated your key areas where you see changes in terms of science, study guides and so on.

PRINCIPAL: Exactly

RESEARCHER: Alright. Previously how much were you collecting? Roughly, an estimate, per learner as a school?

PRINCIPAL: Yeah, we were collecting R150 per learner and since, I've already mentioned, some parents are not working we found it difficult to get money from them, so at about 50% of the parents were able to pay school fees.

RESEARCHER: Ok.

PRINCIPAL: So in total we were running the school at a budget of about R35 000.

RESEARCHER: R 35 0000

PRINCIPAL: R35 000 and that was the maximum and that was difficult because we had to you know, allocate for different sections, and sometimes we, that money was not enough to cater for all the needs of the school. But now from R35 000 to an amount of approximately a, more than a quarter of a million which means is able to reach those things which previously we could not.

RESEARCHER: Ok. I see, I see that.

PRINCIPAL: Ok.

RESEARCHER: The, the actual, you've estimated that approximately that quarter of a million in terms of the records from the Department, how much is the subsidy that you are given?

PRINCIPAL: Ehm!

RESEARCHER: For "no fee" school?

PRINCIPAL: Yeah, for 2009 I' would say the school was allocated for R328 135. So this is the amount of course which was deposited into.

RESEARCHER: Into the school

PRINCIPAL: That's right

RESEARCHER: Now the, there is this amount which is referred to as the "no fee" subsidy.

PRINCIPAL: Ehm, this will yeah. The “no fee” subsidy of R42 210, so which means now when you look now at the whole amount that I’ve you know alluded to, like for example 31, the total amount of the money, it would mean it’s a great improvement.

RESEARCHER: Yeah!

PRINCIPAL: Yeah! It’s a great improvement from even if you check, because I said to you initially we were running the school at R35 000.

RESEARCHER: At R35 000, yeah. Ok

PRINCIPAL: But now moving to this amount!

RESEARCHER: It’s more than what you use to get.

PRINCIPAL: Yeah even the, just this “no fee” subsidy is more.

RESEARCHER: Is more than?

PRINCIPAL: Is more than what we use to collect from the learners.

RESEARCHER: Ok.

PRINCIPAL: So one can say really there’s an improvement.

RESEARCHER: Ok.

PRINCIPAL: Yeah, in our condition because our school needs, is situated in deep rural area.

RESEARCHER: Ok, how many, how many learners do you have there?

PRINCIPAL: We have got 603, six hundred and three.

RESEARCHER: Oh, 603 learners?

PRINCIPAL: Yes.

RESEACHER: No, it's fine, I see that you've indicated that it's an improvement from what you used to collect, which therefore brings me to the distribution of this money in terms of budgeting .

PRINCIPAL: Yeah

RESEARCHER: How then does the school do its budgeting after receiving this money?

PRINCIPAL: Yeah, now as we do it the budget here is done by all the stakeholders: educators, SGB, learners and the priority here, when budgeting is done by all the stakeholders: educators, SGB, learners and the priority here, when budgeting is done, is given to those sections where teaching and learning is critical. Yeah, like for example in stationery. Everything that has to do with teaching and learning, now that gets a lion' share.

RESEARCHER: Ok.

PRINCIPAL: Yeah. So we allocate it according to the need of the school number the priority being the learner, the materials that are needed by the learners as well as the educators

RESEARCHER: OK.

PRINCIPAL: Taking them to other places like Kruger National Park to go and learn out of classroom situation. That is about 80% of the budget will go into that.

RESEARCHER: Alright

PRINCIPAL: So 20% will be for other items such as, maybe, eh

RESEARCHER: Administratively?

PRINCIPAL: Administratively, exactly but 80% of the budget goes to teaching and learning.

RESEARCHER: Ok. I see. Now this budget, as you've indicated that it is a product of almost all your stakeholders.

PRINCIPAL: Exactly.

RESEARCHER: Eh, is it then presented to the parents for adoption?

PRINCIPAL: Definitely! after all the different sections have been indicated here, eh, it must, we take it to the parents in our, in our parents' meeting for adoption and then once they endorsed that it becomes our legal document.



RESEARCHER: I see, then as , as a “no fee” school, I understand you are no longer collecting fees?

PRINCIPAL: Yeah

RESEARCHER: Eh, the, the challenges I’ve picked from some other schools, is that for you to budget you will need information from the Department which indicates how much is the school going to get for the next financial year, there must be that information you receive as a school from the Department, then you start your budgeting process using that information. Eh is that done? Do you get this information in time so that you can prepare a budget given the fact that the source of income mainly becomes this allocation from the Department?

PRINCIPAL: Yeah, we do get the information but the timing therefore is problematic because sometimes we get this information almost at the end of the year, somewhere in November, where one would find that, the school was supposed to have actually done the budget because, normally this budget should be done somewhere in September or later so. Then so, if it is November, it’s a little bit late, but we do get the information it’s only problematic because we, we if you get it very late you can’t by then you’ll many, many of our stakeholders would, would love to see what would happen the following year, but nonetheless it’s only timing but we do get the information, it’s only the timing of it.

RESEARCHER: Alright.

PRINCIPAL: Yeah

RESEARCHER: Ehh, someone or some principals say the budget, the paper-budget you get from the Department has some fixed items. For example, money for municipality, they have cited that as a challenge, to shift money from one item to the other because as school you are supposed to apply for the shifting. Now I was checking, is the same situation with yours?

PRINCIPAL: Definitely, as you say, like eh like eh if you check on the financial details exactly like you're saying, these amounts are fixed and then we, we if you have to change from this rate to this rate so fixing of eh these things in various sections that is problematic. No I agree with them. For example we do have this you know fixing of amounts into different like telephone accounts office stationery they will actually make that budget which is R 28 and depending on the needs of the school, sometimes you know the R28 000 might be too less, then you can't, you just have, acceptable but yeah, the fixing of the budget is a bit problematic.

RESEARCHER: Ok.

PRINCIPAL: Yeah

RESEARCHER: Alright, because they were saying for instance they have to apply requesting to shift money from one item to the other, sometimes they don't even get the response that permits them to make the shifting from one item to another. The accountability the management and accountability of these funds in terms of the structures you have, the policies you have in terms of the structures you have, the policies you have, in terms of auditing. How is it done?

PRINCIPAL: Yeah, no in as far as accountability is concerned we, we have in place various committees, like for example we have financial committee, we also have the SGB' secretary and treasurer, but eh it's all done in a more transparent way where if money is used then there should be the receipts everything the claim forms, eh every month we're actually making summary of all expenditures, how much, looking at the financial statement at the end of every month by the books and then we try to balance that and then try to keep all the documents in one file and then at the end of the year or shall I say at the beginning of the year the latest before March, before February now all the books are taken to the auditing.

RESEARCHER: For auditing, then the parents. Do they get in their meeting a report?

PRINCIPAL: Yes. In our first meeting because we normally have two parent's meeting in a year, that is in the first term and the second term, so the first term we give them the report of the financial position of the school.

RESEARCHER: Ok. I see that so the school or the SGB has a finance policy?

PRINCIPAL: Yeah, yeah. Yes we do have a finance policy.

RESEARCHER: The, in terms of financial management. Do you think, as a school you need some further support? And if so, what kind of support do you need?

PRINCIPAL: Yeah, eh we, even myself as principal I need that support. Eh, there are there are challenges, certain areas where I feel we need to, we need to, we need workshops.

RESEARCHER: Ok.

PRINCIPAL: You know in as far as I may start from the SGB side. This SGB is a new body, it has just been elected this year and a workshop was actually conducted at Orhovelani a workshop it was only a day and it was not enough, because for that day, they could not actually cover all the areas.

RESEARCHER: Ok.

PRINCIPAL: Especially the financial position of the feeder schools. Eh, our SGB need capacity, how to handle finance and how to, because many of them have never been in, having serving in the SGB, hence when they come across a situation where there's more than a quarter of a million, thousand rands they don't know how to utilize that, eh like what I've just alluded to, how do you allocate these funds. Sometimes they have that in their minds: "we can use for whatever we feel like."

RESEARCHER: Whatever comes?

PRINCIPAL: Yeah, they may look outside, look at the school premises then I can say: "Ok I can buy, I can do that, I can do that", without actually following the budget

RESEARCHER: Ok.

PRINCIPAL: Now those are the challenges, but in my case as a principal, because I said I'm also included in the whole process, I also need more workshops and how to handle resources such as, for example, budgeting. Yeah, we're doing it but I'm not quite sure whether I'm doing the right way. So and sometimes how to handle certain documents like, eh if someone has used, has spent a certain amount of money with invoice, with all the documents. In short, bookkeeping. Yeah.

RESEARCHER: Ok.

PRINCIPAL: Eh, if I can be assisted with that one because I still feel my knowledge about bookkeeping is not that, is not that.

RESEARCHER: Ok

PRINCIPAL: So I still need assistance in that field.

RESEARCHER: I see. Now there could be these challenges, because you've been a "no fee" school for few years now.

PRINCIPAL: Yeah.

RESEARCHER: Eh, in terms of your experience or observation, what could be the major obstacles around this policy that you've encountered?

PRINCIPAL: Mmh. Yeah, number one it may be the question of quintiling the schools. Eh but in our case we, we had that problem because of, initially but it has been sorted out, that in one area you'll find one school in quintile 2 and then this one in quintile 1. Yeah, how actually the, the criteria they were

using was sometimes confusing, but all in all other challenges that we do have that parents of the learners that are in the school, in a “no fee” school, in our school which is of course a “no fee” school, tend to think that a “no fee” school, mean they don’t have to pay anything at all. They do, even when their children go out, let’s say for example, an educational trip where they need additional materials, which parents have to pay for, so they leave everything to the Department. So they say because it’s a “no fee” school then we don’t have to pay anything and eh, it’s a challenge but we’re addressing this problem with the parents. We hope we’ll manage to make our parents understand that there is a role that they have to play even though the Department is actually assisting us but they have to play a certain role because there are other materials which of course the school cannot buy for learners; where parents have to assist their kids to acquire some of the materials that are needed. So these are some of the challenges, you know, the misconception that we have from the side of the parents, even perhaps, even from the side of the educators who think that now that the school has got money eh, using even money for items that are not budgeted for. Eh those are some of the challenges because, as I indicated initially, you’ll remember that the school was actually running eh, the, the actual budget of the school was actually standing at

RESEARCHER: R35 000

PRINCIPAL: R35 000 and all of a sudden you’ve R3000.000 and something, then it’s a big challenge, it is a big challenge to the stakeholders, who sometimes are not workshopped to the financial issues, so it’s a challenge that we have because

as I said it's an improvement on our side but it raises a lot of interest and sometimes it might actually lead other people to corruption you know, in such as overspending, spending for things which are not necessary and so on. So these are, I can say are some of the challenges that we, as a "no fee" school, we have to address.

RESEARCHER: Now the allocation itself from the Department does it come in time to the school? January you start with this money and you continue without a problem?

PRINCIPAL: That is a challenging issue, we are as principals, we are trying our best to put this across into the Department to make the Department aware, the late payment. Yeah, from January your school run until somewhere in June without this, without this fee, so it's, it's quite challenging because you sometimes check from the coffers only to find that the money (*sound of a siren*) you have is so little that you can't do a thing, so some of the schools, it's a real challenge like for example in our school, let me speak of my school. Ehm we had to go a month, the whole month without any purchase, you know, without anything. Eh because we never had enough money. So the fees were only deposited only in June. And from there it means we almost spend six months without the financial assistance. So the timing of this is really is really challenging. We, we, if the Department can do something about to make sure that they deposit this money in time so that we proceed with our, with our job.

RESEARCHER: Ok, I see that now the, you've mentioned in passing, Mhh you've mentioned in passing some eh, approaches by parents: how they view the school and so on, but on the

policy itself, when you announced to them that now it is a “no fee” school. What was their reaction?

PRINCIPAL: Wow! Jubilation..

RESEARCHER: Ok.

PRINCIPAL; Yeah, they were very much excited. Ehm, it came as a relief to them because they openly said eh, the, the, they were struggling to get their kids into schools, so after this announcement the, the they were very much happy about it, they welcomed it, and even now they are still very much supportive. Yeah, even though you cannot have hundred percent, but, unlike before parents were not that supportive because they were looking at the school as another way, you know, as a school took, let me put it this way, the school was an institution which drained their money. Yeah, that now that we're poor because every time we get something, instead of buying food we have to take it to school, so they developed a negative attitude to the school, but now that they are no longer expected to pay anything even when we communicate to them, we invite them for meetings, they do attend. So the support has improved. I can say no they were happy and they are still happy and they are willing even to assist us as far as the discipline of their kids is concerned. No, we fund they are going to be normal now.

RESEARCHER: Ok.

PRINCIPAL: In general, in short, I can say parents are happy about this “no fee” policy.



RESEARCHER: Ok then. The suggestions or proposals from your side, things you think if they could be done they will strengthen financial management in schools, especially in “no fee” schools and ensure that this management of finances effectively supports the educational programme. What would be your suggestions?

PRINCIPAL: Yeah. My, I will go back to what I said about the workshop. You know, this kind of challenge, like for example, you know putting lot of money like what the Department is doing now it means you've to ensure that people are capacitated. Eh, it involves a lot of management, it involves a lot of accountability, now lot of things here are involved hence we need many people to be workshoped, you know: SGB, the SMT, anyone who is in management also in the governance. So my suggestion here will be eh, eh, the, the training of personnel in how to handle these, these funds is a prerequisite. Otherwise if ever that is not happening eh, we'll find that the situation is not even different from the original one because giving money to a person who's not well trained how to handle that money, how to use that money is a challenge that I think the Department will have to look into. Provide more workshops for the SGBs. management and everybody involved in this, eh, not only the principals because sometimes they think if they train me is alright but, eh I may come out of that workshop still having challenges. How do I then workshop other people if I myself still have challenges? So the Department should assist in that. Let the SGBs be workshoped, SMTs, principals and so on. I feel in that way it will make this a workable thing. It's a policy that must be implemented and it can only be implemented if people know what to do. But at the moment I can say people

are not yet sure, we, we're not sure whether we're doing it the right way or we're just doing in the way we feel it should be done. But not the way maybe the Department expects us to do it.

RESEARCHER: Ok.

PRINCIPAL: Yeah, because of lack of information maybe on the financial issues.

RESEARCHER: No, thanks, I think we've covered almost all the key questions on the policy. I must thank you for your time then.

PRINCIPAL: Thank you very much. I also thank you.

#### **INTERVIEW AT SCHOOL F: SGB MEMBER**

RESEARCHER: Mhm, no thanks for your time and it has been confirmed that you've been a member of the SGB or you're the member of the SGB. So the questions that we'll be focusing on are more on governance issues on the "no fee" school policy. The first one obviously will be to get your views, as an SGB member, on this policy?

SGB Well, eh (*coughing*) this policy is very good because most of our parents are not working and, and in terms of, of the smooth running of the school I believe it can contribute a lot because we supply all the learners with all the different materials that they need. Unlike in the past where you'll request a mere instr, a mathematical instrument, it will take

time because learners will report that: “my parent is not working”. So but with this policy eh, we’re very comfortable and it also contributes to this smooth running of the school.

RESEARCHER: Ok. So you, feel that it has been able to assist you tremendously, compared to what use to happen in the past? So if we go to the impact of the policy itself, on the management of, of the fees compared to the educational programme. What would you say then?

SGB: Hmm, it’s just that there are many factors, factors involved because in the past, eh, you know parents and part of the staff had to collect school fees but now you know everything is funded by the department of education, so I believe that maybe the question is: how to manage these funds? Eh, because you find eh, maybe because it’s a trend of the past you know, principals are dominating and eh, eh, I remember last year I was part of the finance committee but it wasn’t effective because as far as I understand that anything the financial committee must be responsible, the budgeting, checking all what the school may need and supply everything to the SGB for approval and all those requested eh, materials, eh, must be bought, but you find it is impossible. You must kneel down, the principal is not interested. You find you don’t get what you want.

RESEARCHER: Ok.

SGB: And also on the side of the SGB. I don’t understand because they do attend some workshops but when they come back, when you request something it will take time but funds are available and budget is there but they don’t stick to the

budget. I think these are some of the technicalities that are there, because if the budget is there it's just to implement what is written in the budget. I think that's basically what I've learnt, I've noticed.

RESEARCHER: Ok, no I get that. The, the area that you've touched already takes the same direction with, in terms of the committee, the finance committee, which is there elected by, yeah elected not appointed, elected by the SGB to, to ensure that the daily financial management at school is done on its behalf.

SGB: In fact before I forget, I remember there was no financial policy, yeah and I volunteered because members were not much conversant with the finance policy. It's just that I'm no longer in the SGB, I mean, as a member of the committee, I resigned after I've realized that the committee is not functioning. So I believe in one thing that if the policy has been put in place, instead of using our, eh, common sense we must stick to the policy. What does the policy say. If you buy things that may cost R20000.00 the policy illustrates how should everything be conducted. So there is difference when you want to spend R100 and R20 000 you know, you cannot call a meeting when you want to spend R100 and say all members must come, it's just to buy five files and you must invite the whole committee because of the amount, but if it involves a bigger amount, then it is necessary that we should come together because somebody may sign and squander the money without the knowledge of others. So I had to draw the financial policy so, I volunteered and then, because the policy was not correctly followed and was straining me much because I'm, I'm very serious when I do

my things, so I decided to quit because I don't want to waste my time and energy on things that are not working (*laughs*)

RESEARCHER: So you drafted the policy?

SGB: Yeah, I drafted the policy, I presented the policy and the policy was approved but it was not functioning.

RESEARCHER: So the SGB approved the policy and then practically it was not followed.

SGB: Yeah, another thing it's a problem of coordinating. Suppose I'm the principal and there are people responsible, particularly members of management. They are responsible those people. They mustn't be dominated by the principal because they have been given all the powers, but they mustn't ignore the principal, they must inform him of all the developments, sometimes you find it becomes a stumbling block.

RESEARCHER: So essentially the principal was not the member of the financial committee?

SGB: No, no, the principal is taking part in all the

RESEARCHER: Yeah, but he was not appointed or elected in formal meetings.

SGB: Yeah, it's

RESEARCHER: He's just overseeing the activities

SGB: Yeah, he's overseeing all the activities (*laughs*)

RESEARCHER: Ok, no I get that. Then the, you quit because of some of the things you are citing?

SGB: Yeah

RESEARCHER: Alright, but then the key thing that one can pick is that the committee was established, the policy was there but both were not effective in terms of practicalities?

SGB: Yeah.

RESEARCHER: Ok, I see that. Now the, and then in your view and based on all the things you've cited as your observation or experiences, what would you then say in terms of further support? Do you think is there further support that is required or provided to the SGB or to the school, basically as a "no fee" school?

SGB: Yeah, I think the support to put it straight, should come from the Department. Ehm, our Department, it is according to me, eh the Department is not responsible for anything. It's not taking any account to the finances given to all the schools. That's my observation since they implemented this new policy.

RESEARCHER: Mhh.

SGB: As far as I understand is that when you give somebody some money to spend, you must also be accountable and responsible of checking how this person is spending all the

monies, because you see, we are not talking about, we are talking about thousands, over hundred thousand rand, but the Department is not responsible in the sense that, according to me, they should maybe on a quarterly basis, and check how they spend their monies, particularly what they budgeted, they should supply and the responsibility of the Department will be to check whether what they've o the budget they are following it. And assist them how to, to balance this amount because as a school we decide how to account in all the finances and then you find, you cannot rely on what the, eh auditing statements because those things, everybody can forge, supply the Department and say this is how we've spent the money. You'll find a lot of money has been lost in a year, but

RESEARCHER: Ok.

SGB: Mh, but there was no one responsible, so to tell me after I've made a mess to say you are charging me because of the mismanagement of funds, I believe it's not fair.

RESEARCHER: Ok

SGB: Because where was that person in the beginning, to monitor how I spend this amount, but at the end the person will say: "you didn't spend the money well, I'm charging you" I can refuse and say: "You were not responsible".

RESEARCHER: Yeah.

SGB: Because you never told me how to manage these funds correctly.

RESEARCHER: But the Department would argue, they'll say: " We trained you as members of the SGB and finance committee on how to manage these funds. Number two, eh there are regulations that say who can be appointed as an auditor of the financial records at the school. So in terms of what you tell me is that you indicate that probably could have been a situation whereby books were not audited by credible auditors?

SGB: Yeah. I don't deny that, eh as far as I know when members of the SGB attend the workshop, the people who are workshopping them, they just speak in general. Unless if there was a workshop where they invite particularly the people who are dealing with finances directly like the finance committee and workshop those people. That you must check one, two, three because as far as I understand, is that this is the amount, say R200 000 and then the record must show, I don't know maybe they might got that. They must show that the amount was this and then we've spent this and keep on subtracting, subtracting until they remain with whatever amount. But then they don't do that.

RESEARCHER: OK

SGB: Even myself if I want to use it I can use it and, and for me, because I'm a mathematician I can just (*laughing*) play around with the values and no one will question because people are not knowledgeable in these things.

RESEARCHER: OK

SGB: So regular checking will minimize such things.



RESEARCHER: So basically you demand that there must be monitoring from the side of the Department of these monies that are allocated to schools? It's the basic thing you are raising?

SGB: Mmh

RESEARCHER: Right I pick that. The other thing is, when you were there at the time, when you were still active in this committee, the question of parents, when they were told that "from now we are moving away from school fees into basically a "no fee" school era". What was their view? How did they take that information? (*siren*)

SGB: Hmm, situations are different, I mean when comparing rural areas and so-called urban areas. People or parents in this side of the area, because they are poor, they won't question anything. What makes them to be happy is that they will no longer pay school fees and actually they're not interested in other things. They feel they've been considered much by the Department because they will no longer pay school fees.

RESEARCHER: They were happy?

SGB: They were happy

RESEARCHER: Alright

SGB: They don't go deep into these things.

RESEARCHER: Ok.

SGB: Yeah

RESEARCHER: I see that. Now in your view, you did mention some already in terms of suggestions and so on. But you have a set or quite a number of suggestions that you might bring forward to say for this policy to be effective and the finances to be managed by the “no fee” schools with the intention of supporting activities in class or educational programme.

SGB: Ok.

RESEARCHER: These things should be done. In your view, what could be those things that may list to improve this financial management? You did mention some already.

SGB: Just remind me (*laughs*) again

RESEARCHER: For instance, you said monitoring from the side of the Department is one of the things you think should be done so as to ensure that this money that is given to schools is used properly, for what is budgeted for. I picked that as one of those. I’m checking if you could have other suggestions as well.

SGB MEMBER: Yeah, I suggest that apart from the finance committee that is responsible for the finances of the school, there is no enough capacity to these people, even, even I can call those who are eh, eh members of the finances committee and say interview them, they won’t tell you exactly their role, to be members of the finance committee. They can’t tell you. So I suggest that, ehm the , the policy should be revised and one

person be responsible for all the things that need finance because, because you can go to this one, won't tell you exactly what should be done. You'll end up being frustrated, but if there is one who is responsible and then I feel things could be done much easier.

RESEARCHER: So in a way the principal would say: "I'm the one, you want one, I'm the one."

SGB: Yeah, the thing is it seems, but the principal is an accounting officer, but the principal alone cannot, because the way it is, the principal you cannot do anything, whether you belong to the finance committee or SGB but when the principal say "no" its "no". So such behaviour should be eradicated completely because suppose you love me, so if it's Mr. Mathebula things are easy but if I say I need a TV I'll get a TV quickly, so I feel the Department must do something about that. If they say finance committee got a power of which the Principal is also part, all the decisions must come from that committee.

RESEARCHER: So in terms of law, remember the finances, financial management and accountability rest with the SGB in terms of law so the principal.

SGB: But practically

RESEARCHER: Is delegated by the SGB to do these things together with the finance committee, is the one that reports to the SGB because they oversee the daily operations on behalf of the SGB. Are you saying, practically it is something else?

SGB: Yeah, practically it is something else. The problem is, because all the members of the SGB they are not as educated as you and me, and in our school if you talk about the chairperson of the SGB you can feel it, even the principal can threaten such a person. Can give orders, give suggestions and say learners are not, are not getting information enough. He may look at the budget and request somebody else, somebody to come and assist but in our area everything lies in the hands of the principal.

RESEARCHER: So in your view your suggestion is that “no , the others are not capacitated get one capacitated to do these things”

SGB: Yeah. That’s how I feel.

RESEARCHER: And account to whom? To the SGB?

SGB: Yeah, this person must account to the SGB because the principal is also accounting to the SGB, whatever problems encountered must report to the SGB. So all will be accountable to the SGB.

RESEARCHER: So in your view you don’t see a need of a finance committee?

SGB: According to me I don’t see, no I don’t see their good at all.

RESEARCHER: Ok, alright, no its fine then that’s how you suggest that if this could be done that would assist basically. Now the last question on this encounter on this “no fee” policy. How would you explain the challenges around this policy?

SGB: Well in my own view is that I don't see challenges, the challenges that are there, some of them are caused by schools because when they are given finances for example, they fail to plan, so far what I've observed is that the Department, they are at the end of the year, they give half of the money they are supposed to give to the schools. They give in May and in December. So that in December you must have some finances up to May and then after that they give you another one eh, but you find some schools is they don't understand budgeting they feel maybe that the Department is delaying to give them some funds. But if according to me, if they can budget well, they can spend that money without any challenges.

RESEARCHER: Yeah, on that issue one school would argue that the information they are supposed to get from the Department in terms of budgeting, remember the department is expected to issue information schools by the end of September each year.

SGB: Ok.

RESEARCHER: So that schools are able to budget knowing the amount that they will be getting. In this case as a "no fee" school the school will be having no other source, we assume no other source, except the one that comes from the Department. That information is expected at school by the 30<sup>th</sup> of September each year then the school will know: "we're going to get so much, therefore we budget like this", some have raised the issue that the fact that the information is not forthcoming timorously hinders them from budgeting. What is your take on that?

SGB: It's only that people want to budget when there is money in their hands.

RESEARCHER: Ok

SGB: When you budget you, you just put things that you need.

RESEARCHER: The priorities?

SGB: And then when money is available you look at your list and you prioritize. You, you consider the things that will make the school not to function. And those things like paper, at my back, these without these (*pointing at the boxes of duplicating papers behind*) everything will come to a standstill, but one cannot go and buy a television.

RESEARCHER: Ok

SGB: A television is just a supplement it's a resource, but schools can function without this resource and learners pass even at the end of the year.

RESEARCHER: Ok.

SGB: So that is the problem because people want to budget when they are told: "Go and check there is money at the bank", and it is then that they will sit down and start working. No you don't budget like that. You just put all what you need, that will make the school functional, and then as soon as money is available then you allocate according to your priorities. So wherever the money will end you just stop

there, you leave all the items, next time when money is available then you continue because you've written. You need those things and you continue like that so this is how I understand. You know I don't want to blame without reason, I must reason and say "well the Department is not doing this and that", but there are other things that need my reasoning because I cannot be told how to do things. You know I'm in leadership. I must come with all the strategies how to make work to be much easier, than you know, stressing myself that this one is not doing one, two, three.

RESEARCHER: Ok

SGB: Yeah.

RESEARCHER: So my take is that when you deal with budgeting everybody is involved. Teachers are involved in budgeting?

SGB: Parents

RESEARCHER: Parents are involved in budgeting, governing body and the budget is adopted. Is it how the school is doing?

SGB: Yeah.

RESEARCHER: Ok. It's fine. Is there other challenge you've picked? You said you don't see challenges, is just the one you said schools will have to plan properly. Yeah, I think that's all. No, thanks.

