Critical path to a sustainable future of managing no-fee secondary schools in the Limpopo Province

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The disparity in the socio-economic status of South Africa has forced the government to adopt a funding policy for public secondary schools. The policy is based on funding schools considered to be poor because they are in poverty-stricken communities. Most of these schools lack infrastructure, and physical and financial resources to be run successfully, while the former Model C schools have adequate resources. In this article I advocate for equitable funding for all learners, and the role played by the school governing body (SGB) in the management of funds is also identified. Semi-structured interviews were conducted with 6 members of the SGB from 2 secondary schools in the Vhembe district of the Limpopo province, South Africa. The participants who were purposefully sampled were 2 SGB chairpersons, 2 treasurers and 2 secretaries. The findings suggest that the SGBs were aware of their financial management roles but did not execute their roles effectively. They lacked the knowledge and skills to perform their roles. The SGBs require mandatory training from the Department of Education. It is also suggested that a qualified financial management expert is included in the membership of every SGB.

Keywords: financial management; Limpopo province; mandatory training; no-fee school policy; no-fee schools; quintiles; school governing body; secondary schools

Introduction

Education is regarded as a primary socio-economic driver of a country. Globalisation has become a major concern for the South African government. Therefore, assessing the positive impact of globalisation of education can serve the government’s intention to nurture SGBs. The government is pursuing liberal financial management training in promoting SGBs’ empowerment in schools. The education is a necessary condition for acquiring the skills and knowledge to participate in the economy. The policy is based on funding schools considered to be poor because they are located in poor communities (Republic of South Africa, 1998). Most of these schools lack the infrastructure and physical and financial resources to be run successfully. The schooling system is classified according to quintiles; quintiles 1 and 2 schools are considered to be very poor schools, while quintile 4 and 5 school are considered to be rich. Quintile 3 schools are those schools from middle-income communities. The school funding policy allows for the state to fund quintiles 1, 2, and 3 schools, while quintiles 4 and 5 schools receive limited funding from the state. The latter receive less funding from the government as the assumption is that parents of said learners are capable of paying the school fees in full (Republic of South Africa, 1998). The school funds need to be managed by the school management. However, some findings reveal that in many cases, school principals fail to account for these moneys due to a lack of financial management skills.

Funding makes it possible for all public schools to function at their optimum to improve learner performance. The funds released to schools are for improving infrastructure and physical conditions of the state of schools. Dass and Rinquuest (2017) explain that government efforts to fund schools, especially quintiles 1 to 3 schools, are to address the issues of socio-economic status and disparity in access to education. The funds are for the maintenance of school property, purchasing of learning and support material and equipment, and paying for services rendered to the school.

The management of these funds requires some financial capabilities of managers of the fund. These capabilities are necessary in making prudent decisions on procurement and equitable disbursement of funds to provide efficient educational programmes. The SGB performs a key role in the management of the school funds. The SGBs are mandated, among other functions, to be responsible for school financial management (Republic of South Africa, 1996).

However, the management of school funds has been bedevilled by financial malfeasance. The SGBs’ inability to properly account for school funds has largely been attributed to a lack of the necessary financial knowledge and skills which often leaves the management of school funds to be handled by the school management teams (SMTs) (Basson & Mesty, 2019) who also do not always have sound financial management skills. In view of this, I sought to understand SGB members’ perceptions of their role in financial management in no-fee secondary schools in compliance with policy framework when managing school finances of schools in the Limpopo province.

The Limpopo province is among the deprived communities in South Africa and has the highest number of no-fee schools in South Africa: quintile 1 (28.2%), quintile 2 (24.6%), quintile 3 (24.2%), quintile 4 (14.9%) and quintile 5 (8%). The data indicate that approximately 77% of schools in the Limpopo province are no-fee paying schools. Schools in this province are generally regarded as dysfunctional and are in rural and poor settlements (Macfarlane, 2007). Funds are, therefore, provided by the government to address the poor state of
affairs. The funds are mostly managed by the SGBs. It is alluded that most SGBs in no-fee high schools are constituted with illiterates who fail to live up to their mandates (Stott, 2013). The choice of the two schools was deliberate to understand how the SGB members, especially the parents, carry out their functions as managers of schools in maintaining an effective and efficient running of the schools. I argue that the practical implementation of financial management by SGBs of secondary schools in the Limpopo province might have changed for the better over time. The research was guided by the following research questions:

- How does the funding of no-fee schools affect poor schools?
- What are the financial management skills and training levels of the SGB to manage the funds?
- What are the main challenges faced by SGB members in managing and improving financial management of school funds?

**Literature Review**

**State of resources and infrastructure in no-fee schools**

The state’s decision to fund schools on the basis of quintiles was taken to correct the social injustices of the past. Before 1994, historically disadvantaged schools were receiving less funding than advantaged schools (Van Dyk & White, 2019). The amended National Norms and Standards for School Funding (NNSSF) are based on quintile rankings. Schools that fall under quintiles 1, 2 and 3 receive more funds than schools in quintiles 4 and 5. The former are given more funding because of the poverty nature and low literacy levels of their communities, and low-income level of parents. The funds are provided for resource development of the institutions (Stott, 2013).

The SGBs are mandated to manage these funds to influence the resource level of schools. However, the lower quintiles schools are riddled with poor resources (Stott, 2013). Higher quintile schools tend to have more affluent and well-organised governing bodies, resulting in societal material as well as organisational advantages over poorer schools (Stott, 2013). Despite the limited funding, schools in quintiles 4 and 5 have sufficient school resources through proper management by SGBs.

Motala and Sayed (2009) contend that the poor resources and performance characteristic of no-fee schools cannot be attributed to funding, but rather to SGBs’ poor management of the allocated funds. Chutgar and Kanjee (2009) argue that good management might be a factor in resource provision and it can also be attributed to insufficient funding. What is abundantly clear, is that the quintile ranking has not been able to eliminate inequalities among schools in South Africa. The inequalities in no-fee schools are evident in the physical infrastructure that is in deplorable states (Xaba, 2014). Xaba attributes the neglected structures to a lack of sufficient funding to schools. The lack of physical infrastructure affects the performance of learners.

**The role of SGBs in managing school finances**

The role of the SGBs in financial management of schools cannot be underestimated. SGBs are responsible for planning the budget and allocation and monitoring of resources. Clarke (2009) suggests that SGB members must have the requisite knowledge and understanding of basic processes in managing school funds. However, Basson and Mistry (2019) allude that most SGB members of no-fee schools lack the knowledge to perform their duties effectively. The efficiency of SGBs in their performance was evidenced in research conducted throughout the country. In their study on policy compliance of SGB members on their financial management roles in selected no-fee schools in the Limpopo province, Dibete and Potokri (2018) reveal a lack of knowledge and understanding in performance of their financial management roles. The hindrance to manage finances was largely attributed to their low levels of training and poor skills in financial management (Dibete & Potokri, 2018).

While agreeing with earlier researches, Mafora (2018) attributes the mismanagement of school funds to poor internal support structures and undemocratic practices among SGB members. The discussion from the literature suggests that SGB members have not been educated on how to effectively execute their tasks. The undemocratic practices among SGB members (Mafora, 2018) are an indication of a lack of transparency in their actions.

A lack of transparency in the administration of schools can be attributed to the inability of SGB members to identify with their constitutional duties. Members of SGBs are from varied backgrounds, and Mafora (2018) suggests that harmonising these capabilities makes for successful management of schools. Steps taken to ensure financial management success is planning and budgeting. According to Makrwe (2012), financial planning refers to policy formulation and the determination of short and long-term priorities. Budgeting, on the other hand, refers to financial resource allocation, distribution and spending.

Budgeting involves collaborative decision-making and demands sound interpersonal skills (Mokoen, 2011). The purpose of the budget is to provide a foundation for planning and implementing a financial strategy for the school (Kruger, 2011). Budgeting is key to sound financial management. The school budget should reflect the school’s prioritised educational purposes, seek to achieve the use of funds available and be subjected
to regular financial monitoring (Mestry, 2006). As planning and budgeting are important for financial management (Dibete & Potokri, 2018), most schools undertake planning and budgeting. However, most SGB members do not participate in the planning process, leaving this to principals and SMTs.

The second step in achieving financial prudence is financial organising. This is the process of putting structures in place to manage the funds (Thenga, 2012). SGBs are encouraged to formulate finance committees that will serve as advisory bodies in the disbursement of funds (Makrvede, 2012; Republic of South Africa, 1998). These committees exist in schools, but it seems as though the disbursement of funds is done without the SGBs’ knowledge (Xaba, 2014).

The third step in ensuring financial prudence in school financing, is control. Financial control is the level of measures put in place to effectively and efficiently utilise supplied resources. These measures include putting checks and balances in place and engaging qualified accountants and auditors to check the financial books regularly (Kruger, 2011).

Theoretical Framework
This article is based on the theory of decentralisation. Decentralised education brings about more efficiency, reflects local priorities, encourages participation of all stakeholders and improves learning outcomes and quality of teaching (Mestry, 2006). The administration of schools has been divided among stakeholders for efficiency and improvement of performance in teaching and learning. The SGBs have been mandated to ensure that school finances are managed effectively and efficiently (Clarke, 2009; Naidoo, 2010). The SMTs are to cater for direct teaching and learning in the classroom. The two bodies together manage the resources of the school to ensure success. The decentralisation is expected to encourage an increase in local participation in school management to improve accountability and responsiveness to learner needs and foster better use of resources to improve conditions of the school (Xaba, 2014).

The achievement or success of the school requires the examination of the quality and quantity of educational contribution from parents and the efficiency with which these contributions are applied. The underlying theory is that more school and family engagements in educational processes encourage more learning.

Methodology
The research reported on here was based on the interpretive philosophy as it sought knowledge from the participants (Creswell, 2014). The qualitative research approach was used to collect data from the participants. The qualitative approach aims at uncovering rich information through in-depth interviews. The interviews allowed for direct contact with the participants to probe for further data.

The population for this study was all no-fee paying secondary schools within the Vhembe district. Two schools, about which various complaints about the mismanagement of school funds have been levelled by the community, were purposefully selected for this study. The sample consisted of two SGB chairpersons, two treasurers and two secretaries – one from each school. The reason why the participants were chosen was that they worked directly with school finances and arranged meetings.

Data were collected using a self-designed semi-structured interview schedule. The schedule was based on the two research questions. The semi-structured interview enabled me to probe responses given by participants – a structured interview schedule would have limited my ability to probe further (Creswell, 2014). The interview was recorded using an audio recorder. The participants were well informed about the interview a month in advance and a reminder was sent a night before the interview. The participants were interviewed individually. The consent form was read to participants reminding them of their right to withdraw from the study at any time. They also agreed to be audio recorded. Each interview lasted approximately 35 minutes.

The recorded interview was later transferred to a computer for transcription and the responses reported verbatim. Braun and Clarke’s (2006) six phases of thematic analysis were followed in transforming the data from coding into themes. To avoid any misrepresentation, the transcribed data were returned to the participants for verification.

Findings
The findings of this study are presented as two main themes that emerged from the interview data. The presentation is followed by the inductive analysis.

Two females and four males participated in the study. The participants had educational qualifications ranging from matriculation certificates (Grade 12) and diplomas. Two of the participants were unemployed, one was self-employed, one was a commercial driver and the remaining two were shopkeepers. The biographical data indicate that the participants held lower educational qualifications and thus fell into a low-income earner bracket. This result indicates that most SGB members serving on no-fee school boards are not as affluent as their counterparts in quintile 5 schools (Stott, 2013). The participants may also lack managerial skills to manage the resources of the schools.
Allocation of Funds
The participants agreed that state funds for the day-to-day running of schools were received twice in the financial year. However, they expressed their frustration and anger about the insufficiency of the funds. In some of the schools in Limpopo, former White government schools received more funding than the schools that were predominantly Black. The SGB chairperson from School A stated: “The money comes, and everyone knows that the money has arrived, but it is not sufficient to solve the problems of the school. There is always much expectation, but it is always met with disappointment.”

The treasurer from School B stated: “Sometimes the biggest disappointment is that funds are given according to the enrolment of the school. We plan to do certain things with the funds, only to find out that the funds received are insufficient.”

The SGB chairperson from School A was not only concerned about the lesser funds received, but also about the delay. She complained about the delay in the transfer of the funds into the school’s bank account towards the end of the first quarter or sometimes in the second quarter. The delay invariably affects the procurement of materials for the successful running of the school in the first quarter. The delays in the transfer of the funds and the consequences thereof were echoed by Naicker and Ncokwana (2016) in their research on school principal’s leadership challenges in fee and no-fee paying schools in South Africa. It is contended that schools could not plan properly, and this put undue pressure on the management.

There is always a delay in the transfer of the funds into the school account yearly. The funds are never received at the beginning of the year; it is always towards the end of the first term or second term. It affects the procurement of resources for learners and educators.

Funds are provided for no-fee schools; however, they are insufficient for the needs of schools. The lack of resources and school performance cannot be attributed to management only (Motala & Sayed, 2009), but to the insufficient funds received (Chutgar & Kanjee, 2009). Should the state continue to provide insufficient funds, there will be a delay in project delivery and physical infrastructure will remain in a deplorable state, affecting the overall performance of schools (Xaba, 2014). This shows that the allocation of funds to no-fee schools as a means of bridging the gap between the rich and poor schools is ineffectual (Xaba, 2014). This finding confirms earlier findings by Motala and Sayed (2009) who contend that the funding policy of the Department of Education failed to correct the past inequalities in the educational system. The poor schools are becoming poorer while the rich are becoming richer and are performing better.

The Use of Funds
The participants indicated that the funds allocated to the schools were for the day-to-day running of the school. Funds were used for acquiring school resources, paying services, developing physical infrastructure, establishing security, creating employment and offering services to their local communities. “We are able to buy some cleaning equipment for cleaners, teaching and learning materials for educators and learners, photocopying paper and other things that will make teaching and learning a success.” The treasurer from School A remarked as follows:

In fact, from the same funds, we also pay for repair costs in the school. As you can see, we have a new fence that was erected recently, we pay for electricity and sometimes assist parents by asking them to do some jobs in the school and pay them.

We also pay educators to attend workshops.

There is every indication that the funds are being used for their intended purpose. There is evidence that teaching and learning are promoted through the procurement of teaching and learning materials, and encouraging educators to attend workshops. The role of schools as community builders was also mentioned by SGB members. However, there were mixed reactions as to whether these functions were performed diligently.

Skills and Training for Financial Management
The findings from the data analysis reveal that most of the participants did not fully understand their role in financial management of school funds. However, consistent with findings by Basson and Mistry (2019), the participants expressed their inability to perform their functions properly and attributed their inability to a lack of basic education in financial management. One SGB chairman revealed that:

We have not received any formal training in financial management before becoming the treasurer of the school. I was elected because I work for the municipality and as some one who knows about managing money. It is difficult to do something you know nothing about.

Some respondents admitted to attending workshops on financial management when they were elected. However, Treasurer 1 complained: “It was only a one-day orientation and was not enough for understanding everything about managing the school money.”

The implementation of sound financial management in no-fee paying schools may largely be determined by the exposure of SGBs to managerial training. The SGB members need constant training in financial management and sound managerial skills to help them perform effectively in their roles. This can be done by electing persons with higher qualifications in financial management to the SGB or by providing sufficient training for elected members by the Department of Education.
Performance of SGBs in Their Roles
All six participants stated that they have attended meetings where they were instructed on planning and budgeting but could not fully explain what the meetings were about because they did not benefit from the meetings. It was confirmed that the meetings were presided over by the SMTs. However, participants unanimously stated that their lack of formal education was responsible for this.

SGB Chairman 1 explained:
I don’t have the relevant financial management skills to draw an effective budget and understanding of SWOT [Strengths, Weaknesses, Opportunities, and Threats] analysis to determine the needs of a school, calculate the cash flow projections of the financial year and manage school funds effectively. I depend on the principal to inform me about my role and responsibility because I cannot read nor understand the financial management policy.

SGB Chairman 2 responded:
As a chairperson of SGB, I experience serious challenges and difficulties in handling the process planning and budgeting because I lack the necessary knowledge and proper financial management skills to draw up a draft budget. The principal draws up a budget alone and expect us to accept it as it is and thereafter presents it for approval at the parent’s meeting.

The SGB is aware of their role in planning and budgeting, however, they have failed woefully in performing their role. At times, principals and SMTs take advantage of the parents’ poor literacy to circumvent policies regarding planning and budgeting.

Control and Monitoring of Funds
The findings reveal that no-fee paying schools have financial committees in place to organise and control the use of funds. The main purpose of the financial committee is to put in place a system of controls to ensure that school finances are managed effectively and efficiently (Clarke, 2009; Naidoo, 2010). The participants explained that the committees simply existed, but that the control mechanisms were not working. Participant C remarked:
The shift to decentralise school governance and management requires SGBs to develop knowledge and skills to deal with the complex financial matters, this outs me in an uncomfortable position as I am a member of the finance committee. I do not monitor finance books as there is no finance committee – the cheques are written and signed by the principal in his office.

Some SGB members believed that they had been side-lined – especially by the chairperson and the principal. Participant A stated: “As for me, I think they don’t like me because I ask many questions. But, here, the chairman has changed so much, he used to ask questions, but he now meets with the principal secretly.”

The schools have financial committees in place in accordance with the South African Schools Act (SASA) (Republic of South Africa, 1998). However, the parent components of the SGB have not played their roles. The lack of proper training and education is causing school principals to collude with some members of the SGB to misappropriate school funds.

Reporting and Accountability
One of the responsibilities of the SGB is to regularly account for their annual financial expenditure (Xaba & Ngubane, 2010). These accounts must be prepared by authorised auditors presented to the entire staff, parents, the learners’ representative council and the Department of Education. Participant F stated:
Financial accountability and effective reporting are the cornerstones of ensuring that the disbursed funds are allocated for the purpose of advancing the best interests of the learners. Every three months we share the funds statement and balance to the parents during a parent meeting, and submit a financial report to the circuit.

Participant D complained:
The principal draws the budget alone in his office and instructs me as an SGB chairperson to present and report on during the parents meeting without my consent. This is frustrating. I cannot be responsible and accountable for the behaviour of the principal.

The views of the participants indicate that parent components of the SGB have no say in how funds are spent in their schools. However, they are made to accept the audited financials books without understanding what they are signing. What are the possible implications of this?

Internal Democracy
The biggest challenge faced by the SGB was fundraising. The six respondents were unanimous in expressing their frustration regarding fundraising. The schools must raise funds to supplement the insufficient funds received from the Department of Basic Education. The chairperson from School B stated; “Parents do not want to help in raising money to support the running of the school when funds are delayed or when funds are insufficient to cover the school term.”

The secretary from School A remarked: “At times we disagree about priorities of the school. As parents there are certain things that we feel should be given to our children while the principals represent the interests of educators. This disagreement can go on for days.”

Internal democracy has affected the successful running of the schools. This is a result of poor planning by the schools – the parents, educators and SGB do not plan and thus take ad-hoc decisions. This affects the teaching and learning and successful running of the schools.
Discussion

The data analysis suggests that SGB members have different occupations and are from low-income backgrounds. This finding agrees with Stott (2013) who states that SGB members from no-fee schools are not highly educated and have low socio-economic status compared to their counterparts from quintile 5 schools. However, the findings suggest that SGBs do not have the know-how to handle the funds of their respective schools because of their low socio-economic status and low literacy. They have proven from the analysis that they know their roles. This is attributed to their poor financial management skills. For quintiles 1, 2 and 3, this can be attributed to insufficient funding and delay in crediting the accounts of such schools (Chutgar & Kanjee, 2009; Motala & Sayed, 2009).

The Department of Education constantly delays the payment of funds. The unnecessary delay in releasing the funds affects the planning and budgeting by schools (Chutgar & Kanjee, 2009). Funds that are allocated for the running of a school in the beginning of January are only released towards the end of April, thus creating a financial gap. The unnecessary delays in releasing the funds further widen the gap between rich and poor schools (Motala & Sayed, 2009; Xaba, 2014).

It is evident that the participants lacked relevant financial management knowledge and skills (Basson & Mestry, 2019; Dibete & Potokri, 2018). The lack of knowledge and skills in financial management cannot solely be attributed to the participants’ low levels of literacy, but also to the Departments’ inability to train them to perform their tasks. What was evident here was that the SGB members relied heavily on school principals and other members of the SMT for support (Mafora, 2018). In all instances, this development may contribute to misuse and embezzlement of funds by principals, although strong measures have been put in place to control the funds. However, a better balance can be achieved through collaboration between the SGBs and SMTs (Mafora, 2018).

Conclusion

SGBs are important components of running a successful and well-functional school. They form an important decision-making component of school management, with a specific role to manage and control the finances. The SGB members are aware of their roles as financial controllers, but lack the skills and education to perform their roles. The SMTs take advantage of the SGB members’ poor literacy and circumvent the financial management policy to their advantage. One important conclusion drawn from the research was that the school principals adopted divide-and-rule tactics by involving certain members in the financial management while the vociferous individuals were side-lined. Finally, some school principals have taken over the constitutional role of the SGB that has led to acrimony between the principals and SGBs.

This finding is based on the provision of equity and fairness as the no-fee policy was established to achieve the smooth running of the schools. The current situations facing SGB members in financial management require professional training in financial matters. The Department of Basic Education must arrange in-service training on school management for SGB members as soon as they are elected into office, and provide continuous training throughout their tenure. It should be mandatory that a qualified financial management officer must be elected as member of the SGB. The provincial department must provide information on school funding as early as possible to enable the SGB to plan for the year. The funds must also be released and ready to be used as soon as schools open for the first quarter of the year to avoid unnecessary financial gaps.

Note

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References


