



Presents

LOSS OF

Principle

A report on corruption in schools

When Corruption Watch opened its doors in 2012 we noticed that we were receiving a large number of reports alleging corruption in the management of schools resources. In 2013 we launched a Schools Campaign, our intention being to raise awareness about the reality of corruption in schools, while encouraging the public to report their concerns. Our goal was to give power back to the public by informing them of their rights and duties and thereby to enable them to hold school leaders to account. As a result, we received a high volume of reports alleging corruption in schools, with most reports pointing fingers at the principal of the school as the main perpetrator of wrongdoing. Our various stakeholder and advocacy initiatives have indicated that the reason why some school principals are abusing their power is due to a lack of training of school governing bodies (SGBs). Parents and representatives are sometimes unaware of their roles and responsibilities once elected onto the SGB.

The purpose of this publication is to illustrate the trends in our schools data, highlight investigations into allegations of school corruption, profile the brave whistle blowers who have spoken out against these corrupt activities and provide recommendations on achieving good governance in our country's schools.



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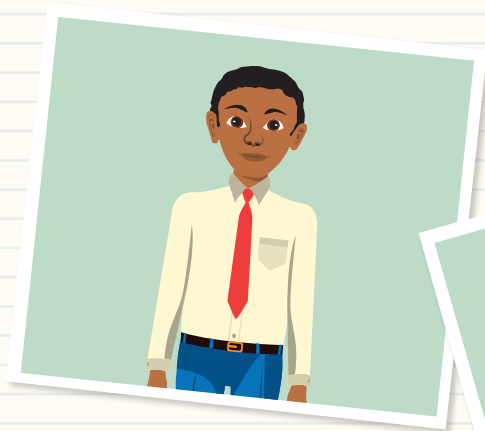
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David Lewis
Corruption Watch
Executive Director

Foreword

When we opened our doors – more than three years ago – and encouraged the public to report experiences of corruption to us, we were surprised to receive a relatively large volume of reports detailing corruption and maladministration in the management of school financials and other resources. The amounts involved in each report were, in the scale of things, not massive, but as we looked further into this and made public these reports, we began to receive an increasing number of schools corruption reports.

These reports generally followed a pattern. Foremost among them were allegations of collusion between school principals and leading members of school governing bodies (SGBs) resulting in the diversion of school funds, usually intended for the procurement of school resources, into the hands of these leaders. And so money intended for a computer, or for library resources, or for sports facilities, or for school feeding landed up in private pockets.

And there were other reports as well. Most distressing were those of teachers demanding sexual favours from pupils in exchange for marks or for access to exam papers. We also received reports detailing the payment of ghost teachers or the selling of school posts.

Reports have also come to us that relate to school resources and facilities. Broken, filthy toilets, a lack of desks and other basic school facilities, textbooks not delivered to schools – these mirrored reports received by fellow NGOs whose activities focused on education. These service delivery reports may be rooted in corruption or they may be the result of maladministration. However, whether maladministration or

corruption, they are clearly a manifestation of a broken system and of authorities in the schools or the education system who simply don't care.

It became clear that this problem was widespread. But so too are other instances of corruption. Why was corruption so pervasive here and why did ordinary people seem so willing to put themselves on the line and blow the whistle? After working closely with a wide range of SGBs as well as with other parent and teacher groups and some of the provincial education departments, we began to understand why we were getting so many reports of schools corruption:

- People with knowledge and power – namely leading members of SGBs – were relying on ordinary parents' lack of familiarity with the rules surrounding financial management and procurement.
- Not only did parents not understand the technical aspects of financial management, but they did not know their rights, they did not know they were entitled to be consulted on the preparation of school budgets and to receive regular audited financial reports.
- Participation in SGB elections is very low and so a small number of people acquire a monopoly over positions on the SGBs.
- But above all, people were reporting because they cared and they were angry. And so ordinary people who might otherwise be reluctant to report corruption experienced elsewhere, were willing to speak up because they understood that it was their children who were, in effect, suffering at the hands of a corrupt few.

This has shown us what the essential ingredients are in tackling corruption anywhere. First and foremost, corruption can only be tackled when those who suffer its consequences understand that it is their resources that are being looted. Secondly, people need to be aware of their rights and duties in relation to holding accountable those who supply, manage and deploy public resources, and people need to act on those rights reasonably confident of the support of their communities.

This is what we have learned from the courageous parents, teachers and learners who have stood up against corruption in their schools. They are lessons that will continue to inform our schools campaign and that will guide us in the rest of our work.



Governance

How it should work

The SGB is a structure that governs a school and makes sure it runs smoothly and efficiently. Every public school in South Africa is required by law to have an elected SGB. SGB elections occur every three years.



The SGB is responsible for:

- Establishing the school fund. All funding that the school receives goes into this account.
- Maintaining and monitoring the school's financial records.
- Appointing an auditor to audit the school's financial records every year.
- Preparing the annual budget, which includes the school's estimated income and expenditure for the year.



Who can be elected onto the SGB?

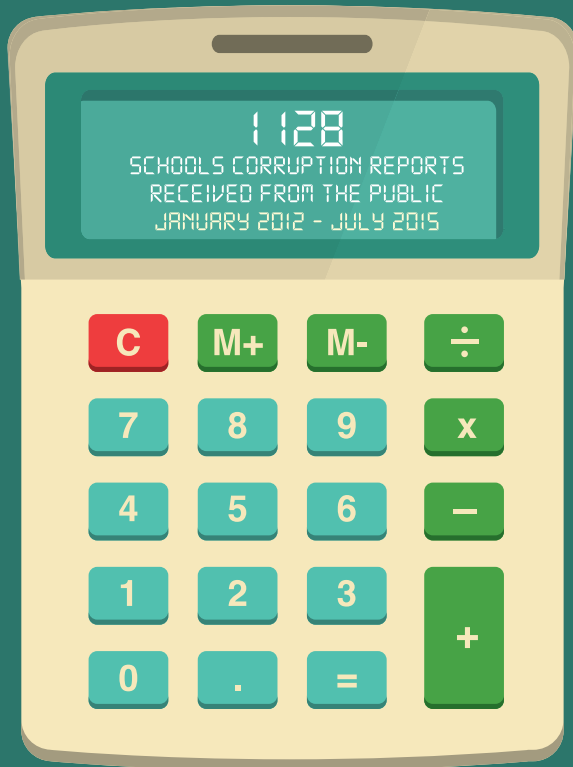
- The principal (mandatory).
- Parents and guardians of learners (these form the majority of members).
- Staff members (including teachers and non-teaching staff).
- Learners in grade 8 or higher (in the case of secondary schools).



The principal is responsible for:

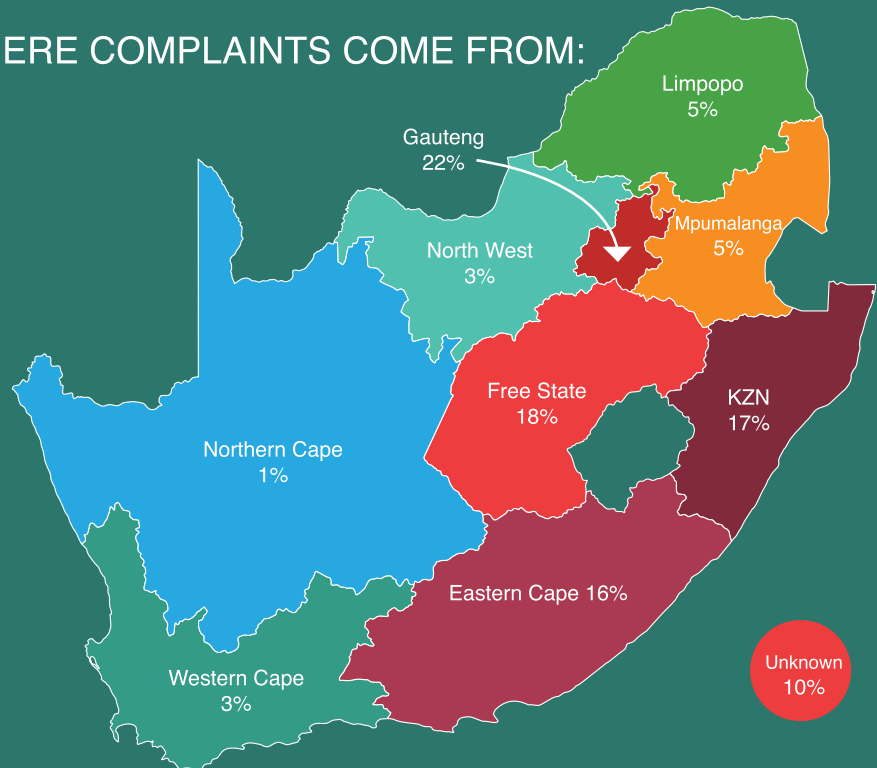
- Supporting and guiding the school's expenditure in consultation with the SGB.
- Helping the SGB keep proper records of school accounts and all school records.
- Overseeing the drawing up of the budget.
- Advising on textbooks, educational material and equipment to be bought by the SGB and managing their use.
- Ensuring controls are in place and operating for cash-collection.
- The admission and placement of learners, and all activities at a school that support teaching and learning.

CHAPTER ONE: COUNTING THE NUMBERS

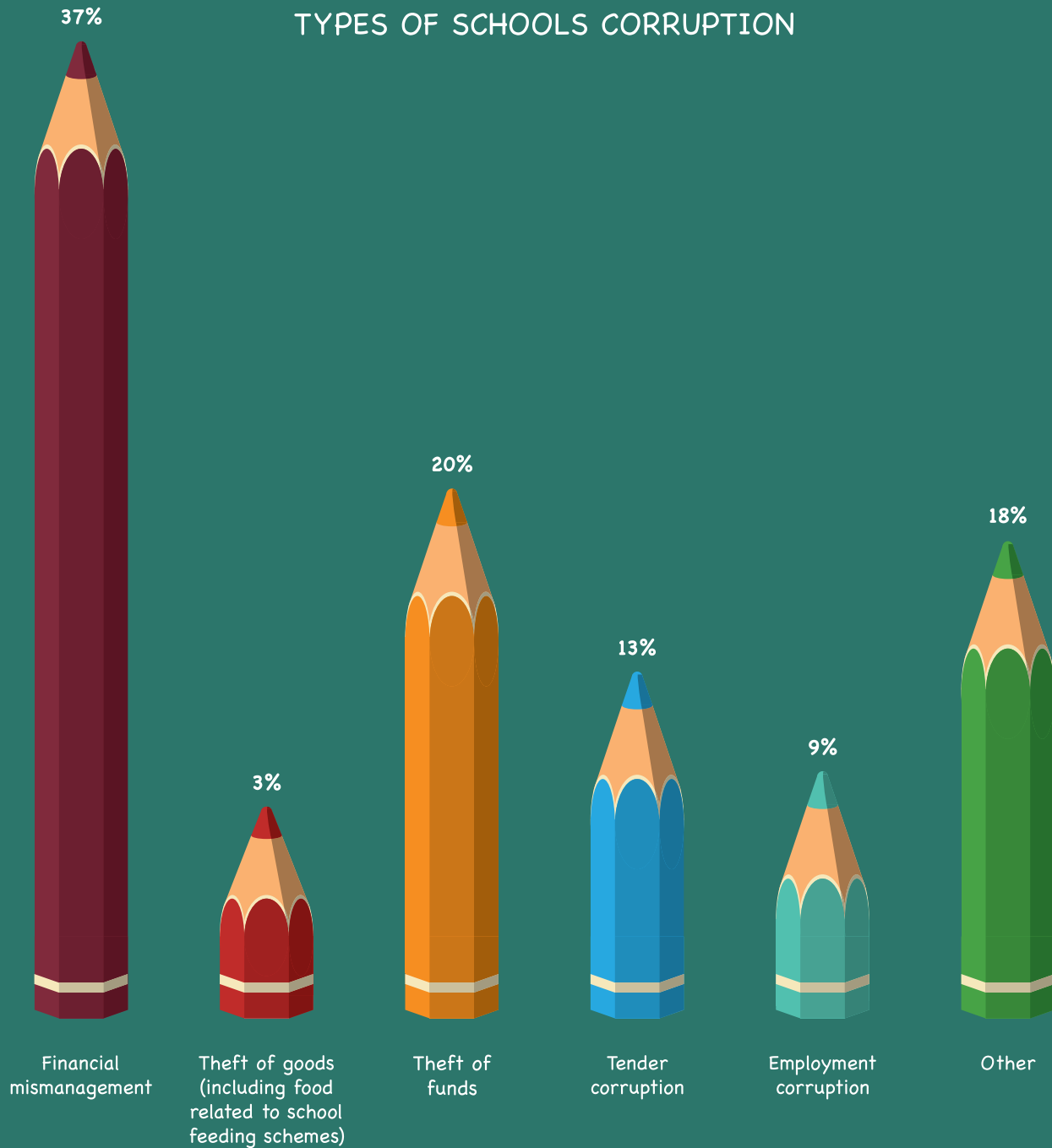


As of July 2015, Corruption Watch has received over 1 000 reports from the public about corruption taking place in schools across the country. The bulk of these reports finger principals as the main culprits involved in corrupt activities. This is a consistent trend across all schools – including Section 20 and private schools – with the majority of reports emanating from Section 21 schools.

WHERE COMPLAINTS COME FROM:



TYPES OF SCHOOLS CORRUPTION



Our reports indicate that principals are involved in multiple acts of corruption, ranging from financial mismanagement to abuse of power in relation to students. The three most cited types of corruption across all provinces are: financial mismanagement, theft of goods or funds, and corruption related to tenders.

How does it happen?

The theft of funds occurs when principals replace the signatories on the school bank account with people of their own choosing or get signatories to sign blank cheques, and thereafter the money is not accounted for in the financial statements. They are also said to withdraw money from the school account without the knowledge of the SGB.

Financial mismanagement involves a host of activities, including misappropriation of funds, lack of adequate financial accounts, disregard for processes, and a lack of financial reporting to parents as well as other members of the SGB.

Theft of goods is usually related to the mismanagement of resources for school feeding schemes. Principals and teachers often take the food that has been provided for learners for their own personal use, or steal the funds reserved to supply the meals. Suppliers have indicated that principals offer to buy the food themselves, instead of handing over the money to the supplier, and then provide less food, of a lower quality. It is alleged that the principals are pocketing the difference between the money allocated for the feeding scheme and what is actually spent.

Tender corruption or the acquisition of supplies typically involves principals manipulating procurement processes to enrich themselves. The most common type of tender irregularity is the allocation of tenders to friends and family members of the principal, or members of the SGB.



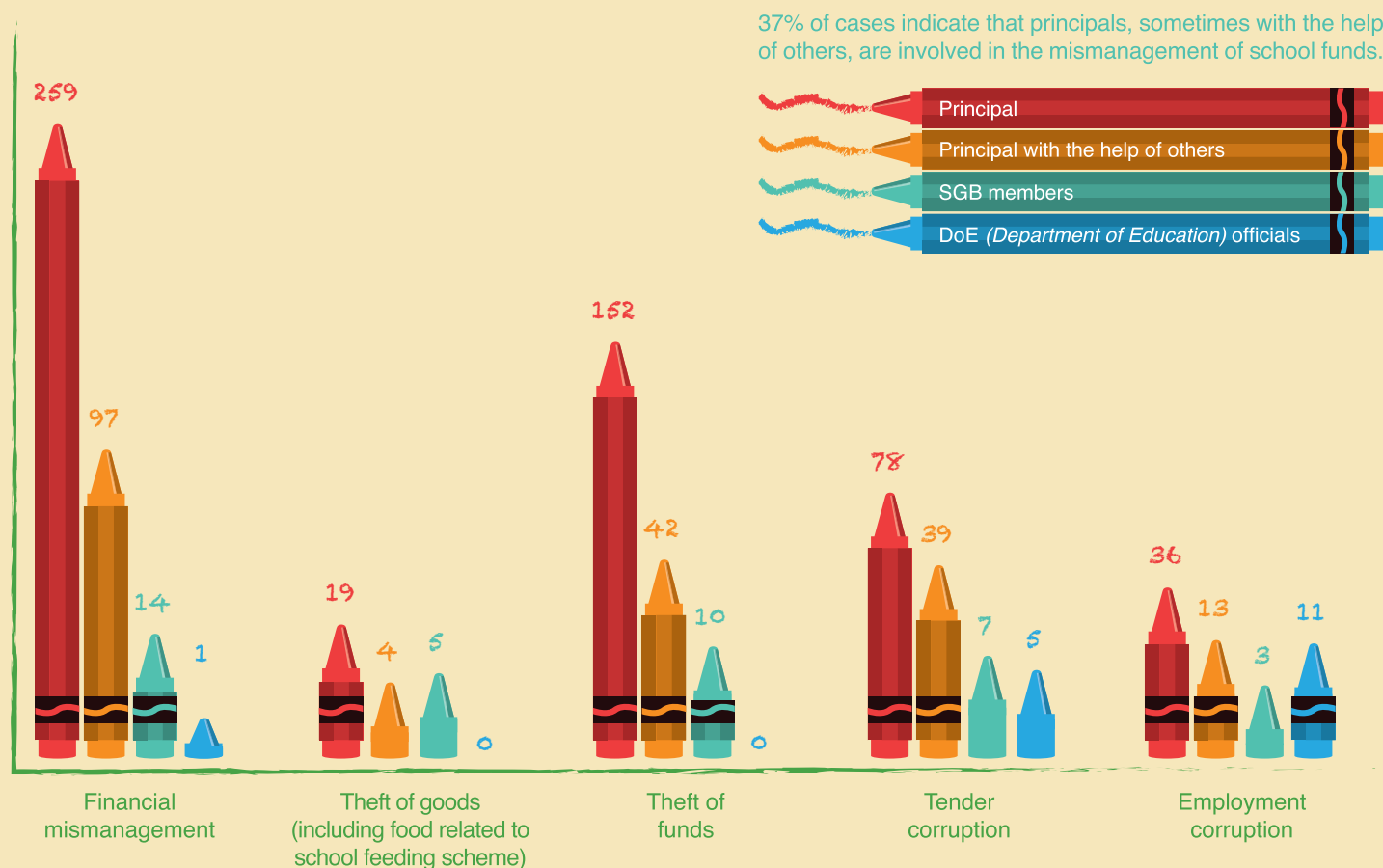
Principals are implicated in a number of other corrupt activities which are not as prevalent in the reports that we have received, but still remain a cause for concern, given their roles and responsibilities within the schooling system. The trends listed below are related to an abuse of power by principals and include:

Corruption related to the employment of teachers, with the principals and SGB officials colluding in favour of a particular applicant. Some reports indicate that union members and education department officials are also involved, unless the appointment is made solely by the SGB.

Ghost learners and teachers are often used by principals as a mechanism to inflate the government's allocation of funds to the school.

Principals demand payments in no-fee schools. In cases where parents are unwilling or unable to pay money to the school, learners' reports or advancement to the next grade is withheld in order to extort the money.

Number of reports illustrating the type of corruption and culprit involved



Principals have also been associated with the selling of exam papers, or providing learners with exam answers during a sitting. Reporters have indicated that principals bribe teachers to partake in this form of corrupt activity so that marks are inflated – this gives the principal a better standing with the relevant provincial department of education.

To retain power, some reporters have noted, principals have manipulated SGB election procedures, or have committed fraud in relation to these elections to retain the current SGB in a particular school. Reporters imply that the SGB and the principal have a pre-existing corrupt relationship and that changes within the SGB could undermine the ability of the principal to continue with corrupt practices.

CHAPTER TWO: EXPOSED! RECOGNISE! RESIST! REPORT!

Leanne Govindsamy
Corruption Watch
Head of Legal and Investigations

There are countless people in South Africa who are involved in corruption, either by directly abusing resources and power, or indirectly, by turning a blind eye to corrupt activity and maladministration in their places of work or school. Yet there are those who actively resist and report corruption. They are fighting this scourge of graft by raising their hands and coming forward to work with us, while so many hide in the shadows or are content with idle complaining and castigation.

We have spent an immense amount of time working with our reporters, understanding the complexity of corruption in their schools and understanding the immense professional and personal sacrifices which they make in order to address and eradicate corruption and maladministration in their schools. Parents whose children sit on cold floors because the money for desks has disappeared, or who have saved to pay schools fees only to see the same fees squandered on the lavish lifestyles of corrupt individuals, SGB treasurers who wake up to the enormity of the amounts missing from school coffers, or governing body members who have seen their childhood school deteriorate into squalor and dysfunction.

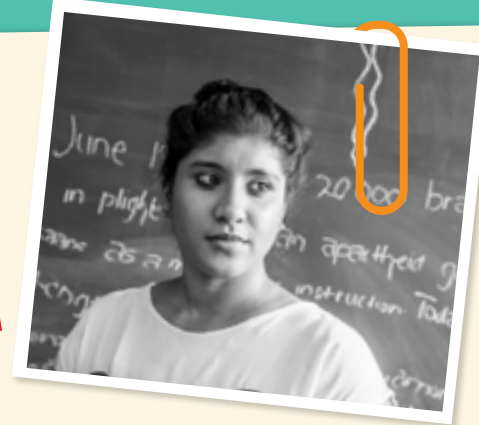
We have seen how real change happens or rather how it is imposed by relentless but ordinary people and it is these courageous few that Corruption Watch salutes. For these

are the people who give us the courage and determination to keep working to find legal and investigative solutions in a grey, amorphous space and to try against the odds, to expose an entrenched but invisible economy of corruption.

Applying legal and investigative solutions in this space is difficult and sometimes near impossible but our reporters challenge us and inspire us every day with their own brands of strength, and conviction of a greater ideal, an ideal which we should all be prepared to fight for.

The investigations in this report are therefore the result of individuals who came forward with reports of corruption and who walked a long journey with our investigative team, providing us with documentation, answering countless questions, understanding the complex space which we have to negotiate and most importantly, patiently waited as we processed requests for information and held on until the outcomes of litigious proceedings were achieved.

We are grateful for the participation and patience of our reporters who have had to endure immense personal and professional sacrifices in order to see a change at their schools and we are privileged to work in a space where we get to make a difference to the state of our nation. We hope that this report serves as an important resource for those wishing to report corruption and that more people are inspired to recognise, resist and report corruption, whether in schools or other spaces of interaction.

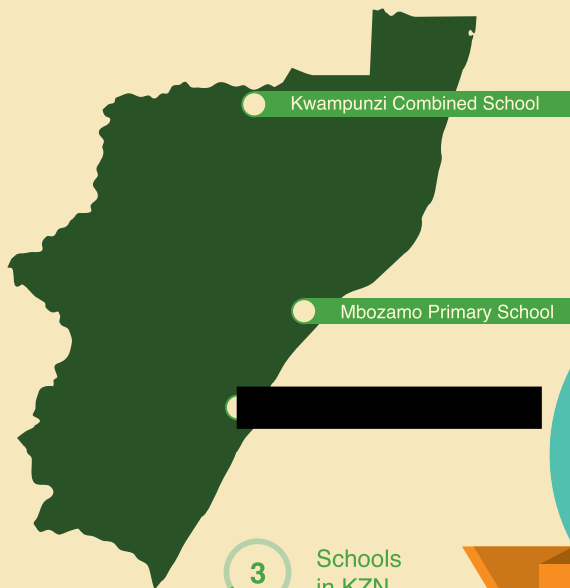


TEN INVESTIGATIONS



7

Schools in
Gauteng



3

Schools
in KZN



9/10 cases deal with principals
abusing school funds.



Even though some
principals are under
investigation for corruption,
they still have access to
school funds.



In a number of cases, principals
implicated in corruption and
maladministration have merely been
moved to other schools where they
continue their corrupt practices.



Some principals have been
found guilty of corruption and
maladministration, however the
outcomes of the disciplinary hearings
do not always result in dismissal and
they receive lighter sanctions.

NO CONSEQUENCES FOR CORRUPT PRINCIPAL

It should be a principal's job to take the moral lead at the school he or she manages. But this has not been the case with Lebo Mashuga, previously the principal of Soweto's Senaoane Secondary School. Mashuga has been implicated in and found guilty of mismanaging the school finances, but has not been held fully accountable for such actions.

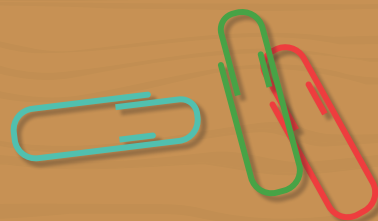
Mashuga was placed under pre-cautionary suspension in 2014 for financial mismanagement but he still had access to the school's funds well into the 2015 school year. In March 2014 the Gauteng Department

of Education (GDE) contacted the school's bank and indicated that the principal should not have access to the school's finances until the end of his suspension. However, Corruption Watch has seen cheques with corresponding bank statements that show Mashuga was signing off large amounts – in particular R70 860.12 on 15 December 2014 and R307 004.08 on 23 December 2014 – long after schools had closed for the year.

In June 2015, the GDE concluded its disciplinary proceedings against Mashuga and confirmed that he was found guilty of corruption in respect

of Senaoane. Mashuga has appealed the findings, however, he has been relocated to yet another school, the name of which is currently unknown to Corruption Watch.

Senaoane isn't the only school where Mashuga's reputation has been on the line, though. The department confirmed to Corruption Watch that it was also investigating Mashuga for similar allegations of corruption and financial mismanagement at another school, Sibongile Primary School in Soweto, where he had also occupied a teacher's post.



SICK LEAVE SHIELDS PRINCIPAL FROM INVESTIGATION

A damning financial audit conducted by E&Y fingered the principal of Parkdale Primary in Eldorado Park, Parsoo Naidoo, in gross financial mismanagement of the school's funds. The report was concluded in 2012, however the GDE lagged in taking disciplinary action against Naidoo and he remained the principal of the school until April 2015.

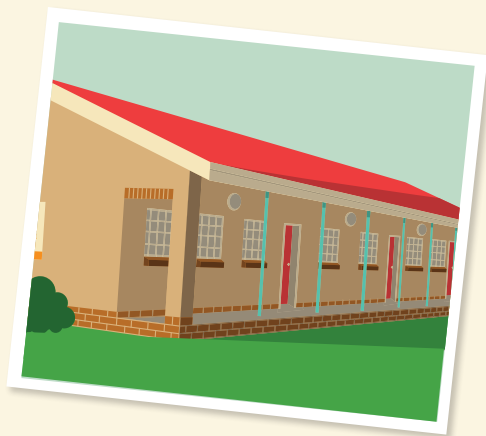
The department commissioned a fraud detection analysis at Parkdale Primary, which included an analysis of the income and expenditure of the school for the periods 1 January 2008 to 31 December 2010 and 1 August 2011 to 15 November 2011. This was to establish whether expenditure incurred during these periods was in accordance with the procurement processes and procedures of the school.

Corruption Watch has seen the report and can reveal that:

- The principal and finance administrator at the school did not prepare bank reconciliations, a monthly cash book, books of income and expenditure, or a log of expenditure on a weekly, monthly or annual basis.
- During the years 2008 to 2010, a total of 503 cheques were issued by the school, of these, 362 cheques to the value of more than R1.5-million had no supporting documentation.
- During the period of 1 August 2011 to 15 November 2011, a total of 52 cheques issued by the school were analysed, no supporting documentation could be found for any of these cheques.
- Not all money receipted was deposited into the school's bank account.
- The majority of returned cheques that were analysed were not crossed.
- The majority of requisition forms could not be found, and in many instances no supporting documentation could be found.
- There were many instances where petty cash expenditure was not authorised on petty cash vouchers.

- No supporting documentation, such as invoices, could be found in respect of certain payments that were made.

The recommended sanctions against the principal and other implicated individuals are not known, as only the executive summary of the report was released, and then only to certain members of the SGB. It appears that as a result of the limited information available to the parents and SGB members in respect of the recommended sanctions against Naidoo, he continued in his post as principal of the school, with full access to the school funds until early 2015. The GDE confirmed to Corruption Watch in September 2015 that Naidoo was placed on precautionary leave in April 2015 pending the conclusion of his disciplinary hearing. He was charged with mismanagement of funds and contravention of finance policies but has been booked off sick until 30 November 2015, when hopefully disciplinary action against him will proceed as planned.







PRINCIPAL KEEPS HER JOB – FOR NOW

Siphoning off R2-million from a school fund and allowing some children to attend classes for free – these are just some of the allegations stacked up against the principal of Lyttleton Primary School in Pretoria, Valdenisa Norris, who has been called to account for allegedly mismanaging the school's finances, and for making nepotistic appointments.

In 2012, the GDE began investigating Norris for financial mismanagement and nepotism after a complaint was made in which it was alleged that she had siphoned R2-million from a school fund, was handing out jobs to friends and family, and waived school fees for some children who attended the school. In mid-2013, the GDE instituted disciplinary proceedings against the principal and she was transferred to the district office for the duration of the investigation.

However, earlier this year, a whistle blower approached Corruption Watch and asked for help in following up

on the disciplinary proceedings as information was not being shared openly with the SGB. Corruption Watch contacted the district office in May 2015 and it confirmed that Norris had been reinstated, despite the fact that the disciplinary proceedings were on-going.

Corruption Watch followed up with the GDE in July 2015, eager to track the progress of the investigation and find out why so much time had lapsed since it began in 2012. Corruption Watch also wanted to know why the department had decided to reinstate Norris as principal and whether she would have access to the school funds while the investigation was running its course.

In its response, the GDE noted the following:

- The disciplinary hearing was set for 7 August 2015 and the case was expected to be concluded at the end of August.

- The case involved a variety of witnesses, which meant that more time was needed when individuals took the stand and for cross-examination.
- The principal was reinstated because the 90-day validity period of the suspension had lapsed, in terms of the Employment of Educators Act of 1998 (amended). Norris declared a dispute against the GDE and the department was forced to reinstate her or be accused of an unfair labour practice dispute.
- The department had appointed an administrator at the school to deal with the finances until the matter was concluded and to ensure the proper management of school funds.

Corruption Watch has submitted a Promotion of Access to Information Act (PAIA) application to get a copy of the full forensic report detailing the findings and recommendations of the GDE's investigation into the principal.

FED-UP SGB KICKS OUT PRINCIPAL

A well-functioning SGB is one that knows its rights and responsibilities, and is equipped to tackle a variety of situations – including a corrupt principal. The SGB from Mbozamo Primary School in KwaZulu-Natal is one such body.

On 24 January 2015, Corruption Watch received a report about Mbozamo from a concerned parent. The report involved the principal, WS Dube, who was said to have used fake receipt books for school fees, did not follow procedures or consult with the SGB on procurement, and received kickbacks from companies that were awarded contracts, among other allegations.

The principal was secretive about the school's financial records, the whistle blower alleged, refusing to allow the SGB access to them or to disclose details about the school auditors.

This was not the first time that Dube's conduct had raised eyebrows – the SGB had been aware of it since 2013. Minutes from meetings show that members had expressed concern at the approval and payment of

suppliers without involving the SGB or consulting the treasurer, school fees that went missing, and regular cheque fraud – since 2012 over 70 cheques were cashed from the school bank account, but the treasurer had only signed seven of them, all for small amounts.

The SGB went as far as warning the principal that his behaviour was unacceptable, and that he was no longer trusted in matters relating to school finance. It was also recorded that the SGB vowed to chase the principal from the school grounds should he not change his ways.

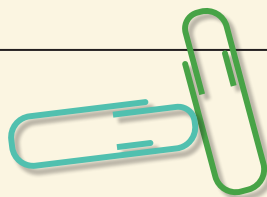
In February 2015, the SGB wrote a comprehensive open letter to the district director, asking the department to “save our children's education from Mr WS Dube who has failed dismally to promote an environment that is transparent and honest”.

The letter noted previous attempts by the SGB and community members to bring the matter to the department's attention, and accused the department of turning a blind eye to the rot at the school. It said that the principal would

no longer be allowed on to the school premises, giving sound reasons for this decision.

Corruption Watch was informed that the departmental inspector visited the school and was given a full report of the corruption and the maladministration of school funds. The inspector promised to investigate, but at the time of publication, the SGB had not received feedback on the outcome of the investigation and any sanctions against Dube.

We learned that the department moved Dube to the nearby Dawnview Primary School, where he was alleged to have continued in the same vein for about three months, before he resigned, supposedly for medical reasons. Corruption Watch has asked the department for clarity on the status of the inspectorial investigation and on Dube's medical status, as well as for reasons for the long delay in acting against Dube, among other questions. At the time of writing we had not received a response.





FALSIFIED MARKS PUT LEARNERS' FUTURES AT RISK

In March 2015, Corruption Watch received a report regarding an alleged case of corruption and abuse of power at Providence Academy, an independent school in downtown Johannesburg. The school is registered as a non-profit establishment and is eligible for financial support from the GDE, provided certain conditions are met.

Among others, the report alleged manipulation of Grade 11 exam results to reflect substantially higher marks than those learners really achieved – possibly to secure a bigger financial subsidy from the GDE.

A second reason for manipulating the marks, revealed our reporter, was to enable the pupils to secure places at tertiary institutions but this would put ill-equipped pupils at a huge disadvantage in the competitive tertiary environment. The perpetrator of this fraud is alleged to be the principal of Providence Academy,

Brighton Sikwili. These allegations have been independently corroborated by a second reporter, who has never met the first. This second reporter has revealed that the principal himself raised the issue of tampering with the marks, in a meeting with teachers and parents, which he (the reporter) attended. Pupils who requested an upgrade in their marks, and got it, struggled in Grade 12 because they were unable to meet the necessary academic standards.

Corruption Watch has seen documents reflecting the marks pupils originally achieved, as well as copies of reports that were issued by the school in December 2013. We contacted Sikwili for comment. He handed the matter over to his attorneys, who responded in writing not to address our concerns, but to deny everything. They implied that disgruntled former employees may be responsible for coming to us with the “faceless attack”.

However, in an earlier phone call to our legal department, Sikwili claimed that none of those altered reports were given to the learners – which seem to confirm their existence and contradict the claims made by the attorneys. We also submitted questions to the GDE, but at the time of publication it had not responded. We asked, among others, whether there had been any prior report of irregularities at Providence, and if so, what had been done about it.

Our second source has since revealed that he had previously reported the matter to the South African Council for Educators, the GDE, and the South African Police Service, but nothing came of investigations that were done. We await the response of the GDE and will continue to investigate this corruption case, which has other facets not covered in this brief report.



PRINCIPAL RUNS SCHOOL LIKE PERSONAL FIEFDOM



On 7 July 2014, Corruption Watch received a report from a concerned member of the SGB of Mogobeng Primary School in Katlehong, Ekurhuleni. The report alleged that the current school principal, Aletta Mamrokoane was involved in, among others, financial mismanagement, abuse of school resources and intimidating other SGB members.

Corruption Watch investigated these claims. When we accessed financial documentation for the school, for the period from 23 January 2014 to 28 March 2014, we found four cheques that had been recorded as cancelled in terms of the school's financial statements – but which in fact had been cashed, according to the bank statements. The amounts were for R700, R6 694, R840 and R3 000 respectively, giving a total of R11 234.

Corruption Watch also found that there was an irregular payment for

an amount of R36 500. This amount was given to the school secretary in the form of cash cheques, for various purchases ranging from tuck shop and bakery stock to cleaning material and fans, as well as for petty cash and transport for learners. This is irregular, as these cheques should be made out to the suppliers directly and should have been recorded in accordance with standard accounting standards.

Also, between 17 January and 28 March 2014, uniforms were purchased from two different suppliers, Patrick August for R14 560 and LM Top Garments for R31 790. It appears that LM Top Garments was owned by the school's auditor, LM Mafa, who was also paid R13 200 on 16 February 2014, for auditing the school's financial records and statements.

Some of the other alarming irregularities which we picked up related to the cashing out of cheques which the schools records showed as cancelled.

There were also payments made to a variety of companies not registered with the Companies and Intellectual Property Commission. In particular, a payment of close to R200 000 was made to the individual known as JT Moloi and not to an entity registered in his name.

The fact that the school auditor is also a supplier indicates a clear conflict of interest and is a violation of acceptable accounting principles and other legislative provisions.

In August 2015, we sent a query to the GDE, asking for information and clarity on these matters. We asked if the department was aware of these allegations, and whether it would embark on an investigation into the matter. We asked for an indication of timelines, should an investigation be carried out.

At the time of publishing this report, the department had not responded to our query.

TURNING TO THE COURTS BRINGS ACTION

After exhausting our rights to access information through non-litigious engagement with the GDE, Corruption Watch took the GDE and the SGB of Halfway House Primary School in Midrand to the South Gauteng High Court for their refusal to grant us access to a report compiled into the school's financial affairs by its auditors.

Corruption Watch was approached by the former financial/credit controller of the school in 2013, who alleged financial mismanagement at the school.

The reporter became increasingly concerned when the outcomes of what she believed to have been a forensic investigation conducted by SAB&T in 2013 were not being communicated with the parents of the school, and thus requested Corruption Watch to intervene.

Corruption Watch lodged a PAIA application with the GDE to seek full access to the forensic report. When the 30-day waiting period had lapsed and no response was received from the GDE, Corruption Watch then launched an internal PAIA appeal on the basis of a "deemed refusal".

In March 2015, Corruption Watch filed an application with the South Gauteng High Court against the GDE and the

SGB of the school, asking the court to declare that the GDE's refusal to grant Corruption Watch access to the report was unlawful and in conflict with the PAIA, as well as to compel the department to provide us with a copy of the audit report. In June 2015, the State Attorney contacted Corruption Watch and advised that no forensic audit had been performed. It did however hand over a copy of a management report compiled pursuant to a 2013 end of year audit.

In summary, the report detailed the following information:

- A payment of over R80 000 was made to a textbook supplier without an invoice being issued to the school.
- There was no evidence or proof of delivery that textbooks bought by the school for more than R200 000 were actually delivered.
- Payments in excess of R5 million were made to schools where the school accountant Mr Van der Westhuizen also serves as an accountant. These amounts were recovered, however they were made without the knowledge of the SGB.

- There were numerous procedural flaws in the school's financial management system, including supplier invoices not being recorded and lists of payments not being given to the SGB.

In December 2014, the reporter who had alerted Corruption Watch was notified by the school that her contract would not be renewed. This came after she had served 13 years as financial controller and fundraiser at the school. Although the school cited operational reasons for this decision, the reporter firmly believed that the termination of her contract was a direct result of her blowing the whistle on irregularities at the school. The matter was referred to the Council for Conciliation, Mediation and Arbitration (CCMA) and the parties reached a settlement agreement.

Corruption Watch contacted the GDE in September 2015 and the Department confirmed that they have launched an investigation at the school based on the findings of the initial report. "The department has commissioned an investigation which is currently being conducted by Ligwa Advisory at the school. The department remains committed to clean governance, transparency and oversight and will not hesitate to act where we find wrong doing," said GDE spokesperson Phumla Sekhonyane.

DESPAIR STALKS THE DILAPIDATED BUILDINGS AT KWAMPUNZI

Concerned community members from the village of Kwampunzi, a small town near the Swaziland border, approached Corruption Watch in April 2015. They spoke about the principal of Kwampunzi Combined School being involved in the misuse of school funds. Simphiwe Phakathi was appointed as the acting principal in January 2015 after the former principal, Mazwi Ngwenya, resigned at the end of 2014 following similar allegations of corruption and maladministration being made against him.

Representatives of this community noted that the abuse of school funds had been on-going for the past 17 years by various principals. Despite approaches to several circuit managers in the KwaZulu-Natal Department of Education over the years, no action had been taken to investigate or sanction these principals.

SGB members have complained about Phakathi's exclusion of the SGB when it comes to the management of the school's funds. Corruption Watch has seen documents that indicate Phakathi signed cheques to himself to the value of R62 150.00, as well as cash cheques amounting to R16 500.00 to the former principal of the school, Ngwenya, without the approval of the SGB. In January 2015, Phakathi signed cheques to the value of R118 700.00 for textbooks, stationery, garden maintenance and cleaning material. However, while conducting a site visit to the school, the teachers and SGB members told Corruption Watch that none of these services were delivered or provided to the school. The teachers also noted that textbooks had not been delivered to the school for the past four years and learners had to use promotional copies of textbooks. Of these, it was alleged that there was only one copy for every 30 pupils.

The appalling condition of the school was also apparent during the site visit. Rubbish is disposed of within the school's grounds and the toilets are dilapidated and non-functional – mostly because they are blocked by litter and other objects. The classrooms are run-down, some only consisting of four or five desks. There is barely any learning or teaching material in sight.

Corruption Watch contacted Phakathi for comment, and he firmly denied the allegations levelled against him. He agreed to provide information to discount the claims that had been made. However, at the time of publishing we had not received any of the information from Phakathi to clear his name. Corruption Watch approached the spokesperson of the KZN Department of Education who indicated that the Department is committed to addressing corruption at the school and that urgent steps will be taken to investigate this matter.



A SLAP ON THE WRIST AND THEN BACK TO WORK

An independent investigation launched in 2013 by the GDE into Brakpan High School, on Gauteng's East Rand, found financial maladministration and corruption on behalf of the principal, Lucky Nkopane, and other members of the school's management. However, after appealing all sanctions against him, it seems that Nkopane received a mere slap on the wrist and will be returning to the school shortly.

Corruption Watch has had sight of the audit report, undertaken by Vernitos Consulting cc, and can reveal that:

- The principal committed fraud by providing false information in respect of school funds that he used for his personal gain.
- The principal paid himself and other employees additional salaries without the required authorisation from the SGB or the GDE.
- A conflict of interest was present during the appointment of a building contractor. Payments were made to the fiancé of the finance administrator, Ms Kamfer, in respect of building at the school. Only the fiancé provided quotes for the construction work.
- The SGB did not perform its duties as set out by the South African Schools Act and other related prescripts.

The auditing company recommended that the GDE take disciplinary action against the principal and finance administrator, as well as lay criminal charges against the principal. However, the GDE confirmed to Corruption Watch in September 2015 that Nkopane was placed under a three month suspension and will be returning to his post in October 2015.





CHAPTER THREE: WHISTLE WHILE YOU WORK

Take courage, speak out


One of the greatest challenges in the fight against corruption is that in most cases, those who come forth to expose wrongdoing are victimised for their actions. *Impimpi*, a term used for informants during the apartheid regime, is often associated with individuals who speak out against corruption and a climate of fear is created. Many are afraid to come forth with information because they anticipate intimidation. And the minimal legal protection offered by whistle blowing laws is not reassuring. Thus, if we want to change the corruption landscape in our country, we must ensure that those who expose it are protected.

At Corruption Watch, our work would not be possible without the reports that we receive from the public. The profiles of whistle blowers detailed in this report highlight the hardships that they have experienced in exposing corruption in South Africa's schools. In most cases, they

tell stories of being sidelined from decision-making processes or being isolated from their peers in the work environment. Some have lost their jobs and others have been publicly defamed. Families of these reporters have been attacked and it has taken an emotional toll on some. But they have persisted in exposing corruption, despite these challenges. For this reason, we truly commend and celebrate these brave men and women who have made personal and professional sacrifices to ensure that children can attend transparent and accountable schools.

We praise these brave individuals for choosing courage over silence and for not accommodating corruption in our society. We hope that this report will encourage more people to follow in their footsteps and for the public to realise that silence in the face of corruption is indeed consent.

Ronald Lucky Menoe
Corruption Watch
Head of Stakeholder and Campaigns



"If I was not reporting what I was seeing, it was not going to stop. That would end up having a bad impact on the future of our kids."

"I had no hesitation in pushing the department to bring him [the principal] to book. After all, it was the parents' and tax payers' money that was being abused."

"Civil society's contribution to the fight against corruption is important and thanks to Corruption Watch's reporting platform, people now have a place to expose wrongdoing."

"It is my personal fight, corruption is my fight!"

"Despite my challenges, I encourage others to blow the whistle on fraud and corruption – it's the right thing to do."

"If we do not stop corruption at our learning institutions, it will thrive through the culture of our society."

"I made the right choice. I am proud to say that I blew the whistle on this case and exposed the situation for what it really is."

Winning the fight for integrity

There was talk in 2012 that a shady principal in KwaZulu-Natal was stealing school funds and resources, and assaulting pupils. This prompted Neville*, a concerned parent whose child attended the school, to stand for election to the SGB. He believed he could help improve governance at the school, and wanted to find out if the allegations against the principal had any substance.

Armed with a background in governance and fighting corruption and fraud, Neville became chair of the SGB. He was eventually able to expose the principal for wrongdoing, leading to the KwaZulu-Natal Department of Education dismissing the principal from his post.

"It was always my motto to ensure that the *audi alterim partem* [Latin for "listen to the other side"] rule is applied. I wanted to hear the principal's side of the story," he says. "Not long after I began my term in office I started to notice that the principal simply did not care about following procurement processes and I was becoming uncomfortable working with someone of this nature."

'A law unto himself'

Neville began his own investigation into some of the past and new allegations

against the principal and noticed a pattern of behaviour. "I contacted past governing body members and obtained records about their challenges with the principal, which they reported to the department as early as 2008.

"I then decided to contact the education department on a daily basis, asking them to investigate all the past and current allegations. Getting a response from them was a frustrating process. In the meantime, the principal continued with his shady behaviour and began seeing me as a threat."

Neville says that on many occasions the principal would sideline him and try to exclude relevant SGB members when tackling governance matters. This began to create tension between the members of the governing body.

"The principal seemed to be a law unto himself," says Neville. "Despite all the past allegations against him about financial irregularities, he continued without fear of the department, the teachers, staff at the school, and the parents."

He often boasted that he had "friends in high places", Neville recalls, and threatened legal action against anyone who tried to take him on. "When I was elected on to the SGB and was able

to confirm some of the allegations against him, I had no hesitation in pushing the department to bring him to book. After all, it was the parents' and tax payers' money that was being abused."

More than once, Neville says, the principal tried to stop him from entering the school premises to check if work contracted to service providers had actually been done.

One of the main challenges he had after exposing the principal, Neville says, was the victimisation of his family. He also had to sacrifice a lot of personal time to follow up with the education department's own investigation to ensure swift action. Neville's determination paid off when the principal was removed from his post, based on findings of a disciplinary hearing in July 2015. Neville believes that keeping silent about important matters can have devastating consequences. "Despite my challenges, I encourage others to blow the whistle on fraud and corruption – it's the right thing to do."

*Not his real name



'Corruption is my personal fight'

Thanks to the persistence and perseverance of a bold corruption fighter, fraud and maladministration at Glenvista High School, in the south of Johannesburg, has been exposed.

When Rajesh* was elected on to the SGB in 2013, he discovered that some of the body's members and the principal of the school were involved in a web of financial irregularities and misconduct. He found that proper

financial processes as set out in the South African Schools Act were not being followed, and that the school's financial records were only accessible to a few members of the governing body.

"I was never involved in any of the financial decisions taken by the school," he explains. "I had to submit access to information applications to the SGB to obtain financial information."

Despite his justifiable requests for transparency, the SGB tabled a motion of no confidence against Rajesh after months of his access to information requests. Their reasons were that he was "creating an unfriendly and chaotic environment." They had him removed from the SGB, prompting the reporter to approach the GDE. It reinstated him on the SGB because no formal internal processes had taken place to have Rajesh removed.



Damning report

Around the same time as our reporter discovered the rot in 2013, an audit into the school's finances was done at the department's request. The audit report found, among others, that the school had multiple bank accounts, the financial intermediary was in a conflict of interest, and an investment fund was opened without the approval of the GDE. The audit report recommended to the department that the SGB and the chairperson be removed.

But this did not happen, the recommendations were ignored and no action was taken against any of the implicated individuals. Becoming increasingly frustrated, the reporter raised the matter with the GDE head of department (HOD), who refused to get involved, calling it a "personal fight." "It is my personal fight," says Rajesh, "corruption is my fight."

He then approached various anti-corruption bodies, including the Public Service Commission the Presidential Hotline, the Public Protector and organisations like Corruption Watch.

A breakthrough came in 2014, when the GDE contacted Rajesh about setting up terms of reference to do a second audit of the school's finances. "We are accountable to the public and

I am accountable to the constituency that elected me. If I did not expose this matter, what example would I be setting for my children? My motto has always been 'Do the right thing.' And I don't just preach it, I practise it as well," he says.

But as soon as the second audit began, the SGB wrote to the HOD and Rajesh was again removed from the governing body on various unsubstantiated charges. In August 2015, the GDE released the executive summary of the audit report conducted by KPMG, revealing similar findings to the 2013 report. These included:

- Some SGB members were providing services to the school, thus creating a conflict of interest.
- Proper procurement processes were not being followed.
- Payments were made on behalf of the former principal for levies on his private holiday home, installation of a private carport and hunting fees.
- Timeshares donated to the school were not used for fundraising as intended, instead they were used for the personal benefit of the school's staff.

- There were trends of under budgeting income and over budgeting expenditure which pushed school fees up for pupils.

Had the department implemented the recommendations of the 2013 report, it would have saved a lot of time and money, and spared Rajesh much anguish.

"The greatest impact of all is that my children have been victimised at the school," he adds. "The impact of being threatened and going to meetings knowing that you did not have the support [of] your colleagues did take a toll on me. I was always shut down in meetings. However, what gave me hope to continue was that I was 100% sure that I had proof of all the corrupt activities. It was not just allegations, I had actual facts and that is what kept me going."

"The reason I was so passionate about exposing corruption at the school was because it had a direct impact on the lives of the future leaders of our country. If we do not stop corruption at our learning institutions it will thrive through the culture of society," Rajesh explains.

*Not his real name

Passion for justice

Whistle blowers go beyond the call of duty, they take action against wrongdoing and sometimes even risk retaliation from their colleagues. These individuals are the heroes of our society.

But Albert and Desmond, former SGB members at Parkdale Primary School in Eldorado Park, don't see themselves as heroes. Instead, they believe they were simply doing their jobs as conscientious SGB members and acting in the best interests of the school.

Both uncovered extensive financial mismanagement at the school. At one point, bank statements showed there was no money at all in the school's account, despite the principal denying this. The GDE was alerted, and investigated. It found that there was irregular expenditure, but no action was taken against the principal and the problems continued.

The whistle blowers struggled to access the audit report and were sent from one education official to another looking for answers, while the principal remained in his post.

The principal was finally suspended in 2015 – three years after the financial audit had concluded there was gross mismanagement on the principal's behalf. "Although the district education office takes swift action in some cases, when it comes to principals there is little or no action," one of the whistle blowers says.

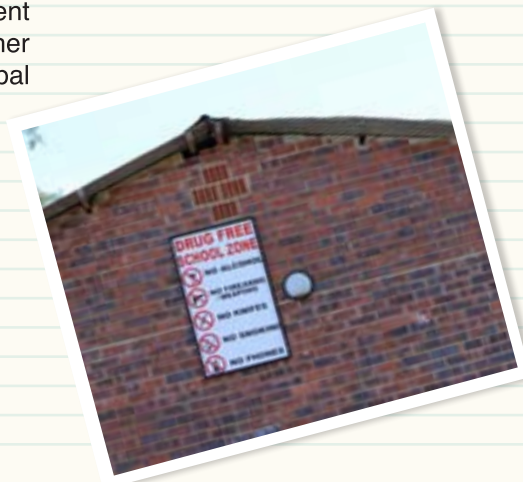
Principal fights back

As we have seen before, the principal fought back, insulting and intimidating those who stood up to him. He made counter-accusations of embezzlement against the SGB, and started a smear campaign against the whistle blowers. Their battle against the principal exhausted them, but Albert and Desmond supported one another in SGB meetings, and stood firm.

It was important to blow the whistle and stand up to the principal's arrogance and impunity. The school

infrastructure was neglected, and there was little or no management of resources or staff. "He gave resources only to those [teachers] that he liked and therefore demoralised other teachers who needed resources," alleges another whistle blower close to the case.

Albert and Desmond encourage other South Africans to report corruption, because when public funds are abused, innocent people are deprived of the resources they deserve. The pair also urges other SGBs and parents to know their rights and responsibilities. Armed with this vital information, individuals do have the power to make a difference. "SGBs and parents need to be vigilant and need to be able to educate themselves about the Schools Act and about their responsibilities, especially financial arrangements at school," they stress.



Fighting for what's right

Andrew* has always believed that schools should be governed properly and sensibly to set a solid foundation for children. Being a teacher at a private school in Gauteng, this is an issue very close to his heart. It's no wonder then that he became outraged and was compelled to blow the whistle when his principal began abusing his power.

Through the principal's actions, pupils were learning that it was acceptable

to "cheat and lie to get ahead in life", Andrew says. He knew this attitude was a threat to their lives and futures. "Someone had to stop the principal from abusing his power," he adds.

Although Andrew took this on, it hasn't been easy: the principal is a determined opponent. "Anyone who speaks against him is sidelined. Some teachers and other staff members have lost their jobs or have become so frustrated that they are forced to resign."

He knows he did the right thing by speaking out, and encourages others to do the same. "Expect difficulties and discouragement, especially when it comes to families. But you must report corruption anyway," he says.

"Civil society's contribution to the fight against corruption is important and thanks to Corruption Watch's reporting platform, people now have a place to go to expose wrong doing."

*Not his real name



Speaking for the voiceless

Whistle blowers David and Nomawethu knew something wasn't right at the SGB meetings at Senaoane High School when principal Lebo Mashuga began undermining colleagues regarding the management of the school and became secretive about its finances.

David, a maths and science teacher, and Nomawethu, a mother of a Grade 11 pupil at the Soweto school, were both deeply committed to Senaoane High and wanted to see it thrive. Becoming members of the SGB was an obvious choice for them.

"I first noticed that the principal was

sidelining the school's management, especially around the school's finances," says David. "Together with two other staff members, he was unwilling to account for the use of funds although we asked him to do so repeatedly. That was a red flag for us."

Senaoane High has been in the news since 2014, when reports first emerged regarding the school's principal, who has been under investigation for financial mismanagement of two schools.

Nobody was willing to take on the principal and his cohorts, says Nomawethu, but for the sake of

the pupils she felt she had to do something. "If I did not report what I was seeing, it was not going to stop. That would end up having a bad impact on the future of our kids, the learners at Senaoane High School."

David, too, felt compelled to expose the perpetrators. "My determination to uncover the corruption was also fuelled by the fact that I knew that some of the people whom I suspected were enabling and committing the wrong doing, actually had a long standing history of corruption and maladministration. I wanted to end this culture of impunity that I had witnessed for such a long time."



Values that go beyond a classroom

Little did David and Nomawethu know that when they reported the case to us, difficult times were ahead. The principal sidelined David and spread false rumours about him, eventually forcing him to resign. “My wife and children were heavily affected by everything that was going on and that also caused me a great deal of distress as they were innocent in the whole thing.”

Nomawethu, meanwhile, began receiving abusive anonymous calls and text messages. “My family life was in danger because I reported this corruption,” she recalls. Although

being a whistle blower is a good thing, she adds, it’s not easy to do. “[whistle blowers] must be strong and have a heart of stone because there will be a lot of questions from people involved and others concerned about the case.”

Given the chance to do it all again, neither David nor Nomawethu would do things any differently. Both strongly encourage others to report corruption when they encounter it, especially in cases in which people enrich themselves at the expense of the vulnerable, particularly children. They both feel that corruption in education is a serious matter, and that the problem must be tackled head-on.

“I want to be the voice of the voiceless,” says Nomawethu. “I want the education department, parents and the members of the community to be aware of the situation and take action to combat corruption in our public schools.”

David is proud of the career he has forged for himself as a teacher, and it’s this sense of pride, of a job well done, that spurs him to address wrongdoing. “There are students of mine who are now doctors and engineers and I am very proud of that. But my work does not stop in the classroom.”



Job and friends lost, but blowing the whistle was 'right'

Halfway House Primary School, in Midrand, Gauteng, was in deep financial trouble when they appointed Annette as a financial/credit controller and fundraiser for the school 12 years ago. In her new position, Annette began noticing that the school funds and resources were being misused by the principal, as well as by various members of the SGB and staff.

She exposed the fraud, and ultimately lost her job in the process. However, Annette firmly believes that she made the right decision and will stand by her actions.

Annette's fundraising efforts eased the school's financial constraints, but the principal began isolating her from financial processes. "I started noticing financial irregularities in 2009 and began doing routine checks on the school's bank statements, this is when

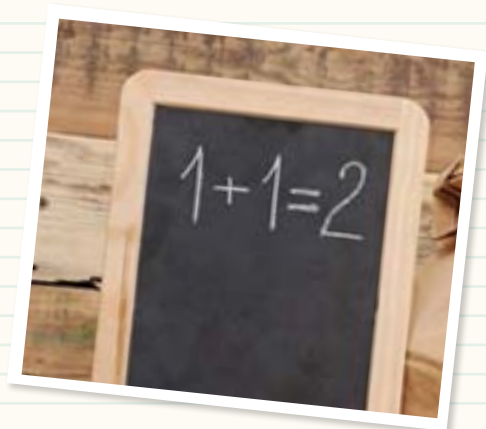
I realised that the funds were being mismanaged by the principal," she recalls.

Annette notes that the principal was difficult and would often instil fear in his staff. "The principal demanded submissive behaviour from his staff and disliked the fact that I always stood up for what was right. When he knew that I had uncovered his wrongdoings, he made my life hell. I was isolated from everyone and he became verbally abusive towards me." The principal retired at the end of 2013.

Although he left, the chairperson of the SGB – who is also believed to be involved in financial misconduct – continued to persecute Annette. "They set unreasonable and unattainable fundraising targets for me to reach with the intention that I would fail

and would not meet the required target for the year." This resulted in a demotion and decreased salary. They eventually retrenched Annette in December 2014. She approached the CCMA and won her case against the school, which settled the matter out of court. When Annette won her case, the chairperson of the SGB resigned. "Although I won my case, I am still angry and frustrated that justice was not served and the perpetrators have gotten away," she says.

"It is wrong to take that which does not belong to you. It is in my spirit to stand up for what is right. I have lost my friends at the school, I was isolated, and I subsequently lost my job," she says, visibly emotional. "But I made the right choice. I am proud to say that I blew the whistle on this case and exposed the situation for what it really is."



SGB takes matters into their own hands

Robinson, a traditional healer and community leader from KwaDukuza, in KwaZulu-Natal, played a vital role in ensuring that the principal of Mbozamo High School was brought to book for his corrupt and dishonest ways.

As a member of the SGB, Robinson and his team diligently analysed the school's financials and realised that the funds were being misused by the principal. "I come from a poor village, but the people still raise the money to pay for school fees. It is not fair that

that money was taken by the principal to benefit him and his friends," says Robinson.

The SGB confronted the principal about his corrupt behaviour and on one occasion, they locked him out of the school until he repaid the money that he had misused. "The principal has been corrupt for a long time, but in the past, no-one was strong enough to pursue the matter and report it to the relevant authorities," Robinson notes.

Robinson received some intimidating messages from friends of the principal but strongly maintains that he is not fearful of anyone because he has done nothing wrong. He says: "People need to be free to talk about corruption that they suspect is happening in their environment, without being fearful. We need to learn to stand up for what is right!"



CHAPTER FOUR: KNOW YOUR RESPONSIBILITIES

The long-term harm of corruption in schools

The right to basic education enjoys special protection in our Constitution. Unlike other socio-economic rights – such as the rights to health, water and social security – the right to education is not qualified with reference to “progressive realisation within available resources”. It is recognised that education is fundamental to moral and intellectual growth, economic development, equality, freedom and dignity. In the context of our political history, of segregated education systems and the shameful underfunding of schooling for the majority, the fulfillment of this right acquires greater urgency.

The South African Schools Act reflects the constitutional signal that it is no longer business as usual when it comes to basic education. One important way in which it does so is through the model of school governance that is established in the Act. It sets up the SGB as the statutory facility that is responsible for the functioning, policy framework and governance of a school in the interests of learners as well as the communities in which the school is located. SGBs are a partnership between parents, communities and the state, including school principals who are ex officio members of the SGBs of their schools. All of these partners share responsibility for protecting learners’ rights and interests. In the *Hoerskool Ermelo* case, the Constitutional

Court described the duties of SGBs in these terms: “... a school cannot be seen as a static and insular entity. Good leaders recognise that institutions must adapt and develop. Their fiduciary duty, then, is to the institution as a dynamic part of an evolving society. The governing body of a public school must in addition recognise that it is entrusted with a public resource which must be managed not only in the interests of those who happen to be learners and parents at the time but also in the interests of the broader community in which the school is located and in the light of the values of our Constitution.” [para 80]

The failure to exercise fiduciary care over school resources directly undermines the right to a quality basic education. Pilfering resources is not only fraudulent and corrupt, it means that basic school necessities are not available – whether these are paper, chalk or safe and clean toilets. In other words, there is an inextricable link between misuse of school funds and the constitutional rights to a basic education, dignity and equality. This report makes that link plain.

Adila Hassim
Corruption Watch Board Member
Head of Litigation, Section 27



Good governance at schools – our children, your schools, our future

Corruption Watch receives many reports of graft at schools, and although we are only able to investigate a fraction of these reports, we are able to use almost all of them to compile data and statistics, giving us insight into the root causes of corruption at schools. Our investigations, which are highlighted in Chapter Two, together with data collected from reports received over three-and-a-half years, have revealed that there are key role players behind corruption and maladministration in schools:

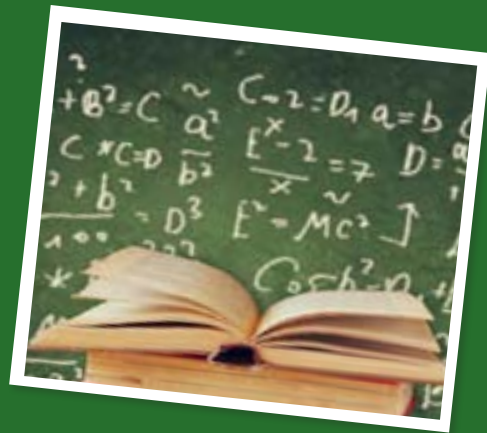
- School governing bodies
- Auditors
- Principals.

In an effort to create real avenues for change, we have created resources that may help ordinary people facing corruption in their schools understand the legislation and policy in place, as well as the challenges particular to this space. We hope we are also able to offer practical solutions that can be used to curb corruption and maladministration in schools.

The South African Schools Act, 84 of 1996 (the Schools Act) sets out the responsibilities of learners, parents and educators for the organisation, governance and funding of schools. They must work in partnership with the state.

This means that collective responsibility for the good governance of schools is in the hands of learners, parents, teachers and the school principal, while the national and provincial departments are partners in this endeavour. Each party – including the parents through the school governing body – is responsible for the good governance of their schools.

Addressing corruption in schools is not only up to provincial and national departments, all stakeholders need to be involved. Notably, any long-term solution lies in the recognition and acceptance of this responsibility. In the interests of building a better society free of graft, in this section, we explain the roles of these parties, and offer practical ways to help them discharge their duties.



School governing bodies

The SGB is responsible for the governance of a school. It necessarily stands in a position of trust towards the school and performs all functions and obligations in terms of the School's Act, the SGB constitution and code of conduct. Alongside the Act, SGBs are also governed by provincial regulations such as the Governing Body Regulations for Public Schools (Gauteng Department of Education). Despite these laws and the position of trust they occupy, our reports have revealed that in many cases, SGB members – particularly the chairpersons of the bodies – are in collusive relationships with corrupt principals and school auditors. Among other corrupt activities, it has been found that they receive kickbacks for awarding contracts, abuse their power and school resources, and manipulate financial records. Other SGB members and parents have the right and indeed the duty to hold corrupt members accountable for breaking the code of conduct and provincial regulations.

Any violations should be reported to the education department's head of department, who – in terms of Section 18A of the Act – can suspend or terminate the membership of the corrupt person. If the entire SGB is corrupt or it is dysfunctional, the head of department can withdraw the functions of the governing body altogether.

But not all cases are considered to be corrupt. In our reports, we have found SGBs that unintentionally mismanage school funds by failing to plan school budgets, to procure services promptly and cost-effectively, or to keep records of funds received and spent by the school. Often, this is due to a lack of training in or a misunderstanding of their roles and obligations.

Section 37 of the Act explains how an SGB must manage public school funds and assets. They:

- Must establish a school fund and all money, including school fees and voluntary contributions, must be paid into the fund.

- May not collect any money or contributions from parents to circumvent or manipulate the payment of compulsory school fees.
- Must prepare an annual budget to be presented to and approved by a general parents meeting.
- May not pay or give any unauthorised remuneration, financial benefit or benefit in kind to a state employee unless approved by the education department.
- Must keep records of funds received and spent by the public school as well as its assets, liabilities and financial transactions.
- Must draw up annual financial statements.

In our experience, a lack of training in or knowledge about their roles is the main challenge to SGBs.

It is unclear why this lack exists, since Section 19 of the Schools Act makes special provision for training members and building the capacity of governing bodies. The head of a provincial department may appropriate funds to pay a recognised governing body association or other training authority to undertake introductory training of newly elected SGB members, as well as to provide on-going training and assistance to SGBs and their members so that they can carry out their functions.

Corruption Watch contacted some authorised training authorities and governing body associations so we could understand some of the challenges they face and the solutions they offer.

“As a parent, you should be in a position to determine if funding from the department is being spent properly and that a culture of transparency is followed by the school’s authorities at all times.”

“Wise use of school funds – including efficient spending on learning material and infrastructure – means that your child’s right to quality education is protected by the school.”



Criminality, ignorance and incompetence

Dr Timothy Makofane, the director of school governance development at Matthew Goniwe School of Leadership, said the proper interpretation of legislative policy was one of the main challenges facing SGBs. Even though the Schools Act outlined the roles of the principals and SGB members, he said, it was not clear who the accounting officer of the school was. This created ambiguity and left the Act open to different interpretations depending on the users' level of understanding.

He also highlighted the qualifications of school principals as a contributing factor. Principals were employed with qualifications ranging from diplomas to degrees, and although having a degree was not necessarily relevant to the role of being a school principal, Makofane said, such qualifications did have an impact on the proper understanding of issues as complex as financial management.

His institution focused on SGB training in Gauteng schools, as mandated by the Department of Education. It used former principals with good track records as facilitators and allocated them based on the needs of particular schools, taking into account language and socio-economic factors.

Three issues had a bearing on financial mismanagement at schools, Makofane said: criminality, ignorance and sheer incompetence. Criminality was, however, the greatest contributor. "This is a societal problem. If we live in a society where the law means nothing, you are bound to come across such challenges." He is nevertheless positive about the ability of the GDE to make a difference, and has great faith in Education MEC Panyaza Lesufi and Gauteng Premier David Makhura. They had worked as a team and took a zero tolerance approach to crime in Gauteng and in schools generally.

Citing the Glenvista High School matter, he said that the MEC's tough stance had resulted in people having the courage to report corruption in schools across the country. The group is available to train SGBs nationally. School representatives can contact Timothy Makofane, Linki Tseane, Oupa Kekana or Joyce Mokgohlwe on 011 830 2200. More information is available on the Matthew Goniwe School of Leadership website.



Too little knowledge is dangerous

Tim Gordon, the chief executive of Governing Body Foundation, acknowledged that SGBs faced a number of challenges, including the fact that some SGBs had been suspected or accused of corrupt practices. In many instances, however, indiscretions uncovered had been as a result of limited capacity and understanding of best practice and the law, rather than deliberate dishonesty. An additional problem, in his experience, Gordon said, was that SGBs too often saw their role as the micro-management of schools, and did not fully understand the concept of governance or the role of governing bodies. This created enormous difficulties for principals, who were the recognised professional managers of schools.

At the same time, it was undoubtedly true that some principals carefully managed and sometimes even manipulated the actions of their governing bodies, he said.

SGBs and principals had a duty and obligation to work together in partnership, but were too often consumed by power and leadership struggles. This compromised the proper governance of schools. Part of the solution lay in educating SGBs and principals so that they had a proper and holistic understanding of their roles and obligations and, importantly, also the limits of their roles and obligations, Gordon said.

The Governing Body Foundation is a membership-based association that does training and provides support to its members. The foundation exercised discretion in regard to charging annual membership fees, Gordon said, so if a particular SGB approached it for help but had limited funding, it would waive a portion of that school's annual membership fee. The extent of the waiver is assessed on a case by case basis. More information is available on the Governing Body Foundation website.



There is no one-size-fits-all solution

In speaking to Corruption Watch, Mr Matakanya, the secretary general of National Association of School Governing Bodies, identified three challenges facing SGBs:

- Capacity of SGB members, including principals.
- Limited scope for parent participation.
- Lack of continuity brought about by the short terms of office.

Regarding capacity, he said most SGB members were not aware of their roles and obligations. Although most SGBs were trained by Matthew Goniwe School of Leadership, principals – who were ex officio members of the SGB – often refused to avail themselves for training. This even though training was mandatory. Principals needed to be trained specifically on how to deal with SGBs, and should have their own special training for their role within the SGBs.

Referring to the quality of training, Matakanya suggested that the Department of Education monitor the training of SGBs and ensure that each SGB received the training that suited their needs and levels of understanding. At present, the training was more a one-size-fits-all solution that was not beneficial to all SGBs.

In speaking about parent participation, he indicated that parents often had limited opportunities to discuss their issues. Most of these which could be easily addressed were left unattended, resulting in frustration and anger.

Matakanya said the lack of continuity in SGBs was a serious issue. If the term of office for SGB members was increased to four years, he said, there would be continuity

and the members would be able to implement what they were trained to do. In addition, a member's term of office usually started in March but training was only done later in the year. Once a person was familiar with their roles and obligations and it was time for them to implement their work, their term of office ended and the cycle continued.

For a parent to be a member of the SGB, their child must be enrolled at the school, but Matakanya said parents should be allowed to complete their terms of office and serve as SGB members even after their child had left the school.

National Association of School Governing Bodies is a membership-based organisation and charges annual membership fees, however, schools that cannot afford the fees can still be members and are allowed access to the resources and benefits that come with the membership. They are encouraged to raise funds towards payment of the fees.

The association is running a campaign aimed at increasing parents' participation in schools and in matters concerning the SGBs. It has three levels: Parenting, Parental Involvement and Parental Involvement Committees. For more information, visit the National Association of School Governing Bodies website.

Corruption Watch has identified issues that are relevant to proper financial management by SGBs. We have seen that financial management is particularly complex and even SGBs which have had proper training and information struggle. In this regard, Section 23 of the Schools Act allows the SGB to appoint people who are not necessarily parents or members of the SGB but have some expertise in a particular field. Temporary voting rights

are also allocated in exceptional circumstances. This is particularly useful for SGBs that are not well conversant or knowledgeable in the required areas. But in all cases, the SGB remains accountable for the school funds, even if some of the roles are delegated to non-members of the SGB. In helping the fight against corruption, we encourage properly trained and qualified accountants and other experts to join and support SGBs at their local schools, even if they do not have children in the school.

Transparency in respect of budgets, financial records and audits is also extremely important and these financial records should be accessible to all stakeholders. In this regard, Section 59 of the Act requires every school to make available to everyone the information that they need to exercise and protect their rights. We implore those who are interested in accessing a school's financial information to enforce this section of the Act and to challenge any resistance to showing the information. Secrecy is the mainstay of corruption and maladministration and should be challenged whenever possible.

An additional resource for SGBs in Gauteng is the 2014 Financial Regulations Framework and Standard Chart of Accounts for Public Schools, which includes budgeting guidelines, guidelines on the management and administration of school funds and assets, and a standard chart of accounts.



Auditors

As we have discussed, one of the functions of the SGB of a public school is to establish and administer the school's finances. Section 39 of the Schools Act instructs SGBs to set up and administer a school fund, for payments to and by the school to be made. In terms of Section 43, the SGB must appoint a person registered as an auditor in terms of the Auditing Profession Act.

If it is not reasonably practical for a school to appoint such a person, according to the Schools Act, the SGB must appoint somebody approved by the MEC for this purpose, or somebody who is qualified to perform the duties of an accounting officer in terms of the Close Corporations Act. This difference is that this person reviews the reliability of the financial statements, but does not formulate an opinion like an auditor. The MEC can also ask the Auditor-General to audit the financial records of a public school.

A GDE official told Corruption Watch that if a school found it was unable to appoint someone registered as an auditor, the department would find out why this was the case, and provide support.

Appointing an auditor is not optional or just a tick-the-box exercise, it is a legal requirement for every school, even though many schools experience problems in doing so.

The role of the auditor is primarily to provide an unbiased, objective assessment of and opinion on whether the school's finances and resources are managed responsibly and effectively. To do this, the auditor evaluates the school's financial compliance, effectiveness and efficiency, and examines the reliability of the financial information that is presented and reported by the school.

This is meant to help the school achieve accountability and integrity in respect of its financial management as well as instil confidence among the school's stakeholders. An audit can also detect and deter corruption. No person who has a financial interest in the affairs of a school may be appointed as a school auditor. This includes teachers, the principal and members of the SGB. Despite this, our investigations have revealed many instances in which auditors have personal and financial interests in the schools they audit.



Section 43 of the Act also requires that a school's financial records be audited each year. These annual audited financial statements must be given to the provincial head of department.

If a school does not submit audited financial statements, the provincial department will issue a certificate of non-submission or non-compliance. In Gauteng, GDE spokesperson Phumla Sekhonyane told Corruption Watch, "reminder letters are issued to schools by 31 March each year to remind them to submit [audited financial statements]".

If a public school did not comply, Sekhonyane said, "non-compliance letters are subsequently issued on the 15 July each year for representation. The school has to explain and account for non-compliance." Failure to submit audited financial statements, she added, may result in the head of department considering the withdrawal of the functions allocated to the SGB or conducting a forensic audit at the school. In some cases, the head of department would help the school with training and intervention.



Principals

Our reports have shown that principals play a leading role in corruption and maladministration in schools, with all the investigations in this report revealing the involvement of school principals.

Section 16A of the Schools Act sets out the functions and responsibilities of the principal of a public school. These include preparing an annual report, preparing an academic performance improvement plan, the professional management of the school and, as an ex officio member of the SGB, helping it perform its functions and responsibilities. Importantly, the principal must:

- Help the governing body with the management of the school's funds, including giving advice to the SGB on the financial implications of decisions relating to the school's financial matters.
- Take all reasonable steps to prevent any financial maladministration or mismanagement by any staff member or by the SGB.

- Be a member of a finance committee of the SGB in order to manage any matter that has financial implications for the school.
- Report any maladministration or mismanagement of financial matters to the SGB and to the head of department.

It is clear that the principal is responsible for the professional management of the school and must assist the SGB in the performance of its functions and responsibilities. Yet, in most schools, instead of helping the SGB, the principal takes control of it, directing the allocation of funds and resources in a manner which often serves his or her personal interests.

In most instances, SGB members and teachers are aware of the abuse of funds and power by a school principal but are often too scared to report corruption or maladministration. We have encountered numerous instances in which a principal, often together with the SGB chairperson or treasurer, creates and promotes a culture of fear and secrecy at schools.



Teaching the numbers game

To ensure good financial management in schools, education departments must see to it that every school has an effective financial system in place. It is imperative for a school to have a meticulous record-keeping system, to ensure that all financial transactions are properly recorded. Financial management training programmes must also be developed to suit various levels of capacity and need.

The GDE had established a Schools Financial Management and Governance directorate, explained Sekhonyane. It was responsible for financial management and governance monitoring at all public ordinary schools in the province. It also handled the analyses of audited financial statements to ensure they were in accordance with prescribed principles. This, she said, allowed for early detection and prevention of financial mismanagement in schools.

It is but one initiative, there are others. To address deficiencies in financial management and auditing, the South African Institute of Chartered Accountants (SAICA), together with the GDE, has recently embarked on a programme to capacitate SGBs. The SAICA Project aims

to ensure that public schools in Gauteng adhere to proper financial management and proper governance. It works to equip SGB members with the skills they need to strengthen their governance. SAICA members have been urged to volunteer their services and participate in the programme.

SAICA representative Gugulethu Makhanya told Corruption Watch that one of the biggest challenges was the non-cooperation of some schools. As a result, they had been removed from the programme. Non-existent school management structures and SGB member literacy were other challenges, she said. Although the provincial education departments trained SGBs, Makhanya said, there was little regard for the literacy levels of SGB members and the manner in which school principals used their power to intimidate and overrun SGB members.

Initially 15 schools formed part of the pilot programme, but 115 will have benefited by the end of 2015. The programme will be launched in Cape Town by October 2015 and other provincial departments have been urged to approach SAICA about extending the project to their provinces.



AS A Parent YOU SHOULD KNOW



How much money the school has been allocated by the Department of Education



Who will audit the financial statements for accuracy



How the school funds have been spent at the end of the financial year.





Punishment does not fit the crime

We have found, however, that disciplinary proceedings against a principal are complicated and drawn out proceedings that are often subject to appeal under the employer's disciplinary and labour legislation. Even when a principal is found guilty of corruption or maladministration, the sanction may not result in dismissal and may not fit the offence. This leads to frustration and anger on the part of those who reported it in the first place.

The criminality of a principal's offence may also attract criminal sanctions, but we have found that provincial departments are hesitant to lodge criminal proceedings against principals. In a number of cases, principals implicated in corruption and maladministration have merely been moved to other schools where they continue their corrupt practices. This continues a cycle of corrupt activity.

Another sanction, but one that is rarely enforced, is the removal of the principal from the register of the South African Council for Educators (SACE). Since the principal is first and foremost an educator, his role as the head of the school is therefore also governed by his code of professional ethics as an educator.

In terms of the South African Council for Educators Act, 31 of 2000 (the SACE Act), SACE is the professional body with which all teachers must be registered. They must also adhere to its Code of Professional Ethics. According to Section 21 of the SACE Act, no-one may be employed as an educator by any employer unless he or she is registered with the council.

In terms of Clause 3.12 of the Professional Code of Ethics, teachers may not abuse their positions for financial, political or personal gain. If someone alleges an educator has breached the code, the SACE Disciplinary Committee is obliged to investigate the report in terms of Section 14 of the SACE Act. If the educator is found guilty of a breach of the code, his or her name may be removed from the SACE register.

It is clear that if a principal is corrupt and is found guilty of breaching the code of ethics by abusing his position for financial or personal gain, he may be removed from the register of educators. This means he could no longer be employed as an educator.

Sanctions against corrupt principals exist under the SACE Act and Professional Code of Ethics, but in our experience, such action is rarely taken. In fact, most of our reporters are unimpressed by SACE, they speak about its ineffectiveness and failure to investigate allegations of corruption and maladministration against principals and other educators.

We raised these concerns with SACE official George Moroasui, who said reports of professional misconduct by educators in public schools were investigated by SACE. It carried out its own investigations and disciplinary hearings, independent of the provincial departments of education. If, after a hearing, the educator was found guilty of serious misconduct, SACE struck that educator from its roll.

But when it came to allegations of financial mismanagement, he said, SACE did not have forensic auditors or the budget for such investigations. Instead, these allegations were referred to the provincial department of education.

It is surprising that SACE faces such budget constraints, given that Section 19 of the SACE Act provides for funds to be obtained from compulsory fees, money appropriated by Parliament, money received from donations, contributions, interest or fines, and money received from any other source. These budgetary constraints and the inability of SACE to address them is having a severe effect on the proper investigation into and sanctioning of corrupt educators. A breach of Clause 3.12 of the Professional Code of Ethics is a serious breach and the inability of SACE to investigate is definitely hampering efforts to address corruption in schools, particularly in relation to principals.

SACE can be contacted on 012 679 9710 or by sending an email to info@sace.org.za.





The cracks in our education system have become increasingly obvious with strong evidence of corruption being present at all levels of the learning environment. Corruption in the schooling environment is by far the most sinister form of corruption compared to other sectors, as the victims of this crime are young people. Thus, eliminating corruption in the schooling sector is vital to ensuring that learning opportunities are not undermined.

To report incidents of corruption to Corruption Watch, call 0800 023 456 or visit www.corruptionwatch.org.za



Authors:

Janine Erasmus..... Website Editor
Kabelo Sedupane In-House Lawyer
Kavisha Pillay..... Journalist
Leanne Govindsamy..... Head of Legal and Investigations
Shungu Masawi..... Paralegal Officer
Zanele Mwale..... Investigation Officer



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David Lewis, Corruption Watch
Liezemarie Johannes, Corruption Watch
Melusi Ncala, Corruption Watch
Nicky Rehbock, Corruption Watch
Ronald Lucky Menoe, Corruption Watch
Maira Campbell, Corruption Watch
Patience Mkhosana, Corruption Watch
Lorraine Kearney

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