

The Effectiveness of Financial Management Strategies in Public Primary Schools in the South Africa

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Article History: Received: 10 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 28 April 2021

Abstract

This paper reports a sequential mixed methods study on the effectiveness of financial management strategies in achieving organisational success and stability in public primary schools in Dwarsoop Circuit, Mpumalanga Province, South Africa. The study involved six schools and a sample of 78 participants, comprising 72 School Governing Body (SGB) members and six primary school managers. The study shows that the South African Schools Act, 1996 and the Public Finance Management Act, 1999, are key legislation used to govern and administer the finances of public schools in South Africa. It was ascertained that SGB members with a background in teaching, had a better understanding of the South African Schools Act, compared to SGB members who were parents without teaching experience. The research further shows that most schools in the Dwarsoop Circuit do not use strict internal controls nor is there clear and consistent segregation of duties as key aspects of financial management. It is recommended that all SGB members undergo mandatory training required to execute their duties effectively. The Department of Education in conjunction with the relevant agencies, should ensure an annual financial audit is conducted of all schools in the Dwarsoop Circuit of Mpumalanga Province.

Keywords: education; primary school; finances, school governing body

Introduction

The most important challenge that principals and School Governing Body (SGB) members face in public schools is the management of school finances, more especially, aligning the budget to the school plan is another challenge faced by public schools (Ahmed & Ahmed, 2012). Mestry (2006) asserts that financial management has opened a gap between organisational success and organisational stability for primary school governing bodies and school principals. According to Rangongo, Mohlakwana and Beckmann (2016), most principals are not necessarily appointed for their skill and knowledge, but by virtue of acting in a post or being a member of a society or a party. Hence, the failures in the management of school finances. Section 38(1) of the South African Schools Act (SASA), 84 of 1996, states that the administration of a public school must prepare a budget showing the projected income and expenditure. This Act also directs how the school administration and the school principal should administer the finances as per their designated roles and responsibilities (Veriava, 2007). More specifically, section 21 of the SASA requires the administration of a school to draw up school guidelines, which should include a financial strategy.

According to the SASA (1996), governing bodies of section 21 schools are assigned further responsibilities such as maintaining and improving the school's assets, buildings and grounds, controlling the school's extra-mural curriculum, procuring textbooks and other scholastic resources and apparatus, paying for service areas to the school, and providing adult basic education or other training classes. The main challenge is that most principals and members of school governing bodies are not competent enough to comprehend the practicalities of school financial management (Clarke, 2012).

From a review of the report of the Auditor General (2009) in respect of the DoE, it was clear that the department was on a downward trajectory with continued incidence of financial mismanagement. In both 2007-08 and 2008-09 the DoE received qualified reports, and in 2009-10, the situation had deteriorated further. Irregular expenditure, fruitless and wasteful expenditure, and lack of appropriate evidence to support payments were among other issues highlighted by the Auditor General as a basis for qualified reports.

It is against the above background, this study was undertaken to evaluate the effectiveness of financial management strategies in achieving organisational success and stability in public primary schools in Dwarsoop Circuit of Mpumalanga Province. The aim was addressed by considering the following objectives:

- Determining the legal framework governing financial management policies and practices in public primary schools in South Africa.
- Establishing the current status of implementation of financial management strategies in public primary schools in Dwarsoop Circuit, Mpumalanga.
- Investigating the impact of financial management strategies in public primary schools in Dwarsoop Circuit, Mpumalanga.

- Examining the extent to which the theory of corporate governance and financial management can be a possible tool for solving financial management challenges in public primary schools in Dwarsoop Circuit, Mpumalanga.

Literature Review

The Constitution of the Republic of South Africa, through the SASA (1996) as amended, provides legal guidelines for the management of the schools finances, being public funds, and schools being public entities must comply with the Public Finance Management Act (PFMA) of 2000, as amended. The Accounting Officer (usually the school principal) of the school is legally obligated to ensure a fool proof system which encompasses clear financial controls, unambiguous procurement procedures, well-structured expenditure standards, procedural internal audits among other key measures to safeguard school funds (PFMA, 2000: 28).

The SASA provides the standards for governance and funding of schools and it (SASA) is meant to correct some of the injustices of the past (Mestry & Dzvimbo, 2011). The SASA mandates school governing bodies to work hand in hand with all relevant stakeholders to ensure that school funds are managed efficiently. The school's management, which is responsible for the financial management of the school, is subjected to forensic checks by the Department of Education (DoE), to prevent financial mismanagement, fraud, and embezzlement (Mestry, 2006). The SASA accords financial management responsibility to the SGBs and not solely on school principals. SGBs have mandatory financial functions in terms of section 20 of the SASA, which include establishing a faculty fund, preparing a budget annually, collecting and administering school fees, keeping financial records, appointing an auditor and supplementing the school's resources (Mestry, 2006).

Section 35 of the SASA provides for the Minister of Basic Education, in consultation with the Council of Education Ministers, the Financial and Fiscal Commission to decide on the norms and minimum standards for funding of public schools.

Sections 36 and 43 of the SASA state that the SGB must manage the school's funds and take full charge of the implementation of the entire financial processes and procedure of the school. The Act gives schools the autonomy through SGBs to draft and implement school policies. Decentralizing the functions of financial management and affording a potentially large range of financial decision-making powers to SGBs has become a crucial strategy aimed at school effectiveness improvement. Decentralizing the functions of financial management to public schools provides educational stakeholders (teachers, parents, learners and the broader community) the prospect and power to strengthen and develop their schools. Furthermore, Van Rooyen (2012) agrees that the move to decentralised school governance requires SGB members to develop a range of skills and competences to affect multifaceted financial management issues. The SGB members need to be competent in budgeting, collect funds, managing the funds efficiently, and engaging in purchasing decisions, among other financial expectations (Xaba and Ngubane 2010).

It is important all funds received from learners is receipted, no matter the size of the payment and the SGB members must be competent enough to ensure such controls are properly executed (Van Rooyen, 2012). There must be (at least) two signatories to the school account and the SGB must advise the bank in writing should there be any alterations in the operating conditions of the account (Van Rooyen, 2012).

Research (Thenga, 2012) suggests that financial management remains a challenge in many schools due to the lack of appropriate financial management skills and competences and schools with poor policies or without a policy, are prone to having school funds diverted to unscrupulous activities (Mestry 2017). In South Africa, the press seems to be replete with reports of principals and SGBs being involved in devious schemes and misappropriating school funds (Phaladi, 2015).

According to Griesel (2011), good financial control in the organisation is important and in a school set-up, the school leadership should have a good sense of control over the funds they oversee. Studies (Ahmed, Babar & Kashif, 2010) have established the link between good financial management practices and the success of an organisation.

It is against the above literature review that this study was conducted to evaluate the effectiveness of financial management strategies in achieving organisational success and stability in public primary schools in Dwarsoop Circuit of Mpumalanga Province in South Africa.

Research Methodology

The mixed-method research approach was used to address the aim and objectives of this study, in line with the research philosophy of pragmatism. To obtain quantitative data, a questionnaire was administered to SGB

members, which comprised questions framed on a five-point Likert scale. Interviews and focus group discussions were also conducted with SGB members and principals respectively.

The target population consisted of chairpersons of SGB's, principals, and general members of the school governing bodies of all primary in the schools in the Dwarloop Circuit. Both non-probability and probability sampling procedures were used in selecting the research participants with the consisting of 72 SGB members and six primary school principals.

Simple random sampling was first used to select the six (from 15) primary schools to be included in the study. All SGB members in the randomly selected schools were sent a questionnaire. The researcher then liaised with the school principals in order to purposively select members of the SGB from the selected schools to conduct interviews.

Data Collection and Analysis

The researcher used a self-administered questionnaire to collect data from the 72 SGB members. Semi-structured interviews were conducted with the six school principals to gather their experiences, opinions, attitudes, feelings and knowledge on the effectiveness of financial management strategies in their schools. Interviews were preferred because they elicit in-depth qualitative data about the variables under investigation. Interviews were appropriate for this category of participants because principals have knowledge of and strong opinion regarding effectiveness of financial management strategies in public primary schools. Interviews were also appropriate for this category of participants because their number was relatively small. Data was also obtained from 10 SGB members using a focus group discussion. During focus group interviews, the researcher's role was critical to the success of the group discussion. The researcher ensured that each participant was given an opportunity to participate in order to balance the contributions of individual members (Padgett, 2016).

Two approaches were used to analyse the data, since this was a mixed-methods study. Descriptive statistics were used to summarise quantitative data collected through the questionnaire. The data was processed using the Statistical Package for Social Science (SPSS), version 20.0. The software was also useful to undertake correlation analysis to determine the relationship between certain research constructs. The researcher also adopted Braun and Clarke's (2006) thematic analysis procedures to analyse the qualitative data.

Validity and Reliability

In order to ensure validity of the data collection instrument, the researcher requested two experts to review the questionnaire. A pilot study was also carried out with two primary school administrators and four SGB members. These participants were not included in the main study. The reliability was assured by determining the Cronbach's alpha value for the questionnaires. Cohen et al. (2007) suggest that the Cronbach's alpha coefficient which >0.7 is deemed acceptable and is confirmation of the reliability of the questionnaire.

Research Findings

An overwhelming majority (97%) of the survey respondents participated on the study, comprising 67% males. The highest (43%) proportion of the participants were above the age of 50 years. Of the participants, 9% were school principals, 27% were teaching staff, and the majority (64%) were parents being SGB members. A plurality (40%) of the SGB members indicated that they had served for 3-4 years, and 18% served for more than years. In terms of the SGB members' highest qualifications, it was ascertained that only 34% of the participants had basic education as their highest qualification.

Knowledge of Relevant Legislation

All the principals were able to identify the correct piece of legislation governing the financial management of primary schools. However, of the SGB members who participated in the study, only 29% indicated that they were aware of the SASA as the legislation which impacts school financial management. Nevertheless, 44% of the SGB members were aware of the Public Financial Management Act and were under the impression that this Act governed school financial management.

The findings reveal that only a minority (40%) of SGB members believed that schools have strict internal financial controls.

There was generally a high degree of the participation by parents (through the SGBs), in the school budget, since 57% of the participants 'agreed' that school budgets are debated and approved by parents by way of voting.

With regard to a review and approval of school fees in the public primary schools in the Dwarloop Circuit, it became evident that parents (being SGB members), are not fully involved, since only 40% of the participants

‘agreed’ that the parents are involved. However the majority (63%) of the SGB participants ‘agreed’ that the school’s financial records are presented at a meeting. The study reveals only a minority (16%) of the participants ‘agree’ that their schools have appointed auditors.

Table 1 overleaf summarises the opinions of SGB members on the implementation of financial management strategies by their schools.

Table 1: Implementation of financial strategies by schools

	Strict internal financial controls	Segregation of duties	SGB authorisation of all payments	SGB countersigning all funds	School budget approved by parents	School operating one bank account	Fees review approved by parents	Financial records kept and presented to parents	Appointed auditor	Auditor performing annual duties as per law
Agree	40%	27%	9%	27%	57%	44%	44%	63%	16%	30%
Neutral	60%	69%	41%	56%	27%	26%	40%	7%	70%	56%
Disagree	0%	4%	50%	17%	16%	30%	16%	30%	14%	14%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Impact of Financial Management Strategies

Various relationships were tested using the Pearson’s correlation technique. The results revealed that there was :

- a significant positive correlation between financial strategies and securing school funds and ease of cash flow management to meet obligations on time (coefficient = 0.761; two-tailed test, level = 0.01)
- a significant positive correlation between financial strategies in securing school funds and facilitation of effective decision-making (coefficient = 0.71; two-tailed test; level = 0.01).
- a close relationship between financial strategy and ease of decision-making (coefficient = 0.579; two-tailed test; level = 0.01).

The researcher attempted to ascertain the impact of good corporate governance on a school’s capacity to boost stakeholder confidence, and the outcome is captured in Table X. It seems that SGB members who were school principals perceived corporate governance as boosting stakeholder confidence on the SGB.

Table 4.8: Corporate governance and stakeholder confidence

		Good corporate governance boosts stakeholder confidence in SGB					Total
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
SGB Principal	Count	1	2	3	0	0	6
	% in SGB member category	16,7%	33,3%	50,0%	0,0%	0,0%	100,0%
	% in Good corporate governance boosts stakeholder confidence in SGB	100,0%	15,4%	7,9%	0,0%	0,0%	8,6%
	% of Total	1,4%	2,9%	4,3%	0,0%	0,0%	9%

SGB Parent	Count	0	10	21	14	0	45
	% in SGB member category	0,0%	22,2%	46,7%	31,1%	0,0%	100,0%
	% in Good corporate governance boosts stakeholder confidence in SGB	0,0%	76,9%	55,3%	87,5%	0,0%	64,3%
	% of Total	0,0%	14,3%	30,0%	20,0%	0,0%	64,3%
SGB Teacher	Count	0	1	14	2	2	19
	% in SGB member category	0,0%	5,3%	73,7%	10,5%	10,5%	100,0%
	% in Good corporate governance boosts stakeholder confidence in SGB	0,0%	7,7%	36,8%	12,5%	100,0%	27,1%
	% of Total	0,0%	1,4%	20,0%	2,9%	2,9%	27,1%
	Count	1	13	38	16	2	70

Data from the qualitative data was analysed thematically and the outcome is summarized in Table x .

Table X: Summary of main themes that emerged from interpretation of data

Themes	Sub-themes
Legal framework governing school financial management	<ul style="list-style-type: none"> • Public Finance Management Act • Sasa
Current practices in school financial management	<ul style="list-style-type: none"> • Financial budgeting • Internal controls • Recording of transactions
Impact of financial management strategies	<ul style="list-style-type: none"> • Achievement of school goals • Reduction of mismanagement • Stability of the school
Link between corporate governance and school financial management	<ul style="list-style-type: none"> • Promotion of transparency and accountability • Encourages following of Sasa policies • Promotion of healthy school finances

Source: Field work, 2019

The principals were generally well informed about the South African Schools Act of 1996 and believed it to be the fundamental legal framework guiding schools and school finances in South Africa. In this regard one participant had this to say:

The SASA is the primary legal tool we refer to when dealing with school management issues and school financial management to be specific. The sections of the act a clear and detailed and give the guidance as to what must be done to effectively run schools and school finances (Principal# 3, 52 year old, male).

Another participant has this to say:

In my opinion the all other legal instruments in school governance are based on the Sasa, it is the main and in my opinion most important legal framework available for governing schools finances (Principal # 5, 50 year old, male).

These views were supported by the SGB members as reflected in some of the responses of participants in the focus group discussions. In this regard one of them had this to say:

The school finances management is what I was oriented with regarding how finances of the school should be managed, it took it me a while to go through and comprehend the components of the act, but as soon as a did, it made me understand what is expected in my role as a member of the SGB (SGBM # 8, 48 year old, female).

The Public Finance Management Act (1999) was another piece of legislation referred to by most participants as being influential in governing school finances. In this regard some of the principals said that:

A lot of the boundaries regarding how to handle funds belonging to government are addressed in the PFMA (1999). An underlying understanding of the PFMA in addition to the SAsa will sensitise a school leader to manage the school finances diligently (Principal # 2, 48 year old, female).

In my view the PFMA is stronger regarding the handling of public funds and is designed to create accountability in all sectors of the economy whereas the Sasa is specifically for schools. But nonetheless these are all very instrumental in ensuring public institutions such as primary schools are properly and efficiently managed (Principal # 5, 50 year old, male).

Almost all the principals involved in the study agreed that a key practice in the management of school finances is budgeting. Some of the participants had this to say:

Budgeting of school finances is one of the fundamental tools we use to manage school finances. A school leader who doesn't carry out proper budgeting in conjunction with the SGB and in line with the principles of the Sasa will likely not succeed in managing the finances of that school (Principal # 5, 50 year old, male).

Most of the work of a school administration fall in the concept of planning and a school budget is the master plan of finances in a school. I always religiously involve myself in budgeting making sure that all relevant stakeholders participate in the budgeting process (Principal # 2, 48 year old, female).

The practice of budgeting was also supported by the SGB members participating in the focus group discuss, although some of them had own opinion about the budgeting process in schools:

There is some level of budgeting in the school in which I am involved with. However the majority of the issues in the budget are crafted and proposed by the principal. The SGB as minor input in the school budget and in my opinion this undermines the reason for setting up the SGB in the first place (SGBM # 10, 48 year old, male).

Sometimes a budget is generated at the beginning of the year but by time the year is in the third months no one remembers anything on the budget and this derails all the set plans (SGBM # 9, 40year old, male).

It was agreed by the majority of the principals that they instituted strict financial controls as part and parcel of financial management in school. In this regard one participant had this to say:

In my opinion financial controls are the best tools to safeguard school finances, such controls can be easy including the ensuring counter signing on major school financial decision, non-issuance of funds without documentation among other things. These controls are key to ensure financial principles of an organisation are followed diligently (Principal # 5, 50 year old, male).

Financial controls are the life blood of the financial activities in a school. Without financial controls schools would be prone to the misuse of school finances. For the purpose a strict budget being followed strict financial controls must be put. Simple issues like a receipt must be issued at all times when payments are made is (Principal# 3, 52 year old, male).

The majority of the SGB members involved in the study were also able to confirm that schools use financial controls to ensure that school finances was a common practice.

The school governing board is sometimes asked to make some contributions on current financial controls and we try as much as we can to put key controls that will ensure temptation. Some controls are very simple for instance we rejected the view that teachers should collect money at class level for purposes such as trips for learners, class parties etc. All funds were to go via the accounts (SGBM # 9, 40 year old, male).

Financial controls are there in schools but the mere fact that they are available does not mean they are enforced successful. Sometimes, school principals override the controls and this often the beginning of confusion and likely mismanagement of school finances (SGBM # 1, 35 year old, female).

The recording of financial transaction was one of the key sub-themes referred to by the majority of the participants as normal practice in financial management in schools. In this regard some of the principals had this to say:

This is possibly the first thing you learning in the subject of accounting. All financial tractions in the school set up must have a clear record which becomes a part of an audit trail in case of errors. I believe, in my school I demand

all transactions to be put on record through the appropriate documents. If it is an order for fencing materials for instance, there must be records from the quotations up to the delivery note including relevant authorization forms in between (Principal# 3, 52 year old, male).

Financial management loses its value if transactions are not recorded, it is mandatory that any transaction be recorded as long as it is a financial transaction, it is a golden rule (Principal # 2, 48year old, female).

The SGB also weighed in with their views regarding the recording of transactions:

It is in the failures to record certain transaction that we begin to see discrepancies in school finances. Recording is key and this is what we always encourage. Sadly, I have worked with Principals who took school finances without recording in the hope that it will all just disappear; often this marks the beginning of the end for such individuals in my experience (SGBM # 9, 40 year old, male).

In my opinion the whole concept of financial management in schools centres around accurate recording of transactions on a daily basis. Such records can then be analysed at any time and should tell a good story (SGBM # 6, 47 year old, female).

It was submitted by the majority of the participants in the study that financial management strategies used in their schools are important in reaching the goals set but the school. Some head teachers had this to say:

The school has its annual goals which are set with the SGB in conjunction with the guiding principles for the DOE. These goals need to be achieved and to do so often involve the use of money. A principal who follows the budget of the school and encourages good financial handling is likely you achieve their goals (Principal # 2, 48 year old, female).

It's a no brainer because set goals for the schools needs funding, such funding is only capable of being put to the best uses if there is proper financial management tactics. This is how financial management and organisational performance (Principal# 3, 52 year old, male).

Participants of the focus group discussions were also supporting the principals regarding financial management as contributory to achievement of goals. One of the participants had this to say:

As an SGB, we spend a lot of time planning regarding what the school must do to achieve its objectives. Evidently, ensuring the proper usage and management of school finances almost always enhances the ability of the school to reach its goals whether these are academic or infrastructural (SGBM # 10, 48 year old, male).

It was the view of the majority of the participants that the implementation of financial management strategies reduces the incidences of financial mismanagement in schools. In this regard the principals had this to say:

In almost every case of financial mismanagement reported due diligence with regards to following the principles and protocols of financial management as demanded by the Sasa would not have been properly followed. This means that strictly following the principles of financial management will automatically eliminate any chances of mismanagement (Principal # 2, 48 year old, female).

In my opinion following the benchmarks of financial management directly resolves the challenge of mismanagement and misappropriation of funds in schools. There is no doubt in my mind and judgment that the greatest impact of proper school financial management is proper management of school funds.

The majority of SGB members also agreed to these sentiments as reflected in the submissions made by some of them which were captured as follows:

In my opinion one of the primary reasons for the government to enact the Sasa was to ensure the mismanagement of funds in schools is squashed at point of origin (SGBM # 10, 48 year old, male).

Truly put, a school management which religiously follows the provisions of proper financial management principles and practices will minimise this business of school funds being siphoned or misused by school management. I am obliged to agreeing with the point of financial management strategies in schools reducing mismanagement occurrences (SGBM # 3, 38 year old, female).

It was the view of the majority of the principals that the financial management principle leads to school stability in the school. The following views supported this position:

One of the greatest advantages of properly managing the finances of the school is that it promotes an atmosphere of stability and school plans and objectives are easy to resolve when there are no major challenges (Principal # 5, 50 year old, male).

Good financial practices such as budgeting, recording all transactions, ensuring counter signing, sticking to set procurement guidelines among other practices will ensure that the school does not overspend and sticks to the set budget directly leads to a sound and stable financial position of the school. In that environment it is possible to pursue the strategic objectives (Principal # 2, 48 year old, female).

Yes, in my opinion when we are following best practices in financial management the school becomes more stable and progressive. On the contrary where there are no financial practices to follow there is likely to be overspending and the school leadership spends more time focusing on how to make the deficit and less time on strategic management (Principal # 4, 40 year old, male).

Link Between Corporate Governance and School Financial Management

The concept of corporate governance and school financial management was also discussed or referred to by many participants. It was also observed especially among the SGB members in the focus group discussion that the concept of corporate government and its value was not well understood. The key subthemes emanating from the discussed concept included: promotion of transparency and accountability; encouragement of the following of Sasa policies; and promotion of health school finances.

The promotion of transparency and accountability in school finances was viewed to be one of the most obvious links between school corporate governance and financial management. In this regard some of the principals had this to say:

It's quite well understood by us principals that one of the key components of good financial management is ensuring accountability for all the funds issued. Corporate governance is about ensuring good ethics in the school environment, accountability and transparency in everything we do at school is important in corporate governance (Principal# 3, 52 year old, male).

In my opinion transparency in school funds management is fundamental to good corporate governance. We cannot also say the school has good corporate governments if school leaders fail to account for allocated funds. These are issues that as inseparable as they are intertwined (Principal# 2, 48 year old, female).

The focus group discussion also confirmed the issues raised by the principals regarding the linkage between corporate governance and financial management.

The relationship between the two is clear, you cannot not possibly have any positive corporate governance when lacking accountability over allocated school funds. It is in the accountability of funds that the management of the schools expresses good co-operative governances (Principal # 2, 48 year old, female).

In my opinion and in my experience in different organisations, corporate governance is about a different combination of rules and laws used by an organisation to ensure it is operated in an acceptable manner both to the internal and external stakeholders. It is about best practices to meet organisational objectives in an acceptable manner. As such being accountable and transparent about school funds management would strike me as top on the list regarding school corporate governance Principal # 3, 38 year old, female).

It was also agreed among the majority of the participants that corporate governance encouraged the active adherence to the rules and regulations crafted in the Sasa. In this regard some of the participants had this to say:

Good corporate governance is about adherence to policies and procedures of the organisation. In the light of this premise, it is noble to think that schools following good corporate governance practices are highly likely to be strictly enforcing the national regulations regarding school governance.

In my opinion the Sasa is to ensure school governance meets the desires of involved key stakeholders. A school that closely follows these regulations will no doubt have proper governance and vice-versa.

The evidence from the focus group discussion also strongly supported the views of the principals some of the SGB members had this to say:

Our existence is mandated by the Sasa and good governance of the school can only be achieved by us following the rules and regulations as given in the Sasa. In other words, I am very convinced that good school governance will ensure we follow the requirements set in the Sasa.

I am not well versed in the concept of corporate governance in as I believe this is a concept for business organisations. But a direct transfer of the demands of good corporate governance tells us that key rules and regulation needs to be followed to meet the objectives of the school. These rules and regulations are what the Sasa is all about (Principal # 2, 48 year old, female).

It was also a key subtheme among the participants that good corporate governance will lead to the promotion of healthy school finances. In this regard some of the school principals divulged the following in individual interviews:

I have absolutely no doubt that the following of principles of good corporate governance including, accountability, transparency, involvement of stakeholders in decision making, among others will ultimately lead to a very good school financial position (Principal # 5, 50 year old, male).

For the school to succeed with its finances it needs to follow the regulations of the Sasa among other key financial management strategies. In my years of running school finances this strict adherence has always led to a good financial report, year in year out (Principal # 4, 40 year old, male).

The fact that corporate governance revolves around the following of policies and rules that male the running of an entity a renowned success, it is prudent to suppose that good corporate governance ultimately leads to the establishment of a good financial position for the school (Principal # 2, 48 year old, female).

Discussion of the Findings

It was confirmed in the qualitative and quantitative data that the SASA was the foremost law governing management of schools and school finances. These findings are consistent with the findings of Oosthuizen and Botha (2002) who posit that as far as financial management of schools in SA is concerned, the SASA section 12(1) is the key instrument which determines that funds must be provided to public schools. Further to this, section 20(1) determines that the school governing bodies have the responsibility to manage and control the assets of the school and all other properties.

Contrary to the findings of Mkhize and Ajam (2006) who posit that the pronouncement of the Public Financial Management Act of 1999 was a landmark in the financial reforms of public institutions in South Africa, the research participants were of the view that the SASA was sufficient for management of school finances.

Maurer (1995) posits that financial management is instruments, guidelines and procedures used by a firm to ensure that its financial system has integrity. Internal controls more especially aim at reducing the likelihood of fraud and also raise the bar of accountability among those dealing with school finances. Internal controls are not an option: they are the hallmarks of an efficient financial management system.

It became evident that very little authorisation of school finances was being done by the SGBs. This is in contrast to Greenwood (2002) who states that no one person is allowed to carry out any financial transaction from the beginning to the end.

The practice of school budgeting was supported by the majority SGB members participating in the focus group discussion, although some of them had their own opinions about the budgeting process in schools. Though the survey, the study revealed a high degree of the participation of parents in school budget approval process. This is well in line with Van Rooyen (2012) that budgets are some of the most common planning and control measure used in the school system. Usually schools estimate the whole sum that required to operate the school and this amount is provide by the government. It becomes critical to manage funds so that the provided funds are well spent on the budgeted items of the school. It is the role of the SGB to ensure that budgets are prepared and submitted for authorization and provision of funds.

IMPACT OF FINANCIAL MANAGEMENT STRATEGIES IN PUBLIC PRIMARY SCHOOLS

These findings are consistent with Dixon (2004) that no individual should carry out all the financial responsibilities from the capturing to the depositing of school funds. Further, it was submitted by the majority of the participants in the study that financial management strategies used in their schools are important in reaching the goals set but the school.

The majority of participants in the focus group discussion also supported the principals regarding financial management as contributing to the achievement of goals. Manner (2008) posits that the effective administration of finances ensures the organisation performs better in achieving predetermined objectives. Sound financial management is therefore a critical input for programme success.

The study revealed through individual interviews that the implementation of financial management strategies reduces the incidence of financial mismanagement.

Further, the majority of SGB members also agreed to these sentiments. In line with these findings Watson (2004) posits that financial management is carried out effectively and efficiently where sound measures are put in place for facilitating cash receipts, controlling disbursement and concentrating funds. Financial management is also carried to put measures in place to prevent and detect fraud and other irregularities.

The study also revealed that sound financial practices in the school system will lead to a more stable school environment where the performance of the school can improve.

These findings are very consistent with the findings of Ahmed, Babar & Kashif (2010) who established the link between good financial management practices and the success of an organisation. In their study the researchers sought to explore the link between financial management and organisational performance and they found a strong positive correlation between the two variables. It was their conclusion that strong financial management was a prerequisite for the successful running of the programme. It can therefore be concluded that the school's financial management practices played a pivotal role in its ability to remain as a stable and viable entity which can fiercely pursue its objectives.

CORPORATE GOVERNANCE AS A TOOL TO REDUCE SCHOOL FINANCIAL MANAGEMENT PROBLEMS

The research revealed that the SGB members who were school principals had a strong opinion that corporate governance boosts stakeholder confidence on the SGB. This shows that there might be no transparency on the way the SGB is run between the teaching members, the principal and the parent members.

Webster (2000) says that internal controls are an effective means of monitoring the physical and intangible assets of the organisation. They are not there to prevent theft only, but also to ensure integrity in the financial information collected for further analysis which will later contribute to the overall health of the organisation.

It was also the findings of this study that the promotion of transparency and accountability in school finances was viewed as one of the most obvious links between school corporate governance and financial management.

Frederick (2001) says that "financial controls" refer to rules and regulation which are set to ensure that the finances of the school are well run. Such are critical to ensure that there is transparency and integrity in the system of the school.

It was also a key subtheme among the participants that good corporate governance will lead to healthy school finances.

Such findings are consistent with the findings of Bush and Heystek (2003) who posit that efficient financial administration makes sure that spending is according to the budget and money is not squandered.

SUMMARY OF MAJOR FINDINGS

With regard to the legal framework governing financial management policies and practices in public primary schools, it was revealed that South African Schools Act (1996) was key piece of legislation governing schools. Further to this the Public Finance Management Act (1999) was also viewed as an important instrument to the management of finances in schools. The study revealed that principals and members of school governing bodies with a background in teaching had a better understanding of the Sasa, while SGB members who were parents and without any background in education had a poor understanding of the legal instruments used to manage school finances.

With regard to the current status of implementation of financial management strategies in public primary schools, it was shown that most schools in Dwarsoop Circuit did not use strict internal controls and clear and consistent segregation of duties as key aspects of financial management. It was also established that school finances were often not countersigned by the responsible SGB members before issuing of funds, opening a clear gap for school funds to be misused. It was the findings of the study as expressed by the majority of the participants that SGBs are actively involved in the budgeting process.

In terms of the impact of financial management strategies in public primary schools the study revealed a strong correlation between strictness of internal controls and ease of reporting and accountability. Further, it was submitted by the majority of the participants in the study that financial management strategies used in their schools are important in reaching the goals set by the school. The study revealed through individual interviews that the implementation of financial management strategies reduces the incidence of financial mismanagement in schools.

The study also revealed that sound financial practices in the school system leads to a more stable school environment where the performance of the school can improve.

Regarding corporate governance being a tool to reduce school financial management problems, the study revealed that school finances in Dwarloop Circuit were not carried out in a transparent manner. Participants providing qualitative data however emphasised that organisational ethics were important in reducing financial management problems. The study also revealed that without proper corporate governance, school financial management is inefficient. The study further revealed that the promotion of transparency and accountability in school finances was viewed as one of the most obvious links between school corporate governance and financial management.

Conclusions

The following conclusions were drawn from the findings the study:

- The two main legal instruments governing school financial management are the Sasa (1996) and the PFMA (1999);
- The majority of the SGB members who were not educators had limited understanding of the Sasa;
- The current financial management strategies used IN some schools include strict financial controls, budgeting, transaction recording and countersigning of financial documents;
- The essential financial management practices are not strictly followed by the majority of schools in Dwarloop Circuit, Mpumalanga;
- Financial management strategies have a positive impact on school finances and the achievement of overall school goals;
- Effective financial management in schools creates an environment of stability where schools can achieve success;
- Corporate governance has a strong link to school finances, but in Dwarloop Circuit; there is lack of transparency in school financial management; and
- It was also concluded that the SGB members were not fully aware of the concept of corporate governance.

Recommendations

The researcher makes the following recommendations:

- Considering that some of the participants had not gone through all the sections of the Sasa (1996) and the PFMA (1999), it is recommended that all members of the SGB undergo induction training which emphasises the full grasping of the two most important laws governing the management of schools;
- It is recommended that all appointed SGB members undergo a mandatory training programme to equip them with skills they need to execute their duties. SGB members should play their roles effectively, so that ensure financial procedures and controls are not breached;
- It is recommended that all schools undergo internal audits at least twice and year. The school governing body should be empowered to enforce such internal auditing procedures in Dwarloop Circuit;
- The DOE in conjunction with the relevant agencies should ensure a consistent annual audit of all schools in the Dwarloop Circuit of Mpumalanga;
- It is recommended that the DOE in Mpumalanga provide training for SGB members in the meaning and value of corporate governance in school financial management.; and
- School governing bodies must be well equipped with all the most modern internal control systems, added to some of the traditional methods already practiced, such as countersigning and authorisation of documents.

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