

**EVALUATING THE DISTRICT OFFICE BUDGETING
PROCESS
OF THE
DEPARTMENT OF EDUCATION IN TERMS
OF THE
BATHO PELE PRINCIPLES.**

**BY
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DECLARATION

STATEMENT 1

This dissertation is being submitted in partial fulfilment of the requirements for the degree of Magister in Business Administration.

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I, Ernest Gorgonzola, hereby declare that:

- the work in this research paper is my own original work;
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ABSTRACT

The objective of this research was to evaluate the district office budgeting process of the Department of Education, Port Elizabeth District, in terms of the Batho Pele principles.

The aim of district offices is to satisfy the most basic education needs of people in their respective areas of jurisdiction. Improving service delivery is one of government's eight priorities as set out in the White Paper on the transformation of the Public Service (South African Government, 1995: 4). The initiative to improve service delivery is called Batho Pele.

The main research question to be addressed by this research is:
Does the Department of Education experience any problems with its budgeting process to address service delivery?

Through a literature survey and empirical study, various conclusions were reached and recommendations made.

The bulk of education expenditure takes place within education districts but the controlling, forecasting and budgeting of expenditure takes place at the Provincial Head Office.

Most high schools surveyed experience problems with the current funding policy of the Department of Education. The relative poverty of the community around the school impacts negatively on the parent's ability to support the school.

The budgeting process of the Department of Education should follow a bottom-up approach to budgeting. Therefore, the district office budget should be informed by the needs of the school and the provincial budget be informed by the district office budget.

The management and administrative capacity at the district office need to be developed to ensure effective budgeting.

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CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Education in South Africa has been undergoing profound changes in the last eight years. The democratic change and transformation from a centralized, autocratic system of government to a decentralized, democratic system, has placed more emphasis and responsibility on district offices to govern efficiently and effectively. The aim is for district offices to satisfy the most basic education needs of the people in their respective areas of jurisdiction. The district office budget of the Department of Education is, therefore, expected to bring about positive outcomes.

1.2 THE PROBLEM

1.2.1 Main problem

Improving service delivery is one of the Government's eight priorities as set out in the White Paper on the transformation of the Public Service (South African Government, 1995: 4). The Government's initiative to improve service delivery is called Batho Pele.

Batho Pele is about ensuring that the available resources in the Public Service are geared towards service delivery. It is about eliminating wasteful and expensive internal procedures and using the money saved to provide better services to the public (South African Government, 1995: 4).

Budgeting is a necessary activity or tool that is required by managers in the public sector to deliver the quality service expected by government and citizens. Planning is a major element of any management function. A budget numerically expresses the plans on how to deliver the service. Because it is specific and immediate, it is an important management tool (Finney, 1994: 2).

Budgeting is the most important decision making process in public institutions today. Budgets simultaneously record policy-decision outcomes, cite policy priorities, as well as programme objectives and delineate government's total service efforts.

A public budget has four basic dimensions. Firstly, it is a political instrument that allocates scarce public resources among the social and economic needs of an area of jurisdiction.

Secondly, a budget is a managerial and/ or administrative instrument. It specifies the ways and means of providing public programmes and services; it establishes the cost and / or criteria by which activities are

evaluated for their efficiency and effectiveness. The budgeting process ensures that all of the programmes and activities of a jurisdiction will be reviewed or evaluated at least once each year.

Thirdly, a budget is an economic instrument that can direct a nation or state's economic growth and development.

Fourthly, a budget is an accounting instrument that holds government officials responsible for the expenditure of the funds with which they have been entrusted (Hyde & Shafritz, 1978: 1).

The Public Finance Management Act is one of the most important pieces of legislation passed by the first democratic government of South Africa. The purpose of the Act is to promote good financial management in order to maximise delivery of service through the efficient and effective use of limited resources (Public Finance Management Act, Act 1, 1999).

The aim of this research is to evaluate the current budgeting procedures in order to develop an ideal budgeting process, which will enhance service delivery by the Department of Education. This leads to the main problem statement, which will be addressed by this research:

Does the Department of Education experience any problems with its budgeting process to address service delivery?

1.2.2 Sub-problems

In order to develop a research strategy to deal with and solve the main problem, the following sub-problems have been identified:

1.2.2.1 What does the literature reveal is the ideal budgeting process?

1.2.2.2 How are budgets determined in Government institutions, in particular the Department of Education?

1.2.2.3 How can the Department of Education improve its budgeting process?

1.3 DEMARCATION OF THE RESEARCH

1.3.1 The management level

The study will be limited to management level, which includes section heads, school principals, assistant directors and deputy directors within the Department of Education. Directors and Chief Directors will be excluded.

1.3.2 Size of the organisation

The topic is related to a specific sector and will therefore focus on the local office of the Department of Education. The research will target 77 officials, of which, 68 are high school principals, 6 assistant directors and 3 deputy directors.

1.3.3 Geographic demarcation

The empirical component of this study will be limited to the Department of Education, Eastern Cape Province, Port Elizabeth District Office, situated within the Nelson Mandela Metropole.

1.3.4 Subject evaluation

This research will examine the impact of resource allocation through the budgeting process used by the Department of Education: firstly, on service delivery by public schools; secondly, the impact on service delivery by middle level managers based at the district offices of the Department of Education.

The research will focus on how budgets are allocated to district offices and schools from the provincial office.

The research will also examine the service delivery principles of the government.

1.4 DEFINITION OF SELECTED CONCEPTS

1.4.1 Budgeting process

A budget, whether for a school, district or government, or household is a spending plan that is based on expected revenue, and to the setting of priorities for the quantity and quality of services to be provided (Ulbrich, 2003: 320).

Budgets are public programmes expressed in monetary terms and used for the compilation of executable programmes. A budget starts out as a departmental budget request based on a departmental programme for delivering specific services to the public during the ensuing budget year. The programmes should be aimed at identifying needs and real demands from the public for the specific service (Gildenhuys, 1993: 418).

Expenditure is the direct result of the appropriations made to the delivery of services to the public as originally visualized in the budget request of the department. Expenditure may be regarded in one of two ways namely: - the cash accounting system and modified accrual system. Under the cash accounting system, funds are regarded as expended only when payment is made. Under the modified accrual system, which is

regarded as a generally accepted accounting procedure, expenditure is recorded when an obligation is undertaken (Mikesell, as cited in Gildenhuys, 1993: 419).

1.4.2 Batho Pele

Batho Pele is Sesotho for "People First". It is the name given to the Government's initiative to improve service delivery in the public service. The name was chosen to express the key message of the campaign that the purpose of the Public Service is to serve all the people of South Africa.

Batho Pele is guided by the White Paper on the Transformation of the Public Service (South African Government, 1995: 4) and is the responsibility of the Minister for Public Service and Administration.

It is based on eight principles, which all national and provincial departments will be required to introduce. The principles are: Service standards, Access, Value for money, Consultation, Courtesy, Information, Openness and transparency and Redress (South African Government, 1995: 4).

1.4.3 Norms and standards for funding of public schools.

Section 35 of the South African Schools Act states that “Subject to the Constitution of the country, the Minister of Education must determine norms and minimum standards for the funding of public schools after consultation with the Council of Education Ministers, the Financial and Fiscal Commission and Minister of Finance” (South African Schools Act, Act 84, 1996: 17).

Therefore the provincial education department has a legal obligation to deal with procedures in determining resource allocations to schools under their jurisdiction. These norms for funding deal with school level expenditure (South African Schools Act, Act 84, 1996: 42).

The norms and minimum standards for funding policy apply in all provinces and to all public schools (South African Schools Act, Act 84, 1996).

1.5 ASSUMPTIONS

The assumptions in this research are based on the challenges that face education, in particular, the Port Elizabeth District.

It is assumed that a budget is a guide or instrument that will indicate the commitment of an organisation to deliver according to the available resources based on the budget. It furthermore assumes that the current

allocation of funding to schools is not based on the real need for assistance of schools.

1.6 IMPORTANCE OF RESEARCH

The Bill of Rights in the Constitution of the Republic of South Africa (South African Constitution, Act 108, 1996) establishes the right to education in these terms:

Everyone has the right:

To a basic education, including adult basic education:

Section 34 of the South African Schools Act (Act 84, 1996), imposes important responsibilities on the state with respect to the funding of public schools. "The state must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provisioning" (South African Schools Act, Act 84, 1996: 34(1)).

Effecting redress and equity in school funding with a view to improve the quality of school education progressively, within a more efficient framework for organising and providing education services, is a matter of urgent priority. To achieve this objective in a systematic manner requires new systems of budgeting and spending for schools (South African Schools Act, Act 84, 1996: 34).

Past discriminatory investment in public schooling and vast disparities in the levels of personal income of parents contribute to the absence of learning resources, large classes and deplorable physical conditions.

This research seeks to address these inequalities by evaluating the current procedure and to provide recommendations based on the evaluation as to how the budget process can be refined in terms of the Batho Pele principles.

The goals of this study will attempt to provide an idea and understanding of the research content by explaining certain of the key and broad concepts. These may include the budgeting process, Batho Pele and school quintiles.

The study will also investigate how the Department of Education, Port Elizabeth District, uses the budgeting process towards the improvement of service delivery (Functional purpose of the budget).

Furthermore, the study will also attempt to determine the factors that must be taken into account when deciding on a budget.

The study will examine how to improve on the budgeting process, and reference will be made to various approaches to budgeting.

In evaluating both administrative and theoretical arguments, the best approach to the budgeting process will be determined by its suitability to improve service delivery.

1.7 RESEARCH DESIGN

In this section the broad methodology that will be followed in the study is described.

1.7.1 Research methodology

The following procedure will be adopted to solve the main and sub-problems:

1.7.1.1 Literature survey

Budgeting strategies should be identified from the literature to enhance service delivery in the public sector in particular in education.

1.7.1.2 Empirical study

The empirical study will consist of:

(a) Survey

A survey will be conducted amongst school principals, assistant directors and deputy directors, using a questionnaire constructed by the researcher, to establish whether the Department of Education, Port Elizabeth District, experiences any problems with its budgeting process to address service delivery.

(b) Measuring instrument

The researcher will develop a comprehensive questionnaire for this research project to establish whether the Department of Education, Port Elizabeth District, experiences any problems with its budgeting process to address service delivery (Chapter 5, section 5.4, page 89).

(c) Sample

High school principals, assistant directors and deputy directors from the finance, provisioning and personnel section will be targeted.

A significant sample will be taken (Chapter 5, section 5.5, page 80).

(d) Statistical analysis of data

The statistical procedures to be used in interpreting and analysing the data will be determined in consultation with a statistician at the time the questionnaire is drawn up (Chapter 6, section 6.4, page 85).

1.8 OUTLINE OF THE STUDY

Chapter 1:

Introduction and problem statement

Chapter one will focus on defining various concepts, terminology and demarcation of the study field.

The statement of the research problem and sub-problems, as well as the research boundaries and methodological justification will be explained in this chapter. The chapter will focus on the research methodology to be used and the formulation of the study objectives as well as the proposed outline of the chapters.

Chapter 2:

Legislative framework of public budgeting

Constitutional and legal constraints greatly affect the extent of executive and legislative powers in budgeting (Lee & Johnson, 1989: 144). Each legislature consists of representatives of the population who decide about its income and expenditure for the performance of the functional activities (e.g. defense, education, law and order) entrusted to it (Cloete, 1994: 39).

Officials who staff the administrative executive institutions prepare estimates of income and expenditure for consideration by the political institutions before submission to the legislature concerned (Cloete, 1994: 39). Therefore schools and district offices must submit annual estimates of income and expenditure to the provincial head office in order to compile a provincial budget for education.

Chapter 3:

The purpose and procedure of budgeting in the public sector

The purpose and procedure of budgeting will be outlined. The features of a public budget will be investigated.

Chapter 4:

Implications of Batho Pele principles on service delivery

In chapter four, brief reference will be made to the transformation of service delivery based on the principles of Batho Pele (people first).

Chapter 5:

Research methodology

Chapters 3 and 4 will form the basis of determining the method to be used for the empirical study.

The purpose of the empirical study is to validate, or disprove, the findings in the literature that was surveyed. The survey will consist of questionnaires that will be distributed to a representative sample of randomly selected high schools in Port Elizabeth.

Chapter 6:

Analysis and Interpretation of the empirical results

In this chapter the data will be analysed and interpreted.

Chapter 7:

Conclusions and recommendations

A brief synthesis of the preceding chapters will be made followed by conclusions and recommendations.

1.9 CONCLUSIONS

In this chapter, selected concepts in the public budgeting process are defined. Several assumptions have been clarified. Furthermore, the importance of the research is stated, followed by the research design to be used as well as an outline of the proposed study.

In the next chapter the legislative framework within which public budgeting takes place, will be discussed.

CHAPTER 2

LEGISLATIVE FRAMEWORK OF PUBLIC BUDGETING

2.1 INTRODUCTION

The nature of the legislative instruments needs to be defined and explained to ensure understanding of the role of the legislature in Public Financial Management.

In this chapter, firstly, the constitutional imperatives will be explained. Secondly, the South African Schools Act will be discussed. Thirdly, the nature and role of the legislative authority will be discussed.

It is also important to explain the role of the accounting officer to clarify the alignment between policy and implementation.

2.2 POLICY FRAMEWORK

2.2.1 Supremacy of the Constitution of South Africa

The South African Constitution (Act 108, 1996) is the supreme law of the country, which binds all legislative, executive and judicial institutions and functionaries on all levels of government.

Section 8(1) of the Constitution, The Bill of Rights, applies to all and binds the legislature, the executive, the judiciary and all organs of state.

Government has an obligation to make basic education available and accessible through reasonable measures (South African Constitution, 1996, Section 29(1)).

According to Section 215(1) of the South African Constitution (1996), national, provincial and local budgets and budgetary processes must promote transparency, accountability and effective financial management of the public sector.

Budgets in each sphere of government must contain estimates of revenue and expenditure, differentiating between capital and current expenditure (South African Constitution, 1996, Chapter 13, Section 215(3)).

2.2.2 The legislature

2.2.2.1 Defining the legislature

According to Kotzé and Van Wyk (1986: 209) a legislature is a legal political institution, which makes, amends and repeals laws for the community and this includes laws on public financial matters.

The South African Constitution grants the legislature the power to make laws concerning finances, specifying revenue and expenditure.

Therefore, the legislative authority occupies the highest level of the financial infrastructure of the government sector, since money can only be spent after being authorised by the legislative authority.

South Africa is divided into smaller geographical units for the provision of public services. These geographical units are called provinces and have constitutional authority vested in them through the South African Constitution.

In the Republic of South Africa the legislative authority:

- of the national sphere of government is vested in Parliament;
- of the provincial sphere of government is vested in the provincial legislatures;
- of the local sphere of government is vested in Municipal Councils (South African Constitution, 1996, Chapter 4).

South Africa has been divided into nine provinces (Eastern Cape, Western Province, Gauteng, Limpopo, Mpumalanga, Free State, Northern Cape, Kwazulu Natal and North West) (South African Constitution, 1996, Chapter 6).

Furthermore, certain departments in each province are divided into smaller functional units called districts. The Education Department in the

Eastern Cape is divided into twenty-four districts, each headed by a district director. Each district director is supported by a support staff, which includes a deputy director responsible for financial management.

Therefore, the provincial legislatures have the final say in the allocation of funds to the various functional units, namely education, health and welfare. A member of the executive council heads each functional unit, who is the political head and takes responsibility for the general state of affairs in that department.

The Member of the Executive Council annually tables a budget for the provision of services by his Department. Each State Department is headed by an accounting officer who is the head administrative official. The accounting officer forms the link between the political and administrative levels of Government. The effective spending and collection of public funds forms an integral part of the duties of the accounting officer.

To clarify this function, the functions of the legislature and the accounting officer will henceforth be analysed.

2.2.2.2 Functions of the legislature

Legislatures are the highest policy makers in the public sector and their function is to lay down the nature and extent of the activities of the executive institutions (Cloete, 1994: 155).

Therefore Parliament, Provincial Legislatures and Municipal Councils always have the final say in financial matters in the same ways as they have the final say as regards all the activities of the executive institutions operating within their respective areas of jurisdiction.

The accountability of the legislative authority can be summarised as follows (Spiro, as cited in Gildenhuis, 1993: 89):

The legislature has to be:

- In control of public moneys.
- Knowledgeable about government activities and public services to be rendered.
- Endowed with authority to take final and binding decisions on important matters.
- Aware of the objectives, which have to be attained by the spending of public moneys.

Legislators exercise control over financial matters by making provisions for the appointment of accounting officers who have to submit reports in a prescribed manner (Cloete, 1994: 151).

2.2.3 The role of the accounting officer

The accounting officer forms the link between the legislative and administrative executive institutions (Cloete, 1994: 153).

Accounting officers are administrative officials standing at the head of the administrative executive institutions such as state departments and research institutions. They are usually known as Heads of Departments. These chief officials have to give account to the legislators about the manner in which they have given effect to the directives of the legislators as embodied in the budget (Cloete, 1994: 153).

According to Gildenhuys (1993: 157) heads of state departments are the accounting officers of such departments and must personally account for all the transactions and activities of their departments.

The functions of the accounting officer can be divided into two main groups, namely, the preparation and submission of the department's draft budget to the treasury, and the execution of the approved budget of the department (Thornhill, 1984: 5).

The draft budget of the accounting officer must therefore be acceptable to the treasury, executive authority and ultimately to the legislature.

The draft budget must realize the policies of the legislative and the executive authority and comply with the instructions of the minister responsible for the administration of the Department (Gildenhuys, 1993: 158).

The accounting officer may be called to give account for any clarifications of issues discussed in the financial reports (Cloete, 1994: 151).

Depending on the organogram of the relevant Education Department, the accounting officer is assisted by three senior officials namely the Directors General for Education Provisioning, Corporate Services and a Chief Financial Officer.

The duty of the chief financial officer is to take care of all financial affairs of the Education Department. Therefore, the Chief Financial Officer represents the interests of the Head of Department or Accounting Officer. The Chief Financial Officer can be called by the Legislature to give clarity or account for specific financial issues, as is deemed necessary.

Therefore, in order for District Directors to maximize their budget allocation, they have to influence the Chief Finance Officer or make strong representations to the Head of Education Department, who in any case will consult the Chief Financial Officer for increased budget allocations.

2.2.4 The South African Schools Act

One of the founding provisions of the South African Schools Act (Act 84, 1996), is to provide a uniform system for the organisation, governance and funding of schools.

2.2.4.1 Funding of public schools

2.2.4.1.1 Responsibility of the state

In terms of Section 34(1) of the South African Schools Act (Act 84, 1996), the state must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provisioning.

Furthermore, the state must, on an annual basis, provide sufficient information to public schools regarding the funding of public schools to enable public schools to prepare the budgets for the next financial year (The South African Schools Act, Act 84, 1996, Section 34(2)).

However, the question remains whether schools will be given enough financial resources as required in terms of their budgetary requirements?

2.2.4.1.2 Responsibility of the school governing body

Section 36(1) of the South African Schools Act (Act 84, 1996), compels the governing body of a public school to take reasonable measures within

its means to supplement the resources supplied by the state in order to improve the quality of education provided by the school to all learners at the school.

As far as the responsibility of the governing body to supplement the state resources is concerned, the question remains, does the quality of education at a public school depend on the extent to which the parents can contribute to improve the quality of education?

2.2.4.1.3 Norms and standards for funding of public schools

In terms of Section 36 of the South African Schools Act (Act 84, 1996), the national Minister of Education must determine norms and minimum standards for the funding of public schools after consultation with the Council of Education Ministers, the Minister of Finance and Fiscal Commission and the Minister of Finance. The funding of public schools is subject to the provisions of the Constitution and the South African Schools Act (Act 84, 1996: 35).

Section 21 of the South African Schools Act (Act 84, 1996) makes provision for governing bodies to become progressively more responsible for managing aspects of recurrent expenditure.

These aspects may include the following:

- Maintaining and improving the schools property, buildings, grounds and/ or hostels.
- Determining the extra-mural curriculum and the choice of subject options in terms of provincial curriculum policy.
- Purchase textbooks, educational manuals or equipment for the school.
- Pay for services to the school.
- Other functions consistent with the Act, or applicable provincial legislation.

The Member of the Executive Council for Education may determine that some governing bodies exercise one or more functions under Section 21 of the South African Schools Act (Act 84, 1996), even if they have not applied for them (National Norms and Standards for School Funding, 1998, Section 106).

Schools classified in terms of Section 21 of the South African Schools Act (Act 84, 1996), will receive a lump-sum payment, in accordance with Table 1.

Table 1: Resource targeting table based on condition of schools and poverty of communities

| School quintiles, from poorest to least poor | Expenditure allocation | Cumulative percentage of schools | Cumulative percentage of non-personnel and non-capital recurrent expenditure | Per learner expenditure indexed to average of 100 |
|--|------------------------|----------------------------------|--|---|
| Poorest 20% | 35% of the resources | 20% | 35% | 175 |
| Next 20% | 25% of the resources | 40% | 60% | 125 |
| Next 20% | 20% of the resources | 60% | 80% | 100 |
| Next 20% | 15% of the resources | 80% | 95% | 75 |
| Least poor 20% | 5% of the resources | 100% | 100% | 25 |

Source: Adopted from National Norms and Standards for School Funding, 1998.

If a school's bills for services or items are lower than the lump-sum transfer, the School Governing Body may allocate the transferred amount to other education related items.

School Governing Bodies that are on the Section 21 list may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standards procedures (National Norms and Standards for School Funding, 1998, Section 10).

Existing departmental procurement arrangements must be made for schools not declared Section 21 schools (National Norms and Standards for Funding, 1998, Section 111).

2.2.4.1.3.1 Educator personnel

The policy for norms and funding to public schools does not norm the allocation of educator personnel, either in a province generally, or in teaching posts at or in connection with schools. Such matters are dealt with in important agreements between the Minister of Education and National Teacher Unions (National Norms and Standards for School Funding, 1998).

The educator post establishment in each province is determined by the Members of Executive Council for Education, subject to national norms prescribed for the provisioning of posts (Employment of Educators Act, Act 76, 1998, Section 51).

The Member of the Executive Council for Education in a Provincial Education Department determines norms in respect of posts to be allocated to public schools in relation to their curriculum and other circumstances, which the Head of Department (or Accounting officer) must follow in distributing the available posts within the approved education establishment of a Provincial Education Department (National Norms and Standards for School Funding, 1998, Section 32).

2.2.4.1.3.2 Non-teaching personnel

The National Minister of Education does not have the responsibility for determining norms for the provisioning of non-educator personnel,

including non-teaching personnel at school level, such responsibility lies with provincial governments (National Norms and Standards for School Funding, 1998, Section 36).

2.2.4.1.3.3 Targeting expenditure for redress, equity and quality

The National Minister of Education does not allocate budgets to Provincial Education Departments. The responsibility of allocating budgets to Provincial Education Departments lies with the Provincial Legislature who must make appropriations to the Education Department from total revenue resources available in the province.

Based on the assessment of needs and resources, each province will decide on the level of spending (National Norms and Standards for School Funding, 1998, Section 41).

2.2.4.1.3.4 Recurrent cost allocations

Provincial Education Departments are required to produce resource targeting lists of all schools in the provinces, sorted on the conditions at the school and the poverty of the community served by the school, so as to produce five groups of schools. This must correspond to the “school quintiles from poorest to least poorest” in column 1 of Table 1 on p26. Resource allocation must be based on this list (Adopted from National Norms and Standards for School Funding, 1998, Section 100).

In terms of Section 99 of the National Norms and Standards for School Funding (1998) allocations for recurrent costs must be targeted as far as

possible on the basis of need, determined according to the condition of the school and the relative poverty of the school community, using Table 1 (Adopted from National Norms and Standards for School Funding, 1998, Section 101).

The resource-targeting list will comprise all ordinary public schools in the province sorted by “need” or “poverty”. Two equally weighted factors will be used to rank the schools:

- The physical condition, facilities and crowding of the school. Using the School Register of Needs data, provincial education departments may create indices based on the range of physical facilities at the school, learner-classroom ratio, the overall condition and need for repairs, availability of basic services. This factor is weighted 50 per cent.
- The relative poverty of the community around the school. Using Census (October 1998), household survey or other data, provincial education departments may create indices based on, for example, the proportion of households with electricity and piped water in the community served by the school, the level of education of the parents served by the school and other similar criteria. This factor is weighted 50 per cent (National Norms and Standards for School Funding, 1998, Section 101).

After the listing of the schools in rank order, the Provincial Education Department must divide the list into five quintiles, from the poorest to least poor. The distribution by quintile will determine the expenditure per learner allocation to the school, in terms of Table 1. According to this table the most needy and largest school will get priority in funding.

2.3 CONCLUSION

This chapter briefly discussed the legislative framework in which public sector financial management must take place. Particular emphases were placed on the role of the legislature and the role of the accounting officer. The South African Schools Act (1996, Act 84) was analysed. The chapter also explored the funding of public schools through the use of the National Norms and Standards for School Funding (1998). This chapter furthermore revealed the basis on which expenditure on education is based.

In the following chapter the purpose and procedure of budgeting in the public sector will be analysed.

CHAPTER 3

THE PURPOSE AND PROCEDURE OF BUDGETING IN THE PUBLIC SECTOR

3.1 INTRODUCTION

The budget process plays a key role in providing public services to the public. A “good” budget will supply to the public the measure and quality of public services as required by the community at the lowest possible cost.

According to Hyde & Shafritz (1978: 1) a budget is a document indicating how a public institution spends resources in order to realize specific public goals.

The Department of Education forms part of a bureaucratic system of governance and management, which is based on principles of democracy. These systems of governance are based on standard rules and procedures, which are determined by the legislature. Therefore, apart from donor funding and financial resources allocated to them by the legislator, the Department of Education has no power to levy taxes.

Income and expenditure in the public sector are based on estimates made by the treasury (Republic of South Africa, 1994: 57). Therefore, there will always be a gap between a budget needed to satisfy the public's educational needs and what government can afford through its available budgets.

To reflect on the budgeting process in the public sector and in particular the Department of Education, and for the purpose of this study, the focus will be on the evaluation and review of the budgeting process in the public sector that will enhance service delivery based on the principles of Batho Pele.

Attention will be devoted to what the literature reveal is the ideal budgeting process that will improve service delivery.

This chapter will provide clear explanations of public budgeting methods and practices used in government and the Department of Education in particular.

The literature study will form the basis to provide recommendations on how the Department of Education can improve its budgeting process.

3.2 FEATURES OF A PUBLIC BUDGET

Each budget decision is a dual decision. It is a document through which money is appropriated according to value judgments. Firstly, a decision is made that a specific apportionment will have a specific effect and, secondly, a decision is taken whether the effect of the specific apportionment is desirable (Gildenhuys, 1993: 394).

In order to understand the budgeting process it is important to ascertain the basis on which budget decisions are taken, what value considerations are taken into account and what the results of the decision taken are (Gildenhuys, 1993: 394).

According to Thornhill (1984: 13) the most important features of a public budget are as follows:

- The budget is enforceable after approval by the legislative authority. The money allocated has to be spent accordingly.
- The results of most of the objectives to be realized by the budget are not quantifiable. Therefore, the taxpayer does not always see or experience the results that were originally intended by the budget.
- The budget brings together a variety of considerations. Various objectives must be made possible through the budget to achieve

the aims of government. Coordination and integration of government activities is therefore essential.

- The processes for determining the contents of a public budget are unique.

Government focuses on the delivery of services, and it therefore concentrates on these in the budget. Revenue is not compared with expenditure in order to establish the profitability of the product or service. Instead, a comparison has to be made between the costs, on the one hand, and the political, economic and social benefits that the community may derive on the other hand. The quality of the product or service that has to be carried out according to the approved budget cannot, therefore, be measured in financial terms alone, but has to be measured also in terms of the extent to which they realize the sometimes abstract goals of an authority (Thornhill, 1984: 14).

- Expenditure is not necessarily determined according to revenue.

As public goals are aimed at the promotion of the general welfare and economic well-being of the community, authorities usually set out to determine what services will be necessary to realize these goals first, and then determine how much money will be needed to realize these goals.

A balance must therefore be sought between the ability of the public to pay and the services that they use (Thornhill, 1984: 15).

It may, therefore, be stated that a public budget is an instrument used by the legislative authority, enabling it to guide the economic, social, political and other activities of the community in a certain direction in order to realize predetermined goals and objectives (Thornhill, 1984: 15).

3.3 FUNCTIONS OF A PUBLIC BUDGET

According to Kotzé (1979: 194) and Thornhill (1984: 11), the budget serves as a policy declaration, a working programme, a source of information and a control measure. In addition, according to Gildenhuys (1993: 396-411), the budget serves as an instrument of integration and coordination, plays a role in redistribution of wealth and serves as an economic regulator. In addition, Hyde and Shafritz (1978: 1) view a public budget as a political instrument and an accounting instrument.

These functions of the budget will be discussed.

3.3.1 The budget serves as a declaration of policy

A budget is a policy statement declaring the goals and specific objectives an authority wishes to achieve by means of the expenditure concerned (Marais, 1980: 30).

As a policy document a budget should be compiled as comprehensively as possible in relation to the needs of the public for services. A budget is the policy document by which the elected representatives, such as the legislative authority, indicate to which extent they wish to execute the mandate given to them by the voters with the limited money at their disposal (Marais, 1980: 30).

As a policy-making document, the budget generally defines the quantity and quality of the envisaged service delivery. In other words, the importance of the predetermination of priorities is expressed in time, costs, quality and acceptability standards in accordance with the nature and extent of the service delivery. Depending on the specific budget system being employed, the nature and the extent of services and their priorities may be continuously adapted or kept consistent (Gildenhuys, 1993: 397).

3.3.2 The budget serves as a working programme

The budget as working programme forms the basis for the execution of functional activities and actually implements the declared policy of the government. It provides the responsible officers with guidelines for achieving their department's objectives (Erasmus & Visser, 1997: 163). A working programme may be viewed as an intentional direction-finding

instrument and this implies that the working programme should be action and future orientated (Gildenhuis, 1993: 405).

According to Gildenhuis (1993: 405) three components can be identified in a budget as a working programme. Firstly, it comprises the identification of an objective structure within the framework of the broad goals and policies of the authority concerned.

The objectives structure should consist of a main objective, various sub-objectives and aims. Only after the working programme has been compiled and work has been scheduled as tasks within particular projects, will it be possible to regard it as a meaningful programme, which could serve as a basis for the efficient and effective realization of public objectives (Basi, 1968 as cited in Gildenhuis, 1993: 405).

Secondly, it comprises the compilation of a working programme, which should be executed in order to realize the objectives of the authority. Therefore, it is necessary to subdivide the programme into projects, and each project into tasks, each of which could be executed separately.

Thirdly, the development of a working programme comprises the scheduling of projects and tasks in terms of the work to be performed and the necessary resources. Resource schedules should be compiled for each task, each project and, therefore, for the budget programme as a whole.

Fourthly, a financial schedule must be compiled that represents the monetary values of all the resources. The financial schedule represents what is known in practice as standard expenditure items (Gildenhuys, 1993: 407).

3.3.3 The budget as a source of information

Thornhill (1984: 11) views the public budget as the most important decision-making instrument within the public sector. During the consideration of the budget the legislature should reflect on the broad goals and policies of education. Choices have to be made between alternative objectives. Existing services should be reviewed and new services should be considered where necessary. The availability of resources and the sources of finance have to be established.

The budget document should contain clear and comprehensive information on the objectives, aims, activities, resources and the finances in order that members of the legislature may be in a position to debate them meaningfully and eventually to make decisions on them that will be acceptable to the community (Erasmus & Visser, 1997: 162).

Therefore, the approved budget, as a macro working programme, should supply all the details and guidelines by which each department can compile its work programme in order to realize within the budget year, the

objectives which have been set by the budget for all the departments (Gildenhuys, 1993: 409).

3.3.4 The budget as a control instrument

The control function of the budget determines whether the execution of tasks, projects and programmes has been done in accordance with certain programme schedules and in terms of prescribed standards and specifications. Control should focus on the operational efficiency and effectiveness of public activities, that is, on the full realization of objectives with the minimum expenditure of money (Thornhill, 1984: 11).

Control therefore assists co-ordination of activities and helps to prevent wastage of resources. It also includes the development of a feedback system to measure the results of departmental activities.

3.3.5 The budget as an integrating and co-coordinating instrument

According to Gildenhuys (1993: 409), coordination in the public sector is aimed at promoting cooperation of all government departments in the integration of its activities to realize the objectives of the legislative authority. Therefore, coordination may be regarded as a function of harmonizing all public activities, in the sense of synchronizing the activities of each department, section and official. In other words, coordination attempts to bring the activities of the various departments in

line with each other so that everything may run smoothly in an attempt towards the realization of objectives.

3.3.6 The public budget's role in the redistribution of wealth

Gildenhuys (1993: 398) relates that a real distribution of wealth cannot take place without there being prosperity and economic growth and development. In addition, according to Gildenhuys (1993: 399-400), the expenditure policy of the government should promote the redistribution of wealth.

Due to the fact that the more wealthy section of the population contributes proportionally more to the cost of the collective services than those less wealthy, the distribution of wealth is almost automatically achieved in this manner (Erasmus & Visser, 1997: 163).

3.3.7 The public budget as an instrument of economic stabilisation

Gildenhuys (1993: 400) points out that the public budget is an important stabilising instrument, which may be utilized to combat fluctuations within the economy. In addition, if private expenditure tends to rise too high and causes inflation, public expenditure should be cut back and at the same time the money in circulation in the private sector should be restricted by higher taxes or by public borrowing. On the other hand, if private expenditure is too low with the result those economic conditions are bad

and unemployment increases, public expenditure by means of money creation should be increased, while private expenditure should be stimulated by means of lower taxes (Gildenhuys, 1993: 401).

3.3.8 The public budget as a political instrument

Hyde and Shafritz (1978: 1) view the public budget as a political instrument that allocates scarce public resources among the social and economic needs of jurisdiction. The public budget is a political process. It stipulates which goods and services are to be supplied to the public by the authorities and which are to be supplied by the private sector. The decision on who is to supply what and who is to receive what should be a reflection of the community's values, preferences and priorities. Therefore, the budget is a political document through which money is appropriated according to value judgments and the budget takes place in the legislature, which is a political arena (Gildenhuys, 1993: 393).

3.3.9 The public budget as an accounting instrument

A public budget is an accounting instrument that holds government officials responsible for the expenditure of the funds with which they have entrusted (Hyde & Shafritz, 1978: 1).

In terms of Section 39 (1) of the Public Finance Management Act (1999, Act 1), the Accounting Officer for the Department of Education is

responsible for budgetary control. The accounting officer can , therefore, be charged with financial misconduct (Public Finance Management Act 1999, Act1, Section 81(1)), if the expenditure of the Department of Education is not in accordance with the budget vote of the department. Appropriate steps must, therefore, be taken to prevent unauthorized expenditure.

3.4 PUBLIC BUDGET FORMAT

According to Section 27(3) of the Public Finance Management Act (1999, Act 1) an annual budget must at least contain estimates of all revenue expected to be raised during the financial year by the relevant state department. In addition, estimates of expenditure per vote and per main division within a vote for the financial year should be compiled.

According to Gildenhuys (1993: 420) the public budget consists of two parts, the revenue budget and the expenditure budget. However, two approaches to the revenue and expenditure budgets can be followed.

- Economic legislation approach

The revenue and expenditure budgets should be drawn up separately. In addition, the operating and capital budgets should not be separate, but should both be paid from one expenditure account (Gildenhuys, 1993: 420-422).

This approach facilitates financial management, but can also result in administrative problems, since there is always a tendency to finance operating expenditure from loans, resulting in an accumulation of debt (Gildenhuis, 1993: 422).

- Administrative approach

In terms of this approach, the revenue and expenditure accounts for every government service are combined so that decisions on revenue and expenditure can be directly compared (Gildenhuis, 1993: 423-425).

Decisions can, therefore, be taken on the basis of possible revenue available to redeem expenditure. The budget expenditure is, therefore, planned around the revenue.

This also means that there should be a separate integrated revenue and expenditure budget for every type of government service.

3.4.1 Expenditure budget

According to Franzsen (1984: 48) the expenditure budgets within state departments in South Africa depend on the following four factors:

- Financial responsibility of the institution

It is necessary to know by whom or for which department funds are being requested for realizing the predetermined public objectives.

- Purpose of expenditure

A primary requirement for rational budgeting is the predetermination of expenditure objectives; that is what needs have to be satisfied by them, what issues have to be resolved by them, or what advantages are to be gained by them. It should be determined in advance what the proposed expenditure programme will be and on that basis a determination could then be made on what part of the available funds should be appropriated for the realization of predetermined objectives. A completed expenditure budget should, therefore, be drafted for each objective.

- Expenditure items

It is important to know what specific goods and services should be purchased or obtained by each institution for the realization for each objective. A classification is essential in terms of specific expenditure items, linked to the objective concerned.

- Source of finance

The source from which the expenditure is to be financed should be identified, for example a particular budget vote, fund or account.

On the basis of this information, expenditure may be analysed in various ways and rational budget decisions made.

3.4.2 Constituent parts of the public budget

According to Section 27 of the Public Finance Management Act (1999) as well as Gildenhuys (1993: 34), the constituent parts of the expenditure budget are grouped according to the organisational units responsible for expending the appropriated funds.

A budget vote is allocated to each organisational unit. The objective of the organisational unit (responsibility of the institution) is given under the budget vote, as well as the title of the accounting officer. Each budget vote is divided into a number of programmes. Each programme consists of a programme objective, a programme description and a programme structure.

The programme objective is a sub-objective of the budget vote. The eventual realization of the programme objective, together with all other programme objectives, realizes the objectives of the budget vote. The programme description identifies the function of the particular organisational sub-unit (section), while the programme structures

stipulate the budgeted expenditure and capital expenditure per function. Finally, the budgeted amounts are stipulated in terms of standard items.

3.5 BUDGETING METHODS AND PRACTICE

In this section an overview will be provided of the participants and processes involved in budgeting decision making.

The purpose of budgeting is to allocate scarce resources among competing public demands in order to attain societal goals and objectives (Erasmus & Visser, 1997: 161).

The budget cycle will be discussed to give a practical and logical explanation of how the public budget is shaped.

3.5.1 The budget cycle

According to Erasmus and Visser (1997: 225) as well as Lee and Johnson (1989: 4), the budget cycle consist of four clearly distinguishable processes, namely the preparation phase, approval phase, executive phase, and the control phase.

The executive phase and the control phase of the public budget focus on the monitoring and evaluation of the approved budget. Through these phases the legislature verifies whether the expenditure is made in terms of the approved budget and standing regulations (Gildenhuys, 1993: 488). This research will focus on tools to help the Department of Education to develop a budgeting system through development planning. Therefore, in this research the preparation phase and the approval phase will be analysed.

3. 5.1.1 Preparation phase

The preparation of the draft budget entails a number of steps that must be followed (Gildenhuys, 1993: 469).

These steps include the following:

3.5.1.1.1 Issuing of budget circular

The preparation of the budget starts with the issue of budget circulars by Treasury to the accounting officers during July/August each year (Gildenhuys, 1993: 469).

According to Thornhill (1984: 69 – 70) and Gildenhuys (1993: 469) the instructions contained in the budget circular serve as guidelines and include the following:

- Guidelines on the way in which budget requests must be compiled.

- Guideline amounts, which may not be exceeded, are supplied. The budget circular also serves to inform accounting officers of the guideline amounts within which the programmes must be prepared.
- Specific requirements concerning the content of the budget. The financial and economic conditions that will have an influence on the content of the budget are made known to departmental budget compilers through the budget circular.
- The language in which the draft budget and explanatory memorandum must be submitted.
- The date on which the accounting officers have to submit the respective budgets to the Treasury.
- General priority indication for expenditure by the respective departments.

Treasury can also provide departments with additional information such as projections of input cost increases and population trends that could influence the financial abilities of the government (Erasmus & Visser, 1997: 226).

3.5.1.1.2 Preparation of draft expenditure budgets

According to Gildenhuis (1993: 470) the second step in the preparation phase consists of the preparation of the draft expenditure budgets by the operational departments for the delivery of services envisaged for the ensuing year, as well as the preparation of an acceptable written motivation report justifying the expenditure requested.

According to Mikesell (1986, as cited in Gildenhuis, 1993: 470), both a cost estimate of the proposed departmental activities and a written justification for the activities are important components of the draft budget.

According to Gildenhuis (1993: 470) the draft budget can be prepared in the following ways:

- Expenditure can be grouped according to the organisational structure: that is, according to departments and sections of departments.
- Expenditure can be grouped according to programmes, objectives or functions.
- Expenditure can be grouped according to standard items, that is, according to the nature of the resources, such as personnel, stores, and livestock.

3.5.1.1.2.1 Expenditure estimating methods

Accounting officers can estimate the expenditure of their department by taking account of the following four aspects (Gildenhuis, 1993: 470 – 472):

- Objectives to be achieved and services to be reviewed;
- Resources required in order to render services;
- Costs relating to resources; and
- Total costs associated with a specific resource on the basis of the requirements.

3.5.1.1.2.2 Motivational reports

Successful departmental requests are possible only if the requests for funds are adequately justified (Gildenhuis, 1993: 472-473).

Therefore, the general and specific guidelines for writing acceptable motivational reports must be followed.

According to Gildenhuis (1993: 473), the following aspects of the draft budget must be justified in the motivational reports:

- Status and priorities of particular programmes;
- requests for additional funds;
- supporting explanations for the expansion of staff; and
- budget expansions.

Motivational reports and budget requests are evaluated on their accuracy, correctness and clarity.

Jargon and the use of the unknown abbreviations and acronyms must be avoided, because the purpose of the motivational reports is to convey information to political office bearers and representatives who are not well acquainted with details of departmental activities (Gildenhuys, 1993: 473).

It is, therefore, important that the content of the motivational report reflect the following aspects (Gildenhuys, 1993: 473):

- Present situation;
- additional needs; and
- expected results of departmental activities.

According to Erasmus and Visser (1997 as cited in Gildenhuys, 1993: 473) motivation consist of the following three parts:

Part 1: A description of present departmental programmes according to the measurable workload, staffing, financing and productivity trends. This information must be supplied to the Treasury in concise form.

Part 2: A description of additional needs and the reasons for them.

Additional needs may arise owing to:

- Instructions from other authorities.
- Improvement in operating methods and procedures to deliver services more cost-effectively.
- An increase in the workload for the above two reasons.
- Cost increases, including the choice of resources.
- Development of new programmes or expansion of existing programmes as a result of new policy or adjustments in existing policy.

Part 3: A description of the anticipated results of the budget proposals, to convince the executive and legislative authorities of the necessity of the objectives, functions and activities.

This part concentrates on the results and their effects should the requests be accepted or rejected.

In considering the motivational report, the Treasury's budget analysis must determine:

- Whether a smaller request will be sufficient;
- whether critical programme objectives will be endangered if the requests are reduced;
- whether the workload can be reduced; and
- what the impact of the request will be on future requests (Gildenhuys, 1993: 473).

3.5.1.1.3 Review of draft budgets

The third step of the preparation phase is the accumulation of the draft budget and the motivational report and consolidation of them into one document. The departmental or unit budgets are scrutinized to ensure that they comply with all policy directives; they are also scrutinized for the reasonableness of the requested expenditure for the logic of their contents and to see whether they comply with the directives of the executive authority (Mikesell, 1986: 99).

3.5.1.1.4 Consideration of the draft budget by the executive authority

The departmental draft budget should be submitted to the executive authority for consideration. When the budget department has finalized its consideration of the departmental draft budgets, it consolidates them into one draft budget and submits this to the political office-bearer charged with finances for submission to the executive authority. Thereafter the accounting officers concerned are informed of the decision (Thornhill, 1984: 77).

The members of the executive authority should further determine whether the content of the budget is acceptable to the legislature (Thornhill, 1984: 79).

3.5.1.1.5 Final draft budget

The final draft budget is the result of the budget review process. This budget document is a consolidation of all the departmental draft budgets (Gildenhuis, 1993: 477).

The following documents accompany the draft budget document:

- An explanatory memorandum to the Minister of Finance;
- a summarizing schedule of the total expenditure per budget vote and/ or per standard expenditure item;
- schedules defining particulars of each vote; and
- supporting and substantiating documents.

3.5.1.1.5.1 Explanatory memorandum

According to Gildenhuis (1993: 477) the following information is given in the explanatory memorandum:

- Explanations of the anticipated revenue and expenditure compared with those of the preceding year;
- format in which the budget is to be presented;
- classification of expenditure;
- important increases and decreases in expenditure and revenue, and the reasons for them;
- provisions for new services and the necessity for them; and
- scaling down or discontinuation of existing services.

3.5.1.1.5.2 Summarizing schedule of expenditure

The total expenditure per budget vote appears in the summarizing schedule (Gildenhuys, 1993: 478). The summarizing schedule of expenditure can also include a summary of the anticipated expenditure per standard expenditure item. These budget amounts are then compared with those of the preceding year in the schedule. This offers an overall perspective on the increases or decreases, and enables the expenditure priorities of the authority concerned to be determined.

3.5.1.1.5.3 Budget vote schedule

According to Gildenhuys (1993: 478), the schedules of each budget vote consist of:

- An explanation of the totals of each budget programme of the budget vote;
- an explanation of the total expenditure of the budget vote according to standard expenditure items; and
- a description of each programme of the budget vote and an explanation of the structure of the programme.

In addition, at the end of each programme schedule, the expenditure of each programme is stipulated according to the activities of each programme and standard expenditure items.

The budget vote schedule therefore contains the actual budget of expenditure and is also presented according to the approved budget format.

3.5.1.1.5.4 Supporting and substantiating documents

Supporting and substantiating documents often accompany the budget document. According to Gildenhuys (1993: 478) the inclusion of these documents with the budget documents depends on:

- The need of the legislative authority for information required to consider the budget; and
- special circumstances and occasions confronting the government.

3.5.1.1.6 Budget strategies

Participants in the budget process play various roles and have various considerations with incentives and expectations of benefit from the budget process. All participants in the budget process probably aim to deliver public services as efficiently and effectively as possible.

According to Mikesell (1986: 58) the following strategies may be considered to influence the budget process:

- Canvassing of support to influence members of both the executive and legislative authorities to support specific budget proposals of the department.

- Gain the trust of decision-makers by giving supporting facts.
- Create budget circumstances on which the budgets can be based.
- Argue that a proposal programme is a choice between all or nothing.
- Argue that a specific programme is not new, but merely a continuation of an existing programme, which should be extended.
- Follow the so-called “foot in the door” technique by starting small in order to extend later.
- Start the programme on a temporary basis, with immediate incremental extensions, until it eventually becomes permanent.
- Make a programme acceptable on the basis that it is self-supporting and therefore, without consequent net budget implications, but still claims budget appropriations later to cover losses.
- Make a new programme acceptable on the basis of a crisis, with the intention of maintaining it after the crisis has passed.

The officials in the financial section of the Department of Education should be aware of the budget strategies employed by Treasury, so that they are able to make meaningful budget reviews before the final draft budget is submitted to the legislature for approval.

3.5.1.2 Approval phase

3.5.1.2.1 Legislative accountability

The most important way in which the budget document acquires legality or legitimacy is through Parliamentary approval of the budget. The most important reason for approval of the budget by the legislative authority is that the budget is regarded in the same way as any bill by Parliament (Erasmus & Visser, 1997: 240). Therefore, the country is holding the government responsible for the country's finances, as vested in the budget. Linking the budget with legislative accountability is therefore not coincidental (Erasmus & Visser, 1997: 241).

3.5.1.2.2 Financial accountability

The state as a whole is accountable for the application of public funds. Control measures and structures must therefore be implemented to ensure financial accountability (Erasmus & Visser, 1997: 242).

According to Coombs and Jenkins (1991: 78) government spending can be directly controlled through the budget. Financial accountability is based on reporting on expenditure, and control over expenditure takes place while money is being spent. Both legislative authority and executive authority are held accountable by the public, and mechanisms and procedures must therefore be in place for effective control over government spending (Erasmus & Visser, 1997: 242). During this phase the budget is debated by Parliament. The process is based on two

principles that approval of the budget must statutorily be granted, in accordance with Section 185 of The South African Constitution (1996, Act 108), and that no money may be spent without being authorised by an Act of Parliament (Coombs & Jenkins, 1991: 77).

3.5.1.2.3 Preparation of the budget

The various phases of the budget cycle form the basis for the preparation of the budget (Erasmus & Visser, 1997: 244). All the phases must therefore be completed before Parliament can approve the budget.

Budget preparation takes place in accordance with the guidelines issued by the state's Financial Planning and Budgeting system. There is a prescribed format according to which information is gathered, processed and indicated in the draft budget (Erasmus & Visser, 1997: 245).

The departmental objectives are included in the budget in accordance with Cabinet decisions. Guideline allocations are the basis on which monetary amounts are attached to objectives in accordance with Cabinet's expenditure planning system. Accordingly, function committees are appointed on briefs from Cabinet to investigate certain functions earmarked for the allocation of guideline amounts (Erasmus & Visser, 1997: 245).

Table 3.1 and 3.2 illustrate the classification of the base year according to standard items and a draft budget in a prescribed format per department, respectively.

Table 3.1: Classification of base year according to standard items

| Item | R 1000 | % |
|-----------------------------------|--------|---|
| Personnel expenditure | | |
| Administrative expenditure | | |
| Stores and livestock | | |
| Equipment | | |
| Land and buildings | | |
| Professional and special services | | |
| Transfer payments | | |
| Miscellaneous expenditure | | |
| TOTAL | | |

Source: Republic of South Africa, 1994: 25

Table 3.2: A draft budget in a prescribed format

| | | | | |
|---|-----------------|------------------------------|------------------------------|--------------------|
| VOTE ADMINISTRATION: | | | | |
| Items | Voted year 0 | Non-recurring expenditure | Extraordinary expenditure | Adjusted year 0 |
| | R1 000 | R1 000 | R1 000 | R1 000 |
| PARTICULARS PER ITEM | | | | |
| 1. Remuneration of employees Salaries and wages Employer's contribution: Pension funds Medical funds Leave gratuities Home owner's subsidies Other remuneration | | | | |
| 2. Administrative expenditure Subsistence costs Transport Communication Other | | | | |
| 3. Stores | | | | |
| 4. Equipment Hire Purchase current Capital | | | | |
| 5. Professional and special services (excluding capital works) | | | | |
| 6. Rental for accommodation | | | | |
| 7. Capital (including professional and special services i.r.o capital works) Land Buildings Machinery and equipment Other | | | | |
| 8. Transfer payments Current Capital | | | | |
| 9. Miscellaneous | | | | |
| SUBTOTAL | | | | |
| PLUS: (I) Non-recurring expenditure (II) Extraordinary expenditure | | | | |
| GRAND TOTAL | | | | |

Source: Republic of South Africa, 1994: 25

Preparation of the public budget takes place in accordance with the guidelines above, which is issued by the financial planning and budgeting system of Treasury.

3.6 BUDGETARY SYSTEMS

Gildenhuys (1993: 580) suggested that the development and adaptation of budgeting systems take place continuously. An effort must be made to find a budgeting system that provides political decision-makers with sufficient accurate information to make responsible decisions at the right time. Simultaneously, a budgeting system must also encourage the relevant officials to achieve the set objectives effectively and efficiently. Therefore a budgeting system is important both for the legislative authority (government) and the executive authority (ministers and officials).

The following budgeting systems will be discussed:

- Item budgeting system.
- Programme budgeting system.
- Zero-based budgeting system.
- Sunset legislation.

3.6.1 Item budgeting system

According to Gildenhuis (1993: 576), item budgeting can be drawn up according to the following methods:

- The Live-item budget

This means that a list of resource items is drawn up, indicating the quantities required and their cost. Approved funds may be spent only on the specific item and not on any other.

- Categorization of all items into standard expenditure items

In this case items are divided into categories and the approved amounts for every category may be transferred to another category only with prior approval.

From the method above, it is clear, according to Gildenhuis (1993: 576-577), that the item budgeting system follows an input-orientated approach, meaning the emphasis is on departmental inputs and not on objectives and results.

3.6.2 Programme budgeting system

Various countries attach various names to the programme budgeting system (Van Straaten, 1984: 89):

In the USA the system is known as the performance budgeting system and the planning programming budget system.

In France the system is known as the rationalization des choix budgétaires (RCB technique).

In South Africa it is referred to as the objective budgeting system. These names largely have the same meaning, because all are concerned with a budget that incorporates the objective into programmes.

Performance budgeting strives for the most economical, efficient and effective utilization of personnel and other public resources for rendering public services. It emphasizes a government 's performance targets and activities and not only the purchase of input resources. Performance budgeting emphasizes the cost per activity unit in comparison with the performance of the service unit during the fiscal year (Gildenhuis, 1993: 576).

The three outstanding characteristics of performance budgeting are summarized by Gildenhuis (1993: 517) as follows:

- Budget choices and budget information are structured in terms of activities rather than individual standard expenditure items.
- Performance measurements are determined for each activity, the associated cost per activity unit is established, and the efficiency in the use of input resources is evaluated.
- Performance reports comparing deviation of actual cost and accomplishment from planned levels is monitored to focus the attention of accounting officers on problems, which might arise

so that corrective steps can be taken timeously (Mikesell, 1986: 142).

The terms performance budgeting and programme budgeting tend to be used interchangeably, but they are not synonymous. Performance budgeting tends to be retrospective, focusing on previous performance and work accomplishments – while programme budgeting tends to be forward looking – involving policy planning and forecasts (Hyde & Shafritz, 1978: 79).

3.6.3 Zero-based budgeting

According to Croeser (1989: 45) all expenditure and projects are judged and evaluated on merit for purposes of zero-base budgeting. That means that during the compiling of the annual estimates and budgets, government departments must first determine whether existing programmes are effective and efficient, whether existing projects should be continued and whether other projects should be considered to achieve the objectives of the institution.

Every year, estimates and budgets must therefore be drawn up from the start, without consideration for the situation from the previous year.

The system involves considerable administrative cost, its application in practice is based mainly on the careful evaluation of all programmes and

alternative methods of reaching the same objectives (Erasmus & Visser, 1997: 172).

3.6.4 Sunset legislation

According to Croeser (1989: 47) this system is to a large extent modeled on the zero-based approach. In terms of this system, all government projects are for instance, limited to five years, and after this period their continuation is subject to the approach by the legislature (Erasmus & Visser, 1997: 173). Inefficient projects will therefore be prevented.

3.7 CONCLUSION

The public budget plays a key role in supplying public services.

A good public budget will supply to the public quality goods and services as required by the community at the lowest possible cost. The public budget is an instrument for allocating resources to the public.

A public budget has specific functions. It serves as a decision making instrument, a source of information, a work programme, a control instrument and an economic stabilization instrument.

The needs of the expenditure budget form the basis for budgeting in a public institution. The expenditure budget is based on four factors namely, the objective of the expenditure, the expenditure item, the resource of finance and the responsible institution.

Each organisational unit, for example the Department of Education, is responsible for spending the appropriated funds for each of which a budget vote is allocated. Each vote is subdivided into a number of programmes each consisting of a programme objective, a programme description and a programme structure.

Furthermore, the budget cycle was analysed in this chapter.

The budget cycle consist of three clearly distinguishable phases namely the preparation phase, the approval phase and the execution phase.

Furthermore, budgeting demands justification. Well-motivated justification is the key to successful budgeting. Motivational reports explain existing programmes in terms of workload, staffing and funding.

Finally, an approved budget serves as a control instrument to ensure that departmental programmes are executed efficiently and effectively.

The approved budget is used to control the spending of funds by operational departments.

CHAPTER 4

THE IMPLICATIONS OF BATHO PELE PRINCIPLES ON SERVICE DELIVERY

4.1 INTRODUCTION

Batho Pele is an initiative by the government to get public servants to be service orientated, to strive for excellence in service delivery and to commit to continuous service delivery improvement. Service delivery is not a simple task or single-track activity, it is a complex operation that involves a range of initiatives that ideally should be linked to provide a good service. These initiatives are dependent on a number of processes and functions which may include personnel, finance and operation management.

Education as a function of government will be judged on the effectiveness and quality of service it delivers. Improving service delivery is therefore the ultimate goal of the public service programme. The quality of service delivery can be influenced by many factors, which include budgetary constraints, human resources, strategic plans and service standards.

For the purpose of this research an overview will be given of the Batho Pele initiative and service delivery and how the budget might impact on it.

4.2 DEFINING BATHO PELE

Batho Pele is a way of delivering services that puts the citizen at the center of public service planning and operations. As discussed in chapter 3, section 3.3.2, the budget serves as a working programme therefore budget planning must be aligned towards the principles of Batho Pele (South African Government, 2003: 8).

Furthermore, Batho Pele, is thus an initiative to get public servants to be service orientated, to strive for excellence in service delivery and to commit to continuous service delivery improvement (South African Government, 1995: 5).

4.3 BATHO PELE AND SERVICE DELIVERY

The White Paper on the Transformation of Public Service (WPTPS), published on 24 November 1995 (South African Government), sets out eight transformation priorities among which Transforming Service Delivery is the key. The purpose of the White Paper is to provide guidelines how public services are provided and specifically on the way which services are delivered (South African Government, 1995: 6).

Meeting the basic needs of all citizens is one of the five key programmes of the Government's Reconstruction and Development Programme (RDP). That is the reason why the Government's macro-economic strategy called Growth, Employment and Redistribution (GEAR) calls for the reduction in unnecessary government consumption and the release of resources to areas of greatest need which include education (University of Fort Hare, 2003: 71).

Therefore, government institutions must be re-orientated to optimize access to their services by all citizens, within the context of fiscal constraints and the fulfillment of competing needs. The best way to achieve this is to do detailed planning and budgeting.

According to the University of Fort Hare (2003: 73), Institute of Government, improving service delivery means: – redressing the imbalances of the past, whilst maintaining continuity of service to all levels of society. It means focusing on communities who have previously been disadvantaged in terms of service delivery.

Improving service delivery means a shift from the bureaucratic systems, processes and attitudes, and a search for new ways of working which put the needs of public first. The objective of service delivery therefore includes systems that respond positively to the needs of the customers,

that include parents, schools and educators (University of Fort Hare, 2003: 73).

Service delivery improvement programme cannot be achieved in isolation from other fundamental management changes within the public service and in the education department in particular. It must be part of a fundamental shift of working culture whereby public servants see service to the people as their primary goal (University of Fort Hare, 2003: 73).

For the successful implementation of a service delivery programme, public service managers require management tools, which include a budgeting process that will form a guideline to the delivery of services. To improve the service delivery, all stakeholders must give input as to how they want services to be delivered. Therefore, the budgeting process must also take into account the inputs from the stakeholders.

Public service managers will be assigned with the responsibility of delivering specific results for a specified level of resources and to obtain value for many in the use of the resources.

According to the University of Fort Hare (2003: 75) major reforms in budgeting and human resources management are needed by managers in the public sector to give substantial authority and accountability for service delivery and greater flexibility to manage their operation in line with their development objectives.

4.4 THE SERVICE DELIVERY PRINCIPLES OF BATHO PELE

According to the White Paper on the Transformation of the Public Service published on 24 November 1995 (South African Government), the following eight principles of Batho Pele can be identified:

- Service Standards
- Access
- Value for money
- Consultation
- Courtesy
- Information
- Openness and transparency
- Redress

For the purpose of this research the following principles of Batho Pele are discussed. These principles have a direct impact on the budget of the institution, in this case the budget of the department of education, namely:

- Service Standards

Citizens should be aware of what level and quality of public services they will receive so that they can be aware of what to expect. These service

standards may require substantial financial and human resources, which might have an impact on the budget of the Department.

The introduction of new services to those who did not use the service previously impacts on the budget of the department. For schools to maintain a certain level of service to learners, the budgets of the school and the Department of Education require a proportional annual increase (South African Government, 1995: 24).

- Access

All citizens should have equal access to the services to which they are entitled. Batho Pele aims to rectify the inequalities of distribution in existing services.

Provincial departments and districts are required to specify and set targets for increasing access to their services for those who have not previously received them. One significant factor affecting access is geographical. Many people live in remote areas and have to travel long distances to public services that they need. For example, learners in Motherwell, Port Elizabeth, have to travel to Newton Park to attend a technical school, because they have no access to such a school in their area of residence. Therefore, budgeting allocations need to be made, to give those learners access to technical education. Redeploying facilities and resources to areas of greater need therefore impacts directly on the

Port Elizabeth District Education Department's budget (South African Government, 1995: 29).

Service delivery programmes should, therefore, specifically address the need to progressively redress the disadvantages of all the barriers to access.

- Value for money

Public services should be provided economically and efficiently in order to give citizens the best possible value for money. Improving service delivery, and extending access to public services to all South Africans must be achieved alongside the Government's GEAR strategy for reducing public expenditure and creating a more cost-effective public service (South African Government, 2003: 25).

- Consultation

Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.

- Courtesy

Citizens should be treated with courtesy and respect as regard for the public is one of the fundamental duties of public servants.

- Information

Citizens should be given full, accurate information about the public services they are entitled to receive.

- Openness and transparency

Citizens should be educated as to how provincial and national departments are managed, how much they cost, and who is in charge.

- Redress

When complaints are made about the standard of public service, citizens should receive a sympathetic positive response.

One of the key aims of Batho Pele will therefore be to search for ways to simplify procedures and eliminate waste and inefficiency (University of Fort Hare, 2003: 89).

4.5 CONCLUSION

Improving service delivery is a continuous, progressive process, not a once-off task. Closing the gap between what customers want and the level of quality service is the prime aim of a service delivery improvement programme.

Accurate identification of customer needs, setting up improvement plans in a systematic way, aligning the plans with the district budget and taking into account the available resources, will enable the Department of Education to close the gap between what customers want and the services needed.

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

In chapter one, the following question was posed:

Does the Department of Education experience any problems with its budgeting process to address service delivery?

This formed the basis of determining the method to be used for the empirical study.

The purpose of the empirical study is to evaluate and determine the following:

- 5.1.1 What does the literature reveal is the ideal budgeting process;
- 5.1.2 How are budgets determined in government institutions, in particular, the Department of Education?;
- 5.1.3 How can the Department of Education improve its budgeting process?

The abovementioned questions form an essential part of the research methodology to analyse the public budgeting process of the Department of Education with reference to the Batho Pele principles.

It was decided that the best method of obtaining the information required was to construct a questionnaire and post it to high schools in Port Elizabeth and to deputy directors and assistant directors in the Port Elizabeth District office of the Department of Education.

5.2 RESEARCH METHODOLOGY

According to Leedy and Ormrod (2001: 196), face-to-face interviews yield the highest response rate and allow the researcher to clarify ambiguous answers. However, they may not be practical in terms of prohibitive time and expense factors if the respondents are spread over a large geographical area.

Telephone interviews are less time consuming and expensive (Leedy & Ormrod, 2001: 197). The response rate may not be as high due to the occasional respondent being busy, annoyed at being bothered, or not interested in participating.

Typed questionnaires can be sent to respondents thousands of kilometers away at very little expense and the replies are more likely to be truthful because the respondents can remain anonymous (Leedy & Ormrod, 2001: 197). The response rate is often lower for questionnaires and the sample that return them may create bias, as they may not be representative of the original sample selected.

5.3 SURVEY METHOD

All high school principals, assistant directors and deputy directors from the Port Elizabeth District office of the Department of Education were chosen to be respondents for this research. Since high schools in the Port Elizabeth District are classified as self managed schools according to Section 21 of the South African Schools Act 84 of 1996, it was felt that they would be able to give the most informed input on the topic.

As the Port Elizabeth high schools are divided into twelve educational circuits, spread over a wide geographical area, it was decided that a questionnaire would be the most appropriate method of obtaining the information required. The schools in the different circuits are fairly homogeneous and representative of schools from previously disadvantaged and advantaged areas.

The type of information requested in the questionnaire does not require the respondent to gather data from various sources, which means that little time is needed to provide answers to the questions. For the purpose of this research, a self-administered questionnaire was used.

5.4 DEVELOPMENT OF THE QUESTIONNAIRE

Questionnaires should be as short as possible and should only request information that is essential to the research (Leedy & Ormrod, 2001: 202).

According to Leedy and Ormrod (2001: 203), the replies to the questions should be easily processed. Once the questionnaire has been developed, a pilot study should be undertaken to determine how the questions would be answered (Leedy & Ormrod, 2001: 204).

A brainstorming session in the form of a workshop with the members of the financial planning and budgeting section was held on Friday 19 November 2004 (see Appendix C). The aim of the workshop was to do a pilot study with them to determine how respondents will respond to the questions asked in the questionnaire and to identify other issues that will assist the development of a budgeting process for the Department of Education in the Port Elizabeth District.

Members of the workshop identified problems that they experienced in preparing and managing the budget. These inputs from the financial planning and budgeting section were used to develop more questions and make changes to the preliminary questionnaire that was developed. The revised questionnaire was then sent to the selected respondents.

5.5 SELECTION OF SAMPLE AND INFLUENCE OF BIAS

Leedy and Ormrod (2001: 221) define bias as any “influence, condition or set of conditions that singly or together distort the data”.

In selecting the sample of respondents, all high school principals in the Port Elizabeth District of the Department of Education were chosen.

Leedy and Ormrod (2001: 211) explain that a random selection means choosing a sample in such a way that each member of the school population has an equal chance of being selected.

Bias in the fieldwork was restricted because all high schools had an equal chance of being included in the survey. Furthermore, the influence of bias was restricted because all public secondary schools in Port Elizabeth are self managed schools in terms of the South African Schools Act (Act 84, 1996).

The response rate is also important in terms of bias, as the non-respondents views may be different from those who responded (Leedy & Ormrod, 2001: 222).

5.6 RESPONSE RATE

The reply format of the questionnaire consisted of check boxes to ensure that the respondents would be able to complete the form quickly, to facilitate a higher response rate.

The five-point Likert scale of response, as described by Zimbardo-Ebbesen (Taylor, 1998: 184), was the measuring instrument selected and employed in consultation with the statistician, Dr. Jacques Pietersen at the PE Technikon. According to this method, a person's attitude score is the sum of his individual ratings (Raga, 1997: 135).

The opinion per statement to be tested was rated on the five-point Likert scale and was adapted for the dependent variable statements as follows:

Rating Value

1 = strongly disagree

2 = disagree

3 = undecided

4 = agree

5 = strongly agree

Leedy and Ormrod (2001: 206) state that the questionnaire should make a good impression when the respondent opens the letter. Permission to do the research was granted by Mr. S. Snayer, District Director of Education for Port Elizabeth.

A covering letter printed on an official letterhead of the Department of Education accompanied the questionnaire, stating the relevance and importance of the questionnaire to the respondent. This is important in ensuring a high response rate (Leedy & Ormrod, 2001: 206).

The questionnaire was constructed to enable the respondents to remain anonymous. A few schools chose to bring the questionnaire back personally and could therefore be identified. Schools collected the questionnaires from their mailboxes and no additional phone calls had to be made to fill out the questionnaire and return it.

5.7 STATISTICAL ANALYSIS OF DATA

The questionnaire for this research was checked to ensure that it could be statistically analysed. Several modifications were made to ensure that the responses could be statistically analysed and graphically illustrated.

A spreadsheet was created to enter the data and graphs were generated to display the responses. Leedy and Ormrod (2001: 256) comment that the benefit of a spreadsheet is that, if an addition or change is made, the calculations are automatically updated.

5.8 CONCLUSION

The method that was used to undertake the empirical study for this research consisted of posting a questionnaire to all public secondary schools and senior officials.

The questionnaire format allowed the respondents to tick answers to make it quick and simple to complete, thus ensuring a higher response rate. The format allowed the data to be graphically illustrated, thus enabling conclusions to be made from the information that was received. The results of the empirical study will be discussed in the next chapter.

CHAPTER 6

ANALYSIS AND INTERPRETATION OF THE EMPIRICAL RESULTS

6.1 INTRODUCTION

The method of the empirical study was described in the previous chapter. As mentioned, results were obtained through a questionnaire that was sent to public secondary schools, assistant directors and deputy directors in the Department of Education, Port Elizabeth District.

6.2 RESPONSE TO QUESTIONNAIRE

The target population of 77 officials was determined. This group was selected on the basis of their strategic placement in the department of education. The group has the experience needed. Of the seventy-seven questionnaires that were sent out, fifty-four were completed and returned, which represents a response rate of 70 per cent.

Those who did not respond, that is the other 30 per cent of the sample, may have different viewpoints from the ones who did respond. One of the reasons for not responding or responding after the mentioned due date, was late mail collection by possible respondents.

6.3 STATISTICS

According to Willemse (1990: 1), statistics is the science of collecting and processing data in order to produce information. It is concerned with the development and application of methods for:

- Collection
- Classification
- Analysis
- Presentation of comparable data
- Drawing valid conclusions and making reasonable decisions on the basis of such data, in the face of uncertainty.

6.4 INTERPRETATION OF THE RESEARCH FINDINGS

The objective of the empirical study was to test attitude responses to aspects such as the administrative capacity in the Department of Education, Port Elizabeth District, to develop a budgeting system that will improve service delivery. The inherent subjectivity in attitude surveys was realized and kept in mind during the analysis of the results.

However, according to Zimbardo-Ebbesen (Ferreira, 1995: 134), it is possible to measure subjective attitudes by using quantitative techniques, so that each individual's opinion can be represented by some numerical score. It was also assumed that the measuring technique employed, namely the five-point Likert scale, would presuppose that a particular test

item has the same meaning for all respondents. A given response would, therefore, be scored identically for every respondent making it.

6.4.1 Background information

The background details of the respondents are shown in Figure A1 to A4 (Appendix A). This information indicates the extent of bias in the responses.

As can be seen in Figure A1 (Appendix A), the majority of respondents are school principals. Therefore, by virtue of the positions in their respective schools, the respondents should have a clear understanding of what budgeting in a school entails. The rest of the respondents are section heads and should have an understanding of budgeting.

Figure A2 (Appendix A) indicates the highest qualification of the respondents. This indicates that 89 per cent of the respondents are either graduates or have obtained a post matriculation diploma. Respondents, therefore, should have reasonably understood the questionnaire.

As can be seen in Figure A3 (Appendix A) the respondents were reasonably spread and included all three the dominant languages in the Port Elizabeth district.

Figure A4 shows that most of the respondents that replied were males.

6.4.2 Frequency distribution

Cohen and Holliday (Taylor, 1998: 190), state that frequency distribution is a distribution that shows how many times a particular score appears. Use is made of class intervals. This implies that frequency is not determined by particular scores, but by a number of scores regarded as a unit.

Frequency distribution tables with accompanying histogram graphs will be provided in the illustrations on the following pages in respect of all thirty-three statements.

6.4.3 Results of the empirical study

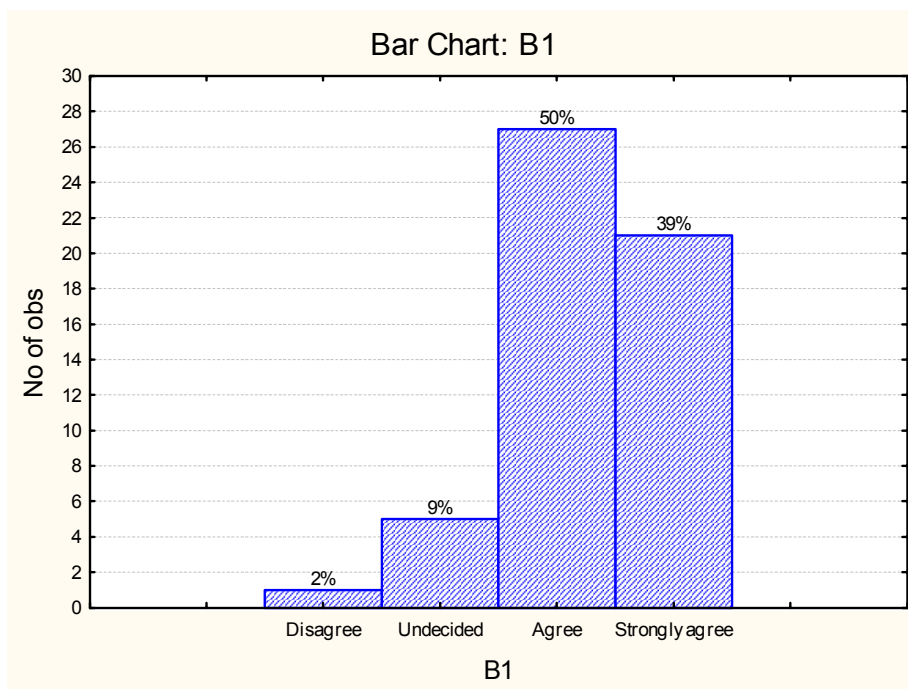
Statement 1

Financial Management in a school/district office refers to school/district office income and expenditure using standard budgeting procedures and systems.

Frequency table: 6.1

| Category | Frequency table: B1 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 5 | 6 | 9.25926 | 11.1111 |
| Agree | 27 | 33 | 50.00000 | 61.1111 |
| Strongly agree | 21 | 54 | 38.88889 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.1 Knowledge of financial management



This result indicates that most of the respondents supported the statement. Therefore the respondents understand what budgeting in a school entails.

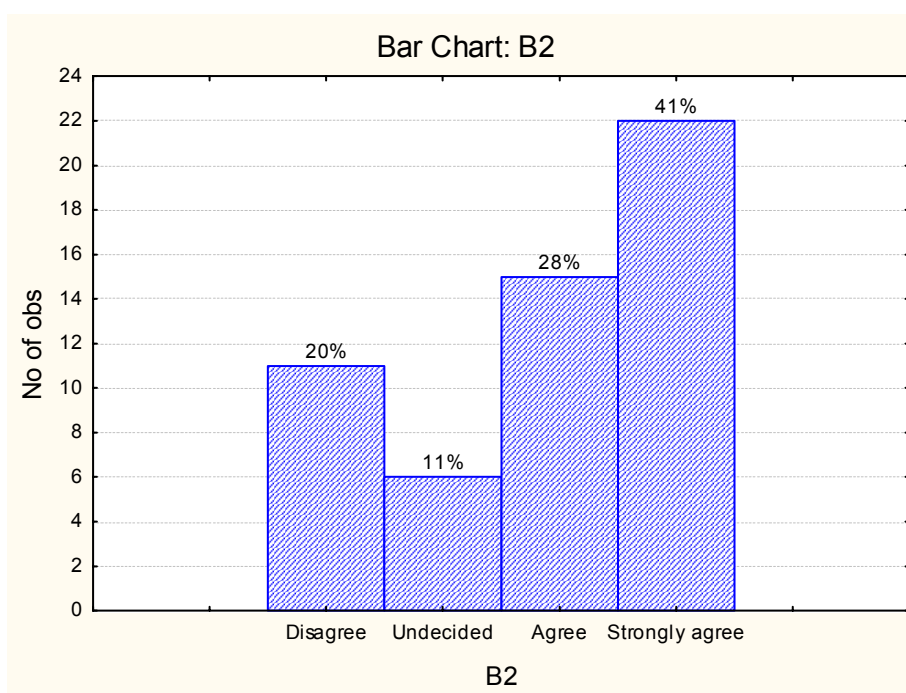
Statement 2

All stakeholders (civic organisations, parents, learners school governing bodies, the Department of Education and donors) should participate in the compilation of a budget for the Department of Education district office and/or schools.

Frequency table: 6.2

| Category | Frequency table: B2 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 11 | 11 | 20.37037 | 20.3704 |
| Undecided | 6 | 17 | 11.11111 | 31.4815 |
| Agree | 15 | 32 | 27.77778 | 59.2593 |
| Strongly agree | 22 | 54 | 40.74074 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.2 Participation in the compilation of budgets



The budgeting process should be an inclusive process as shown by most respondents.

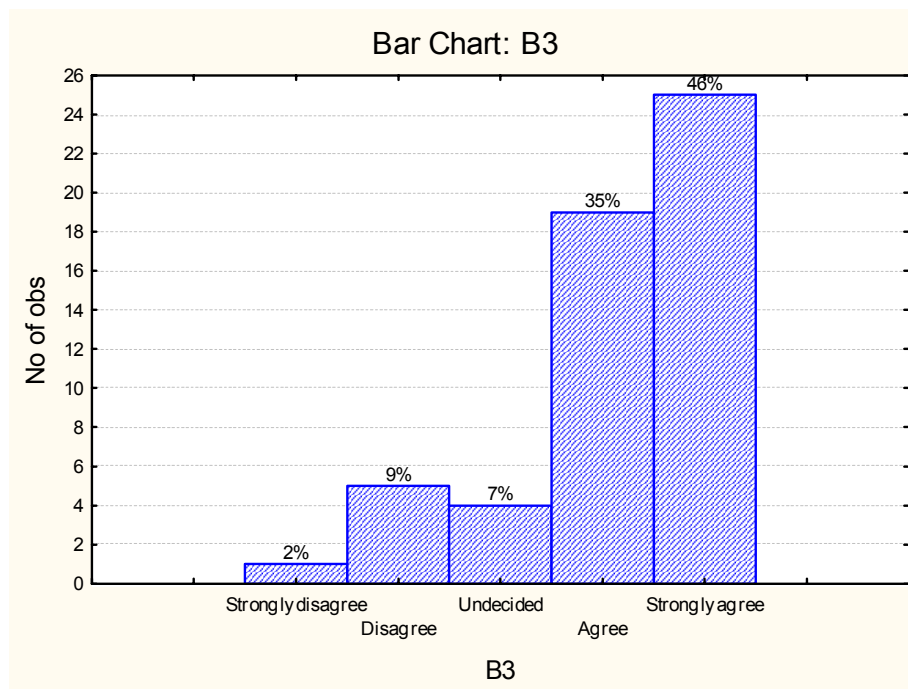
Statement 3

The government (Department of Education) must take full responsibility for the funding of public schools.

Table 6.2

| Category | Frequency table: B3 | | | |
|-------------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 5 | 6 | 9.25926 | 11.1111 |
| Undecided | 4 | 10 | 7.40741 | 18.5185 |
| Agree | 19 | 29 | 35.18519 | 53.7037 |
| Strongly agree | 25 | 54 | 46.29630 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.3 Responsibility for funding of public schools



Most respondents support the statement. This indicates that most respondents agree that the government should take full responsibility for the funding of public schools.

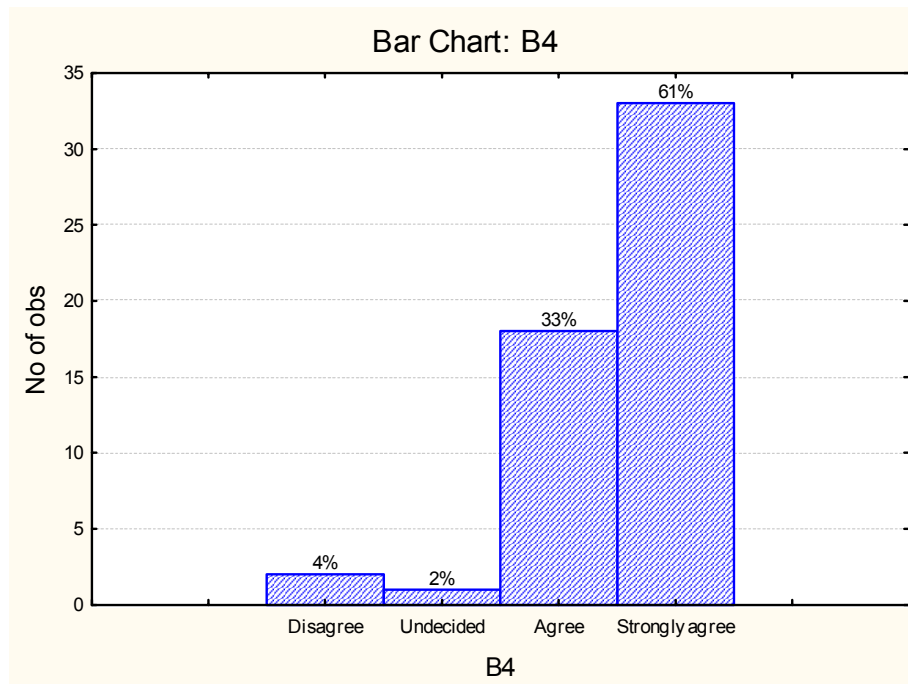
Statement 4

Financial resources to schools/district offices, should automatically increase from year to year.

Table 6.4

| Category | Frequency table: B4 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 2 | 2 | 3.70370 | 3.7037 |
| Undecided | 1 | 3 | 1.85185 | 5.5556 |
| Agree | 18 | 21 | 33.33333 | 38.8889 |
| Strongly agree | 33 | 54 | 61.11111 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.4 Automatic increase in resources



Most respondents agree that the government's contribution to the funding of public schools should increase annually to make provision for cost increases.

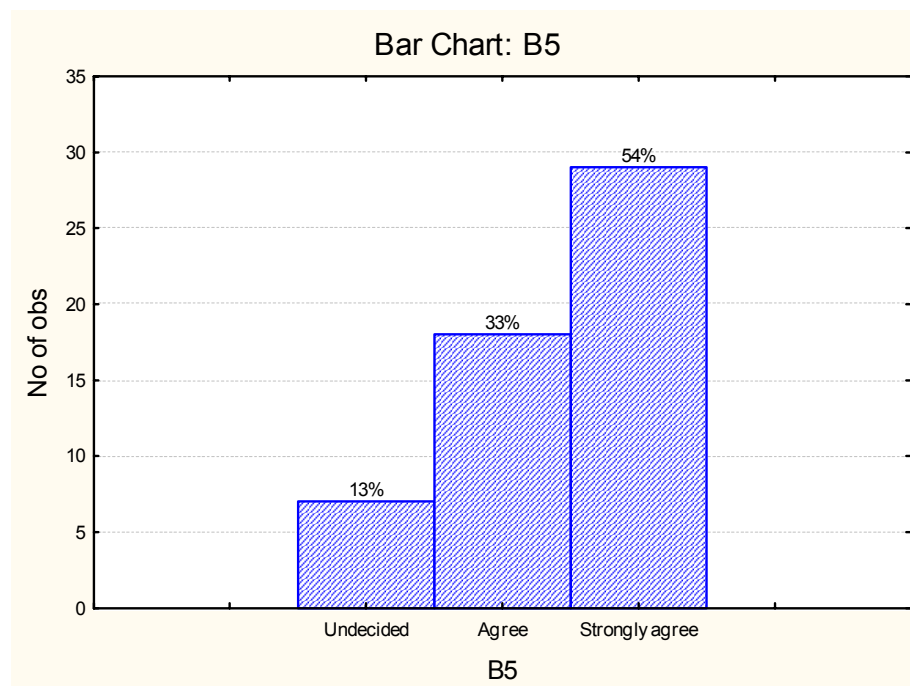
Statement 5

The financial support to schools in terms of the resource targeting table published in section 109 of the National Norms and Standards for Funding : 1998, does not make adequate provision for the educational needs of public schools

Table 6.5

| Category | Frequency table: B5 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Undecided | 7 | 7 | 12.96296 | 12.9630 |
| Agree | 18 | 25 | 33.33333 | 46.2963 |
| Strongly agree | 29 | 54 | 53.70370 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.5 Inadequate provision for needs of public schools



The results indicate that most of the respondents supported the statement that the National Norms and Funding policy does not adequately address the needs of public schools. Therefore, a need for an alternative funding policy exists that will address the needs of public schools.

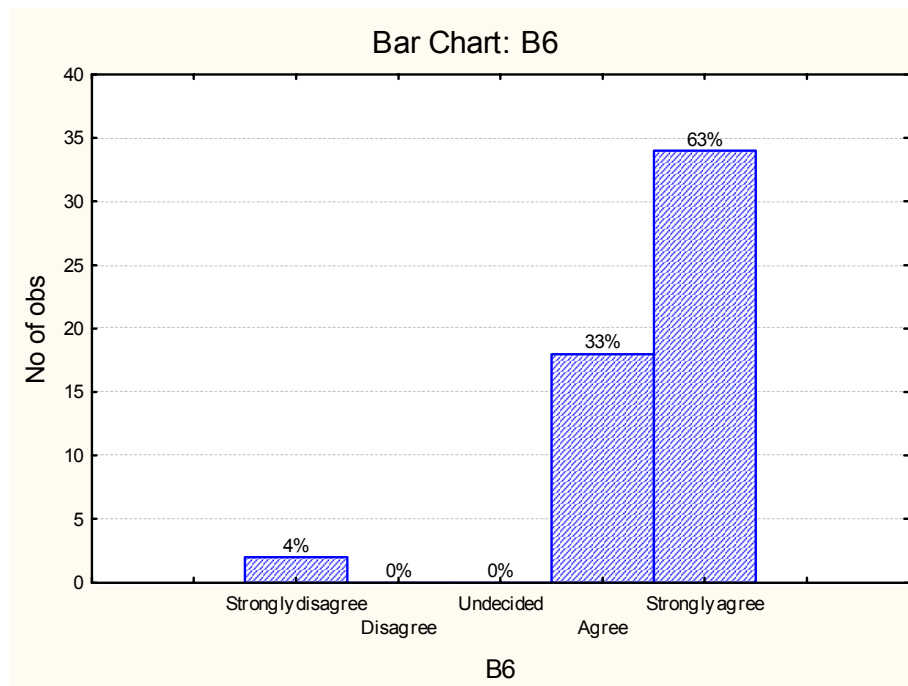
Statement 6

The relative poverty of the community around the school impacts directly on the ability of the parents to support the school.

Table 6.6

| Category | Frequency table: B6 | | | |
|-------------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 2 | 2 | 3.70370 | 3.7037 |
| Agree | 18 | 20 | 33.33333 | 37.0370 |
| Strongly agree | 34 | 54 | 62.96296 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.6 Ability of parents to support schools



According to this result the relative poverty of the community around the school can impact directly on the ability of the parent to support the school. Therefore, the schools in poor areas will not have access to the same level of resources as other schools in more affluent areas. Thus, poverty has a direct effect on the quality of education a school can provide.

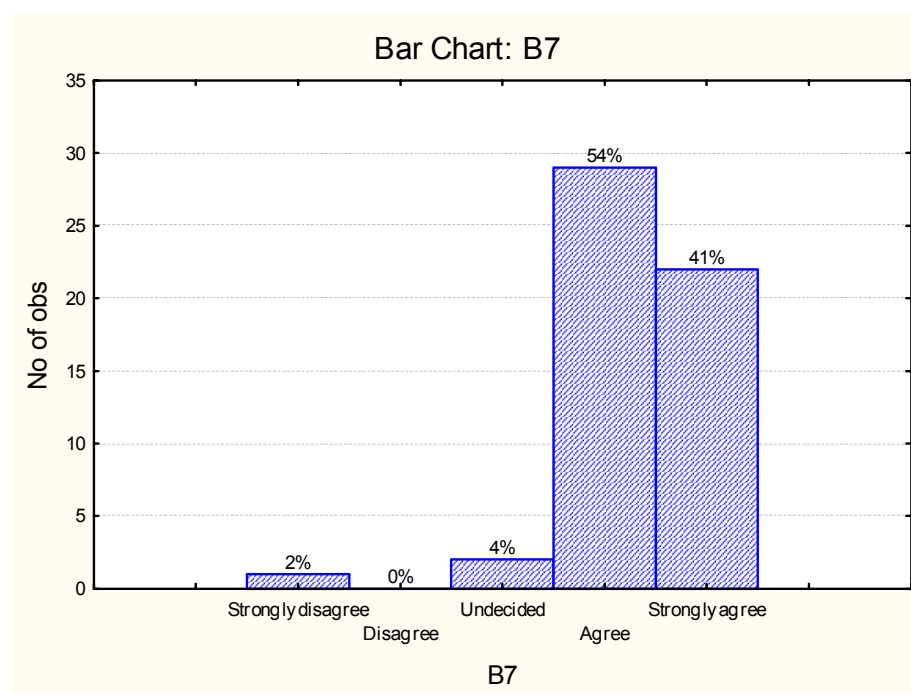
Statement 7

Public schools should annually submit a detailed budget to the Department of Education (district office), who must then compile a district budget to be submitted to the Accounting Officer.

Table 6.7

| Category | Frequency table: B7 | | | |
|-------------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 2 | 3 | 3.70370 | 5.5556 |
| Agree | 29 | 32 | 53.70370 | 59.2593 |
| Strongly agree | 22 | 54 | 40.74074 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.7 Compilation of a district budget



The respondents agree that the budgets of public schools should inform the district office budget. The district office budget should in turn inform the provincial budget. In this way, the provincial budget will be based on the needs of the schools.

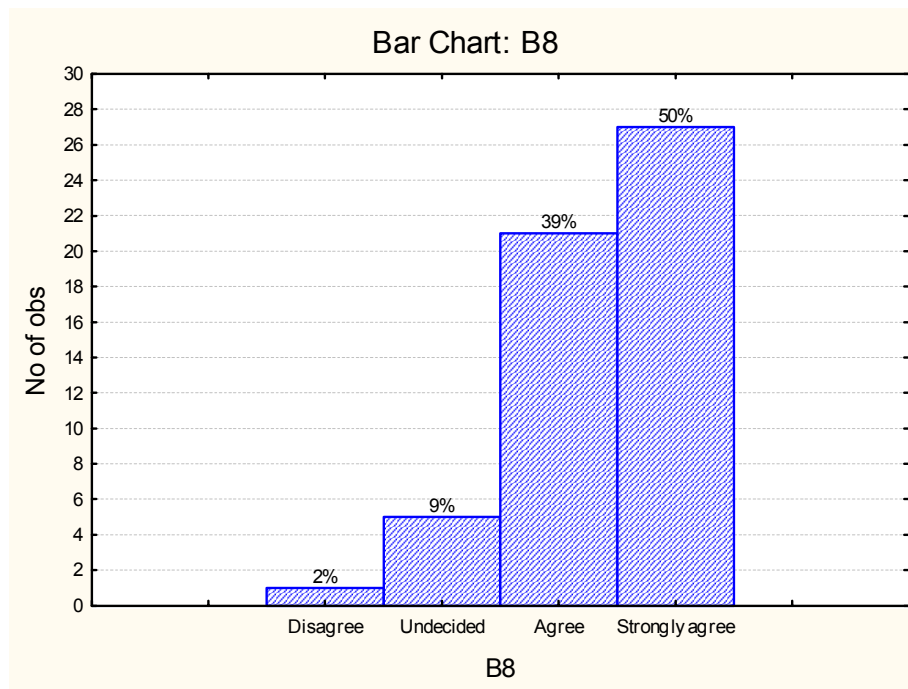
Statement 8

The current funding policy on public schools has failed to address equity and redress of past inequalities.

Table 6.8

| Category | Frequency table: B8 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 5 | 6 | 9.25926 | 11.1111 |
| Agree | 21 | 27 | 38.88889 | 50.0000 |
| Strongly agree | 27 | 54 | 50.00000 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.8 Failure of funding policy



The result shows an urgent need for an alternative budgeting or funding policy to be developed in the Department of Education to address equity and redress past inequalities.

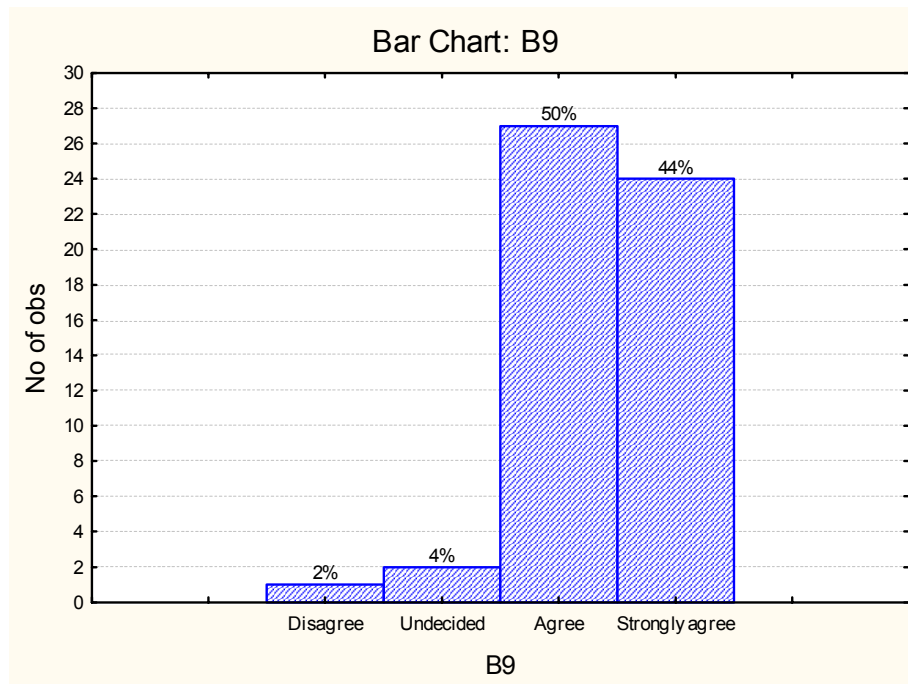
Statement 9

There is limited political commitment from the legislature to address the resources and needs of public schools.

Table 6.9

| Category | Frequency table: B9 | | | |
|----------------|---------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 2 | 3 | 3.70370 | 5.5556 |
| Agree | 27 | 30 | 50.00000 | 55.5556 |
| Strongly agree | 24 | 54 | 44.44444 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.9 Limited political commitment from legislature



Most respondents indicate that a lack of commitment from politicians limits the allocation of adequate financial resources to public schools. Therefore, public schools find it almost impossible to provide quality education with the lack of financial resources.

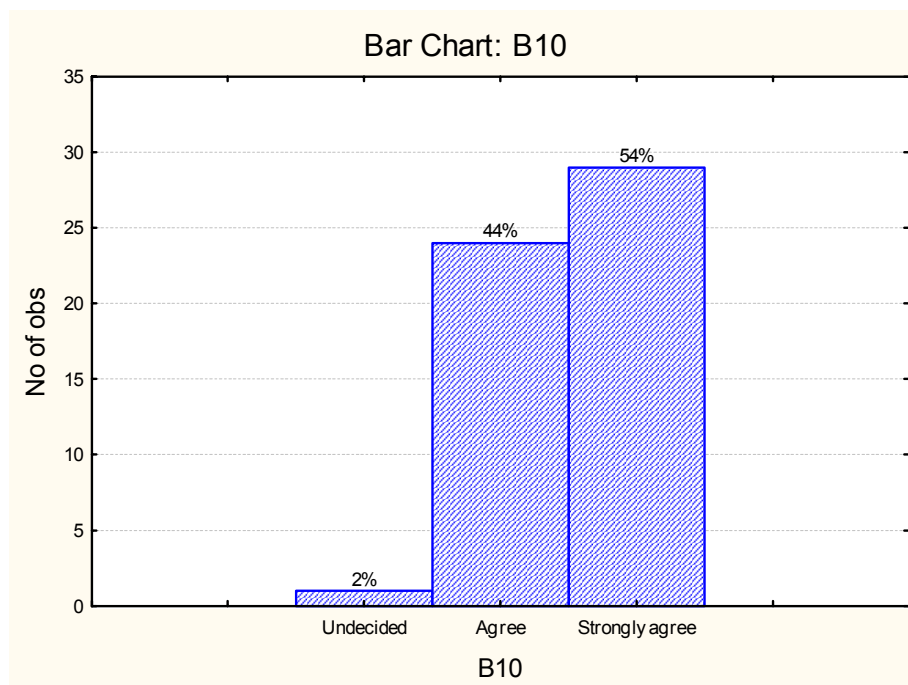
Statement 10

Government must make education available and accessible through the provision of increased financial resources to public schools.

Table 6.10

| Category | Frequency table: B10 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Undecided | 1 | 1 | 1.85185 | 1.8519 |
| Agree | 24 | 25 | 44.44444 | 46.2963 |
| Strongly agree | 29 | 54 | 53.70370 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.10 Increased financial resources to schools



Increased financial resources to public schools are necessary to provide quality education in public schools.

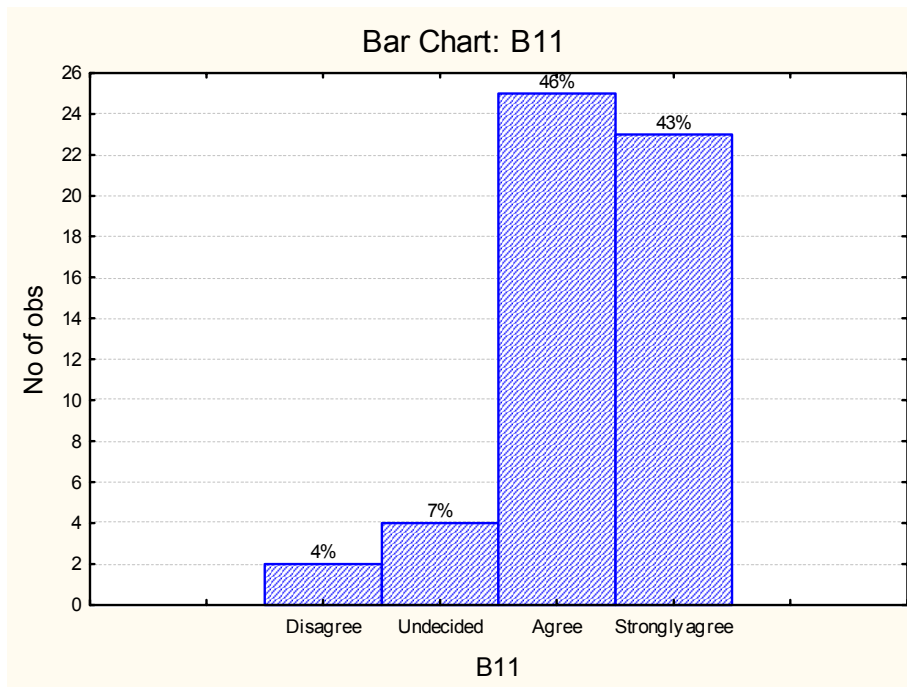
Statement 11

The budgeting section of the Department of Education does not take into account the needs of schools/educational institutions when compiling a district budget.

Table 6.11

| Category | Frequency table: B11 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 2 | 2 | 3.70370 | 3.7037 |
| Undecided | 4 | 6 | 7.40741 | 11.1111 |
| Agree | 25 | 31 | 46.29630 | 57.4074 |
| Strongly agree | 23 | 54 | 42.59259 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.11 School needs as a basis for district budget



This result indicates that school needs should be a critical factor in the compilation of district budgets.

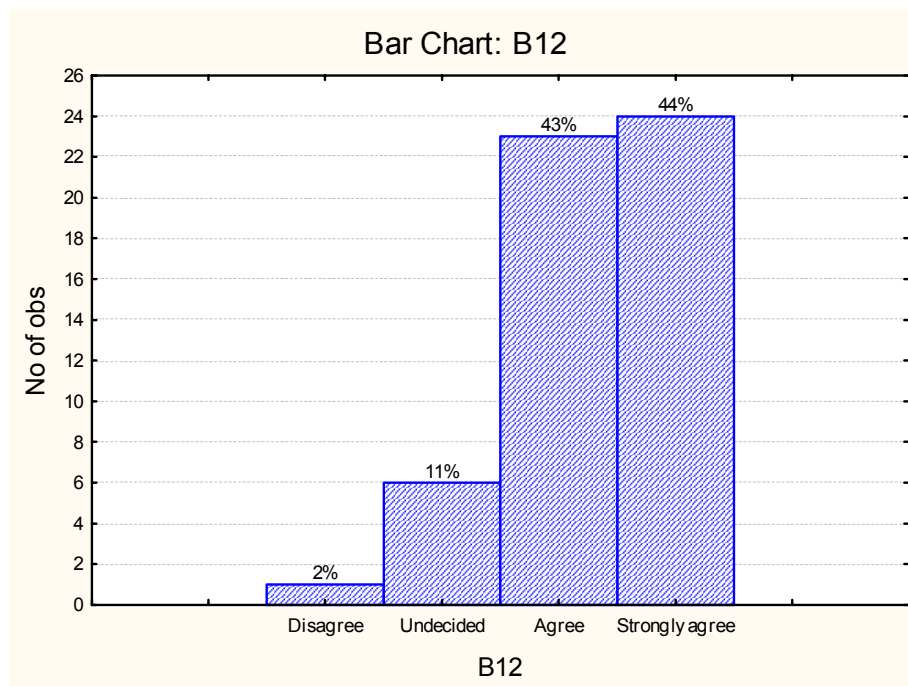
Statement 12

The budgeting system at Provincial level does not take into account the needs of district offices and schools when compiling a provincial budget.

Table 6.12

| Category | Frequency table: B12 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 6 | 7 | 11.11111 | 12.9630 |
| Agree | 23 | 30 | 42.59259 | 55.5556 |
| Strongly agree | 24 | 54 | 44.44444 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.12 District budgets as a basis for provincial budgets



The budgeting process at provincial level should definitely take into account the needs of the district offices as indicated by this result.

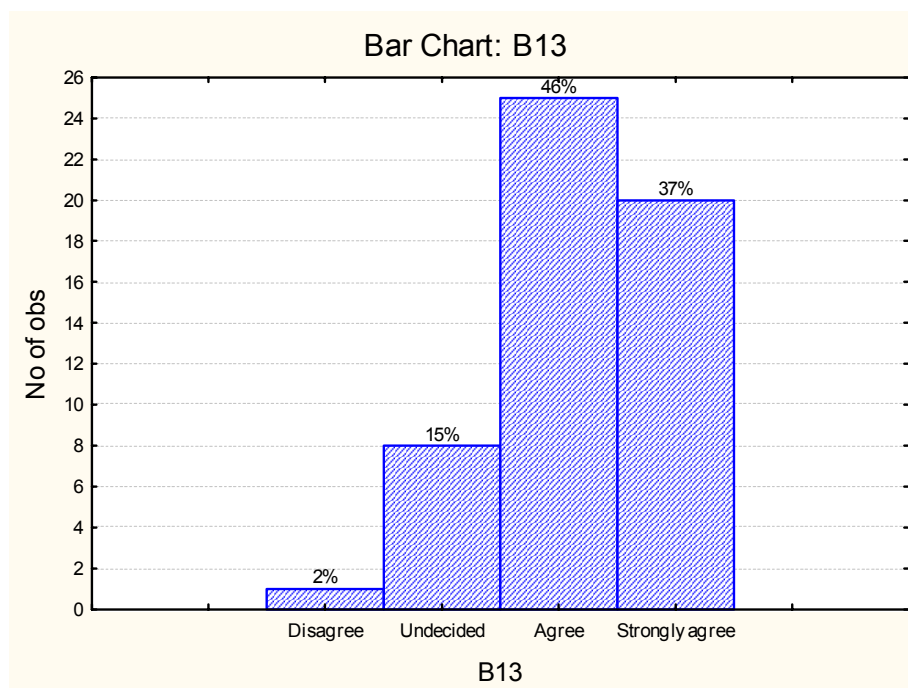
Statement 13

There is no transparency on the allocations of budgets to district offices by the Provincial Department of Education.

Table 6.13

| Category | Frequency table: B13 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 8 | 9 | 14.81481 | 16.6667 |
| Agree | 25 | 34 | 46.29630 | 62.9630 |
| Strongly agree | 20 | 54 | 37.03704 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.13 Transparency on allocation of budgets



The budgeting process at provincial level should be more transparent and must take into account the views of the stakeholders.

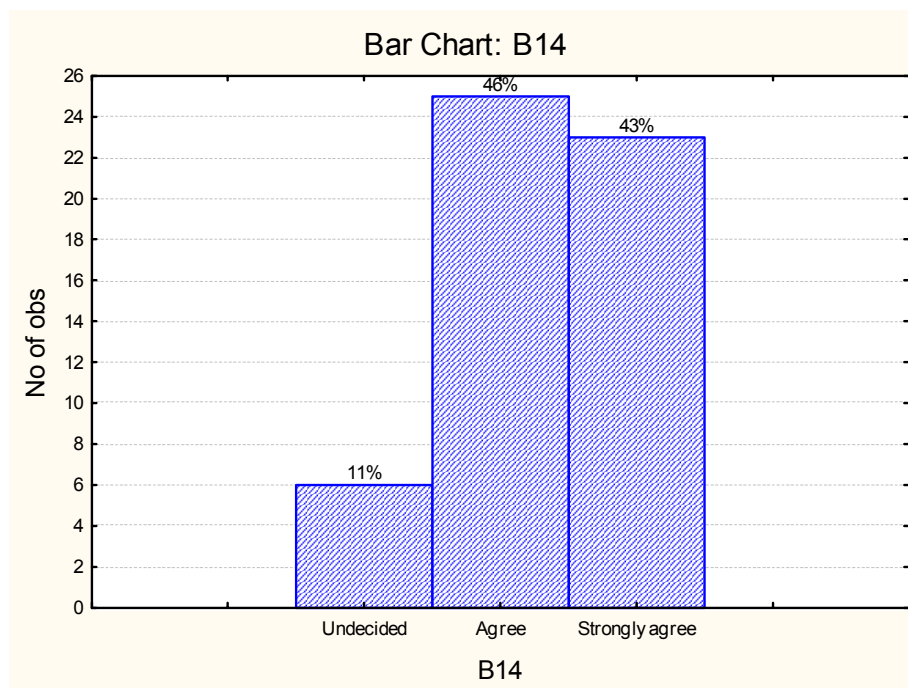
Statement 14

The estimation of income and expenditure for purposes of budgeting used by Treasury creates a gap between what customers (i.e. schools, educators and School Governing Bodies) want and what the Department can afford.

Table 6.14

| Category | Frequency table: B14 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Undecided | 6 | 6 | 11.11111 | 11.1111 |
| Agree | 25 | 31 | 46.29630 | 57.4074 |
| Strongly agree | 23 | 54 | 42.59259 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.14 Estimation of income and expenditure



Budgeting should be based on the needs of the schools and not on estimations by Treasury.

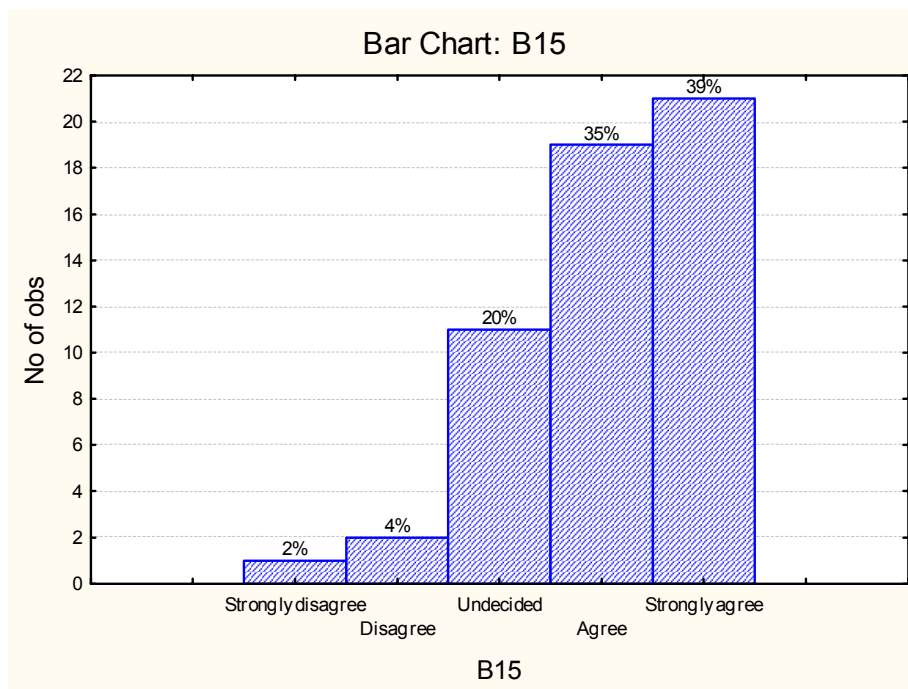
Statement 15

The Department of Education does not have the managerial and administrative capacity to manage the education budget effectively

Table 6.15

| Category | Frequency table: B15 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 2 | 3 | 3.70370 | 5.5556 |
| Undecided | 11 | 14 | 20.37037 | 25.9259 |
| Agree | 19 | 33 | 35.18519 | 61.1111 |
| Strongly agree | 21 | 54 | 38.88889 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.15 Lack of administrative and managerial capacity



This result indicates that the Department of Education should develop its managerial and administrative capacity to effectively manage the budgeting process.

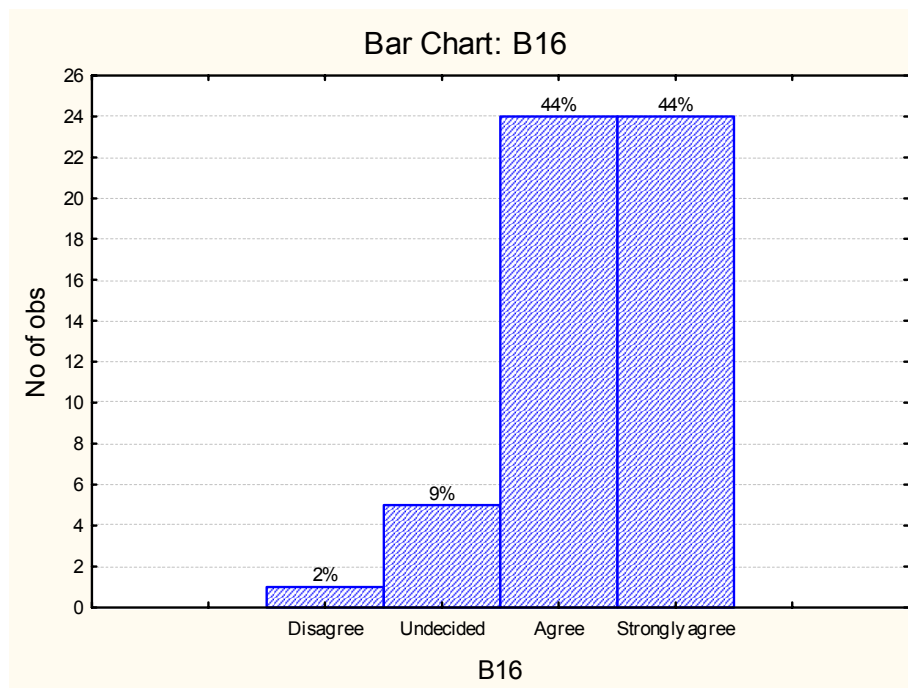
Statement 16

Stakeholders do not have confidence in the budgeting system of the Department of Education.

Table 6.16

| Category | Frequency table: B16 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 5 | 6 | 9.25926 | 11.1111 |
| Agree | 24 | 30 | 44.44444 | 55.5556 |
| Strongly agree | 24 | 54 | 44.44444 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.16 Confidence in the budgeting system



Most of the respondents are of the opinion that the Department of Education needs to review its budgeting process.

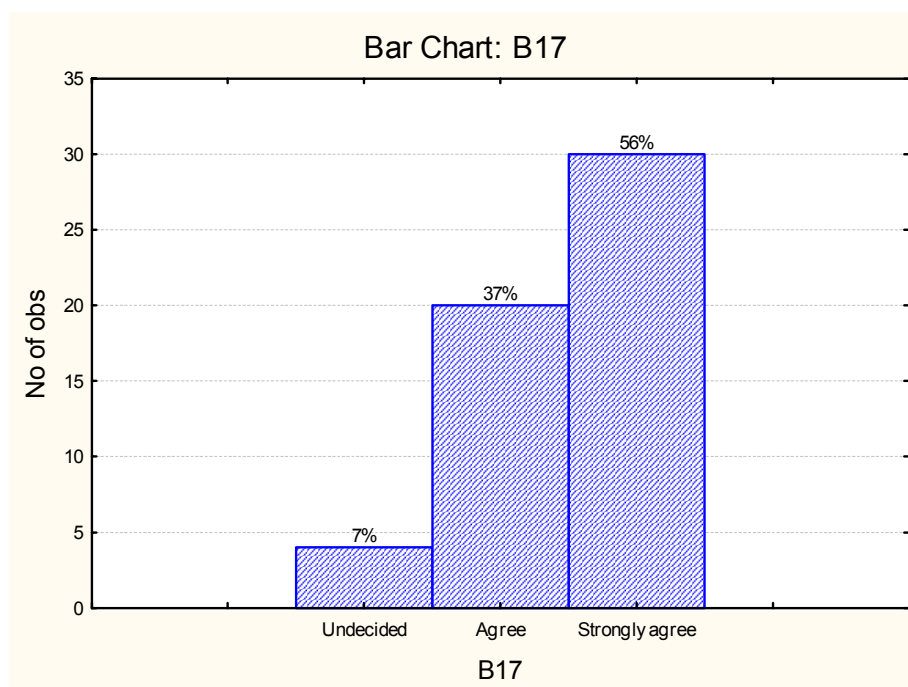
Statement 17

Existing budgeting procedures need to be amended to ensure effective and efficient implementation of the budgeting system.

Table 6.17

| Category | Frequency table: B17 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Undecided | 4 | 4 | 7.40741 | 7.4074 |
| Agree | 20 | 24 | 37.03704 | 44.4444 |
| Strongly agree | 30 | 54 | 55.55556 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.17 Amending budgeting procedures



The budgeting system needs to be adjusted to ensure effective implementation.

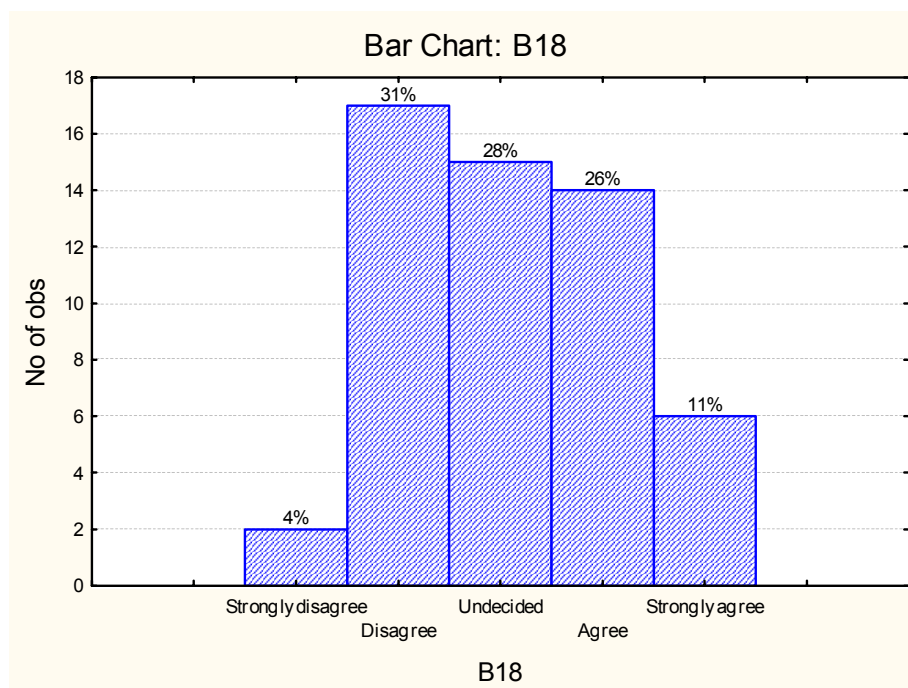
Statement 18

Managers, schools, educators and School Governing bodies are aware of the Batho Pele principles.

Table 6.18

| Category | Frequency table: B18 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 2 | 2 | 3.70370 | 3.7037 |
| Disagree | 17 | 19 | 31.48148 | 35.1852 |
| Undecided | 15 | 34 | 27.77778 | 62.9630 |
| Agree | 14 | 48 | 25.92593 | 88.8889 |
| Strongly agree | 6 | 54 | 11.11111 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.18 Awareness of Batho Pele principles



This result indicates that school managers and school governing bodies are not aware of the Batho Pele principles, therefore, an awareness campaign needs to be held to make people aware of Batho Pele principles.

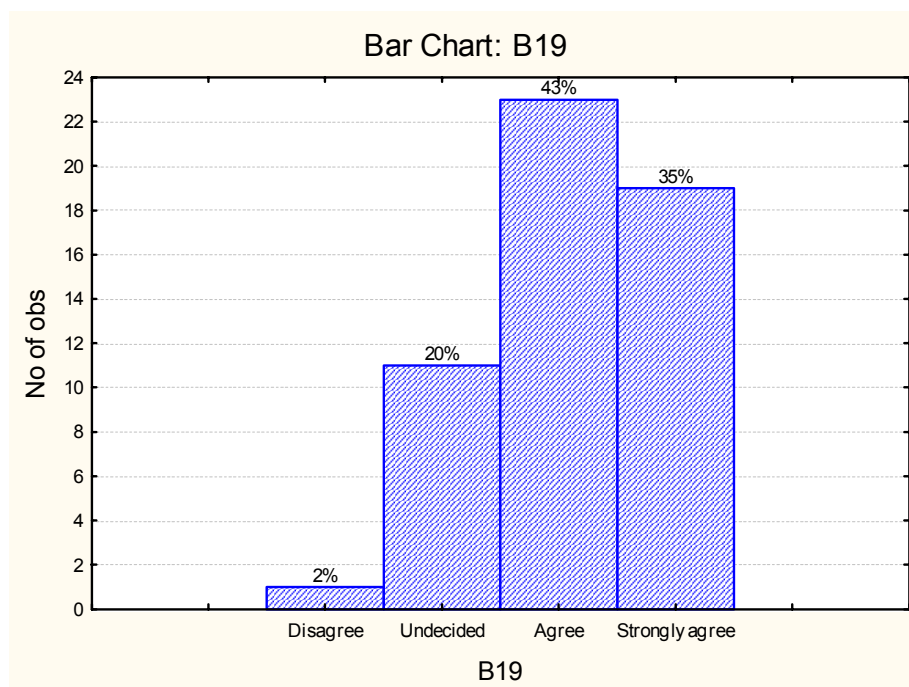
Statement 19

The budgeting process must be aligned to the principles of Batho Pele.

Table 6.19

| Category | Frequency table: B19 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 11 | 12 | 20.37037 | 22.2222 |
| Agree | 23 | 35 | 42.59259 | 64.8148 |
| Strongly agree | 19 | 54 | 35.18519 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.19 Alignment of budget



Budgets must take into account the levels of service delivery that the Department of Education must maintain.

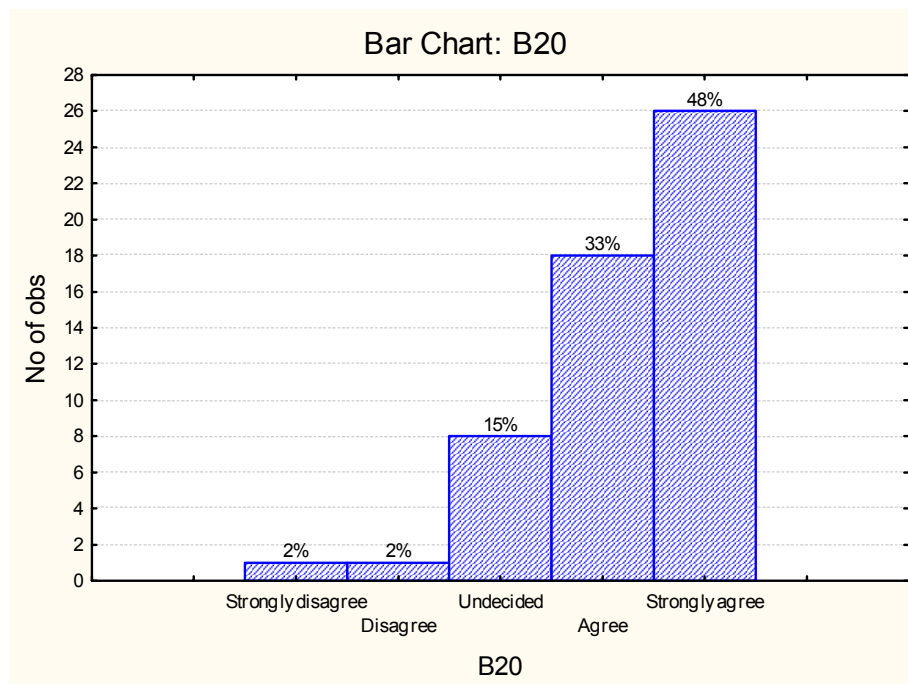
Statement 20

The Batho Pele principles of access, service standards, and redress can only be achieved if they are supported by financial resources.

Table 6.20

| Category | Frequency table: B20 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 1 | 2 | 1.85185 | 3.7037 |
| Undecided | 8 | 10 | 14.81481 | 18.5185 |
| Agree | 18 | 28 | 33.33333 | 51.8519 |
| Strongly agree | 26 | 54 | 48.14815 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.20 Support of Batho Pele principles



Good levels of service delivery can only be maintained if they are supported by the resources that are necessary to deliver the service. Commitment from employees cannot guarantee good service unless it is supported by a budgeting process that supports service delivery.

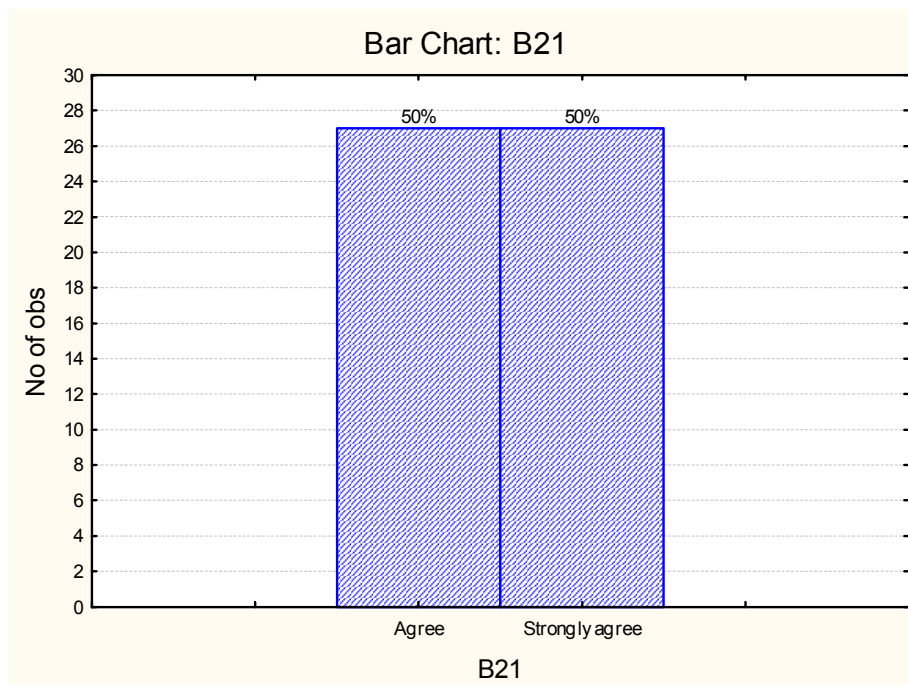
Statement 21

A budget can serve as a strategic tool and work programme for the district office to achieve its objectives.

Table 6.21

| Category | Frequency table: B21 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Agree | 27 | 27 | 50.00000 | 50.0000 |
| Strongly agree | 27 | 54 | 50.00000 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.21 Budget as a strategic tool



The objectives of the district office can be achieved if it is supported by well developed plans and work-programmes. These work-programmes must be set out in a budget that is aligned to the work-programmes.

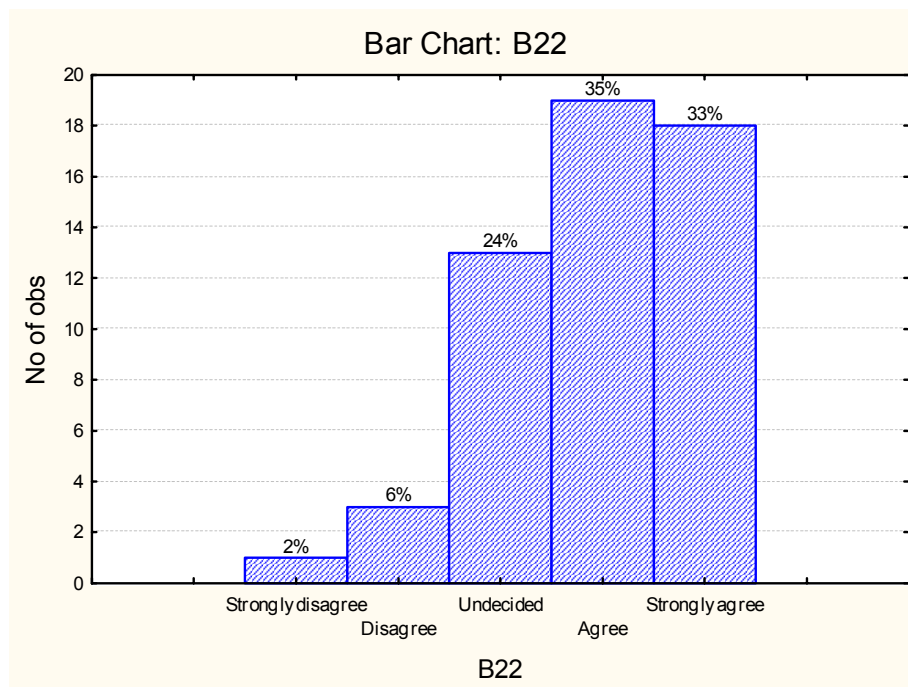
Statement 22

Standardised budgeting procedures limit the district manager in deciding what schools needs to satisfy and how to do so.

Table 6.22

| Category | Frequency table: B22 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 3 | 4 | 5.55556 | 7.4074 |
| Undecided | 13 | 17 | 24.07407 | 31.4815 |
| Agree | 19 | 36 | 35.18519 | 66.6667 |
| Strongly agree | 18 | 54 | 33.33333 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.22 Limitations of standardized budget procedures



The district office budget must be determined by the provincial office through inputs from the district manager.

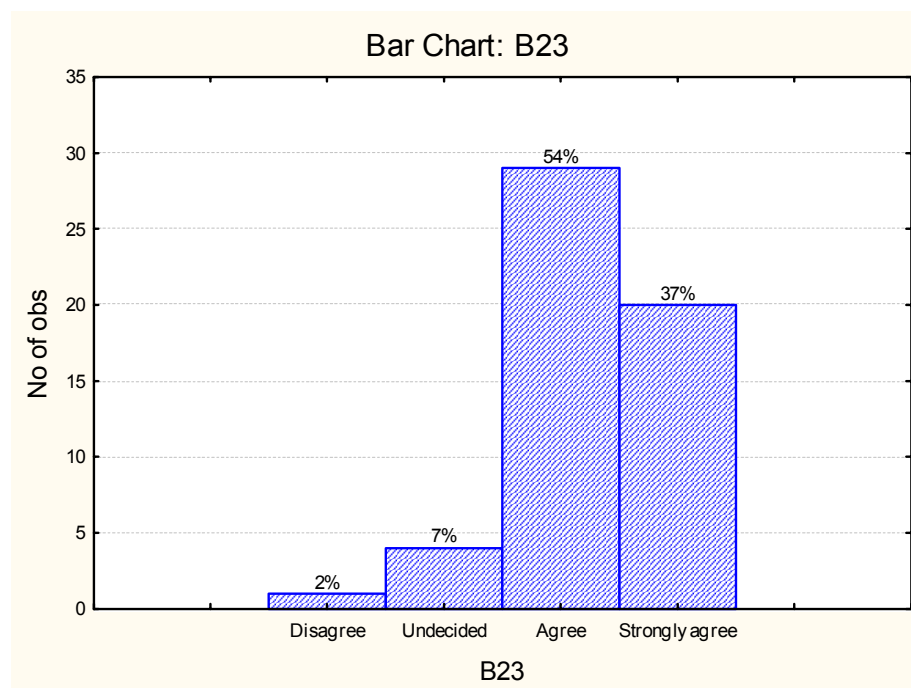
Statement 23

Budgeting according to programmes will be ideal for the Department of Education because it focuses on development planning and forward planning

Table 6.23

| Category | Frequency table: B23 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 4 | 5 | 7.40741 | 9.2593 |
| Agree | 29 | 34 | 53.70370 | 62.9630 |
| Strongly agree | 20 | 54 | 37.03704 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.23 Programme budgeting



Programme budgeting will assist the Department of Education to do forward planning.

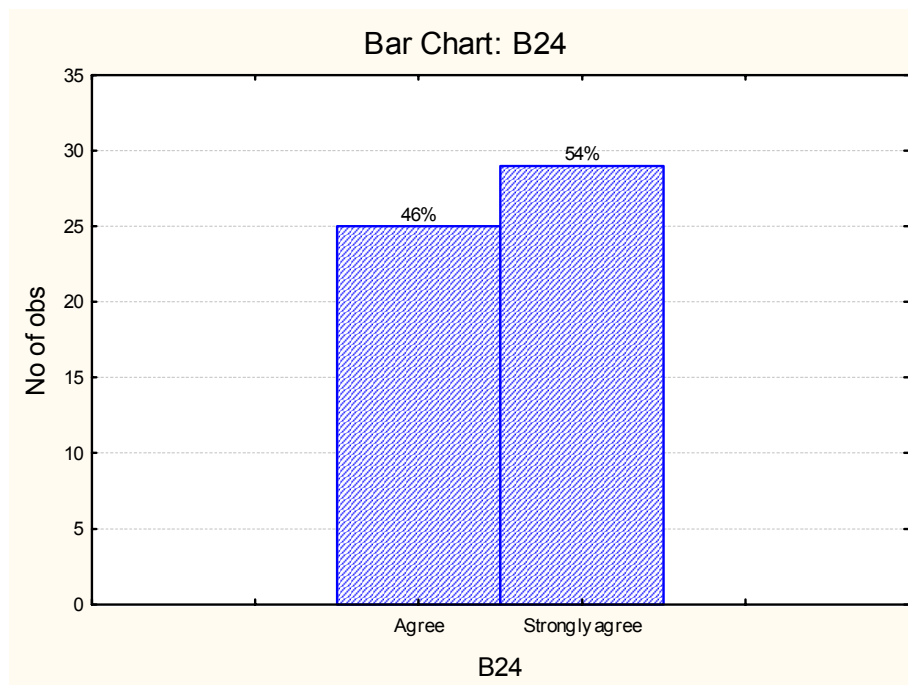
Statement 24

The Department of Education can improve its budgeting process to improve service delivery.

Table 6.24

| Category | Frequency table: B24 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Agree | 25 | 25 | 46.29630 | 46.2963 |
| Strongly agree | 29 | 54 | 53.70370 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.24 Improvement of budgeting process



The result shows that the Department of Education must implement strategies to improve its budgeting processes.

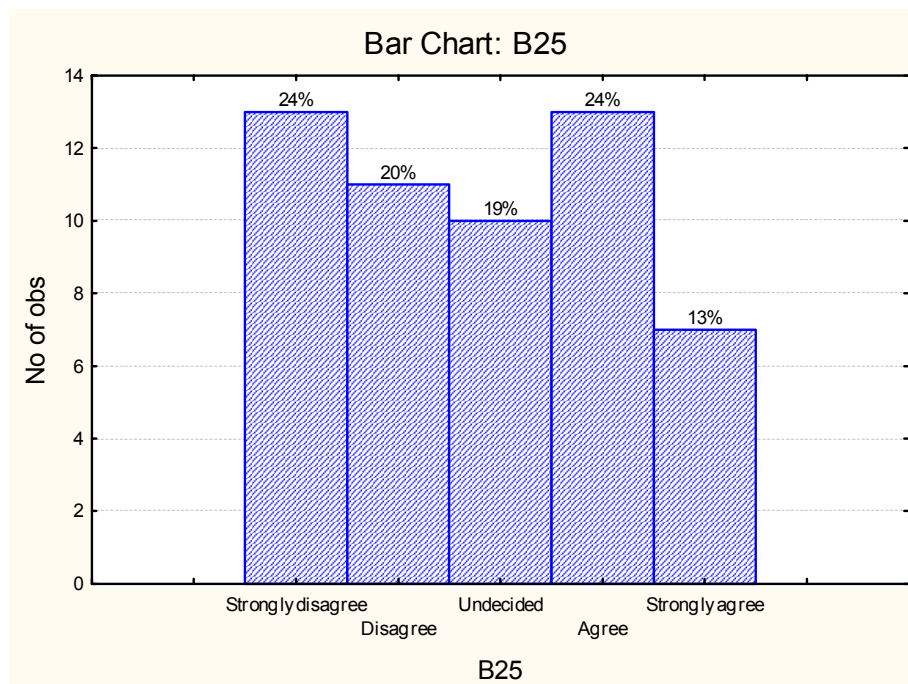
Statement 25

Education budgets are compiled through inputs from schools, School Governing Bodies and other stakeholders.

Table 6.25

| Category | Frequency table: B25 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 13 | 13 | 24.07407 | 24.0741 |
| Disagree | 11 | 24 | 20.37037 | 44.4444 |
| Undecided | 10 | 34 | 18.51852 | 62.9630 |
| Agree | 13 | 47 | 24.07407 | 87.0370 |
| Strongly agree | 7 | 54 | 12.96296 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.25 Budget input from stakeholders



The importance of stakeholder participation in the compilation of the district budget is shown by this result, therefore, the Department of Education need to consult with stakeholders in its budgeting process.

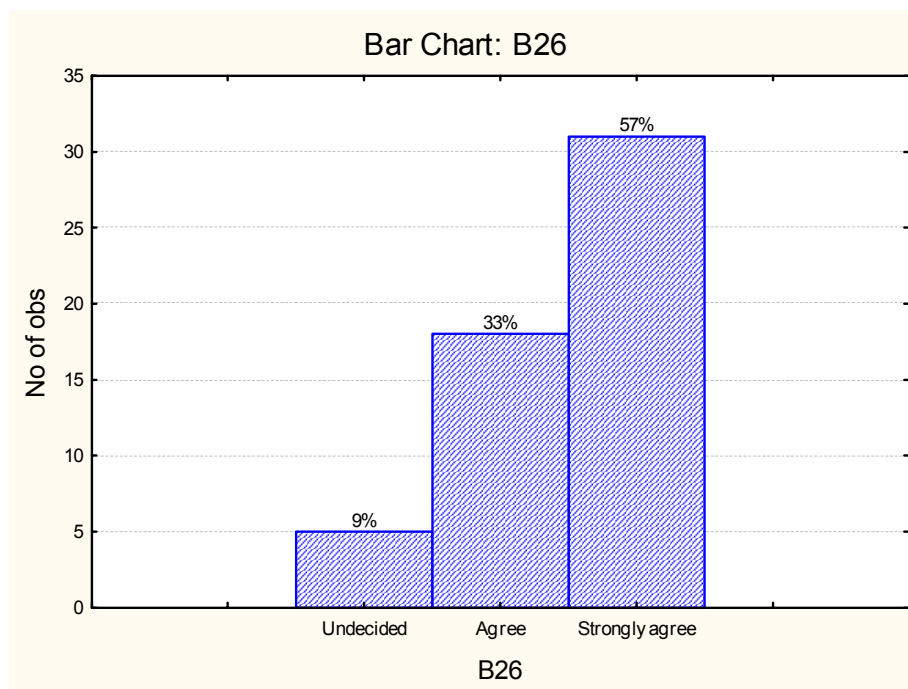
Statement 26

The best budgeting process can be achieved by identifying the needs of schools and the allocation of resources to address the needs.

Table 6.26

| Category | Frequency table: B26 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Undecided | 5 | 5 | 9.25926 | 9.2593 |
| Agree | 18 | 23 | 33.33333 | 42.5926 |
| Strongly agree | 31 | 54 | 57.40741 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.26 Allocation of resources to address needs



The budgeting process should start with the identification of needs by schools. Therefore, the Department of Education should follow a bottom-up approach in its budgeting process.

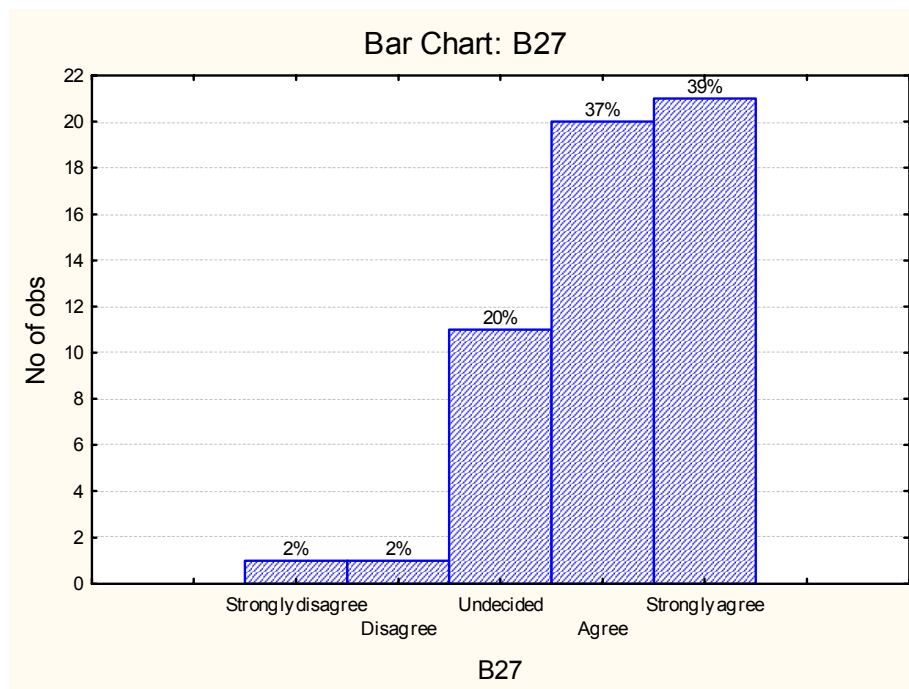
Statement 27

Does the Department of Education experience any problems with its budgeting process to address service delivery?

Table 6.27

| Category | Frequency table: B27 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 1 | 2 | 1.85185 | 3.7037 |
| Undecided | 11 | 13 | 20.37037 | 24.0741 |
| Agree | 20 | 33 | 37.03704 | 61.1111 |
| Strongly agree | 21 | 54 | 38.88889 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.27 Problems with the budgeting process



This statement indicates that the Department of Education urgently needs to develop a budget process that addresses the needs of the schools.

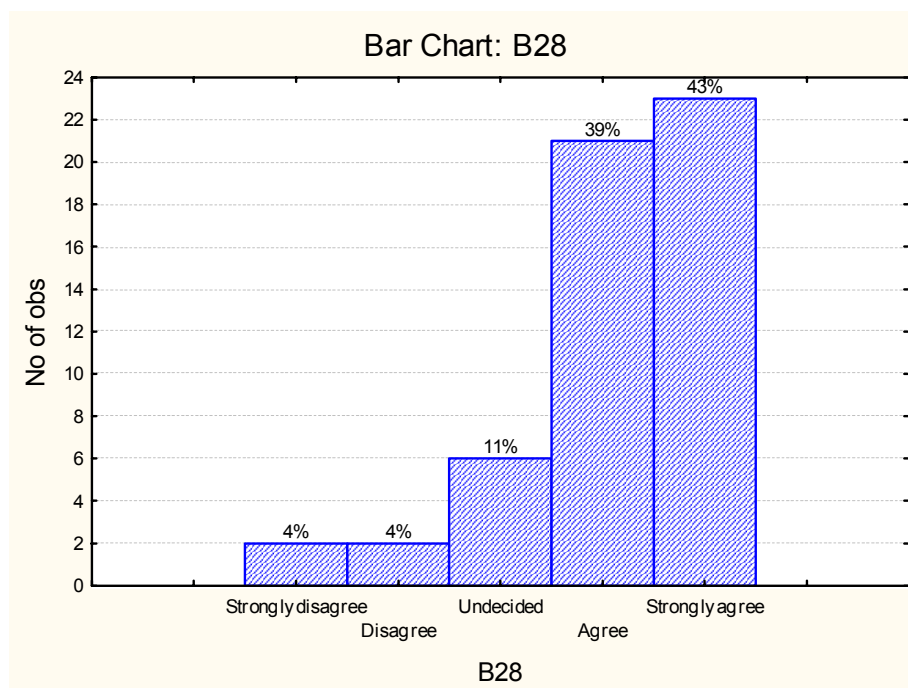
Statement 28

District offices of the Department of Education must have full control over the allocation of funds to schools by the Provincial Head Office.

Table 6.28

| Category | Frequency table: B28 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 2 | 2 | 3.70370 | 3.7037 |
| Disagree | 2 | 4 | 3.70370 | 7.4074 |
| Undecided | 6 | 10 | 11.11111 | 18.5185 |
| Agree | 21 | 31 | 38.88889 | 57.4074 |
| Strongly agree | 23 | 54 | 42.59259 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.28 Control over the allocation of funds



Most of the respondents agree that the district office should do the allocation of funds and not the Provincial Head Office. The Department of Education must, therefore, decentralize the allocation of budgets to district offices.

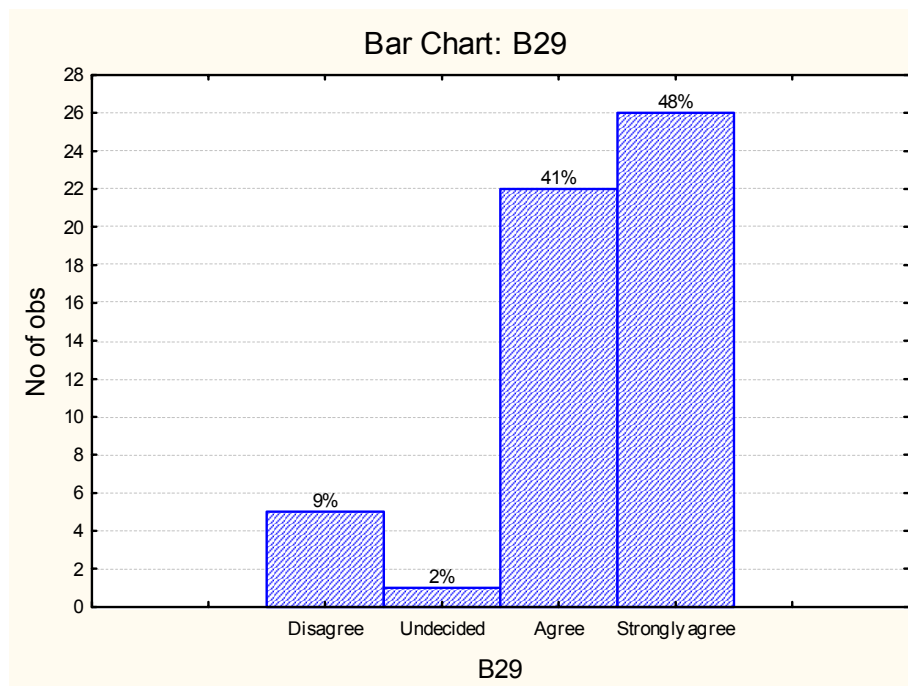
Statement 29

Financial resources to schools should be based on the cost per learner (per capita) attending a specific school.

Table 6.29

| Category | Frequency table: B29 | | | |
|----------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Disagree | 5 | 5 | 9.25926 | 9.2593 |
| Undecided | 1 | 6 | 1.85185 | 11.1111 |
| Agree | 22 | 28 | 40.74074 | 51.8519 |
| Strongly agree | 26 | 54 | 48.14815 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.29 Per capita cost allocation



The allocation of funding based on the cost per learner should be used. This can achieve equity in the allocation of funds to schools. Special funding should be made available to address past inequalities.

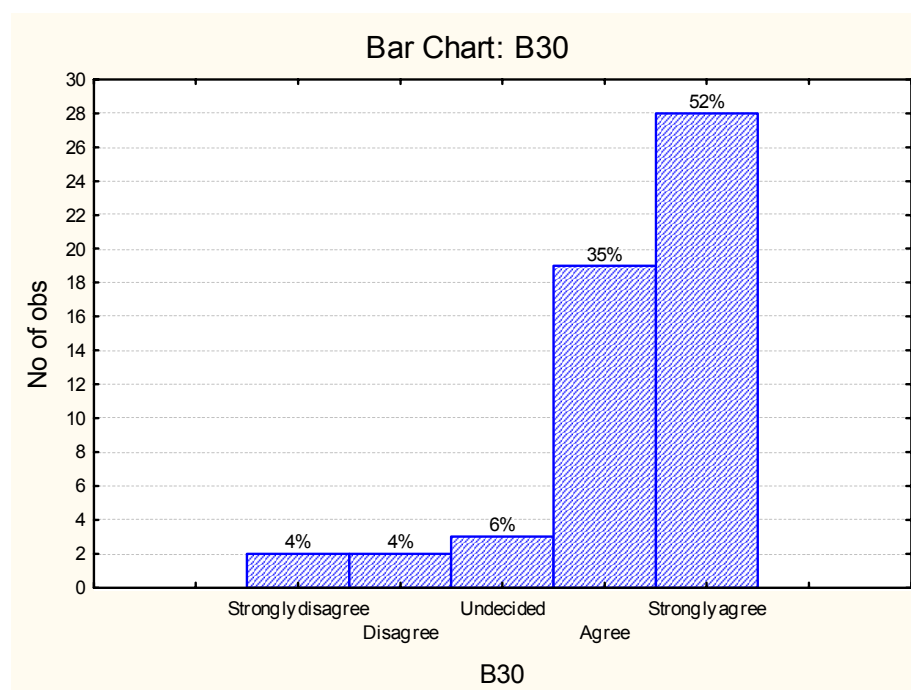
Statement 30

The maintenance and repairs of schools should be budgeted for by the Department of Public Works.

Table 6.30

| Category | Frequency table: B30 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 2 | 2 | 3.70370 | 3.7037 |
| Disagree | 2 | 4 | 3.70370 | 7.4074 |
| Undecided | 3 | 7 | 5.55556 | 12.9630 |
| Agree | 19 | 26 | 35.18519 | 48.1481 |
| Strongly agree | 28 | 54 | 51.85185 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.30 School maintenance and repairs



The Department of Public Works' main responsibility is to manage the building and maintenance programme of government buildings, therefore, budgeting for the maintenance and repairs of school buildings should be taken over by them. The respondents agree that school governing bodies do not have the resources and capacity to effectively manage the maintenance and repairs of schools.

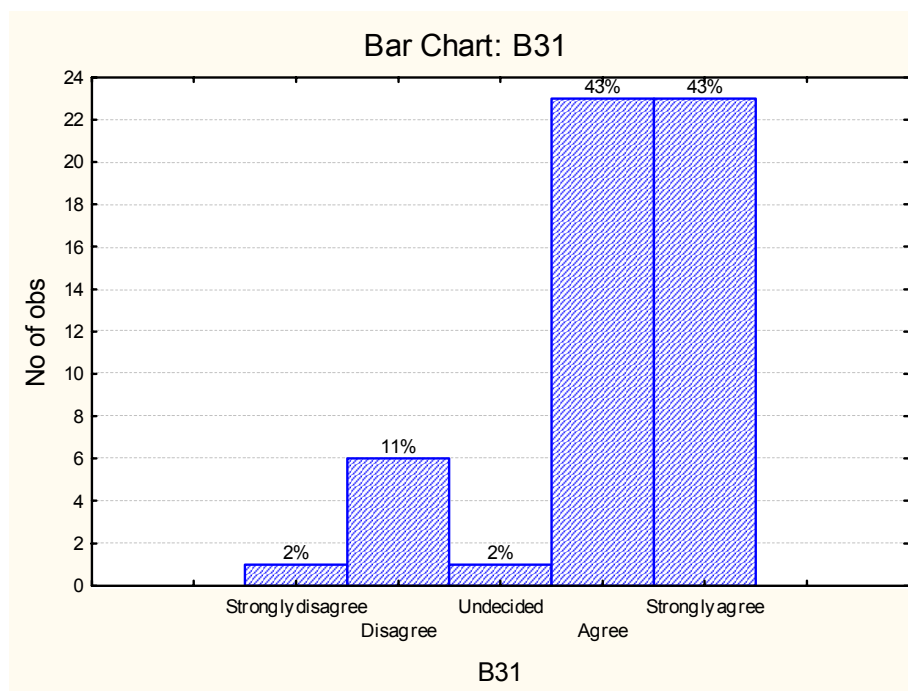
Statement 31

The Department of Education should focus only on its core business of providing education and training.

Table 6.31

| Category | Frequency table: B31 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Disagree | 6 | 7 | 11.11111 | 12.9630 |
| Undecided | 1 | 8 | 1.85185 | 14.8148 |
| Agree | 23 | 31 | 42.59259 | 57.4074 |
| Strongly agree | 23 | 54 | 42.59259 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.31 Core business of the Department of Education



The Department of Education should only focus on learning and teaching. Maintenance and repairs should be done by the Department of Local Government or the Department of Public Works.

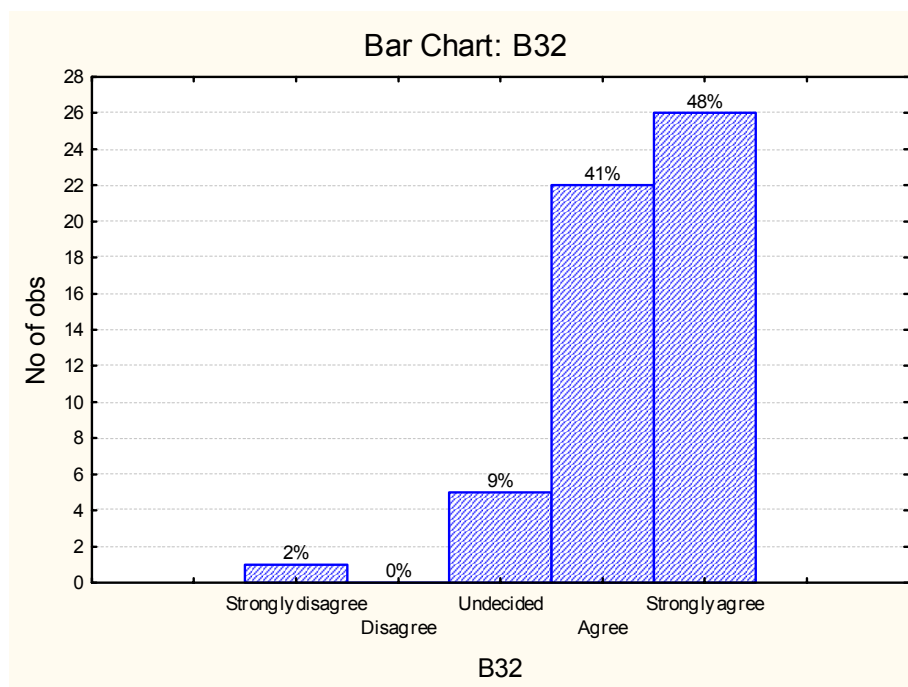
Statement 32

The bulk of education expenditure takes place within education districts, but the controlling, forecasting and budgeting of the expenditure take place at the Provincial Head Office.

Table 6.32

| Category | Frequency table: B32 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 5 | 6 | 9.25926 | 11.1111 |
| Agree | 22 | 28 | 40.74074 | 51.8519 |
| Strongly agree | 26 | 54 | 48.14815 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.32 Education expenditure



The budgeting process should be decentralized from the provincial office to the district offices.

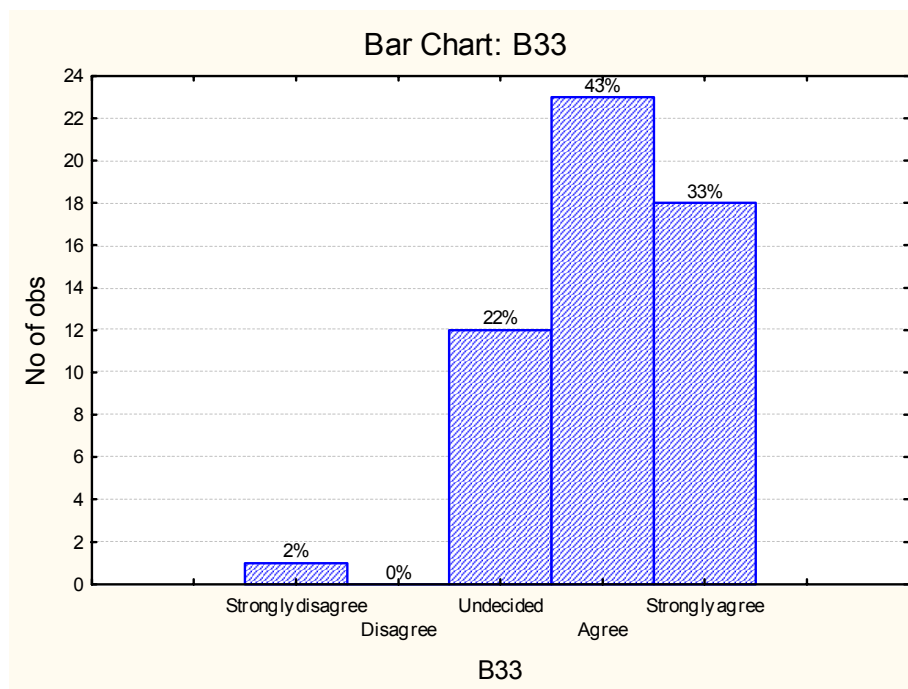
Statement 33

The only budgets that district offices have control over are the operational and administration costs of the district.

Table 6.33

| Category | Frequency table: B33 | | | |
|-------------------|----------------------|------------------|----------|--------------------|
| | Count | Cumulative Count | Percent | Cumulative Percent |
| Strongly disagree | 1 | 1 | 1.85185 | 1.8519 |
| Undecided | 12 | 13 | 22.22222 | 24.0741 |
| Agree | 23 | 36 | 42.59259 | 66.6667 |
| Strongly agree | 18 | 54 | 33.33333 | 100.0000 |
| Missing | 0 | 54 | 0.00000 | 100.0000 |

Figure 6.33 Budget control by districts



This result shows that effective financial management capacity should be developed at district level.

6.5 CONCLUSION

In this chapter, an empirical survey of education officials in the Department of Education was undertaken to determine the effectiveness of the existing budgeting process.

Based on the results, recommendations and conclusions will be presented on how to improve the budgeting system of the Department of Education, Port Elizabeth district office.

The survey was implemented through a self-administered questionnaire. The data obtained was interpreted and analysed using various descriptive methods of analysis such as frequency distribution and frequency distribution graphs. In the chapter that follows conclusions and recommendations will be made pertaining to the empirical findings.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

In concluding this research, the main problem statement is presented again, followed by a summary of chapters. Various problems and limitations that were analysed are also explained.

Recommendations are made on how the budgeting system within education in the Eastern Cape can be improved to enhance service delivery.

7.2 RESOLUTION OF THE MAIN PROBLEM

The main problem statement for this research was defined as:

Does the Department of Education experience any problems with its budgeting process to address service delivery?

The main problem statement was divided into the following three sub-problems:

- What does the literature reveal is the ideal budgeting process?

- How are budgets determined in Government institutions, in particular the Department of Education?
- How can the Department of Education improve its budgeting process?

7.3 METHOD AND RESULTS OF RESEARCH

The research consisted of two main parts, the first being a literature study and the second an empirical study. Both of the studies addressed one of the sub-problems mentioned above. The sub-problem: "What does the literature reveal is the ideal budgeting process?" was addressed through a literature study in chapters two, three and four. The sub-problem: "How are budgets determined in government institutions, in particular the Department of Education?" was addressed through an empirical study as discussed in chapters five and six.

The main problem: "Does the Department of Education experience any problems with its budgeting process to address service delivery?" was addressed through an empirical study as discussed in chapters five and six.

The empirical study consisted of a questionnaire that was posed to seventy-seven senior employees in the Department of Education, to validate or disprove the findings in the literature study.

The results of the two studies are summarised.

7.4 CONCLUSIVE SUMMARY

7.4.1 Chapter 1

This chapter presented the background to the investigation into the public budgeting process, with specific reference to the Department of Education. Specific key questions were asked, and the significance of the research and the research methodology were explained.

7.4.2 Chapter 2

The legislative framework in which public sector financial management must operate is outlined in this chapter. The role of the legislature and the accounting officer were analysed. The funding of public schools in accordance with the South African Schools Act (1996, Act 84) and the National Norms and Standards for Funding (1998), were discussed. Chapter 2 addressed the sub-problem: “How are budgets determined in government institutions, in particular the Department of Education?” as follows:

A literature review was done. The review conducted included national policy documents that govern financial management in government institutions. These various documents provided the framework and guidelines that need to be consulted when determining budgets in the Department of Education. Emphasis was placed on the legal

requirements that must be followed with budgeting in the Department of Education.

7.4.3 Chapter 3

The chapter forms the basis for the literature study. The focus of this chapter is on the features and functions of the public budget. The public budgeting methods and budget cycles were analysed.

The sub-problem: “What does the literature reveal is the ideal public budgeting process?” is addressed in chapter 3. The sub-problem was addressed by a literature review. Both national and international literature was included in conducting the literature review.

The features and functions highlighted in this chapter can be used by any government institution as a basis for compiling or evaluating a public budget.

7.4.4 Chapter 4

The main problem statement: “Does the Department of Education experience any problems with its budgeting process to address service delivery?” is addressed in chapter 4. The main problem was addressed by a literature review. The review included a study of literature on government’s service delivery principles.

Chapter 4 highlighted the importance of service delivery, which may be influenced by the efficient use of financial resources. This chapter focused on the alignment of the public budget to the service delivery improvement programmes.

7.4.5 Chapter 5

Chapter 5 consisted of the research methodology for the empirical study of the senior officials of the Department of Education. Questionnaires were posted to all public secondary schools and nine senior officials.

The following sub-problems were addressed in chapter 5:

Sub-problem 1.2.2.2:

How are budgets determined in government institutions, in particular the Department of Education?

The information obtained from the literature review made it possible to develop a questionnaire. The questionnaire formed the basis of the research methodology for the empirical study of the senior officials of the Department of Education. Questionnaires were posted to all public secondary school and senior officials. The information obtained from the questionnaires is an indication of how budgets are determined in the Department of Education.

Sub-problem 1.2.2.3:

How can the Department of Education improve its budgeting process?

The questionnaire that was developed included measures on the effectiveness and efficiency of the public budgeting process.

The respondents were required to respond to the statements based on their own perceptions.

The results obtained from the questionnaire made it possible to identify strategies, as discussed in chapter 5, to improve the budgeting process.

A brainstorming session was held with members of the budgeting section.

The information gathered from this brainstorming session was used to develop the questionnaire.

7.4.6 Chapter 6

The analysis and interpretation of the results of the empirical study were explained. Various statistical methods were used to interpret and analyse the data. Frequency distributions and distribution graphs were used to present the data.

The sub-problem: “How can the Department of Education improve its budgeting process?” is addressed in chapter 6 through the analysis of the empirical study.

The analysis of the results of the empirical study also addressed the main problem statement namely: “Does the Department of Education experience any problems with its budgeting process to address service delivery?” According to the analysis of the results, most respondents agree that the Department of Education does have a problem with its budgeting process to address service delivery.

7.4.7 Chapter 7

Chapter 7 is the final chapter of the research paper. It contains a conclusive summary of all the chapters and proposes recommendations to the key questions originally posed in the research. The recommendations are made against the background of financial and manpower constraints. It is, therefore, proposed that the following recommendations be adopted.

7.5 RECOMMENDATIONS

7.5.1 Introduction

Education legislation and policy, especially the South African School Act, requires the building of district capacity while financial control is centralized at the provincial office. The bulk of education expenditure takes place within education districts, but the controlling, forecasting and

budgeting of expenditure takes place at the Provincial Head Office. An analysis of the survey response for statement 32 of the questionnaire (the bulk of education expenditure takes place in the district office), indicated that 88,7 per cent of the respondents supported the statement, 1,2 per cent disagreed and 9,3 per cent were undecided.

More than 75 per cent of the respondents that took part in the survey are convinced that the Department of Education experiences problems with its budgeting process (statement 27 of the questionnaire). Therefore, financial management capacity, which includes budgeting, needs to be developed at the district office as a key link in improving service delivery to schools as opposed to the provincial office.

The components of a process to develop effective financial management in district offices are set out and discussed.

Recommendation One

The development of district capacity in finance and planning.

Districts have the key role to play in providing professional support to teaching and learning in schools and in co-coordinating the allocation of resources that the Department of Education provides to schools.

Altogether 73,9 per cent of the respondents in the survey believe that the Department of Education lacks managerial and administrative capacity to manage the education budget effectively. This can be addressed by

dedicating staff to the finance section of the department. The development of capacity can be effected through in-service training programmes on budgeting and financial management. Formal training to staff in the finance and budgeting section can be provided through formal training at university.

Staff in the provisioning department must be provided with formal financial training as it forms part of the supply chain and they often have to deal with financial negotiations.

Closer cooperation between the finance and provisioning departments must be developed to enhance the procurement of goods and services.

Recommendation Two

Decentralisation of the budget

All budgeting, processing of documentation and payments against budgets must be done at district offices. District offices must be given the responsibility to prepare budgets and to disburse and control funds against budgets.

District managers must be trained and their capacity to manage and prepare budgets must be developed. Formal support capacity must be available to district managers since expenditure takes place overwhelmingly in schools in the district.

Decentralisation will clarify the roles and responsibilities between different sections and between provincial and district offices. Crucial functions like the payment process will progress because the volume of transactions that have to be processed will be reduced.

District offices will not operate in a financial vacuum and be reduced to act as post boxes for financial documentation. Centralised power at head office will, however, disempower the district office and again, is contrary to the long term building of financial capacity at district level.

Increasing the capacity of financial systems and the extension of these services to district offices is recommended. For example, the introduction of the LOGIS (computerised provisioning system), should be extended to district office level. These systems should be used by district offices and extended to schools. The stocktaking and procurement process will thus be improved at district level.

In order for effective decentralization of the budgeting function to take place, a further recommendation is that the capacity in the following three areas be developed:

- Training personnel to manage financial systems.
- Introduce financial systems with clear operating procedures and develop links between the district office and the provincial office.

- Develop the capacity of personnel and systems to effectively budget, monitor and control expenditure against budget.

Recommendation Three

Inclusiveness must be part of the formulation of a budgeting process.

It is a key principle of management that financial control of functions should take place as close as possible to the delivery of those functions.

The district office is closer to the community than the provincial office.

This proximity brings the district office in direct contact with the problems experienced by stakeholders (civic organisations, parents and school governing bodies). Furthermore, the proximity can also enhance participatory democracy. Altogether, 67 per cent of the respondents in the survey agreed that stakeholders should participate in the budgeting process (statement 2). These stakeholders can participate in the budgeting process in a well structured manner. The formation of education forums, which are representative of all stakeholders in education, should be established. The views and suggestions of the communities should be invited and considered when the final district budget is being finalized.

The education forum can also assume a watchdog role and criticize the Department of Education if they fail in providing adequate services.

Recommendation Four

The implementation of the framework for district budgeting

The financial management act provides a strong accountability framework for financial management. Proper training in the use and application of this act needs to be given to all public officials on a regular basis.

The South African Schools Act (1996), gives authority to the School Governing Bodies to ensure effective management in schools, including financial management. The governing body must draw up an annual budget for the school and ensure that the funds are managed properly against the budget. It is further recommended that the school budget must inform the district budget and the district budget, in turn, must inform the provincial budget. This will ensure that the monetary allocations given to the district respond positively to the needs of the people.

The National Norms and Standards for School Funding (1998: 106) make the school a budget and cost centre.

The policy framework can only be successfully implemented if the following functions are taken care of:

- An effective system of data collection is in place to feed school data into the Education Management Information System (EMIS). This data is used to determine the post provisioning for schools, which determine the number of educators the school is entitled to.
- A budget is allocated to the district manager, with authority to spend, monitor expenditure and to be accountable against the budget.
- Training and support to schools in setting school fees, preparing budgets and running simple financial systems.
- Effective communication with schools on budget allocations, and reporting on expenditure against budget and financial management issues during the school year.

Recommendation Five

The district office must be a budget and cost center.

The district office should have a budget to cover all costs related to the functioning of schools in the district as well as the running costs of the district office. These costs should include personnel expenditure, learner support material and a development budget to support professional development, such as training. Special funding to address equity and redress of past inequalities should be set aside as a special reserve fund. Per capita spending per learner should be worked out and used (statement 29). Altogether 88 per cent of the

respondents in the survey are in favour of this costing method. This costing method must be worked out on a sliding scale in order to increase or decrease school fees if the combined family income is at a certain level, as determined through policy. This will ensure that the learners from previously disadvantaged areas will be assisted financially to attend the school of their choice. This system will impact more positively on the quality of education and is dependent on the level of political commitment from the legislature.

Monitoring and reporting systems of expenditure against this budget need to be established, with structures to hold district managers accountable. Training should be provided to the district manager in strategic and business planning, in budget management and in the government financial system and its various reports to management.

Recommendation Six

Establish an extended financial management system in the district office.

The current financial system in the district office is working well, but the functions can be extended to include the financial functions that link into the provisioning system. This can take place as follows:

- Building computer capacity to run financial systems.

- Ensuring that crucial commitment, payment and budget control functions can be effectively run by the district office before bigger functions such as the purchase and delivery stationary is delegated to the district office.
- Progressively delegating financial control functions into the district.
- Establishing budget control functions in the district office.

Recommendation Seven

Develop financial management capacity in schools

District office should develop the financial management capacity in schools. This will enable schools to do detailed needs analyses and align the budgets to address these needs.

Schools must be trained to develop budgets based on the programmes that they are engaged with. The budget must be used as a planning tool to indicate to management to what extent they can improve service delivery based on the principles of Batho Pele.

7.6 CONCLUSION

This chapter reviewed aspects covered in the preceding chapters. A number of recommendations were made on aspects in the development of a budgeting process.

The proposed recommendations, if properly applied, are expected to address the problem of budgeting in order to improve service delivery according to the Batho Pele initiative.

Furthermore, the proposed recommendations are expected to make credit control more effective. From the discussions in the previous chapters, it can be deduced that the Department of Education will always be faced with challenges to maintain high levels of service delivery despite the constraints that are constantly put on their budget.

The research has shown that customer needs are unlimited and that the ideal budgeting process seeks to close the gap between what stakeholders want and what the Department of Education can afford to deliver within the framework of the budget.

Results from the empirical survey of education officials confirmed that the Department of Education can improve its budgeting process to improve service delivery.

In conclusion, it must be stated that the Department of Education must look critically at its budgeting process as it impacts negatively on the service delivery of its core business that is to provide quality education and training.

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APPENDIX A

Figure A1

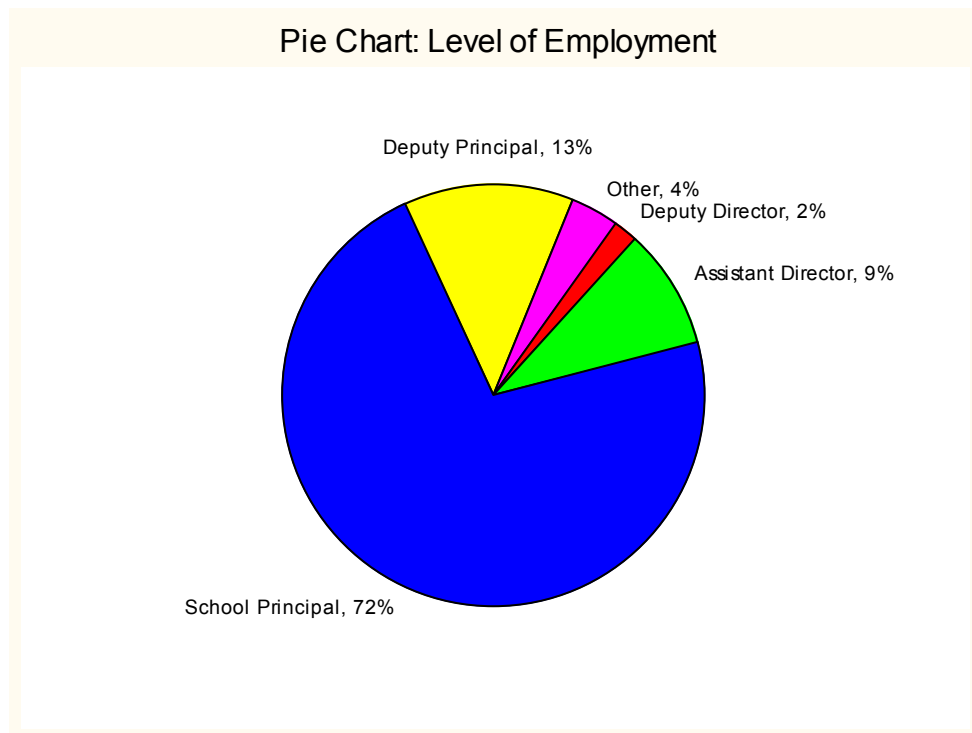


Figure A2

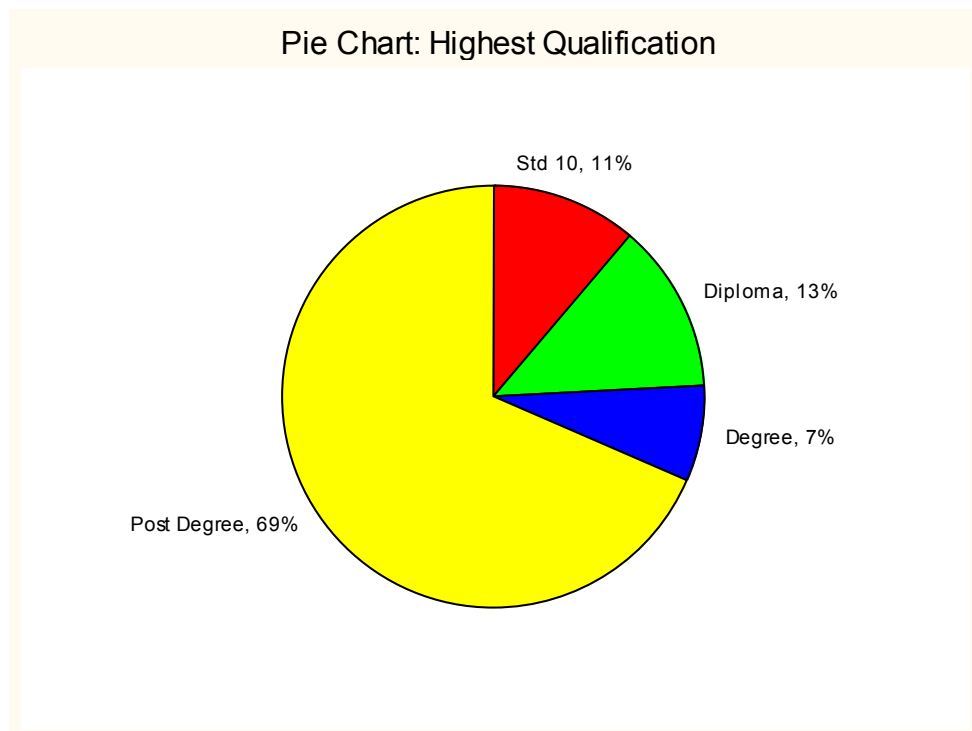


Figure A3

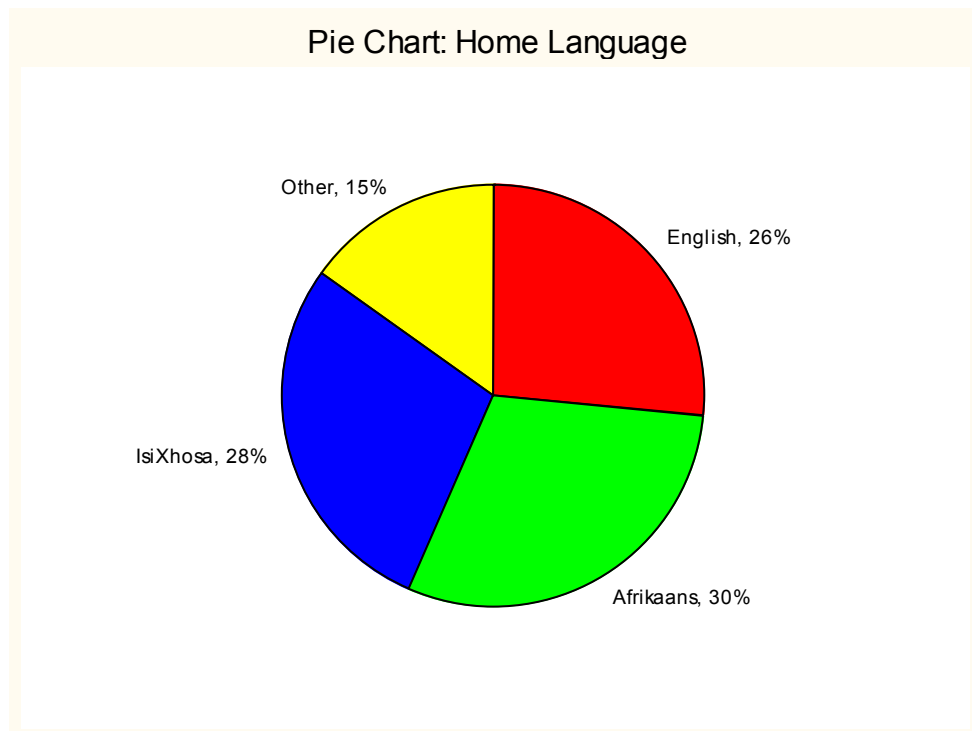
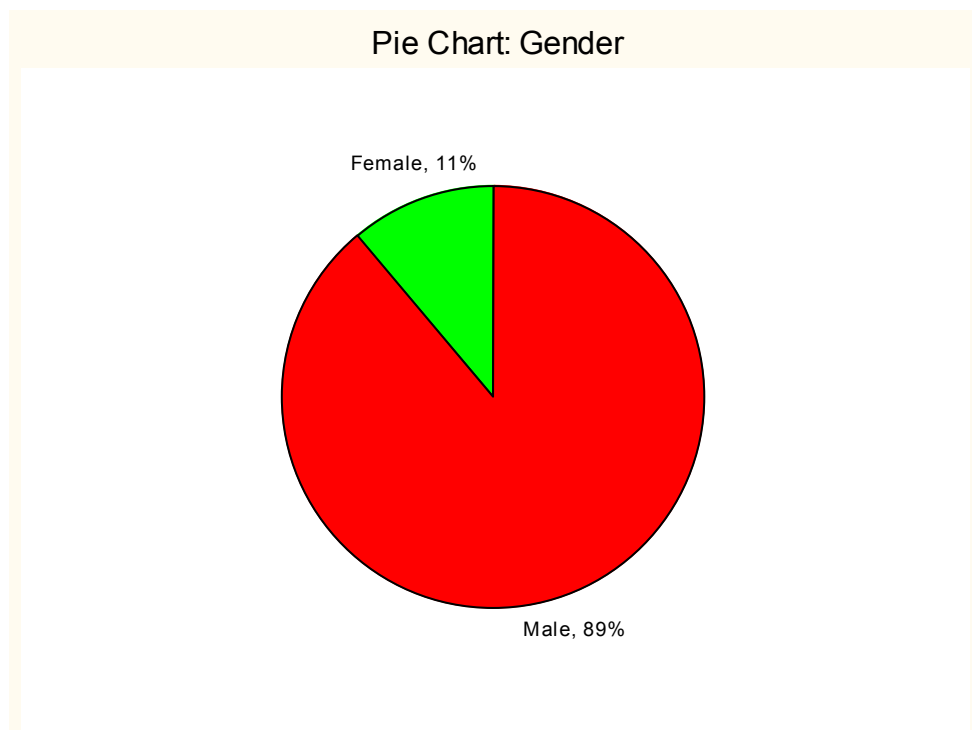


Figure A4



APPENDIX B**COVERING LETTER FOR THE QUESTIONNAIRE**

Department of Education
Management and Governance
Ethel Valentine Building
Sutton Road
Sidwell
Port Elizabeth
6001
22 November 2004

Dear Sir/Madam

The attached questionnaire is part of my Master of Business Administration (MBA) thesis at the Port Elizabeth Technikon. I am engaged in the development of a budgeting system for the Department of Education, which addresses the transformation of service delivery based on the principles of Batho Pele.

In order for me to do this I respectfully requested you to complete the attached questionnaire and send it to my office at your earliest convenience. The questionnaire will take approximately 10 minutes of your time.

Your response to the statements will make a profound contribution to the eventual outcome of the research.

No names or other identification need to be furnished, complete anonymity is guaranteed. All the information will be confidential and it would be impossible to identify an individual on the strength of the results included in the final report.

Thanking you in anticipation.

Yours faithfully

.....
E. Gorgonzola
Circuit Manager

APPENDIX C
INVITATION TO BRAINSTORMING SESSION

Department of Education
Management and Governance
Ethel Valentine Building
Sutton Road
Sidwell
Port Elizabeth
6001
15 November 2004

To all Deputy Directors

RE: Brainstorming Session – Budgeting Process

As per our telephonic discussion on 12th November 2004 I would like to officially invite you to a brainstorming session which will take place on 19th November 2004. The purpose of this meeting is to identify critical issues with regards to the budgeting process.

Venue: Ethel Valentine Building
Conference Room – 2nd floor

Time: 10h00

Your input in identifying problem areas will assist in my research. It is to develop a budgeting process that will enhance service delivery.

Your attendance will be greatly appreciated.

.....
E. Gorgonzola
Circuit Manager

APPENDIX D**QUESTIONNAIRE****SECTION A**

Biographical details

Please mark the applicable block with an “X”

1. Age group (in years)

| | | | | | | | |
|----|-------|----|-------|----|-------|----|-----|
| 1. | 20-30 | 2. | 31-40 | 3. | 41-50 | 4. | 50+ |
|----|-------|----|-------|----|-------|----|-----|

2. Home Language

| | | | | | | | |
|----|---------|----|-----------|----|----------|----|-------|
| 1. | English | 2. | Afrikaans | 3. | IsiXhosa | 4. | Other |
|----|---------|----|-----------|----|----------|----|-------|

3. Gender

| | | |
|----|--------|--|
| 1. | Male | |
| 2. | Female | |

4. Highest Educational Qualification

| | | | | | | | | |
|--------------------|---|---------|---|--------|---|-------------|---|----|
| Standard passed | 1 | 6 | 2 | 7 | 3 | 8/9 | 4 | 10 |
| Certificate passed | 1 | Diploma | 2 | Degree | 3 | Post Degree | | |

5. Level of employment

| | | |
|---|--------------------|--|
| 1 | Deputy Director | |
| 2 | Assistant Director | |
| 3 | School Principal | |
| 4 | Deputy Principal | |

SECTION B : Questionnaire

Please mark the Appropriate Block with an "X"

LEGEND

1. Strongly Disagree
2. Disagree
3. Undecided
4. Agree
5. Strongly Agree

Please note that the following statements have not been constructed to favour a particular response

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. Financial Management in a school/district office refers to school/district office income and expenditure using standard budgeting procedures and systems. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 2. All stakeholders (civic organisations, parents, learners, school governing bodies, the Department of Education and donors) should participate in the compilation of a budget for the Department of Education district office and/or schools. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 3. The government (Department of Education) must take full responsibility for the funding of public schools | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 4. Financial resources to schools/district offices, should automatically increase from year to year. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 5. The financial support to schools in terms of the resource targeting table published in section 109 of the National Norms and Standards for Funding : 1998, does not make adequate provision for the educational needs of public schools. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 6. The relative poverty of the community around the school impacts directly on the ability of the parents to support the school. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 7. Public schools should annually submit a detailed budget to the Department of Education (district office), who must then compile a district budget to be submitted to the Accounting Officer. | | | | | |

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| 8. The current funding policy on public schools has failed to address equity and redress of past inequalities. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 9. There is limited political commitment from the legislature to address the resources and needs of public schools. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 10. Government must make education available and accessible through the provision of increased financial resources to public schools. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 11. The budgeting section of the Department of Education does not take into account the needs of schools/educational institutions when compiling a district budget | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 12. The budgeting system at Provincial level does not take into account the needs of district offices and schools when compiling a provincial budget. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 13. There is no transparency on the allocations of budgets to district offices by the Provincial Department of Education | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 14. The estimation of income and expenditure for purposes of budgeting used by Treasury creates a gap between what customers (i.e schools, educators and School Governing Bodies) want and what the Department can afford. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 15. The Department of Education does not have the managerial and administrative capacity to manage the education budget effectively. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 16. Stakeholders do not have confidence in the budgeting system of the Department of Education. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 17. Existing budgeting procedures need to be amended to ensure effective and efficient implementation of the budgeting system. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 18. Managers, schools, educators and School Governing bodies are aware of the Batho Pele principles | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 19. The budgeting process must be aligned to the principles of Batho Pele | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 20. The Batho Pele principles of access, service standards, and redress can only be achieved if they are supported by financial resources | | | | | |
| | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| 21. A budget can serve as a strategic tool and work programme for the district office to achieve its objectives | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 22. Standardised budgeting procedures limit the district manager in deciding what customer need to satisfy and how to do so. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 23. Budgeting according to programmes will be ideal for the Department of Education because it focuses on development planning and forward planning. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 24. The Department of Education can improve its budgeting process to improve service delivery. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 25. Education budgets are compiled through inputs from schools, School Governing Bodies and other stakeholders | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 26. The best budgeting process can be achieved by identifying the needs of schools and the allocation of resources to address the needs. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 27. Does the Department of Education experience any problems with its budgeting process to address service delivery? | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 28. District Offices of the Department of Education must have full control over the allocation of funds to schools by the Provincial Head Office. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 29. Financial resources to schools should be based on the cost per learner (per capita) attending a specific school. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 30. The maintenance and repairs of schools should be budgeted for by the Department of Public Works. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 31. The Department of Education should focus only on its core business of providing education and training. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 32. The bulk of education expenditure takes place within education districts, but the controlling, forecasting and budgeting of the expenditure take place at the Provincial Head Office. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 33. The only budgets that district offices have control over are the operational and administration costs of the district. | | | | | |
| | 1 | 2 | 3 | 4 | 5 |