

Causes of financial mismanagement in South African public schools: The views of role players

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This paper investigates the underlying causes of financial mismanagement in public schools and focuses on the perceptions of various role players in the Limpopo Province of South Africa. The various Departments of Basic Education in South Africa allocate funds to schools each year, and expect school principals and school governing bodies to manage it appropriately. The problem is that in some schools, the principals, teachers and school governing body members are perpetrators of various financial mismanagement activities related to financial mismanagement. This article reports on qualitative research used to arrive at an in-depth understanding of why financial mismanagement occurs in certain schools. For this purpose, data was collected through semi-structured interviews with principals, finance officers and departmental officials and analysed thematically. The findings revealed a lack of knowledge of legislation and skills, poor monitoring and control of funds, unavailability of financial policies in schools, omission to act against culprits, and lack of honesty, openness and trustworthiness. The article proposes remedies that might bring financial management in public schools in line with the principles of good governance.

Keywords: Accountability; Corruption; Financial maladministration; Financial mismanagement; Misappropriation; Principals; Public schools; School governing bodies

Introduction

According to the Department for Education (United Kingdom) (2015), the Department for Education and Skills (DES) (United Kingdom) (2004, 2005), the Department of Education (DoE) (South Africa) (2004), section 37 of the South African Schools Act 84 of 1996 (SASA) (Republic of South Africa (RSA), 1996) and the State Government Victoria, Department of Education and Early Childhood Development (2011) the overall responsibility for controlling school money and property lies with governing bodies that are fully accountable for the allocation of funds to reflect school priorities, control of school expenditure, and preparation and auditing of annual reports. This principal usually assists the school governing body (SGB) in ensuring sound financial control. This responsibility for the efficient financial control of the school, internally or externally is usually delegated to the principal who is accountable to the school governing body, as well as the Head of Department (Clarke, 2012 and section 16A (2) (i, k) of SASA).

Countries worldwide, including South Africa, are struggling with serious challenges of financial management at school level. Heystek (2006, cited in Van Rooyen, 2012) states that financial management in schools is influenced by the broader local community and beyond. In a globalised world, it is not possible for a country that wishes to be internationally competitive to function without confronting the positive and the negative influences of global trends (Van Rooyen, 2012). In many emerging market economies such as South Africa, financial mismanagement in schools is regarded as a major obstacle in the process of economic growth and development (Ahmed & Ahmed, 2012; Van Niekerk, 2012).

Joubert and Van Rooyen (2008) state that many schools in South Africa are faced with significant problems of mismanagement, managerial incompetence, lack of leadership, and limited capacity. This is echoed by the reports from the anti-corruption agencies such as Corruption Watch (2012, 2015), Public Service Commission, Republic of South Africa (2011) and Talane and Pillay (2013), which state that, despite the concerted efforts made by civil society to combat corruption, it remains rife in South Africa. Limpopo is one of the provinces with the highest number of reports of corruption involving schools. The aforementioned reports further state that in Limpopo, principals are the number one offenders when it comes to financial mismanagement, which involves, amongst other things, misappropriation of funds, lack of financial accountability, disregard for due process and a lack of financial reporting to both parents and SGBs.

Corruption causes deep-rooted misery for poor and deprived communities, by imposing an extra burden on the users of public services, reducing government revenue, and reducing the quality and value of education (Ahmed & Ahmed, 2012; Gupta, Davoodi & Tiongson, 2000; Kaufmann, Montoriol-Garriga & Recanatini, 2008; Van Niekerk, 2012).

According to Døssing, Mokeki and Weideman (2011) and the United Nations Educational, Scientific and Cultural Organization (UNESCO, 2000), there has been an international agreement reached on key goals aimed at meeting the learning needs of all children, youth and adults by 2015. A non-negotiable principle is that education is a fundamental human right and a key to sustainable development, and thus an indispensable means for effective participation in global economies. To achieve this goal, there is a need for accountable systems of educational governance, and effective use of existing financial resources. However, all these efforts are hampered by a global tendency of financial mismanagement, which is said to be rife in most of the developing

countries, and that has an impact on school finances (Transparency International, 2013). A study of the perceptions of the various role players in the school system, of the causes of financial mismanagement, was therefore deemed important.

Financial Mismanagement

The literature defines financial mismanagement as poor management of finances in schools, maladministration as corrupt behaviour, corruption as wrongdoing on the part of an authority, and misappropriation as dishonest use of funds for one's own use (Rangongo, 2016). These terms are used interchangeably. In the school context, maladministration is viewed as corrupt behaviour that has become a global trend, and results in non-compliance with administrative regulations and requirements (Western Cape Education Department (WCED), 2009). It is a legal term that refers to a failure by principals or any other relevant functionaries to carry out their financial responsibilities properly and fully. It may be unintentional, meaning that it may stem from mistakes, incompetence, negligence or carelessness (i.e. financial misconduct in handling or reporting usage of money given). It may be intentional (such as in the case of bribes, illegal activities and misappropriation of public resources for personal use or gain) (Ochse, 2004; Svensson, 2005; WCED, 2009).

Maladministration can be understood as connected to mismanagement, incompetence, inefficiency, malpractice and dishonesty (Collins Thesaurus, 2002). This is reiterated by Talane and Pillay (2013) when they state that financial mismanagement involves a host of activities, including misappropriation of funds, disregard processes, and a lack of financial reporting to parents as well as other members of the SGB.

Theoretical Framework

As this article analyses the causes of financial mismanagement in South African public schools, I adopted the theory of accountability advanced by Carrington, DeBuse and Lee (2008). This theory describes accountability as a means to ensure that internal policies and procedures are lawful and reflect the best interests of its stakeholders, where organisations act in accordance with their particular governance arrangements. Døssing et al. (2011) view accountability as a means of holding individuals and organisations responsible for executing their powers properly, and for paying particular attention to responsibility, participation and sanctioning of people for their corrupt acts. Accountability requires compliance with laws and regulations, record keeping, reporting, auditing and oversight as essential ingredients (Dubnick & Justice, 2004). Kruger (2000) states that accountability in a financial context means that if

money is allocated it should be accounted for. When people or institutions handle funds that do not belong to them, they are accountable for that money to the body that made the funds available to them (in this article the State).

The legal and policy framework in South Africa

In South Africa, by 2015, government had managed to put in place a range of key policies and normative frameworks necessary to promote and support a high standard of professional ethics in public schools. These legislative frameworks depict the role that governing body members and principals play in the management and administration of schools' finances. In assessing the goal of achieving a high standard of professional ethics regarding the financial management in schools, pertinent pieces of legislation dealing with the legal responsibilities of governing body members and public school principals to guard against and report financial misconduct with regard to financial management, were analysed.

Section 16A (2) (i; k) of the South African Schools Act 84 of 1996 (hereafter SASA) (RSA, 1996) places an obligation on public school principals to become good custodians of school funds and fulfil the following obligations: to take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school (S16A (2) (i)), and to report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department (S16A (2) (k)). Section 37 of SASA puts an obligation on public school governing bodies to manage and administer school funds in an effective and efficient manner.

Section 38 (1) of the Public Finance Management Act 1 of 1999 (PFMA) (RSA, 1999) links indirectly to the principal by stating that the accounting officer of a state organ (who is, in the case of a public school, **not** the principal as is clear from *Schoonbee and Others vs. MEC for Education, Mpumalanga and Another* (2002) (4) SA 877 (t), is responsible for preventing unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct. Such an officer is also responsible for the management, including the safeguarding and the maintenance of the assets of the institution, and on discovery of any unauthorised, irregular, fruitless or wasteful expenditure, is required to immediately report such activity in writing to the HOD.

In terms of section 34 (1) of the Prevention and Combating of Corruption Activities Act 12 of 2004 (PCCA) (RSA, 2004), any person who holds a position of authority and who knows or who ought reasonably to have known or suspected that any person has committed an offence of theft, fraud, extortion, and forgery, must report such

knowledge of suspicion or cause such knowledge or suspicion to be reported to any police official. Failure to report such knowledge or suspicion will render the person guilty of an offence in terms of section 34 (2) of the PCCA.

In terms of Sections 11 and 18 of the Employment of Educators Act 76 of 1998 (EEA) (RSA, 1998), it is the school principal's legal duty and responsibility as the school manager and leader, to ensure that her/his subordinates have knowledge of various financial misconduct provisions, as well as the relevant consequences or punishment if such misconduct is committed.

National literature review

A literature review has indicated that some public schools have weaknesses that could lead to financial mismanagement. The Limpopo Department of Education Institutional Governance Forensic Audit investigations, conducted in 2010 in 31 sampled schools of the Capricorn District, found the following serious incidents of mismanagement of funds and flouting of the legislative framework by SGBs at public schools:

- Finance committees not having been established.
- Minutes, including financial decisions taken, not certified by the chairperson or secretary as true records.
- Non-compliance with the provisions regarding the preparation of monthly financial and performance reports as required by Provincial Financial Management Prescripts 2009/2011 and submission of incomplete financial statements.
- Non-approval of budgets by parents.
- Inadequate maintenance of financial records.
- Poor cash management and recording, expenditure incurred not approved or unsubstantiated, inadequate procurement practices.
- Failure of some schools to submit their financial books for auditing as required (Limpopo Department of Education, 2010).

The Department of Education, Gauteng Provincial Government (2004) also listed some of the weaknesses that have been identified at public schools in terms of financial processes as a result of lack of transparency and accountability for expenditure concerning the use of state funds in section 21 schools, which are also regarded as relevant to this study (Circular 34). These include the following:

- The lack of control over cash receipts, receipt issuing and the banking of cash.
- Lack of control over authorisation of payments and wrong requisitions.
- Poor document control, inadequate filing systems, and safe keeping of documents.
- Budgets and financial statements that do not comply with policy requirements.
- Inadequate monitoring of actual expenditure against budgeted expenditure.

The Public Service Commission, Republic of South Africa (2011) found a number of cases involving

mismanagement of funds at public school level by public officials, including the principal and teachers. These irregular activities include:

- Lack of internal audit processes.
- Disciplinary hearings for financial mismanagement cases are not promptly held when necessary.
- Lack of openness and transparency in procedures and decision-making.
- Unaudited financial statements.
- Receipts not issued for school fees received.
- Lack of proper bookkeeping.

A study by Døssing et al. (2011) revealed that South Africa's primary education sector has the following weaknesses that contribute to the financial mismanagement at the school level:

- There is a lack of knowledge of rules and regulations governing some key transactions at the school level.
- Within schools the main risks of corruption identified by the schools governing bodies are related to the misuse of school funds.
- There is a lack of capacity at schools, particularly at the level of the school governing body.
- There is a lack of accountability and possible participation problems in the relationship between the school and its governing body.
- School principals and governing body chairpersons sometimes take decisions regarding school finances outside meetings held required to take such decisions.
- Mechanisms to address lack of knowledge and compliance sometimes take time to implement. Furthermore, the authority to deal with defiance that rests with the provincial education departments, is not effective.
- Given the provisions of SASA, it is important that schools have well-developed financial management policies and controls to ensure the sound management of finances. A very small number of principals are reported to have a finance and procurement policy in place.

These research findings are supported in the findings of Mestry (2004, 2006), who has indicated that there are many principals and SGB members who lack the necessary financial knowledge, skills and expertise, and who are placed under tremendous pressure to manage the school's finances, because they are unable to work out practical solutions to practical financial problems. In many instances, it has been reported that principals and school governing bodies have been subjected to forensic audits by the provincial Department of Basic Education in question, due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of financial records.

International literature review

Globally, corruption at school level is a major concern (Transparency International, 2013). According to Okon, Akpan and Ukpong's (2011) study in Nigeria, financial mismanagement is persistent in secondary schools as a result of

improper use of financial control measures by principals, while Ochse (2004), in her study on Germany, outlines that some of the issues that result in corruption in the public schools education sector are as follows:

- An inadequate legal basis to prevent and fight corruption.
- Inadequately enforced existing legal provisions.
- Lack of internal and external monitoring and control mechanisms.
- Inadequate documentation, reporting and accountability requirements.
- Inadequate expertise and human resource capacities.
- Auditing can easily be manipulated to hide illegal practices of corruption.

Hallak and Poisson (2007) indicate that in France, there are factors conducive to the development of financial malpractice at school level, amongst other things:

- The absence of clear norms and regulations, in particular finance.
- Lack of transparency at each level of the administration ladder generates opportunity for financial malpractices, for example, the lack of supervision and disciplinary matters allow for the expansion of phenomena.
- Lack of professional norms.

Research Problem

The above findings indicate that improper financial management at school level is a serious concern. Principals or head teachers, school governing boards or bodies and administrative officials are engaged in various corrupt activities due to factors such as incompetence or omission of duties, disregard of prescripts and non-compliance, and poor internal controls.

Research Question and Purpose

The findings from these reports and literature review led to the formulation of the following research question: *what are the possible causes of financial mismanagement in South African public schools, with specific reference to the Limpopo Province?* Therefore the purpose of this study was to uncover the causes of financial mismanagement of school funds. To achieve this aim we examined the perceptions and experiences of principals, finance officers and departmental officials of why schools experience the challenges of financial mismanagement.

Methodology

Research Design and Method

The study used a qualitative research methodology in order to arrive at an in-depth understanding of what causes financial mismanagement from the participants' perspectives. The aim of using qualitative research methods was used to gain insight into and elicit the perceptions of principals, finance officers and departmental officials. The use of a qualitative research approach for such a purpose is

supported by Bryman (2012), Hennink, Hunter and Bailey (2011) and McMillan (2012). VanderStoep and Johnston (2009) state that a qualitative research approach is aimed at providing a better, richer, and more in-depth understanding and narrative description of the phenomenon as it occurs in a natural setting.

Data Collection

In-depth, semi-structured interviews were conducted to solicit data on principals, finance officers and departmental officials' perceptions and experiences of the possible causes of financial mismanagement in public schools. Principals and school finance officers are key persons in the management and utilisation of school funds. Departmental officials are key in the monitoring of the use of school funds.

Silverman (2011) states that qualitative interviewing is particularly useful as a research method for accessing individuals' attitudes and values, things that cannot necessarily be observed or accommodated in a formal questionnaire. Interview questions therefore provide better access to interviewees' views, interpretation of events, understandings, experiences and opinions of the causes of financial mismanagement in the public schools.

Sampling

Purposive sampling was regarded as appropriate as qualitative research relies heavily on individuals' rich information, participants who are able to provide accounts of their experiences and crucial information and it usually works best with a small number of individuals. The individuals are regarded as "knowledgeable people", i.e. people who have in-depth knowledge, expertise and experience (Babbie, 2013; Bryman, 2012; Cohen, Manion & Morrison, 2011; Liamputtong, 2013).

In-depth semi-structured interviews were conducted in six randomly selected primary schools, with 18 purposively selected participants in Limpopo Province, to explore their perceptions of the causes of financial mismanagement in South African public schools. The sample consisted of six principals of public primary schools, six school-based finance officers, and six departmental officials (who deal with financial matters on a daily basis) in the Limpopo Province Department of Basic Education. Participants were assured of anonymity, and that their information would be treated confidentially. They were also informed that they could withdraw from the investigation at any stage and that the ultimate aim of the investigation was to contribute to a better understanding of issues related to financial mismanagement practices and non-accountability. We started with the principal as the gatekeeper, and thereafter the finance officers.¹ In the case of the department-

al officials, the interviews were conducted at their various work stations or offices. The same questions were used with all the participants to elicit data, and to capture different points of views or understandings. Data collected during the interviews was audio-taped and transcribed verbatim for elaboration and understanding. This helped the researchers capture data that was later transcribed and analysed.

The trustworthiness and credibility of the findings were achieved through the following: (i) prolonged engagement in the field, where the aim was to present the perceptions and experiences of the participants as truthfully as possible; (ii) peer debriefing or critical review of this document to enhance the accuracy of the findings; and (iii) member-checking, in which the researcher returned to the participants to confirm the findings and thick descriptions which included presenting verbatim quotes from the participants' responses (Cohen et al., 2011; McMillan, 2012; Tracy, 2013).

Data Analysis

Thematic analysis was chosen, as it was thought to be the best method for analysing the role players' responses regarding their perceptions and experiences of the possible causes of financial mismanagement in public schools. The goal of this analytical method is to identify (categories, patterns), describe, analyse, and report themes within the data (Braun & Clarke, 2006). The following themes emerged as factors that lead to financial mismanagement in public schools: lack of knowledge of legislation, weak skills and expertise, poor monitoring and control of funds, unavailability of financial policies in schools, temptations, ignorance of the law, laxity (omission) to act against culprits, and lack of honesty, openness and trustworthiness.

Findings and Interpretation of Data

We present what the principals, finance officers and departmental officials perceive as the causes of financial mismanagement in public schools.ⁱⁱ Thereafter, as a way of understanding the perceptions, opinions and experiences of the participants with regard to the causes of financial mismanagement in public schools, an interpretation of the developing themes was derived by relating the participants' accounts to the available literature and by integrating and comparing the responses captured in the different data sets. In the paragraphs below we discuss the themes that emerged from the data analysis.

Lack of Skills, Knowledge and Expertise required in Finances

Most participants indicated in the interviews that school governing body members and principals lacked the skills, knowledge and expertise to manage school finances. This is cited as the main

cause of financial mismanagement in public schools. The following excerpts illustrate the responses that were given in this regard:

P1 states that *"the main cause of financial mismanagement is the lack of knowledge of the financial prescripts and other regulations."* FO1 indicated that factors that contribute to financial mismanagement in her school are *"limited knowledge and understanding of the legislation, finance policy and financial prescripts by the principals and the governing body members."* P3's opinion was that *"teachers, principals, school governing body members, and finance officers who have no financial and accounting skills."* P5 indicated that *"principals and school governing body members who don't have a clear understanding of financial responsibilities [to which] they are legally bound."* DO1 commented that *"there is a lack of knowledge, skills and understanding of the directives and legislation by the principals, SGBs and finance officers."*

These responses suggest that the participants ought to have been intensively and thoroughly capacitated and up-skilled through training by the Department. These findings are in line with what Bagarette (2011, 2012), Bush and Heystek (2003), Department of Basic Education, Republic of South Africa (2016), Joubert and Van Rooyen (2008), Rangongo (2011, 2016) found in their studies, namely that there are limited skills and understanding of financial management, where school principals and school governing body members battle to understand the responsibilities pertaining to the management of finances in schools; that schools do not interpret and approach budgets and audited financial statements uniformly; and that there is uncertainty in schools with regard to the interpretation of current legislation. Mestry (2006) also indicates that many principals and school governing body members are placed under tremendous pressure to manage their schools' finances because they are unable to work out practical solutions to financial problems, on account of their lack of financial knowledge, skills and expertise.

Unavailability of Financial Policies in Schools

One of the factors raised was the unavailability and violation of finance policies. P1's understanding was that *"if you don't have the finance policy and the transport tariffs, you are calling for financial mismanagement."*

DO4 also highlighted that *"principals assist the SGBs and teachers to overlook their own finance policies, violate their budgets and not to adhere to the financial prescripts for self-enrichment with state funds."* FO5 commented that *"the school finance policy and school transport tariffs are there but not followed"* and DO6 commented that *"schools have a budget, finance*

policy with uniform tariffs for the stakeholders but these measures are not followed". FO1 referred to the following: "we have a finance policy which contains the tariffs but they are not adhered to. FO3 added that "The SGB violates the finance policy with the assistance of the principal."

According to Mestry (2004) (a view supported by Clarke, 2012) the governing body of every public school must ensure that there are proper policies and procedures in place for the effective, efficient and economic management of the school's finances and the school governing body must also have systems in place to monitor and evaluate the correct implementation of the policies and procedures and to report thereon. Clarke (2012) states that one of the main purposes of the school's financial policy is to put in place a system of controls (checks and balances) to ensure that the school's finances are safeguarded and correctly managed. The purpose of a control system is to minimise opportunities for mismanagement and fraud.

Temptations

Most of the participants' perceptions indicated that temptation seems to play a most important part in financial mismanagement. The majority of the principals in the selected schools were honest enough to shoulder the blame for the financial mismanagement in their schools. These principals indicated that principals, teachers and SGB members are embezzling school monies as a result of the temptation to do so. P1 indicated that "sometimes we as the principals we claim too much for transport, unnecessary trips, as a result of temptations, and intention for personal gains." P2 commented that "principals and teachers are tempted and try their luck with dubious activities that lead them into trouble." P6 also mentioned: "temptation and poor financial management skills." These statements were echoed by DO1, who explained as follows:

"There are temptations and personal gains. Principals take financial books to their friends for auditing, where they end up influencing the outcomes of the audit. They hide financial irregularities through collusion with auditors."

DO2 added the following:

"Like I said, the cause is temptation within the SGB, and some SGB members regard schools as cash cows to satisfy their needs. Some principals regard school finances as extra pocket money. They tend to forget about morality and integrity and go for kickbacks."

(FO1) mentioned that "temptations lead to excessive transport claims and inflated prices." FO2 added that "principals are tempted to create unnecessary trips, catering and inflation of prices." DO6 echoed this sentiment, saying that "most of the principals are tempted to authorise transport

claims in cahoots with teachers. Principals just authorise payments without any verification."

It appears that the participants' perceptions are that the principals, teachers and SGB members in public schools are often tempted to engage in illegal activities related to school finances. It would appear, as indicated by the majority of the participants (DO1, P3, 4, and 6) that temptation leads to unnecessary claims for transport and catering. Misuse of money collected from learners, collusion, kickbacks, inflated prices and signing of blank cheques are the order of the day. These findings seem to corroborate the findings by Corruption Watch (2012, 2015), Døssing et al. (2011), Hallak and Poisson (2007), Mestry (2004, 2006), Mobegi, Ondigi and Simatwa (2012), Ochse (2004), the Public Service Commission, Republic of South Africa (2011), Rangongo (2016), Talane and Pillay (2013), who also indicate that rampant corruption in public schools is caused by temptations and poor financial management.

Lack of Monitoring and Control of Funds

Participants also cited lack of monitoring and control as one of the factors that lead to financial mismanagement in schools. P2 stated the following: "there is failure of the principal as the finance manager to do thorough checking and monitoring to detect any financial irregularities [due to] a lack of knowledge of the financial prescripts and other regulations, negligence and ignorance."ⁱⁱⁱ

A similar comment was made by DO1: "there is a weak enforcement of existing legislative frameworks and a lack of proper monitoring and control from the Department' side." DO6 outlined the following: "the main cause is that the school principals are taking advantage of lack of monitoring and control from the Department." P5 added: "another serious challenge is a lack of monitoring from the principals. Most of the principals are just interested in appending signatures which sometimes authorise financial irregularities in their institutions." She (FO5) further elaborated that "there is an ignorance of monitoring school financial books by the principal." FO1 indicated that "there is an inadequate control and monitoring. Principals are controlled by personal interests." DO6 also indicated that "the main cause is lack of monitoring and control from the department."

The majority of the participants (P2, FO1 and 6 and DO1 and 5) cited activities such as weak enforcement of existing legislation, virement, and non-adherence to budgets, lack of finance policies and finance committee structures and a lack of internal control measures, as the most common factors leading to a lack of monitoring and control of funds. The findings by Coleman and Anderson (2000), De Bruin (2014), Department of Basic

Education, Republic of South Africa (2014), Department of Performance Monitoring and Evaluation, Republic of South Africa (2013), Mestry (2006), Mestry and Naidoo (2009), Motsamai, Jacobs and De Wet (2011) and Yau and Cheng (2011) and the corroborate the findings that poor monitoring and weaknesses experienced with the application of legislation contribute to financial mismanagement at school level.

Ignorance of the Law

The participants also pointed out ignorance of the law as one of the factors contributing to financial mismanagement in public schools. The following excerpts demonstrate the responses that were given in this regard.

FO5 commented that *“financial mismanagement occurs as a result of ignorance of law for personal interest and self-enrichment which originate with the finance manager.”* FO6 added the following:

There is ignorance of checking and monitoring school financial books by the principal; failure to submit monthly financial returns due to the lack of some lost receipts and invoices.

FO5 commented as follows: *“the principal always undermines and overrides School Governing Bodies and insists on the signing of blank cheques and cashes cheques against the departmental regulations of prohibiting such conducts.”* DO1 commented that *“there is negligence and ignorance of the law for personal gains.”* DO3 explained the following: *“principals ignore the law, legislation and the prescripts. They do not comply with and adhere to the policies and do not follow the budget.”* DO4 lamented the fact that *“the principal misleads the school governing body in the drafting of financial policies, establishment of finance committee, election of the SGBs including teacher components from their staff, appointment of finance officers, petty-cash officers, and when drafting the budget for their own benefit.”* DO3 also indicated the following: *“the principals ignore the legislation.”* DO5 indicated that *“there is an ignorance of the law and an abuse of power by the SGBs.”*

It seems that all the participants in their responses echoed the same sentiment, namely that ignorance of the law is one of the factors contributing to the financial mismanagement in public schools.

Laxity (Omissions) and Leniency of the Principals and Departmental Officials when Dealing with Culprits of Financial Mismanagement

FO 1 indicated the *“failure to report suspected financial irregularities to the department (HOD) is some of the serious signs of leniency prevailing in our schools.”* DO2 further outlined as follows:

Laxity and leniency of the principals and departmental officials when dealing with culprits of financial mismanagement, and finance officers who

give themselves full powers to control finances, undermining the SGBs and the principals and instructing signatories to sign blank cheques without the principal’s knowledge.

DO2 added that *“the cause is lack of capacity within the SGB, and some SGB members regard schools as cash cows to satisfy their needs. Some principals regard school finances as extra pocket money. They are failing to do their work as expected of them. SGBs forget about morality and integrity and go for kickbacks.”*

The findings indicate that there are kickbacks, and lack of capacity, lack of morality and integrity, laxity and leniency of the principals and departmental officials when dealing with culprits.

Lack of Honesty, Openness and Trustworthiness

P5 commented that *“what I have realised is that appointment of principals by the HOD, school governing body members and teachers as finance officers is not based on competencies but on trust and friendship and this lead to dishonesty and heading to financial mismanagement”.* DO1 also indicated that *“trustworthiness is a problem. Some of the principals take financial books to their friends for auditing where they end up influencing the outcomes of the audit by not disclosing certain things. They hide financial irregularities through collusion with auditors.”* DO6 also indicated that *“the main cause is dishonesty. People want to enrich themselves. They want to get extra money outside what they receive.”* DO6 also echoed this sentiment saying that *“most of the principals lack honesty, trust and openness, they use the finance officers and the teacher to authorise transport claims without proper documents and the share proceeds.”*

The findings indicate that a culture of honesty, openness and trustworthy required in financial management is lacking.

Discussion and Implications

The aim of this article is to examine the reasons behind financial mismanagement in public primary schools in Limpopo Province of South Africa, as experienced by principals, finance officers and departmental officials. It appears that most of the role players’ understanding is that lack of knowledge of legislation, skills and expertise required for financial management, poor monitoring and control of funds, unavailability of financial policies in schools, temptations, ignorance of the law, laxity to act in accordance with directives and to act against culprits, and lack of honesty, openness and trustworthiness are the main causes of financial mismanagement in schools.

These findings are in line with national and international literature on the causes of financial mismanagement in educational public institutions nationally and globally. It is stated that financial mismanagement is caused by poor accountability

systems and limited transparency, dishonesty, mistrust and citizens' lack of knowledge of mechanisms to report a corrupt act; the absence of clear norms and regulations, lack of transparency, weak supervision and internal control mechanisms, inadequate enforcement mechanisms and low management capacity; the ignorance of financial management procedures and personal gains, and auditing that is easily manipulated to hide illegal practices of corruption (Gupta et al., 2012; Hallak & Poisson, 2007; Kaufmann et al., 2008; Mobegi et al., 2012; Ochse, 2004; Rangongo, 2016).

Conclusion and Recommendations

It seems there are certain distinct cracks in the management and governance structures at school level that contribute to financial mismanagement in some schools. There is no sense of morality and professional ethics and integrity when dealing with public funds.

The study suggests various ways that can be utilised to serve as guidelines to the role players in reducing the identified possible causes of financial mismanagement in South African public schools. Stakeholders must:

- regularly conduct monitoring and control of expenditure and there should be regular reporting of financial expenditure to the various stakeholders;
- report all cases of financial misconduct to the school governing body, the HOD and the Police Services;
- conduct proper financial management procedures and internal and external auditing of financial statements;
- have the Department of Basic Education monitor and control the auditing process of school financial books at the end of the year; and
- undergo intensive training on financial management and governance.

Mismanagement of funds should not be tolerated. One must be realistic and acknowledge that we will never eradicate all forms of financial mismanagement in schools, but if we expect sound financial management from the three categories of participants we need to re-visit whom we appoint in these positions. Certain criteria should be set for the professional behaviour (also moral and ethical) of these appointees. After appointment, systems should be in place to monitor, detect and investigate any form of mismanagement with concomitant punitive responses to avoid a repetition of acts of mismanagement. All the role players contributing to financial mismanagement in public schools ought not to be allowed to get away with what is blatant insubordination. These acts should be reported to the relevant bodies and never be swept under the carpet.

Notes

- i. To protect the anonymity of these selected participants, we used codes [P] for principals, [FO] for financial officers and [DO] for departmental officials in the text below.

- ii. The responses of participants were not edited, except to improve the intelligibility of the responses.
- iii. Insertion in square brackets by the authors.

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