Governance in Public Schools

A GUIDE TO THE APPLICATION OF THE KING PRINCIPLES IN PUBLIC SCHOOLS®

2nd Edition
Acknowledgements
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The information contained in this guideline document is of a general nature and is not intended to address the circumstances of any particular individual or school. These guidelines are for discussion purposes only and in considering these issues, the culture, nature and size of each school should be taken into account. Although every endeavour is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No reliance should be placed on these guidelines, nor should any action be taken without first obtaining appropriate professional advice. Neither the IoDSA nor FEDSAS shall be liable for any loss or damage, whether direct, indirect, consequential, or otherwise, which may be suffered, arising from any cause in connection with anything done or not done pursuant to the information presented herein.

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What is governance and what are its benefits?

Governance is essentially about effective leadership. It can be used as a mechanism to create applicable processes, systems and controls as well as the appropriate behaviour to ensure sustainability and long term continuity in an organisation (such as a school). In addition, it helps to ensure that decisions are made in the best interests of the organisation and its stakeholders.

The benefits of the school governing body (SGB) adopting governance principles can include, among other things, the following:

- improved leadership, decision-making and strategic vision;
- improved mechanisms to monitor and manage risks; and
- confidence of internal and external stakeholders – such as learners, educators, non-educators, parents, the national and provincial departments of education and local communities in the school environment - thereby securing the commitment of vital partners and providing assurance to stakeholders that the organisation is being run in an appropriate and responsible manner, with due regard for their interests.

Improved governance has the potential to significantly boost the quality of the education offered at a particular public school, expand its growth, and enhance its financial stability.

In order for school governance to be effective:

- the school’s equivalent “shareholders” (i.e. the parents or fee-payers, donors and provincial department of education) must be convinced of the benefits of implementing a governance framework, as their commitment is essential in order to make governance work; and
- the governance framework should be implemented in a manner that is both proportionate and realistic. School governance is not an end in itself, but rather a means of adding value and providing continuity. Given the diversity amongst schools, governance should be applied in a pragmatic and flexible manner with regard to the individual circumstances of each school.

How do the King Principles apply to public schools?

The Education White Paper I emphasised the rights of parents in regard to their role in the education of their children: “Parents or guardians have the primary responsibility for the education of their children, and have the right to be consulted by the state authorities with respect to the form that education should take and to take part in its governance.” (FEDSAS emphasis added). This right has now been firmly established in the South-African Schools Act (hereafter referred to as SASA). According to Section 16(1) of SASA, the governance of a public school is vested in that school’s governing body. In 2018, draft legislation was made public by the Minister of Basic Education. If promulgated, in the original form, the firm constitutional principles upon which SASA is based, may be eroded.

SASA does not exactly stipulate what should be understood or included under “governance” and thus one has to look beyond SASA for guidance. Governance is a universal concept, known throughout the world, and most probably understood in a similar way across the globe. The King IV Report uses the term “corporate governance”, which is defined below, specifically to differentiate it from other forms of governance, for example national or political governance.

“Corporate” refers to organisations that are incorporated to form legal entities separate from their founders and therefore applies to all forms of incorporation whether as company, voluntary association, retirement fund, trust, legislated entity or others. Public schools - all of them - are statutory juristic persons (i.e. separate entities) by virtue of the provisions of section 15 of the South African Schools Act and are therefore included within the ambit of King IV.

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2 Act 84 of 1996.
“Corporate governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control, legitimacy.”

In South Africa, the King Report on Corporate Governance in South Africa\(^4\), as amended from time to time, is the recognised code of governance. It consists of principles (i.e. the underlying outcome to be achieved) and practice recommendations (i.e. recommended practices to achieve the principles). The governance principles contained in King IV apply to all organisations irrespective of their nature and size. However, the extent to which the recommended practices apply to a specific organisation will differ from one entity to another.

King IV compared to its predecessors now follows an “apply and explain” model. This means that since all 16 principles in King IV will apply to an organisation, an organisation will be required to apply the principle and explain how it has achieved the principle and related outcome through the practices and processes it has adopted. Whilst the practices undertaken by an organisation may be proportionately applied to the organisation’s unique circumstances, the principles themselves need to be achieved by all organisations. For example, the SGB could conclude that to follow a specific practice recommendation would not, in the particular circumstances, be in the best interests of the school. It may therefore decide to apply the practice recommendation differently or apply another practice and still achieve the principle and the governance outcome. Explaining how the organisation achieves the principles or outcomes, through the practices implemented effectively results in compliance. The expectation is that the SGB should strive to implement the intentions behind the specific practice recommendations contained in King IV.

In good governance practices, it is generally accepted that the governing structure determines policies and strategies for an organisation or a corporate entity, whereas the implementation of these policies and strategies is the function of the executives of that organisation. In the school setup, the SGB is responsible for determining policies, while the principal and other staff must implement them. Concepts specific to the business sector, such as “company”, “board of directors” or “directors”, “manager” and “shareholders”, can easily be replaced with school-related terms, such as “school”, “school governing body” or “the governing body governors” (the SGB members), “school principal”, and “parents, donors and state” respectively.

Sir Adrian Cadbury, Chairman of Cadbury and Cadbury Schweppes for 24 years, once described corporate governance as follows:

“In good governance practices, it is generally accepted that the governing structure determines policies and strategies for an organisation or a corporate entity, whereas the implementation of these policies and strategies is the function of the executives of that organisation. In the school setup, the SGB is responsible for determining policies, while the principal and other staff must implement them. Concepts specific to the business sector, such as ‘company’, ‘board of directors’ or ‘directors’, ‘manager’ and ‘shareholders’, can easily be replaced with school-related terms, such as ‘school’, ‘school governing body’ or ‘the governing body governors’ (the SGB members), ‘school principal’, and ‘parents, donors and state’ respectively.

Sir Adrian Cadbury, Chairman of Cadbury and Cadbury Schweppes for 24 years, once described corporate governance as follows:

“Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals ... the aim is to align as nearly as possible the interests of individuals, corporations and society.”

\(^4\) Currently the King IV Report on Corporate Governance for South Africa 2016, which can be accessed under the Governance tab of the IoDSA website via www.idsa.co.za.
This precisely is the function of an SGB, as prescribed in the relevant sections of SASA. It is the SGB’s duty to strike a balance between the interests of the different parties involved in education; and to ensure that the school provides quality education, while also running a financially stable school.¹

This guideline document was drafted in order to simplify the application of governance in public schools so that public schools can apply it, and, in so doing, achieve good governance.

Who are the key role-players in a governance structure?

Good public school governance requires a flourishing partnership, based on mutual interest and mutual confidence, between the many constituencies that make up and support the school. The appropriate balance of different constituency rights and interests in the composition and operations of each SGB is therefore vitally important.²

The partners involved in public school governance include school principals, learners, parents and educators. Education White Paper 1 stipulates that the state’s involvement in public school governance should be limited to the minimum required for legal accountability, and that such involvement should be based on participative management.³ These guidelines are therefore directed at the partners that form part of the SGB and are involved in the governance of the school.

The typical governance structure of a company consists of Shareholders, a Board of Directors and Management.

- **Shareholders** hold the shares/stake in the company and ultimately decide the Board’s requisite power/authority over the business. Typically shareholders will have rights (or final authority) over certain reserved matters in terms of legislation and any additional matters specified in a company’s Memorandum of Incorporation.

- **Board of Directors** governs, oversees and directs the company. The Board delegates an appropriate level of executive power to management, but remains ultimately responsible for the strategic direction of the business. As the shareholders appoint the Board, the Board is accountable to the Shareholders and for oversight of management.

- **Management** run the day to day operations of the business and report to the Board of Directors.

In the public school set-up, the “shareholders” include parents, fee-payers, donors, and the state while the SGB can be compared to the Board of Directors (with each individual SGB member being comparable to a director) and the principal to the CEO or management. It is very important to distinguish between these different governance roles during decision-making (i.e. wear the right hat at the right time).

In order for an SGB to execute its task with the necessary efficiency and to uphold a high ethical standard when conducting business, they can look at the governance principles that apply in the corporate environment.

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² White Paper 2: The Organisation, Governance and Funding of Schools p16.
³ See footnote 1 at p9.
⁴ IoDSA Governance in SMEs - A guide to the application of SME governance in small and medium enterprises. This illustration has been taken from the Governance in SMEs guide as it can also be applied to the relevant structures in public schools.
How to use this guide in applying governance best practice?

The implementation of governance in a public school will constantly adapt and evolve as the functionality of the SGB and the school improves. The SGB therefore needs to consider which governance measures are most appropriate for the current evolutionary stage in which the school may find itself.

The application of the desired outcomes and any recommendations found in this guide should be viewed in the context of each specific SGB or school’s nature, size and maturity. The idea is for each SGB to apply its collective mind to the governance principles or topics discussed and decide, using their collective judgement, as to whether the direct application or adaptation of a practice recommendation (not a principle) will be in the best interests of the school. Furthermore it is for the SGB to satisfy itself that it is achieving the desired King IV principle and governance outcomes. Sufficient time for discussion must be allowed so as to arrive at sufficient consensus on contentious matters.

Even if it is not legally required from SGBs to apply the practices discussed in this guideline, an SGB which aims to promote the best interests of the school and strives to ensure its development should still voluntarily elect to apply the principles and/or related practices as soon as practically possible, with a view to gearing itself for improvement.

Each section of this guide is broken up into the following areas:

- **Background**: The background section aims to provide the SGB with the reasons for and benefits of implementing the governance practices.

- **Application Guidance**: This section sets out the desired outcomes to be achieved by implementing sound governance practices (i.e. the end result). An SGB should aim to achieve these desired outcomes when considering the governance frameworks or practices it wishes to implement in the school. These desired outcomes can be achieved in a number of ways determined on the basis of what is best for the school. The section also provides the SGB with some general guidance on the process of putting governance in place in public schools.

- **Related King IV Principles**: This section references the relevant King IV corporate governance principles which underpin the particular section or topic being discussed and which this guide seeks to clarify for the context of public schools. SGBs can thus refer directly to those principles should they wish to read the full content and recommendations of King IV. The King IV Principle 17, which relates to responsible investing, is not of direct relevance to school governance and thus does not feature in this guidance document.
1. Ethical Leadership and Corporate Citizenship

Background

Good governance, as previously mentioned, is essentially about effective leadership based on a foundation of ethics. "Ethical leadership" involves both ethical governance and the governance of ethics. It means that the SGB is required to govern the organisation in an ethical and competent manner by displaying the ethical values of integrity, competence, responsibility, accountability, fairness and transparency. It also requires that management actively cultivates commitment to ethical conduct at every level in the school, and sets and lives the values to which the school adheres.9

These fundamental principles and the ethical values underpinning them apply to all organisations, including schools, irrespective of nature and size, and ultimate accountability thus rests with the board (i.e. the SGB in schools).

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9 IoDSA KING III Practice Note: A guide to the application of King III for non-profit organisations, p5, as adapted for this publication.
10 See note 8. This figure has been taken from the Governance in SMEs guide and has been adapted for the purposes of this guideline, with IoDSA permission.
11 [2009] ZACC 32; 2010 (2) SAFs 415 (CC); 2010 (3) BCLR 177 (CC).
Being a responsible corporate citizen implies that the SGB is not only responsible for the school’s educational and financial bottom line, but its impact on society and the environment in which it operates. Since all public schools have to some degree an effect on the society in which they operate, this concept is also relevant to SGBs. This has been confirmed by our Courts. In the matter of Head of Department, Mpumalanga Department of Education and Another versus Hoërskool Ermelo and Another\(^\text{11}\) the Constitutional Court remarked that:

“The governing body of a public school must … recognise that it is entrusted with a public resource which must be managed not only in the interest 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.”

It is important to understand that “stakeholders” are not only shareholders, or those who fund the school through subsidies or fees and donations, but also include any other group affected by or affecting the school’s operations, such as *inter alia* employees and the community in which the school is located. All schools (regardless of size, complexity and nature) have a range of stakeholders whose interests and expectations must be given appropriate consideration when making strategic decisions.

**Application Guidance**

The SGB should strive to achieve the following desired outcomes:

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<thead>
<tr>
<th>Desired Outcomes</th>
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<tbody>
<tr>
<td>• Deliberations, decisions and actions that are based on the ethical values underpinning good governance, which results in ethical leadership and improved reputation.</td>
</tr>
<tr>
<td>• Well-defined values set out in a code of conduct or mission statement, which cultivates a school environment with a good reputation.</td>
</tr>
<tr>
<td>• Short and long-term impact of decisions/strategy on all stakeholders, are considered in order to align strategy with the purpose and values of the school.</td>
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</table>
The SGB should strive to govern the school in an ethical manner by displaying the ethical values referred to above. It should also ensure that management actively cultivates a culture of ethical conduct and pursues the set of values to which the school adheres. The school may decide to move from a rule-driven school to a value-driven school, where school communities educate learners within a framework of universal values, and emphasis is placed on character building. The values are canvassed with shareholders and stakeholders, and become those of the school’s broader community. Value-driven-schools apply discipline in a different manner. From practice it is evident that disciplinary problems decrease and are dealt with more effectively. In addition, such schools contribute a further vital role in sending value-driven citizens into society, with attributes that contribute in a more meaningful way when exercising civic responsibility.

Preparing codes of conduct for the SGB and learners are very meaningful tasks as they identify what the school’s values are and what its learners, staff, management and governors should personify. These codes are required by law. Sections 8 and 18A of SASA already require SGBs to adopt a code of conduct for the learners and also one for the SGB. An SGB must furthermore, determine the mission statement of the school. This mission statement must reflect the values of the school. In addition, every entity should have a strategy that is ethically sound.

The SGB should consider transparency when determining the extent of disclosure to external stakeholders, bearing in mind that greater transparency is beneficial in establishing the legitimacy of the school as a responsible corporate citizen in society. At a minimum there must be full, audited financial disclosure annually, as well as meaningful reports about the academic, co-curricular and social contributions to the community. Admission policies as well as school fee and exemption provisions must also be made readily available.

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**Related King IV Principles**

- **Principle 1** The governing body should set the tone and lead ethically and effectively.
- **Principle 2** The governing body should govern the ethics of the organisation in such a way that supports the establishment of an ethical culture.
- **Principle 3** The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.
2. Strategy

Background

The most fundamental step for any organisation, including a public school, to be truly successful is the development of a viable strategic vision and plan, having first identified the school’s core competencies or driving force.

Strategic thinking relates to what the school wants to be and do or achieve. Strategic planning relates to how the school is going to achieve the strategic vision; which includes considering and preparing the required action plan, structures and processes required.

Proper strategic planning and the right attitude are jointly the key to becoming a successful school.

Application Guidance

Desired Outcomes

- Strategy that is aligned with the purpose and values of the school as well as the legitimate interests and expectations of stakeholders.
- Long-term strategies which take into account risk indicators, the external environment and changing educational conditions, thereby resulting in sustainable outcomes.

The strategy must be simple and understandable (i.e. it must be clear and precise). Strategic management is a process. It is not a once-off occurrence which results in substituting principles. Rather, it is aimed at practically implementing principles in an orderly fashion, and making them work. The process comprises two main components, namely planning and execution (which involves good governance and management).

The chief components of strategic planning are a mission, goals and objectives, linked with action plans, while the execution comprises implementation, control or monitoring and coordination, evaluation and subsequently reporting (i.e. accountability). Where an SGB does not have the in-house expertise to facilitate the development of such a plan, an external expert may need to be contracted to perform the service.12

Related King IV Principles

- Principle 4 The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
- Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.

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12 See the services offered by FEDSAS and the IoDSA that are listed at the end of this publication.
3. Structures

3.1 SGB Composition

Background

It is recommended that a governing structure should consist of a majority of non-executive members and should comprise individuals with the appropriate balance of knowledge, skills, experience, diversity and independence to contribute to SGB decisions. The appointment of non-executive governors ensures a balance of power, which is important in the interest of having a degree of autonomy and objectivity on an SGB. Such views are imperative for the effective functioning of the governing body of the school. SGBs are composed of members from different interest groups who can sometimes wrongly believe that they should act primarily in the best interest of their constituency. In these situations the need for objective views, that are unlikely to be as subjective as those of the paid professionals or learners, is essential. There is sometimes a risk that individuals making the decisions in the school may perhaps become too closely involved in the day to day operational activities to be able to be sufficiently objective. This is precisely the reason why the composition of the SGB is prescribed in such a manner that all stakeholders are involved but the parents (as non-executive, elected, volunteer members) must form the majority and be further augmented by the co-option of independent, knowledgeable individuals.

Application Guidance

**Desired Outcomes**

- Independence and balance of power or authority within the SGB, in order to bring objectivity to decisions and to ensure that the governing body acts in the best interests of the school.
- A formal co-option process so as to ensure the co-option of people with relevant knowledge, skills, experience, diversity, independence and capacity to assist the governing body in the performance of its functions. The quality of governing body members is directly correlated with the quality of decision-making, and ultimately the quality of performance.
- Establishment of a delegation of authority framework, so that there is role clarity and to avoid power struggles between the governing body members and management.
- Transparency in the election process so as to maintain confidence and support of stakeholders.

The SASA determines the composition of an SGB requiring parent members to be in the majority in ordinary public schools. A very important section in SASA, section 23(6) provides that an SGB may co-opt a member or members of the community to assist in discharging its functions. These members, although serving without voting rights (other than when the number of parent members fall below the number of other members), can assist the SGB in making well-informed decisions on matters where the individual SGB members have limited knowledge and the co-opted member has the appropriate skills, experience and knowledge. This provision must neither be underestimated nor overlooked as it creates the possibility of enriching the process of decision-making. The provision also offers the SGB an opportunity to include knowledgeable individuals who bring the necessary independence and objectivity. Professional expertise can in this way be brought in on a pro bono (free or donated service) basis. At a time of demographic change in a school, this is a particularly valuable provision.

Section 29 of SASA provides that every SGB must, from amongst its members, elect non-remunerated office-bearers. Such appointments should at least include a chairperson, a treasurer and a secretary.

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13 See Sections 23 and 24 of SASA.
When electing the volunteer chairperson of the SGB, the voting members should ensure that the individual has strong leadership skills, in order to provide the necessary direction required for an effective SGB. The role and functions of the chairperson should be formalised and approved by the whole SGB.

Ideally the treasurer is a person who: has financial expertise and understands how to review proposed budgets; has knowledge of what form the book-keeping of the school requires; can serve as the governor responsible for interacting with the school-appointed auditors; and knows what and how to report regularly and annually on the finances and future sustainability of the school.

The secretary is usually someone who knows about minute-writing, has served on committees before and is able to draft reports on meetings (if there is no staff member with the expertise). The secretary takes responsibility for drafting proposed agendas for meetings and submits both these and the minutes to the chairperson for approval, prior to their circulation. Organising ballots and acting as the key scrutineer of voting papers is usually also this office-bearer’s responsibility.

The role of the school principal within the SGB, by contrast, takes the form of the ‘manager’ and may be equated with the chief executive officer (CEO) of a company. The principal’s authority and expected areas of competence in respect of professional management derive from the Head of the Department of Education\textsuperscript{14}, while the SGB gives the principal the authority to manage all other aspects within the school. The concept of ‘management’ is explained as ‘the organisation and coordination of activities in accordance with certain policies and in pursuit of set objectives’\textsuperscript{15}. Similarly, the principal must ensure that the policies established by the SGB are applied on a daily basis and that the set objectives are achieved in the school setting.\textsuperscript{16} The principal is a voting member of the SGB.

Succession planning is also an important element that can affect an SGB’s continuity and unfortunately is often overlooked in planning processes. Because new SGBs are elected every three years, it can sometimes happen that the majority, if not all, of the newly elected SGB members are serving for the first time. The serving SGB ought to identify therefore, well in advance, candidates who are willing to stand for possible election or re-election to the new SGB. Setting the right governance structures in place as soon as possible, and ensuring quality educational processes jointly provide the trajectory for subsequent years, and improve both the school’s continuing survival and its functionality beyond the cycle in office of currently serving SGB members.

Succession planning should also cover contingency plans if key resources are lost i.e. what is the plan of action, process or procedure to follow and who can be co-opted or act temporarily in a vacant role until a replacement is found.

**Related King IV Principles**

- **Principle 7**

  The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

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\textsuperscript{14} In terms of section 16(3) of the SASA, the principal must undertake the professional management of a public school under the authority of the Head of Department. This professional management must furthermore occur subject to the Schools Act itself and any relevant provincial law.

\textsuperscript{15} The concept of ‘management’ is qualified by the use of the word ‘professional’. In essence, this means that the principal is responsible for that part of school activities that involves educators (the professionals).

\textsuperscript{16} For an extensive explanation on the difference between the role of the principal and the chairperson and the role of the principal in the SGB, see FEDSAS legal opinion Standards of conduct for governing bodies and school principals compared to standards of conduct for directors and chief executives.
3.2 SGB Support Structures

3.2.1 SGB Committees

Background

The benefit of SGB committees is that they reduce the work load of the SGB, thus the SGB has the authority to establish necessary SGB committees as may be required. It is however important to note that the establishment of committees does not relieve the SGB of its responsibility. Some SGB committees may require the appointment of additional experts in order to have the requisite balance of skills, experience and knowledge and, as such, due consideration needs to be given to this before forming a committee.

King IV recommends that “the governing body should determine if and when to delegate particular roles and responsibilities to an individual member or members of the governing body, or to standing or ad hoc-committees. The exercise of judgement by the governing body in this regard, is subject to legal requirements and should be guided by what is appropriate for the organisation and achieving the objectives of the delegation”.

If committees are established, the composition, period of office and terms of reference for each committee should be developed and reviewed yearly.

Application Guidance

- Alleviation of the workload of the governing body, through the creation of smaller sub-committees to focus on key governance areas (which will function more effectively due to their composition with applicable skills and knowledge).

The SGB’s governance function consists of various components. These will vary for different schools, but will (among others) entail the governance of: finances, assets, personnel (in the school’s employ), learning materials, services rendered to the school, and extracurricular activities, as well as disciplinary proceedings. A single SGB may conceivably struggle to govern all of these facets at once, and therefore, section 30 of SASA provides that an SGB may establish committees to assist it in performing these duties.

Section 30 of SASA provides as follows:

30 Committees of governing body

(1) A governing body may:
   (a) establish committees, including an executive committee; and
   (b) appoint persons who are not members of the governing body to such committees on grounds of expertise, but a member of the governing body must chair each committee.

(2) A governing body of an ordinary public school which provides education to learners with special education needs must establish a committee on special education needs.”
From the outset, an SGB should determine which aspects of its activities require the establishment of a committee, and should then institute such a committee. All SGB committees should receive a proper mandate with regard to the extent of their activities and functions. This mandate should be contained in standard rules and regulations. Committees may include non-SGB members as well. However, SASA imposes the condition that an SGB member must serve as chair of each SGB committee.17

Schools typically create the following committees:

- Executive committee,
- Nominations committee (unless the function is retained by the executive committee)
- Remuneration committee,
- Finance committee,
- Audit committee,
- Risk management committee,
- Assets, learning materials and services committee,
- Ad hoc disciplinary committee/s,
- Social and ethics committee, and
- Extra-curricular activities committee.

Where a school is unable to recruit the help of sufficient volunteers, with appropriate sets of skills and experience, to establish all of these committees, the SGB may combine some of these responsibilities within fewer structures.

The Audit Committee (sometimes combined with Risk oversight activities) is a critical structure: it provides independent oversight of internal and external audits and the management steps taken to reduce risks.

It is important to note, however, that the SGB is still ultimately responsible for the functions carried out by the committees.

Related King IV Principles

- Principle 8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

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17 For a full explanation on the implications and operation of section 30 see the FEDSAS legal opinion “Governance structures in public schools”.

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3.2.2 Audit Committee

Background

If an audit committee is established by the SGB, whether as a statutory requirement or voluntarily, over and above the statutory composition requirements King IV recommends that the members of the audit committee should be independent non-executive members of the governing body. In the SGB, this category comprises only the elected parents and independent co-opted outsiders. Most schools do not have sufficient numbers of such people, with the requisite skills to form an appropriately skilled audit committee. When this is the case, the SGB needs to approach suitably qualified individuals among the parents or the community, or approach accounting firms (not involved with the school’s audit) to render pro bono or free services as a member of the audit committee.

Application Guidance

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
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<tbody>
<tr>
<td>• Appropriate oversight of the effectiveness of the SGB’s assurance functions and services- such as combined assurance arrangements, including external assurance providers, internal audit and the finance function.</td>
</tr>
<tr>
<td>• Effectively identify, monitor and manage identified risks as they occur.</td>
</tr>
<tr>
<td>• Integrity of financial reporting, so that stakeholders can rely on accuracy of such information.</td>
</tr>
</tbody>
</table>

Even though not required by law, it is highly recommended that all SGBs establish an audit committee. Each SGB can determine the terms of reference of the audit committee. In general, the audit committee has an oversight role on behalf of the SGB. The committee must contribute to a general climate of discipline and control in order to reduce possible fraud. The audit oversight function is a separate function from the financial oversight function and this committee must not be confused with the finance committee of the SGB.

For example, the duties of the finance committee normally include the recommendation of auditors for appointment (unless an audit committee has been established), and the revision of the annual financial statements, and scrutiny of the monthly management statements and budgets before these are tabled for SGB approval. The finance committee importantly regulates and monitors the collection of school fees.

The audit committee’s duties normally include the assessment of the auditors’ performance. Furthermore, the audit committee reviews, monitors and, if necessary, supplements the internal control measures of the SGB. It also monitors the school’s compliance with the law. It must cooperate with the rest of the SGB to determine existing and potential risks and approves an action plan to reduce or manage these risks. The skills set of an audit committee means that this committee is best placed to recommend auditors for appointment by the SGB.

Importantly, when the school has limited available volunteer expertise, it is also this committee’s duty to monitor the ethical conduct of the SGB, the school management team and educators. Those schools with parents who have such experience, may also be able to set up a social and ethics committee to render some of these functions.

18 See King III Practice Note Audit Committee Terms of Reference under the Governance tab on the IoDSA website via www.iodsa.co.za.
The audit committee should consist of at least four members. The recommended best practice is for the members to reach a consensus or majority vote on decisions. However, in the event of a deadlock and should there be a lack of dispute mechanisms available, the chair will have the right to exercise a casting vote. The use of a casting vote, however, should not be used lightly and should be viewed as a last resort. The auditor, treasurer and school principal do not form part of the committee, but do attend meetings without voting rights. The members of this committee must have a good understanding of the school’s policies and procedures, the applicable law as well as a financial background and knowledge of the latest accounting standards and procedures.

In many schools with limited numbers of professionally qualified parents, the audit committee is often charged with performing the duties of risk management. The governance of risk management is discussed under section 4.2.

The internal audit responsibilities of the audit committee are discussed under section 4.3.

### Related King IV Principles

- **Principle 8** The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.
- **Principle 9** The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
- **Principle 10** The governing body should ensure the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.
- **Principle 11** The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
- **Principle 15** The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.
3.2.3 SGB Secretary and SGB Treasurer

Background

The SGB secretary has a pivotal role to play in the governance of a school. The appointment of an SGB secretary (from among the parental or co-opted SGB members), ensures that the governors are supported and their time is spent on their duties and functions and not on the compliance and organisational obligations carried out by the SGB secretary. Most schools are unlikely to have a professional company secretary elected to serve voluntarily on the SGB. The volunteer who accepts the role of SGB secretary normally handles the meeting organisation, ensuring the meeting of deadlines and compliance with prescribed or agreed procedures.

The critical functions of the SGB secretary include, inter alia, the following:
- providing governors collectively and individually with guidance as to their duties, responsibilities and powers;
- liaising with the school principal in order to be aware of official departmental announcements regarding new or amended compliance and governance reporting requirements;
- each year placing the school’s integrated annual report on the agenda of the school’s annual general meeting;
- monitoring legal updates that affect the school and ensuring that the SGB is kept informed of such; and
- ensuring the effective organising of meetings and that accurate and complete minutes of meetings are taken and circulating these promptly to those present.

The volunteer SGB treasurer normally takes responsibility for exercising financial functions such as ensuring that there is independent reconciliation of transactions reflected in bank statements. A small number of schools can afford to appoint a paid bursar. The incumbent can be compared to a chief financial officer in a company. The bursar usually takes responsibility for financial compliance and reporting, in consultation with the SGB treasurer. When there is no bursar, the treasurer often provides financial practices oversight to a paid school secretary or bookkeeper.

Application Guidance

- **Desired Outcomes**
  - Effective and efficient functioning of the governing body through the support of a secretary, and a treasurer, who will assist with ensuring that the school complies with applicable legislation and accounting procedures and governance.

As indicated under paragraph 3.1, section 29 of SASA determines that every SGB must, from amongst its members, elect non-remunerated office-bearers, who must include at least a chair, a treasurer and a SGB secretary. The role of a company secretary, can be said to be partially fulfilled by the SGB secretary elected in terms of section 29 of SASA. The compliance elements of this work is shared with the elected volunteer SGB treasurer. When a bursar is appointed on the paid personnel establishment, the treasurer ensures fiduciary compliance governance oversight of the bursar, while the school principal is responsible for managing the performance of the bursar.

Public schools are not normally governed by the Companies Act, No 71 of 2009. In exceptional cases the SGB of a school, that has created some commercial income earning activity which requires compliance with section 88 of the Companies Act, should ensure their familiarity with both the Companies Act and the Recommended Practices in King IV.
With regard to the function of monitoring legal updates that affect the SGB, the SGB secretary can also be the SGB member that reports on the latest documents and items such as newsletters provided by FEDSAS, which will automatically include the relevant legal updates. Again, it is up to the SGB to determine or outline the duties of the SGB secretary. It is important to note that the SGB secretary is usually not remunerated. 19

Sec 27(2) of SASA determines that “No member of a governing body may be remunerated in any way for the performance of his or her duties.”

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**Related King IV Principles and a Practice**

- **Principle 10**: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.
3.3 SGB Performance

Background

All organisations should have leaders who are well informed and abreast of latest information on relevant educational developments. An assessment of how the SGB members have performed annually is a valuable exercise. The purpose of an SGB evaluation or assessment is to identify issues and areas requiring development in order to improve performance and effectiveness of the SGB. It also provides an opportunity to address under-performing individuals so as to help improve their performance.

From the outset the outgoing SGB should ensure that incoming members are inducted to enable them to make the maximum contribution within the shortest time possible. New members of the SGB with no or limited governance experience should be provided with mentorship and encouraged to undergo training.

The subsequent process of ongoing governor training is to ensure that governors or those in charge are kept up to date with changing legislation, rules or codes and other areas affecting the school. The SGB members must have the adequate skills and knowledge to perform their roles and contribute towards the decision-making process. When necessary, a programme of professional development and regular briefings on legal and corporate governance developments, and recent changes in the external environment of the organisation may need to be arranged for members of the governing body.

Application Guidance

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
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<tbody>
<tr>
<td>• Effective management, through those charged with governance having the necessary knowledge and skills.</td>
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<tr>
<td>• Optimal SGB performance through the identification of areas requiring development and continuous training, as well as regular performance assessments collectively by the SGB, and individually of SGB members by the Chair.</td>
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<tr>
<td>• The SGB assesses the performance of the Chair through regular use of best-practice meeting surveys.</td>
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Conducting performance assessments amongst SGB members is crucial in order to ensure that those placed in decision-making roles are performing as desired. Performance assessments should be conducted on an annual basis especially for those in key governance roles in the school (such as the Principal, the SGB secretary, the SGB chair, the SGB treasurer, the SGB as a collective and each SGB committee). In addition, SGB members should undergo ongoing development and training in order to enhance their knowledge and skills. There should be induction training for every new SGB member. Training may be in-house, conducted by the outgoing SGB office-bearers with the school principal, or by participation in the training offered by school governing body associations for regional SGBs or individual SGBs.

The best starting point is to assess the functioning of the SGB. Such an assessment must be based on the roles and responsibilities set out in the SASA in regard to the support by the SGB of teaching and learning with a particular focus on the key areas of school governance. In terms of section 16A(2)(c) the Principal must report to the SGB about the professional management of the school. In order to handle these requirements appropriately the SGB should commit itself to seeking ongoing training and learning opportunities from external support structures that exist to provide resources and professional support in the interests of good governance.20

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20 See www.fedsas.org.za and www.iodsa.co.za for available resources.
In addition, the SGB should discuss how to assure performance assessments done by self-analysis. When in-house evaluations are the norm, then at least every 2 to 3 years an independent external evaluation conducted by an independent third party will ensure that the assessments are accurate and are a true reflection of performance.

Members that lack sufficient experience should be trained and/or mentored regarding their duties, responsibilities and potential liabilities.

### Related King IV Principles and Practices

1. **Principle 7** The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

2. **Principle 9** The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
3.4 Remuneration

Background

Where the SGB employs additional personnel who are not appointed and funded by the provincial education department, due consideration must be given to remuneration policies so as to ensure transparency and consistency in their application. Remuneration policies should be in keeping with the strategy of the school and as far as possible align with the provincial cost to company of employees funded by the State. The goal of the remuneration policies must be to create value. In addition, the underlying principles relating to remuneration committees are relevant to any organisation. A fair and equitable remuneration philosophy will help to clarify thinking, maintain consistency with niche market trends and provide clarity for the employees involved. The structure of additional remuneration in terms of section 38A of SASA should ideally form part of the remuneration policy of the school.

The remuneration policy must also include unskilled and semi-skilled categories of personnel. Particularly in the case of these staff members at least the statutory minimum wage stipulations must be incorporated in the policy.

Application Guidance

Desired Outcomes

- Transparency and fairness with respect to remuneration through:
  - the transparent implementation of remuneration policies and procedures; and
  - ensuring that remuneration is linked to individual performance.

It is recommended that schools establish a remuneration policy even if it is very simple, as this will provide transparency and the basis upon which remuneration is calculated.

The underlying governance principles relating to remuneration should be handled by the SGB if there is no remuneration committee. Refer to section 3.2.1 on SGB Committees for more detail.

Related King IV Principles

- Principle 14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.
4 Responsibilities

4.1 Governors’ Duties and Governance (Role and Function of the SGB)

Background

In most schools the same individual will often play different roles within the organisation. For example, a teacher may also hold office as a union shop steward and serve as a SGB governor. It is sometimes difficult for such an individual to ensure, when decisions and actions are considered, that she or he is wearing the right hat i.e. that her or his decisions and actions are being addressed from the correct perspective. This distinction in roles is necessary to avoid conflicts of interests and ensure appropriate independence of decision-making. The lines between the different roles frequently become blurry and require constant consideration.

In terms of company law, directors must act in the best interests of the organisation in line with their fiduciary duties as directors. Regardless of the category of membership on a SGB, a governor must similarly act primarily in the interests of the school as a whole. See section 16(2) of SASA in this regard. The SGB is thus ultimately responsible for the implementation of sound governance within the school.

Application Guidance

Desired Outcomes

- SGB members understand their responsibilities, and are able to fulfil them, in order to avoid liability.
- Independent thought devoid of conflicts of interest, adherence to legal standards of conduct and requirements, and acting in the best interests of the school.

The general principles are to act in the best interest of the school (and not of the individual SGB member), to avoid conflict of interest, and to exercise objective judgement on affairs of the school independently from management. Decisions taken by the SGB should strive to be honest, objective and rational. As stated earlier, the role of individual SGB members can be compared to the role of the directors of a company. The governors of the SGB are elected onto the governing body by different interest groups or constituencies but this does not mean that they are serving the needs of their individual groups when acting on the governing body. A SGB stands in a position of trust towards the school. This has profound significance as it implies that each and every SGB member must first and foremost serve the needs of the school. It must be kept in mind that the highest court of the land has already pronounced on the reality that a school serves its community as well. There is thus a close link between the local needs and the governance of the school, although the interests of broader society must also be taken into account.

There cannot be any doubt that this involves the fundamental principle that a member of a SGB cannot find herself or himself in a position of conflict with the SGB. Should this occur it will break this position of trust.

The duties and standards that apply to corporate directors generally, also apply in turn to SGB members. The best method to differentiate between the various roles is to have a document setting out the roles, responsibilities and duties of each position and confirming what matters should be dealt with at each level (for example at committee or management level). Such a document need be no longer than describing the role of the SGB and how it is different from management and including a bullet list of functions.

21 Sec 16(2) of SASA.
22 Head of Department, Mpumalanga Department of Education and Another v Hoërskool Ermelo and Another 2010 (2) SA 415 (CC) at paras [44], [56] and [57].
23 FEDSAS legal opinion Standards of conduct for governing bodies and school principals compared to standards of conduct for directors and chief executives.
However, in terms of section 18 of SASA, the SGB of a public school must function in terms of a constitution. The roles and responsibilities can be incorporated within the constitution or attached as a separate document to the constitution.\(^{24}\)

SGB members must disclose actual and potential conflicts of interest to the SGB and must either recuse themselves from meetings dealing with any such matters or from a specific section of a meeting when the particular matter is under consideration. The principle is that a member’s personal interests should not influence the decision-making process. Not only is this good governance but is also required by law.\(^{25}\)

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24 See the FEDSAS draft constitution for SGBs available on [www.fedsas.org.za](http://www.fedsas.org.za).

4.2 Risk Governance

Background

Risks are uncertain future events that could influence the achievement of the school’s objectives both in a negative or a positive manner. The SGB is responsible for overseeing risk management. Every successful school is aware of its risks, and has processes and plans in place to address or manage both potential and current risks.

All of the core school structures (including the SGB, executive committee, audit committee, PTA and others) need to identify the risks that the school could face and ensure that these are mitigated and/or that early warning systems are in place (where applicable) should these risks arise.

The fundamental principle is that Risk management should not only be a policy document, but should be reflected in the day to day activities of the school and its personnel. Paid personnel must regard risk management and avoidance, in their own sphere of activity, as an ongoing responsibility.

Application Guidance

**Desired Outcomes**

- Risks are mitigated through the implementation of a risk management policy and plan as well as adequate and appropriate risk management systems and processes.

SGBs should do everything necessary to be satisfied that all material risks are identified, monitored and those over which the school has control are addressed.\(^{26}\) Examples of risks that might be listed include: reputational damage, financial impropriety, fraud, theft, fire damage, computer failure or assault of a learner or an educator.

The school management team will generally be responsible for ensuring that risk management policies and plans are implemented, risk is monitored through risk registers and assurances provided to the SGB that risks are being handled. Normally the SGB will focus on the 10-20 highest risks identified, but will annually note the complete set of risks and the extent to which risks are being managed.

The SGB normally, for example, establishes a finance committee, which is responsible for drafting a water-tight finance policy to ensure that the financial management of the school fund never incurs suspicion. The SGB must also draft a safety policy to ensure that the safety of learners, staff or school visitors is guaranteed as far as possible. The SGB can either establish a separate risk management committee, or the audit committee can additionally carry out the role and functions of the risk management committee. The risk management committee must document risks where possible by, for example using a SWOT\(^{27}\) framework or more usually conduct risk-impact and risk-likelihood mapping, as this will help to focus decision-making and demonstrate that the SGB has approached risk management with the necessary care and diligence.

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\(^{26}\) Certain risks do lie with the national and provincial education departments or parents of the school.

\(^{27}\) Strengths, Weaknesses, Opportunities and Threats.
Principle 4  The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Principle 11  The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
4.3 Internal Audit and Oversight over Internal Controls

Background

Internal audit involves checking that specified procedures and controls are in place and being adhered to. When schools reach a size or financial turnover where the principal can no longer manage the school alone, the reliance on others increases. At this stage the need for an internal audit function (or a volunteer to oversee this function) starts to increase so as to provide the SGB with the assurance that internal controls are in place and are followed. This assurance forms a critical part of a governor’s or decision-maker’s defence in a court of law.

The underlying principles of internal audit are important. Once risks in a school are identified certain measures (i.e. internal controls) should be put in place to manage these risks effectively. The absence of well-functioning internal controls could have a serious effect on the school.

Application Guidance

**Desired Outcomes**

- Identified risks are managed through appropriate internal controls.
- The governing body is comfortable with the implementation of internal controls, in that it provides a defence for them based on good governance practice.

Due to the fact that not all SGB members can be present at the school on a day-to-day basis, certain functions and the implementation of policies are delegated to school staff or other volunteers. The SGB must monitor the execution of these delegations by ensuring that the principal, or a task group, or a volunteer reports back on progress or implementation. With bigger projects there may be the appointment of an oversight task group, headed by an SGB member. The audit committee or even the executive committee may be charged with monitoring the required reports and thereby oversee this function. Internal controls include project plans which include deliverables and deadlines for each phase of a project. Progress or deviations from the approved project plan must be scrutinised by the person or task-group appointed to exercise oversight.

The treasurer (or even the chair of the SGB) should ensure that there are monthly reconciliations of detailed monthly bank statements against procedurally correct, budgeted purchases and payments with appropriate levels of origination and approval. Such transactions should be tested against laid down financial and other policies and procedures.

**Related King IV Principles**

- Principle 15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.
4.4 Stakeholder Relations, Reputation and Integrated Reporting

Background

Stakeholders (to be distinguished from the school’s “shareholders”) may have a material effect on the operations of an organisation and it is therefore important that the school appreciates stakeholders’ concerns and expectations. When organisational behaviour does not fulfil the expectations of society and other stakeholders, the school may suffer significant consequences.

All schools are therefore required to submit a report on their standing and such reports must be delivered to identified, stakeholder constituents. These reports become important also, for example, when applying for a loan or soliciting a donation.

Application Guidance

- **Desired Outcomes**
  - Ability to enhance and protect reputation, so that good stakeholder relations foster trust which then builds credits in favour of the school which can be drawn upon during difficult times.
  - Provision of a holistic and integrated representation of the school’s performance in terms of finances, social involvement and sustainability.

The school’s stakeholders include (but are not limited to) the learners, employees, the community, service providers, the school’s bankers, the media, and adjacent property-holders. The school’s shareholders are particularly those who fund the school including the parents, the provincial education department, the state and the tax-paying society. As far as possible, reasonable and practical constructive engagement must take place between the school and stakeholders on a regular basis. The SGB should review the various legitimate expectations that these stakeholders may have, so as to maintain a positive relationship and reputation, by building trust and confidence with such stakeholders.

It is easier to build trust and confidence between certain stakeholders, such as the learners and their families, and school staff. More effort will be needed to do the same with other stakeholders, such as service providers, the school’s bankers, or provincial education department officials, with whom the SGB also interacts on a less frequent basis.

SGB decisions on how to balance the interests of stakeholders should be guided by the aim of ultimately advancing the best interests of the school. This does not mean that a school should always meet all stakeholder expectations. Some may be more significant to the school in particular circumstances and it is not always possible to promote the interests of all stakeholders equally. It is important, however, that stakeholders have confidence that the SGB will seriously consider their legitimate interests and expectations in an appropriate manner, while always being guided by what is in the best interests of the school.

The SGB, by law, required to submit audited or examined financial statements. These statements convey adequate information about the financial position of the school and ought to be made available for inspection by any stakeholder. This combined with an annual report is the bare minimum that and SGB must use to inform the school community each year.

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28 Society’s interest in the school, is for learners who are adequately equipped to participate effectively in the society.
Good governance practices often stress the importance of reporting in an integrated manner about an entity. This requires integrated thinking, integrated planning and the implementation of integrated strategies. With this in place, the SGB is then able annually to report on: the current financial reality of the school and its sustainability in the medium and longer term; its contribution to sustainability of the environment; and the social commitment of the school. This means that annual reports must not be only retrospective in nature. There must now be coverage of how the school has fared in the past year in all three of these areas. However, in addition, there must also be a reflection on the threats to, and weaknesses of, the school and how these are being addressed, combined with the allied strategies that the SGB is adopting to exploit the school’s strengths and the opportunities available for creating progress. In addition the school must demonstrate its social commitment and the manner in which it seeks to make a difference within the community it serves directly. The report should also reflect on the school’s past and future endeavours to enhance environmental sustainability. In all three areas of focus, the integrated report should thus reflect on the school’s future strategies and how it aims to balance these three core focus areas. Such a report must be written in a style that is easily accessible to all of its targeted readers.

King IV also offers a stretch target for schools that aim to practice excellent governance. It is an approach which possibly has more adherents in the corporate sector. Formulated by the International Integrated Reporting Council (IIRC) in 2013, it speaks to an organisation’s system of transforming inputs, through its business activities, into outputs and outcomes. The intent is to fulfill the organisation’s strategic purposes and to create value over the short, medium and long term.

At the core of this approach, is the six capitals model. These capitals consist of financial, manufactured, intellectual, human, and social and relationship, and natural capital. Each of these capitals has value and an entity’s success depends on using these stocks of value as inputs into their activities. Through the entity’s strategies these stocks of value are increased, decreased or transformed and result in outputs. In such an organisation, the integrated report at year-end will reflect on the manner in which the six capitals have been utilised, with the intent of expanding or enriching them and thereby sustaining the organisation more effectively.

Currently most schools are likely to use the more conventional three core focus areas. Whichever approach is adopted to the activities of the school, the end result must be to report in an integrated manner. Creating an integrated report is dependent first on integrated thinking, second on good integrated strategic planning, and third on reporting in an integrated manner.

Shifting from reporting only on financial realities involves a steady process of change management. The challenge for school governors is to contribute to this process of moving towards thinking in an integrated manner, doing integrated strategic planning, and finally producing an integrated annual report.

**Related King IV Principles**

- **Principle 5** The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short, medium and long-term prospects.

- **Principle 16** In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.
4.5 Information and Technology (IT) Governance

Background

IT is becoming an integral part of school activity. As usage increases more applications prove attractive and IT investments increase in schools. While the role of IT is not yet as pervasive as it is in commercial enterprises, where it has become fundamental to support, sustain and grow the entity, projections are that usage must develop exponentially. IT is administratively already an operational enabler for a growing number of schools, but Education Technology (EdTech) can also be an important strategic asset to create alternative teaching and learning opportunities and to gain competitive reputational advantage. Virtually all components, aspects and processes of schools include some form of automation, and as a result most schools will soon rely heavily on IT systems and the resulting analytics.

Furthermore, the emergence and evolution of the internet, e-commerce, electronic payments and electronic communication have also enabled several schools to perform some transactions instantly. These developments bring with them significant risks, which need to be governed and controlled within the school.

The complexity of IT systems create operational risks (such as unauthorised use, access, disclosure, disruption or irregular changes to the information system). The outsourcing of IT services also has the potential to increase risks because confidential information is flowing outside the school (i.e. data protection and privacy concerns). Consideration, therefore, has to be given to the integrity and availability of the functioning of the IT system, authenticity of system information, and assurance that the system is usable and useful. These issues will need to be examined carefully before a school adopts an IT strategy.

IT governance can be considered as a framework that supports effective and efficient management of IT resources to facilitate the achievement of a school’s integrated strategic objectives. The SGB is responsible for ensuring that these issues are identified and will be properly overseen before approving the implementation of each IT project. Such arrangements are essential for achieving the planned outcomes, within budget and with IT systems that are fit for purpose.

Application Guidance

**Desired Outcomes**

- Effective and efficient management of IT resources to facilitate the achievement of the school’s strategic objectives and to mitigate IT risks.
- Information integrity and security of information, so that information is kept reliable and protected from unauthorised use.

IT is very fast becoming a substantial part of the day-to-day operations at a school, in the classroom as well as in the office. The SGB is responsible for overseeing its school’s IT and it does this through the establishment of an IT framework. Schools need to use the opportunities available to them to acquire the knowledge and expertise required to protect the school from the risks created by adopting new IT options without exercising due diligence. Participation in workshops focused on IT opportunities for schools and related implementation strategies, attendance at annual educational technology expositions (large-scale public exhibitions), and the investigation of successful or problematic IT projects undertaken by other schools, all add to the knowledge required before approving large-scale IT strategies.\(^{29}\)

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\(^{29}\) See the services offered by FEDSAS and the IoDSA that are listed at the end of this publication.
The biggest challenge facing EdTech is not cost, but rather the mind shift that is required. Before a single cent is spent, a school should first consider what role education technology can and should play at that school. Here school leadership is a determining factor and a technology plan should be a priority at SGB level. Such a plan needs to address the types of expertise required to make proper use of the IT investment, and include security steps to protect equipment and data, preventative maintenance plans, upgrade assessment criteria for subsequent investments, and insurance precautions, amongst the steps needed to make wise decisions.

The committees set up by the SGB to exercise audit and risk management duties have an indispensable role to play in these processes. Harnessing the opportunities presented by EdTech and the IT revolution present exceptional opportunities, provided an SGB has ensured appropriate controls and oversight.

Good governance lies at the core of overseeing the creation of IT learning opportunities and fit for purpose IT hardware and software investments. Channelling enthusiasm when working at the cutting edge of educational technology in ways that manage the risks appropriately is a feature of good school governance.

**Related King IV Principles**

- **Principle 12** The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
4.6 Compliance with laws, rules, codes and standards

Background

All schools, regardless of size and form, must comply with all relevant legislation, rules, codes and standards applicable to it and the reality in which it operates. Non-compliance can result in substantial fines, possible criminal liability and reputational damage.

Application Guidance

 Desired Outcomes

- Compliance with all applicable statutory requirements in order to avoid liability.
- Adherence to other industry rules, codes or standards to improve reputation and diminish liability.

At any given time an SGB has to comply with over 100 legislative provisions. Due to the fact that the many SGBs do not have the privilege of having an SGB member who is a legal expert, professional help must be sought. This may take several forms:

- legal firms may be approached with the request that they provide pro bono (free) advice or training or talks on specific topics, particularly on the importance of recognising when to seek professional legal assistance;
- if the school’s financial statements are audited, the auditing firm may agree to provide initial guidance on legal matters;
- if the school is affiliated to a governance federation or association (such as FEDSAS) legal assistance may be readily available; and
- if a member of the SGB is a member of IoDSA there is also a wealth of resources, including regular legislative updates, to which the school governor will have access.

The legal web created by a constitutional democracy, makes it imperative that the SGB is able to identify when further legal guidance, advice or assistance is needed when a problem arises.

 Related King IV Principles

- Principle 13 The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
“SGB governance is the system by which schools are directed and managed. It influences how the objectives of the school are set and achieved, how risk is monitored and assessed, and how performance is optimized. Good SGB governance structures encourage schools to create value … and provide accountability and control systems…”  

This definition can accurately be applied to the role of an SGB. The SGB must determine the school’s vision and mission, and create a safe environment where quality education and teaching can take place.

The challenge for schools, as with other enterprises, is that the ‘shareholders’ are often represented by the SGB members and management, and therefore conflict may occur. There is also a perception that the application of board governance in schools is irrelevant. All of the King IV principles (as they are now written for governing bodies from all sectors) are however applicable to SGBs and all schools are capable in principle of implementing sound governance.

The SGB must act in the best interests of the school and individual members must not act recklessly. SGB members are not held personally liable for any debt, damage or loss incurred or caused by the school, unless they have acted without permission or maliciously, in which case, because of their negligence, they will be held personally liable for such debt, damage or loss.

The principles discussed should not be viewed as a tick-box list but rather as a flexible set of proposals aimed at increasing professionalism, effectiveness and excellence.

Once a decision is made regarding an appropriate governance framework, it should be implemented with a high level of discipline and consistency. Furthermore, good governance requires more than the implementation of formal rules and processes. Equally important is integrity combined with the right ethical governance attitude, used to apply the spirit of key governance principles throughout the school.

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- IoDSA Governance in SME’s – A guide to the application of corporate governance in small and medium enterprises, 2015
- IoDSA King III Practice notes A guide to the application of King III for non-profit organisations ("the non-profit organisation" or "the organisation") 2013
- Department of Education White Paper 2 The Organisation, Governance and Funding of Schools 1996
- FEDSAS The Duties of the School Governing Body – Basic Principles of Good Governance and Management 2007
- FEDSAS Governance structures in public schools 2011
- FEDSAS SGB Support Tool
- FEDSAS Standards of conduct for governing bodies and school principals compared to standards of conduct for directors and chief executives 2014
- S van der Merwe The constitutionality of section 16A of the South African Schools Act 2013 De Jure Vol 1
- The South African Schools Act 84 of 1996
- Head of Department, Mpumalanga Department of Education and Another v Hoërskool Ermelo and Another [2009] ZACC 32; 2010 (2) SA 415 (CC); 2010 (3) BCLR 177 (CC)
FEDSAS and IoDSA Resources

FEDSAS offers substantive support to its member schools and also provides access to some training and materials of relevance to SGBs additionally to unaffiliated schools. In particular the following are pertinent for SGBs that aim to become quality learning structures:

1. A Practical Guide for School Governing Bodies, FEDSAS, 2017: this publication introducing governance principles and practices has been published in Afrikaans, English, isiXhosa, isiZulu, Sesotho and Setswana.
2. The Value Driven Schools Initiative equips schools to move from a rule-driven school to a value-driven school.
3. FEDSAS offers assistance and advice across the full spectrum of legislation that relates to school governance and management.
4. The SGB Support Tool (available via www.fedsas.org.za) is a good starting point in assessing the functioning of the SGB. It guides SGBs in fulfilling their roles and responsibilities in terms of SASA with regard to supporting school teaching and learning. It focuses on key areas of school governance.
5. FEDSAS provides training on an ongoing basis to member SGBs. Arrange such training via the FEDSAS provincial managers.
6. Since 2015, FEDSAS has had an intensive Digital Citizenship campaign to support SGBs plan and implement the creation of proper IT frameworks and appropriate IT strategies.

For further information, go to: www.fedsas.org.za
Phone: 051-522-6903
Email: office@fedsas.org.za

The Institute of Directors in Southern Africa NPC (IoDSA) is a professional body recognised by the South African Qualifications Authority (SAQA) and a non-profit company (NPC) that exists to promote corporate governance, and to maintain and enhance the credibility of directorship as a profession (SAQA ID: 836). It offers a host of resources aimed at enabling better governance, including:

1. Director Development services, including the Director Competency Framework, available via http://www.iodsa.co.za/?page=DirectorDevelopment
2. Centre for Corporate Governance Advisory and Technical Services/Support, see http://www.iodsa.co.za/?page=CCGhome for further information on these services.
3. Conducting a SGB performance appraisals, see http://www.iodsa.co.za/?page=BAS for further information.
4. Various governance though leadership documents to provide guidance on the application of the King governance principles, accessible under the Governance tab on the website via www.iodsa.co.za.
5. The King IV Report on Corporate Governance for South Africa 2016, copyright and trademarks are owned by the Institute of Directors in Southern Africa and the IoDSA website link is: https://www.iodsa.co.za/page/DownloadKingIVapp

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