THE ROLE OF SECONDARY SCHOOL PRINCIPAL IN THE MANAGEMENT OF SCHOOL FINANCES: THE CASE OF OLKALO DIVISION, NYANDARUA DISTRICT

BY

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

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This Research Project has been submitted with my approval as the university supervisor.

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DEDICATION

I dedicate this work to my husband John P. Omondi and children Teobald Mukundi and Jane Pauline.
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ABSTRACT

The purpose of the study was to investigate the role of secondary school principals in financial management in relation to budgeting, accounting and auditing. The study was carried out in Olkalou division of Nyandarua district. The qualifications of head teachers in financial management and that of their bursars/accounts clerks was investigated. The study also sought to find out the major problems faced by head teachers in school financial management.

A descriptive survey research design was employed in carrying out the study. Simple random sampling was used to select ten public secondary schools from which ten head teachers and twenty heads of departments were selected. Also included in the sample were the schools' bursars/accounts clerks and the District Schools Auditor for Nyandarua district.

Data was collected using questionnaires and interview schedules. The collected data was analysed using the statistical package for social sciences and reported using frequency distributions, means and percentages. It was established that the secondary school principals had problems in financial management in their schools in relation to budgeting, accounting and auditing. Although head teachers did make budgets, they were found not to follow them strictly. Cases of misappropriation of funds and malpractice in accounting were reported. The financial management challenges faced were found to affect other administrative tasks e.g. curriculum implementation, personnel management and school-community relations.

The results of the study are discussed in relation to the improvement of financial management in Kenyan secondary schools.
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ABBREVIATIONS

ATS - Approved Teacher Status
BOG - Board of Governors
DEO - District Education Officer
DSA - District Schools' Auditor
KESI - Kenya Educational Staff Institute
PTA - Parents-Teachers Association
CHAPTER ONE
INTRODUCTION

1.0 Background to the Problem

Managing funds is one of the major tasks of a school principal. The success of any school programme depends very much on the way financial inputs are managed and this, in turn, affects the overall performance of each school. It is therefore important that all school heads have a sufficient knowledge of financial management to be able to effectively manage their schools. However, financial management is one of the areas where many practising heads have neither pre-service, nor in-service training before their appointment, and this has had a lot of effect on the way school finances have been managed.

Mbiti (1974: 48) points out that many teachers have been and will be given headship without any formal preparation for it and have found themselves in a new world altogether with new responsibilities, new commitments and new problems. With the tight government fiscal policy on expenditure in any public sector and in the light of the prevailing economic hardships, the government is encouraging austerity measures and budgetary rationalisation procedures and practices within a framework of cost saving and cost sharing strategies and plans.

This also points out that it is important that heads have to be well equipped with all that goes with financial management. They need to know how to budget, how to account for financial expenditure and how to do internal audit.

Cave and Wilkinson (1990) states that budget seeks to divide the total resources available in a detailed breakdown between the competing activities which an organization manages. They continue to say that a budget is a costed plan with cost data providing the building-blocks with which budgets are constructed. If budgets are meant to increase efficiency in
the organization, assist in accounting and auditing, and if no institution of any size, public
or private can operate effectively without adequate accounting services, then principals
must have these competences if they have to provide proper leadership for the business
administration of the schools. However, Hicks (1992:290-294) observed that principals
manipulated the budget to accomplish their purposes.

Roe & Edgar (1960) however, points out that most school administrators are not
accountants but they should know the function and general structure of an adequate
school financial accounting system in order to be able to assure that it is properly
administered.

Nyam (1998) points out that more often than not most educational institutions are poorly
managed because heads lack these skills and they also lack skilled personnel who can
help them with effective financial control. The scenario observed is that most secondary
schools fall far below expectations. Haphazard planning and lack of control are the order
of the day. However, it has been noted that many heads do not have these competences
leading to poor school management, which has led to poor performance in exams, general
indiscipline of students and misappropriation of funds. It is against this background that
the researcher sought to investigate the role performance of secondary school principals
in financial management in terms of budgeting, accounting and auditing competences in
Olkalou Division of Nyandarua District.

1.1 Statement of the Problem
There has been concern over the performance of public secondary schools head teachers
in financial management. Head teachers have been accused of mismanagement through
misallocation, misappropriation and even embezzlement of public funds. This financial
management dissatisfaction has sometimes resulted in a public outcry, school strikes, upheavals and disaster.

Given the importance of financial resources towards the education process against inability of school head teachers to be efficient and effective financial managers, there is need for immediate attention and proactive approach to providing a comprehensive and long-term solution. It was therefore the intention of this study to investigate the role of the secondary school principals in financial management and how effectively they carry out this role.

1.2 Purpose of the Study

The purpose of this study was to investigate the role of secondary school principals in financial management in relation to budgeting, accounting and auditing in Olkalou Division of Nyandarua District.

1.2.1 Specific Objectives of the Study

The study specifically sought to:

(i) Identify whether head teachers are adequately equipped to handle financial management in their schools

(ii) Identify whether head teachers effectively carry out their roles as school finance managers.

(iii) Investigate whether head teachers have competent bursars or accounts clerks to assist them in financial management.

(iv) Investigate the major problems faced by head teachers in school financial management
1.3 Research Questions

In order to meet the objectives of the study as stated above, the following research questions were formulated to guide the study:

1. Are the head teachers from Olkalou Division of Nyandarua district adequately equipped to handle financial management in their schools?

2. Do the head teachers effectively carry out the financial management functions of budgeting, accounting and auditing?

3. Do the school principals have competent bursar and/or accounts clerks to assist them in the management of school finances?

4. What are the major challenges facing head teachers in the management of school finances?

5. What do the head teachers' suggest should be done to avert the problems faced in school finance management?

1.4 Significance of the Study

Efficiency of every school is determined largely by the amount of the school revenue and the wisdom with which the revenue is expended. It is therefore the principals' duty to manage the funds of their schools effectively and properly account for it to the community that is providing it. Principals are therefore challenged to provide the kind of management that is cost effective and encourages trust and good will through accountable and transparent practices. The findings of this study are significant in that the information has:

(i) Provided the policy makers with insights on how heads can effectively manage their schools' finances to give more and quality education.
(ii) Provided the principals and those aspiring to be heads with necessary knowledge of the major challenges that go with financial management and how these challenges can be dealt with.

(iii) Provided an insight to the principals on the areas where misappropriation and mismanagement of finances occur and how they can seal those loopholes.

(iv) Shown direction in which resources can be innovatively and creatively mobilised to generate additional income by head teachers.

(v) Provided the policy makers with an insight on how important feedback from the government of audited accounts are to the head teachers as a tool of effective financial management.

1.5 Assumptions of the Study

The study was based on the following assumptions:

(i). That the information given by the respondents was true and free of outside bias.

(ii). That the head teachers had some basic training on school financial management and therefore knew their roles as financial managers.

(iii). That the schools' bursars/accounts clerks had worked in the schools for a period long enough to make them conversant with the schools' accounting procedures.

1.6 Scope and Limitations of the Study

(i) The Olkalou division outlay of schools is so wide that there is no direct connection from one school to another. This meant that the researcher consumed a lot of time and money to reach an adequate number of respondents.

(ii) Most of the schools in Olkalou division are upcoming day schools. Hence, the findings may highly be skewed towards management of finances in day schools.
The few boarding schools could not give us good recommendations for other schools due to limited and the unique nature of their environments.

(iii) The study was based on a rural unique district of central province. The findings may not fully and equally apply to schools in a pure urban setting or in a region with different economic activities and at different level of development.

1.7 Theoretical Framework


The theoretical framework is based on the financial management initiative that was launched in 1982 in Britain by Thatcher’s government with an intention of reforming the public sector financial management. The initiative intended to alter the way in which decisions were made about public expenditure and to promote accountability management.

There was a lot of decentralization of responsibilities from central government to schools which necessitated change in role for staff, head teachers and governors. The financial delegation to schools is meant to enable the governors and head teachers of each school to make the most effective and efficient use of the resources available to them; to give schools greater flexibility and freedom within agreed budget to spend according to local priorities. Though the legislation provides that the governing body (BOG) is charged with the responsibility of financial management in schools, the task is delegated to the head teacher as the accounting officer. The head teacher, therefore, must cultivate and be trusted by the Board of Governors (BOG) and Parent-Teachers Association (PTA) who are the major financiers.
The BOG and PTA expect the head teacher to budget and control funds with great care by constantly checking on his/her accounts staff. If the head does not understand simple accounting principles, then s/he should learn them as a matter of urgency. The head teacher should be able to budget, account and audit the school finances effectively. The head and the governors will be required to work closely together to ensure that children are receiving the best possible education through optimum uses of resources.

The head teacher should know what registers to keep under lock and key and those that should be with the accounts officers. The bursar/accounts clerks should hand over the day's revenue to the head teacher everyday to keep until it is required for banking.

Cash collected should be banked intact and not be used as petty cash payments. Commuted funds such as examination fee should not be used for any other purposes. Bank and cash book reconciliation should be done every time a bank statement is received and not necessarily at the end of the month. The head should always authorise payment vouchers and never delegate this to the deputy or bursar.

The head teacher should use the bank reconciliation and the trial balance to know the financial position of the school. All store ledgers should be well maintained since this is where most of the schools income is spent. Maintenance of the physical facilities is part of financial management and the head should use the management by walking around approach to assess and identify areas that need maintenance. The head teacher should be able to control the budget by use of budget control procedures both formal and informal. This will provide an early warning to the head of possible overspending or under-spending.
The head teacher is the chief accounting officer in a given school. For the head teacher to perform effectively in this role, he requires qualified, experienced and committed support staff - bursars or accounts clerks. The head teachers are the decision makers in financial management; and, assisted by the bursars and/or accounts clerks, they prepare school budgets and ensure proper school business management i.e. carry out the accounting procedures of the schools. The head teachers also play the role of internal auditors to ascertain the objectivity and accuracy of the financial statements.

How effective a head teacher is in school financial management will depend on a number of factors, as indicated in the figure, which include:

- Preparedness
- Pre-service training
- In-service training
- Induction courses
- Experience
- Level of transparency in school
- Support given by BOG, PTA and government.
- How well the head teacher is prepared to handle financial management. This includes pre-service and in-service training and induction courses.
- Experience and qualifications of the head teacher in financial management.
- Experience and qualifications of the support staff - bursars and accounts clerks.
- Level of transparency practiced in the school
- Support given to the head teachers by the BOG, PTA, Parents and the government through the district schools auditor.

The study sought to find out the effectiveness with which head teachers carry out their roles in school financial management by exploring the factors that determine effectiveness in financial management as listed above.

1.9 Definitions of Significant Terms

Facilities: Refers to school plant, machinery and equipment such as classroom, laboratories, libraries science equipment and other instructional materials.

Financial Management: Concerned about cost of education services of income and the spending of the income in an objective manner in order to achieve the educational goals.

Total Resources: Is the current allocation (budget share plus any balance brought forward.

Best Value: Value for money – statutory duty to deliver services to clear standards covering both cost and quality in the most effective, economic, and efficient means available.
CHAPTER TWO
REVIEW OF LITERATURE

2.0 Introduction

This chapter reviews literature that is related to the role played by secondary school principals in financial management under the following subheadings:

(i) Budgeting
(ii) Accounting and
(iii) Auditing

2.1 Budgeting

Okumbe (1998) looks at a budget as an educational programme which is expressed in financial terms. He continues to say that a budget for an educational organization has an educational plan with an estimate of the money to be received (receipts) and the amount of money to be spent (expenditures) in order to achieve the educational objectives.

Paisey Allan (1992: 83) asserts that;

"Subject to the need to keep organization maintenance costs as low as possible, the budget is an individual tool of effective financial management. In schools it is a legal duty laid on governors to ensure that a proper budget is prepared and agreed".

It is pertinent from the above two references that the school principal is aware of what areas need funding or rather the educational plan to be financed, and also knows how to draw a budget.

Kochar (1978) stated that a sound investment required that the little funds available be well expended. He further stated that funds were always limited but educational budget had to be prepared in such a way that quality and quantity of curriculum requirements were accommodated. The preparation of the budget and its execution determined how
well the funds an institution raised would be spent. Through Budgeting process, the desired educational programme is translated into fiscal terms.

Paisey (1992) stated that the budget provides for individual group or departmental performance and may thereby be a positive motivator towards better professional performance. He continues to say that a budget is a measure of staff performance and above all a measure of senior management performance. It can be a measure of cultivating good practice. The budget helps to bring into focus the critical actions which have to be taken and provides a comprehensive picture on the entire organization and its state of development.

Campbell et. al, (1971) stated that a good budget would have three major things:-

(i) The proposed educational programme

(ii) The expenditures necessary to support such a programme and

(iii) The anticipated revenues to cover such expenditures.

He maintained that people within the school system, who actually operated the programme, should have a large part in preparation of estimates. This meant that teachers would have a real voice in suggesting what is necessary by way of working conditions, equipment, supplies, books and non-certificated employees who clean floors and repair roofs.

Miller and Spalding (1958) observed that the preparation of estimates should not be one man's affair, but it should involve everyone concerned with the operations of the school. They stated that the cumulative effect of suggestions, requests and complaints of students, staff members, community groups and other recommendations provides the basis for estimates.
Roe L. Johns and Edgar L. Morphet (1960) urge the Board and the school principals to allow stakeholders democratic opportunities to participate in the development of the budget. They observed that one prerequisite for the success of any programme involving wide participation in policy development is having favourable attitudes on the part of the Board and the principals. They continued to say that, if it is apparent that the Board and the principal welcome their participation, then the way to participation is opened. But if the officials are so jealous of their legal prerogatives or so insecure in their roles that they are fearful of the consequences of democratic procedures, then the way to participation is closed.

Roe and Edgar (1960) observe that people would not be interested in the budget document, rather, they would be interested in educational services, the purpose of those services and how the purposes of educational services can be attained. Therefore, people should be given the opportunity to participate in the process of budget development in which they want to participate.

The principal, however, should ensure that the school does not obligate itself in excess of available resources. S/he should ensure that what is available is used wisely and effectively if satisfactory progress was to be made. The most needed items will be given priority to give the best outcomes.

Brooksbank (1980) argues that since instructional service was the most important item in school work, as large a percentage of the school funds as possible had to be given to it without services which could result in the crippling of instruction

2.1.1 Principles of School Budgeting Procedures

Vosecky (1957: 60-119) summarised the following principles for appraising School Budgetary practices. He proposed that:-
1) The principals of schools should be responsible for the preparation of the budget document.

2) The budget document should be the result of the cooperative efforts of all who are concerned with the educational needs of the children and youth.

3) Budget preparation should be a continuous process, with the annual budget being a part of a long-range program.

4) The initial step in the preparation of the school budget should be the formulation of a definite educational plan.

5) The second step in budget construction should be the preparation of the spending plan, which is a translation of the educational plan into estimated costs.

6) The final step in the construction of the budget document should be the preparation of the financial or revenue plan.

7) It should be the responsibility of the principals of schools to present and interpret the budget to the board.

8) The Budget should be adopted before the beginning of the fiscal year for which it is to serve, but only after the legislative body (the B.O.G.) having power to adopt it has had ample time for analysis and review.

9) After its adoption, the budget should be accurately and carefully recorded in the official minutes of the body adopting it (B.O.G. Minutes).

10) The administration of the budget should be the responsibility of the principals of the schools.

11) There should be provisions for continuous appraisal of the budget document and the budgetary procedures.
2.1.2 Purpose of the Budget

Roe and Edgar (1960: 394-396) bring out the following as the purpose of the budget:-

(i) To provide for an appropriate allocation of authority between the executive (principal) and the legislative (B.O.G.) branches of the school.

(ii) To provide a comprehensive view of all services in order to make equitable provision for each service. That is, to avoid over appropriation in some services and under appropriation for others.

(iii) To provide an accurate forecast of anticipated receipts and expenditures over a definite period of time. In this case 1 year.

(iv) To provide a basis for keeping revenues and expenditures in reasonable balance.

(v) To provide a basis for accounting. They observed that, sound budgetary procedures cannot be developed without the aid of financial accounting, and on the other hand, financial accounting without the aid of a budget is not of much benefit to the management.

(vi) To provide a systematic plan for studying the quantity and quality of educational services needed not only to survive but to maximize the rate of progress in the quality of living. Therefore educational services must be continuously appraised in terms of needs of the people and the annual budget provides a vehicle for facilitating this process.

(vii) To provide a plan for attaining the purposes of an institution or service.

As shown above, the purposes are all valid but if an institution or service does not attain the purposes for which it was designed, then the institution is inefficient. The institution should, therefore, define its purpose before the budget is developed and the budget should provide the fiscal plan necessary to attain those purposes.
2.2 Accounting

Okumbe (1998) observes that financial accounting is concerned with the maintenance of records in which transactions of an educational organization are summarized. He continues to say that, an adequate financial system ensures effective operation in an educational organization. Financial accounting is thus the process of recording, classifying and summarising financial transactions of an educational organization and interpreting the results of these transactions.

Roe and Edgar (1960 p. 450) stated that:-

No institution of any size, public or private, can operate effectively without adequate accounting services. The educational enterprise is one of the major activities of government. It is one of the major enterprises in every community both in terms of the volume of financial transactions and in terms of the importance of the service.

They observed that school accounting can be classified into two broad categories:-

(i) Statistical and
(ii) Financial accounting

Statistical accounting includes all quantitative information on the educational enterprise except financial data.

In this case the researcher was interested in financial accounting. While it is true that financial accounts records transactions involving only money, accounting procedures vitally affect the administration of educational program and no programme is better than its administration. Roe and Edgar (1960: 450) observe that most school administrators are not accountants but they should know the function and general structure of an adequate school financial accounting system in order to be able to assure that it is properly organized and administered. Administrators must have this competency if they are able to provide proper leadership for the business administration of the schools.
2.2.1 Objectives of School Accounting

Okumbe (1998) points out the following as the objectives of accounting:-

(i) It ensures that financial resources are used for the intended purposes only. It determines the degree of honesty and integrity of the accounting officers.

(ii) It ensures a proper business management for promoting economy.

(iii) It enables educational authorities to have a quick but effective check on both the rate of expenditure and proper financial control.

Roe and Edgar (1960) adds that:- Accounting

- Furnishes the principal with information that is essential for budget development and administration.

- Is essential for orderly conduct of business with other official institutions and agencies such as banks and insurance companies.

- Provide cash and accrual accounting records as a Budget control and pre-audit expenditures.

- It ascertains what the school owes creditors. Invoices must be checked to see that the board has received the goods it purchased and that it is paying the price agreed upon.

- It systematically records all payments made and for what purpose.

- Assists the head to supervise financial transactions if financial records are kept.

- Provides auditors with the information essential for adequate audit.

- Assist the board to make its financial operation reports to the public.

- Enables the school to meet its school requirements.

- Enables the school to get information that allows it to evaluate and do appropriate research on issues such as cost analyses, financial economy and efficiency.
2.2.2 Accounting Documents

The financial and accounting instructions for educational institutions revised edition (Republic of Kenya, 1991), by the Ministry of Education Republic of Kenya requires educational institutions to maintain certain accountable documents such as cashbook, ledger, journal, receipt books, commitment register, stores ledgers, inventories, payment vouchers, requisition order, local purchase order, fees registers, attendance registers, counterfoil receipt book register, rent/service charge registers etc.

The ministry specifies that collection of fees and other money is the responsibility of the finance officer (Bursar), however, the head of institution has the responsibility to ensure proper accounting for school fees in the cash book daily and prompt banking of the money intact. Heads of institutions have the authority to incur expenditure and therefore should authorize and certify all payments in the payment vouchers; and authority necessary from the Board of Governors is given for those payments.

It is the role of the principal to ensure that receipts are obtained for all sums of money expended and should have supporting documents attached to payment vouchers and filed. Principals should carry out periodic checks of the cashbook, at least twice per month to ensure that all moneys received have been receipted, brought to account and promptly banked.

The head should also ensure that Bank reconciliation are carried out monthly when the Bank statements are received. At the end of the month the cash in hand should be counted and agreed with the balance in the cashbook.

The certificate for the verification should be signed in the cashbook by the Bursar and the head of institution.
2.3 Auditing

Okumbe (1998) states that auditing deals with the investigation of the financial records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements. Auditing is thus an activity which appraises the accuracy and completeness of the accounting system applied by an educational organization.

The auditing of accounts is a requirement by the education Act (Revised, 1980) cap 211 of the Laws of Kenya and is to be carried out by the audit unit Ministry of Education or in special cases by approved firm of accountants as directed by the Permanent Secretary Ministry of Education.

2.3.1 Objectives of Auditing

It should be noted that the main purpose of auditing is not to uncover mismanagement or embezzlement of the funds. The major objectives of auditing according to Okumbe (1998) are as follows:

(i) To determine whether the financial statements made by an educational institution are accurate in both calculations of figures and in application of the recommended accounting guidelines.

(ii) To determine whether an educational organization uses procedures that comply with legal provisions, policies and procedures stipulated by the Ministry of Education or the relevant body.

(iii) To identify any operational problems in the accounting procedures used by the educational organization so as to provide remedial recommendations for improvement.
2.3.2 Types of Auditing:

There are two types of auditing:

(i) Internal Auditing

Internal Auditing is usually a management activity and is a service intended to ensure regular and frequent checking on a school's financial transactions and records. The principal of an institution is the internal auditor, who ensures that the school accounts staff is efficient in their day-to-day management of school finances.

Internal auditing also serves to check whether all financial transactions have taken place according to the budget, to set procedures, and following management policies. The internal auditing objectives may differ from school to school, but the general aim is to promote efficiency in the school's financial control and management.

The school principal is directly involved in authorizing and approving expenses and signing cheques and the school finance committee of the board may also inspect and carry out internal control of the funds.

To manage the school finances properly and have a successful control of the budget, the governors and the principal may devise a set of rules and procedures of their own to suit local circumstances for instance:

- They might establish dates at which automatic reviews of expenditure takes place,
- Give important rules such as prohibition of the same person placing an order and also making payment for it,
- Others may include clear statements of the range of discretion of individuals and sub-groups, e.g. the maximum size of expenditure for a single time, virement and trade offs between two vote heads getting authority from the Board etc. (Paisey Allan, 1992).
The management responsibility (i.e. the Board and the school principal) is to see that enough rules and procedures are adapted to prevent fraud, anticipate overspending and accurate knowledge of the overall financial position but not more than the minimum needed to meet these objectives, whilst avoiding the imposition of unnecessary work (Paisey Allan, 1992:90).

Okumbe (1998: 229) states that internal auditing enables an organization to appraise the effectiveness of its financial management techniques and control. It is therefore an important financial management control device. The principal is expected to be conversant with auditing techniques within the organization so that he may help in detecting financial management flaws - before it is too late to alleviate them.

2.3.3 External Auditing

External auditing is performed by agencies from outside the educational organization. Paisey Allan, 1992) asserted that the financial management of a school is subject to public audit. The job of a public auditor is to see that money which is supplied from public sources is properly spent and accounted for. This includes ensuring that books, records and internal control have been established and kept in proper working order and that the accounting system overall is right for the school and takes care of transactions, which are then presented in an accurate and intelligible form.

The accounts are compared with other records to establish that stated assets and liabilities actually exist and are fairly valued and stated, as are resulting profits or losses. Paisey continues to observe that the auditor has to confirm that legal and accounting standards have been met.

Okumbe (1998: 229) states that the main aim of external auditing is to ascertain that the organization has complied with the stipulated financial control mechanisms.
2.4 Implications of the Financial Management by Principals to School Management

Paisey (1992: 57) asserts that:

"Evidence of prudent financial management and the generation of surpluses might be good for encouraging subscriptions from public bodies, grants from industry or gifts from benefactors."

This is supported by Schall and Rainer (1977) when they observed that:

"Finance is concerned with the life blood of a company. Money; how it is obtained to finance the business and how it should be used to assure the business success. Clearly skill in this area is an extremely valuable asset in managing a company".

It is these skills that all heads require as a matter of policy not by accident. Of all the kind of skills and information in the management system, none is more important than financial information since all the activities of the school and its ultimate performance turn on sound managed finances.

Financial management by the head therefore has a marketing policy in it for the school. Sallis Joan (1990: 11) observes that, if schooling is seen as a commodity, it must respond more accurately and more rapidly to the tastes of parents, just as the suppliers of other goods and services must respond to consumer wishes if they are to survive. She continues to observe that the customers know best the way to raise standards and drive out shoddy goods to favour good schools. This then supports the theory of "good" school will flourish and "bad" ones will wither.

She observes that if a school finances are well managed, then definitely standard of services will be raised and the school will benefit from the positive feelings of parents and children who have chosen it.
Cave and Wilkinson (1990: 2) also agree with Sallis (1990: 11) that the operation of open-market competition for pupils will ensure that good schools will flourish and bad ones will be forced out of the market.

They have observed that good financial management may influence parents of a particular area to choose a particular school and not the other. The movement to the school they think is well managed makes the schools they leave so vulnerable that even those who may have had no intention of moving from the school find themselves deprived of a choice if such schools closes.

Principals were therefore made to realise that education service can and should be managed according to the same criteria of efficiency, effectiveness and productivity as any other economic undertaking.

It will be the duty of the principal to consider the relevance of best value principles in the expenditure of funds.

The Hanst website: www.haunts.govt.u.k. (2002) on scheme for financial management Hampshire County Council gives a summary of the main features of best value performance management needed for the school management to ensure proper financial management as follows:

(a) The existence of a programme of performance review, which will aim for continual improvement. Existing mechanisms such as school development plans and post ousted inspection plans can be developed to satisfy the requirements for review. The review should include:

- Challenging how and why a service is provided (including consideration of alternative providers).
• Comparison of performance against other schools, taking into account the views of parents and pupils.

• Mechanisms to consult stakeholders especially parents and pupils.

• Embracing competition as a means of securing efficient and effective services.

(b) The development of a framework of performance indicators and targets, which will provide a clear practical expression of a school's performance, taking national requirements into account.

(c) That the following are included in school development plans:-

• Summary of objectives and strategy for the future.

• Forward budgets on an annual and longer terms basis.

• Description of the means by which performance targets will be achieved.

• A report on current performance.

(d) That internal and external audits take place ensuring that performance information is scrutinized. If finances are managed prudently and with school development plans and budgets well followed, then priorities of the core function of the school requirements will be seen in the school performance academically. This will mean that there is adequacy of the curriculum instructional materials and equipments.

Johns and Morphet (1960) held the view that the efficiency of a school was determined largely by the amount of school revenue and the wisdom with which the revenue is expended. The adequacy of the school plant, the types of curriculum, the quality and amount of textbooks and other materials and the qualifications of school employees in fact, all phases of the school programme were affected by the amount of money and the efficiency with which it was expended.
2.5 Summary

In the literature review, there was an in depth discussion of the competencies that the secondary principals should have in preparation of budgets, presentation and adoption, budget control and administration, and the need to have competencies in accounting and auditing of financial management in their schools. It has discussed the implications such competences or lack of them would have on the school management. Given the need to increase access to quality and relevant education within a constrained economic environment and limited resources, the literature review shows that it is imperative that principals of secondary schools adopt prudent management styles to ensure efficient and effective delivery of quality education.

This study therefore sought to investigate the role played by secondary school principals in financial management in Olkalou Division of Nyandarua District.
CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the procedures and strategies that were used in conducting the study. The research design, sampling procedures, research instruments, and the methods to be used in data collection, analysis, and presentation are discussed.

3.1 Research Design

The study employed a descriptive survey research design. According to Lockesh (1984), descriptive research studies are designed to obtain pertinent and precise information concerning the status of phenomena and whenever possible to draw valid general conclusions from the facts discovered. Surveys also aim at obtaining information, which can be analysed, patterns extracted and comparisons made (Bell, 1993). Verma and Beard (1981) observe that surveys provide information about population variables, for instance when data on pupils’ or teachers’ opinion (like the influence of financial management practices of secondary school principals on academic performance) on a variety of educational issues are sought, hence its choice for this study.

3.2 The Study Locale

The study was conducted in Olkalou Division, Nyandarua District of Central Province. The researcher chose to carry out the study in the area since she was teaching there in the time of the study. She was also aware of the poor performance of students in the division. In addition, the researcher chose Olkalou Division because it was easily accessible to her and she was also familiar with most teachers and principals in the schools hence data collection was not likely to be hindered by their hostility due to suspicion.
3.3 **Target Population**

The population of the study comprised of all the 20 principals, 106 Heads of Departments and 20 bursars or accounts clerks in the public secondary schools in Olkalou Division, and the district schools auditor, Nyandarua District. The principals were targeted because they are the chief executives and the accounting officers of the schools. The heads of departments were targeted because they are involved in coordinating teaching and learning in their various departments as well as procurement of the teaching and learning facilities and equipment. The accounts clerks or bursars were targeted because they are the people directly involved in operating the school finances.

3.4 **Sample and Sampling Procedures**

Simple random sampling procedure was used to select 10 schools to act as research sites. The figure, which represented 50% of the target population, is more than the minimum sample (10% - 20%) required for descriptive studies (Gay, 1976). From the 10 schools, all the head teachers were included in the study. The bursar or the accounts clerk from each of the sample schools were also included in the sample, together with the area District Schools Auditor for Nyandarua District.

3.5 **Research Instruments**

The study utilized questionnaires and interview schedules for data collection. In the process of developing the instruments, the researcher consulted the supervisor who, as an expert, verified whether the instruments were appropriate for obtaining the needed information.

3.5.1 **Questionnaires**

The researcher prepared one questionnaire for the principals. The items in the questionnaires were both open-ended and closed ended. Borg and Gall (1983) emphasise
that whereas the open-ended types of questions give informants freedom of response, the closed ended types facilitate consistency of certain data across informants. The questionnaires had items needed to cover all the research questions.

3.5.2 Interview Schedule

The study employed three interview schedules; one interview schedule was used as a follow up instrument to gather more data to complement the data from the principal's questionnaire. The other two interview schedules were used to collect data from the bursars/accounts clerks and the Districts Schools Auditor. The interview schedules were designed to collect data necessary to address all the research questions. The interview schedule as a research tool is unique in that it involves the collection of data through direct verbal interaction between individuals, and it permits the researcher to follow up leads and thus obtain more data and greater clarity (Borg and Gall, 1983).

3.6 Pilot Study

In order to finalize the research instruments it is necessary that they are piloted (Bell, 1993; Wiersma, 1985). This was vital as it enabled the validity of the instruments to be determined, as they had never been used in Nyandarua District before. Piloting also helped in checking for ambiguity, confusion, and poorly prepared items. Two schools outside the main study sample were randomly selected for piloting the instruments. After piloting, the instruments were revised as necessary (by addition of extra items, removal of ambiguous items and rewording of some of the items in the questionnaires and interview schedules) for the final data collection.

3.7 Data Collection Procedures

The researcher sought a permit from the Ministry of Education, Science, and Technology to conduct research in Nyandarua District. She also sought authority from other relevant
education officials in the district and the division. The researcher personally made visits to the schools to explain the procedures and purpose of the study to the participants. Questionnaires were administered to the participants personally by the researcher and were not left behind. Thereafter, the researcher made appointments with the principals and accounts clerks for interviews.

3.8 Methods of Data Analysis and Presentation

Data collected was coded and entered in the computer for analysis using the Statistical Package for the Social Sciences (SPSS). Data analysis was carried out using preliminary analysis procedures, including frequencies, means and percentages. The results of data analysis was summarized and reported in frequency distributions and tables. Data collected through the interview schedules was summarized and reported appropriately together with that from the questionnaire.
4.0 Introduction

In this chapter, results based on data analysis are presented. The chapter is divided into five subsections each guided by a research question as was stated in chapter one. Under each sub-section, data analysis results are presented using frequency tables and cross tabulations.

The purpose of the study was to investigate the role of secondary school principals in the management of school finances and identify how effectively they carry out this role. To realize this objective, the following research questions were formulated to guide the study:

1. Are the head teachers from Olkalou Division of Nyandarua district adequately equipped to handle financial management in their schools?

2. Do the head teachers effectively carry out the financial management functions of budgeting, accounting and auditing?

3. Do the school principals have competent bursars or accounts clerks to assist them in the management of school finances?

4. Which are the major challenges facing head teachers in the management of school finances?

5. What do the head teachers suggest should be done to avert the problems faced in school finance management?
The target sample for the study was ten head teachers, ten bursars/accounts clerks and the District Schools Auditor, Nyandarua District. However, one head teacher and one bursar did not respond. In another school, there was no bursar or an accounts clerk. Therefore, data analysis to answer the research questions was done utilizing information collected from nine (9) head teachers, eight (8) bursars/accounts clerks and the area District Schools Auditor, Nyandarua District. Below is a presentation of the major findings of the study for each research question.

4.1 Preparedness of Head Teachers to Handle Financial Management.

The first research question asked: - Are the head teachers from Olkalou division of Nyandarua District adequately equipped with skills to handle financial management in their schools?

Table 4.1 in the next page presents a summary of the responses received from the head teachers to aid in answering this question.

The following observations can be made from the table: -

- From the table, it can be observed that two head teachers have headed three schools and two more have headed two schools. Five head teachers reported to have headed only one school. Of those head teachers who had headed more than one school \((n = 4)\), all reported that they had become better managers in their current schools in financial matters than in the previous ones.

The following were cited as the reasons for this: -

(a) As a result of attending courses on financial management.

(b) Experience gained in the course of headship.

(c) Have learnt from previous mistakes/weaknesses.
Table 4.1: Qualifications and experience of head teachers in financial management

<table>
<thead>
<tr>
<th>Academic qualifications</th>
<th>Frequency (F)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.Ed</td>
<td>8</td>
<td>88.9</td>
</tr>
<tr>
<td>Approved (ATS)</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of schools headed</th>
<th>Frequency (F)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>55.6</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>22.2</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>22.2</td>
</tr>
<tr>
<td>Total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Have you improved in management</th>
<th>Frequency (F)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>4</td>
<td>44.4</td>
</tr>
<tr>
<td>no</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>not applicable</td>
<td>5</td>
<td>55.6</td>
</tr>
<tr>
<td>total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Been trained for headship?</th>
<th>Frequency (F)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>8</td>
<td>88.9</td>
</tr>
<tr>
<td>no</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Was training relevant?</th>
<th>Frequency (F)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>8</td>
<td>88.9</td>
</tr>
<tr>
<td>no</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>not applicable</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

- Eight out of nine head teacher (89%) had received training for headship. Those head teachers who received that training reported that the training was a two-week course organized by the Kenya Educational Staff Institute (KESI) on financial management. All the eight principals reported that the course was relevant to financial management as it highlighted areas like book keeping, accounting and general financial management.

However, the course also involved other general managerial skills required by the principals including curriculum management and supervision, personnel management, school development plans, and school-community relations. With all these courses covered in a period of two weeks, it can be concluded that the training received in financial management was not adequate.
In conclusion therefore, it can be said that the training received by head teachers – being only a two weeks course by KESI – is not sufficient to enable the head teachers to effectively manage finances in their schools.

4.2 Effectiveness of Head Teachers in Financial Management

The second research question asked: Do the head teachers effectively carry out the financial management functions of budgeting, accounting and auditing?

To answer this question, information collected from the head teachers, bursars and the Audit unit of the DEO’s office was utilized. Below is a presentation of the content analysis findings from this information.

4.2.1 Head Teachers’ Priorities in Making Annual Budget Estimates

The head teachers were asked to rate in order of importance some suggestions on how they arrive at the annual estimates for their schools. Table 4.2 below presents a summary of their responses.

Table 4.2: Making annual estimates: The Head Teachers’ priorities.

<table>
<thead>
<tr>
<th>Priority issues for budget making</th>
<th>Head teachers’ identity number</th>
<th>Overall Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7 8 9 Total</td>
<td></td>
</tr>
<tr>
<td>Looking at available resources</td>
<td>2 2 3 3 2 2 2 2 20</td>
<td>2</td>
</tr>
<tr>
<td>Using previous budgets</td>
<td>1 4 4 4 4 5 1 1 4 28</td>
<td>4</td>
</tr>
<tr>
<td>Forecasts by departmental heads</td>
<td>4 3 2 1 3 4 3 4 3 27</td>
<td>3</td>
</tr>
<tr>
<td>Consulting with other head teachers</td>
<td>5 5 5 5 3 4 5 5 42</td>
<td>5</td>
</tr>
<tr>
<td>Considering needs of the school</td>
<td>3 1 1 2 1 1 5 3 1 18</td>
<td>1</td>
</tr>
</tbody>
</table>

n=9

From the table, it is clear that majority of the teachers rated the suggestions as given below – from most important to least important in making annual estimates.
1. Considering the needs – goals and objectives of the school.
2. Looking at available resources
3. Asking individual departmental heads to make forecasts.
4. Looking at previous budgets
5. Consulting with heads of other institutions

4.2.2 Competence of Head teachers in Budgeting, Accounting and Auditing: The Bursars’ Views

The bursas and/or accounts clerks interviewed (n = 7) were asked to state whether or not they found their head teachers competent enough in budgeting and accounting process.

Table 4.3 below presents the results obtained.

<table>
<thead>
<tr>
<th>Is Head Teacher Competent Enough?</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>87.5</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>no response</td>
<td>1</td>
<td>12.5</td>
</tr>
<tr>
<td>Total (n)</td>
<td>8</td>
<td>100</td>
</tr>
</tbody>
</table>

It is clear from the table that all the seven bursars who responded to this item felt that their head teachers were competent enough to handle budgeting and accounting in their schools.

Asked whether they experienced problems with accounts in terms of auditing, the head teachers responded that the major problem was that of the auditing officers with the Ministry of Education delaying the release of audited accounts to schools for discussion by the heads and the accounts clerks. This means that mistakes found in the audited accounts of the previous year are not rectified and are carried forward to the following
One head teacher was found not to have an accounting officer. The head teacher reported that she faced problems carrying out internal audit on her own.

4.2.3 Competence of Head Teachers in Budgeting, Accounting and Auditing: Views of District Schools Auditor.

The area district schools auditor was asked in an interview whether he found the head teachers competent enough in budget and accounting process. Below is a summary of the responses given:

- The head teachers are not professionally trained on budgeting and accounting. The auditor felt that the two-week induction course organized by KESI is not adequate to prepare head teachers for budgeting and accounting.

- There are instances when the budgets prepared are not a true reflection of the requirements due to inadequacy of information on budget data. The auditor was of the opinion that more information should be obtained from departmental heads - a suggestion ranked third by the head teachers (section 4.2.2).

- There are weaknesses in making the budget for instance previous years' fees arrears are included as expected income, which may not be paid in to the schools at all in the year being budgeted for.

- Misadvise from incompetent bursars to the principals which at times result to near financial crisis for the schools.

- The members of the Board of Governors (BOG) are not conversant with school budgets and therefore they sway the principals from monitoring and following the budget strictly.

In general, the district schools Auditor felt that the head teachers were not competent enough in budgeting and accounting process. Asked whether the head teachers consult
him when faced with problems in school finance management, the auditor responded that they frequently did so. Below is a list of the issues that they often consult him about:

- Interpretation of accounting instructions and other government circulars.
- Assessing from auditors how well their bursars/accounts clerks are doing their work.
- To receive induction on financial management especially those who have not gone through the KESI induction course.

On the issue of auditing, the District Schools Auditor reported that not all schools submitted their books for auditing, and other submitted books which were not in an auditable state. This is an indication that the head teachers in the sample schools are not effective in the auditing aspect of financial management.

4.3 Competence of Bursars/Accounts Clerks in School Finance Management

The third research question asked: Do the school principals have competent bursars/accounts clerks to assist them in the management of school finances? Below is a presentation of data collected from head teachers, the bursars and the district schools auditor on this research question.

4.3.1 Qualifications and Experience of Bursars.

Of the nine schools that were visited, seven (77.8%), were found to have a bursar. The table below presents the qualifications and experience (in years) of the bursars.

Table 4.4: Qualifications and experience of Bursars

<table>
<thead>
<tr>
<th>Professional Qualifications</th>
<th>Experience in Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 - 3 Years</td>
<td>4 - 6 Years</td>
</tr>
<tr>
<td>KATC 1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>KATC 2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>CPA 1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>CPA 2</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
The bursars were either KATC or CPA certificate holders. There were two KATC 2 and two CPA 2 holders. Their experience ranged between one and twenty years. There were two bursars in the experience bracket of one to three years and two with experience above eleven years. The other three had an experience of between four and six years. One bursar did not respond to the question.

4.3.2 Bursars’ Perceived Effectiveness

The bursars were asked to state whether they felt competent to handle financial management duties effectively. Table 4.5 below gives a summary of their responses.

Table 4.5: Bursars’ Perceived Effectiveness

<table>
<thead>
<tr>
<th>Do you feel effective in your duties as a bursar?</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total (n)</td>
<td>7</td>
<td>100</td>
</tr>
</tbody>
</table>

All the bursars who responded to this item reported that they felt effective in carrying out their duties. However, asked if he thought the bursars were competent enough in keeping school accounts books, the auditor in the DEO’s office responded “not at all”. The auditor reported that he had audited only 40 accounts since 2002 - which was half of the books expected from schools. The reasons he gave for this were:

- Not all books were submitted
- Of the books submitted, not all were in auditable state

He interpreted this to mean that the accounts clerks and bursars were not conversant with expected book keeping procedures.
4.3.3 Bursar’s Effectiveness: Head Teachers Views

The Head teachers were asked to indicate how often they checked on the bursars’ work, what they checked and to state the major mistakes/errors that they found in their (bursars) work. The table below presents findings on these issues.

Table 4.6: Frequency of Head teachers’ checks on Bursas’ work, and issues checked.

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Aspects of work checked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>1</td>
<td>Entries in cash books, ledgers,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>payment vouchers, receipt books</td>
</tr>
<tr>
<td>Weekly</td>
<td>1</td>
<td>Expenditure</td>
</tr>
<tr>
<td>After every 2 weeks</td>
<td>2</td>
<td>Cash in hand</td>
</tr>
<tr>
<td>Monthly</td>
<td>2</td>
<td>Banking Slips</td>
</tr>
<tr>
<td>Never</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total (n)</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

The mistakes/errors most commonly found by head teachers on their bursars’ work were reported as:-

- Making contradictory entries
- Making wrong entries for bank commissions and other bank charges
- Some bursars do not know where to post refunds.
- Spending of cash before banking
- Failure to update the fees registers
- Making unauthorized payments
- Having payment vouchers with no appropriate supporting documents
- Exaggerated prices
- Surcharging wrong vote heads.
- Supporting documents lacking enough information e.g. travelling receipts having no relevant details.
It can be concluded, therefore, that while the bursars perceived themselves as effective in their work, the District Schools Auditor and the head teachers were of the opinion that the bursars were not as effective. The mistakes reported by the auditor and the head teachers are indicative of inefficiency on the part of the bursars.

4.4 Challenges Facing Head Teachers in School Finance Management

The fourth research question asked: Which are the major challenges facing head teachers in the management of school finances?

Given below is a summary of the major challenges faced in financial management as expressed by the head teachers:

4.4.1 Constraints from Financial Management Responsibilities.

The head teachers were asked to state whether they felt constrained by the amount of financial responsibilities they have to attend to. The results tabulated below were obtained.

<table>
<thead>
<tr>
<th>Do you feel constrained by financial management responsibilities?</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>77.8</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>22.2</td>
</tr>
<tr>
<td>Total (n)</td>
<td>9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As can be seen in the table, majority of the head teachers (seven out of nine, 77.8%) reported that the financial responsibilities that they attend to do constrain them. The head teachers reported that these constraints are a result of:

- School fees collection problems due to delays, hence lack of enough funds to meet needs and attain set goals.
• Too much time consumed in budgeting, purchases and other aspects of financial management.

As a result of the constraints, other administrative responsibilities were affected. The head teachers gave the following as some of the effects.

• Lack of enough time to monitor the curriculum and undertake a significant teaching role.

• Failure to provide the necessary teaching and learning material and pay the supportive staff.

• The head teachers are forced to hire poor quality personnel who are de-motivated due to poor pay.

• Students sent away for school fees interfere with syllabus coverage, hence poor performance.

4.4.2 How Limited Funds Affect other Administrative Tasks

The head teachers were asked to list the major problems they faced in school finance management. Below is a summary of the problems listed, categorized in three areas - curriculum and instruction, personnel management, and school community relations:-

(a) Problems related to curriculum implementation

• Lack of adequate and adequately equipped physical facilities e.g. classrooms, libraries, laboratories and other workshops affecting quality of teaching/learning.

• Due to poor school fees payments, there is no enough money to buy enough and quality learning and teaching material e.g. text books. This means that the few available are shared by very many students.
- Frequent changes of the syllabus and subsequent change of course/text books means that schools have to keep replacing books and funds are not available for this.

(b) **Problems related to personnel management.**

- Lack of funds to pay salaries to the support staff.
- Due to lack of funds, the schools employ unqualified personnel.
- Lack of motivation for the supporting staff due to poor pay.

(c) **Problems in school community relations.**

- A lot of money owed to creditors
- Parents feel head teachers are insensitive to their plight when they send students home often for fees.

4.4.3 **Cases of Misappropriation of School Funds.**

The District Schools Auditor was asked to give the areas where he had identified misappropriation of funds. Below are the areas that were given:

1. Inflation of prices against the market prices.
2. Failure to enter purchased items in the relevant store ledgers.
3. Failure to adhere to the procurement committee minutes.
4. While the payments rule is that anything more than 5,000/- be paid in cheque, a lot of money is paid in cash.
5. BOG members awarding themselves huge allowances.
6. Schools hiring out buses and other facilities to the society and the revenue earned is never receipted and remitted to the schools.
7. Farm produce and proceeds from milk sold is not received.
8. Alterations and insertion of new figures by accounts clerks and bursars when the head teacher has already signed the payment vouchers.

9. Presentation of invoices and delivery notes for goods not received in school.

10. Disparities between fees register (number of students) and class attendance registers. Some students are omitted in fees registers and hence their fees are not accounted for.

4.5 Possible Solutions to Challenges Facing Head Teachers in School Finance Management

The fifth research question asked: What do the head teachers suggest should be done to avert the problems faced in school finance management?

The head teachers were asked to suggest ways through which the problems they faced in financial management could be alleviated. Below is a list of the suggestions raised:

- By ensuring transparency in financial management.
- By being more strict in school fees collection.
- Improvisation of available resources.
- Maximum utilization of the resources available in the schools.
- Teachers to give adequate and quality class notes to students to make up for lack of text books.
- Prepare more objective budgets and follow them as much as possible.
- Government should step in and offer subsidies to schools.
- More in-servicing of head teachers to gain more training on finance management.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides the summary of the findings, conclusions and recommendations of the study based on the analysis of the research data presented in chapter four.

The purpose of this study was to investigate the role of secondary school principals in the management of school finances and identifying how effectively they carry out this role. To achieve this objective, five research questions were generated which guided the study.

These questions were:

(i) Are the head teachers from Olkalou Division of Nyandarua District adequately equipped to handle financial management in their schools?

(ii) Do the head teachers effectively carry out the financial management functions of budgeting, accounting and auditing?

(iii) Do the school principals have competent bursars and/or accounts clerks to assist them in the management of school finances?

(iv) Which are the major challenges facing head teachers in the management of school finances?

(v) What do the head teachers suggest should be done to avert the problems faced in school finance management?

Data was collected using questionnaires for head teachers and interview schedules for the District Education officer, head teachers, Bursars and or accounts clerks. It is from the analysis of this data that this summary and conclusions were derived.

5.1 Summary of the Study Findings

Below is a presentation of a summary of the major findings of the study.
5.1.1 Personal Data on the Head Teachers in the Study

The majority of head teachers in the study: -

(i) Were males
(ii) Were professionally qualified graduate teachers who had studied up to university level.
(iii) Had reasonable headship experience ranging from 1 - 20 years.
(iv) Had headed only one school

5.1.2 Improvement in Management

Four head teachers who constituted a total of 44.4% of the total number of the head teachers in the study and had headed more than one school reported that they had become better financial managers in their current schools than they were in their previous schools. They felt that they were better because they had been exposed to financial management courses, they had gained management in the course of their headship, and that they had learnt from their previous mistakes and weaknesses.

5.1.3 Preparation of Head teachers in Financial Management

Eight out of nine head teachers (89%) had received a 2-week induction course to headship organized by Kenya Education Staff Institute (KESI). The induction course among other things gave some insight into financial management in secondary schools. The head teachers reported that the course was relevant, but it was also observed that the course also handled other managerial tasks of a head teacher and were only sketchy on financial management given the period of time taken by the course. Hence the course was found inadequate to prepare a head fully to handle financial matters in school effectively.

5.1.4 Effectiveness of Head teachers in Financial Management

On the effectiveness of the head teacher in financial management, the summary is presented below under the following subheadings: -
a. Head Teachers’ Priorities in Making Annual Budget Estimates

Head teachers considered various factors before arriving at their annual estimates, which included: Needs (goals/objectives) of the school, looking at the available resources, departmental head forecasts, previous budgets, and consulting with other head teachers. Needs of the school and the availability of resources were looked at as the most important factors when preparing a budget. This agrees with what Okumbe (1998: 198) observes that a school budget is a plan for attaining the purposes of an institution and that it enables an equitable allocation of financial resources in all the services of an institutional organisation.


Though the bursars and the accounts clerks interviewed felt that their heads were competent enough to handle budgeting and accounting processes in their schools, the district auditor was of a different view. He felt that they were not competent and the following reasons were given:

- The head teachers were not professionally trained in budgeting and accounting and the two weeks KESI induction course was not adequate to prepare the heads in budgeting and accounting. The auditors’ feelings on the competence of the headteachers agree with what Mbiti (1974) observes that teachers are given headship without any formal preparations and therefore find themselves in a completely new situation with new responsibilities, commitments and problems. Roe and Edgar’s (1960.450) observation also agrees with the findings that most schools administrators are not accountants, a skill which they observe as a requirement if the head teachers have to provide proper leadership for the business administration of the schools.
• Lack of involvement of departmental heads fully, hence the budget document not reflecting the true requirements of the school. This is against Roe and Edgar’s (1960) recommendation that BOG and the principals allow stakeholders democratic opportunities to participate in the development of the budget if their programmes have to succeed. Miller and Spalding (1958) also support the same idea that budgeting should not be a one man’s affair but should involve everybody concerned with school operations.

• Incompetent bursar/accounts clerks misadvise heads which at times result to near financial crisis.

• BOG members who ratify and adopt the document are not themselves conversant with the school budgeting processes and hence their decisions at times sway the head teachers from monitoring and following the budget strictly. Cave and Wilkinson (1990: 8) recommends that for BOGs to realize their full potential in schools, they require training to enable them discharge their responsibilities effectively and encouragement to feel that they have a positive and constructive role to play.

• According to district schools auditor, the head teachers were also not competent enough in accounting process. It was indicated that the head teachers consulted the audit office frequently on issues such as :

(a) interpretation of accounting instructions and other government circulars

(b) Seeking auditors’ opinions on how well they think their bursars/accounts clerks are doing their work.

(c) To receive some induction course for those newly appointed heads.
5.1.5 Competence of Bursars/Accounts Clerks in School Financial Management.

Though they felt competent in handling all financial duties given to them in schools, the bursars’ low qualifications (KATC/ACNC level) make them not really efficient in accounting and budgeting processes.

- They felt they needed further training to be updated with the modern trends.
- They also felt that lateness of bank statements made them late in preparing trial balances.
- Teachers not surrendering imprests in good time was cited as a problem.
- The auditors view on their competence was outright in the negative. They were not at all competent.
- The inability to audit all the books in the district was attributed to the inefficiency of the bursars and accounts clerks.

The auditors’ response was that books were not submitted in time and some submitted books were so badly written that they were not in auditable state. This he concluded was a sign of bursars and accounts clerks’ incompetence in bookkeeping and accounting procedures. This feeling was also confirmed by the head teachers when they stated that in their routine check of the bursars/accounts clerks work, they find the following mistakes:

- Making contradicting entries
- Making wrong entries for banks commissions and other bank charges
- Not knowing where to post refunds.
- Spending cash before banking without consultation with the head teacher
- Failure to update fees registers
- Making unauthorized payments
- Having payment vouchers with no appropriate supporting documents.
- Exaggerated prices of items
- Surcharging wrong vote heads
- Supporting documents lacking crucial details of ravelling receipts.

5.1.6 Challenges Facing Head Teachers in Financial Management

The head teachers (77.8%) felt that financial responsibilities were a real challenge to them and it is made worse by:

(a) Poor fees collection due to delays or lack of it which meant school needs were never met.
(b) Too much time consumed in budgeting, procurement procedures, and other aspects of financial management which affected other heads administrative tasks.

Head Teachers felt that:-

- They lacked time to monitor curriculum and instruction.
- They could not take a significant teaching load as is expected of a good head teacher.
- They could not provide the necessary teaching and learning materials
- They could not pay their support staff well and in time.
- They were forced to hire poor quality personnel who are also demotivated due to poor pay.
- Performance of students who had to keep going home for fees was affected - due to poor syllabus coverage.

The above observations are supported by what Cave and Wilkinson (1990: 11) observed as an effect of the Education Reform Act of 1988 in Britain which delegated too much to the schools in terms of financial management. The image of the head teacher that emerged after this Reform Act was that the head teachers would be public relations figures; much concerned with the image of the school that they would work more closely
with the governors than with teachers; that they would be involved more with finance than with curriculum; be more directly concerned with pupil intake than with pupil progress; shrewd rather than scholarly, well groomed, personable charismatic and dynamic. They continue to observe that the head teacher's role must be reduced to purely administrative and managerial functions to the exclusion of the all-important task of providing professional academic leadership.

5.1.7 Problems caused by Limited funds in relation to:-
- Curriculum implementation
- Personnel Management
- School - community relations

Heads pointed out problems that limited funds caused in the above administrative tasks as follows: -

(a) Curriculum Implementation related problems

(i) Due to poor school fees payments, there is not enough money to buy enough and quality teaching and learning materials e.g. text books. The few books available are shared by so many students (high book ratio).

(ii) Frequent changes in the syllabus and subsequent change of course text books makes it even worse for the schools that have to use the limited funds to replace the books and other expected teaching materials.

(iii) Limited funds lead to lack of adequate and adequately equipped physical facilities e.g. classrooms, libraries, laboratories and other workshops affecting quality of teaching and learning.

(b) Problems related to personnel management

Head teachers pointed out that limited funds leads to:

(i) Lack of salaries for support staff.
(ii) Employment of unqualified staff

(iii) Demotivated staff due to poor pay.

(c) Problems Related to school community relations

(i) Head teachers felt that the limited funds make schools delay payments to creditors who lose confidence in the school and may lead to crisis in the school.

(iii) Parents feel that heads are insensitive to their plight when they keep sending their children home for fees.

According to Schall and Rainer (1977: 8) finance is concerned with the life blood of a company. As was established by the study, lack of adequate finances resulted to major problems in the schools in all areas. This was in line with Wanjau's (1990) assertion that financial resources were a prerequisite to affecting an adequate program of education.

5.1.8 Mismanagement of school funds

The district schools auditor pointed out the areas where misappropriation and mismanagement of funds were noted during the audit process as follows:

- Inflation of prices against the market prices.
- Failure to enter purchased goods items in the relevant stores ledgers.
- Failure to adhere to the procurement committee minutes.
- Payment made in cash while the rule is that anything more than Kshs 5000 should be paid in cheques.
- BOG members awarding themselves huge allowances.
- School hiring out buses and other facilities to the society and not receipting and accounting for the money received.
- Farms produce not being receipted.
- Alterations and insertion of new figures by bursars and accounts clerks in payment vouchers after head teacher has signed the vouchers.

- Presentation of invoices and delivery notes for goods not received in school

- Disparity between fees registers (numbers of students) and the class attendance registers. Some students omitted in fees registers and hence their fees not accounted for.

This problem, as Paisey (1992) and Okumbe (1998) suggested, requires regular and frequent checking of a school’s financial transactions and records. Both the principal and BOG are called to intensify internal audit to ensure that the school accounts staff is efficient in its day to day management of finances. Paisey (1992) suggests that the BOG and the principal devices a set of rules and procedures of internal audit of their own to suit their own circumstances. This Paisey (1992) feels would prevent fraud, anticipate overspending and give accurate overall financial position of the institution.

5.1.9 Possible solutions to the Challenges.

The head teachers gave their suggestions on how challenges faced in financial management would be averted and they came up with the following suggestions:

- That transparency in financial management should be practiced.

- That there should be strictness in fees collection

- That there should be improvisation of the available resources.

- That there should be maximum utilization of the resources available in the schools.

- That teachers should give adequate and quality notes to students to make up for lack of text books.

- That budgets should be made more objectively and be followed as much as possible.

- That government should step in and give subsidies to schools.

- That there should be more in servicing of head teachers in financial management.
The heads suggestions agree with what Paisey (1992) suggests that principals should be conversant with auditing techniques to help detect financial management flaws and alleviate them before it is too late.

5.2 Conclusions

Based on the findings of the study, the following conclusions can be made:

(a) That the in-service course organized by Kenya Educational Staff Institute (KESI) is far from being adequate to prepare heads to be efficient financial managers.

(b) That management of resources in schools was affected by funds availability and the wisdom and efficiency of spending it.

(c) That heads should make realistic budgets based on what is available per vote head without planning to overspend. This would be made possible by involvement of the heads of departments to identify their priorities per department having in mind the vote head provisions.

(d) That all schools’ administrative tasks were affected by the unpredictable flow of revenue from parents in terms of fees. An effect per task has ripple effect to the total administration of the school which requires the head teachers to be very creative and innovative to meet the challenges. This can be through income generating projects like farming, keeping airy animals, looking for sponsors and donors etc.

(e) That head teachers prepare budget documents just as a routine requirement, but they hardly follow them. The poor fees payment made it difficult for schools heads to effectively administer their budgets. Unnecessary adjustments had to be made to the spending plan to give priority to the most sensitive and urgent issues with in mind the available resources at the time.
(f) That low qualifications of bursars and accounts clerks and lack of financial management competency among the Board of Governors affected head teachers performance in financial management.

(g) Internal audit by head teachers are irregular.

5.3 Recommendations

Based on the findings of the study, the following recommendations are made to the relevant authorities:

(i) That more and regular seminars and in-service programmes should be organized for head teachers, bursars/accounts clerks and BOG members to enable them acquire skills and knowledge necessary for effective and prudent administration and supervision of schools' financial activities.

(ii) Teacher training colleges and universities should include courses that will inculcate skills necessary for effective financial management in schools so that if heads find themselves without funds to employ a bursar/accounts clerk, they can still handle the financial activities.

(iii) Head teachers should be more creative and innovative in their schools in finding more sources of income, for instance they should take advantage of their unique ecological zones to come up with income generating projects.

(iv) Government should intervene by giving grants to schools in terms of bursary, salaries and project funding/grants.

(v) Heads should be more transparent on funds accrued from other sources of income other than fees. For example money accrued from hiring school facilities, farm proceeds and house rent should be receipted and accounted for.
(vi) There should be constant review of fees guidelines to take care of economic times and market prices.

(vii) Head teachers should be more vigilant on the way bursars/accounts clerks carry out their duties. They should not assume that whatever is being paid for is in the store. They should verify with stores and if possible do a physical count of the items before signing the cheques.

5.4 Suggestions for Further Study

1. This study should be replicated on a wider population of public schools in both rural and urban areas to examine head teachers’ preparation and support in financial management.

2. A similar study should be conducted in private schools to provide a basis for comparisons between them and public schools.

3. The role of BOG in financial management should be further investigated with a view of providing suggestions on how their capacity could be strengthened.
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APPENDIX A: QUESTIONNAIRE FOR SECONDARY SCHOOL HEADS

Please do not write your name or that of your school on this questionnaire. The information given will be held with utmost confidentiality and you are assured that there will be no victimization whatsoever. Please be as honest as possible.

Do put a tick in the right box ( ) or write your answer in the space provided

PART I

1. Your sex  
   Male  ( ) 
   Female  ( )

2. Academic qualifications
   B.Ed  ( ) 
   BSc  ( ) 
   B.A  ( ) 
   Dip/Ed  ( ) 
   SI  ( ) 
   Approved  ( )

3. Other qualifications
   M.Ed  ( ) 
   MSc  ( ) 
   M.A  ( )

4. Experience (write the number of years in the relevant box).
   - Classroom teacher  ( )
   - Deputy Principal  ( )
   - Headmaster/Headmistress  ( )

5. Sex of your students
   Boys  ( )
   Girls  ( )
6. Category of school
   Boarding ( )
   Day ( )
   Day/Boarding ( )

7. Enrolment – How many
   Boys ( )
   Girls ( )

8. Type of school
   National ( )
   Provincial ( )
   District ( )

PART II

Please respond to the following statement by making relevant statements in the appropriate way and place.

9. (a) The number of years you have been in your current station ______________
    (b) The number of schools you have headed ______________

10. Would you say you are a better manager in the current school in financial matters than in your previous station Yes ( ) No ( )
     If Yes or No Explain

11. Have you had any training relevant to headship and specifically to financial management? Yes ( ) No ( )
12. If yes, explain by stating who organized the course, and the length of the course


13. Was the course relevant? Yes ( ) No ( )
Briefly state the content of the course


14. Do you have a Bursar or accounts clerk in the school? Yes ( ) No ( )

15. How qualified is he/she


16. How often do you send estimates to the Ministry?


17. Do you feel constrained by the amount of financial responsibilities you have to attend to? Yes ( ) No ( )
Explain


III
18. How does this affect your other administrative responsibilities?

19. Please rate the following suggestions in order of importance (i) as the most important and (v) as the least important.

The school head arrives at the annual estimates by?

(i) Looking at available resources
(ii) Previous budgets
(iii) Asking individual departmental heads to make forecasts
(iv) Consulting with heads of other institutions
(v) Needs (Objectives/Goals) of the school.

20. Please rate the following factors in ranking order of limitation. 1 as the most limiting and 5 as the least limiting.

(1) Lack of support staff (Bursar/Accounts clerk)
(2) Lack of time
(3) Estimates being too technical a job
(4) Failure of staff to send/forward requisitions forms
(5) Being unaware of the market prices.

21. How much financial control do you have over expenditure? (Tick one)

(i) Much control
(ii) Not so much control
(iii) Fair control
(iv) Little control
22. A principal who is not limited or influenced on his manner of spending manages his finances better. (Tick one)

(i) Strongly Agree
(ii) Agree
(iii) Undecided
(iv) Disagree
(v) Strongly disagree

23. Please rate the following factors in ranking order of limitation. (i) As the most limiting and (vi) as the least limiting.

The school head experiences problems in administering the Budget from

(i) Inflationary reasons
(ii) Urgent services not budgeted for
(iii) Having underestimated some expenditure
(iv) One service ending up taking most funds
(v) Lack of support staff (Bursar/Accounts clerk)
(vi) Having little financial control over expenditure

24. What other problems hinder the prudent administration of the budget?

(Explain briefly)

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

25. How often is your school visited by audit officers from the ministry of educations? (District Education Officer).
PART III: Curriculum and Instruction

26 (a) Does your school have enough facilities for learning and teaching purposes (textbooks, laboratories, workshops etc) 

(b) What problems do you experience in managing this curriculum and instruction in relation to availability of funds or lack of it?

(c) Do you share out the amount of money available equally to all departments
   Yes ( )  No ( )

(d) If not, which departments get more and why
   (Explain briefly) 

(e) How have you tried to solve these problems?

27. (a) Would you say you have financial problems in your school?
   Yes ( )  No ( )
(b) If yes to the above question, list the problems in a descending order from the most serious one to the least serious one.


28. How were these problems been caused?


29. Do you think these problems have an effect on performance of the school academically

Yes ( )  No. ( )

If yes – how? Explain


30. What are your alternatives to these problems that would avert the poor academic performance?


31. Is it true to say that mismanagement of funds have drastic effects on the administration of the school?

Yes ( )  No ( )

If yes – how (explain briefly)


VII
32. Why is there mismanagement of funds in school?


33. How would you tackle or how have you tackled the above problems?


VIII
APPENDIX B: INTERVIEW SCHEDULED FOR BURSARS/ACCOUNTS

CLERKS

1. What is your qualification? (i) Graduate ( )
   (ii) KATCE ( )
   (iii) CPA ( )
   (iv) Any other ( )

2. How long have you worked as an accounts clerk/Bursar

3. What problems do you experience in dealing with financial transactions?

4. What problems do you face in your accounts work that is: -
   (i) Students related ( )
   (ii) Parents related ( )
   (iii) Principal related ( )
   (iv) Teacher related ( )

5. Who prepares the budget? What methods do you use to come up with budget proposals?

6. Is the budget strictly followed in procurement procedures?

7. From your observation do you think the principal is competent enough in budget and accounting processes?

8. In which areas does he/she have most problems?

9. How often does your principal supervise you and which areas does he/she check.

10. What is your role in financial management?

11. Do you think you are effective in it? If not what makes you not effective.

12. What do you think should be done to make you more effective in your work?
APPENDIX C: ORAL INTERVIEW FOR HEADS OF SCHOOLS

1. What do you do to close the deficit caused by lack of enough funds?

2. What limitations do you face in raising money through other means other than fees?

3. What problems do you encounter in preparation of annual estimates?

4. How do limited funds affect the following administrative task in school management?
   (i) Curriculum and instruction
   (ii) Personnel management
   (iii) School community relations.

5. Have you been trained in financial management?

6. Who assist you in budgetary preparation?

7. Do you keep referring to procurement procedures?

8. How often do you appraise the budget in a year?

9. Which accounting documents do you have?

10. How often do you check on your accounts officers work?

11. What do you check most?

12. What mistakes or errors do you normally find?

13. How often do you present your financial status to the board?

14. What are your last audited accounts?

15. Does your accounts officer prepare the monthly trial balance in time?

16. What problems do you experience with accounts in terms of budgeting, accounting and auditing?
APPENDIX D: DISTRICT SCHOOLS AUDITOR INTERVIEW SCHEDULE

1. How many schools have you audited since last year?

2. From your observations, do you think the head teachers are competent enough in budget and accounting processes?

3. In what areas do they have problems?

4. How often do Head teachers approach you when they have problems in their attempt to manage school finances?

5. What are the main problems they come to you about?

6. Do you think the Bursars or accounts clerks are competent enough in keeping school books?

7. What areas, if any, have you identified misappropriation of school funds?

8. What do you do when such misappropriation occurs?

9. What do you think are some of the ways in which financial management in schools can be improved?