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A blueprint for implementing internal financial processes in public schools

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In this article we explore the experiences of principals and school governing body (SGB) members about the implementation of internal financial processes to manage school finances. To avoid the mismanagement of school funds, SGBs are compelled to design and implement internal financial processes. However, many SGB members lack the necessary expertise and inevitably depend on principals to make financial decisions or to find practical solutions to several financial problems. Using a qualitative research approach within an interpretivist paradigm and case study design, we explored the application of internal financial processes of 18 financial managers in 6 Gauteng schools. Invariably, 2 core aspects, transparency and accountability, were raised as essential components of internal control processes. The theoretical framework underpinning this study was primarily Gidden's structuration theory which emphasises the hierarchical levels in schools. The accountability theory, aligned with Gidden's theory, explains the necessity for individuals to justify their actions and foster a sense of accountability for decision-making. The findings reveal that, despite SGBs developing internal financial processes, they experienced challenges to effectively implement these processes. They were compelled to review strategies to bolster internal financial processes, integrating modern technology and fostering better stakeholder engagement.

Keywords: accountability; control; financial management; internal processes; mismanagement; monitoring; oversight

Introduction and Background to the Problem

The South African Schools Act No. 84 of 1996 (Republic of South Africa [RSA], 1996) decentralises school governance (including financial management) to governing bodies. School financial management is defined as the performance of managerial activities associated with schools' goals to provide quality education (Mestry, 2013). School governing bodies (SGBs) shoulder a multitude of financial responsibilities, ranging from budgetary reviews to financial oversight, as mandated by the South African Schools Act (hereafter the Schools Act). The importance of their roles is emphasised in a study undertaken by Mandlazi and Govender (2021) who demonstrate clear links between SGB involvement and their compliance with generally accepted accounting principles (GAAP). SGBs, according to legislative mandates, are required to apply various mechanisms and structures to streamline school finances.

However, many SGB members grapple to manage school finances effectively and efficiently, often due to their lack of financial knowledge and experience in school matters (Mlakalaka & Rulashe, 2024). This inadvertently results in widespread financial mismanagement in schools (Dibete & Potokri, 2021; Mestry, 2016; Xaba & Nhlapo, 2014). The Corruption Watch Report (Ncala, 2022) reveals that poor financial decisions and misuse of expensive resources account for more than 50% of corruption cases in schools that impact negatively on standards of education and learner performance.

Internal processes of control, record-keeping and regular financial reports, embedded in finance policies, are designed to strengthen financial accountability. However, role ambiguities among various committees or members still complicate the effective management of finances (Mestry, 2004). It is thus imperative for provincial heads of departments to hold principals accountable for school finances (RSA, 2007, 2011). Sections of the amended Schools Act mandates principals to report any maladministration of financial matters to the head of department and compels them to take reasonable steps to prevent financial mismanagement or fraud by staff or SGB members. This places principals in an unenviable situation because of the duality of their roles: firstly, as SGB members by virtue of their positions; and secondly, as ex-officio officials, acting on behalf of the provincial head of department. Irrespective of the nature of the mismanagement or misappropriation of funds, principals are held accountable to the provincial head of department for their actions (Gauteng Department of Education [GDE], 2020).

This article is of special interest to school managers and policymakers of developing countries globally, especially when governments decentralise school governance to local communities. It is crucial for governing bodies to develop and implement internal financial control processes that will ensure that school finances are managed transparently, effectively, and efficiently. Since governing bodies are accountable to parents and the ministries of education, members should be financially literate to make sound decisions.

This problem emerges from SGB members' lack of financial expertise in school governances. The finance policy, drawn up from various legislation and regulations, forms the bedrock of effective financial management. SGBs must have sound knowledge of relevant policies and regulations to draw up watertight finance policies.

Despite clear and precise processes relating to school finances outlined in the Schools Act, (Naidoo, 2019), SGBs, especially in townships and rural areas, persistently grapple with managing school funds effectively and efficiently (Naidoo & Mestry, 2017; Ncala, 2022). Thus, widespread mismanagement issues persist, even though SGBs are empowered to enhance financial management through decentralised systems (Naidoo, 2019). The quality of effective and consistent financial decision-making in schools potentially exposes SGBs to risks such as fraud and mismanagement (Mandlazi & Govender, 2021). The burden to manage these challenges often falls on the shoulders of principals who find themselves navigating a complex balance between the roles of SGBs and their obligations set out by the Department of Basic Education (DBE).

By clarifying the obstacles to effective financial management and developing a blueprint for improved internal controls, we aimed to fill a critical gap in the financial governance of South African public schools.

The following research questions were formulated:

a) What is the process of applying transparent and accountable internal processes in school finances?
b) What are the experiences of school managers (principals, finance committee members, and chairpersons of the SGB) about internal financial processes to manage school funds?
c) How can principals and governing bodies strengthen the schools' internal financial processes so that schools are managed effectively and efficiently?

Aim and Objectives

The aim of the study was to explore the internal financial processes that SGBs design and implement to manage school finances. To attain the aim, the following objectives were formulated:

a) To determine the process of applying transparent and accountable internal financial processes in schools.
b) To determine the experiences of school managers (principals, finance committee members, and chairpersons of the SGB) about internal financial processes to manage school funds.
c) To strengthen the schools' internal financial processes so that schools are managed effectively and efficiently.

Research Methodology

A qualitative approach was employed to explore the role of SGBs in implementing internal financial processes to manage school finances in public schools. The study was anchored within an interpretivist paradigm, aiming to gain an in-depth understanding of internal processes from selected school managers (Nazri, Khin & Teng, 2019). A case study design was used to delve into complex, context-dependent phenomena and to interpret the meanings that participants associated with their experiences (Apple, 2004; Denzin & Lincoln, 2011).

We purposefully selected 18 key financial managers from six public schools in the Gauteng province of South Africa. In this choice we considered several factors, including geographic location: schools in the Gauteng province; diversity in the types of schools – urban and township schools; section 21 schools that have autonomous financial management powers. We also considered whether schools managed their finances effectively and had consistent clean financial audits.

Data were collected using semi-structured interviews with selected school managers, principals, financial managers and chairpersons of SGBs. Through the interview questions we enquired about the mechanisms of the internal financial processes that SGBs had designed and instituted, and established who was held accountable for the school finances. To supplement the interview data, an in-depth review of documents, including school finance policies, audit reports, and minutes from finance committee meetings, was conducted to extract and understand key insights. Using both methods offered a comprehensive view of the financial management practices within schools.

Yin (2016) recommends a four-step approach to data analysis, namely, description, making sense, interpretation, and implication of data which is integral to modelling a cohesive analytical framework. We did not employ any software tools, but manually coded the transcripts and systematically categorised the content into distinct themes. This methodological strategy encompassed description, making sense, interpretation, and implication, all integral to forming a cohesive analytical framework. Through this process we systematically categorise the content in distinct themes.

We adhered to the constructs of trustworthiness, which is instrumental in determining rigor and credibility of the research (Shenton, 2004; Yin, 2016). To avoid any subjectivity and bias, we considered the data obtained and analysed it without bias. We continually re-evaluated the impressions and responses of participants and ensured that any pre-existing assumptions were kept at bay.

Using tools such as audio recordings and note-taking during interviews further augmented internal reliability, guaranteeing accurate representation of the research context (Creswell & Poth, 2016). Rigorous ethical protocols were applied, such as replacing actual names with pseudonyms, ensuring confidentiality for the participants and the institutions that they represented. Participants were informed of their rights to withdraw from the study and from any potential risks. Furthermore, the GDE approved the application to conduct research in schools, and the university's ethics committee confirmed the acceptable ethical standards of the research.

Financial Policy and Internal Control Processes

As mandated by the Schools Act (RSA, 1996), SGB's must draft and implement financial policies aligned to legislative norms, national policies, and provincial education directives. SGBs must ensure that financial operations are conducted in a structured and conventional manner (Aina & Du Plessis, 2023; Mestry & Bisschoff, 2009). The finance policy, which is usually custom-made to the contexts of schools, sets the course for financial management by prescribing clear structures and procedures for authorising expenditure, generating income, and record-keeping (Mestry & Bisschoff, 2009). The design and execution of a finance policy, which is entrusted to a principal, finance committee and SGB, forms the bedrock of financial transparency and accountability. An effective financial policy delineates clear structures and processes on how school finances should be managed and creates an environment of transparency and accountability (Naidoo & Mestry, 2017). SGBs, which include principals, must adhere to the prescripts set out in the finance policy or they could face legal action (Moloi, 2007; Naidoo & Mestry, 2017; Rangongo, Mohlakwana & Beckmann, 2016).

Undoubtedly, internal processes stipulated in the finance policy invariably emphasise the SGBs' oversight function, which is crucial to achieving the schools' goals and maintain institutional integrity. The processes embedded in the policy are designed to safeguard schools' financial operations and provide a structured approach to the management of assets, school fees, and other financial activities (Ahmed & Ng'anga, 2019; Mkhize, Fouché & Van der Walt, 2021). Abbas and Iqbal (2012) developed internal control systems (ICS), which prescribe legal and regulatory standards that are essential for operational effectiveness. Control and monitoring measures outlined in ICS may be integrated into the finance policy. ICS encompasses preventative measures to avert financial irregularities, detection of mechanisms to identify discrepancies, and reactive controls to address and rectify issues as they arise. This comprehensive approach ensures that schools operate within a framework of financial prudence and accountability, crucial for the judicious management of assets and receipts of school fees (Abbas & Iqbal, 2012; GDE, 2020). The *Financial Management and Reporting Guidelines for Public Schools* formulated by the GDE (2020) encapsulates and integrates pertinent aspects of school financial management into the finance policy. It emphasises the importance of internal controls, offering detailed strategies to detect and prevent fraud and corruption. It is also instrumental in enhancing the financial management framework of schools, outlining explicit measures to combat maladministration, misuse of assets, and various forms of procurement fraud (GDE, 2020).

One of the most critical aspects of internal processes is monitoring and control of the budget, which ensures that financial resources are allocated and used efficiently and aligned to the school's strategic objectives (Mandlazi & Govender, 2021). This includes monitoring the collecting of school fees, managing income from different sources, and ensuring that assets are used and maintained appropriately. Stakeholder involvement in schools' financial affairs enhances transparency and accountability, thus fostering a culture of trust and integrity within the school community (Mandlazi & Govender, 2021).

It is important to describe some oversight functions and internal processes:

- **Vigilant oversight in school repairs, maintenance, funding, and fundraising activities**. Recognising potential red flags in procurement processes and implementing a robust system of checks and balances are pivotal in preventing financial mismanagement. This ensures that all financial transactions are justified, meticulously recorded, and subjected to regular review (GDE, 2020).
- **Effective cash management practices**, which include the handling of school fees, donations, and other sources of income, are essential for maintaining liquidity and supporting daily operations. Schools must implement robust procedures for the collection, deposit, and recording of cash to ensure accuracy and prevent financial discrepancies.
- **Procurement and expenditure controls** are critical for ensuring that purchases and payments are made judiciously in accordance with budgetary allocations and procurement policies. These controls include the requirement for multiple quotations, approval processes for expenditures, and regular reviews of procurement activities to ensure value for money and prevent financial abuse.
- **Asset management** includes the maintenance of an asset register and inventory control, which ensures that school resources are accounted for, used effectively, and safeguarded against loss or theft. This encompasses both fixed assets, such as buildings and equipment, and consumable assets, like textbooks and stationery.
- **Regular financial reporting and auditing** are vital for providing clear views of a school's financial health. These reports detail the institution's income, expenditures, assets, and liabilities, allowing stakeholders to assess financial performance and make informed decisions. Audits, both internal and external, further ensure compliance with financial policies and the accurate representation of financial statements.
- **The process of budget monitoring and control** is paramount for ensuring financial discipline within schools. It involves the comparison of actual financial performance against the budgeted figures, allowing for the identification of variances and the implementation of necessary adjustments. This ensures that expenditures align with the school's financial plans and objectives, preventing overspending and optimising the use of resources (Mestry & Bisschoff, 2009).

In essence, these internal control processes and mechanisms collectively ensure the effective and responsible management of school finances. By adhering to these practices, schools can achieve financial stability, support their educational objectives, and maintain the trust of stakeholders, thus fostering an environment conducive to learning and growth.

Grant and Osanloo (2016) claim that a theoretical framework provides structure and support for a study's rationale, problem statement and research questions. It is the foundation from which all knowledge is constructed. Primarily, Giddens' structuration theory and the accountability theory were appropriate to frame this study.

Giddens defines structuration as "the structuring of social relations across time and space, in virtue of the duality of structure" (Giddens, 1984:376). Giddens differentiates between the concepts "systems" and "structures", by defining systems as interactive patterns in grouping all kinds of relations, such as social and cultural systems (Cohen, 1996:94). This theory has reference to the hierarchical level in organisations such as schools. It shows us how the chain of command flows within the school – from the principal and deputy principal at the top level, heads of departments at the middle level, and teachers at the lower level. Each has different roles, authorities, and responsibilities. Clearly defined levels of hierarchy ensure accountability in every position and maps out positions and the relationship between them. Within the framework of Giddens' structuration theory, accountability takes on a structural dimension. This perspective suggests that accountability is not merely an individual's responsibility but is also a characteristic ingrained in the structures that govern organisational behaviour. The accountability theory thus explains the necessity for individuals to justify their actions to others and how this fosters a sense of accountability for decision-making and judgement processes (Vance, Lowry & Eggett, 2015). Accountability is the adhesive that binds these social systems together. Such shared expectations can be viewed as a means of accountability as it relates to descriptions of the concept offered by various scholars (Ebrahim, 2003; Frink & Klimoski, 2004; Lindberg, 2013; Mac Donald, Rezania & Baker, 2020; Vance et al., 2015).

In this study, we determined the perspectives of role-players on clarity and transparency of financial matters and delved into the efficacy of existing accountability mechanisms. Trackable parameters included how effectively the agents' decisions regarding school financial management were communicated, whether satisfactory explanations supported actions, and how discrepancies, if any, were addressed. Such dynamic financial governance underscored the principles of the structuration theory, which observes the reciprocal influence between the actions of role-players and the overarching frameworks within which they operate. This relationship captures the essence of a financial management system designed to be compliant with the law and attuned to the needs of the educational community it serves. For instance, implementing policy is sometimes challenging, especially when balancing policy guidelines and schools' immediate financial needs. This underscores a common issue where the practical execution of policies often does not align with theoretical frameworks, hindered by resource constraints and administrative hurdles. The accountability theory might address potential conflicts between personal accountability and institutional constraints, particularly in resource-limited schools where financial oversight may be weak. Integrating a more nuanced discussion on these limitations would enhance the framework's depth and clarify how these theories will be operationalised to address the specific challenges identified in the problem statement.

Findings

The perceptions and experiences of selected school managers emanated from semi-structured interviews. Pseudonyms were used to refer to the different participants. The principal of School 1 is referred to as P1, etc,; FO1 refers to the finance officer of School 1; and CP1 as chairperson of the SGB of School 1.

The following two themes that emerged from the data analysis are discussed:

a) Design of internal financial processes: Implications for transparency and accountability
b) Implementation of internal financial processes: Insights into enhancing school financial management

Theme 1: Design of Internal Financial Processes: Implications for Transparency and Accountability

In this theme we delve into a critical examination of internal processes and its implications for transparency and accountability within the framework of school finances. Through a synthesis of empirical findings from semi-structured interviews, we sought to contribute to the discourse on how schools upheld financial integrity, accountability, and transparency to navigate the landscapes of financial oversight.

Data analysis underscores the persistent challenges that school managers who are involved in the management of school finances face, particularly in less-resourced areas like township and rural schools. These challenges illuminate the dynamic interplay between individual capabilities and structural environments, as proposed in Giddens' structuration theory, highlighting a pronounced need for SGB members to be trained and to upgrade resources to bolster the effective management of school finances.

Two sub-themes, namely, transparency and accountability, and internal processes of managing school finances, are discussed below.

Transparency and accountability

In most schools, transparency and reporting standards are evident in practices at annual general parent meetings where budgets are approved and financial reports are disseminated and discussed. P3 elucidated how accountability is achieved through this process.

> *We have a robust system for financial accountability, including quarterly audits and detailed reporting to our SGB … The finance committee represents the SGB, but they must report back to ratify decisions taken to the full sitting of SGB meetings. Therefore, whatever financial decision that would have to be taken, the committee would recommend and take it to the SGB. For example, if we want to procure cleaning materials, the maintenance committee has to present at least three quotations before a decision is taken. After careful consideration, the SGB will ratify the decision taken by the finance committee.*

P1 averred to the importance of transparent financial reporting to parents.

> *You have to present your report, your finances, in the annual general meeting (AGM), that's once a year. Once you've presented your report, the parents have an opportunity to question things in an open forum, because from there you can proceed to the approval of next year's budget …* [You] *must allow the parents to scrutinise the books. This is transparency. Four weeks' notice should be given for the AGM of parents. The financial books must be available, and parents are entitled to ask questions related to school finances. It is their money.*

Data analysis revealed the multifaceted nature of accountability, underscoring the collaborative roles of various stakeholders, from finance officers handling day-to-day financial tasks to principals overseeing broader financial management issues, and SGBs providing financial oversight. It is evident that the finance policy is strictly adhered to. P3 commented as follows:

> *Every stakeholder, from the finance officer to the SGB, has a part to play in ensuring accountability in our financial operations … For example, anything up to R1,000, the finance committee can approve. Any transactions more than R1,000 must go to a full SGB meeting for clarification and authorisation. So again, it's in the finance policy, and it is about accountability and transparency.*

The principal often emerges as the central figure in financial decision-making, accountable to higher authorities like the DBE and the SGB. This role requires collaborative efforts with finance officers and finance committees. Given the complexities of governance and the pivotal role that principals play in financial management, it becomes evident that in a decentralised system, while offering autonomy to schools, the need for stringent accountability measures is amplified. Monitoring tools such as regular financial reporting and internal audits are vital components in this accountability framework, ensuring transparency and facilitating the monitoring of financial transactions (Mestry, 2006).

Internal financial processes

In this sub-theme we explore the oversight functions of SGBs through internal processes within the schools' financial systems. The application of strategies, policies, and practices that educational institutions employ must safeguard their financial resources and ensure operational integrity. School finance officers and principals provided a thorough analysis and understanding of how schools address regular internal and external audits as key components of their oversight framework to ensure financial accountability. Schools adhere to standard practices for audits and address any identified irregularities through prescribed procedures. P2 explained as follows.

> *We conduct regular audits to maintain financial transparency and accountability, immediately addressing any discrepancies found … There is a policy guiding the purchase process, and quotations and invoices must be produced for every purchase. There are requisition forms, claim forms, and processes in place to ensure transparency in spending school's funds.*

As part of their oversight functions, participants emphasised the importance of complying with policies and legislation, monitoring mechanisms and adherence to financial policies. A need exists for providing professional training to staff responsible for school finances and raising their awareness of financial procedures. P5 highlighted the importance of staff training.

> *Regular training sessions for our staff on financial policies and fraud prevention are crucial in maintaining integrity ... and everything must be transparent. What I think is important to our school is that there's transparency, there's openness, and we don't find anyone coming with hidden agendas.*

Despite these measures, participants revealed challenges that they faced, such as managing complex financial systems and resource constraints, especially in less affluent schools, which require constant vigilance. FO2 noted:

> *Handling the intricacies of financial operations and staying vigilant against fraud, especially under resource limitations, is a continuous challenge… so schools must have a three-way check on everything … If somebody pays cash, the receptionist in the front desk must make out the receipt, somebody in the finance office receives the money and signs for it, and another person counts the money to deposit it. This is the separation of duties, and it is applied just to prevent fraud.*

This research contributes to our understanding of the multifaceted approach required to maintain financial integrity in educational institutions.

Participants disclosed specific measures to prevent or mitigate financial irregularities, emphasising an institutional commitment to financial responsibility and transparent accounting practices. These measures include regular audits, compliance monitoring, and the establishment of detailed guidelines for processing transactions, all reflecting strong adherence to finance policies and accountability principles. One participant (CP3) detailed their approach to ensuring financial integrity through regular audits.

> *We have a robust system for financial accountability, which includes conducting quarterly audits and providing detailed reports to our SGB … As chairperson of the SGB, I ensure that the SGB is always ahead in terms of compliancy and transparency*.

This approach ensures that all financial transactions are conducted within the framework of a predefined finance policy, thereby reducing the risk of irregularities. Furthermore, precise prescriptions for processing transactions were mentioned as a key measure to uphold accountability. "*For every expenditure, especially those exceeding a certain threshold, we require multiple quotations and approvals. This process is part of our financial policy, which mandates thorough scrutiny before any financial commitment is made*" (P3).

This practice of requiring multiple quotations and subsequent approvals for significant expenses underscores the commitment to diligence and transparency in financial dealings. These quotations underscore comprehensive strategies that schools employ to avoid financial irregularities. By instituting regular audits, enforcing compliance monitoring, and adhering to precise financial processes, schools demonstrate a commitment to accountability and transparent financial management. These measures not only help in detecting and addressing potential financial mismanagement early but also foster a culture of responsibility, accountability, and integrity within institutions.

Theme 2: Implementation of Internal Financial Processes: Insights into Enhancing School Financial Management

Under this theme we present insights into how principals, SGBs, finance committees, and finance officers manage school finances. Through a critical accounting lens, we explored how the participants perceived and experienced the implementation of internal financial processes. We assess these processes as operationalised by stakeholders, examining the current financial practices against principles of accountability and transparency.

Two sub-themes emerged from this theme:

- Challenges faced in implementing internal financial processes
- Collaborative decision-making: a prerequisite for effective implementation of internal financial processes

Challenges faced in the implementation of internal financial processes

In exploring the internal processes of managing school finances, most participants illuminated the complexities and inefficiencies that negatively impacted on the fiscal operations. It was evident that there was a stark difference between affluent and township schools in budget monitoring and control. In affluent schools, such as Schools 1, 4, and 5, principals and finance officers reported specific challenges related to policy implementation and the reconciliation of stringent financial guidelines with the schools' immediate needs. For example, they grappled to allocate financial responsibilities crucial for effective operations to reliable officials.

> *We are challenged because we don't have the personnel. And then you don't expect, like the other administrators, for everyone to be involved in finances. Yes, the challenge is because I'm doing finance and other administrative work. That's my challenge … Like typing, capturing everything. This puts a strain on me as I must take care of the finances as well as other administrative duties.* (FO3)

A further concern was a lack of financial training for SGB and finance committee members. FO4 highlighted the need for capacity building in financial governance: "*The SGB is supposed to look after the money received from parents and from fundraising initiatives, but the SGBs are never properly trained, so they just follow the wishes of the chairman or the principal, which drives us crazy*."

Contrastingly, township and rural schools (Schools 2, 3, and 6) faced more fundamental challenges, painting a stark picture of resource constraints and receiving financial training. These schools contended with insufficient funding, apparent in their struggle to offset expenses with the available government subsidy.

> *One of the challenges that I think we are faced with, is our income. It's not enough and we have to try to meet the expenses with very little cash. The subsidy that we are getting from the government is not enough. The expectation or the expense on the ground is too huge, which end up at some point making us to fail. For example, if you look around, the place is dusty, we need paving, but we are unable to do those because of the lack of funds.* (CP3)

Principals of historically disadvantaged schools articulated the difficulties associated with operations, including managing transactions with service providers who did not provide receipts or pressures to hire casual workers.

> *Our main challenge is some of the service providers don't have receipts. We must improvise. There's a perception around townships where they think that the department is giving schools millions of rands. They overcharge, they inflate their prices. Also, with the misconception of this treasury regulation of employing 30% of local people. People think that they are just entitled to get jobs at schools. They don't know the exact threshold, and they don't care*

> *whether they are skilled in that job or not. If they are local suppliers, then they deserve to respond to tenders. The process of awarding tenders should be transparent and strict criteria should apply.* (P6)

While affluent schools face intricacies related to compliance and procurement within their comparatively sophisticated financial systems, township schools were struggling at a more basic level with securing adequate funds and professional handling of their finances.

The collective insights identify a prominent need for customised support and initiatives aimed at capacity building to improve SGB functionality across the diverse educational spectrum. Tailored strategies might include providing specialised training for SGB members, creating, and implementing flexible, yet standardised financial policies that address the unique challenges faced by schools from varied socio-economic backgrounds, and instituting procedures that equitably combine adherence to financial policies with the practical needs found within different school environments.

Collaborative decision-making: A prerequisite for effective implementation of internal financial processes

In this sub-theme we examine the collaborative financial decision-making process as a prerequisite for implementing internal financial processes effectively. Indeed, this is a crucial factor influencing the efficacy and transparency of financial operations in educational institutions. It is thus important to explore how SGB members, principals, finance officers, and teachers collaborate to make critical financial decisions, especially during the implementation process. Essentially, personnel who directly handle school finances are compelled to adhere to the financial policy, legislation, regulations, or any directive from the head of department. Thus, we argue that through collaborative decision-making at the level of SGBs or finance committees, internal financial processes can be attained. Insights of collaborative decision-making practices in schools were drawn from interviews with participants. For example, a chairperson of the SGB from School 3 (CP3) explained as follows:

> *Our financial decisions involve collaboration among finance committee members, teachers and parents who are not on the SGB. We invite them to SGB meetings. This ensures a well-rounded approach. The finance committee represents the SGB, but they must report back to the entire SGB body before major decisions are taken. They cannot make final decision on their own, but SGBs must ratify decisions taken by finance committees. For example, when we want to procure cleaning materials, the maintenance committee must present at least three quotations. The finance committee scrutinises the quotations in terms of price, quality, and after-sales service. The financial committee's decision to award the successful service provider is then taken to the SGB for ratification.*

For SGBs to manage internal financial processes, it is imperative that they solicit different views before financial decisions are taken. In most instances, the finance committee and SGB make rapid decisions when expenditures are part of the approved budget. However, depending on the item to be procured, permission may also be sought form the department of education. Payments for services rendered or educational resources procured for items included in the budget are usually signed by the principal, the chairperson of the SGB, and the treasurer. This reflects that the internal system of checks and balances is regulated by the finance policy of the school. Despite these mechanisms, participants highlighted challenges such as aligning different interests and managing effective communication among stakeholders.

> *It can be difficult to find consensus among diverse role-players, especially when priorities differ. People have different opinions, and they have a different view of the issue that you are facing. So, someone else might bring something to the table and say, but have you guys thought about this? And then it will open another pathway where you would say, let's consider, before we say yes, let's first go back to the drawing board and explore that option and see if there's not maybe an alternative here.* (FO6)

Finance committees and SGBs found that collaboration for financial matters was not always practical and major decisions could be unnecessarily delayed. Issues such as price changes, availability of stock, reputable suppliers, and after-sales service are some barriers for authentic collaboration. While finance policies encourage formal collaboration, participants revealed that it could not always be fully addressed due to practical challenges of collaborative decision-making, such as reconciling differing opinions or ensuring effective communication.

Collaborative decision-making is prevalent when unexpected situations not catered for in the budget occur. For example, if the cost of repairing sections of the school premises damaged by fire is not catered for in the budget, the principal, school management team (SMT) and SGB must thoroughly deliberate on how to resolve the issue. The financial policy, however, makes provision for virement or transfer of funds. This means that the SGB may transfer funds from a cost centre in which funds are available (due to underspending) (e.g., cleaning materials) to the cost centre for repairs and maintenance, if this virement is approved by the parents. Thus, the internal processes are strategically included in the finance policy.

These findings align with those by Basson and Mestry (2019) who underscore the importance of joint decision-making and open communication to ensure that effective financial decisions are reached.

It also reveals challenges such as aligning varied interests and managing effective communication among various stakeholders. Based on the synthesis of various stakeholder perspectives, it is evident that collaborative decision-making contributes to effective financial management. This consultative decision-making is a manifestation of the accountability theory, which requires shared responsibility among all role-players. This collective approach, underscored by structured procedures, assures a transparent handling of school finances where recommendations of the financial committee are subject to an endorsement by the SGB, thus embedding layers of collective oversight.

Discussion

The findings reveal significant insights into the internal financial processes applied in public schools, explicitly highlighting a robust framework of checks and balances to enhance financial integrity, transparency, and accountability. The complexity of these internal financial processes is exacerbated by the need for effective stakeholder engagement, which encompasses financial managers who lack financial or legal acumen. It is evident that despite having well-designed financial policies, issues related to the practical implementation and management of these policies persists, especially in resource-constrained environments. Schools actively involve the community through parent meetings, promoting a culture of open collective decision-making and stakeholder accountability. This participatory method emphasises the importance of transparency in all financial transactions and decisions. Despite these structured and inclusive decision-making processes, challenges like aligning different interests and managing effective communication among stakeholders persist. These issues highlight the complexities of reaching consensus among diverse stakeholders, underscoring the need for clear communication, transparency, and a mutual understanding of financial objectives and limitations. A dire need thus exists for targeted support and authentic collaboration among all role-players to facilitate meaningful contributions to policy development and implementation. This aligns with Mestry's (2010) findings which accentuate the shared responsibility of school financial management by the principal and the SGB, which justifies their accountability to parents, broader communities and provincial departments of education.

This research underscores the critical role that school managers play in navigating their oversight functions of school finances. One of the primary themes emerging from the study is the importance of upholding transparency and accountability within school financial management. Schools have various internal mechanisms entrenched in their financial management systems, including regular internal audits, reporting, and committee oversight. However, consistency in applying these mechanisms remain a challenge for many schools due to governors' lack of financial knowledge and skills. These findings align with research by Dwangu and Mahlangu (2021), indicating a gap between policy frameworks and practical implementation, emphasising the need for continuous vigilance and adaptation in financial governance.

Internal control processes espoused in school financial systems incorporate the principles of the accountability and structuration theories. These theories embody a live interaction among role-players, where established practices, such as multilayered transaction verification and transparent reporting are continuously implemented and are subjected to refinement by those managing the finances, including finance officers and principals. Transparency and accountability invariably serve as the core for these financial control practices, compelling those involved to undertake actions that are both cost-effective and transparent. The findings offer insight into the multifaceted nature of school finance, uncovering the interplay between policy-driven structures and the actual enactment by human agents, as framed within the theoretical perspectives of accountability and structuration. This underscores the gap between the theoretical framework provided by policies and the real-world challenges of implementing collaborative decision-making processes in schools. Thus, the findings indicate that collaborative decision-making in school financial management is a structured and inclusive process involving various stakeholders. Formal entities such as SGBs and finance committees play a crucial role in this process. However, schools often encounter practical challenges in collaboration, highlighting the need for ongoing efforts to enhance these practices and address challenges within the dynamic context of school financial management.

Conclusion and Recommendations

The Schools Act decentralises school education to local communities. Many parents who serve on SGBs are not adequately prepared for the task of governing a school, moreover, managing school finances. Parents on SGBs lack the necessary financial knowledge and skills to make sound financial decisions, or to develop and implement finance policies. They thus depend on principals to make crucial decisions on their behalf. In this study we explored how SGBs designed and implemented internal financial control (processes) in public schools. The finance policy is undoubtedly the bedrock of school financial management and, therefore, demands comprehensive strategies integrating relevant legislation and regulations to strengthen internal financial controls, and fosters collaborative decision-making environments. To manage school finances effectively and efficiently, two important issues are raised: who is accountable for school finances and how transparent are financial decisions.

The implementation of various internal financial processes poses diverse challenges for principals and SGBs. Despite having internal financial processes in place, principals and SGBS find it difficult to make sound financial decisions relating to operating and capital expenditure. Moreover, they are unable to monitor and control cash transactions, budgets, and educational resources effectively. They find it difficult to implement strict procurement guidelines, which are crucial for fostering transparency and efficiency within the school's financial practices, which results in mismanagement of school funds.

We thus recommend that SGBs collaborate with various stakeholders when making financial decisions. Participants recognise the need to bolster internal processes by integrating modern technology and fostering better stakeholder engagement. These insights offer actionable recommendations that support principals and SGBs in enhancing financial management practices in line with the unique educational landscape in South Africa after decentralisation.

To enhance the fiscal expertise of SGBs, structured professional development programmes focusing on legislative frameworks in tandem with updates on relevant legislative adjustments, including those in the Schools Act, should be provided. Well-designed programmes governing school finances such as accounting procedures, internal control processes, and interpreting finance policies and financial statements should form part of the training. These training programmes should span a wide array of competencies, including financial governance, adherence to regulations, budget oversight, and ethical standards, aiming to bolster transparency and accountability within schools.

In response to the resource constraints and lack of expertise often found in certain educational settings, it is crucial that financial policies are specifically tailored to these challenges. To ensure that such policies remain relevant and effective, the study underscores the need for a mandatory, routine review processes, which would focus on frequent evaluation and improvement of finance policies. This would include the regular updating of policies to keep abreast of the latest advancements in financial management practices and technologies, thus phasing out antiquated methods like cheque payments. The consistent realignment of financial policies with current best practices is expected to substantially improve operational efficiency and accountability within the financial operations of schools. Moreover, the formation of a policy review committee is essential, comprising legal advisors who may ensure that school policies are consistently aligned with legislative changes. It is crucial that these policies are flexible enough to accommodate the unique needs and constraints of each educational institution, allowing schools to adjust financial controls and methodologies as necessities while still adhering to fundamental principles of financial integrity and accountability.

Authors' Contributions

AG collected the data and reviewed the literature. RM analysed the data and wrote the manuscript. SM reviewed the literature and conceptualised the theoretical framework. All authors reviewed the final manuscript.

Notes

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