

## Policy and Practice: Financial Management in Schools in the Mafeteng District of Lesotho

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**ABSTRACT** Despite the efforts of the Lesotho Ministry of Education to enhance principals' performance and the existence of guidelines in the form of a chapter on financial management in the *Manual for Principals of Secondary and High Schools*, financial management capacity is a concern in Lesotho secondary and high schools. This article reports on findings emanating from in-depth personal interviews with school principals on financial management practices in their schools. Qualitative content analysis was used to analyse the narratives. Identified themes were juxtaposed with the Lesotho Ministry of Education's policy guidelines on financial management. The study highlighted the deficiency of, as well as problems regarding the implementation of the policy: (1) There is a noteworthy discrepancy between the policy and school financial theory. (2) Despite the policy document's extensive directives on financial planning and organisation, problems regarding budgeting, the collection and recording of school fees, as well as a lack of administrative support abound. (3) The absence of a clear policy directive on financial leadership and control is reflected by unsatisfactory financial leadership and arbitrary auditing practices. Findings of this study repudiate the argument that the existence of a financial policy will inevitably lead to sound financial management in Lesotho schools, and consequently quality education.

### INTRODUCTION

In Mafeteng, as in all other districts of Lesotho, principals have to administer and manage their schools. Among other things, principals have to carry out the financial management of their schools. According to Section 21 of the *Education Act of 2010* (MOET 2010), the principal

- is the chief accounting officer of the school and is responsible to the management committee or school board for the control and use of school funds;
  - shall maintain or cause records of income and expenditure of the school to be maintained;
  - shall prepare an annual budget for a school and submit it to the school board for its approval; and
  - shall within three months of the end of each school year, submit a financial statement of the school to the school board for its approval.
- A school's financial management is the

“execution by a person in a position of authority of those management actions (regulated tasks) connected with the financial aspects of schools and having the sole purpose of achieving effective education” (Niemann 1997: 372). Similarly, Joubert and Bray (2007) describe a school's financial management as the performance of management actions connected with the financial aspects of a school for the achievement of effective education. The common factor in these definitions of financial management is that a connection is made between the management tasks and the financial aspects of a school. The implication is that the management of school finances involves the task of planning (budgeting), organising (coordinating), leading (communicating and motivating), as well as controlling (auditing) (Clarke 2007). The above authors are also in accord that a school's financial management is imperative because it enables the school to achieve effective education.

In Lesotho, the payment of school fees is different at different levels of education. Crèches are primarily privately owned and parents have to pay fees of varying amounts. At primary level, which is from Standard 1 to Standard 7, education is free. Secondary schools offer Form A to Form C (Standard 8 to Standard 10), while high schools offer Form A to Form E (Standard 8 to Standard 12). For the latter two, parents are obliged to pay

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school fees, which vary from school to school. Some parents cannot afford the school fees at these schools and there are organisations and government departments which identify needy students and pay for their school fees. Examples of such bodies are the National Manpower Development Secretariat, Social Welfare and the Ministry of Education and Training (MOET) (Motsamai 2009).

The principals in Lesotho have to carry out financial management. Parents have to be assured that the finances are managed properly at the schools under their custody, since payment of school fees is obligatory at all secondary and high schools. According to MOET (1988: 850), "the income of the school shall consist of all fees charged by the school". Although the Lesotho Government remunerates the teaching staff, additional funding for secondary and high schools depends solely on school fees. It is obligatory for principals to ensure accountability and prudence in the utilisation of school funds.

Principals in Lesotho are appointed on the basis of their teaching experience, as well as their academic and professional qualifications (Mosoeunyane 1999). Training in or even having a working knowledge of financial management is not considered a prerequisite for appointment to the position of principal (Kotele 2001). Consequently, principals in Lesotho often lack the necessary management skills and specifically financial management skills. Several attempts have been made by the Ministry of Education to redress the incompetence of principals with regard to management. These include, *inter alia*, workshops for principals designed to improve their skills, attitudes and knowledge (Mosoeunyane 1999). In 1995, workshops were strengthened with the introduction of the Secondary Education Support Project which focused mainly on workshops and school visits. Inspectors also made several visits to schools and advised principals on what to do to improve school leadership practice, including the school's financial management. The Ministry of Education also called upon the Institute of Development Management and the National University of Lesotho to offer courses in management skills to practising heads of schools (Ntšala 2001). The Government of Lesotho, through the MOET, with the assistance of the British Government's Overseas Development Administration developed a *Manual for Principals of Secondary and High Schools* in

1995. This document was reviewed in 2006 and is supposed to be "of assistance in providing knowledge of and guidance in the school management and administration in a concise and clear form" (MOET 2006). It comprises, among other things, a chapter on finance. It, *inter alia*, provides guidance and information on a schools' financial management which principals of secondary and high schools in Lesotho are expected to use.

Despite the efforts that have been taken to enhance the principal's performance, schools still experience problems of poor management. Studies on principals of secondary and high schools indicate a number of deficiencies in the performance of their duties (Ntšala 2001; Lekhetho 2003; Kotele 2001; UNESCO 2000). Some studies specifically identify the lack of financial management capacity as a common concern in Lesotho secondary and high schools (Mosoeunyane 1999; Kotele 2001).

The mismanagement of funds by principals often leads a shortage of critical resources in schools as money is not available for the purchasing of the necessary books, equipment and so forth. This often results in the unsatisfactory performance of teachers and students (UNESCO 2000). The negative impact of a scarcity of resources on student performance was pointed out in study by Lekhetho (2003). It was furthermore reported by Motsamai (2009) that teachers and students of a high school in the district of Qacha's Nek in Lesotho went on strike in 2006 because their needs were not being met by the principal. It appeared that students were given poor quality food and there was lack of maintenance of buildings and facilities such as printing machines because the school's finances were not properly managed.

We thus argue that if quality schooling is to be achieved, *inter alia* the finances of schools should be managed well. This highlights the need for a sound financial system, informed by a distinct financial policy. In Lesotho such a policy exists in the form of a chapter on finance in the *Manual for principals of secondary and high schools* (FCPM).

The policy appears not to have had the required effect on the education system. This could be as a result of deficiencies in the policy as identified by Motsamai (2009) or as a result of problems regarding the implementation of the policy, or both. A critical policy analysis of the aforementioned chapter in the FCPM has shown

that it is fraught with silences, contradictions and assumptions, consequently impeding the implementation of the policy guidelines (Motsamai 2009). The problem is engorged by the fact that schools neglect to draw up their own financial policy – they uncritically use the FCPM’s guidelines. In the light of the foregoing, the following problem question needs to be explored: What are the realities with regard to the implementation of the FCPM in Lesotho schools? In the quest to answer this question this paper will report on findings from a qualitative study on the perceptions and experiences regarding financial management of school principals in the Mafeteng District.

### **Contextualisation**

This study was conducted in the Mafeteng District of Lesotho. Mafeteng is one of the ten districts of the country and is situated in the lowlands and south-western part of Lesotho. It is located between Maseru and Mohale’s Hoek and shares its borders with the Free State Province (South Africa) in the western part of Lesotho. The Main South 1 road which connects Maseru with the southern districts passes through Mafeteng and close to the Free State border. This study focused on the schools between the Main South 1 in Mafeteng and the Free State Province border, as well as the schools in Mafeteng town. The researchers’ interest in the Mafeteng District was prompted by the lack of research on educational issues on this area (Lekhetho 2003; Ntseto 2009), as well as the first author’s professional interest: in 2009 he was MOET’s management adviser for the Mafeteng District.

### **School Finances: A Theoretical Framework**

There is no single all-embracing theory of educational management. This reflects the diversity of educational institutions, the varied nature of problems encountered by educational institutions, and the multifaceted nature of theory in education and the social sciences. Bush (2004) classified the main theories of educational management into six major models of educational management: formal, collegial, political, subjective, ambiguity and cultural. This study uses a formal model as the researchers assume that schools are hierarchical systems in which prin-

cipals use rational means to peruse agreed goals. Principals possess authority legitimized by their formal positions within the schools and are accountable to school governing bodies for their activities (cf. Bush 2004). Formal models give prominence to official structures, rational processes, the authority of leaders and accountability. These may be linked to the school management tasks identified by Clarke (2007), namely planning, organising, leading and controlling. The administration of a school’s finances is an integral part of effective school administration (Mestry 2004; Ntseto 2009). Each of the aforementioned tasks will briefly be considered regarding financial management.

*Planning* is a vital component of effective school financial administration (Du Preez et al. 2003). The planning of school finances usually begins with the drafting of a budget (Kruger 2005). According to Bisschoff (1997), a budget is the mission statement of the school expressed in monetary terms. McKinney (1995) argues that budgeting is an ongoing and dynamic process that is typically marked by regular phases, such as, planning, needs assessment and priority setting. Budgeting is a forward-looking process which should be guided by the school’s vision for the future and a realistic assessment of the risks (Clarke 2007; Du Preez et al. 2003). Bisschoff (1997) summarises the purpose of a budget as assisting systematic planning; quantifying objectives and identifying priorities; coordinating activities and communicating plans within the organisation; motivating and increasing the accountability of middle management; authorising expenditure and activities; controlling, monitoring and analysing expenditure; and evaluating performance.

In an education organisation its financial administration activity means bringing all possible input from staff, parents, students and the community together to render the service of quality education (Bisschoff 1997). In this respect, *organising* of school finances should include aspects such as drawing up a school financial policy; setting up a structure within the school to handle administrative and financial matters; delegating certain functions to clerks, class teachers and the treasurer; and coordinating activities (Kruger 2005; Ntseto 2009).

*Leadership* in financial administration involves three aspects: sound relationships, communication with all stakeholders and internal

as well as external and motivation of all the people concerned with school finances (Bisschoff 1997). Bisschoff (1997) notes that “harmonious collaboration between academic and administration staff is a prerequisite for successfully achieving financial objectives”. Niemann (1997) believes that financial activities are dealt with most effectively when both the administrative and academic personnel are involved in the process. Communication is the basis for establishing relationships and for providing motivation (Niemann 1997). Bisschoff (1997) argues that good communication will ensure that each staff member who is involved in school finances would be informed about authorisations for various expenditures, is knowledgeable about the financial procedure for

expending money, and knows to whom the results of the expenditure should be reported. Bisschoff (1997) emphasise that all staff members should feel that they have a role to play in all of the school’s activities, as this will motivate them to work hard and consequently achieve effective and efficient financial administration.

The financial planning of school finances and its *control* are interdependent and closely linked with each other (Ntseto 2009). It can be deduced that the same relationship exists between the budget and control since a “budget is a planning instrument” (Bisschoff 1997). This means that financial planning is about budgeting and in this regard Ntseto (2001) argues that a “budget is a financial control technique as well as a plan”.

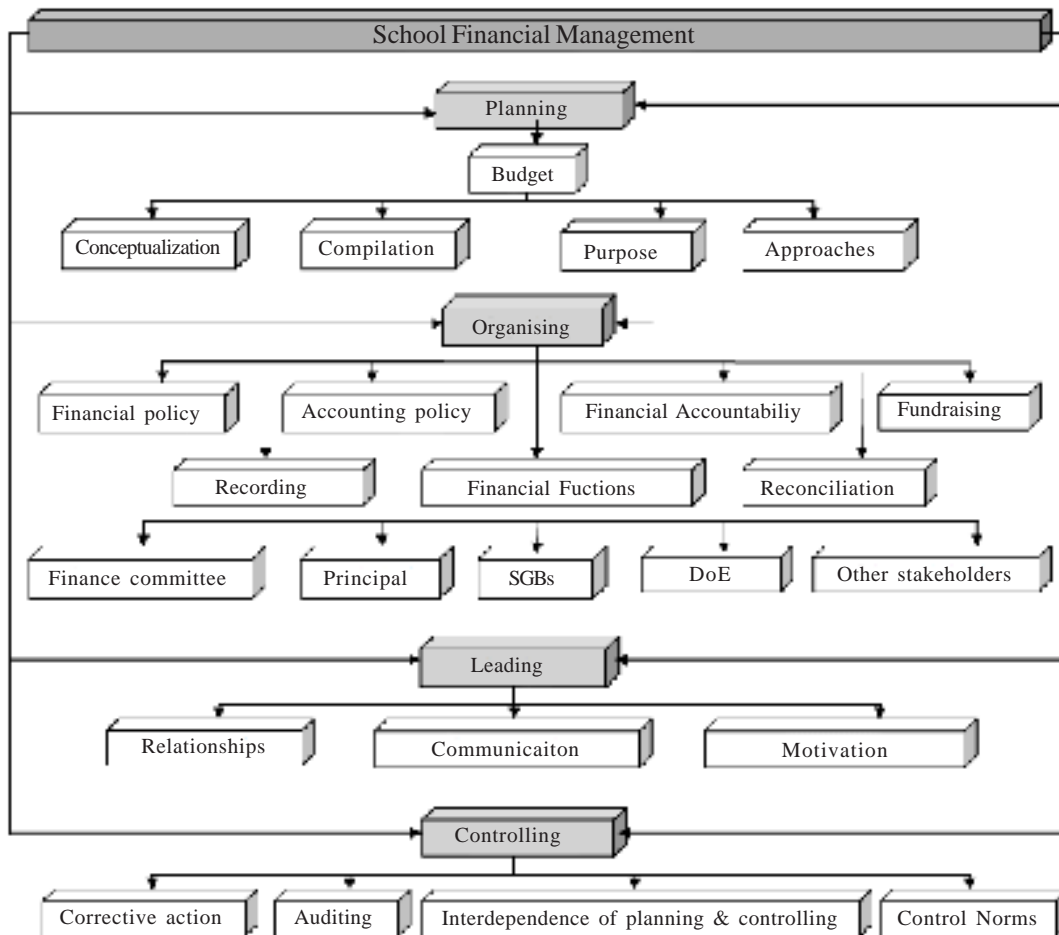


Fig. 1. A summary of a school’s financial management

Berkhout and Berkhout (1992) collaborate this view: “budget systems cannot function without effective and appropriate control”.

Figure 1 gives a schematic overview of the financial management tasks and subtasks of school principals. This structure will guide the data analysis and discussion of the findings on the financial management of schools in the Mafeteng District of Lesotho.

## RESEARCH METHODOLOGY

### Research Paradigm

This study was conducted mainly from the Interpretive Paradigm. Interpretive inquiry insists on two central issues: the self-understanding of the individual as a basis for all social interpretation and transparent human consciousness (Waghid 2003). In this view, Nieuwenhuis (2007: 51) argues that “interpretivism focuses on people’s subjective experiences, on how people construct the social world by sharing meanings and how they interact with or relate to each other”. Explicitly, both Waghid and Nieuwenhuis address participants’ understanding of their own world to eventually be able to communicate their understandings to other people. This research involves an understanding of the actions of principals and other role players with regard to schools’ financial management as a means to understand how the FCPM is implemented. Pring (2000: 96) posits that “to understand other people therefore requires understanding the interpretations which they give of what they are

doing”. It is imperative for the researchers to capture not only the actions but also the intentions as may be influenced by the context of the participant. This can only be obtained through organised social interaction with role players.

### Research Design

A qualitative research design was used in order to establish how participants make meaning of financial management at their schools (cf. Nieuwenhuis 2007). This was achieved by analysing the participants’ perceptions, attitudes, understanding, knowledge, values, feelings and experiences about their schools’ financial management.

### Data Collection

Data collection was by means of in-depth personal interviews with high and secondary school principals during September and October 2009. Information rich participants were identified by the first author – he was a management adviser for the Mafeteng District of Lesotho at the time of the study. In selecting the participants attention was given to diversity with regard to gender, years of management experience and school control type. Table 1 summarises the demographic details of the people who took part in the study.

The interviews were conducted in Sesotho. The interviews were digitally recorded and transcribed verbatim. Thereafter the transcripts were translated into English by the interviewer, who is also the first author of this article (He is fully

**Table 1: Demographic details of the interviewees**

|    | <i>Gender</i> | <i>Age (yrs)</i> | <i>School level</i> | <i>Qualifications</i>                  | <i>Proprietor</i>                  |
|----|---------------|------------------|---------------------|--|------------------------------------|
| 1  | Female        | 60 - 69          | High school         | Masters degree                         | Lesotho Evangelical Church         |
| 2  | Male          | 40 - 49          | High school         | Bachelors degree                       | Roman Catholic Church              |
| 3  | Female        | 50 - 59          | High school         | Bachelors degree +<br>Teachers diploma | Government school                  |
| 4  | Male          | 60 - 69          | High school         | Bachelors degree                       | Anglican Church of Lesotho         |
| 5  | Male          | 50 - 59          | High school         | Bachelors degree                       | Community school                   |
| 6  | Male          | 50 - 59          | High school         | Masters degree                         | Community school                   |
| 7  | Male          | 40 - 49          | High school         | Masters degree                         | Lesotho Evangelical Church         |
| 8  | Female        | 50 - 59          | Secondary school    | Bachelors degree                       | Community school                   |
| 9  | Male          | 40 - 49          | High school         | Masters degree                         | African Methodist Episcopal Church |
| 10 | Male          | 30 - 39          | High school         | Bachelors degree                       | Community school                   |
| 11 | Female        | 40 - 49          | Secondary school    | Bachelors degree                       | Community school                   |
| 12 | Male          | 50 - 59          | High school         | Bachelors degree                       | African Methodist Episcopal Church |
| 13 | Male          | 50 - 59          | Secondary school    | Bachelors degree                       | Roman Catholic Church              |
| 14 | Male          | 40 - 49          | Secondary school    | Bachelors degree                       | Anglican Church of Lesotho         |
| 15 | Female        | 60 - 69          | High school         | Bachelors degree                       | Lesotho Evangelical Church         |
| 16 | Male          | 40 - 49          | Secondary school    | Bachelors degree                       | Roman Catholic Church              |

bilingual. Sesotho is his home language. He was educated though the medium of English.) Next all the translations were compared with the transcripts as well as the digital recordings by another Sesotho speaker. Consensus discussions were held between the interviewer/translator and the controller. Minor changes were made to the original translations. The scrutinised translations were used for data analysis. Reflective field notes were taken by the interviewer for the sake of triangulation. The following broad question guided the interviews: What are your positive and negative experiences of the following aspects of financial management: planning, organising, leading and control? The interviewer asked follow-up questions where necessary.

### Data Analysis

Qualitative content analysis was used to analyse the transcribed interviews. Nieuwenhuis's (2007) guidelines were used to reduce, condense and group the content of the interviews. A coding frame was drawn up, also providing for verbatim reporting where applicable. Preset codes (*a priori* coding) were used. The content analysis was done within the frame work of the core management tasks, namely planning, organising, leading and controlling. We worked through all our data and coded them. Related codes were thereafter organised into the preset categories. After we had independently completed the categorisation, we re-read the transcriptions to check whether we had captured all the important insights that had emerged from the data. From the categories, patterns and themes which could also be linked to the research question were identified and described. The identification of emergent themes allowed the information to be analysed and related to the literature. Thereafter, consensus discussions, in which some differences emerged, were held in order to determine the final findings of the research.

### Validity

The following three validation strategies were used:

- Data (interview transcripts and reflective field notes) and investigator triangulation (the researchers independently read and coded the transcripts and took part in consensus discussions) were used to strengthen the study.

- Rich, thick descriptions allow readers to make decisions regarding transferability. The detailed descriptions in this paper may enable the readers to transfer information to other settings and thus determine whether the findings can be transferred (Creswell 2008).
- Member checking (if something was not understood during the interviews, the first author went back to the participants to confirm the meaning that he made out of it) was also used to strengthen the study (Nieuwenhuis 2007).

### Ethical Considerations

Permission to carry out the research was obtained from the Senior Education officer in the Mafeteng Education Office. Each of the interviewees received a letter of permission. As the appointments were made for the interviews, in each case, a brief explanation of the aim of the study, as well as a tentative interview schedule was given. The interviewees were also informed that information from the participants would be kept confidential. This was of cardinal importance because financial issues are very sensitive in schools. Since the "principle of anonymity is linked with confidentiality" (Bless et al. 2006), the participants were also assured that their names, as well as their schools would not be disclosed. At the beginning of the interviews permission was always sought from the participants to record the interviews with a promise that the audiotapes would be destroyed at the end of the research study.

### FINDINGS

This article focuses on the participants' reflection of their schools execution of the financial management tasks, namely planning, organising, leading and controlling (cf. Fig. 1). All the themes discussed in this article were directly derived from the data.

### The Planning of Schools Financial Management

One of the objectives of the FCPM is to ensure proper budgeting. Among other things, the FCPM encourages principals to prepare a budget by compiling and reviewing certain information. The FCPM stipulates that the process of budgeting should start in September. The FCPM deals with

budgeting quite extensively and has included among other things, the purpose of budgeting, budget planning, budget preparation, an estimation of institutional running expenses and a summary in its structure (MOET 2006). Despite these directives the interviews revealed that problems regarding budgeting amounts as will come to the fore in the subsequent exposition.

### *The Budgeting Process*

It transpired from the interviews that while some schools draw up budgets (e.g. “we actually do a departmental budget”) others do it in a rather careless fashion (e.g. “some teachers are lazy and rely on the budgets of the past years” and “we do it in a very sketchy manner”). One of the participants acknowledged that he does not draw up a budget. He motivates his non-conformability with policy as follows: “I could not draw up a budget because there was very little money at the beginning of the year”. The problem pertaining to a lack of funds was highlighted by several participants. Whereas one said that a lack of funds “makes it difficult to come up with a reliable budget because the school has many requirements”, another one mentioned that “we are not able to follow the budget because of lack of funds.” The fore quoted two participants suggested that budgeting is a futile exercise because of a lack of funds.

The foregoing underlines some of the participants’ lack of understanding of the budgeting process. Rather than prioritising expenditure in a tight budget on the grounds of estimated income and expenditures, a number of them abdicated even before trying to draw up a realistic budget (cf. Kruger 2005). This may be attributed to, as surfaced during the interviews, the participants’ lack of formal financial management training. All the participants nonetheless mentioned during the interviews that they attended numerous compulsory short in-service workshops on financial management. Participants’ unwillingness and/or inability to draw up and follow the budget is in contravention with Section 21 of the *Education Act of 2010* (MOET 2010; cf. Introduction).

Even though some of the participants unwittingly acknowledged that their actions were in contravention with the *Education Act of 2010*, others acknowledged the necessity to involve stakeholders in the budgeting process for the sake of transparency (cf. Fig. 1).

### *The Involvement of Stakeholders for the Sake of Transparency*

#### *Involvement of the School Board*

It appears from the data analysis that most of the school principals who took part in the study understand and appreciate the involvement of the school board in budgeting. This is highlighted by the following extraction from a participant’s narrative:

*... the people who are mostly involved in budgeting are the school board; they are even invited to ask the auditors questions so that they can explain the budget to the parents.*

Even though there seems to be a fair attempt by principals to involve the school board, several of them mentioned a lack of knowledge (e.g. “The school board ... has no idea about financial management” and “The contribution of the board members is always limited; maybe because they do not have the knowledge) and inexperience (e.g. “The school board does not have the experience because it has just started”) as reasons for limited or non-involvement. This diverse information on the involvement stakeholders in the budgeting process also came to the fore in some of the narrations on teachers’ involvement in the process.

#### *Involvement of Teachers in the Budgeting Process*

An analysis of the data revealed that some of the participants are determined to involve the teachers in the budgeting process. One of the principals specified that “we actually involve them in a true sense because they initiate the whole exercise”. Another participant added that “we ask teachers to make contributions by telling me what they will need for the following year”. While the above quoted principals seem to make an effort to ensure that their teachers are involved in budgeting, others avoid this involvement. According to one of the participants “teachers are normally not involved in budgeting and in financial statements”. The reasons given for the non-involvement of teachers are, according to this participant that “they do not care” and that “teachers are not sure what they want.” This lack of involvement was also obvious in the participants’ discussions of parents’ involvement in budgeting.

### ***Involvement of Parents in Budgeting***

Most of the participants indicated that parents' involvements in their schools' budgeting are minimal. They attribute this firstly to the existence of school boards (e.g. "I've never had much for the parents to do because they are represented on the school board") and secondly to the parents' lack of interest (e.g. "the parents have rejected the notion of giving financial reports quarterly"). A few of the principals seem to make an effort to ensure that parents understand the situation. One participant specified that "if we have to increase the fees we explain the situation to the parents who normally give us the mandate to make such increments". The ensuing exposition will focus on the involvement of yet another stakeholder, namely the students, in the budgeting process.

### ***The Involvement of Students in the Budgeting Process***

The involvement of students in the financial matters of the school is also seen from different angles by the participants. In some schools there is an attempt to consult the students. One of the principals said for example: "I think students have to be included because they know the situation at school". However, three of the principals indicated that they do not engage students at all in the budgeting process.

Scholars (e.g. Bisschoff 1997; Davies 2004; Sharp and Walker 2005) emphasise the importance of the involvement of stakeholders in the budgeting process. According to Davies (2004) the manner in which stakeholders are involved in the process is vital for the success of the process. The findings has however emphasised the limited involvement of stakeholders in the process. Some of the participants negated the value of stakeholders in the budgeting process.

Attention will now be given to qualitative data on the second of the four financial tasks under scrutiny in this article, namely the organisation of schools' financial management (cf. Fig. 1).

### ***The Organisation of Schools' Financial Management***

In Lesotho the principal is the chief accounting officer of the school (MOET 2010). The principal is thus accountable for everything that happens

to the school funds. It is consequently understandable that the FCPM aims to ensure that principals keep proper records of income and expenditure. The FCPM states for example that "the principal must ensure that full and proper records of the accounts of the school's income and expenditure, assets and liabilities are kept" (MOET 2006: 60). The FCPM furthermore guides the principals towards reporting. Principals should ensure that annual accounts are prepared as soon as possible after the end of each school year, and these accounts are audited by an auditor appointed by the school board (MOET 2006).

In the light of the foregoing it is comprehensible that the participants talked at length about problems that they have with the collection of school fees and office organisation.

### ***Problems with the Collection of School Fees***

It seems to be difficult for schools to operate because school fee payments are not made in time or not paid at all. Principals however, have different perceptions regarding the problem and thus handle the matter differently.

As a result of poverty, parents seem to struggle with school fees payments and mostly pay late. In one school the principal reported that "[p]arents are struggling to pay the school fees and it is the policy of the school not to expel students because of a failure to pay". This participant shows empathy for poor students. One of the other participants said that he takes a hard line on non-payment and routinely expels students whose parents are not willing/able to pay school fees.

Not only do parents fail to pay school fees punctually, but it also seems to be true for the MOET and other organisations. One participant said:

*... the problem is that Manpower and Education delay paying for orphans, which makes it very difficult for us to run the school.*

The delay in the payment of school fees impacts negatively on the general operation of the school including on the services that are provided. One participant said for example that "... right now, we are in the second week of the second session and we are not able to provide food because of a lack of funds". Moreover, schools were supposed to purchase the necessary materials for the final examinations but did not have the money. Another participant said that they have to prepare for two practical subjects, but "at present, there is no money."



In most of the schools the school fees are paid at the bank. According to one of the principals “our policy is that parents should pay school fees at the bank so that students can devote themselves to their academics full time”. Even though this method of payment works well, it has not been accepted by all parents, especially in the beginning. This unwillingness was highlighted by one of the principals who mentioned that “the parents who are near the school say that they do not have money for transport to go to pay at the bank, but we are very strict with this.” However, there are a few schools which still allow students to pay school fees at the school (e.g. “students pay the school fees at the office and we take the money to the bank”).

The data revealed that principals experienced the following problems regarding the system whereby students pay school fees at the banks: banks often delay making monthly bank statements available for the schools; students do not always bring the bank slips in time; and bank charges are very high. These have adverse effects on reconciling the bank statements. One of the participants indicated for instance that “the bank delays giving us the bank statements and therefore we cannot reconcile statements”. In the same vein, another participant had the following to say: “You can do the bank reconciliation statement but in most cases it may not balance because some students will still not have submitted the bank slips”. It is thus difficult for the school to know exactly how much money it has in the bank at any given point in time.

#### ***The Keeping of Financial Records***

The content analysis revealed that whereas some of the participants’ schools still use outdated hardcopy filings systems (e.g. “we use an old system of cards for individual students’ accounts”), others have started to computerised their financial records (e.g. “part of the recording is done on a computer and I think it has made referencing easier”). Most principals however, experience problems with handling receipts. For instance, one principal confessed that “most of the time when I am very busy, I forget to take in the receipts”. Another participant indicated that “it is difficult for me to bring things such as the receipts to be recorded, if I am not reminded about it”.

#### ***The Organisation of the Financial Office***

Evidently, there is a wide range of ways in which the principals organise their financial offices in an attempt to be effective and efficient. Several of the participants mentioned that their schools have no bursars and/or secretaries, resulting in principals delegating financial management duties to capable teachers. For instance, one participant admitted that “there is no secretary but the school has somebody delegated to put the deposit slips into the student’s files”. Alternatively, some principals choose to form financial committees responsible for financial management. One participant stated that “I am planning to ask the head of a department to form a small committee who will assist in financial management”. Another participant explained that “we have a teachers’ committee responsible for budgeting”. By being responsible for financial management and budgeting, these committees report regularly to the principal, who is responsible for financial management and budgeting. In one school the staff were organised and allocated different duties to ensure that they carry out financial management effectively. In this school the principal explained that

*The secretary deals with the reports, while the bursar deals with expenditure pertaining to cheques and petty cash; so the bursar deals with the school fees and also with the parents when they visit the office.*

The literature (cf. Clarke 2008; Ntseto 2009; Sharp and Walter 2005) and MOET (2006) give directives on the organisation of schools’ financial offices. The data revealed the willingness of most of the participants to adhere to sound financial management principles and practices. Unfortunately problems with regard to the collection of school fees, the faulty and/or outdated maintenance of financial records and a lack of support and/or suitably qualified staff often hinder them to establish and run effective financial offices. Attention will now be given to the participants’ narratives on their role in leading their school’s financial management (cf. Fig. 1).

#### ***The Leading of Schools Financial Management***

Whereas the literature emphasises the importance of relationships, communication and motivation within the framework of leadership (Bisschoff 1997; Clarke 2007), the FCPM does not

directly address these aspect of financial leadership. It can only be deduced that since it supports transparency, it also encourages communication, as well as the involvement of stakeholders (MOET 2006). It further encourages democratic and participative school governance (MOET 2006), implying that stakeholders are involved through consultation and in decision making. In their discussion of the role of the financial management leader participants highlighted the importance of as well as problems with regard to relationships, communication and the handling of financial reports to stakeholders.

#### ***Relationships between Members of Staff with Regard to Financial Management***

As a leader the principal has to ensure that there are generally good relationships between the staff. In one school the participant indicated that “there is a good relationship between teachers and the finance committee; we also report to them about the finances”. This state of affairs makes it easier to handle issues of finance. Another participant reported that “when teachers have been sent to make purchases, it is difficult to get the receipts from them”. This may become more difficult in a situation where there are bad relationships between the staff as illustrated by the following quotation:

*I had a bursar who would always record a thousand or two thousand maluti more than the money that I actually took for purchases.*

The importance of good relationships was also emphasised in some of the participants’ reflections on who should be informed about their respective schools’ finances.

#### ***Communication to Stakeholders with Regard to Finances***

There seems to be some communication with regard to finances in schools even though the participants had different views regarding with whom to communicate and how to communicate. When stakeholders are involved it also means that things are communicated to them in such a manner that their involvement is meaningful. It has been indicated that some stakeholders are involved while others are not involved. In some schools, students attend parents’ meetings, while in other schools they do not. In the case where students attend parents’ meetings, it means that

whatever is being communicated to the parents is also communicated to the students.

The extent to which those who are involved are actually included, consulted and communicated with varies. For example one participant said “I normally have a parents’ meeting but do not remember discussing a budget”. This suggests that there is communication with parents about other things, but nothing is communicated as far as the budget is concerned. At some schools an effort is made to make the financial statement comprehensive. One of the participants indicated that “when we present the financial statement, we try to explain in Sesotho everything that has been written in English”. This ensures that everything in the financial statement is communicated comprehensibly to the parents. In another school the participant pointed out that “when you do the financial statement you make a summary so that parents can understand.” The lack of coherence amongst participants on the dissemination of financial information was underlined in their differentiating views on the furnishing of financial reports to stakeholders.

#### ***Financial Reports to Stakeholders***

Schools seem do differ in the way they handle financial reporting. The schools used for this study, apparently report to different stakeholders. For example, one of the participants stated that “a financial report is normally prepared and presented to the church which is the proprietor”. It is possible that other parents do not belong to the same church that owns the school, which means that they may not have access to the financial report. Another participant said: “We are encouraged to give financial reports quarterly to the parents but parents rejected the idea of giving them on a quarterly basis”. In this case, it may be all the parents irrespective of their denomination. It furthermore surfaced from the interviews that some of the participants are not in favour of the disclosure of financial statements to all stakeholders. This view is illustrated by the following quotation: “school finances can be a problem if they are reported to too many people”.

Findings of this study on the importance of relationships, communication and motivation for effective school financial management are in line with existing literature (Bisschoff 1997; Clarke 2007). The narratives also revealed exemplars of hostility between principals and members of staff, as well as the withholding of information.

### **Controlling as a Key Aspect a School's Financial Management**

In their discussions on aspects of financial control participants emphasised the importance as well as problems pertaining to auditing. Only some schools carry out internal auditing. One of the participant specified that "we do internal auditing, but never show it to anybody". Another participant said: "... for me, it is a lot of work; it's a double job if I also have to do it internally. So I give everything to them to do". In other words, in this school only external auditing is carried out. It furthermore seems that not all schools carry out external auditing. One of the participants pointed out that "our accounts are audited by independent auditors". In another school the participant indicated that "there has not been any auditing in this school to date, but arrangements are being made to audit accounts". Even though auditing was not done, this principal acknowledges the necessity of auditing as an integral part of sound financial management.

The literature emphasise the importance of control in financial management (Berkhout and Berkhout 1992; Bisschoff 1997; Clarke 2007; Ntseto 2009). Yet the FCPM is sparse on information covering the issue of control. It does not include directive on, amongst others, the preparation of accounts for school fees and auditing (cf. MOET 2006). Although most of the participants acknowledged the importance of auditing, only a few of them mentioned that their schools carry out auditing on a regular basis. Allen cited in Niemann (1997: 372) explains control as, "the work a manager does to assess and regulate work in progress and completed. The control is the manager's means of checking up". If a school's financial manager refrains from carrying out regular auditing, he/she will not know whether or not the school's financial goals and objectives has been achieved.

### **CONCLUSION**

Findings of this study repudiate the argument that the existence of a financial policy will inevitably lead to sound financial management in Lesotho schools, and consequently quality education. This study shows several deficiencies of, as well as problems regarding the implementation of the policy.

There is a noteworthy discrepancy between

the FCPM and financial management theory. Schools' financial administration theory comprises planning, organising, leading and controlling. The FCPM on the other hand, deals mostly with planning and organising, thereby covering very little on leading and controlling.

Despite extensive directives by the FCPM on financial planning, this study has shown that budgeting is often done in either a careless fashion or not done at all. The main reason for this seems to be lack of funds. The findings furthermore emphasise the limited involvement of stakeholders in the budgetary process. This may be attributed to, amongst others, a lack of knowledge and apathy. The lack of involvement may have a negatively impact on transparency. The FCPM values among other things, transparency and consultations (MOET 2006) since Lesotho schools serve the public and therefore have an obligation to avoid suspicion.

The FCPM have extensive guidelines for the principals as chief accounting officers on how to set up structures within their schools to handle financial matters. This study has however shown that efforts of the participating principals to adhere to these guidelines are hampered by problems with the collection and recording of school fees, as well the lack of administrative staff.

The FCPM does not explicitly address the importance of relationships, communication or motivation as key aspects of financial leadership. This hiatus is highlighted by the following findings. Some principals strive to establish positive working relationships with their financial officers others mention reasons for, amongst others, mistrust. There are also discrepancies in the way principals communicate financial matters to stakeholders and issue financial reports.

Whereas the literature emphasises the importance of financial control, the FCPM is sparse on issues covering control and does not include, amongst others, any directives on auditing. The impact of this gap is emphasised by the findings of this study: auditing – if it is done – is done in an arbitrary way.

This study highlighted the deficiencies of, as well as problems regarding the implementation of Lesotho's financial policy. Policy and practice should be reconsidered in the quest for effective education in Lesotho. Principals should budget for their schools' financial needs by considering the income and expenditure for the whole academic year. This has, as far as possible, to be

a joint venture by all stakeholders. In view of the involvement of all stakeholders, there is a need for the meticulous organisation of all issues surrounding school finances. For instance, stakeholders should have the policies to hand that guide them on how they should be involved. Furthermore, it also has to be clearly spelt out what their roles are and what they should achieve; this implies that there are many activities that can be delegated to different stakeholders and which should be closely coordinated, since all are striving towards a mutual goal. It is, thus, imperative that there should be a leader who will maintain good relationships, ensure effective means of communication, and motivate the stakeholders. In essence, planning is done in order to achieve the school's objectives as reflected in the school's vision, mission statement and development plans. That said, these objectives may not be achievable if there is no control; therefore, planning and controlling should be interdependently linked.

Despite the depth and richness of collected data, this research – as with all qualitative studies – suffers from a limited ability to generalise the findings due to the small number of participants. It could thus be of interest for future quantitative-based research to test the findings of this research on a representative set of schools in order to determine the underlying reasons for the tension between policy and practice in financial management in schools in the Mafeteng District of Lesotho.

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