AN INVESTIGATION OF THE FACTORS IMPACTING ON FINANCIAL PLANNING AND MANAGEMENT IN SECTION 21 SCHOOLS IN THE SAYIDI CIRCUIT, KWA-ZULU NATAL

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ABSTRACT

School finances are a critical cornerstone for realizing planned objectives and delivering quality education. Adequate funding for a school's day-to-day activities and the fulfillment of set objectives rely on sound financial operations. This necessitates a paradigmatic shift by the School Governing Body (SGB) and principals to carefully manage school resources and exercise greater control over school expenditures. A unique set of skills and expert knowledge to understand and execute key fiscal processes and information is a major factor governing successful financial planning and management systems. However, there are a number of other factors that impact the efficient and economic management of school finances. A qualitative research approach, exemplified by in-depth interviews with purposefully selected school principals, created the platform to grasp the dynamics of Section 21 schools fiscal operations and to explore the factors that impact on financial planning and management. The findings revealed that the standards of financial management training offered to principals and School Governing Bodies by the Department of Education is poor and that many governing body members lack specialist knowledge and skills necessary for effective financial management. Results also indicated that poor school fees collections and inadequate state funding to quintile four and five schools is a critical element affecting the running of the school and its execution of key educational activities.

KEYWORDS

financial management, financial planning, school-based management, school funding, school fees.

JEL CODES

A29, I20, I21, I22, I24, I28.

INTRODUCTION

Since 1994, the significant political change and government democratisation in South Africa has been inaugurated by public education system reform dynamism. Such education reform is essentially characterised by international trends towards school-based management (Cheng, Ko & Lee, 2016; Sihono & Yusof, 2012; Hansraj, 2007). Following many countries worldwide, school-based management introduces a paradigm shift towards a more decentralised portal invoking key elements of participatory management and devolves key responsibilities and decision-making autonomy, including increased accountability for financial governance functions to schools (Theodorou & Pashiardis, 2016:73; Rangongo, 2011:13). This, according to Naidoo (2005:18), effectively places self-managed schools at the forefront to become progressively more responsible for managing quality education and for the planning and management of school finances.

A school, given its capacity to manage itself efficiently, qualifies for additional powers, under Section 21 of South African Schools Act (SASA) No. 84 of 1996 (RSA, 1996b), to expand the scope of control over matters of school governance. The school governing body (SGB) and principals are mandated, by virtue of the self-management and financial responsibilities assigned in Section 21 of the SASA, to take control of and manage school financial resources efficiently (Bisschoff & Mestry, 2009:12; Hansraj, 2007:20).

The principal must further ensure the efficient, economical and transparent use of school funds through proper prioritization, planning and budgetary provisions and must maintain accuracy of financial records so as to prevent irregular and wasteful expenditure of financial resources (KZN DoE, 2014:31-32). Greater decision-making and financial management powers thus, demand a bouquet of expertise, knowledge and skills to effectively satisfy the mandated responsibilities bequest to self-managed schools (Mestry, 2016:2).

The devolutionary financial management functions and powers of responsibilities to principals and SGBs of Section 21 schools are however, not without liabilities (DeBruin, 2014:7; Uwizeyimana & Moabelo, 2013:119; Makrwede, 2012:15 and Ntseto, 2009:38). Current research into school financial management in South Africa and in developing countries reveals that many schools encounter numerous challenges in fulfilling their financial planning and management obligations (Manamela, 2014; Mestry, 2013; Mokoena, 2013; Rangongo, Mohlakwana & Beckmann, 2016; Munge, Kimani & Ngugi, 2016 and Xaba, 2011). Skills deficit, lack of financial expertise and policies coupled with poor financial management training are some of the factors that have dire implications for effective management of school finances.

REVIEW OF LITERATURE

LEGISLATIVE AND POLICY FRAMEWORKS

It is necessary for sound fiscal decision-making to take place responsibly and within the realm of relevant policy frameworks so as to achieve value for money and meet strategic outcomes in respect to rendering high quality education (KZN DoE, 2014:9). Efficient administration of school funds thus requires a level of professional financial management as legislated by the government (Maronga, Weda & Kengere, 2013:97). To guide and strengthen the effective use of limited public resources, a series of legislative policies were developed to enforce and promote effective systems for South African public school financial management operations.

Prescribed financial regulations contained in the Public Finance Management Act 1, 1999 (PFMA), South African Schools Act, 84 of 1996 (SASA) and National Norms and Standards for School Funding (NNSSF) policy, 1998 as amended, inform school financial management so that financial practices bear the mark of efficiency,

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consistency and accountability. Section 21 schools are required to operate within the regulated parameters of these prescribed policies to create a compliant and prudent school financial environment (Bisschoff & Mestry, 2009:40).

While schools do not pursue profits, the funding of schools is made possible by public revenue from National Treasury. Therefore, any financial planning and management tasks undertaken by a school must satisfy the provisions stipulated in the PFMA (Ndou, 2012:34). Based on the Act, the Department of Education (DoE) acting as the executive authority, assumes responsibility for fiscal policy formulation and stipulation of outcomes (KZN DoE, 2014:26). The school principal, serving as the "financial controller", oversees implementation of the policy by prescribing to basic financial management procedures that will deliver the desired outcomes outlined in the departmental budget (KZN DoE, 2014:28).

In line with Section 49 of the PFMA both the principal (accounting officer/financial controller for the DoE) and SGB (oversight and assurance authority) must abide by the Act. The aim of the PFMA is to ensure, that schools achieve their objectives in accordance with planned budgets and avoid deficit balances in such budgets (Rangongo, 2011:41). To ensure school finances and assets are safeguarded and managed legitimately, elements of financial management emphasized by Sections 38, 39, 40, 42, 43, 50 (a-b) and 51 of the Act must be adhered to (RSA, 1999). Principals and SGBs are further obliged to keep detailed records of financial transactions and financial statements for each financial year and to comply with audit commitments as legislated by Section 55 (RSA, 1999).

The decentralisation of control to foster active school-based management is strengthened by the promulgation of the South African Schools Act (SASA) No. 84 of 1996 (RSA, 1996b), (Anderson & Lumby, 2005:4). The SASA regulates acceptable practices and standards to direct the organisation, governance and funding of all public schools (Serfontein, 2010:94). The Act not only explicates the duties of the SGB but also underpins the responsibilities for sound management of public school revenue (Mestry, 2013:165).

Section 20 of the SASA stipulates the compulsory functions of all public schools. Such functions include the financial responsibilities as outlined in Chapter Four of the Act. Schools have a duty to endorse a school constitution, institute a school fund, maintain a school bank account (current cheque account), administer school fees, draw-up an annual budget, prepare financial statements and records of funds received and spent, fund raise to supplement resources, control school property and appoint an auditor (Mokoena, 2013:5). In terms of the department's funding allocation, schools abiding by Section 20 (referred to as Non-Section 21 schools) receive a paper budget from the PED (Provincial Treasury, 2010:58). Non-section 21 schools do not manage their own financial status and have to procure goods and services through departmental requisitions (Boateng, 2014:2).

Schools that request Section 21 functions in accordance with the SASA are mandated to comply positively with a management checklist as prescribed by legislation (Government Gazette No. 29179, 2006:37). The checklist examines school's constitutionality of the SGB and finance committee, administrative record keeping, capabilities for budgetary planning and accounting for public funds and capacity for sound fiscal decision-making (Bisschoff & Mestry, 2009:28). If the Department recognizes the managerial capacity of the school's stakeholders to take charge of the financial operations of the school, the school is granted Section 21 status and receives transfer of state funding directly into the school fund bank account to manage recurrent expenditure (Provincial Treasury, 2010:57).

Section 21 schools must bear additional financial management functions such as procuring textbooks, educational resources and equipment; paying for essential services such as water; funding repairs and upgrading the school's infrastructure; hiring and compensating additional support staff and raising additional income (Ndou, 2012:33). Similar autonomous school financial management functions are implemented in a number of countries including the USA, Australia, European Union and England (Theodorou & Pashiardis, 2016:75). While Section 21 schools are required to exercise greater control over funds, they enjoy the advantages of negotiating best prices and securing timeous delivery with efficient suppliers (Mestry, 2016:2; Mestry & Ndhlovu, 2014:8). Schools further benefit from a "roll over" of the budget, allowing them to save and utilize the unused portion of the state's allocation in the next financial year as the money is already in the school's bank account (Berry, 2012:24).

The SGB, by virtue of Section 30 of the SASA, is mandated to establish a finance committee to assist with financial matters. The finance committee facilitates proper management and control of school funds according to the prescribed processes outlined in the SASA (Sections 36; 37; 38; 42; 43; 44).

Section 34 (1) of the SASA is forthright in redressing past resource disparities in public school education by directing the provincial legislature to gear public revenue to fund schools on a just basis (KZN DoE, 2014:11). The declaration of the National Norms and Standards for School Funding (NNSSF) policy (RSA, 1998) as amended is the key operational mechanism for channeling state funds to public schools (Ndhlovu, 2012:60). Rakabe (2015:113) states that the NNSSF largely underpins PEDs funding policy frameworks to progressively minimise the resource gap between rich and marginalized schools. A resource-targeting table is utilized nationally to guide funding decisions so that the most needy and poorest schools receive a greater revenue contribution towards their recurrent costs (Provincial Treasury, 2010:53).

Following the SASA (Section 35 (1)) and the NNSSF legislation (Pars. 100 to 107), schools are separated into one of five national wealth quintile categories. The quintiles are based on poverty scores derived from a formula used to weight schools according to their rurality, infrastructure deficit, socio-economic conditions of the households in surrounding community, unemployment rate in community and levels of literacy (education) of community (Van Dyk & White, 2019:1; Department of Basic Education, 2017:12; Bodalina, 2012:34). The funds distributed to a school on a rand per learner basis are thus determined by the school's quintile ranking on the resource-targeting list (Provincial Treasury, 2010:54).

FINANCIAL MANAGEMENT IN SECTION 21 SCHOOLS

School financial management encompasses the acquisition, prioritization and management of funds and resources together with budget preparation, cash flow analysis, expenditure control and the safeguarding of assets (Heystek, 2013:67).

Effective financial planning requires an ability to articulate the objectives and goals of the school in fiscal terms. This is achieved by estimating the school's income from various sources; evaluating patterns of expenditure; identifying and prioritizing projects and expenditure items; anticipating the future costs of operations and controlling and tracking revenue and expenditure so as to use limited resources in the most efficient manner (KZN DoE, 2014:34). An integral component of financial planning is the drafting of a budget which is seen as a key instrument by which educational activities and resources are quantified and aligned to reveal financial crystallization of the school's intended plan of action to realise set goals (Naidoo, 2010:32). Du Plessis (2013:81) maintains that the budget supports the school development plan and links plans to resources and serves as a mechanism for organising the resources. Thus, the budget provides the foundation on which financial decisions in the school are based and revenue is monitored and evaluated to ensure financial sustainability (Kruger, 2008:239; KZN DoE, 2014:57). Section 21 schools must include the PED allocation as part of their income and are instructed to spend the subsidy amount as stipulated on textbooks, stationery, equipment, administration and maintenance. The budget must be monitored and controlled through periodic reviews to reveal areas where there are variances. Monthly and quarterly budget and variance reports are regulated requirements (KZN DoE, 2014:55-58).

FACTORS IMPACTING ON FINANCIAL PLANNING AND MANAGEMENT

Literature review has indicated the following as some factors that impact on financial planning and management in Section 21 schools.

I) GOVERNMENT LEGISLATION

Schools that prescribe to the ethical and responsible management of public revenue apply sound financial planning and management principles in accordance with legislated norms and standards. Yet, several SGBs struggle with interpretation and application of provincial policies, lack knowledge of DoE fiscal prescripts and disregard and fail to enforce legislation in their daily management of school funds (Rangongo et al., 2016:6; Uwizeyimana & Moabelo, 2013:119; Xaba, 2011:208).

II) SCHOOL FINANCE POLICY

The SGB must be able to understand and interpret financial legislation so that it can draft and update its own financial policies in accordance with the relevant national policies and regulations (Heystek, 2013:71). However, in communities where SGBs are only marginally literate, developing and implementing a finance policy is a struggle (Diamond, 2015:22; Xaba, 2011:206). Research by Rangongo et al. (2016:5) also mentions the lack of availability and violation of the school finance policy as a factor leading to financial mismanagement.

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III) FUNCTIONALITY OF FINANCE COMMITTEE

A competent finance committee equipped with knowledge of the legislation governing school financial matters as well as accounting expertise to monitor and control school funds can make pertinent decisions in the best interests of the school. According to the KZN DoE many finance committees are ineffective because they do not know how to operate (KZN DoE, 2002b: 65). Uwizeyimana and Moabelo, (2013:119) found that finance committees do not spend the state allocation as recommended and fail to adhere to legislated procurement practices thereby providing opportunities for the misuse of public funds.

IV) NORMS AND STANDARDS FUNDING

Ndhlovu (2012:63) and Mestry (2013:175) opine that the criteria for awarding quintile rankings to schools is often not applied in a fair, sensitive or consistent manner resulting in schools that are located close to each other or having similar infrastructure being ranked differently. Department of Basic Education (2017:13) and Van Rooyen (2013:37) similarly finds that equity mechanisms to redistribute funds according to the national resource targeting table becomes problematic when schools in towns and suburbs receive insufficient allocations, yet learners commute to those schools from rural areas. Learners are disadvantaged because the quintile ranking and funding formula considers the location of the school and not genuine learner demographics (Van Dyk & White, 2019:4). Inadequate state funding at such schools adversely affects financial management in respect of recurrent cost allocations for learner and teacher support material, utility and maintenance costs and inevitably impacts on effective teaching and learning (Jansen, 2015). Boateng (2014:4), Mestry (2013:175), Bodalina (2012:35) and Thwala (2010:67) also report that PEDs do not always pay Norms and Standards allocations timeously. This hampers budgetary preparations and timely procurement of resources.

V) SOCIO-ECONOMIC FACTOR

South Africa spends 6% of total GDP on education but weakness in the South African economy impacts adequate funding from PEDs and parents are forced to make a larger financial contribution to schools (Rakabe, 2015:121; Bisschoff & Mestry, 2009:41). Schools in affluent socio-economic areas can command high school fees and have the capacity and commercial networks to access more funds to upgrade school infrastructure, facilities and resources (Berry, 2012:37; Mestry, 2013:170). However, Arendse (2011:356) maintains that the payment of school fees is a barrier to most parents as they are trapped in a cycle of poverty. Given that more than twelve million children emanate from households with a per capita income of less than R350 (Mouton, Louw & Strydom, 2013:38), the economic well being of such communities no doubt challenge school financial management. Heystek (2013:66) notes that schools with a high concentration of poor learners struggle to collect fees and lack the capacity to augment state funds through fund raising. Financial planning in these schools has to include stringent budgets and control mechanisms to ensure that limited funds are maximized optimally.

VI) FINANCIAL MANAGEMENT CAPACITIES OF THE PRINCIPAL AND SGB

Griesel (2011:10) states that financial management can be one of the most challenging responsibilities since many of the principals have no or very little training or expertise in financial management. A solid working knowledge of school financial policies and procedures is thus a pre-requisite if principals are to exercise genuine, prudent management of critical fiscal resources (Mokoena, 2013:7). SGB members in different schools possess varying levels of professional, managerial and financial experience and competencies that impacts their capacity to expel school governance (Bodalina, 2012:4). SGB members with adequate financial management ability can efficiently manage financial resources as mandated in the SASA (Sections 21 and 34-44). However, research by Basson & Mestry (2019), Diamond (2015), Manamela (2014), Mestry (2013), Bagarette (2012), Ndou (2012), Xaba (2011) and Naidoo (2010) reveal that several SGBs struggle to administer sound management over school finances due to limited training, poor literacy levels and lack of financial knowledge and skills. SGB members experience difficulty interpreting financial statements and reports and this coupled with the inability to understand budgetary and procurement processes leads to invalid inputs, poorly informed choices and delayed decision-making. Parents with weak levels of literacy rely on the principal for the daily management of finances but this can create opportunities for abuse of power and lack of transparency by principals (Molokoe & Ndandani, 2014:59; Bagarette, 2012:99). Investigations by Corruption Watch reveal that school principals are "the main culprits of corruption in schools, with embezzlement of school funds the most common illegal practice," Roane (2013).

VII) BUDGET AND BUDGETARY PROVISIONS

DoE policies direct that procedures be established for monitoring the budget and developing budget variance reports (KZN DoE, 2014:35). Fulfillment of this mandate calls for accurate skills and knowledge. Expertise are also needed to ascertain curriculum requirements and compile stationery requirements as per PED budget guidelines for LTSM (DoE, KZN Circular No. 48, 2013:1). Research by Xaba and Ngubane (2010) and Rangongo et al. (2016) revealed that mismanagement of school funds and overspending stems from a lack of transparency in financial planning, poor budget monitoring functions and non-compliance with policy requirements. Diamond (2015:23) and Naidoo (2010:5) aver that scarce financial skills of SGB members hamper effective budget preparation, implementation and control.

VIII) CAPACITY FOR MONITORING AND CONTROL OF FINANCES

The SGB and principal have to ensure that policies are developed to adequately handle school monies in accordance with departmental prescripts; written proof exists of the delegated responsibilities issued to individuals handling daily financial transactions such as finance officers; sound checks and balances are in place to prevent theft of school funds; the budget is adhered to as planned and financial records are properly maintained and safely stored (Clarke, 2009:113). However, inadequate monitoring and control of fiscal resources is a leading factor of financial mismanagement in schools (Rangongo et al., 2016:6). Rangongo (2011:57) pens that allocations transferred to schools "is wide open to abuse because the skills and capacity to monitor what is going on in the school is not sufficient." Weak internal controls and a lack of supervision and monitoring mechanisms lead to cash flow problems, wasteful expenditure and premature depletion.

Heystek (2013:73) observes that in many rural schools principals are full-time teachers and have limited administrative support and time to effectively manage or monitor school finances. The principal's role has become "increasingly complex" and "challenging" due to greater accountability for maintaining standards and budgets (Botha, 2012:264; Maforah & Schulze, 2012:227). Bagarette (2012:103) and Bodalina (2012:4) reveal that financial inexperience and skill deficiencies of the SGB "overburden" the principal as accounting financial officer. These factors can impact the capacity for monitoring and control of finances and can escalate levels of mismanagement (Uwizeyimana & Moabelo, 2013:115). Eleven percent of the cases reported to Corruption Watch relate to financial impropriety and mismanagement at schools (Roane, 2013).

IX) VALUES AND ATTITUDES

The sharing of financial management responsibilities and accountabilities sometimes leads to power struggles between SGBs and principals on how funds should be utilized (Botha, 2012:263; Xaba & Ngubane, 2010:140). The role of principals and SGBs in managing school finances is complex and since their functions overlap, conflicts and dilemmas arise (Mestry, 2013:163). However, to execute the core tenets of financial school management as espoused in the SASA, it is crucial for the principal and SGB to forge a partnership based on trust, respect and co-operation (Bagarette, 2012:98). Heystek (2013:69) opines that the principal and SGB must promote a common vision for the school which is expressed in and through transparent financial planning and management processes. If the principal and members of the SGB are not committed to an effective and ethical financial culture, this will create avenues for financial mismanagement and misuse of power (Rangongo et al., 2016:3).

IMPORTANCE OF THE STUDY

The importance of this study is to uncover the current financial management systems existing in schools and to explore the factors impacting on financial planning and management in Section 21 schools in the Sayidi Circuit in Kwa-Zulu Natal. From an academic perspective, the study contributes to existing literature in school financial management and focuses new perceptions on the factors impacting on efficient financial planning and management in Section 21 schools. The factors discussed in the study and the financial management challenges highlighted will allow principals to identify core areas that need intervention for the purpose of improving their school's financial management processes. Circuit and district managers from the Department of Education will also benefit from awareness of the factors impacting on financial planning and management in Section 21 schools and this may spur appropriate financial training and development programmes for principals and SGBs.

Secondly, from a professional outlook, the research provides a valuable platform for making appropriate recommendations to improve the decentralized system of financial management by drawing attention to how Section 21 schools can avert challenges arising from certain factors impacting on financial planning and

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management. The recommendations are aimed at empowering principals and SGBs to proficiently execute their financial responsibilities and also serve to highlight the mechanisms that DoE officials can enforce to enhance sound financial management and economic welfare in Section 21 schools.

STATEMENT OF THE PROBLEM
A school's ability to provide quality education and the overarching success of its educative endeavours largely depends on sound financial planning and management. Schools with a Section 21 status are tasked with the overall management of PED funding, school fees and fund raising, administration of accounting applications and financial management processes and control over financial decisions to ensure limited funds are expended optimally on resources and services.
The administration of school finances is complex and schools globally do experience challenges in adequately managing school funds (Myende, Samuel & Pillay, 2018:1). In South Africa, media publications by Corruption Watch (2013; 2015; 2018) unearthing evidence of various levels of mismanagement and corruption related to school funds bears testimony to the negative impact some factors, such as the weak competency of SGBs for monitoring and control, have on financial management systems. The reports by Corruption Watch also highlight the complexities surrounding the accountability factor for school finances, owing to the SASA labeling of the SGB as the financial manager of the school and the accountability and decision-making directive the DoE vests with the principal. Further, the increasing demand on the principal's role function that arises from having to balance an array of professional management duties with financial responsibilities is another factor impacting on sound financial management.

AIMS OF THE STUDY
The aim of this research is to investigate the factors impacting on financial planning and management in Section 21 schools in the Sayidi Circuit in Kwa-Zulu Natal.

OBJECTIVES OF THE STUDY
To explore the impact of legislation and policy frameworks on financial planning and management processes in Section 21 schools.

RESEARCH METHODOLOGY
Research Design and Method
Given the problem for research and the nature of the data, the research methodology for the purposes of this study was qualitative in nature. Qualitative research assists in gaining a deeper perspective of human behaviour and attitudes by exploring how individuals view the world and construct meaning out of their experiences (Nieuwenhuis, 2007:50; Tsvara, 2013:139).
Data was gathered from ten (10) Section 21 school principals using structured and semi-structured interviews. The interviews consisted of closed ended questions followed by open-ended questions. The structured, closed questions, asked at the start of the interviews, permitted the netting of useful information regarding fiscal profile of schools (enrolment, budget, quintile and fee status), access to fiscal legislation and training and financial administration and processes at schools. The semi-structured, open-response questions and probes followed thereafter and provided the platform to explore school financial planning and management in greater detail and ascertain the factors impacting on the systems underpinning financial planning and management in Section 21 schools.
The predetermined questions and the presentation followed an organised procedure to ensure the same lines of inquiry were pursued with all principals and to facilitate control over the line of questioning and allow data comparability from different interviews (Creswell, 2014:191). Data was gathered from three secondary and seven primary Section 21 schools in the Sayidi Circuit in KZN. Seven principals interviewed managed Section 21 schools in urban/semi-urban areas while three principals were managing schools located in rural/semi-rural areas. The format in which both closed-ended and open-ended questions were used added a strategic structure to the presentation and flow of the interview and allowed participants to disclose more information (Berry, 2012:62).

RESULTS AND DISCUSSION
The following themes emerged from an analysis of the data.
SECTION 21 SCHOOL FINANCIAL MANAGEMENT ADMINISTRATION AND PROCESSES
All principals concurred that a Section 21 status allowed schools greater control over finances but the status also necessitated special fiscal administration and practices. Principals A – J declared that they have a finance officer, appointed as legislated, to assist with aspects of fiscal management (KZN DoE, 2014:138) and have a finance committee (SASA, Section 30) but only five schools declared establishing a procurement committee. The lack of a procurement committee could compromise efficient procurement applications within applicable prescribed legislation.
Findings revealed that as per regulations contained in the SASA (Section 42(a)) and PFMA (Sections 50-51), principals administered financial records to keep abreast of funds received and spent, assets and financial transactions. Effective book keeping and electronic accounting systems were in place for daily recording of transactions as legislated by the SASA and PFMA and as per DoE regulations monthly bank reconciliations statements were also produced. The unqualified auditor's reports were proof that finance officers and principals kept adequate accounting records and were diligent in balancing and reconciling financial records.
The findings further revealed that principals accounted to the KZN DoE (Circular No. 48 of 2013) by providing compliance certificates that proved schools spent the Norms allocation responsibly within the stipulated spending guidelines for textbooks, stationery and equipment. Principals also stated that the submission of annual financial statements and audited financial reports to the Department (SASA, Section 42) ensured the levels of accountability that ultimately safeguarded the financial well-being of the school.
Most principals viewed time constraints as a major challenge for recording transactions and checking records. Some principals stated that the use of electronic systems for accounting was a challenge as both principal and finance officer had to be sufficiently capacitated. The findings also revealed that debt collection in fee-paying schools required added administration and monitoring which principals stated was a challenging endeavor.
IMPACT OF QUINTILE RANKING AND FEE STATUS ON FINANCIAL MANAGEMENT
Findings indicated that the quintile ranking determined the financial status of the school as it informed the amount of funding received from PEDs. The majority of principals viewed the current system as a major challenge because school quintiles were based chiefly on the area the school was located and not on the economic demographics of learners attending the school.
Principals revealed that the quintile system proved erroneous because schools with vastly different resources and fee generating capacity were grouped together and received the same allocation. Some schools in the same area also did not have the same quintile ranking. The findings showed that quintile four and five schools received the least funding per learner and principals depended more on income from school fees to manage the school. The transcripts revealed that financial challenges arise when high quintile schools situated in well-off communities accommodate poor learners that cannot afford to pay fees meant to augment state funding.
CHALLENGES WITH NORMS AND STANDARDS ALLOCATION
Participants echoed similar sentiments that the Norms allocation was insufficient to run a school and that the minimal funding placed enormous constraints on the schools financial planning and financial management operations. Principals mentioned that inadequate funds led to more stringent budgets. Expenditure was prioritized on critical items such as water and repairs were directed to only the most urgent areas of the school.
From the responses it was evident that the spending directives issued by the DoE for the funding allocation were too prescriptive and did not take into account the needs and contextual factors of different schools. Principals concurred that use of the subsidy should be a left to the discretion of the school, provided the school submits financial documents to the Department.
ROLES AND RESPONSIBILITIES FOR FINANCIAL MANAGEMENT
The findings revealed that a Section 21 status considerably heightened administrative and managerial responsibilities of principals and implored greater accountability. Participants accepted their role as chief accounting officers / financial controller but expressed concerns that enormous responsibilities such as managing

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school fees, supervising compilation of the budget and financial records, monitoring expenditure and procurement procedures, asset management, financial report writing and safely storing financial documents impacted on their professional duties. Some principals also viewed their role function as that of a business manager.

SCHOOL FINANCE POLICY

The majority of school principals concurred that they shouldered much of the responsibility for the establishment of a finance policy. Principals indicated that a sound knowledge of the legislative frameworks (SASA, PFMA, NNSSF) and PED financial prescripts was essential as these served as the key mechanisms to entrench compliance to applicable regulations by providing the foundation for the school finance policy to establish rules for administration of school funds and guidelines for fiscal management practices. Principals iterated that literacy levels and skills of SGB members impacted the scope and implementation of pertinent policy information that informed fiscal processes and implementation.

Since a finance policy establishes regulations for financial practices; the internal accounting policy; systems of delegation and control procedures, the absence of a policy means that the school has no clear rules governing the execution of school financial management tasks. Research by Rangongo et al. (2016) found that the unavailability of a school finance policy is one of the causes of financial mismanagement in public schools.

LIMITED CAPACITY OF SGB FOR FINANCIAL MANAGEMENT

From the findings it was evident that SGBs were limited in their knowledge, skills and experience of financial management. Factors, stemming from the findings that challenge the SGB in executing financial management are that SGB members are often full time employees and do not have time to spend at school to oversee financial operations so financial management is entrusted to the principal. Many members are also elected onto the SGB for the first time and lack knowledge and experience of school financial management and this impacts effective contribution especially on issues of procurement, budgeting and policy formulation. Low levels of literacy and lack of financial expertise further mean that members struggle to understand policies and basic financial tasks legislated to Section 21 schools. SGBs receive inadequate training from the DoE and are not empowered to manage school finances thus their contribution to efficient fiscal processes such as monitoring and reporting is often minimal. Principals opined that the oversight function was transferred to them.

POOR EXPERTISE OF FINANCE COMMITTEE

While principals did indicate involvement of the finance committee in various financial functions, an interpretation of the views articulated by most participants, clearly indicated that principals, finance officers and SMT chiefly execute the fiscal duties of the committee. The findings denote that finance committee members with the exception of the educator representative, principal and finance officer, lack proper financial management expertise and know-how, which hampers their contribution to school fiscal operations.

INADEQUATE FINANCIAL MANAGEMENT TRAINING

The findings emphasize that principals were largely dissatisfied with the financial training offered by the DoE in the Sayidi Circuit. Principals opined that the duration of training was insufficient to cover pertinent aspects of school finances, facilitators were not capacitated and the fiscal content was devoid of detail. The DoE is required to train SGBs with the expertise to fulfill financial tasks (SASA, Section 19) but the findings showed that principals shouldered this responsibility because training by the DoE was minimal and ineffective. Some principals claimed that the training failed to meet the needs criteria of knowledgeable and skilled principals and SGBs. Principals stated that they favoured attending financial courses offered by NGOs and relied on their financial management experience.

EFFECTIVE FINANCIAL PLANNING

The findings showed that drawing up the budget in schools sampled was a consultative process and input from staff was deemed necessary when curriculum needs and expenses are prioritized so that limited funds are used optimally. Principals agreed that stakeholders must know the strategic goals and the school improvement plan when drawing up the budget. Specific goals such as upgrading facilities must be identified in advance, prioritized and budgeted for the following year. Income from fundraising must be reflected in the budget. Other factors impacting the budgeting process include that budgets are not always expense driven but may be based on the socio-economic conditions of parents and their ability to pay school fees. The non-payment of fees and exemptions policy is a factor that impacts the budget. The norms and standards amount received from the PED must be reflected in the budget. Possible late transfer of the subsidy must be considered so that cash flow is not compromised and funds are available to make purchases. The enrolment for the following year has to be taken into account as this impacts the school's income and planned objectives. Cognisance must be given to recurrent utility bills and salaries for additional teachers, cleaners and security. Increases in electricity and water accounts must be catered for. Limit for variances must be identified in advance. Working adjustments and formal adjustments for variances must be evaluated quarterly.

Principals accentuated that they assumed responsibility for controlling and monitoring the budget by ensuring that the school's current expenditure was in line with projected amounts. The budget was reviewed on a monthly basis and principals worked closely with the finance officer to monitor income so that they were aware of funds available and made informed decisions. Most principals used a budget-monitoring tool and made notes and constant comparisons for each item budgeted to facilitate appropriate adjustments for the following year. Principals stated that a budget report was presented to the SGB at meetings. A few principals expressed challenges in mindfully managing budgetary processes and estimating projections.

INTERNAL CONTROL OF SCHOOL FINANCES

An analysis of the data collected revealed that financial knowledge and appropriate training in internal control procedures is a factor facilitating efficient financial risk management operations. Time constraints was another factor that largely impacted internal control activities. Enormous demands emanating from profes-sional management duties and financial management tasks were also found to impact regular control procedures. Participants also pointed out that internal control was easily facilitated when stakeholders understood the core goals of the schools and directed financial management practices to those outcomes.

CONCLUSIONS AND RECOMMENDATIONS

A solid understanding of school financial policies and directives and expert training in aspects of budgeting, reconciling fiscal records, financial reporting and monitoring and control emerged as the main contributing factors enabling proficient financial management.

It is recommended that the DoE must provide Section 21 schools with a resource pack containing all relevant primary Acts, policies and manuals so that principals and SGBs have access to pertinent information governing sound fiscal practices and procedures. It is further incumbent on the PED to develop and provide Section 21 schools with updated manuals if financial resources are to be managed efficiently in accordance with new regulations and accounting practices.

SUGGESTIONS

The following suggestions are aimed at improving the standard of financial management training:

- Frequency of training sessions must increase. Training should not only be provided when new governing bodies are elected but follow up sessions are also crucial.
- Aspects of financial planning and management must be explained in detail utilizing theory and practical examples. The use of languages other than English should be considered in training workshops to facilitate easy comprehension of training material and financial concepts so that governing body members become conversant in all school financial management endeavours.
- More time should be devoted to training, a few hours on one day is drastically insufficient to grasp pertinent aspects such as budget management, recording transactions and bank and cash books reconciliation. Training especially for SGBs should occur on weekends to obviate work commitments of parents.
- Facilitators must be experts, with qualifications in accounting and financial management. External service providers can also be solicited to issue a higher level of specialized training.

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LIMITATIONS

- The researcher confined the study to a purposeful and convenient selection of Section 21, quintile three, four and five schools in KZN. The study encompassed research in three secondary and seven primary schools in the Sayidi Circuit and was limited to interviewing school principals. School principals were envisioned to be knowledgeable informants and the schools chosen were viewed to be accessible, information-rich sites with similar financial management responsibilities.
- Findings of the study were limited to the research conducted in the ten selected Section 21 schools in the Sayidi Circuit in KZN. The researcher wanted the research to reflect the financial management practices of an equitable number of secondary and primary rural/semi-rural and urban/semi-urban schools.
- The small sample size limited the results of the study and generalizations to other Section 21 schools in different Circuits could not be made. However, the researcher took utmost care to optimize the validity and reliability of findings and the limitations in no way to negate the outcomes emerging from this study.

SCOPE FOR FURTHER RESEARCH

The empirical study was directed at investigating the factors impacting on financial planning and management in Section 21 schools, primarily with a high quintile ranking and a fee-paying status. Future research can include investigating factors impacting on financial management in Section 21 schools within the poorest quintiles with non-fee paying statuses. Studies could also extend investigations in other Circuits and include research with SGBs, finance committee members, SMT and Circuit officials so as to enhance the scope of information assimilated about the factors impacting on school financial planning and management. The majority of participants interviewed expressed dissatisfaction with the quintile system and funding model used by the PED. It will be interesting to investigate the effectiveness of the current quintile system in ensuring equity and delivery of quality education in Section 21 schools. An examination of the transcripts revealed that principals assume ultimate responsibility and management for school financial resources because SGBs often lack critical skills and essential knowledge necessary to supervise fiscal practices. It will be valuable for future research to evaluate the validity of the control and authority functions directed at SGBs and to further explore inefficiencies and gaps in the SASA regarding the nature of the fiscal responsibilities issued to SGBs and how these gaps can be addressed.

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