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## The efficiency of financial management systems in selected schools in the Amathole West education district in the Eastern Cape, South Africa

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Managing school finances by school governing bodies (SGBs) in South African secondary schools has proven to be a challenge that has several negative consequences for education, infrastructure, and other resources. The purpose of this article was to assess the efficiency of financial management systems (FMSs) in selected schools in the Amathole West education district. A case study design and qualitative approach were employed in the study. Purposive sampling was used to select SGB members from 2 schools in the district. The research participants were interviewed using face-to-face and telephonic interviews. We found that while there is understanding and alignment of financial systems by SGBs, insufficient or limited financial resources, inconsistencies in dealing with financial management matters, and government deposit allocation delays, SGBs' level of education and bank operations pose challenges and lead to the misalignment of school operations. Based on the study, we suggest that SGBs adopt strategies to enhance the financial management of schools, namely monitoring and evaluation, the appointment of qualified SGB members, increased training, a stipend system for SGBs and timely deposit of funds to schools.

**Keywords:** agency; efficiency; financial management system, school governing bodies; secondary schools

### Introduction

Internationally, financial management at school level has become a major challenge. In the South African context, financial mismanagement in schools is hampering economic growth and development (Rangongo, Mohlakwana & Beckmann, 2016). Joubert and Van Rooyen (2008) call attention to three issues of mismanagement in South African schools, namely incompetence in management, incapacity and poor leadership. Corruption remains rampant in the management of school finances despite the anti-corruption strategies of civil societies (Talane & Pillay, 2013). According to Section 34 of the South African Schools Act 84 of 1996 (hereafter SASA) (Republic of South Africa [RSA], 1996a), the state is mandated to fund schools from public revenue on an equitable basis to ensure that learners' rights to education are met and the redress of past inequalities in education provision is made possible. SASA mandates SGBs to generate income for schools to supplement the funds provided by the state. The *National Norms and Standards for Schools Funding* (NNSFF) (Department of Education [DoE], 1998) was introduced to ensure equity in funding school education. The NNSFF states that all public schools in South Africa should be classified according to wealth quintiles and allocated funds accordingly. All the schools serving poor communities must be granted more state funding than those in affluent communities.

Quintiles 1 and 2 schools should receive more funding than quintiles 4 and 5 schools (Mestry, 2006). Quintile 3 schools are referred to as benchmarks. These schools receive money appropriated for each student and distributed yearly at a national level. Studies have shown that the governing bodies of schools where learners pay no school fees (no-fee schools) lack the necessary financial and entrepreneurial skills. These SGBs experience great difficulty in preparing budgets and cash flow projection statements that could enable them to manage school funds effectively (Mestry, 2018). The statements above show the disadvantages of a decentralised model of governance in South Africa. This model is stipulated in *Education White Paper 2 of 1996 of South Africa* and intends to encourage local participation in school governance and reduce inequalities of power and influence from higher levels (Chisholm, Motala & Valley, 2003). Similarly, Mestry (2006) notes that principals and members of SGBs face enormous pressure in managing school finances because they lack the required skills and knowledge to do so.

As a result, there has been a plethora of audited reports by the DoE related to fraud and missing funds or inappropriate control of financial records in schools (Mestry, 2006). In previously disadvantaged schools, some SGB members are said to be illiterate and not familiar with the SASA. Therefore, an effective capacity-building programme to familiarise SGBs who have no previous experience with this system of school governance is paramount (Mestry, 2006). Public financial management (PFM) systems in South Africa entail a complex set of rules, processes, and institutions that govern how public finances are managed, allocated, spent, and accounted for. These systems are designed to promote transparency, efficiency, and accountability in the management of public funds. SGBs' management of school finances in South Africa's secondary schools is failing and facing difficulty, which hampers economic development and the reduction of poverty (Mestry, 2018; Rangongo et al., 2016). This is problematic because providing resources for learners' teaching and learning is inadequate. In

2007, only 31% of primary and secondary schools at the national level could produce the minimum set of management documents at the required standard (Department of Basic Education [DBE], RSA, 2019:13). Many schools in the Eastern Cape province have dilapidated infrastructure, no running water; 80% have no computer centres and 93% have no libraries (Tandwa, 2016).

Despite these realities, the provincial government does not spend the budget allocated to it (Tandwa, 2016). As a result, the province was rated as “the worst performing province in the 2015 Grade 12 exams, with a pass rate of 56.8%” (Tandwa, 2016:para. 3). In 2021 the province improved its pass rate to 73% but remained at the bottom of the list regarding performance only outperforming Limpopo. Du Plessis and Cain (2017) argue that the inefficiencies in financial management are caused by inefficiencies among the various stakeholders. Furthermore, some schools do not submit audited financial statements (AFSs) – a critical requirement for further funding of schools. The DoE, RSA (2017) reported that about 50 of the 431 schools in the Buffalo City metro (King Williams Town-inland) did not submit AFSs for 2017. The lack of adequate resources ultimately results in poor teaching and learning. Failure to submit an AFS report will cause the government not to fund such a school in the following year. This puts more pressure on the limited resources that the school already has. Literature shows an abundance of studies focusing on the mismanagement of funds in schools by SGBs (Rangongo et al., 2016).

Authors like Mestry (2006) focus on the functions of SGBs, and the perceptions of teachers and school management team (SMT) members of finances received from various stakeholders, including the state, in no-fee schools (Mestry, 2018). However, there has been limited research involving Qonce (previously called King William’s Town), to assess the approaches of SGBs and their challenges. This could be ascribed to its unique context and area differences from what has been studied before. This necessitated us to undertake a study focused on the financial management approaches in selected schools in the Amathole West education district. We considered the challenges that these schools faced while providing a policy and governance perspective of how SGBs contribute to the financial management in Eastern Cape schools.

#### Conceptual and Theoretical Underpinning

Finance is the art and science of managing money (Khan & Jain, 2018). Finance denotes the availability of money; it is the lifeblood of an enterprise (Fuders, 2023). Thus, finance is a resource that a school needs to realise its goals of providing quality education for all learners.

Management is the art of performance done in real-time enacted in the present that is constantly passing (Magreta-Nyongani, 2012). Thus, management denotes using funds efficiently to realise the goal of an enterprise. In education, management then means using available finances in a manner that brings equitable and quality education to learners. Financial management is a decision-making process related to managing funds (Babu, 2012). Chado (2015) describes financial management as one of the indispensable elements needed to improve management efficiency in a unit in the public sector. This indicates that if the South African education system is to achieve equality and equity, financial management in schools is essential. Ndou and Mbunyuza de-Heer Menlah (2015) argue that a lack of training of the school management personnel emerged as the leading cause of the mismanagement of funds in schools. A review of financial management policies, ongoing training of school management personnel and continuous monitoring of school finances by district officials would assist in improving the situation.

#### *Agency theory of governance*

In this study we used the agency theory of governance to understand the efficiency of financial management systems in selected schools of the Amathole West education district. Jensen and Meckling developed the agency theory in 1976. From the writings of the proponents of this theory, it suffices to argue that the agent theory details the interplay between two or more parties, where one party is identified as the principal and another designated as the agent, to perform some tasks on behalf of the principal (Kivistö & Zalyevska, 2015).

Thus, the assumption in this theory is that there is a divergent interest between the principal and the agent. The assumption drawn from this theory is that “once principals delegate authority to agents, they often have problems controlling them, because agents’ goals often differ from their own and because agents often have better information about their capacity and activities than do principals” (Kivistö & Zalyevska, 2015:132). This knowledge gap between the principals and agents is commonly termed the agency problem (Bawole & Adjei-Bamfo, 2020). Concerns have been raised regarding ways of empowering the agent to meet the needs and expectations of the principal without causing conflict (Kivistö & Zalyevska, 2015). The proponents of this theory recommend monitoring and incentive tools for responding to this concern. Further studies in the realm and evolution of the agency theory have been published to help conceptualise and unpack governance and managerial issues while purporting the relationship between the principal and the agent.

The agency theory assumes that if both the principal and agent are maximisers of utility, then the agent may not always work in the best interest of the principal because of the misalignment of interests. In the case of cooperating parties, the principal and agent can have different attitudes towards risk and interests if their goals are not aligned. The agency theory argues that the principal is prepared to take more risk than agents would because principals have less to lose than agents, who, if the organisation they are working for fails, their careers and reputation can also suffer. Thus, it is always best to align the goals of the principal and the agent. This theory fits into the study as it helps to explain why there is no fundamental change in learners' outcomes in public schools despite the funding that they receive from the provincial government. Public education can be viewed as a series of principal-agent relationships (Squelch, 1997). The first principal-agent relationship is between citizens, as principals enter into contracts with the state to deliver educational services. Yet, the state has traditionally delegated much of public education policy to local school districts. Thus, the state-school-district relationship can be viewed as a second principal-agent relationship.

Within the school district, the SGBs delegate authority to the school principal to implement its decisions, providing another principal-agent relationship (Squelch, 1997). This last relationship is at the heart of school-based decision-making (Ferris, 1992) and thus the focus of this study. As stated in the introduction, the post-apartheid government has made significant strides in promulgating policies and acts meant to address and redress inequalities brought about by years of segregation. According to Mestry (2013:163), "the role of principals and SGBs in managing a school's finances is complex: the functions of principals and SGBs appear to overlap, and this usually gives rise to conflicts among them." Such conflicts, according to the agency theory, arise from the assumption that, once the SGB delegates authority to the school principal, they often have problems controlling them (Kivistö & Zalyevska, 2015). This knowledge gap between the SGB and the school principal is commonly termed the agency problem. Thus, although decentralisation allows stakeholders to participate at a level where they can have a direct impact on matters that concern them, it requires different capacities and inequalities of power and influence to be expressed more strongly (Mestry, 2013).

So, the question remains: How does one empower the school principal to fulfil the needs of the SGB, while at the same time constraining the school principals from abdicating their responsibilities? (Galetuke, 2018). The agency theory argues that if the interests of these two parties are not aligned and information asymmetry

exists, school principals can pursue their interest and not the interest of the SGB, which then creates an agency problem. Thus, the issue arises of how to reduce the possibility of this kind of phenomenon from happening. One of the key ways to reduce agency costs is through monitoring and incentive tools.

The agency theory, however, has its weaknesses. Despite the theory's promise to analyse public contracting, it is criticised because the unequal power distribution in bureaucracies leading to the cooperative and coercive element of social contracts is unaccounted for (Bawole & Adjei-Bamfo, 2020). Moreover, the level of competitiveness in the contractual process is contestable (Ferris, 1992). In the public sector between funding bodies and service delivery, contractual relationships are not competitive. This theory becomes fundamental in theoretically grounding the study.

### Research Methodology

In this study we used a qualitative approach because we sought to answer the main question of the study: What financial management approach can SGBs use to effectively manage school finances despite their incapacity and experience? This question requires in-depth inquiry from the SGBs. A case study design was employed. The population in this study included all the SGB members, principals, and educators of two selected secondary schools in the Amathole West education district. We used the purposive sampling technique to select participants because it was determined to gain insights into specific practices that occur within a specific location, context, and time (Gray, 2009). We purposively selected four SGB members or community members from the two schools, three principals and four educators. We employed eight face-to-face interviews and three telephonic interviews during which the interviewer interviewed one person at a time. Due to the coronavirus pandemic (COVID-19), some participants could not be met and had to be interviewed telephonically. We used the thematic technique of analysing data from the research findings. Thematic analysis is a method used for identifying, analysing, and reporting themes within data. It minimally organises, describes the data set in rich detail, and interprets different aspects of the research topic (Boyatzis, 1998). The study themes emanated from the objectives of the study and from the participants' feedback.

### Study Findings and Presentation

In this section, we discuss the findings obtained from research carried out in secondary schools in the Amathole West education district limited to an understanding of the financial management

approaches used in secondary schools and not at any other level of education governance.

#### Efficiency of Financial Management Systems in Schools

We found that, among the diverse group of participants, the majority understood the financial management system as a way or procedure that institutions, such as schools, use to run their financial affairs. This was mostly articulated by the principals who had a deeper understanding of the phenomenon since they were responsible for governing and controlling the income and expenses of the school. The general understanding expressed by educators was of financial governance, which was shared equally by the parents and principals. Interestingly, parents shared the same understanding but with an emphasis on the purpose of financial management being to achieve the goals of the school. Generally, all participants understood the financial management system (FMS) as being the procedures, control, budgeting, or planning of school financial resources.

The study shows that the SGBs were using the public finance management system. This system is governed by rules and regulations in the Public Finance Management Act (PFMA) on how to handle school funds. Participants, particularly parents and educators, pointed out that the system is governed by the “department” referring to the DBE. There was a general understanding among the participants that the system was guided by certain policies. The participants pointed out that the PFMA or department gives guidelines to the schools on how to select substructures of the SGB to handle funds, how to utilise school funds, and how to provide financial reports to parents and the department. All participants named three substructures of the SGB, namely, the finance committee, procurement committee, and fundraising committee. A total of 82% agreed that the SGBs understood the FMS due to the training presented by the DoE on the management of funds at the district and national level. Seemingly, besides this training the principals and educators were also available to provide additional training and support to the SGBs to ensure that they understood the system. However, a few participants (18%) pointed out that the SGBs did not have an understanding of the financial management system; thus, they depended more on the principal and educators to constantly support them despite the training they engaged in at the beginning of the year. One parent SGB member pointed out the following:

*Parent 1: Yes, some but the principal and the educators sometimes explain more to us but sometimes we are taken to workshops by the department but sometimes we don't understand everything because we don't understand finance terms.*

Based on the comment above, some SGB members found it difficult to understand financial terms despite the training they had received from the DBE. All participants argued that the school finance systems were in line with the departmental systems to manage school finances. This alignment was due to workshops of the department, and support from the principal and educators in helping the SGB to follow proper procedures. In this regard, the systems were intertwined with the departmental systems.

#### Challenges Encountered by SGBs in Managing School Finances

We found five major challenges that SGBs encountered in managing school finances in order of importance, starting with popular views and ending with minor views that emerged. The major challenges that SGBs faced were limited to financial resources to meet the school's needs and achieve the school's goals. One educator pointed out the following:

*Educator 2: Sometimes the expenses are more than the budget, so some school needs are not met. When asking for donations to the parents some do respond.*

*Parent 2: Sometimes the money goes off without finishing the school needs.*

The above comment by an educator clearly shows that the financial resources given by the department were not sufficient to meet the needs of the school. There was some evidence of fundraising by SGBs to supplement insufficient funds in order to effectively run the school. However, an educator alluded to the fact that the majority of parents in these communities were unemployed and depended on social grants; hence, they did not respond to fundraising calls. Another challenge was some inconsistencies in dealing with financial management, particularly in the procurement processes. Participant comments indicate that three quotations, as required by the policy, were not always obtained. Products were then purchased without the required quotations. This is problematic as it sets the precedent of not adhering to departmental regulations which results in an unfavourable report by the auditor. Thus, acquiring the required quotes before buying anything was emphasised. Companies that charged to provide quotations may be excluded from the process, as no funds are budgeted for acquiring quotes. Educators and parents mentioned that the use of funds was inconsistent with the budget or the budget code. Seemingly, the expenses in a school were expressed in codes in the budget and when goods were purchased, the SGBs had to use the money allocated to a specific code and the funds available for that code; however, funds for certain codes were used to pay for purchases from other codes. A parent pointed out that unforeseen circumstances sometimes caused inconsistencies in how the

money was used. For example, one SGB member mentioned that due to the COVID-19 pandemic, the school had to buy more sanitary goods to improve hygiene and safeguard the lives of learners and educators.

A minority of 27% of participants, particularly parents and educators, pointed out that the subsidy from the government commonly referred to as the “government deposit” to the school was always delayed. As a result, the school was unable to run its operations and provide for the needs of the school. Thus, the government’s late deposit of funds to the school hampered the efficiency of the school. Twenty-seven per cent of participants also indicated that the level of SGB members’ education was a challenge. The selection of SGB members was seemingly not based on the community member’s education level but rather on representation. Although some members may have been trained in financial management, they might still not understand all the information:

*Parent 3: Also we go to a day workshop where they talk about many things on how to handle funds then we end up understanding little information.*

As a result, their availability for SGB meetings or commitments was limited because they did not understand the financial issues due to a lack of education or knowledge. One principal commented that bank operations were misaligned with school operations:

*Principal 1: Banks that we are using are not aware of the department process as they will take time to post back used cheques and bank statements that we use require for compliance purposes.*

This comment highlights that the timeline for delivering services seems to be a challenge for the SGBs to deliver the reports required.

#### Overcoming Finance Management Challenges

Many ways were suggested to address the identified challenges. The suggestions are presented in order, beginning with a popular solution and ending with less popular solutions. A total of 45% of the participants noted that government subsidies or funds to schools must be deposited to school bank accounts in time for schools to function efficiently and to meet their goals. The timelines of government deposits emerged as a great obstacle to SGB’s operation. Moreover, one parent indicated that the amount deposited must be increased because it is not enough to meet the school’s needs. Such notions were accompanied by suggestions that the department must evaluate the schools and give funds according to their needs. A total of 36% of participants indicated that the SGBs must use the funds in line with policy and budget and do so correctly. Thus, to overcome inconsistencies, the SGBs should ensure that they used the money according to the codes and that the money tallied with the budget. One parent talked about ensuring that

the signatures of those with signing powers corresponded with the signatures recorded when the bank account was opened so that the bank can accept transactions and payments. Signatures should also be made in the presence of other members. Another suggestion was to ensure that the SGBs reported the expenditures monthly and kept a funds minute book and finance file. One educator made the following notable comment: *“Don’t overspend the finances, don’t underspend the finances.”*

One principal and two parents mentioned that SGBs should try to raise funds. This represented only 27% of the participants in the study who regarded fundraising as a solution to overcome insufficient school funds. The principals felt that the parents in the community had no culture of giving. Still, the parents themselves indicated that the majority of people in the community were unemployed and depended on social grants. However, the parents suggested a better commitment to supporting the school through hands-on fundraising activities as some community members did not like participating. An educator and a parent indicated that more workshops and training programmes were required to equip the SGBs with the required skills. The main notion in the discourse was that the training of SGBs by the department was short and condensed, which led to trainees with a limited understanding of the FMS. It was suggested that consistent training and much more support from the DoE could change the situation. A few participants (18% – principals only) suggested that education should engage all stakeholders and provide training in FMS to all to ensure mutual understanding. One principal gave a comprehensive description of the engagement needed.

*Principal 1: If the department can engage with the banking sector and have a common understanding and try to improve their policies, as the banks now are moving fast towards the fourth industrial revolution. It means that the financial systems of government need to catch up fast with the pace as they are going to cause more trouble and non-adherence to some of the policies.*

The comment above shows that other stakeholders should also improve their processes, especially the banks and the government. They should align their processes with current technology. The department should try to improve systems to be in line with how banks handled matters.

#### Strategies to Enhance the Management of School Finances by SGBs

The popular strategy that SGBs employed to enhance the management of school finance emerged as compliance with departmental policy. A total of 45% of the participants pointed out that the best strategy was to follow departmental policies. Establishing committees to deal with

finance, fundraising and procurement, as directed by the department, and performing other requirements would enhance efficiency in financial management in schools. Training is part of the government's requirement and principals and educators emerged as agents who could strengthen the training of SGBs. Moreover, the SGBs should also ensure that workshops arranged by the department were attended because that would strengthen the strategy of compliance. A total of 27% of participants mentioned the importance of planning the expenditure for the financial year in advance (budgeting). The SGBs, therefore, have to stick to the budget. Two participants, one of them an educator, noted the issue of transparency among the SGB members. One parent pointed out that *"the SGBs never sign a cheque in the street alone, call the meeting and all finance committee aware of the used or requested funds and make sure minutes with signatures are in place."* Due to insufficient funds, SGBs were resorting to fundraising; one parent said: *"We tried to have fundraising and also asked for sponsorship from NGOs [non-governmental organisations]."*

All participants agreed that SGBs were aware of their roles and responsibilities because they attended workshops conducted by the government on how to manage the school finances and interact with the department. Others argued that the election of a finance committee ensured that all members were aware of their duties and responsibilities in the finance committee. One principal raised an interesting notion.

*Principal 2: At my school, they are quite aware but the problem is when you have resignations and the new systems at the bank such as online banking. Bank systems such as online banking or EFT [Electronic Funds Transfer] are not trusted by the SGB members, especially the parent component.*

This comment shows that while there was awareness among SGB members, resignations of staff may cause challenges as new members would not have been trained at the beginning of the year like the rest. As a result, workshops that run continuously throughout the year were suggested to solve this problem. The study reveals that all participants agreed that all SGB members should know the departmental policies used to manage school finances. Even though they were engaged in policy training workshops by the DoE, the principals as ex-officio members of the SGB also have the responsibility of schooling new members about the policies relevant to financial management. While they all agreed that knowing the policies was essential, one parent pointed out that they did not understand all policies regardless of the training. Three issues emerged regarding the support that the DoE offered to SGBs to manage school finances effectively, namely training, monitoring of finances, and auditing of funds. Generally, the department supports the SGBs by

training them on the departmental policies very well. Regarding monitoring, the participants indicated that the department calls for quarterly meetings to check whether all is still well at the schools. Lastly, one educator mentioned the following with regard to auditing:

*Educator 2: The financial statements are audited annually so that 'asenzanga kakuhle sibone imistakes zethu silungise' [we see our mistakes and to account for the funds given to us].*

The three issues alluded to are the main support structures of the DoE directed to SGBs.

## Discussion

To adeptly assess the process of FMS in schools, we questioned the participants on their understanding of what a financial management system was. We found that among the diverse group of participants, the majority understood the financial management system as a process that different institutions utilised to keep abreast of the financial affairs of their organisations. Of the different participants in this study, the school principals displayed a thorough understanding of the process of financial management, followed by educators and lastly, parents. When also asked what a financial management system was, some parents expressed similar sentiments to those of the school principals but emphasised the process of managing finances rather than the goals (effectiveness) of the system. Parents were more interested in the end goal of FMS, namely that financial systems managed efficiently should lead to quality education for their children.

The in-depth understanding displayed by the school principals shows that, in spite of the SGB committees in schools, the principals' role was critical in the financial management of school funds. Thus, given this advantage, school principals are prone to manipulate the system instead of managing the finances. This argument and finding are similar to those by Matshika (2014). However, according to Rangongo et al. (2016), the problem is not the school principals alone but the SGB committee as a whole. These authors consider school management personnel to be responsible for schools facing challenges of financial mismanagement. The reasons put forward for such mismanagement are financial illiteracy, a lack of skills and the absence of policies on financial management (Rangongo et al., 2016). From the legislative framework and school governance discussed, it is clear that the post-apartheid government is focused on redressing and rectifying the imbalances of the past.

The Constitution of the RSA, 1996, emphasises the human rights aspect of education, which is consistent with the international perspective of education as a right, as is outlined in Article 26 of the Universal Declaration of Human Rights and Articles 13 and 14 of the International

Covenant on Economic, Social and Cultural Rights. The SASA requires redress of past injustices in education as a way to advance the democratic transformation of society. To achieve this redress in schools, financial management is crucial, which is why the PFMA is in place. The Act promotes both efficiency and effectiveness of FMS to maximise service delivery in the public sector, in this case, in public schools.

The structure of the SGB is as follows: principal, teachers, parent component (parents who have children in that particular school), non-teaching staff at the school, learners (in high schools) and community members who have an interest in uplifting the standard of the school. The diversity of the SGBs presents both advantages and challenges. The challenges encountered by SGB members are unique to each component. Although the school principals are not financial managers by profession, they tend to grasp the inherent jargon of the financial management system. Parents usually have grave difficulties in understanding FMS processes and the terminology used. This is because when choosing parents to be part of the SGB, the educational level of the parents is not taken into account. They are rather chosen because they are parents of a child or children at the school. Thus, parents tend to struggle with financial management because of their level of education, not because they lack training per se. This further affects the SGB committee to execute their roles effectively (Selesho & Mxuma, 2012).

However, we unearthed additional challenges faced by SGBs, such as limited financial resources, inconsistencies in dealing with financial management matters, delays in governmental deposit allocations, and misalignment between banking systems and school operations. It is necessary to elaborate on the issue of stakeholder engagement and alignment. The banking sector is moving swiftly to keep pace with the Fourth Industrial Revolution. Hence, to avoid any backlogs in finance allocations, the government needs to keep up with the banking systems and the banking systems need to be aware of the governmental policies in order to comply. Failure to have this mutual understanding between banks and the government will affect timelines for delivering services as well as affect SGBs in delivering different reports to different stakeholders on time.

Another common thread noted in the study relates to function overlap between the SGBs and principals. This is also an issue argued by the agency theory. There is a need for both the SGBs and the principals of public schools to know what their roles and goals are. This will help in addressing the agency problem discussed in the section on the theoretical framework. Moreover, from the literature reviewed, the link between

effective financial management and education outcomes is clear. Effective financial management is essential if quality education is to be realised in public schools in South Africa, with particular attention to schools in the Eastern Cape.

Given the importance of SGBs in schools, it is crucial that despite the challenges discussed above, there is a need for strategies that can be adopted to enhance the management of school finances. In this study, a plethora of strategies that SGBs could adopt to enhance their skills in financial management emerged. The first is compliance with policy, which involves the legislative framework for governing finances in public schools, set out by the government. Compliance by the SGBs will sustainably deal with challenges that jeopardise the quality of education in schools in the country. When the government and the schools agree on equity in education there is bound to be a positive outcome. Secondly, budgeting and transparency are important strategies that SGBs can adopt to enhance financial management in schools. Budgeting helps to keep finances in check and transparency is important to curb corruption tendencies that are prevalent within the SGB structure. Lastly, SGBs cannot carry out their duties with limited resources. Although the state is mandated with realising the right to education for its citizens, it has to do so within reasonable measures, which in most cases means limited resources.

### Conclusion and Recommendations

In conclusion, we identified a strong relationship between financial literacy and the ability of SGBs to manage schools' financial affairs. In spite of numerous challenges we found that through a robust integrated stakeholder system and strategy, financial management can be improved in secondary schools. We identified five major strategies or directions that the government should take to improve SGBs' financial management of schools, namely:

- monitoring and evaluation,
- the appointment of qualified SGB members,
- increased training,
- a stipend system for SGBs and
- timeous deposits.

Thus, tailor-made training for SGBs is necessary if their financial management skills are to be enhanced. Findings from the study show that the SGB follows the legislative protocols that the government has put in place, especially the public fund management authority. The issue is not the misalignment between policies, the problem has to do with three substructures of the SGB, namely the finance committee, the procurement committee, and the fundraising committee. Concerning the efficiency of FMS, we recommend that the government channels adequate resources to secondary schools and have an understanding with

the banks to achieve timely transaction processes. In addition, since schools have different needs and goals, we recommend that the government does a needs-based analysis for each school to avoid the trap of the one-size-fits-all approach, as this kind of approach leads to misuse of funds and schools not effectively meeting their goals. Moreover, the government needs to adopt a holistic approach to education in South Africa and benchmark lessons from other countries. We recommend that the government should incorporate banking systems and companies in their governing systems so that the process of financial management has fewer setbacks. We also recommend timeous monitoring and evaluations, which are crucial; it helps schools to deal with challenges as they arise. We further recommend that the SGBs, particularly the fundraising committee, should look for alternative sources of funds from non-governmental organisations instead of parents only, as most parents are not able to support the schools financially. Although further studies on financial management in schools and the role of the SGB need to be undertaken, this study contributes to the body of knowledge and we sought to provide insights into the functioning of SGBs, schools, the government and other players on the issue of financial management at this level.

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### Authors' Contributions

PM – conceptualisation of study, collection of data, analysis. TR – review of data, supervision of the study, and analysis. Both authors reviewed the final manuscript.

### Notes

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