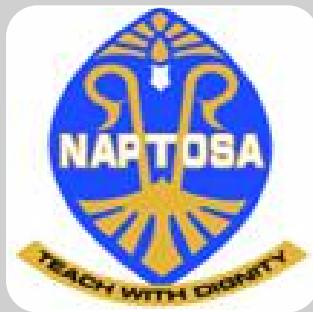
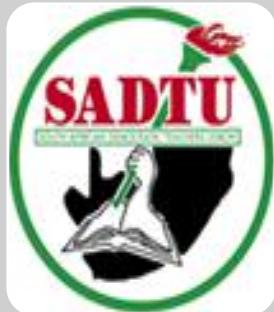




THE PRINCIPAL AS FINANCIAL MANAGER

TEACHER UNION COLLABORATION



Foundation
Phase
Resource
Development
SMTs

Communities
of Practice

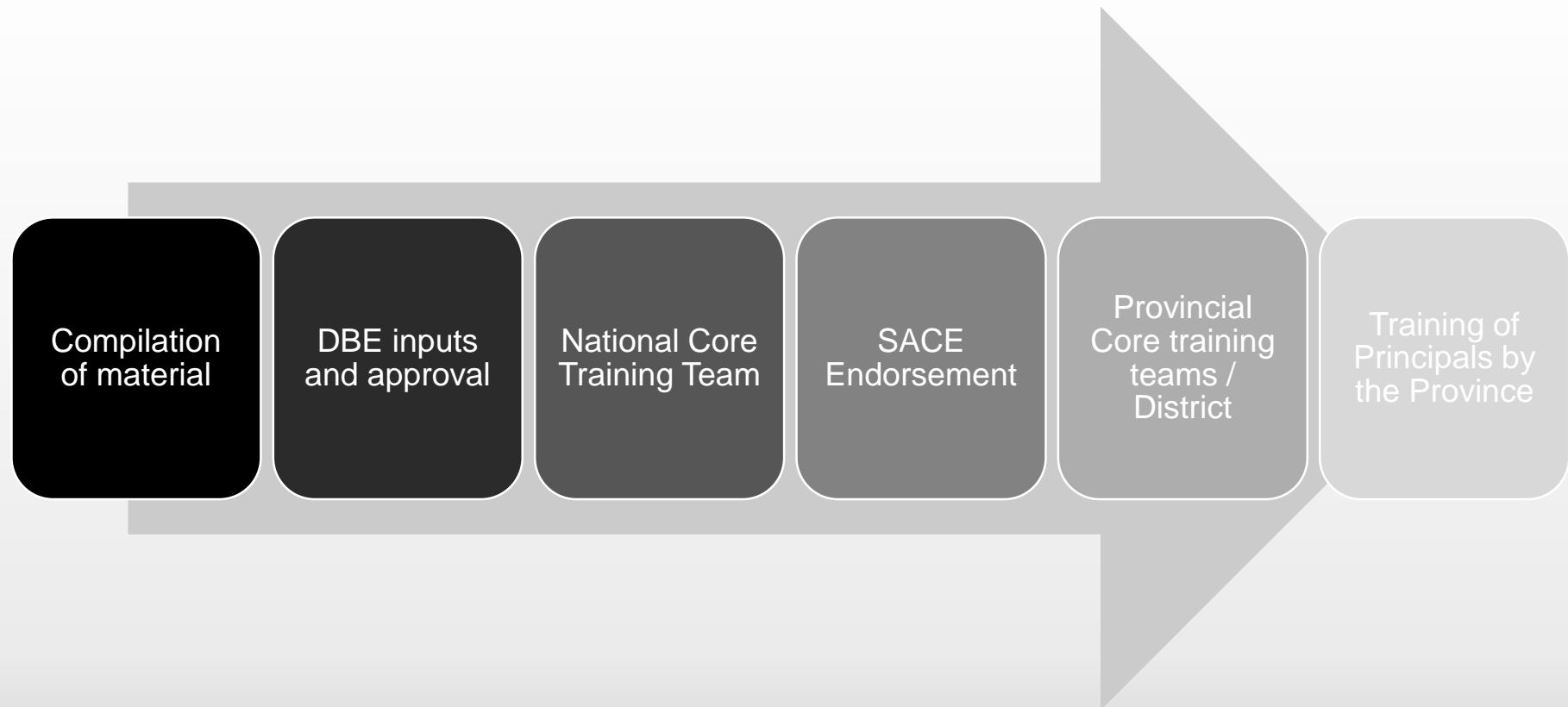
Mathematics
Curriculum
Differentiation
Foundation
Phase

Curriculum
Related
training

Curriculum
Differentiation
in Limpopo

Curriculum
Management
for principals

TEACHER UNION COLLABORATION



PRINCIPAL AS FINANCIAL MANAGER

The management of school finances can be one of the most challenging of principals' responsibilities, because for many it is an area in which they have little or no training or expertise. It is also likely that the elected members of the school governing body may be equally ill-equipped for the task.

Clark, 2008

AIM OF THIS TRAINING

- Processes and Procedures to improve the financial running of the school.
- Structures to assist the financial planning function of the principal

ASSUMPTIONS

- It is assumed that the Provincial Department will:
 - Provide the allocation to a school ON TIME
 - Ensure that the CORRECT budget will be allocated
 - Correctly ring-fence the budget items
 - Monitor the implementation of the training
 - Conduct accountability sessions after training
 - Ensure that SGB training takes place



FUNCTIONS OF A FINANCIAL MANAGER

FUNCTIONS OF A MANAGER

Control measures:

- Monitor performance
- Take the necessary action to ensure desired results

Planning

Control measures

Functions
of a
Manager

Organising

Directing
(Leading)

Planning:

- Ensure that the relevant policies are in place
- Be knowledgeable on the relevant national and provincial policies
- Be knowledgeable on the implementation of these policies
- Ensure that a policy referring to financial matters is developed

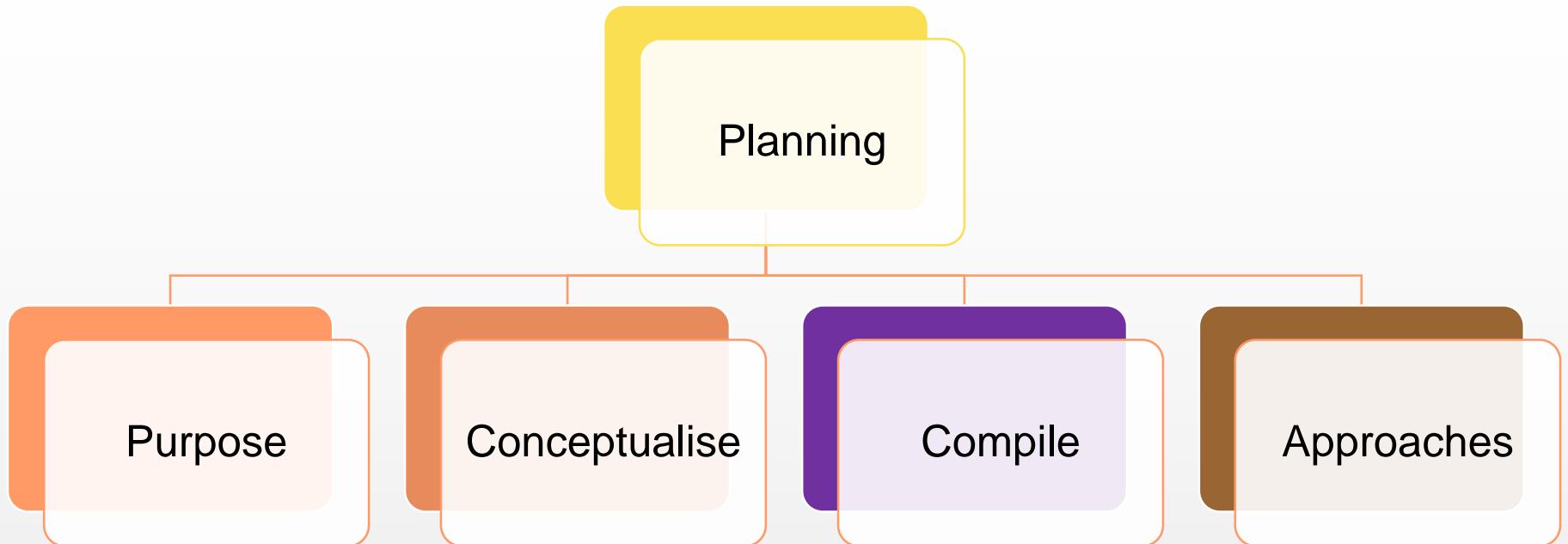
Directing:

- Determine the outcomes of financial management
- Establish an ordered and structured environment in which these outcomes can be delivered.
- Provide dynamic leadership

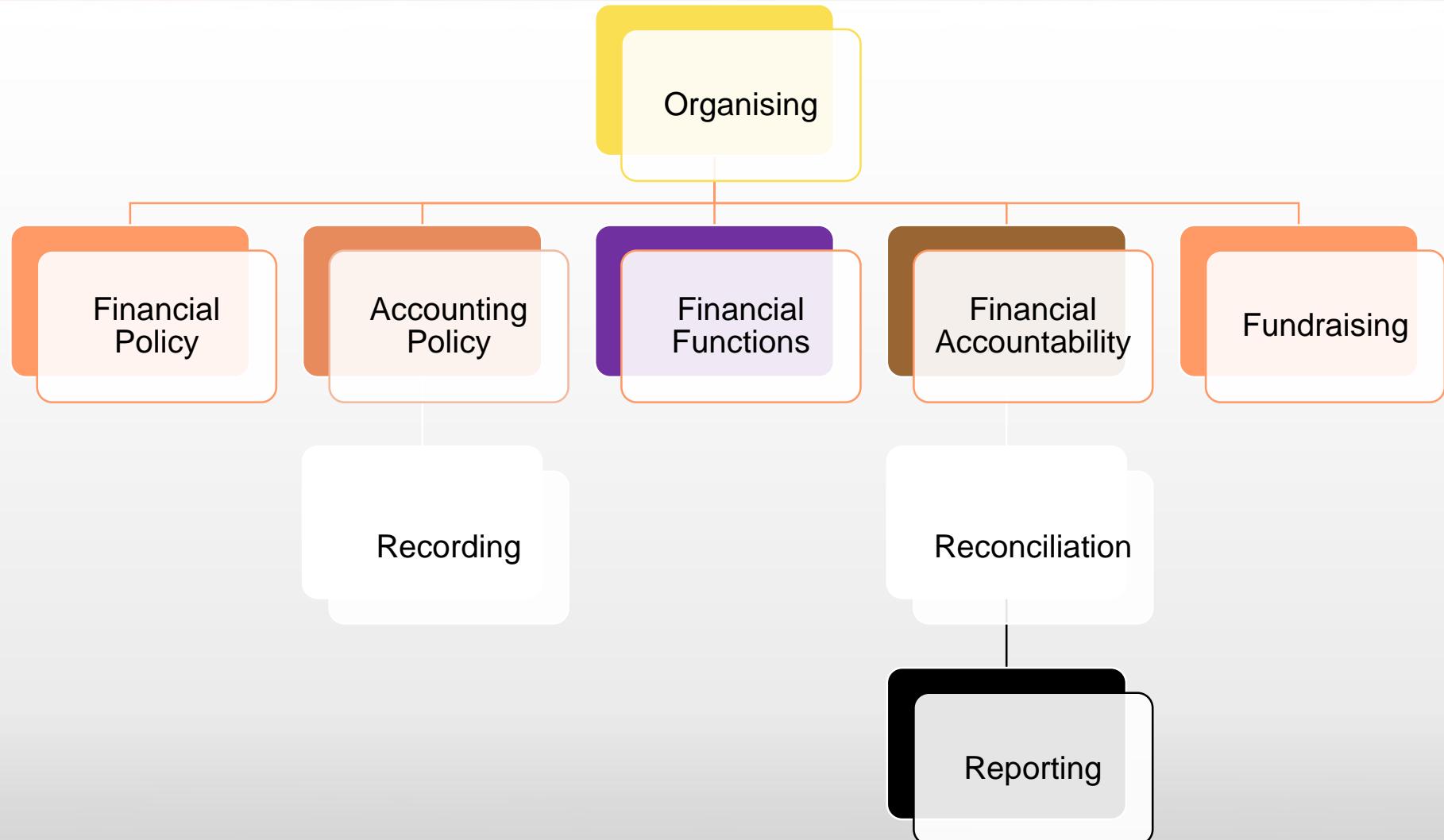
Organising:

- Create systems and structures which will enable the implementation of relevant policies at school level

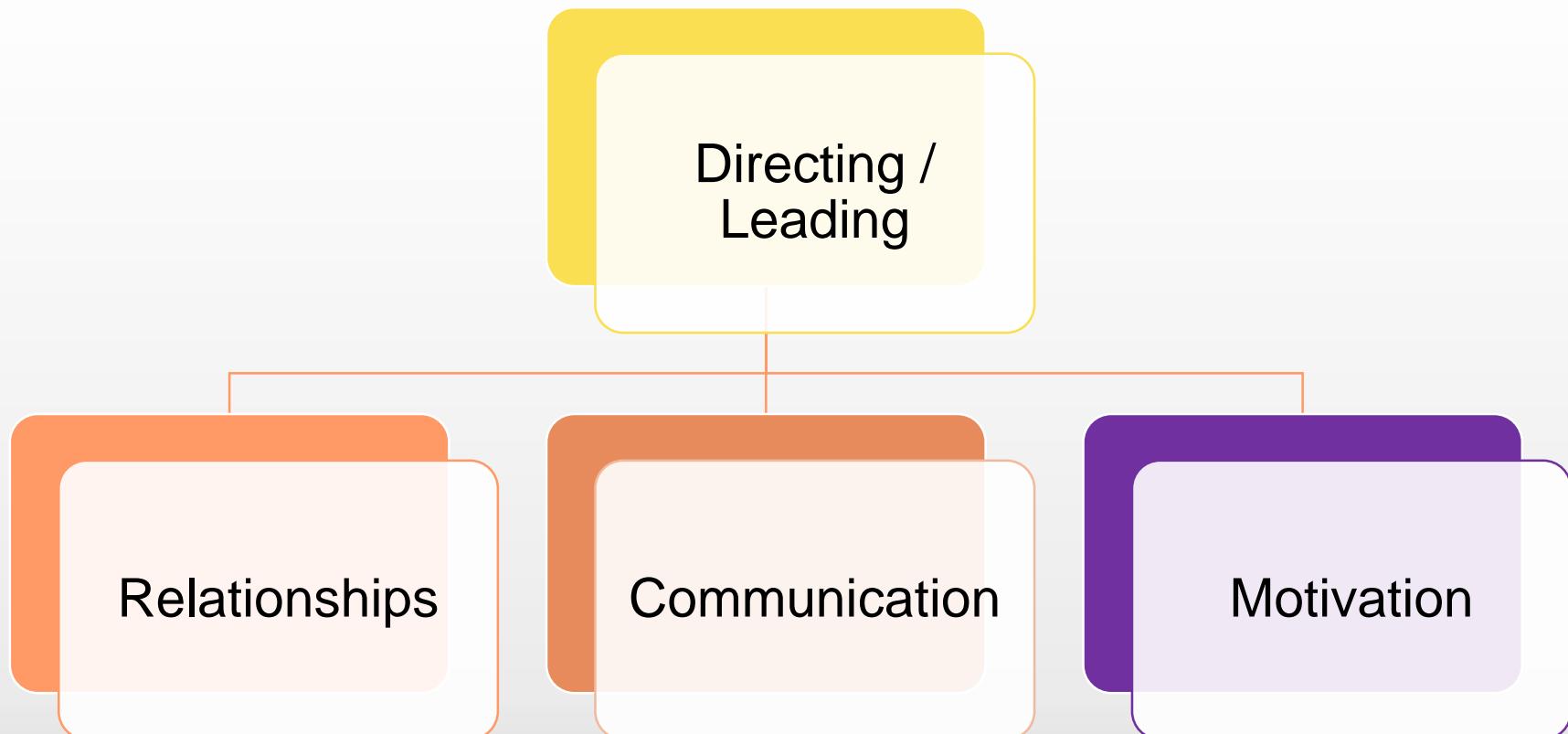
FUNCTIONS OF A MANAGER



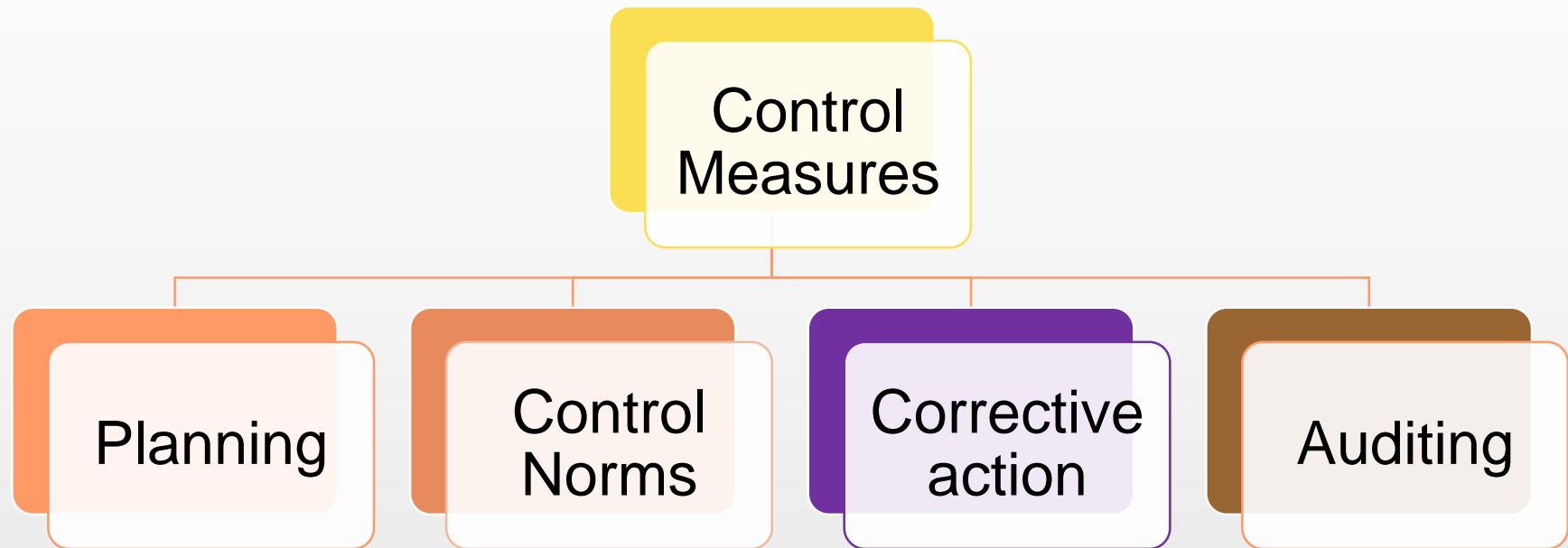
FUNCTIONS OF A MANAGER



FUNCTIONS OF A MANAGER



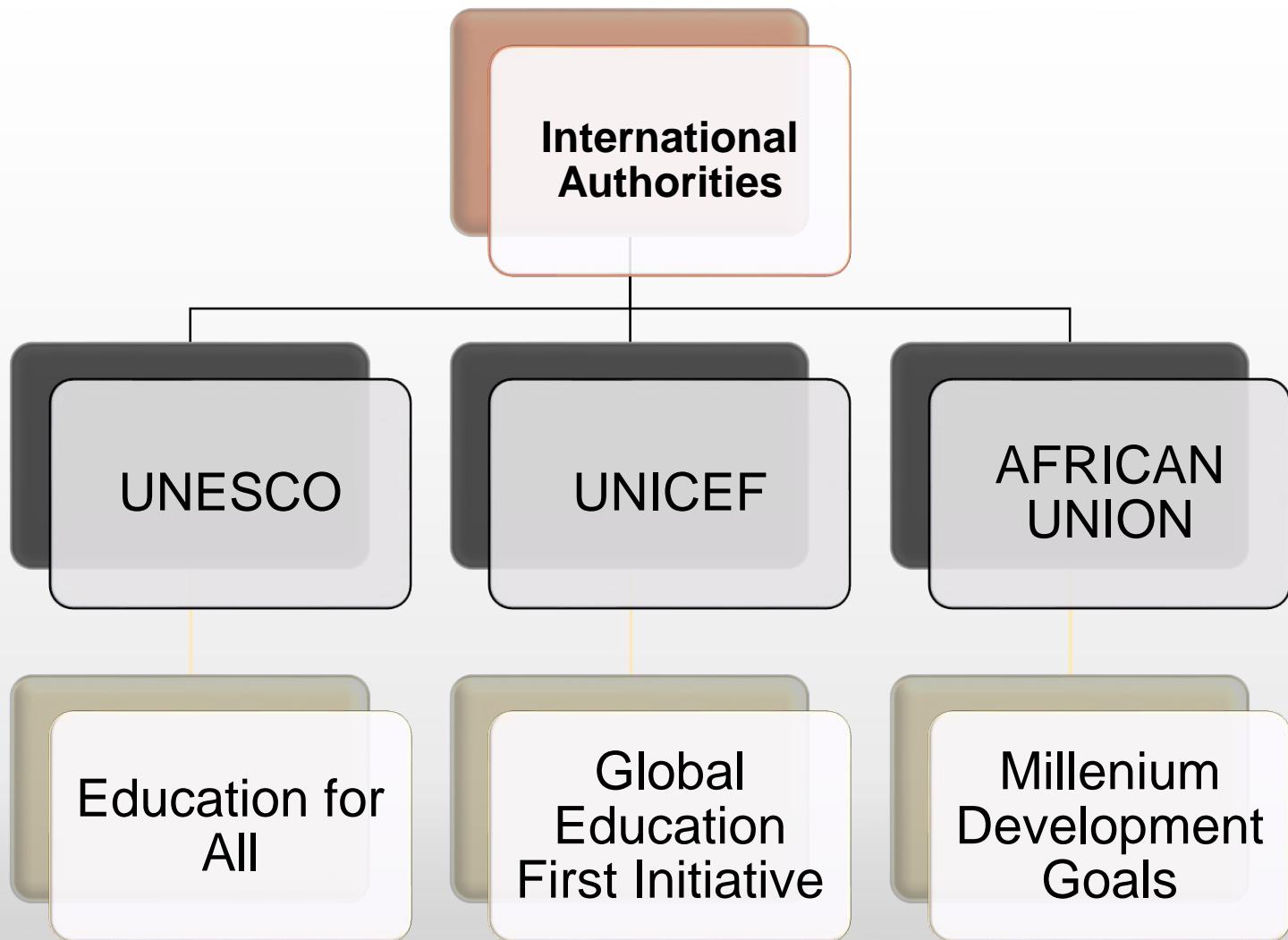
FUNCTIONS OF A MANAGER





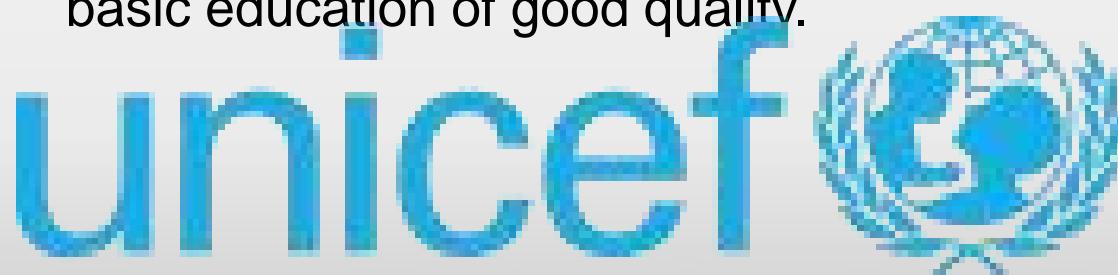
INTERNATIONAL AND NATIONAL INDICATORS FOR FINANCIAL MANAGEMENT

INTERNATIONAL AUTHORITIES



INTERNATIONAL INDICATORS

- UNICEF is deeply committed to creating a world in which all children, regardless of their gender, socio-economic background or circumstances, have access to free, compulsory and quality education. In education, UNICEF supports the Education for All (EFA) and the Millennium Development Goals 2 and 3 to ensure that all children have access to and complete a full course of primary schooling, and to eliminate gender disparity in education by 2015. Other global goals echoing these commitments include the World Education Forum's Dakar Framework for Action, which stresses the rights of girls, ethnic minorities and children in difficult circumstances; and the emphasis in A World Fit for Children on ensuring equal access to and achievement in basic education of good quality.



INTERNATIONAL INDICATORS

- The School Fee Abolition Initiative (SFAI) was launched in 2005 by UNICEF and the World Bank. It aimed to make a breakthrough in access to quality basic education through support to policies for removing the education cost barriers to households. The initiative seeks to scale up the rate of progress towards universal primary education, support and build on the results of a major enrolment surge in countries that have abolished school fees in primary education, and maintain and enhance quality of education.



NATIONAL INDICATORS

National Development Plan

Delivery Agreement of the Minister of Basic Education

Schooling 2030

Action Plan 2019

ISPFTED (Integrated Strategic Planning Framework
for Teacher Education and Development)

NATIONAL DEVELOPMENT PLAN 2030

Principals should gradually be given more powers to administer schools, including financial management, procurement of textbooks and other educational material, as well as hiring and firing educators. These delegations are necessary so that principals can be accountable for the performance of their schools. The commission supports the Department of Basic Education initiative to introduce performance contracts for principals. These contracts should be used as a means to help principals who strive for excellence to find ways to improve their performance year on year, including being used as a way of identifying training needs. However, if principals repeatedly fail to meet performance targets, monitoring information indicates poor performance, and investigations based on interviews with school stakeholders confirm that the principal is ineffective, then the principal should be replaced.

ACTION PLAN 2019

Goal 21 ★★★	Ensure that the basic annual management processes take place across all schools in the country in a way that contributes towards a functional school environment.
Goal 22	Improve parent and community participation in the governance of schools, partly by improving access to important information via the e-Education strategy.
Goal 23	Ensure that all schools are funded at least at the minimum per learner levels determined nationally and that funds are utilised transparently and effectively.
Goal 24	Ensure that the physical infrastructure and environment of every school inspire learners to want to come to school and learn, and teachers to teach.

ACTION PLAN 2019

GOAL 21

The percentage of schools producing the minimum set of management documents at a required standard, for instance a school budget, a school improvement plan, an annual report, attendance registers and a record of learner marks.

ACTION PLAN 2019

Indicator 21. The percentage of schools producing the minimum set of management documents at a required standard, for instance a school budget, a school improvement plan, an annual report, attendance registers and a record of learner marks.

The 2011 School Monitoring Survey (SMS), to be repeated in 2015, has taken the monitoring of the 'building blocks' of school management referred to in the 2011 Action Plan a step forward. Whilst earlier surveys had largely relied on the school principal's own report on the presence of certain management documents, the SMS involved basic inspections by external fieldworkers of the documents. The percentage of schools found to have 11 key documents in place in 2011 was 52%⁹⁷. Moving forward, what is needed is closer monitoring of the quality of existing school management documents and what this says about the management problems existing in schools and how to address these problems through policy and capacity building.

FIVE YEAR STRATEGIC PLAN

<p>Implement a strategy to strengthen school management: Goal 21</p>	<p>Percentage of schools producing a minimum set of management documents at a required standard</p>	<p>52%</p>	<p>100%</p>	<ul style="list-style-type: none"> DBE guidelines on standard management documents for schools School Monitoring Survey & basic Inspection by external fieldworkers Monitoring PED processes and activities
	<p>Percentage of schools where school governing body meets minimum criteria in terms of effectiveness: Goal 22</p>	<p>70%</p>	<p>90%</p>	<ul style="list-style-type: none"> National criteria (N&S) on SGB functions Monitoring by DBE
	<p>Percentage of learners in schools that are funded at a minimum level: Goal 23</p>	<p>New indicator</p>	<p>100%</p>	<ul style="list-style-type: none"> DBE sets/revises the Funding Norms on the non-personnel allocation for schools Publishing of Norms Monitoring of implementation
	<p>Percentage of schools with full set of financial management responsibilities on the basis of assessment</p>	<p>New indicator</p>	<p>95%</p>	<ul style="list-style-type: none"> DBE Policy emphasis on the Norms on financial responsibilities Publishing of Norms Monitoring of implementation by PEDs



LEGISLATION ON FINANCIAL MANAGER

LEGISLATION

CONSTITUTION

- Exclusive powers
- Concurrent powers

National Legislation

- SASA (South African Schools); NEPA (National Education Policy Act); EEA (Employment of Educators Act); PFMA (Public Finance Management Act); ELAA (Education Laws Amendment Act); The Division of Revenue Act, 2013, Public Service Act, 1994;

National Policy Guidelines

- NDP (National Development Plan);
- Action Plan 2019; Schooling 2030;
- STANDARDS FOR PRINCIPALSHIP
- Collective Agreement: Personnel Administration Measure (PAM)

Provincial Legislation

- Provincial Education Act
- Provincial Regulations

LEGISLATION

NATIONAL LEGISLATION

- Audit and Accounting Act
- Regulations
- Policies
- Prescripts (Circulars)

PROVINCIAL LEGISLATION

- Regulations
- Policies
- Prescripts (Circulars)

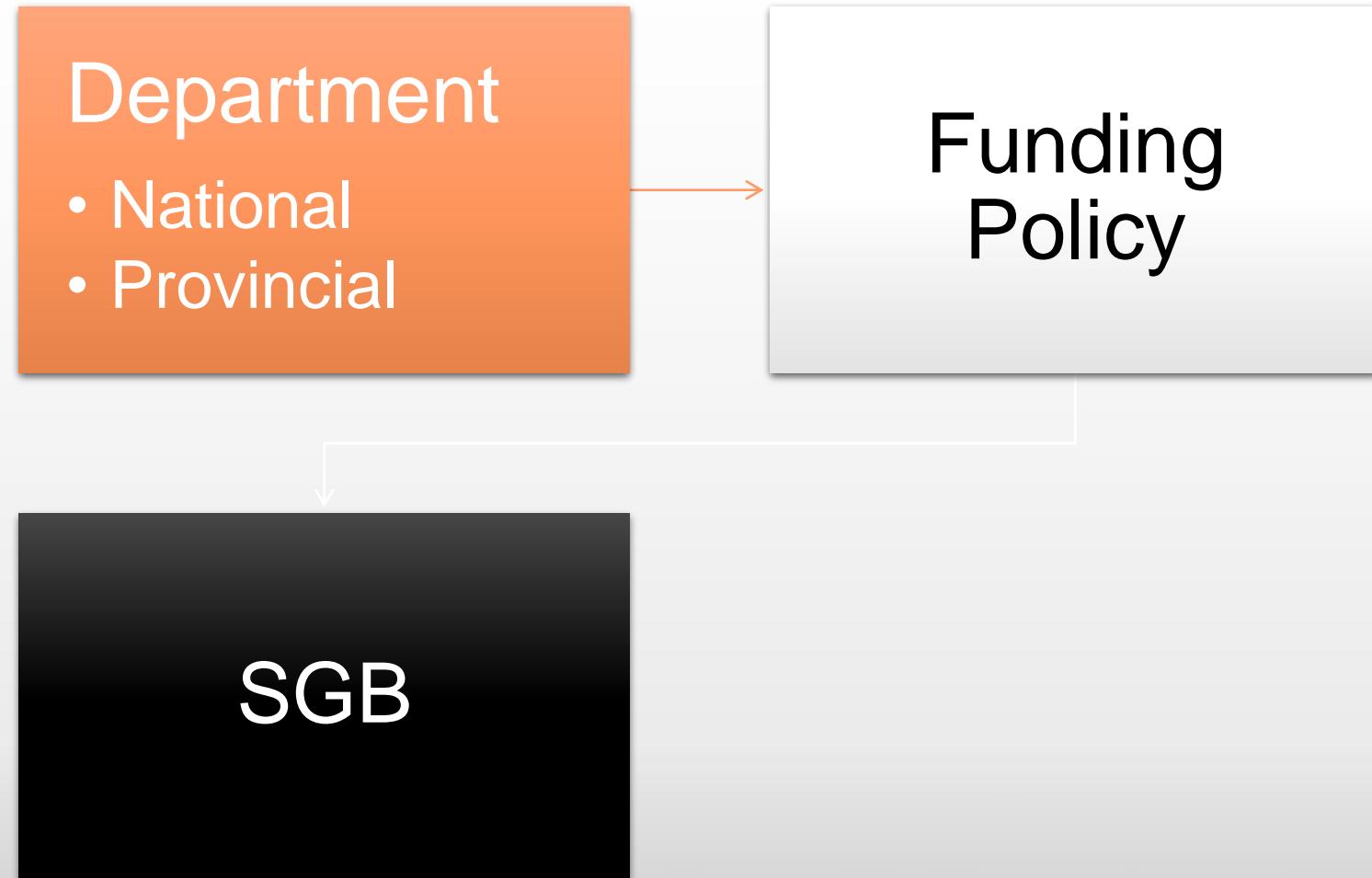
SCHOOL LEVEL

- Financial Policy and Accounting Policy
- Governing Body Mandates

LEGISLATION

- **Essential reading for every Principal and SMT**
- SA Schools Act
- Provincial Education Act
- Regulations at National and Provincial Level
- National Norms and Standards for School Funding
- Policy on the South African Standard for Principalship
- **Regulations for the Exemption of Parents from the Payment of School Fees, 2005 as amended**

LEGISLATION



DOCUMENTS RELEVANT TO FINANCIAL MANAGEMENT

SASA (South African Schools Act);

NEPA (National Education Policy Act);

EEA (Employment of Educators Act);

PFMA (Public Finance Management Act);

ELAA (Education Laws Amendment Act);

The Division of Revenue Act, 2013,

Public Service Act, 1994;

Personnel Administration Act (PAM)

Norms and Standards for Funding of Public Schools

King III Report

Additional Reading

SOUTH AFRICAN SCHOOLS ACT

Section 16 A

- (2) The principal must—
 - (a) in undertaking the professional management of a public school as contemplated in section 16 (3), carry out duties which include, but are not limited to—
 - (i) the implementation of all the educational programmes and curriculum activities;
 - (ii) the management of all educators and support staff;
 - (iii) the management of the use of learning support material and other equipment;
 - (iv) the performance of functions delegated to him or her by the Head of Department in terms of this Act;
 - (v) the safekeeping of all school records; and
 - (vi) the implementation of policy and legislation;

SOUTH AFRICAN SCHOOLS ACT

Section 16 A

- (2) The principal must—
 - (b) attend and participate in all meetings of the governing body;
 - (c) provide the governing body with a report about the professional management relating to the public school;
 - (d) assist the governing body in handling disciplinary matters pertaining to learners;
 - (e) assist the Head of Department in handling disciplinary matters pertaining to educators and support staff employed by the Head of Department;
 - (f) inform the governing body about policy and legislation; [Para. (f) amended by s. 9 of Act No. 15 of 2011.] Wording of Sections
 - (g) provide accurate data to the Head of Department when requested to do so; and; [Para. (g) amended by s. 9 of Act No. 15 of 2011.] Wording of Sections

SOUTH AFRICAN SCHOOLS ACT

Section 16 A

- (h) assist the governing body with the management of the school's funds, which assistance must include— the provision of information relating to any conditions imposed or directions issued by the Minister, the Member of the Executive Council or the Head of Department in respect of all financial matters of the school contemplated in Chapter 4; and
- (ii) the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school; [Para. (h) added by s. 9 of Act No. 15 of 2011.]
- (h) take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the governing body of the school; [Para. (i) added by s. 9 of Act No. 15 of 2011.]
- (j) be a member of a finance committee or delegation of the governing body in order to manage any matter that has financial implications for the school; and [Para. (j) added by s. 9 of Act No. 15 of 2011.]
- (k) report any maladministration or mismanagement of financial matters to the governing body of the school and to the Head of Department. [Para. (k) added by s. 9 of Act No. 15 of 2011.]

SOUTH AFRICAN SCHOOLS ACT

Section 20.

- Functions of all governing bodies.—(1) Subject to this Act, the governing body of a public school must—
 - (a) promote the best interests of the school and strive to ensure its development through the provision of quality education for all learners at the school;
 - (b) adopt a constitution;
 - (c) develop the mission statement of the school;
 - (d) adopt a code of conduct for learners at the school;
 - (e) support the principal, educators and other staff of the school in the performance of their professional functions; adhere to any actions taken by the Head of Department in terms of section 16 of the Employment of Educators Act, 1998 (Act No. 76 of 1998), to address the incapacity of a principal or educator to carry out his or her duties effectively;
 - (f) determine times of the school day consistent with any applicable conditions of employment of staff at the school;

SOUTH AFRICAN SCHOOLS ACT

Section 20.

- Functions of all governing bodies.—(1) Subject to this Act, the governing body of a public school must—
 - (f) determine times of the school day consistent with any applicable conditions of employment of staff at the school;
 - (g) administer and control the school's property, and buildings and grounds occupied by the school, including school hostels, but the exercise of this power must not in any manner interfere with or otherwise hamper the implementation of a decision made by the Member of the Executive Council or Head of Department in terms of any law or policy;

SOUTH AFRICAN SCHOOLS ACT

- Section 34 (1) states that: “the State must fund public schools from the public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of the past inequalities in education provision.”
- Makrwede (2010) indicates that “The state apportions the provision of allocation of funding according to the level of deprivation of the school, but this amount is still not enough to provide resources to meet the aspirations of the parents and also the expected level of provision of quality education in school. This has propelled schools to charge fees to meet up these standards. The school governing bodies have the responsibility to supplement the resources supplied by the state so as to maintain and improve the provision of quality education.”

SOUTH AFRICAN SCHOOLS ACT

Section 42

- Financial records and statements of public schools.—The governing body of a public school must—
 - (a) keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions; and
 - (b) as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council.

SOUTH AFRICAN SCHOOLS ACT

Section 43

- Audit or examination of financial records and statements.—
 - (1) The governing body of a public school must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005), to audit the records and financial statements referred to in section 42.
 - (5) A governing body must submit to the Head of Department, within six months after the end of each financial year, a copy of the annual financial statements, audited or examined in terms of this section.

NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING

- Section 101 categorises schools on the bases of socio-economic conditions under which the school operate. This results in having five categories or quintiles.
- Allocations are calculated based on the number of learners enrolled as well as the quintile classification of the school. Therefore it is essential that the school maintains quality enrolment data.
- This allocation informs the planning functions of the school, in the form of a budget.
- The funding which is provided through the Norms and Standards for funding cannot be utilised for the payment of salaries

PUBLIC FINANCE MANAGEMENT ACT

- This act promotes good financial management which is a prerequisite for effective and efficient use of the limited resource at the disposal of the public institutions. This means that allocation and utilisation of public funds must be carried out in an economic manner to avoid waste and any form of corruption.
- The PFMA prescribes one of the key responsibilities of accounting officers is the operation of basic financial management systems.

Makrwede, 2012

- Financial management entails not only management skills, but it also necessitates knowledge of Accounting and Finance to be able to manage a school's finances.
- The principal is the accounting officer for the department in the school, but the overall management of the school's finances is the primary function of the school's governing body.

PUBLIC FINANCE MANAGEMENT ACT

APPLICATION OF PFMA FOR SCHOOLS

- The HOD as accounting officer for the provincial department prescribes through circular to principals and SGBs how the State's resource allocation for schools should be spent.
- Schools are obliged to spend State funds for:
 - Resources
 - Services
 - Repairs
 - Maintenance of Schools
- The spending of these funds is ring-fenced.

A yellow thought bubble with a black outline and a small trail of three smaller yellow circles. Inside the bubble, the word 'Virement?' is written in a bold, black, sans-serif font.

Virement?

Mestry, 2013

FRAMEWORK FOR FINANCIAL MANAGEMENT

Accounting



Financial
Management

Finance

KING III

- King III is a set of governance guidelines. These guidelines are not legislated.
- Two critical principles
 - Good governance cannot exist separate from the law
 - Performance is to be considered in relation to strategy, risk and sustainability, not alone

KING III

CONFLICT OF INTEREST

- 36. The personal interests of a director, or persons closely associated with that director, should not take precedence over those of the company – King III
- 37. Any director who is appointed to the board as the representative of a party with a substantial interest in the company, such as a major shareholder or a substantial creditor, should recognise the potential for a conflict of interest and accept that his primary duty is always to act in the best interests of the company.
- 38. Certain conflicts of interest are so fundamental that these should be avoided, [while any conflict of interest, whether real or perceived, fundamental or peripheral] should be disclosed timeously and in full detail.

KING III

- Include in Code of Conduct
 - Every governor is precluded from deriving personal profit or gain for him/herself or members of family resulting from his or her position on the governing body.
 - A member of the governing body must withdraw from any meeting of the SGB or SGB sub-committee for the duration of both discussion and decision-making on any issue in which s/he has a personal interest.
- Not directly addressed in education laws or regs other than SASA
- Adapted from NGOs:
 - School must guard against any possibility of personal gain being obtained by SGB members or staff from any of the school's transactions.
 - Neither staff nor governors shall have any financial participation, either directly or through a nominee, in any undertaking which in any way is related to the business of the school.
 - Staff and governors must declare their interest in or relationship with any person, body, undertaking or organisation engaging in any business or dealings with the school, where the nature of the relationship or association could be perceived to have influence over the outcome of such dealings.