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The voices of school finance committee members on managing school funds in deep rural schools

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Abstract

This study aimed to examine the voices of school finance committee members regarding the management of school funds in deep rural schools in the uMkhanyakude District, KwaZulu-Natal, South Africa. The primary objective of the study was achieved through the identification of the hindrances that prevent finance committees from effectively managing school funds and the exploration of potential solutions to these challenges. The study employed an interpretive paradigm to facilitate an understanding of the phenomenon from the participants' perspectives and was underpinned by the decentralisation theory. Four deep rural secondary schools in the uMkhanyakude District were purposively selected as research sites. Participants included principals, treasurers, and finance officers, who were also purposefully chosen for the study. Data were collected through qualitative semi-structured face-to-face interviews and document analysis, and subsequently analysed and interpreted thematically. The findings revealed that while some finance committee members, particularly principals and finance officers, were aware of their roles and responsibilities, many parent members lacked basic literacy skills necessary for managing school funds. Additionally, the study found that the state deposits school finances into school accounts both late and in insufficient amounts. Therefore, the findings suggest that finance committee office bearers should receive ongoing training support to enhance their ability to manage school funds effectively. Furthermore, the study recommends that the Department of Basic Education (DBE) employ full-time facilitators with a Bachelor of Commerce (BCom) in Accounting to train finance committee members and that such training be conducted in the members' mother tongue to ensure full comprehension.

Keywords: *budgeting, finance committee, finance policy, South African Schools Act*

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1. Introduction

Prior to 1994, the South African education system was racially segregated into categories of Black, Indian, Coloured, and White learners, with the White education system considered superior. As a result, Black parents were excluded from participating in the management of school funds. However, after 1994, the South African government introduced important legislation aimed at alleviating past inequalities. Letsapa (2021) echoed that acts such as the South African Schools Act (SASA) 84 of 1996 were introduced to redress the inequalities of the past in education and to exercise the rights of learners to education. This led to the state decentralising the governance of schools, including the management of school funds, to the School Governing Bodies (SGBs). The decentralisation of school funds was based on the notion that parents have a direct interest in their children's education; therefore, they would ensure that school funds are handled with care (Mokwebo, 2021). It is believed that they are well aware of their children's needs; hence, they will do their best to safeguard the school funds (Aina & Bipath, 2020). This view reinforces that, for the effective management of school funds in the South African education system, parents should be given more power to govern and safeguard school funds.

Moreover, SASA 84 of 1996 mandated that SGBs form part of the finance committees in their respective schools to manage school funds (Dlomo et al., 2022). The finance committee of each school comprises the school principal, parents, chairperson of the SGB, treasurer of the SGB, and co-opted members, as well as learners in secondary schools (Sebidi, 2023). In other words, the finance committee includes all relevant stakeholders who play a pivotal role in the school. In addition, Camper (2020) remarks that to execute Section 30(1) of the SASA, the SGB may set up ad hoc committees, such as finance and fundraising committees, that can work and support them in decision-making, thereby promoting effective financial management of the school. Furthermore, the finance committee is permitted to co-opt individuals who are not members of the SGB but possess relevant skills, competencies, and experience in financial administration, such as those with accounting skills, to serve as accounting officers. The primary duty of the finance committee in any school is to ensure that state-provided funds are used for their intended purpose.

The finance committee should possess basic financial management skills to ensure the effective management of school funds (Ndima, 2022). This suggests that the finance committee must be sufficiently literate to manage school funds and should undergo some financial management training. Likewise, the SASA (1996) stipulates that the finance committee should receive training on financial management from the Department of Education (DoE). However, Ndima (2022) postulated that the schools' finance committees are not well-equipped to execute financial management responsibilities, despite the training received. This means that although the DoE trains the finance committee members, the training sessions do not seem fruitful for them in effectively managing school funds. This establishes the problem statement for the study. Moreover, drawing from the preceding statement, there is a gap in research to sufficiently address the inefficiency in managing school funds. Therefore, further research is needed to find alternative effective strategies for the management of school funds by the finance committee. Although many studies have been conducted regarding the management of school funds, few have been conducted in deep rural areas. Hence, this study examines the voices of finance committee members on managing school funds in the uMkhanyakude District, a deep rural area.

To achieve the main aim of this study, the following research questions were developed:

1. What are the hindrances faced by the school finance committee in managing school funds?
2. What solutions can be employed by the government to mitigate the challenges faced by the school finance committee in managing school funds?

2. Literature review

2.1. Theoretical Framework

The decentralisation theory was used as the theoretical framework for this study. This theory was proposed by Rondinelli in the 1960s and was experimented with by policymakers around the globe in the early 1970s. According to Montesquieu (1748), the arguments for devolving authority to subnational units of government date back at least as far as 1748. He briefly outlined the principal arguments in favour of this kind of reform, which relate to deepening democracy and improving the accountability of public officials. This theory focuses on the devolution of power to local people, who are the primary beneficiaries of the school's finances. The decentralisation theory can be summarised into two main arguments: for and against. The arguments in favour include that decentralisation improves access to information about local wants and needs, increases citizen voice and participation, enhances government accountability and responsiveness, deepens democracy, improves the efficiency of government and public services, enhances economic performance, strengthens the liberties of individuals and groups, and reduces the risk of civil conflict. Conversely, arguments against decentralisation suggest that it decreases efficiency in public goods production, lowers the quality of policymaking, increases graft and corruption, facilitates elite capture of government, increases fiscal deficits, and creates instability.

This theory aims to ease rigid governance while increasing shared decision-making at the school level (Dibete & Potokri, 2018). This means that local communities should be fully engaged in decision-making and in the development of educational policies. The finance committee is mandated by Section 84 of the SASA (1996) to manage public schools. Therefore, the decentralisation theory is most suitable for this study because it aims to examine the voices of school finance committee members on managing school funds in selected schools within the uMkhanyakude District, KwaZulu-Natal. The task given to finance committee members to manage school funds is part of decentralising power from the top (government) to the bottom (parents).

In line with this theory, the researchers reviewed the literature under the following headings: the hindrances faced by finance committees in managing school funds and the solutions to mitigate those challenges.

2.2. Hindrances Faced by the Finance Committees in Managing School Funds

According to the South African Schools Act 84 of 1996, the responsibility for managing school funds lies with the finance committee. By doing so, it is expected that entrusting this responsibility to the finance committee, dominated by parents, will benefit schools. Mokwebo (2021) asserts that improved quality can be achieved because local school governance structures are better equipped to understand the needs of the school than the central authority of the education department. This sentiment reveals that parents understand learners' needs better than the DoE. Moreover, adequate financial management knowledge and skills within the finance committee, as a component of the SGB, play a pivotal role in the effective management of school funds. Aina and Bipath (2020) found that, to effectively carry out financial management responsibilities, role players must possess basic knowledge of financial management. This suggests that finance committee members should undergo financial management courses to manage school funds efficiently and effectively.

However, several hindrances prevent finance committees from effectively managing school funds. Setshongoe (2021) revealed that many finance committee members in South African rural schools lack the necessary knowledge and financial skills to manage school finances effectively. Letsapa (2021) also indicated that the lack of financial management skills among finance committee members results in poor management of school funds. Similarly, Kanhai and Matsongoni (2020) stated that the lack of skills and financial expertise, linked to inadequate financial management training, hinders the effective management of school finances. Lumadi (2020) further found that poor financial management skills among finance committee members significantly contribute to the mismanagement of school funds. Nelius and Onyango (2022) added that poor financial management skills result in the finance committee's inability to properly account for school funds, often forcing them to delegate this responsibility to the School Management Team (SMT).

Finance committee members in most rural schools also face the challenge of a low level of education (Letsapa, 2021). Tumwebaze et al. (2021) concur that inadequate educational skills in rural areas hinder the proper management of school funds. This low level of education makes it difficult for members to interpret training materials and financial management policies, which are often written in English. Mokwebo (2021) observed that finance committees face challenges in understanding English, which is used as the medium of instruction by the DoE and in training workshops. This suggests that the education level of finance committee members plays a crucial role in understanding financial policies and procedures for effective school fund management.

Additionally, Letsapa (2021) noted that many parents in rural schools are illiterate, meaning they cannot read or write. This makes them vulnerable to manipulation by school principals due to their lack of formal education. Kangumbe (2023) supports this view, stating that illiterate parent members are often hesitant to confront principals even when there is suspected mismanagement of funds. Mafungu et al. (2022) postulated that some school leaders easily manipulate finance committee members due to their low educational levels. This poses further challenges in managing school funds, especially in the context of increasing use of Electronic Funds Transfers (EFTs) to meet schools' financial needs. When members lack the literacy and financial skills required, they struggle to handle these processes effectively.

Furthermore, the low level of literacy and understanding of financial policies among SGB parent members makes their duties and responsibilities more demanding (Kangumbe, 2023). Kanhai and Matsongoni (2020) asserted that the inability of finance committee members to understand financial terminology makes it challenging for some parents to fulfil their financial management obligations. Consequently, school principals may exclude them from decision-making processes related to budget management. This suggests that low literacy levels, particularly in rural schools, may enable principals to misuse school funds. Likewise, the finance committee's inability to comprehend financial legal frameworks and policies leads to poor financial management in schools (Aina & Bipath, 2020). This demonstrates that finance committee members are not adequately trained in basic accounting principles, as evidenced by their inability to interpret financial policies effectively, thereby hindering fund management. Ngema et al. (2024) also asserted that if the SGB, particularly the parent component, is not financially skilled, they cannot interpret financial processes within schools. Their lack of understanding and interpretation of finance policies may lead to reluctance in performing their duties optimally.

Another hindrance faced by finance committees is the level and quality of training they receive from the DoE. Ndima (2020) affirmed that inadequate financial training offered by the DoE may cause finance committees in public schools to lack essential financial management skills. This highlights concerns regarding the quality of training sessions provided by the DoE, which are often poorly structured and fail to meet the committees' practical needs (Ngema et al., 2024).

Lastly, the state's inability to allocate sufficient Norms and Standards funding to schools poses a serious challenge to the effective management of school funds. Kanhai and Matsongoni (2020) noted that these allocations are often insufficient to sustain school operations, placing enormous strain on financial planning and management. School principals confirmed that insufficient funds often result in budget cuts (Kangumbe, 2023). Jansen (2015) stated that inadequate state funding affects financial management, particularly concerning recurrent costs such as learner and teacher support materials, utilities, and maintenance. Ngema et al. (2024) further observed that the DoE does not always disburse Norms and Standards allocations on time, which hampers budget preparation and delays resource procurement. In some cases, schools are forced to operate in debt while awaiting the transfer of these funds, which negatively affects the planning efforts of finance committees.

The preceding discussion establishes that the management of school funds remains a serious concern, particularly in deep rural areas. These challenges stem from various factors that finance committees, an integral wing of the SGB, face daily in performing their financial duties. The low educational level of finance committee members often hinders their ability to understand financial management policies and procedures. Furthermore, the insufficient and delayed allocation of school funds by the DoE, as per the Norms and Standards policy, exacerbates financial strain in schools. As a result, schools may struggle to meet their operational needs and are often forced to accumulate debt while awaiting government disbursements.

2.3. Solutions to Challenges Faced by the Finance Committees

It is an undisputed fact that the DoE, through its governance section, has employed various strategies to alleviate the challenges faced by finance committees in managing school funds. One such strategy is capacity-building through workshops designed to ensure that committee members possess the necessary skills, experience, and expertise to manage school funds successfully. Setshongoe (2021) revealed that the finance committee's ability to effectively and efficiently manage and govern school funds largely depends on its members' financial management experience and expertise. Likewise, Section 30(1)(a) of the South African Schools Act (SASA) stipulates that members of the finance committee should be elected based on their skills and expertise in managing school funds. This implies that the finance committee should possess adequate financial management skills to perform its duties effectively and efficiently.

Furthermore, Letsapa (2021) suggests that school financial management is a highly specialized field, meaning that finance committee members must possess specific skills to execute their responsibilities effectively. Aina and Bipath (2020) further state that the financial management tasks assigned to the finance committee require adequate financial management skills and expertise, as well as an understanding of the prescriptions of SASA, to ensure sound financial decision-making at the school level. Similarly, Lumadi (2020) emphasized that finance committee members must be educated to effectively carry out their financial management duties.

It is therefore advisable for finance committees to apply management functions such as controlling, organizing, planning, and coordinating to effectively manage school funds. Additionally, finance committee members must be well-educated to apply these management tasks efficiently. Letsapa (2021) found that the finance committee uses planning, organizing, and controlling as strategies for managing school finances, tasks that can only be implemented effectively by competent members. Likewise, Ndima (2022) stated that managing school funds at the school level involves aspects such as planning, organizing, controlling, and leading, and that the proper application of these management functions ensures the effective management of school funds and the delivery of quality education. Yizengaw and Agegnehu (2021) also observed that financial management becomes effective when financial managers collectively plan, organize, lead, control, and monitor school finances. Additionally, the DBE (2005) noted that successful school administration requires the finance committee, SGB, and principal to plan, lead, assign, and manage the school's financial resources collaboratively. Therefore, it is highly beneficial for finance committee members to be well-versed and trained in management principles, as this facilitates the effective application of these functions in managing school funds.

The application of accounting principles and financial policies also plays an integral role in the effective management of school funds by the finance committee. Mokwebo (2021) revealed that accounting principles such as Generally Accepted Accounting Principles (GAAP), King Code III, and International Financial Reporting Standards (IFRS), as well as the Companies Act, should guide the management of school funds. This suggests that incorporating accounting principles is essential for the effective management of school funds by the finance committee. Hence, these accounting principles and policies should be clearly understood by all committee members, and their level of understanding depends on their literacy and educational background.

Dibete and Potokri (2021) emphasized that understanding financial management principles and policies relies on the finance committee's financial management knowledge and skills. They further asserted that it is vital for the SGB's finance committee to understand financial management policies, as the lack thereof may place the SGB under tremendous pressure. Moreover, training sessions provided by the DoE to finance committee members should not be a mere formality or one-off event, but rather a continuous and meaningful initiative aimed at equipping them with essential skills and knowledge for managing school funds. Lumadi (2020) concurred that training facilitated by qualified accountants with adequate expertise can enhance the effectiveness of school fund management. Furthermore, Setshongoe (2021) indicated that when the finance committee is equipped with the necessary skills, knowledge, and experience in school governance, it can manage school funds effectively. This suggests that provincial DoEs should conduct regular training for finance committee members on basic financial management to help them perform their prescribed functions efficiently. In addition, the content of such workshops should be relevant to the practical needs of SGBs in managing school finances.

The preceding discussion reveals that the DBE must ensure that training workshops are continuously developed and implemented. However, such training will only yield the desired outcomes if finance committee members are adequately educated and apply relevant policies alongside core management functions such as planning, organizing, leading, and controlling. The preceding narrative also establishes that there is insufficient literature that effectively addresses the hindrances faced by finance committees in managing school funds.

3. Methodology

This section outlines the methodology used to generate answers that contributed to achieving the main aim of this study.

3.1. Research Paradigm, Approach, and Design

The interpretive paradigm was employed in this study to enable the researcher to understand the phenomenon from the participants' perspectives. Accordingly, the finance committee members were studied in their natural settings. This study adopted a qualitative research approach, which allows participants to recount their personal experiences related to the phenomenon under investigation (Cuthbertson et al., 2020). Nieuwenhuis (2007) further explains that a qualitative research approach enables researchers to explore the experiences, meanings, and perspectives of participants within their natural context. Similarly, Lukhele and Lebeloane (2024) note that a qualitative approach allows individuals to share their perceptions of the problem under investigation. This study utilized a descriptive case study design to examine the perspectives of school finance committee members on the management of school funds.

3.2. Population and Sampling

The population for this study consisted of members of the finance committee, including principals, finance officers, and treasurers. A purposive sampling technique was employed to select four deep rural secondary schools in the uMkhanyakude District, KwaZulu-Natal

Province. The district comprises four Circuit Management Clusters (CMCs); therefore, one school was purposively selected from each CMC. Although the sampling frame may appear small, uMkhanyakude District is a deep rural area, and secondary schools within this context share common attributes that are believed to support the generalization of the study's findings. In each school, a treasurer, a finance officer, and the principal were purposively selected. All participants were chosen based on their experience of serving in these positions for more than six years. Creswell and Poth (2016) note that purposive sampling enables researchers to select individuals who are likely to provide in-depth and insightful responses to the research questions.

Table 1
Participants' biographic information

Participants	Age	Gender	Qualifications	Experience in SGB
P1	45 years	Male	BEd Hons	15 years
T1	38 years	Male	Matric	7 years
FO1	28 years	Male	BEd	6 years
P2	48 years	Male	BEd	6 years
T2	42 years	Female	Standard 5	7 years
FO2	37 years	Female	BAdmin	8 years
P3	47 years	Male	BEd	6 years
T3	49 years	Male	Standard 8	8 years
FO3	35 years	Female	Matric	6 years
P4	50 years	Male	BEd Hons	12 years
T4	48 years	Female	BEd	8 years
FO4	29 years	Female	BA	6 years

Legend: P: Principal; T: Treasurer; FO: Finance officer

3.3. Data Collection Method

The researchers developed the interview questions by first reviewing the research problem, objectives, and questions. They then examined the theory underpinning the study to determine the type of information needed. This process helped align the questions with the aims of the study. The questions were subsequently piloted with one member of a school finance committee who was not part of the study to assess the clarity and comprehensibility of the wording. Hence, this study employed semi-structured interviews to collect data from the participants. A total of 12 participants were interviewed individually for 60 minutes each in a local library boardroom. The interviews were recorded using a digital recorder. Semi-structured interviews were deemed the most effective data collection method for gaining a deep understanding of the phenomenon under investigation. According to Creswell and Creswell

(2018), using semi-structured interviews allows researchers to probe participants' responses, thereby facilitating an in-depth understanding of the phenomenon.

3.4. Data Analysis

This study employed thematic data analysis, a qualitative data analysis technique used by researchers to systematically organize and interpret complex data sets (Dawadi, 2020). Thematic analysis is a method for identifying, analysing, and reporting patterns or themes within data (Finlay, 2021; Braun & Clarke, 2022; Naeem et al., 2023). The study followed the thematic data analysis process, which began with the transcription of the recorded interviews. They then familiarized themselves with the raw data by reading the transcripts while listening to the audio recordings. The participants' responses were subsequently analysed to address the research questions. The researchers read each participant's responses carefully to identify recurring keywords and concepts. These common words and ideas were then highlighted, and similar codes were collated while noting differences among participants' responses. From these codes, themes and subthemes were developed. For instance, when the researchers identified frequent references to the term "policy," it suggested that participants had a clear understanding of the role of policy in managing school funds. Consequently, one of the themes that emerged was "understanding of policy." Finally, the themes that surfaced during data analysis were used to present and interpret the study's findings.

3.5. Ethical Considerations

Ethical clearance was obtained from the university where the study was conducted. In addition, the DoE in KwaZulu-Natal granted the researchers permission to conduct the study in schools within the province. Informed consent was obtained from all participants to ensure that they fully understood the nature of the study, the potential risks involved, and their right to participate or withdraw at any time. The researchers strictly adhered to ethical principles, particularly those concerning confidentiality and anonymity. Participants' consent was also sought to record the interviews using an audio recording device. To ensure anonymity, pseudonyms were used in reporting the findings to protect the participants' identities.

4. Findings

The following themes were identified during data analysis: illiteracy among finance committee members in managing school funds; insufficient funds deposited by the state into school accounts; the need to capacitate finance committee members in financial management; the incorporation of accounting principles and policies in managing school funds; and the application of the five management tasks.

4.1. Hindrances to the Effective Management of School Funds

This theme presents the challenges faced by finance committees in managing school finances. Findings from the interviews revealed that most finance committee members lack the necessary skills to effectively manage school funds. It also emerged that some schools experience inadequate funding. The participants' views on these issues are discussed in the foregoing sub-themes.

Theme 1: Illiteracy among the finance committee members

The school principals, who serve as ex-officio members of the finance committees, raised concerns about the high level of illiteracy among the committee members. For example, P3 said:

> "*Members of the SGB are mostly illiterate, and one is selected based on having a child in that school even if you are illiterate.*"

The comment made by P3 suggests that the lack of adequate knowledge among finance committee members in managing school funds leads to various challenges. A similar perspective was expressed by P4, who stated:

> "*Members of SGB are mostly illiterate, which leads to problems in terms of managing the school's funds.*"

The statements made by P3 and P4 suggest that most members of the finance committees are unable to effectively manage school funds. P2 further noted that the government is doing little to ensure that members of the SGB finance committees are equipped with the necessary skills to manage school finances. P2 stated:

> *"Another thing is the lack of skills in finance committee members and DBE is doing less to capacitate them."*

Furthermore, the treasurer pointed out that the inability to read and write among some members of the finance committee, including the treasurer, is a cause for concern. F2 stated:

> *"The issue is about the illiteracy among us as treasurers; as a result, principals do as they please in managing school funds. We receive insufficient training from the Department of Education. In fact, we only get a recycled training."*

The comments made by T2 suggest that treasurers believe low levels of education among those serving as chairpersons of the finance committee allow principals to take over the management of school funds. He further indicated that treasurers often entrust principals with their responsibilities because they lack the necessary skills to perform their duties effectively. Moreover, T1 expressed the view that some treasurers are unable to read and write. He stated:

> "*Most of us are illiterate, sometimes we cannot read and write. And we just go to the workshops for honouring the invite"*

The comments made by T1 and T2 indicate that illiteracy among finance committee members poses a serious challenge in managing school funds. They further revealed that even when they attend workshops, they often struggle to understand the content, as it is typically presented in English.

From the participants' comments, it can be inferred that finance committee members lack the necessary skills to manage school funds effectively. This lack of financial management skills may have negative implications for schools, as those entrusted with managing the funds are unable to perform their duties competently. Consequently, principals face difficulties in collaborating with individuals who lack the requisite knowledge and skills to manage school finances.

Theme 2: Insufficient funds deposited by the state into the school account

The school principals are also concerned about the insufficient funds deposited by the DoE into the school's account. For example, P1 said:

> "*The main challenge is that the money is never enough and in the case of schools which are non-section 21, you will find that there is a chunk of money given to the school for other LTSM's purposes, which the school should use to cover shortages. Parents and learners do not understand that part of the lack of resources is caused by underfunding of the school, and they do not understand that funding should tally with the number of learners in the school.*

The comment made by P1 suggests that the allocation for norms and standards deposited into the school's account is insufficient to cover the school's expenses, leading to challenges in managing school funds. A similar observation was made by P2, who stated:

> "*Shortage of cash, so we use debt to run the school. When the money comes, you will have to pay people who have served the school, therefore, funds are not enough.*"

The assertions made by P1 and P2 indicate that the funds deposited by the DoE into school accounts are insufficient to meet the schools' operational needs. P2 further explained that, due to the limited funding, finance committee members are often compelled to operate the school under debt, which creates additional challenges in managing school finances.

In addition, P4 expressed concern about the disparities in the allocation of norms and standards among public schools. Some schools receive only 30% of the total allocation because they are not classified as Section 21 schools with Function C. This discrepancy results in many schools struggling to cover their operating expenses, as the DoE procures goods and services on their behalf through service providers who often charge excessively high prices. For example:

> *"But as a non-section 21 school, we receive only the portion of the total budget. All we must do is to order through central. And you will order items at double price through central. The other thing is that money gets into the school account late*."

Furthermore, the finance officers indicated that the amount of money deposited by the DoE into school accounts poses a significant challenge to the effective management of school funds. For example, FO4 stated:

> *"The money received from the state is insufficient. Normally, we run the school with debts."*

Additionally, FO3 confirms that the funds deposited into the school account by the state are insufficient to cover the school's expenses. For example:

> *"The allocation per child has not been increasing for years but inflation is keeping on increasing."*

The comments made by FO4 and FO3 suggest that finance officers acknowledge that the insufficient funds provided by the state result in schools operating under debt, creating additional challenges for finance committees. They further lamented that the allocated funds do not increase in proportion to the inflation rate, which poses a serious concern for managing school expenses.

Similarly, the treasurers indicated that the inadequate funds allocated by the state present a significant challenge in managing school finances. For example, T3 stated:

> *"Eish, state deposits insufficient funds but prices are keeping on increasing yearly."*

The comments made by T3 suggest that treasurers also believe the insufficient funds deposited by the state lead to ineffective financial management, as school expenses continue to rise while income remains constant. Moreover, T1 expressed the view that, as a treasurer, they are often compelled to operate the school under debt. He stated:

> *"The insufficient school funds, late deposit of school funds, lack of training of SGB members lead to run schools with debts."*

From the participants' comments, it is evident that the insufficient funds deposited by the state into schools pose significant challenges in managing school finances. This lack of adequate funding negatively affects school operations, as it often results in schools running into debt, making it difficult to cover essential expenses. Consequently, service providers become reluctant to extend credit to schools, further exacerbating financial management challenges.

4.2. Solutions to Challenges Faced by the Finance Committees

This theme explores the strategies that school finance committees can adopt to address the challenges associated with managing school finances. Findings from the interviews revealed that strengthening the capacity of school finance committees and ensuring the timely deposit of school funds can enhance the effective management of school finances. The participants' perspectives on these strategies are discussed in the sub-themes.

Theme 3: Capacitate finance committee members

The school principals, who serve as ex-officio members of the SGB, suggested that capacitating school finance committee members contributes to the effective management of school funds. For example, P2 stated:

> *"Capacitate all finance committee members to understand how to manage school funds."*

The comment made by P2 suggests that when finance committee members are equipped with the necessary financial management skills, they become more effective in managing school finances. A similar perspective was expressed by P3, who stated:

> *"Mhmm, one of the strategies is regular capacitation of finance committee members."*

The comments made by P2 and P3 suggest that most principals view the regular capacitation of school finance committee members as a key solution to the mismanagement of school finances. They indicated that the annual training currently provided is insufficient for finance committee members to perform their financial management duties effectively.

Furthermore, the treasurer proposed that continuous capacity-building initiatives for the SGB should be adopted as a strategy to address the mismanagement of school funds. For example, T1 stated:

> *"The state can increase the allocation per learner. Regular training of school finance committee members will help them develop basic skills in financial management. The state can make a law that requires every member of the finance committee to have grade 12."*

The comments made by T1 suggest that treasurers also believe that regularly training finance committee members in financial management skills contributes to the effective management of school funds. He further stated that the state should require SGB members to possess at least a Grade 12 qualification before being elected.

Based on the participants' comments, it can be inferred that the regular training of school finance committee members enhances the effective management of school finances. Continuous capacity-building initiatives ensure that committee members possess the necessary knowledge and skills to handle financial matters efficiently.

Theme 4: The Use of Accounting Principles and Policies

The school principals, who represent the DoE in the SGB, suggested that applying accounting principles and financial policies can help address the challenges faced by finance committees in managing school funds effectively. For example, P1 stated that:

> *"The application of GAAP, International Financial Reporting Standards, and King Code principles are the key in preparing financial statements that are accurate and comparable to others."*

The statements made by P1 strongly suggest that finance committee members must possess sufficient literacy to apply accounting principles and policies effectively for improved management of school funds. Without such literacy, they are unable to implement these principles and policies, as doing so requires specialized knowledge and the ability to interpret financial information. Similarly, P4 stated:

> *"I really wish we could be trained thoroughly in the application of accounting principles like GAAP and the Companies Act when preparing financial statements of the school."*

The sentiments expressed by P4 suggest that finance committee members require training in the application and incorporation of accounting principles to ensure the effective management of school funds.

From the participants' comments, it is evident that the application and integration of accounting principles and policies, such as Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS), the King Code III, and the Companies Act 71 of 2008, play a crucial role in the preparation of accurate and credible financial statements for schools. Therefore, the DoE should take this into consideration and provide appropriate training to finance committee members to enhance the accuracy and reliability of school financial statements.

Theme 5: Application of Management Tasks

Participants, particularly the principals who serve as ex-officio members of the SGB, suggested that applying management tasks in handling school funds is one of the most effective strategies for finance committees to manage funds efficiently. For example, P3 stated:

> *"I use planning, controlling, leading, organising, and coordinating when drafting the budget and managing school funds."*

The statements made by P3 suggest that the finance committee applies the five management tasks to manage school funds effectively. Similarly, FO1 stated:

> *"The principal, is leading us in planning and controlling the process of budgeting."*

The statements made by FO1 indicate that the finance committee applies management tasks when developing the school's budget. The comments from the participants further emphasized that the application of the five management tasks, planning, organizing, leading, controlling, and coordinating, plays a pivotal role in the effective management of school funds. The participants explained that they engage in planning, organizing, coordinating, controlling, and leading as part of their approach to managing school finances.

5. Discussion

The study aimed to investigate the perspectives of school finance committee members on managing school funds in selected schools within the uMkhanyakude District, KwaZulu-Natal. This study revealed that most finance committee members are illiterate, which creates an opportunity for principals to mismanage school funds. Since the management of school finances is delegated to the finance committee, in line with the decentralization theory, the risk arises that principals may manipulate committee members due to their lack of financial literacy. This challenge is further linked to the issue of power dynamics within the finance committee, which ultimately undermines the effectiveness of financial management in schools.

Moreover, the study found that the state deposits insufficient funds into school accounts through the NNSSF policy. Participants noted that the limited financial allocations prevent office bearers from procuring all the essential resources needed by schools. This finding aligns with Jansen (2015), who observed that inadequate state funding negatively affects financial management, particularly in relation to recurrent costs such as learner and teacher support materials, utilities, and maintenance. These deficiencies inevitably impact effective teaching and learning. It is undeniable that shop prices increase annually, yet the NNSSF allocation remains constant. Consequently, schools are forced to reduce their budgets, prioritizing only essential items while excluding others. Participants further expressed concern that the funds deposited into school accounts are insufficient to cover operational expenses, particularly because the allocations do not keep pace with the country's inflation rate.

The study also revealed that participants were dissatisfied with the late disbursement of funds by the state, which hampers the ability of finance committees to manage school funds effectively. This finding is consistent with Kanhai and Matsongoni (2020), who reported that the DoE does not always release Norms and Standards allocations in a timely manner, thereby disrupting budgetary planning and delaying the procurement of resources. Such delays often force schools to purchase on credit, leading to debt accumulation and creating the impression that finance committees are ineffective in managing school finances.

Regular training of finance committee members was identified as a key factor in empowering them with the necessary skills for effective financial management. Participants emphasized that continuous training enables office bearers to manage school funds more efficiently. This finding supports Rangongo et al. (2016), who recommended that SGB members undergo intensive training in financial management and governance to improve their capacity to manage school finances effectively. Ongoing capacity building for parent representatives on the finance committee, along with a standardized minimum educational qualification, such as completion of Adult Basic Education or Grade 12, should be considered prerequisites for SGB appointment to strengthen financial governance.

The study further found that the application of accounting principles and policies, such as GAAP, IFRS, King Code III, and the Companies Act 71 of 2008, can help mitigate the mismanagement of school funds. These frameworks enable finance committees to prepare financial statements that conform to globally recognized standards. Similarly, the integration of management tasks, planning, organizing, leading, controlling, and coordinating, was identified as a useful approach to improve budgetary processes and ensure the accurate preparation of financial statements.

However, these challenges persist because most state policies and guidelines are not translated into the mother tongue of finance committee members. Additionally, the parent component of the SGB continues to perceive school governance as the sole responsibility of the principal, which indicates that they struggle to exercise authority as mandated by the South African Schools Act (SASA) No. 84 of 1996.

The findings addressed the research questions by proposing that the state should improve the timely and adequate disbursement of funds to schools. Furthermore, employing qualified accounting professionals to train finance committee members is essential to ensuring the effective management of school funds.

6. Conclusion and Recommendations

Based on the findings of this study, it can be inferred that finance committee members are not adequately prepared to manage school funds, particularly those related to the parent wing. Some are aware of what is expected of them, but they fail to implement it due to illiteracy and inadequate norms and standards. On the other hand, the majority of the parents do not know what is expected of them; they are there because they have been elected. This implies that the government should review how the SGB is elected and constituted.

The following recommendations are therefore put forward to the DoE regarding the management of school funds:

Capacity building. The findings of this study revealed that the type of training provided to finance committee members is inadequate for managing school funds effectively and efficiently. As such, this study recommends that the finance committee office bearers should receive ongoing training support to capacitate them in exploring effective ways to manage school funds.

Policy reform. The study recommends that the DBE employ full-time facilitators with a Bachelor of Commerce (BCom) in Accounting to train finance committee members. The DBE should conduct such training in the finance committee members' mother tongue. Thus, the training should be structured in a way that ensures everyone understands what financial management entails.

Funding improvements. Finally, the DBE should pay schools on time and avoid any delay in depositing money into school accounts. Furthermore, the DBE should increase the amount of the grant per learner in line with the inflation rate.

Drawing from the preceding recommendations, and despite the DBE facing financial constraints, it is further suggested that sufficient and timeous budgeting should be a priority for the department, since this serves as an internal control mechanism against the mismanagement of funds.

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This study was conducted in accordance with the ethical guidelines set by University of South Africa. The conduct of this study has been approved and given relative clearance(s) by the University of South Africa.

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