

**FINANCIAL MANAGEMENT PRACTICES AND FUNDS MANAGEMENT
IN PUBLIC SECONDARY SCHOOLS IN KILIFI COUNTY, KENYA.**

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DECLARATION

This project is the result of my own effort and has not been previously presented or submitted for the purpose of obtaining an award at any other academic institution.

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DEDICATION

I appreciate the contribution and support I got from my Supervisor Dr Peter Ng'anga' and my Wife and Children for the time accorded to me. As a result, I dedicate this work to my family members Elsie, Stacy, Fidel, Kyle, Keyline, Karla, and Kimberly who have played a key role in ensuring that I have a good working environment.

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ABBREVIATIONS AND ACRONYMS

AFDB	African Development Bank
BOM	Board of Management
CDF	Constituency Development Bank
CEO	Chief Executive Officer
ECD	Early Childhood Development
FDSE	Free Day Secondary School Education
FPE	Free Primary Education
GAAP	Generally Accepted Accounting Principles
IMF	International Monetary Fund
KIPPRA	Kenya Institute of Public Policy and Research Authority
NACOSTI	National Commission of Science, Technology and Innovation
OECD	Organization of Economic Cooperation and Development
PPAD	Public Procurement and Asset Disposal
PTA	Parents and Teachers Association
SME	Small and Medium Enterprises
SPSS	Statistical Package of Social Sciences
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organizations
USAID	United States Agency for International Development
VIF	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Book-keeping	The process of systematically documenting an organization's financial activities into structured accounts on a daily basis. It may also include the many recording methodologies that commercial enterprises might use. In this study it was proxied using ledger books, receipt books, cashbook, payables and receivable accounts, government disbursement accounts.
Budgeting Process	The process encompasses the activities of strategizing and predicting, executing, overseeing and regulating, and ultimately assessing the efficacy of the budget. In this study it was proxied using budget preparation, budget approvals, budget estimates, budget monitoring and evaluations.
Financial Control	Methods used to safeguard assets and ensure that every financial transaction is accurately documented in order to prevent and minimize errors and discrepancies
Financial Management Practices:	A collection of widely used techniques or established protocols that are formulated to execute accounting, financial reporting, budgeting, and other firm financial tasks. In this study it was proxied using book keeping, budgeting process, procurement process and financial controls.
Fund Management	Involves arranging, planning, and managing financial resources to meet organizational objectives. This research used the character of audit reports, the efficacy of financial reporting, the degree of budget management satisfaction, and the degree of contentment with investment in school projects as proxy measures.
Public Secondary School	Schools that are managed, maintained, and funded by the government and offer intermediate level of education.
Procurement Process	The deliberate application of technological characteristics in involves negotiating arrangements with an outside supplier and purchasing products, services, or works, sometimes via a tendering or competitive bidding procedure. Making judgments about purchases when facing shortage is a typical aspect of procurement. In this study it was proxied using cost, tendering, quality, process timeliness.

ABSTRACT

Effective fund management in secondary schools in Kenya and across the world contribute to the economic development of those countries. The handling of funds in many public secondary schools has encountered several obstacles, including instances of mismanagement. Therefore, this brings out the issues on fund management challenges in Kenyan Public Schools. The research was led by the aforementioned precise objective; to establish the effect of budgeting process, effect of book keeping, effect of financial control and effect of procurement process on fund management in public secondary schools in Kilifi County, Kenya. Research was underpinned by: Stewardship theory of management, Institutional theory and Contingency theory. The study utilized a descriptive research design and the target audience was 107 public secondary schools in Kilifi County. Stratified random sampling was utilized to arrive at a sample of 85 respondents. The study utilized primary data which was obtained via a questionnaire where a drop and pick method was adopted. Data collected was scrutinized using SPSS software (version 26) using both descriptive and inferential statistics. Descriptive statistics focused on means and standard deviation and represented in terms of graphs and charts. Inferential statistics sought the relationship between the study variables by running correlation and regression analysis while multiple regression was used to express the contribution of each variable. Further diagnostic tests in terms of normality, multi-collinearity and Homoscedasticity was conducted before running multiple regression. Ethical consideration which includes guidelines governing the research was fully followed during the research. The study showed that budgeting process, book keeping and procurement process, all had the significance threshold of $p < 0.05$ hence all had statistically significant effect on fund management of public secondary schools. The study concluded that popular of the responders established to abundant magnitude with the fact that budgeting process, book keeping and procurement process indeed affected the fund management of public secondary schools. The study recommended that the schools should involve stakeholders in budget preparation and compare current and previous budgets. It should also ensure approval of budget on yearly basis and ensure adherence on budget estimates. It also recommends frequent monitoring and evaluation of the budget but also ensure they involve the accounting experts. The equally recommends that schools should make transaction entries in ledger books as well as maintaining school cash book, payables and receivables accounts, government disbursement accounts and prepare financial statements. It also recommends issuance of receipt for the school fees paid that should fees balances. The study further recommends that in procurement, cost of items and quality of items are considered to enhance financial control. Schools should also ensure that the staff members possess a considerable degree of expertise and familiarity with the rules and regulations pertaining to procurement and procurement plans should be established in accordance with the provisions outlined in the Procurement Act where procurement planning should be done yearly.

CHAPTER ONE:

INTRODUCTION

1.1 Background of the Study

For institutions or organizations to achieve their set objectives and ensure effective and efficient services delivery, financial resources must be considered as a core determinant of performance. In fact, financial resources form the central part of success of any given institutions since finances can be used to acquire other resources required by an institution or organization (Usman, 2019). Financial resources form the central capital resource that ensures other resources are availed for effective and efficient performance of any organization. Despite the importance role played by financial resources, from time to time, there have been cases of poor funds management which have always left institutions with a deficit of achieving the set objectives. Poor funds management has led to the recognition of the central role played by fund/financial resources management in the recent past. The importance of funds management has been outlined in all the sectors of the economy and in all economic development operation segments; be it in the public, private or not for profit making segment (World Bank, 2021; OECD, 2021, AfDB, 2019; UNDP, 2020), making it an important area of study in modern world.

In the education sector, funds management is a strategy of ensuring value for money given that since 2000, spending on education has grown from 3.2% of the global budget to 5.79% in 2020 (World Bank, 2020). Given the substantial financial resources allocated to the field of education, it is essential that those responsible for overseeing educational institutions engage in meticulous planning and comprehensive review processes (World Bank, 2019). Based on the fact that education consumes billions of tax payers' money

annually, a number of studies have linked proper funds management of performance of these institutions of learning.

From a global standpoint, it is apparent that scholars concur on the significance of budget performance management in higher education institutions as an efficient tool for educational management. This approach serves as a crucial foundation for allocating educational resources and developing appropriate educational policies. Moreover, it assumes a significant function in facilitating the enhancement of management practices inside colleges and universities, fostering the growth of exceptional individuals, and contributing to societal progress (Xiaohua, 2019). Eryong and LiJian (2020) convey an overview of funds management in Chinese learning institutions, highlighting the recent growth in financial expenditure within the education sector. They note that the government has been progressively increasing its investment in financial education funds, while the state's funding for higher education has also shown a consistent upward trend. Furthermore, with the implementation of the reformed "performance-oriented" financial expenditure management system, the relevant ministries within China have also enhanced the performance evaluation of higher education institutions.

The financial management practices in Chinese higher education institutions has been accompanied by the establishment of a comprehensive legal framework, increased awareness of evaluation processes, expanded evaluation scope, defined evaluation indices, identified evaluation subjects, specified evaluation content, and the utilization of evaluation results. These developments hold significant relevance in enhancing the management of financial resources in higher education institutions in China. This in turn has been associated with improved performance of these learning institutions.

Across Africa, the education systems can't fund their own; meaning that majority of the budgetary allocation to education from the basic to the higher education depends on foreign aids and borrowing (OECD, 2019; World Bank, 2020a; USAID, 2019). This means that there are conditions which are tied to these funds among them proper management of the funds so as more donors can be attracted to fund the education kitty (AfDB, 2019). Despite the fact that funds management have been found to influence the performance of learning institutions in Africa in various ways, there have been challenges that have been reported in numerous countries; central among them being financial mismanagement, financial embezzlement and corruption (Transparent International, 2020). In a study conducted by Ali (2019), an investigation was undertaken to assess the influence of money management on the performance of specialized Federal Universities in Nigeria. Ali (2019) has highlighted the issue of underfunding in Nigerian Federal Universities, despite their limited contribution to research. However, it is important to note that effective management of funds has a substantial influence on the quality of physical infrastructure, research output, and the number of graduates produced by specialized federal universities. Given the aforementioned context, there is a prevailing consensus that the federal government ought to augment its financial support, encompassing capital, recurrent, and research grants, towards specialized federal universities. Additionally, it is imperative to foster internally generated revenue by ensuring that state and local governments, private enterprises, and other non-governmental entities (referred to as third parties) are actively contributing their share. This concerted effort is deemed necessary to enhance the overall performance of these institutions.

Across East Africa, it is evident that despite the fact that education institutions are facing a challenge of underfunding, effective and efficient funds management is associated with improved performance. For example, Tomusange, Muweesi and Kyagaba (2021) centered on effective financial resources management for school improvement and development in Uganda. The study found out that the allocation of sufficient funds to schools at all levels lead to improved performance; although deficits in budgetary allocations were realized across the board. Moreover, while certain educational advancements are evaluated based on academic achievements, resulting in significant financial allocations for cutting-edge laboratories and well-equipped libraries to facilitate extensive research, alternative approaches may prioritize the cultivation of practical skills and talents, thereby redirecting school funds towards the enhancement of athletic facilities, apprenticeship programs, and other related initiatives. This leaves a mixed expectation of the concept of sufficient funds allocation; a need for such a study to establish the study measures of improvement/performance and link them too various components of funds management.

At the local level, there is a conspicuous presence of several problems that impede the provision of high-quality education, hence hindering its potential to foster sustainable development (Alvy and Harvey, 2014; Nyakundi and Morara, 2018). According to Kola (2018), a significant and primary obstacle confronting the education sector is the insufficiency of financial resources provided by federal, state, and local governments. This lack of funding has resulted in challenges related to the management of funds, which in turn hampers the successful implementation of free day secondary education, as well as other educational levels, within the context of Kenya. Similarly, Nthia (2018) presents

a comprehensive overview of the prevailing circumstances, highlighting the insufficiency of financial resources allocated to the development of physical and instructional facilities throughout all tiers of basic education in Kenya. The administration of basic education has been significantly impacted by several factors, including the low morale of teaching staff and a decline in student enrollment, with the exception of women in adult education programs.

A comprehensive analysis of the shortfall in education financing in Kenya reveals that the government's allocation towards free secondary education for the period of 2019-2020 accounted for just 3.8% of the total yearly spending. This figure falls well below the recommended range of 10% to 15% of national budgets, as advised by UNESCO (Barton, 2019; UNESCO, 2020; IMF, 2020). The education sector in Kenya has emerged as the primary driver of economic development, commanding a significant portion of the government's financial resources. In addition, the implementation of cost sharing has imposed financial strain on both parents and the local populations in close proximity to the educational institution, since supplementary funding is required to supplement the limited public resources allocated by the government. In the context of this particular investment, it is essential for parents and the relevant communities to insist on effective financial management by school administrators (Mobegi *et al*, 2014; Nganga, 2019; Simiyu, 2019).

Despite the challenge of underfunding in Kenya's education system, it is evident that funds management influences its performance. According to Nyangosi and Araka (2019), funds management influence the performance of universities just any other institutions of learning in Kenya. The internal control mechanisms that have been associated with

effective and efficient funds management are auditing, financial expenditure monitoring, and expenditure authorization among others that form part of the objectives in the current study. According to Wangari and Muturi (2017), there is a consensus that the financial performance of public universities in Kenya is significantly influenced by factors such as yearly budget adherence, financial monitoring, investment decision-making, and financial planning. In a research undertaken by Kiplangat (2017), the focus was on examining the impact of financial management on the success of school projects funded by CDF in Bureti Sub-County, Kenya. The provided background information suggests that working capital management, responsibility for money used, and financial planning play a crucial role in determining the effectiveness of school projects sponsored by the CDF.

1.1.1 Financial Management Practices

Financial management practices refer to the established protocols used by an organization to facilitate the execution of accounting, financial reporting, budgeting, and other related financial tasks (Wolmorans, 2015). Financial management techniques are of utmost importance in shaping the structure of financial information and financial reporting, which are used by both internal and external users to assess the financial performance of a business. Hence, the focus of financial management procedures is in the keeping of records pertaining to an educational institution, whereby the financial transactions are consolidated and summarized (Sigilai & Bett, 2013). Several financial management methods include the budgeting process, bookkeeping, financial controls, audits, and the procurement process.

Budgeting is the cornerstone of the majority of organizations' control processes, and it is a crucial financial instrument that organizations employ to accomplish their organizational plans (Ostergren & Stensaker, 2011). In public secondary schools, the board of management adopts a school budget, which details the anticipated revenues and expenses for a given year based on the institution's growth objectives. According to Omoro (2005), a school budget supervises and regulates the institution's revenue and spending plan while achieving the goals of the school. Planning and assessment may be connected in a productive way via proper budgeting. Educational institutions may efficiently accomplish their intended objectives via good budgeting (Kiriza, Walela, & Kukubo, 2015). Therefore, budgeting process entail budget preparation, budget approvals, budget estimates and budget monitoring and evaluations.

The process of bookkeeping involves the recording of financial transactions in appropriate accounting ledgers. One of the typical financial tasks that may be assigned to lower-level employees inside an organization is the responsibility of maintaining records and ensuring the protection of the firm's assets and papers (Otieno & Nyangechi, 2013). The primary purpose of financial statements is to provide relevant information on the financial condition, financial performance, and financial changes of an entity, therefore facilitating informed economic decision-making (Horvat, 2007). Financial records, such as cash receipt books, general ledgers, petty cash books, purchases day books, cheque payments books, general journals, nominal ledgers, and others, are required to be consistently maintained and preserved within a foundational accounting system (Maseko & Manyani, 2011). According to Omoro (2005), public secondary schools in Kenya often

use several financial records, including receipt books, cashbooks, payment vouchers, journals, school levies registers, financial ledgers, and bank monthly statements.

Financial controls are often defined as the methods used to safeguard assets and ensure that every financial transaction is accurately documented in order to prevent and minimize errors and discrepancies (Block & Geoffrey, 2008). The rationale behind budgetary control is to provide a comprehensive managerial framework for the effective and efficient allocation of resources in all types of organizations. The primary aim of establishing a robust framework for budgetary control is to enhance the organization's ability to accomplish its objectives by providing reliable financial information, safeguarding assets and records, evaluating operational efficiency through budgetary measures, exercising organizational control, and promoting adherence to approved policies and directives. The financial governance framework of a business plays a crucial role in managing the risks that are vital to achieving its operational objectives. An effective framework of budgetary management plays a crucial role in safeguarding the organization's investments and maximizing its profits. The implementation of cash-related controls enhances the fairness and effectiveness of operations, while ensuring the integrity of both internal and external financial reporting and encouraging adherence to rules and legislation (Hayles, 2005).

Public procurement and disposal Act (2005) requires that all products and services acquired by a public entity must be put out to bid if their value exceeds Kshs4000/=. The practice of soliciting numerous vendors to submit competitive bids for the supply of various products and services is known as the tendering process. The offering council, which combines the Deputy Principal as the executive, the Account's assistant as the

Deputy seat, the Head of Divisions Not Exceeding Six as Individuals, and the Store Attendant as the Secretary, is responsible for overseeing the bidding process. The Principal, who serves as the school's CEO, is kept out under this design to prevent interference with the process. Additionally, in order to guarantee tenure security, the Head Teacher is obligated by law to provide appointment letters to tender committee members. Due to the possibility that some or all may lack technical and legal procurement expertise, it is the head teacher's responsibility to orient them to their new position. PPAD (2006).

Funds management forms the central capital resource that ensures other resources are availed for effective and efficient performance of any organization (World Bank, 2020). In the education sector, funds management is a strategy of ensuring value for money in terms of the budgeted investments. However, poor funds management in education sector has led to the recognition of the central role played by sound financial management practices in the institutions. Despite the importance role played by financial management practices, from time to time, there have been cases of poor funds management, which have always left most education institutions with a deficit of achieving the set objectives. Eryong and LiJian (2020) study recommended the importance of funds management in learning institutions in China, further, Ali (2019) demonstrated that money management significantly affects the physical facilities, research, and number of graduates generated by specialized federal institutions in a study of the influence of funds management on the performance of federal universities in Nigeria.

1.1.2 Funds Management in Public Secondary Schools in Kilifi County

According to Haslem (2019), managing financial resources entails identifying the organization's objectives and creating plans to help it reach them. Therefore, funds management is a control system that decides how to employ the resources at hand most effectively to create desirable outcomes. Planning, organizing, managing, and controlling an organization's financial operations may be referred to as financial management (Chand, 2020). Financial management, in the definition provided by Harry, Guthmann and Herbert (2020), is "the activity concerned with the planning, raising, controlling and administering of funds used in the business." It is concerned with the correct acquisition and use of finances. The practice of managing money is related to the fundamental ideas and methods of planning a budget, keeping financial records, and gathering data. Head teachers at secondary schools must become familiar with effective financial management, which includes budgeting, accounting, and auditing.

Since a large portion of tax payer money is spent on education, managing the money in Kenya's public secondary schools is an extremely delicate administrative task. Each stakeholder would thus want to see these monies managed carefully in order to maximize the achievement of the planned educational and institutional goals. This, however, is misleading since the school officials in charge of these funds are often met with a number of challenges. Poor financial resource management in schools, which mostly results in deteriorating school buildings, has received a lot of public attention (Task Force Report of Schools, Ministry of Education, Audi, 2015).

The Ministry of Finance's spending forecasts for 2019/2020 show that the education sector in Kenya accounts for roughly 26% of all government expenditures annually,

which is the second-largest percentage of the total budget. Following is how this is distributed: salaries of teachers, 50.92%, FDSE, 8.45%, FPE, 3.56%, ECD, and others, including research, 36.38%. Regarding secondary education's teaching and learning resources, which include labs that are not necessary in the other sectors indicated above, it is believed that 8.45% is much below what was anticipated in the FDSE. In order to achieve the established educational goals and objectives, this quantity has to be planned for and regulated.

The administration of funds in Kenya's public secondary schools is a particularly delicate administrative task since a significant portion of tax payer money is spent on education. Each stakeholder would thus want to see these monies managed carefully in order to accomplish the specified educational and institutional goals as effectively as possible. However, this is not the case since the administrators of the schools to whom these monies are given are constantly confronted with a number of difficulties. Poor financial resource management in schools has received a lot of public attention and is primarily responsible for the deterioration of school infrastructure (Task Force Report of Schools). 2015 Audi, Ministry of Education (World Bank Report, 2020).

The Ministry of Education's expenditures from 2015–16 to 2019–20 showed an increase of 9.2%, from KSh.455.0 billion in 2018–19 to KSh.496.8 billion in 2019–20. In 2019–20, total recurrent expenditure increased by 9.4% to KSh. 468.4 billion, representing 94.3% of the Ministry's overall spending. The Ministry's overall development spending grew by 5.5% from KSh.26.9 billion in 2018/19 to KSh.28.3 billion in 2019/20(KIPPRA, 2020). According to a report by KIPPRA (2020), there has been a significant rise in the debt owed by secondary schools, reaching a total of Kshs.11.5 billion. This growth is in

comparison to the outstanding fees and debts owed by schools, which amount to Kshs.21.5 billion. Auditor's report (2020) indicated a qualified opinion to many schools meaning many schools didn't present its records with GAAP. Several other educational institutions received a disclaimer of opinion report, indicating their decision to refrain from expressing any view about the financial accounts. Thus, there is so much allocated towards expenditure in public secondary schools but at the same time so much is embezzled and misappropriated along the way.

In Kilifi County, Empirical evidence indicates that a significant proportion, perhaps reaching 60%, of the allotted money have been subject to mismanagement, hence highlighting deficiencies in the auditing process pertaining to school finances. According to a study by the Ethics and Anti-Corruption Commission (EACC) in 2016, there is evidence of misappropriation of education funds by head teachers and school boards in Kilifi County. This abuse mostly occurs during international trips, sitting compensation, and other irregular expenses. The study also revealed a tendency to inflate registrations in order to generate more income, which is afterwards used for personal endeavors. For instance, a study conducted by the East African Corruption Commission (EACC 2022) discovered that the ex-school principal of Bofu Secondary School, who had already retired, engaged in the mismanagement and misappropriation of school finances during the COVID-19 epidemic. The investigation substantiated that the principal engaged in the unauthorized withdrawal of school money and neglected to provide an adequate account of the aforementioned monies. The aforementioned withdrawals were executed via the collaboration of two board members who had the authority to sign on behalf of the school account. The previous principal proceeded to acquire goods for the school without

making the necessary payments, resulting in an outstanding debt of Ksh.3 million owing to vendors.

Additionally, it was discovered via investigations that the Education Management Information System (EMIS) secondary schools' data return for the year 2018 and the free day secondary education data capture form for the year 2020 both showed that the student population of Kajiwe Secondary School amounted to 459 individuals. The current student population consisted of a total of 444 students. The individual in question, through their omission to authenticate the data provided on the aforementioned forms, deceived both the District Education officer and the Kilifi County Director of the Teacher Service Commission (TSC) while seeking financial allocation from the Ministry of Education. The funds requested, totaling Kshs 5,745,965 for the year 2020, exceeded the required amount by Kshs 1,182,089(EACC, 2021). These preceding statistics indicate that there is so much allocated towards expenditure towards but public secondary schools are still having challenges with fund management as result of so much being lost along the way and non-satisfactory by many stakeholders.

Fund's administration refers to an accounting strategy that involves making decisions aimed at maintaining optimum levels of funds, current obligations, and current assets in relation to all stakeholders. Funds management is a fundamental component of corporate finance that has a significant influence on the liquidity, financial performance, and development of businesses. The management of funds is crucial for the financial stability of all organizations, since the levels of capital investment required for operations sometimes exceed the value of total assets employed (Kung'u & Mwangi, 2014). In an educational context, the management of finances encompasses the strategic development

and implementation of a school's financial strategy, including activities such as accounting, generating reports, safeguarding assets, and addressing issues related to fraudulent activities (Horvat, 2007). Inadequate financial management within an educational institution may result in decreased efficiency, instances of fraud, errors, manipulation, and inappropriate utilization of financial resources (Omondi et al., 2016).

The primary objective of money management is to assure the optimal and proficient use of provided funds. Given the limited availability of resources, it is incumbent upon educational administrators to effectively and judiciously use these resources in order to achieve institutional goals. Inadequate allocation and use of financial resources may result in several negative outcomes, such as embezzlement, mismanagement, diversion of money from high-priority initiatives, and misappropriations (Munge, Kimani, & Ngugi, 2016). In Kenya, substantial financial resources are allocated by the government, parents, and other stakeholders to sustain the attendance of students in public secondary schools. Given the substantial magnitude of these investments, it would be very disadvantageous if these monies were misallocated and not utilized to achieve their goals (Omondi et al., 2016). Therefore, the effective allocation and use of financial resources within an educational institution are crucial for the successful implementation of teaching and academic endeavors (Varghese & Buchert, 2011). Hence, this research aims to assess fund management by examining the characteristics of audit reports, the efficacy of financial reports, the degree of satisfaction with budget management, and the satisfaction level pertaining to investment in school projects. It is because of these challenges on fund management that this study is seeking ascertain the effect of financial management

practices (budgeting process, book keeping, financial control and procurement process) on fund management in Kilifi County, Kenya.

1.1.3 Financial Management Practices and Funds Management

Financial management practices refer to the many actions that firms engage in to establish and maintain a robust and reliable accounting system. Financial management strategies facilitate the monitoring of several divisions inside firms, including financial reporting, capital budgeting, revenues, and taxes costs (Nupakorn & Phapruke, 2015). Financial management methods play a crucial role in facilitating the effective administration of resources, enabling logical managerial decision-making, and providing assistance to analyze and strategically plan performance (Horvat, 2017). According to the Financial Accounting Standards Board (FASB, 2016), the primary objective of financial reporting for external users is to provide accounting information that is useful for current and prospective stakeholders, as well as other individuals or entities involved in making investment decisions.

Financial performance and accounting practice effectiveness are positively correlated, according to Nupakorn and Phapruke's (2015) analysis of the financial exercise efficacy and its link to financial performance. The research also discovered that the relationship between accountant capacity, comprehension of accounting standards, and usefulness of financial practices is moderated by the use of IT execution. Additionally, Vaughan-Morris (2014) investigated whether current financial rules and practices could impact the choices businesses make regarding their investment in resource-efficient assets. She came to the conclusion that these choices are not significantly impacted by accounting rules and practices.

The study conducted by Nyakundi et al (2013) investigated the association between financial management practices and funds management in public secondary schools located in Kisii Central District, Kenya. The findings of the study indicated a positive correlation between the level of funds management in public secondary schools and the extent to which financial management practices are utilized. The research findings indicate that financial management practices significantly impact the administration of finances in public secondary schools. The study suggests that implementing accounting practices extensively and making the use of financial management practices mandatory would enhance the overall management of funds in public secondary schools in Kenya. According to the research conducted by Munge, Kimani, and Ngugi (2016), inadequate budgeting emerges as a significant factor impeding the successful administration of schools. This is mostly attributed to the occurrence of overspending or under spending, which subsequently results in the misallocation and mismanagement of financial resources inside educational institutions.

1.1.4 Public Secondary Schools in Kilifi County

Public or government schools are the most extensive segment of educational institutions inside the country. Government secondary schools are comprised of both day schools and residential institutions. One distinguishing characteristic of these schools is that the responsibility for remunerating teachers' salaries and providing funding for textbooks and school support lies with the legislature (Onsomu, Mungai, Oulai, Sankale & Mujidi, 2014). Schools also get support in terms of monitoring, curriculum development, academic enhancement, and in certain schools, the salaries of non-teaching employees are covered by local authorities. A significant portion of these educational institutions

was first established under the Harambee (self-empowerment) movement but afterwards adopted by the organization. The process of gathering commitment encompasses several aspects such as enhancing school infrastructure, ensuring adequate remuneration for non-teaching personnel, and addressing other operational expenditures (Nyaga, 2015).

There are 107 secondary schools in Kilifi County as a whole (MoE, 2021: see Appendix 111: List of Public Secondary Schools in Kilifi County). According to the four categories, there are different numbers of schools: the national category has two schools, Extra County has two schools, county has fifteen schools, and subcounty has eighty-eight schools.

Exercises that may be controlled by a relationship to increase remuneration are known as compensation-creating drills. These drills can be used to update school credentials or renew an ongoing project. Aided schools in Kilifi County have a need for additional activities that pay the schools and may reduce the fees paid by students. Schools begin making payments in an effort to support their financial requirements. By encouraging schools to pay a portion of their operating costs from their own assets rather than just giving the money to watchmen, it is also anticipated that the size of planning financing for parents would be reduced (Kogolla, 2006). The most fundamental money making drills combine running with: school transportation, ranches, and contracts. As a result, it is necessary to look at school-based cash-related activities to improve the present source of income and reduce the financial burden on the association, the composition, and the guards. The organization, scientists, researchers in guidance, and even the chiefs of guidance have all expressed the need for further benefits for discretionary preparation accounts. According to Gravenier (2011), placing too much emphasis on education as a

percentage of spending will not only hinder financial growth but will also negatively affect training because the educational system will deliver advancements in each area at a rate that is faster than what the economy can absorb.

1.2 Statement of the Problem

Funds management in public organizations means making sure they are accessible when required and that they are acquired and utilized in the most effective and efficient ways possible for the benefit of the public (Waddell, 2017). Performance of a public academic institution depends on managing the flow of finances in respect to the budget. However experience shows that public academic institutions' fund management procedures are often ineffective and driven by resource shortages relative to the expanding list of development projects that may be funded. Though the finance management system at public academic institutions in Africa is improving, Oladipo (2019) argues that there are still instances of deficient financial systems and processes; there is a need for a lot more research in this specific field.

Despite the important role played by the fund management concept across the globe, in sub-Saharan countries like Kenya, it is evident that funds management in the education sector is still very poor, weak, and faced with both external and internal challenges (World Bank, 2020). According to a report by KIPPRA (2020), there has been a significant rise in the debt owed by secondary schools, reaching a total of Kshs.11.5 billion. This growth is in comparison to the outstanding fees and debts owed by schools, which amount to Kshs.21.5 billion. Auditor's report (2020) indicated a qualified opinion for many schools meaning many schools didn't present its records with GAAP. Several other educational institutions received a disclaimer of opinion report, indicating their decision to refrain

from expressing any view about the financial accounts. Thus, there is so much allocated towards expenditure in public secondary schools but at the same time so much is embezzled and misappropriated along the way.

In Kilifi County, According to facts, up to 60% of the money granted have been improperly utilized, which indicates that the auditing of school finances is subpar. According to the EACC (2016), school boards and head teachers in Kilifi County abuse education funds for occasional expenses including sitting compensation and international trips. The research also uncovered that they inflate registrations in order to generate more money, which they subsequently rely on for their own needs. For instance, According to a study conducted by the East African Corruption Commission (EACC) in 2022, it was discovered that the previous principal of Bofu Secondary School, who had retired at the time, engaged in the mismanagement and misappropriation of school finances during the COVID-19 epidemic. The investigation substantiated that the principal engaged in the unauthorized withdrawal of school money and neglected to provide a suitable record of the aforementioned amounts. The aforementioned withdrawals were executed via the collaboration of two board members who had the authority to sign on behalf of the school account. The previous principle proceeded to acquire goods for the educational institution without remitting payment, resulting in an outstanding liability of Ksh.3 million owing to several vendors.

Investigations further uncovered that the Kajiwe Secondary School has 459 students, according to the EMIS secondary schools data return for 2018 and the free day secondary education data capture form for 2020. There were 444 pupils present in actuality. The suspect deceived the Kilifi County Director Teacher Service Commission (TSC) and the

District Education officer by neglecting to check the information on the aforementioned filed forms in order to distribute monies for the year 2020 totaling Kshs 5,745,965, which was over by Kshs 1,182,089 (EACC, 2021)

Nyakundi et al (2013) examined the association between financial management practices and funds management in public secondary schools located in Kisii Central District, Kenya. The findings of the study indicated a positive correlation between the level of funds management in public secondary schools and the extent to which financial management practices are utilized. The research findings indicate that financial management methods have a significant impact on the management of finances inside public secondary schools., thus, the study focused on book keeping and internal control in Kisii district as its variable whereas this study will be focusing on budgeting, procurement, financial control and book keeping in Kilifi County as attributed by both the contextual and conceptual gaps. According to research by Munge, Kimani, and Ngugi (2016), ineffective budgeting is one of the primary causes of embezzlement and improper management of school money because of overspending or underspending. The study's variable was only budgeting thus exposing both conceptual as well as contextual gaps that this study will be seeking to incorporate procurement, financial control and book keeping in Kilifi County.

Okumbe (2018) found that difficulties with budgeting, delays in the distribution of funds for free secondary education, fee defaults, late fee payments, and unqualified bursars and accounts clerks compromise the creation of budgetary estimates and administration, which frequently leads to financial mismanagement and misappropriation. The study's variable was only budgeting thus exposing both conceptual as well as contextual gaps

that this study will be seeking to incorporate procurement, financial control and book keeping in Kilifi County.

Therefore, it is on this preceding background that considering the demand for greater accountability in public secondary school, the study sought to fill in both the conceptual and contextual gaps by determining the effect of financial management practices on fund management in public secondary schools in Kilifi County, Kenya.

1.3 Objective of the Study

1.3.1 General Objective

To determine effect of financial management practices on fund management in public secondary schools in Kilifi County, Kenya.

1.3.1 Specific Objectives

- i. To establish the effect of budgeting process on fund management in public secondary schools in Kilifi County, Kenya.
- ii. To ascertain the effect of book keeping on fund management in public secondary schools in Kilifi County, Kenya.
- iii. To evaluate the effect of financial control on fund management in public secondary schools in Kilifi County, Kenya.
- iv. To examine the effect of procurement process on fund management in public secondary schools in Kilifi County, Kenya.

1.4 Research Questions

- i. What is the effect of budgeting process on fund management in public secondary schools in Kilifi County, Kenya?
- ii. Does Book keeping affect fund management in public secondary schools in Kilifi County, Kenya?
- iii. What is the effect of financial controls on fund management in public secondary schools in Kilifi County, Kenya?
- iv. Does procurement process affect fund management in public secondary schools in Kilifi County, Kenya?

1.5 Significance of the Study

The findings of this study are expected to benefit the following categories of stakeholders: In regard to the principals of public secondary schools, the study may address some of the difficulties they encounter while managing public funds. As a result, the findings and recommendations may help the school principals to make informed decision on how well to achieve on effective management of public funds in secondary schools in Kenya.

The results of this study may offer useful information to the government, the Ministry of Education (MOE) planners, school boards of governors, development partners, CDF committee, and the communities regarding the effects and difficulties that will likely be encountered when putting effective systems of governance in place in schools. The government will probably be able to come up with plans to help school administrators develop their managing abilities so that the program may be implemented more successfully.

This research may be regarded helpful to the administration of Public Secondary Schools as well as other educational institutions including universities, tertiary colleges, and

elementary schools that are linked to Public Secondary Schools. These institutions could obtain more information on effective fund management practices by using the study's results and suggestions. The suggestions may aid individuals in making wiser decisions on budgeting strategies.

In relation to researchers and academics, using literature on fund management might potentially enhance the development of their studies in relevant disciplines. The researchers retain the potential to conduct more investigations pertaining to aspects that were not thoroughly examined in the present study.

1.6 Scope of the Study

The study focused on financial management practices affecting fund management in public secondary schools within Kilifi County in Kenya. Thus, the study was based in Kilifi County and it covered all public secondary schools in the County, which stand at 107 secondary schools. The study was cross-sectional for one financial year covering the period from July 2021 to June 2022. The study literally utilized budgeting process, bookkeeping, financial control and procurement process as independent variables whereas fund management as the dependent variable.

1.7 Limitation of the study

The Study was conducted while aware of suspicion from the Secondary School Principals but will obtain an introductory letter from Kenyatta University and the NACOSTI. The Study was conducted amid busy schedule by the principals by adopting a drop and pick method of administering questionnaires. The Study also covered the geographical sparse schools with the use of research assistance to reach all the target respondents.

1.8 Organization of the study

The project was structured into five distinct chapters. The first chapter of this research study include the background information, problem statement, study goals, study scope, and study limitations. Chapter two consists of three main sections: the theoretical review, empirical review, and conceptual framework. In Chapter Three, the following components discussed: research design, target population, data collecting tools, operationalization of study variables, and data analysis and presentation. Chapter four focused on data analysis, presentation and discussion. And finally, chapter five focused on data summary, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter constitutes an extensive review of the pertinent scholarly works related to the subject matter. This chapter also examines other studies that are pertinent to the research goals of the study. The paper included a theoretical review, an empirical review, and the development of a conceptual framework.

2.2 Theoretical review

A theory is an argumentative assertion, or set of arguments, backed by data, intended to explain a phenomenon (Argyropoulou, 2015). The following theories serve as the study's foundation.

2.2.1 Stewardship Theory of Management

Menyah K.'s (2013) stewardship theory emphasizes that managers will unquestionably behave as accountable stewards of the assets they control if left to their own devices. According to Otieno and Nyangechi (2013), the stewardship model assumes that the manager would make decisions that are in the best interests of the company, prioritizing communist decisions above self-serving ones. This person is motivated by doing the right thing for the business because she thinks that if the form is successful, she will ultimately profit from it (Davis et al, 1997). According to Maslow (1943), the stewardship idea is grounded on psychology and posits that people are self-actualizing, therefore they desire to accomplish organizational objectives without being forced to do so. In order to concentrate on long-term performance improvement, the stewardship theory promotes cooperation between the managing director and the board of directors as the key attribute

of accounting and control systems (Davis et al., 1997). Therefore, this theory is pertinent to our research since it is connected to the dependent variable (financial management), where it is up to school administrators to serve as good stewards of the resources they oversee on behalf of the general public.

2.2.2 The Contingency Theory

Pike (1986) introduced the contingency theory, which contends that understanding advanced, speculatively superior theory strategies and methods is not the only requirement for efficient asset resource allocation. Comparative consideration should also be given to the appropriate between the corporate environment and the graph and growth of the capital masterminding framework. According to Pike (1986), the schematic and mission of an alliance's capital organizing structure are based on three sectors of the corporate environment that are acknowledged to be related to them. Contingency theory has shown to be significant in both management accounting and organization theory. Additionally, it has been suggested that while creating accounting arrangements, the contingency technique be used. It is argued that by extending the contingency structure to corporate reporting, it may be possible to define and anticipate such frameworks. The unexpected aspects are viewed as coming into four categories, which include: social factors, organizational characteristics, client characteristics, and other data sources. These are intended to be connected to certain characteristics of corporate reporting systems.

According to Schweikart (2015), there is significant concern about issues like harmonization and differences in the bookkeeping data displayed across countries, as well as what he called the "recommendation" that the requirements for bookkeeping data in different countries are subject to environmental effects. Since many scientists are using

contingency theory to establish a hypothesis of universal bookkeeping, Schweikart's (2015) claim that there has been little practical work done to support the concept of ecological consequences on accounting is no longer a significant one.

This theory applies to this research since it supports the role of budgeting process in the management of funds in public schools.

2.2.3 Theory of Budgeting for Collaboration

Theory of Budgeting for Collaboration is a 21st theory that was developed by Mitchell and Kurt among other experts in budgeting in the 1990s but reached its peak in 2013; although its modification is still ongoing (Mitchell and Kurt, 2013). The theory provides that the budget has long served as an instrument to achieve administrative goals. Mitchell and Kurt (2013) provide a comprehensive analysis of budgeting and money management in their influential work on the phases of budget reform, using both a historical and heuristic perspective. The authors contend that the area of budgeting first emerged with a primary focus on regulating the expenditure of institutions. Over time, however, there has been a shift towards using the budget and its associated processes as a tool for executive management. Subsequently, there was a renewed focus on budgeting in the context of strategic planning for multiyear spending plans, particularly in light of the introduction of complex weapons systems and the implementation of entitlement welfare programs. Subsequently, in the aftermath of the 21st century, Mitchell and Kurt have introduced policy as an additional facet of budgeting, alongside the existing three functions. They elucidate the rapid transformation that occurred in the 1980s and early 1990s inside three state budget offices, shifting their focus from a control-centric approach to a more prominent policy-oriented perspective.

Budgeting for control was introduced to give elected authorities more influence over the bureaucracy's spending in an attempt to cut waste and corruption as part of the Progressive movement. By programming tight line-item allocations with the power of law, the legislature is able to effectively regulate administrative spending while placing a strong emphasis on accountability and transparency. This theory is relevant in the current study since it shall show the role played by all the stakeholders involved in school funds management, the extent of influence of the various variables of funds management.

2.2.4 Institutional Theory

In relation to Institutional theory, a prominent aspect is the inclination of organizations to always endeavor to enhance their 'authenticity' inside their respective internal control environments (Mizruchi & Fein, 1999). The practice of bookkeeping may get entangled in the pursuit of structural control legality. Scott and Meyer (1983) claim that the institutional environment around an organisation is characterised by the formulation of regulations and criteria that individual organisations are obligated to comply with in order to get endorsement and credibility. According to Otieno and Nyangechi (2013), organizations may demonstrate their recognition of the legitimacy of financial and technical foundations for operation by making investments in solid hierarchical structures, as well as specialized administration and accounting systems. Consequently, this theory is pertinent to our study since it linked and embroiled to the book-keeping and financial control variables that endeavor to reinforce their 'authenticity' within the school.

2.3 Empirical Review

This section shall in details review the documented literature from the global arena, continental level, regional and local level in relation to funds management and performance of learning institutions. Necessary critique shall also be carried out under the following sub-headings.

2.3.1 Budgeting Process and Fund Management

Tomusange, Muweesi and Kyagaba (2021) conducted a study on effective financial budgeting for school improvement and development in Uganda. According to the study, financial budgeting as a component of funds management influences the improvement of schools in Uganda. Additionally, due to the lack of resources and the inelastic demand for education, it is important to think about how to handle the financial aid that is available and how to allocate monies to secondary education in a way that will help battle ignorance, poverty, and sickness. This aligns with the proposition put out by Lewin (2018) advocating for the adoption of a Keynesian-Schumpeterian model in Uganda and other countries within the Sub-Saharan Africa region. The purpose of this model would be to effectively manage, distribute, and optimize financial resources in order to achieve overarching socio-economic objectives at the aggregate level. This study however hasn't outlined the various variables adding up to budgeting process neither has the study linked them to holistic improvement of the secondary schools in Uganda. Further, the study is purely qualitative using archived data meaning that one can't easily establish the extent of influence of one variable vs. the other statistically. Therefore, this study addressed both the methodological, contextual and conceptual gaps found in this study.

Irungu (2019) avers budgeting practices on the performance of schools; although performance in this study has been taken to be the financial performance indicators only. The research reveals that schools have deficiencies in their program planning and budgeting procedures, as they fail to establish comprehensive strategies for achieving educational goals. The research revealed that head teachers did not undertake any efforts to assess the outcomes of their expenditures in order to ascertain the extent to which budgetary choices have yielded the intended outcomes. Consequently, the research proposed the implementation of comprehensive in-service training programs for school principals focusing on financial management. From this study, it can be noted that schools' head's ability to take schools through proper budgeting has a deficit and therefore a need for future examination by use of statistical tests like the multiple regression analysis that shall be applied by the current study thus addressing a methodological gap.

Abdikadir, Mugwe, and Kimamo (2019) conducted a study to ascertain the impact of budget reporting procedures on financial management within the context of public secondary schools in Mandera County, Kenya. The research used a mixed methods approach and implemented a concurrent triangulation design. The quantitative data was subjected to both descriptive and inferential analysis using the One-Sample t-Test in SPSS Version 23. The results were then displayed in tabular form. The research findings indicate that there is a lack of adherence to budget reporting standards aimed at enhancing financial management in secondary schools within Mandera County. In summary, budgetary reporting assumes a vital position in the financial administration of secondary educational institutions. Further the study concluded that budgeting practices

like preparation of school budgets, planning for budgeting, approval of school budgets, involvement of experts and other external stakeholders influences financial management of secondary schools. This study however has only concentrated on financial performance which is just one indicator of learning institutions' performance leaving out other components. There was also a methodological gap and contextual gap that the current study sought to fill.

Otieno, Kute, and Yambo (2018) conducted research on the implications of financial budgeting in the administration of public secondary schools in Uriri Sub-County, Migori County Kenya. The study's methodology was a survey. All head teachers, PTA presidents, and BOM members from the 18 public secondary schools made up the research population. Utilizing questionnaires and an interviewing guide, data was gathered. Descriptive statistics were used to assess quantitative data in the form of frequency counts and percentages. The SPSS was used to analyze the data. The BOM received funding via fund raising, parental donations, benefactors, and individual contributions, according to research on the impact of financial budgeting on school administration. It was also determined that the BOMs had difficulties managing their finances. The majority of PTA chairpersons regarded the BOM members as being mediocre in managing finances and creating budgets. Despite the fact that this study has failed to show the various indicators of financial management budgeting, it has indeed shown the challenge facing school leaders in budgeting and management of finances. Thus, this study incorporated more indicators to capture exactly ailing the schools.

According to Mito and Simatwa (2018), the presence of problems in the budgeting process has posed significant obstacles for head teachers of public secondary schools in

efficiently managing school operations. In the district of Bondo, where the study was conducted, certain head teachers were found to be engaging in excessive expenditure in certain budget categories while simultaneously neglecting others. This practice has resulted in various issues, including the misappropriation and mismanagement of school funds. It is important to note that such actions are considered violations of the TSC code of conduct and regulations, and can lead to severe consequences such as interdiction and subsequent demotion. This aligns with the findings of Irungu (2018), which indicate that the existing measures and support mechanisms for head teachers in public secondary schools are deficient and fail to sufficiently equip them for their duties in money management.

2.3.2 Book Keeping and Fund Management

Sigilai and Bett (2013) evaluated the effectiveness of head teachers in managing financial resources for the schools in the Bomet sub-county. A sample of 120 principals was selected for the study from a population of 174 head teachers of public primary schools in the Bomet sub-county using an expressive survey research-design. To gather data for the research, questionnaires were employed. The majority of head teachers were judged to be incompetent in managing school finances since they had previously been overburdened with administrative duties and academic work, according to the survey. The report recommended that the government take into account employing bursars to help principals in the management of school funds. This study did not incorporate the measures of book keeping on fund management, thus, causing a conceptual gap thus, the current study filled the gap by incorporating ledger books, receipt books, fees ledger, income statement and payables and receivables ledgers.

Maseko and Manyani (2013) looked at the performance measuring strategies employed by medium-sized businesses in Zimbabwe. The research employed questionnaires to gather data from 100 small and medium-sized businesses that operated manufacturing businesses, retail stores, and providers of a wide range of services. The study revealed that a significant proportion of medium-sized enterprises exhibit a deficiency in their comprehension of accounting principles, resulting in a failure to keep comprehensive accounting records. Consequently, the use of accounting information for the purpose of assessing financial performance is deemed ineffective. According to the report, national authorities should create particular accounting standards for small and medium-sized firms and accounting education programs for small company owners. There was also contextual gap that the current study sought to fill.

2.3.3 Financial Control and Fund Management

Fasua and Osagie (2016) undertook an empirical research on the connection between financial control and fraud prevention in the Nigerian public sector. The study's research approach included a survey that was created with the use of 33 copies of questionnaires from particular Edo and Ondo States. The results of the regression analysis show that the federal government's current internal control systems are sufficient to prevent fraud in the public sectors. In addition, the effectiveness of these effective controls depends on the moral conduct of public servants at all levels. The research consequently suggested that forensic professionals and public officials with excellent ethical conduct, such as integrity and honesty, be hired to go over the appropriate measures in place. The present research seeks to overcome conceptual and contextual gaps by include elements like financial

management, bookkeeping, the procurement process, and financial control. Again, the current study was done in Kilifi County.

Lagat and Okelo (2016) undertook a research on the impact of internal control systems on financial management in the Baringo County government in Kenya. The research examined a sample of 97 workers in financial and accounting roles. The study utilised five factors, namely the control environment, control activities, risk assessment, information and communication, and monitoring, to evaluate internal control systems based on the theoretical framework proposed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The study came to the conclusion that financial management is highly influenced by control activities and monitoring of information and communication technologies. Changes in financial management are strongly predicted by control actions and ICS monitoring, but are not considerably impacted by control environment, information, or communication. The present research seeks to overcome conceptual and contextual gaps by include elements like financial management, bookkeeping, the procurement process, and financial control. Again, the current study was done in Kilifi County.

Prempeh, Twumasi, and Kyeremeh (2015) looked at the financial control mechanisms in place in Ghanaian polytechnics. Design for a case study was used. The basic random sampling method was used to get a sample size of 50 employees. According to the report, Sunyani Polytechnic has three major financial control systems in place: preventative, directive, and investigative. Realistic budgets were successfully adopted, and outcomes are being carefully tracked. The conclusions showed that internal financial controls existed. Additionally, it was discovered that there was high compliance, which is quite

admirable and has to be supported. Additionally, it was found that there was a decent percentage of compliance, but seldom are those who violate internal financial control rules and conventions subject to punishment. Pre-audits were advised to be conducted on all transactions, and they should be treated seriously. It was suggested that audit units in the Polytechnics be enhanced. In order to adopt new standards for performance and improvement, it was also advised that internal control reviews be conducted periodically. The present research seeks to overcome conceptual and contextual gaps by combining reconciliation, policies, and procedures as financial control mechanisms. Again, the current study was done in Kilifi County.

Wakiriba, Ngahu, and Wagoki (2014) aimed to assess the effects of control measures on financial management within the Mirangine Sub County of Nyandarua County. The study used a descriptive methodology, with a specific emphasis on a sample of 30 individuals employed as accounting, financial, and administrative employees within the local government of Mirangine Sub County. The study sample consisted of all individuals who took part in the census survey conducted for the purpose of data collection in the research. In order to collect data, a methodical questionnaire was used. The data analysis included both descriptive and inferential statistics. The study's results were visually presented via the use of tables and figures which comprised both descriptive and inferential data. The study's results indicate that the public sector in Mirangine Sub County has an effective internal control system characterized by management dedication, vigilant oversight, and a clear delineation of responsibilities. Nevertheless, due to the inadequate extension of the internal audit function to all departments, there are deficiencies in the implementation of financial controls. In relation

to the field of financial management, the findings of the study indicate that, despite the implementation of improved strategies for optimizing asset utilization and the systematic classification of revenue and expenses, the judicious allocation of financial resources in Mirangine Sub County is not recommended. The study's primary conclusion reveals a significant positive correlation between financial management and control actions. The paper proposes the implementation of competency-based personnel profiling, the establishment of departmental information systems, and the augmentation of financial resources allocated to government departments. The current study aims to address conceptual and contextual limitations by using other variables such as policies, procedures, and reconciliations as indicators of financial management. Again, the current study was done in Kilifi County.

The research by Okon and Akpan (2011) examined the connection between improved administrative efficacy of secondary school principals in Akwa Ibom State and financial control measures. 227 principals from the state's 227 public secondary schools made up the study's population. 192 people made up the study's sample, which was chosen using a stratified random sampling approach. Data were gathered using a standardized questionnaire with 18 items that was created by the researcher. Five experts face verified the instrument. There were three (3) null hypotheses examined. It was discovered that there is a meaningful connection between the variables and the administrative efficiency of principals. (1) The State Secondary Educational Board shall direct principals to create the yearly budget for their schools, according to the suggestions provided based on the results. (2) The State Secondary Education Board needs to carefully oversee how the school funding is being used. (3) The Ministry of Education need to dispatch internal

auditors to the schools. The present research is attempting to close conceptual, historical, and contextual gaps by include elements like bookkeeping, the procurement process, and financial management. Again, the current study was done in Kenya.

2.3.4 Procurement Process and Fund Management

Mungai (2014) aver that reference checks and site inspections were the two most popular methods of supplier evaluation. He also demonstrated that a supplier's performance in the provision of products and services is determined by the methods used for supplier assessment. According to his findings, the association between supplier evaluation criteria and procurement performance was quite favorable ($r=0.673$). The weighted model emerged as the predominant approach for assessing suppliers, and it was widely acknowledged that an effective supplier appraisal model should offer a systematic framework and rigour to the evaluation process, thereby mitigating the risk of selecting unqualified suppliers and minimising subjective biases during the assessment. While this research is concentrating on procurement methods on finance management in public secondary schools, the previous study solely looked at variables impacting procurement performance.

In a research conducted by Barasa (2014) on the topic of Procurement behaviors Affecting Effective Public Projects execution in Kenya, the author identifies several procurement behaviors that have a discernible impact on project execution. According to the research results, a significant proportion of the respondents (35.9%) identified contract monitoring and control as a factor impacting the execution of projects. Additionally, a higher percentage (46.9%) highlighted procurement method as a relevant component. In contrast, a smaller proportion (21.9%) acknowledged the importance of

procurement planning. Surprisingly, only a minority (14.1%) recognized communication as a primary factor influencing project implementation. However, the scope of this study was limited to examining the factors that influence project implementation, without specifically elucidating the precise manner in which procurement practices impact project implementation, particularly in relation to costs, quality, the tendering process, and the timeliness of fund management. These aspects constitute the primary focus of the present study.

Kiruri (2013) in her research came to the conclusion that supplier evaluation is a technique that is widely employed in the purchase of goods and services. The criteria used in supplier evaluation differed based on the kind of products and services being purchased. According to her results, every single respondent firmly believed that all procurement operations gave the greatest importance to financial and technical competence evaluations. 84.9% of the respondents said that the pricing of the product/service and its quality assessments were supported. In terms of production capacity evaluation, 80.8% of the respondents said it was supported. Less consideration was given to organizational historical performance, organizational structure, and human resource evaluation (63.0%, 61.6%). The results confirmed that supplier assessment helped the company handle public procurement efficiently. Thus, there existed a conceptual gap that this study however focused only on factors affecting procurement performance whereas this study is focusing on procurement practices on fund management in public secondary schools.

Aketch (2013) in his research focused mostly on the structural and human aspects of procurement, titled *Factors Affecting Procurement Performance in CDF*. His factors

included the size and makeup of the CDF Board, the impact of training on the committee's ability and management abilities, as well as the organization of the Makadara CDF Committee. This was seriously skewed in terms of what governs the effectiveness of the procurement function at the constituency level. There existed a conceptual gap in terms of the focus of variables where the current study intends to on tendering, cost, quality and process timelines as measures of procurement process and how they affect fund management in public schools.

Noor (2011) in his research on the efficient execution of infrastructure projects in a developing nation, presented a unique viewpoint by examining the importance of procurement processes. The individual examined the procurement processes and extended their analysis to include the potential obstacles that may arise during the adoption of these practices in contemporary developing countries. Nevertheless, the focus of his research mostly revolved around doing an exploratory study on procurement procedures used in rich and developing nations. However, the study did not go into the specific impact of these practices on the success or failure of projects across various countries. Therefore, this study will focus on how this procurement practices lead to success or failure of projects which is a component of fund management. The study will also fill the methodological gap by focusing on descriptive study design and not exploratory study design.

Malala (2011) in his study on the impact of procurement on the performance of CDF projects discovered that only 12% of the CDF-funded projects were completed on time. This was associated with political pressure, a bureaucratic procurement process, absence of monitoring and evaluation, and a lack of local community involvement in the project's

execution. Additionally, he discovered that local vendors were still employed despite not having the necessary resources to complete projects in the Kikuyu Constituency. Thus, the study did not incorporate the tendering process, process timeliness, quality which is the focus of this study. It also focused on a particular individual constituency whereas the current study is focusing on the entire fund management among all public schools in Kilifi County.

2.3.5 Fund Management in Secondary Schools

Simiyu (2014) researched on the factors affecting cash management in public schools a case of Mombasa County. His findings showed that cash control mechanism put in place, government intervention on cash management and PTA involvement are the major factors that affect financial management. This study did not factor principal's financial management skills to be able to handle financial matters hence the need to undertake further research. The principal is involved in the day to day running of the school hence his financial management skills is a key 18 factor. This study was undertaken in Mombasa County which has different people with different perspectives from those in Kilifi County hence limiting application of its findings in Kilifi.

Ondieki (2015) evaluated the factors influencing financial management in Marani sub-county by evaluating the degree to which different elements impact the financial situation of the school. His research revealed that the only major factors in financial mismanagement were government action, parental participation of students, and managerial financial acumen. There is a need for more research since this study did not take into account internal controls and budgeting as variables impacting financial management. The study also concentrated on Marani sub- County with respect to

financial management which may not apply to Kilifi County due to differences in geographical location.

Mobegi et al. (2010) looked at the causes of financial mismanagement and misappropriation in public schools as well as different types of financial mismanagement. The results indicated a relatively high incidence of financial mismanagement in secondary schools, necessitating more study to determine the cause. There is a need for more research since this study did not examine the measures used by public schools to guarantee that finances are handled effectively.

2.4 Summary of empirical Literature Review and research gaps

From the foregoing literature the researcher notably identified conceptual gaps, methodological gaps, period gaps and contextual gaps that necessitate the current study to be carried out to fill the gaps identified.

Table 2.1 Summary of empirical Literature Review and research gaps

Researcher	Objectives	Key Findings	Research Gaps	Focus of Current Study
Fasua and Osagie (2016)	An empirical research on the connection between financial control and fraud prevention in the Nigerian public sector.	The results indicate that the current internal control systems implemented by the federal government are sufficient in mitigating fraudulent activities within	There was both contextual and conceptual gaps	The present research aims to address existing knowledge gaps by including factors such as financial control, bookkeeping,

Researcher	Objectives	Key Findings	Research Gaps	Focus of Current Study
		the public sectors.		procurement process, and financial control.
Munge, Kimani and Ngugi (2016)	Factors Influencing Financial Management in Public Secondary Schools in Nakuru County, Kenya	The research discovered that financial management was considerably and favorably impacted by budget management and financial controls.	There was both contextual and conceptual gaps	The current research aimed to fill in by include factors like the procurement procedure and record keeping.
Otieno, Kute and Yambo (2018)	The implications of financial budgeting in the administration of public secondary schools in Uiri Sub-County, Migori County Kenya.	The BOM received funding via fund raising, parental donations, benefactors, and individual contributions, according to research on the impact of financial budgeting on school administration.	The study failed to show the various indicators of financial management budgeting, it has indeed shown the challenge facing school leaders in budgeting and management of finances.	This study incorporated more indicators to capture exactly ailing the schools.

Researcher	Objectives	Key Findings	Research Gaps	Focus of Current Study
Abdikadir, Mugwe and Kimamo (2019)	the impact of budget reporting procedures on financial management within the context of public secondary schools in Mandera County, Kenya	The research observed that budget reporting procedures intended to improve financial management are seldom followed by secondary schools in Mandera County.	The study however has only concentrated on financial performance which is just one indicator of learning institutions' performance leaving out other components. There was also a methodological gap and contextual gap	Current study sought to fill the methodological gap and contextual gap
Sigilai and Bett (2013)	the effectiveness of head teachers in managing financial resources for the schools in the Bomet sub-county	The majority of head teachers were judged to be incompetent in managing school finances since they had previously been overburdened with administrative duties and academic work, according to the survey.	This study did not incorporate the measures of book keeping on fund management, thus, causing a conceptual gap	Current study filled the gap by incorporating ledger books, receipt books, fees ledger, income statement and payables and receivables ledgers.
Maseko	the	The research	There was also	Current study

Researcher	Objectives	Key Findings	Research Gaps	Focus of Current Study
and Manyani (2013)	performance measuring strategies employed by medium-sized businesses in Zimbabwe	observed that most medium-sized businesses do not maintain thorough accounting records because they lack accounting expertise; as a result, accounting data is not effectively used to measure financial performance.	contextual gap	sought to fill the contextual gap.
Kairu (2014)	Factors affecting implementation of CDF projects in Machakos town constituency	It was determined that a significant proportion of the participants lacked awareness of the significance of community engagement and involvement in relation to the successful implementation of projects supported by the CDF.	The administration of the CDF allocation does not employ inclusive ways in addressing development issues. It also focused on a particular individual constituency whereas the	Current study is focusing on the entire fund management among all public schools in Kilifi County.

Researcher	Objectives	Key Findings	Research Gaps	Focus of Current Study
Barasa (2014),	Procurement behaviors Affecting Effective Public Projects execution in Kenya	The transmission of findings A total of 35.9% of the participants indicated contract monitoring and control as a significant role in project implementation. Additionally, 46.9%.	The study did not elucidate the precise manner in which procurement procedures impact project implementation, particularly in relation to prices, quality, the bidding process, and the management of funds.	Current study focused on costs, quality tendering process and process timelines

Source: Researcher (2024)

2.5 Conceptual Framework

The conceptual framework exemplifies the dependent and independent variables. The independent variables include budget process, book keeping, financial control and procurement process, and the dependent variable is the fund management of public secondary schools as exhibited in figure 2.1 below.

Independent Variable

Dependent Variable

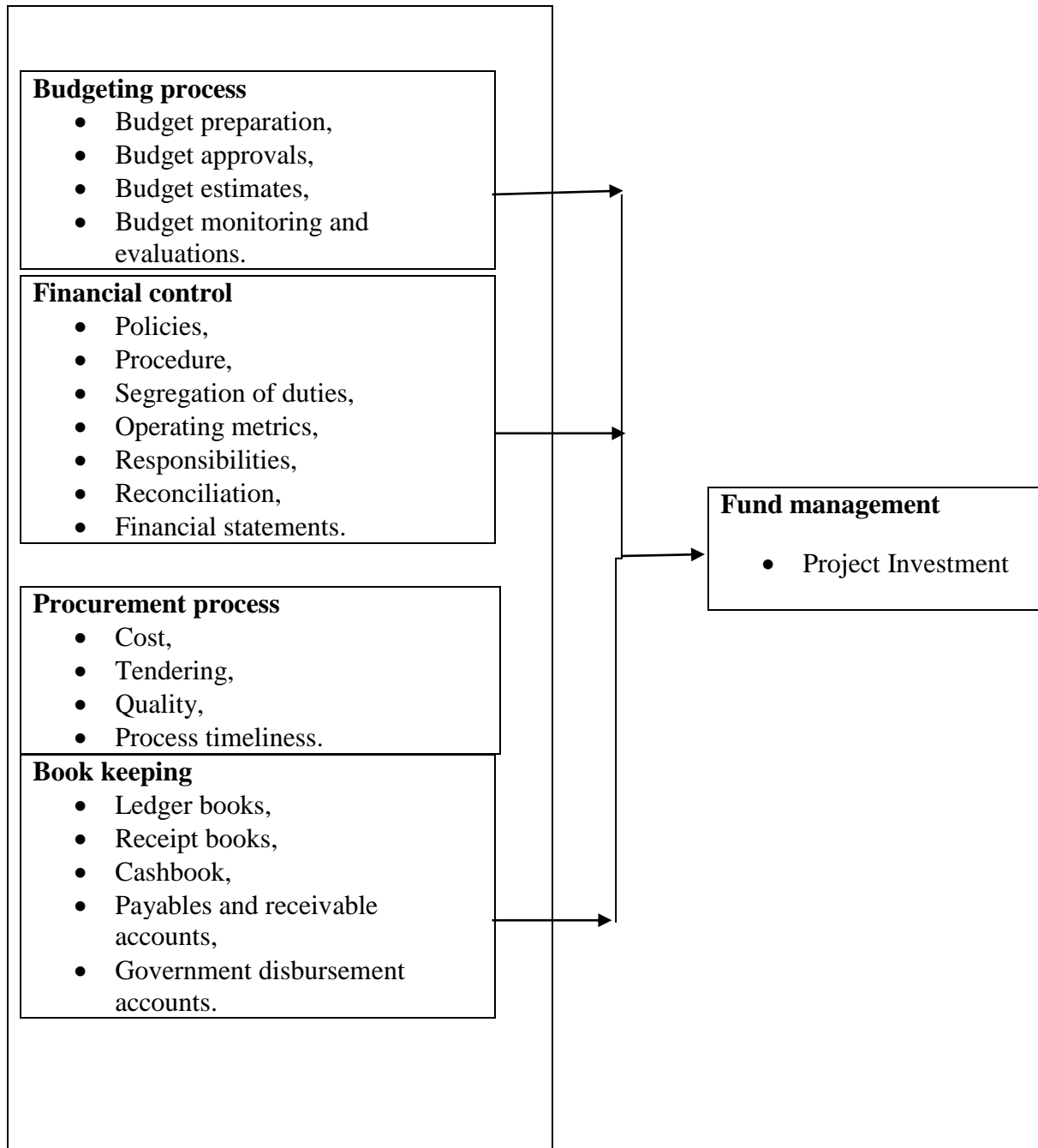


Figure 2.1: The Conceptual Framework

Source: Researcher (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examines the methods that was used in the research. The research methodology provides insights into the methodologies employed in conducting the study. This section analyzed the study design, target population, sample design, data collecting techniques, and data analysis and presentation.

3.2 Research Design

The design utilized was descriptive research design. The aforementioned design **will be** favoured for its capacity to enable the researcher to define the study's scope and clarify the gathered data, therefore establishing the distinctions and similarities within our frame of reference across a designated timeframe (Cooper & Schindler, 2006; Saunders, Lewis, & Thornhill, 2007).

Thus, descriptive research design ascertained the effect of financial management practices on fund management in public secondary schools. This is because descriptive research is utilized to address the inquiry pertaining to the impact of financial management practices on fund management, specifically focusing on the "what" aspect.

3.3 Target population

The target population refers to the entire group that the study will focus on. The target population of this study was 107 public secondary school in Kilifi County Kenya (MoE 2022). The list of public secondary schools in Kilifi County is exhibited in Appendix III.

3.4 Sampling Design and Sample Size

Stratified sampling design was adopted to select a sample size of 85 public secondary school in Kilifi County. The schools were stratified in terms of National, County, Extra County and Sub-County. Levy and Lemeshow (2013) define a sample as a representative subset of the whole population that has been selected for the purpose of study. According to Gall, Gall, and Borg (2007), a sample refers to a meticulously chosen subset that accurately reflects the whole population in terms of its features. According to Cooper and Schindler (2011) and Oso and Onen (2011), sampling is a frequently used technique in inferential statistics for making predictions about the behavior of a population. Sampling strategies provide assurance to the researcher that the sample effectively reflects the attributes and traits of the whole population.

In this study the researcher used Yamane (1967) formula to arrive at the sample as below

$$n = \frac{N}{1 + N(e)^2}$$

Where N=target proportion

N= sample size

e= level of precision at 0.05

Thus,

$$n = \frac{107}{1 + 107(0.05)^2} = 85 \text{ respondents}$$

Table 3.1: Sample frame

Strata	Population	$n = \frac{85}{107} * pop$
National	2	2
Extra county	2	2
County	15	12
Sub-county	88	69
Total	107	85

Source: Researcher (2021)

3.5 Data Collection Instruments

Both primary and secondary data were gathered. Secondary data supporting dependent variable were collected in the development plans for all budgeted and completed investments for the financial year from June 2021 to July 2022, which is the scope of the study. Structured questionnaires was the key data collection tools in this investigation. A questionnaire, according to Bryman (2015), is a list of statements or questions utilized to gauge someone's views, biographical details, attitudes, opinions, or other types of information. The researcher would utilize structured questionnaires to gather primary data since the population of interest was literate and could write. A questionnaire also offers the chance for anonymity so that the researcher can get exact information, providing the informant a chance to supply accurate information.

The research utilized a 5-point Likert scale to quantify how respondents rate different things in connection to the many factors being studied. The respondents were asked to score the statements as they relate to their individual areas of financial management practices on a scale of 1 to 5. Since respondents are likely to answer all or most of the questionnaire's items, a Likert scale is used since it is seen to be more trustworthy. Additionally, since Likert scale evaluations are interval scale features, they may be simply assessed using conventional methods (Barua, 2013).

The instrument was divided into three sections. Section A will cover questions of a general nature while section B covered questions relating to financial management practices and section C will cover questions relating to fund management.

3.6 Pilot Testing

A pilot research sample, according to Connelly (2008), should be 10% of the expected sample. 10 schools was thus the subject of a pilot study that was not used in the actual data collection. A pilot test was conducted to see whether the variables obtained might be processed and evaluated without much difficulty. After the pilot test, the questionnaire underwent adjustments to eliminate any potential for ambiguity before being sent to the respondents. The questionnaire questions was evaluated for proper language and structure at the conclusion of the exercise. The final study's data was subsequently gathered using the modified questionnaire.

3.6.1 Reliability of the Instrument

The concept of reliability may be broadly described as the degree to which a measurement is devoid of mistake and hence yields consistent outcomes (Kimberlin & Winterstein, 2008). According to LoBiondo-Wood and Haber (2014), dependability is characterized as the degree of trustworthiness or accuracy shown by a research instrument's measurements. The reliability of the questionnaire was assessed using Cronbach's alpha, a statistical measure that examines the correlation among different replies. A higher value of the Cronbach's Alpha coefficient indicates more reliability of the items, whereas a lower value of the coefficient indicates lesser reliability. A Cronbach Alpha coefficient more than or equal to 0.7 but less than 1 (Tavakol & Dennick, 2011; Drost, 2011) would be seen as indicative of reliability. Conversely, coefficients below this threshold cannot be regarded as trustworthy within the context of the research.

Table 3.2: Reliability Test

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
Budgeting process	15.0549	.146	.442	.844 ^a
Book keeping	14.9706	.292	.502	.751
Financial control	14.8832	.127	.711	.932 ^a
Procurement process	15.0109	.298	.513	.730
Fund management	14.6451	.145	.154	.717 ^a

Source: Researcher (2024)

From the findings of table 3.2, the researcher confirmed that in all the variables under study, they met the minimum threshold of 0.7 by getting 0.844, 0.751, 0.932, 0.730 and 0.717 for budgeting process, book keeping, financial control, procurement process and fund management respectively. Thus, the tool (questionnaire) for collecting data gave results that were consistent after carrying out several tests.

3.6.2 Validity of the Instrument

Validity is the amount to which a test gauges what it asserts it does, according to Kombo and Tromp (2011). External and internal validity were the two categories of validity that Wimmer and Dominick (2013) described. Internal validity aims to determine if the instrument measures what it is intended to assess, while external validity inquires as to whether the study's conclusions may be applied to respondents outside the sample.

A face validity test was utilized to determine if the measures seem to evaluate the idea under research on the surface. This was carried out as part of the instrument's pre-testing while evaluating its usability. Any biased, perplexing, or sensitive information was noted and either removed or corrected. Tests of the instrument's construct and sample validity

was guaranteed that it is measuring the expected outcomes and that all study-relevant variables are included.

3.7 Data collection procedures

The researcher applied for NACOSTIC research permit which he used as a permission to collect data. The researcher individually conducted a structured questionnaire utilizing the drop-and-pick approach, assisted by a research assistant.

3.8 Data Analysis and presentation

Cooper and Schindler (2006) assert that the process of data analysis often includes the reduction of collected data to a more manageable size, the generation of summaries, the identification of patterns, and the use of statistical tools. This metric may also be characterized as a method that enables researchers to examine, manipulate, and analyze data in order to emphasize valuable insights, propose findings, and facilitate the process of making informed decisions. Prior to inputting the data into Statistical Package for Social Scientists (SPSS) version 26, a thorough examination was conducted to verify its comprehensiveness and precision. This package enables researchers to conduct an analysis of descriptive statistics, including the calculation of measures of central tendency, frequency distributions, measures of association, and measures of dispersion. Furthermore, inferential statistics was used to ascertain the correlation between the independent factors and the dependent variable. The researcher used content analysis as a method for examining and interpreting qualitative data.

The study employed a multiple linear regression model, which is considered appropriate for cross-sectional data as expressed in the direct effect function below:

$B = f(\text{budgeting process, book keeping, financial control, procurement process})$ (Eq 1)

$B = \beta_0 + \beta_1 A_1 + \beta_2 A_2 + \beta_3 A_3 + \beta_4 A_4 + \epsilon$ (Eq 2)

Where:

B – Fund management

β_0 - Constant

A_1 – Budgeting process

A_2 – Book keeping

A_3 –Financial control

A_4 –Procurement process

$\beta_1 - \beta_3$ = Regression coefficient

ϵ = term of error

The data analyzed was displayed via the utilization of frequency tables, graphs, and pie charts.

3.9 Operationalization and Measurement of Study Variables

Table 3.3 offers a comprehensive compilation of the research variables, their operationalization, which entails the identification of particular indicators to characterize these variables, and the measures utilized to estimate them. The methods used have been employed and verified by other scholars. Table 3.3 displays the anticipated association between the independent factors and the dependent variable.

Table 3.3: Operationalization and Measurement of Study Variables

Variables	Type	Operationalization	Measurement	Measurement Scale	Direction
Fund management	Dependent Variable	The process of effectively managing financial resources to achieve organizational objectives includes activities such as planning, organizing, and controlling.	-Nature of audit reports -Effectiveness of financials reports -Satisfaction level of budget management -Satisfaction level in school project investment	Ordinal	+/-
Budgeting process	Independent Variable	Involves setting up a budget, predicting, putting it into action, keeping track of it, and lastly assessing how well it worked.	-Budget preparation -Budget approvals -Budget estimates -Budget monitoring and evaluations.	Ordinal	+/-
Book keeping	Independent Variable	The daily process of entering financial transactions for an organization into designated accounts. It may also refer to the many recording methods that companies may use.	-Ledger books -Receipt books -Cashbook -Payables and receivable accounts, -Government disbursement accounts.	Ordinal	+/-
Financial control	Independent Variable	Processes, rules, and procedures that an organization uses to manage its money and through which it keeps an eye on, allocates, and utilizes its financial resources.	-Policies -Procedure -Segregation of duties -Responsibilities -Reconciliation -Financial statements.	Ordinal	+/-
Procurement Process	Independent Variable	Involves negotiating arrangements with an outside supplier and purchasing products, services, or works, sometimes via a tendering or competitive bidding procedure	-Cost -Tendering -Quality -Process timeliness -Procurement plans.	Ordinal	+/-

Source: Researcher (2024)

3.10 Diagnostic tests

The research utilized several regression models that make utilization of the fundamental regression hypotheses that need to be verified before the actual analysis. These diagnostic tests, which will be performed as described below, comprise the normality test, multicollinearity checks, and the homoscedasticity test.

3.10.1 Multicollinearity Checks

The investigation of multicollinearity involves examining the connection between a study's independent variables. The lack of a significant association between two or more independent variables is another way to describe it. Multiple regression analysis suffers from multicollinearity in almost every aspect, particularly if the correlation between the independent variables is large (Aczel, 2009). The Variance Inflation Factor (VIF) will be used to test for multicollinearity. The size of the VIF will then be determined, and the degree of multicollinearity will be examined.

Sosa-Eacudero (2009) posit that there is no association if $VIF = 1$, moderate correlation is there if VIF is larger than 5 but less than 10, and strong correlation is present if VIF is greater than 10. According to the conventional wisdom, VIF must be lower than 3 (Kutner, Nachtsheim, & Neter, 2004). The researcher could think about dropping one of the variables if there are really strong correlations (Saunders, et al., 2009; Kothari, 2010). The researcher might alternatively disregard it, convert the highly correlated variables into a ratio, and only use the ratio in the regression rather than the individual variables (Brooks, 2008).

3.10.2 Normality Test

The normality test is employed in addition to the graphical evaluation of normalcy (Elliott & Woodward, 2007). In this research, we will use the Shapiro-Wilk test to check for normality; the test is appropriate when the sample size is between 3 and 2,000. The Shapiro-Wilk test is utilised for contrasting sample results with a set of scores that exhibit a normal distribution and has identical mean and standard deviation. In the event that the test yields a non-significant outcome ($p > 0.05$), it may be inferred that the distribution of the sample is likely to be normal, since it does not exhibit significant deviation from a normal distribution. On the other hand, if the test yields a significant result ($p < 0.05$), the distribution under consideration is considered non-normal (Field, 2009). In this scenario, the use of dummy variables or an alternative strategy would be implemented in order to effectively eradicate these findings, often referred to as outliers.

3.10.3 Homoscedasticity

The analysis of multicollinearity involves looking at how several factors interact in a given research. A substantial association between two or more independent variables is sometimes considered to be absent. Multiple regression analysis suffers from multicollinearity, which affects almost every component of the analysis and is particularly problematic when there is a significant degree of correlation between the independent variables (Aczel, 2009). Variance Inflation Factor (VIF) will be used in the multicollinearity test. After that, the size of the VIF will be determined in order to examine the degree of multicollinearity.

Homoscedasticity, which holds true regardless of the value of X, is the presumption that Y values have identical standard deviations around the population regression line. The degree to which the dependent and independent variable's data values have similar variances is known as homoscedasticity (Weirs, 2008). Heteroscedasticity, on the other hand, arises if the variances aren't equal. Regression analysis may still be performed, however, even if heteroscedasticity is present since it has no effect on the results of ordinary least square regression (Saunders et al., 2009). As a consequence, regression analysis utilizing heteroscedastic data will still provide accurate findings for the correlation between the predictor and independent variables.

Heteroscedasticity may be addressed by the use of the generalized least squares (GLS) approach. This can be achieved by changing the variables into logarithmic form or by decreasing them using other measures of size. Additionally, it is advisable to employ heteroscedasticity consistent standard error estimates. In this study, the researcher will use Levene's test, a statistical test designed to assess the null hypothesis that the variances of the populations under investigation are equal. If the P-value obtained from Levene's test is less than the predetermined significance threshold, it may be concluded that the null hypothesis of equal variance is not supported. This indicates that there exists a significant difference in the variances in the population (Levene 1960).

3.11 Ethical considerations in data collection

The consideration of ethical considerations is of paramount importance while doing research. The ethical issues pertaining to research in Kenya **shall be diligently adhered to** during all stages of the research endeavor. The first step in the data collection process included seeking authorization from the Kenyatta University Graduate School, followed by obtaining approval from the NACOSTI.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND INTERPRETATION

4.1 Introduction

This section covered the research findings on the effect of financial management practices and fund management in public secondary schools in Kilifi County in Kenya. The statistics gathered were analyzed with an aid of SPSS version 26 to determine the descriptive, correlational and inferential statistics and the output were exhibited in form of tables and figures.

4.2 Response Rate

The researcher distributed 85 questionnaires to the participants after receiving university and NACOSTI approval for the study. A total of 85 questionnaires were completed, collected, and returned, thus creating a response rate of 100%. Mugenda & Mugenda (2003), stated that a reaction weight of 50% is regarded as fair, a response weight of 60% is good, and a response weight of more than 70% is great. Consequently, as can be seen in table 4.1 below, the response weight of 100% that was obtained during data collection was sufficient and excellent for this investigation.

Table 4.1 Response Rate

	Frequency	%
Response	85	100
Non-response	00	00
Total	85	100.

Source: Researcher Data (2024)

4.3 Descriptive Statistics

Descriptive statistics aid in illustrating the fundamental elements of the study's data. It was decided that the investigation would look at how financial management practices mechanisms affected the fund management in public secondary schools in Kilifi. According to the survey's actual results, employees were asked to rate their level of agreement with a number of assertions about financial management practices pertaining to fund management on a Likert scale from 1 to 5. According to the interpretation of the response means, strongly disagree was signified by a mean of (1.80-1.00), disagree by a mean of (2.60-1.81), neutral by a mean of (3.40-2.61), agree by a mean of (4.20-3.41), and strongly agree by a mean of (5.00-4.21) (Norman, 2010).

4.3.1 Budgeting Process

The responders were asked to respond to the question of how much they understand budgeting process on fund management among public secondary schools in Kilifi County as exhibited in table 4.2 below.

Table 4.2 Descriptive Statistics on Budgeting Process

	N	Mean	Std. Deviation
The school involve stakeholders in budget preparation	85	4.3059	.67301
There is approval of budget on yearly basis	85	4.4353	.98134
The school adhere on budget estimates	85	2.8353	1.73786
There is frequent monitoring and evaluation of the budget	85	2.9176	1.19734
The school involve the accounting experts	85	3.2353	.92127
There is comparison of current and previous budgets	85	3.7882	.41098
Valid N (listwise)	85		

Source: Study Data (2024)

In table 4.2 above, on the aspect of whether the school involve stakeholders in budget preparation, it was noticed that most of responders strongly concur with the statement at a mean of 4.3059 with a variation of 0.67301. On the statement of whether there is approval of budget on yearly basis, majority of the responders strongly agree with a mean of 4.4353 and a standard deviation of 0.98134. On the statement on whether the school adhere on budget estimates, majority of the responders agree with a mean of 2.8353 and a standard deviation of 1.73786. On the statement on whether there is frequent monitoring and evaluation of the budget, majority of the responders agree with a mean of 2.9176 and a standard deviation of 1.19734. On the statement on whether the school involve the accounting experts, majority of the respondents agree with a mean of 3.2353 and a standard deviation of 0.92127. On the statement on whether there is comparison of current and previous budgets, majority of the respondents agree with a mean of 3.7882 and a standard deviation of 0.41098. These findings agree with those of Abdikadir, Mugwe, and Kimamo (2019) conducted a study to ascertain the impact of budget reporting procedures on financial management within the context of public secondary schools in Mandera County, Kenya. The research findings indicate that there is a lack of adherence to budget reporting standards aimed at enhancing financial management in secondary schools within Mandera County.

4.3.2 Book Keeping

The responders were asked to respond to the question of how much they understand book keeping on fund management among public secondary schools as demonstrated in Table 4.3 below.

Table 4.3 Descriptive Statistics on Book Keeping

	N	Mean	Std. Deviation
The school make transaction entries in ledger books	85	3.6941	.93889
The school issue receipt for the school fees paid	85	3.8588	1.12496
The school always maintain school cash book	85	4.0000	.00000
Students are always issued with fees balances	85	4.0941	.56953
There is adequate maintenance of government disbursement accounts	85	3.0118	1.41837
The school maintain preparation of payables and receivables accounts	85	3.3647	1.23295
The school prepare financial statements	85	3.6706	.66168
Valid N (listwise)	85		

Source: Study Data (2024)

In table 4.3 above, on the aspect of the school making transaction entries in ledger books, it was observed that the majority of responders concur with the statement at a mean of 3.6941 with a variation of 0.93889. On the statement of whether the school issue receipt for the school fees paid, majority of those responders agreed with a mean of 3.8588 and a standard deviation of 1.12496. On the statement of whether the school always maintain school cash book, most of the responders agreed with a mean of 4.0000 and a standard deviation of 0.00000. On the statement of whether Students are always issued with fees balances, most of the responders agreed with a mean of 4.0941 and a standard deviation of 0.56953. On the statement of whether there is adequate maintenance of government disbursement accounts, most of the responders agreed with a mean of 3.0118 and a standard deviation of 1.41837. On the statement of whether the school maintain preparation of payables and receivables accounts, most of the responders agreed with a mean of 3.3647 and a standard deviation of 1.23295. On the statement of whether the school prepare financial statements, most of the responders agreed with a mean of 3.6706 and a standard deviation of 0.66168. These research findings concur with those of Sigilai

and Bett (2013) evaluated the effectiveness of head teachers in managing financial resources for the schools in the Bomet sub-county and revealed that the majority of head teachers were judged to be incompetent in managing school finances since they had previously been overburdened with administrative duties and academic work, according to the survey.

4.3.3 Financial Control

The participants were called upon to give their response to what extent they perceive financial control towards fund management public secondary schools in Kilifi County as is exhibited in table 4.4 below.

Table 4.4 Descriptive Statistics on Financial Control

	N	Mean	S.D
Effective physical control and security of assets enhance financial control	85	4.0000	.00000
Segregation of duties among the various parties in the school enhance financial control	85	3.6471	.66737
Adequate authorization and approval of activities enhance financial control	85	3.6824	.92854
Adequate documentation and maintenance of records enhance financial control	85	3.5412	.50126
Frequent and independent performance review enhance financial control	85	3.8941	.30951
Effective verifications and reconciliations enhance financial control	85	3.5412	.98262
Effective risk analysis and responses enhance financial control	85	4.0000	.00000
Valid N (listwise)	85		

Source: Study Data (2024)

In table 4.4 above, on the aspect of whether effective physical control and security of assets enhance financial control, it was noted that the majority of responders strongly agreed with the statement at a mean of 4.0000 with a variation of 0.00000. On the statement of whether segregation of duties among the various parties in the school enhance financial control, majority of the responders agree with a mean of 3.6471 and a standard deviation of 0.66737. On the statement on whether adequate authorization and approval of activities enhance financial control, majority of the responders agreed with a mean of 3.6824 and a standard deviation of 0.92854. On the statement of whether adequate documentation and maintenance of records enhance financial control, majority of the responders agree with a mean of 3.5412 and a standard deviation of 0.50126. On the statement on whether frequent and independent performance review enhance financial control, majority of the responders agreed with a mean of 3.8941 and a standard deviation of 0.30951. On the statement of whether effective verifications and reconciliations enhance financial control, majority of the responders agree with a mean of 3.5412 and a standard deviation of 0.98262. On the statement on whether effective risk analysis and responses enhance financial control, majority of the responders agreed with a mean of 4.0000 and a standard deviation of 0.00000. These research findings are congruent with those of Okon and Akpan (2011) examined the connection between improved administrative efficacy of secondary school principals in Akwa Ibom State and financial control measures who discovered that there is a meaningful connection between the variables and the administrative efficiency of principals. Research findings are congruent with those of Prempeh, Twumasi, and Kyeremeh (2015) looked at the financial control mechanisms in place in Ghanaian polytechnics who showed that internal financial

controls existed. Additionally, it was discovered that there was high compliance, which is quite admirable and has to be supported.

4.5.4 Procurement Process

The participants were called upon to give their response to what extent they perceive procurement process towards fund management among public secondary schools in Kilifi County as is given in table 4.5 below.

Table 4.5 Descriptive Statistics on Procurement Process

	N	Mean	S.D
In procurement, cost of items are considered to enhance financial control	85	4.1059	.30951
In procurement, quality of items are considered to enhance financial control	85	4.1059	.30951
The staff members possess a considerable degree of expertise and familiarity with the rules and regulations pertaining to procurement.	85	2.1882	1.13907
Procurement plans have been established in accordance with the provisions outlined in the Procurement Act.	85	4.3529	.66737
There are long tendering processes	85	3.7882	.61903
Inefficiencies arise as a result of inadequate management of procurement processes.	85	4.4588	.50126
The Public Procurement and Disposal Act require that procurement planning be done yearly.	85	2.4118	1.43340
Valid N (listwise)	85		

Source: Study Data (2024)

In table 4.5 above, on the aspect of whether in procurement, cost of items are considered to enhance financial control, it was observed that the majority of responders strongly agreed with the statement with a mean of 4.1059 with a variation of 0.30951. On the statement of whether in procurement, quality of items are considered to enhance financial control, majority of the responders agree with a mean of 4.1059 and a standard deviation

of 0.30951. On the statement of whether the staff members possess a considerable degree of expertise and familiarity with the rules and regulations pertaining to procurement, majority of the respondents concurred with a mean of 2.1882 and a standard deviation of 1.13907. On the statement of whether procurement plans have been established in accordance with the provisions outlined in the Procurement Act, majority of the responders agree with a mean of 4.3529 and a standard deviation of 0.66737. On the statement of whether there are long tendering processes, majority of the respondents concurred with a mean of 3.7882 and a standard deviation of 0.61903. On the statement of whether Inefficiencies arise as a result of inadequate management of procurement processes, majority of the respondents concurred with a mean of 4.4588 and a standard deviation of 0.50126. On the statement of whether The Public Procurement and Disposal Act require that procurement planning be done yearly, majority of the respondents concurred with a mean of 2.4118 and a standard deviation of 1.43340. These research findings are congruent with Malala (2011) in his study on the impact of procurement on the performance of CDF projects discovered that only 12% of the CDF-funded projects were completed on time.

4.3.5 Fund Management

Fund management was estimated using project investment i.e. of the projects budgeted for during the year, how many were completed and how many were incomplete as summarized in Table 4.6 below

Table 4.6 Descriptive Statistics on Fund Management

Std. Deviation	Mean	Kurtosis	Skewness
.05303	.0876	-.460	.758

Source: Study Data (2024)

As demonstrated in Table 4.6 the average fund management of public schools in public secondary schools in Kilifi County is 0.0876 with an insignificant deviation of 0.05303. This indicated that fund management is stable with nearly normal distribution based on its management as also confirmed by its kurtosis and skewness.

4.4 Correlation Analysis

For this study, correlation analysis was done to ascertain the connection that exists naturally between financial management practices and fund management.

Table 4.7 Correlation Test

		Budgeting Process	Book Keeping	Financial Control	Procurement Process	Fund Management
Budgeting Process	Pearson Correlation	1	.556**	.409**	.389**	.375**
	Sig. (2-tailed)		.000	.001	.001	.002
	N	65	65	65	65	65
Book Keeping	Pearson Correlation	.556**	1	.679**	.676**	.553**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	65	65	65	65	65
Financial Control	Pearson Correlation	.409**	.679**	1	.609**	.508**
	Sig. (2-tailed)	.001	.000		.000	.000
	N	65	65	65	65	65
Procurement Process	Pearson Correlation	.389**	.676**	.609**	1	.722**
	Sig. (2-tailed)	.001	.000	.000		.000
	N	65	65	65	65	65
Fund Management	Pearson Correlation	.375**	.553**	.508**	.722**	1
	Sig. (2-tailed)	.002	.000	.000	.000	
	N	65	65	65	65	65

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Study Data (2022)

The findings of the correlation analysis demonstrated a positive correlation between all of the financial management practice components assessed in this study and fund management of public secondary schools in Kenya, however the strength of the link varied. The connection between budgeting process and fund management was moderate at only 0.375 but significant at 0.002($p < 0.05$).

Book keeping had a moderate correlation with fund management with the Pearson correlation coefficient at 0.553 and possessed a significant proportion of 0.000($p < 0.05$). It was established that the financial control had a moderate connection with fund management with the Pearson correlation of 0.508 and was crucial for forecasting fund management with a p-value of 0.000($p < 0.05$). Procurement process had a very strong correlation with fund management with the Pearson correlation coefficient at 0.722 and had a significant level of 0.000($p < 0.05$).

4.5 Diagnostic tests

This study carried out diagnostic tests including Normality test, Multicollinearity test, and Heteroscedasticity test, all to ensure conformity with the assumptions of linear regression.

4.5.1 Multicollinearity

This study adopted a VIF value of 4.0 as the threshold as illustrated by table 4.8 below.

Table 4.8: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Book keeping	.344	2.904
	Financial control	.966	1.035
	Procurement process	.340	2.940

a. Dependent Variable: Budgeting process

Source: Study Data (2024)

These results show that the VIF values of the independent variables were within the threshold of 4.0. The results imply that there is no case of multicollinearity.

4.5.2 Normality Test

The notion that the data should be regularly distributed is one of the premises of linear regression. Shapiro-Wilk test was therefore performed in order to check for normality. The most common and extensively used method, the Shapiro-Wilk test, was used since it has a higher sensitivity for detecting non-normality. When the p-value is 0.05 or below, the test rejects the null hypothesis of normality. If the normality test is negative, you can say with 95% certainty that the data do not fit the normal distribution. If you pass the normalcy test, you may only say that no significant deviation from normality was identified.

Table 4.9: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Budgeting process	.282	85	.421	.849	85	.067
Book keeping	.285	85	.096	.793	85	.172
Financial control	.297	85	.083	.824	85	.921
Procurement process	.301	85	.142	.690	85	.747
Fund management	.284	85	.305	.851	85	.0539

a. Lilliefors Significance Correction

Source: Study Data (2024).

As per the table above the data gathered are normally distributed across all variables hence, the null hypothesis is accepted. With the p value denoted by sig and the p value of all the variables are greater than the p value 0.05 hence the data is normally distributed.

4.5.3 Heteroscedasticity

Among the assumptions of linear regression is that the data is heteroscedasticity. Heteroscedasticity is a reversal of the residuals' distribution over the entire range of the values obtained. The drawback of ordinary least squares (OLS) regression is that it presumes all residuals come from populations with constant variance (homoscedasticity). The study employed the Breusch-Pagan test to assess heteroscedasticity. This test tests whether the variances of samples are approximately equal (heteroscedasticity). If the sig >0.05 Breusch-Pagan test is non- significant, so equal variances are assumed. If the resulting p-value from the Breusch-Pagan test is less than 0.05, consequently, the null hypothesis of equal variances is disproved, when it's established that the population's variances vary.

Table 4.10: Breusch-Pagan Test for Heteroskedasticity^{a,b,c}

Chi-Square	df	Sig.
.010	1	.922

a. Dependent variable: Fund management

b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.

c. Predicted values from design: Intercept + X1 + X2 + X3 + X4 + X1 * X2 + X1 * X3 + X1 * X4 + X2 * X3 + X2 * X4 + X3 * X4 + X1 * X2 * X3 + X1 * X2 * X4 + X1 * X3 * X4 + X2 * X3 * X4 + X1 * X2 * X3 * X4

Source: Study Data (2024)

This p-value is more than 0.05, hence we are unable to rule out the null hypothesis. As a result, we lack adequate proof to conclude that the variation in **financial management practices varies markedly**.

4.6 Regression Analysis

Multiple linear regression analysis was done to determine if financial management practices had a substantial impact on fund management among public secondary schools in Kilifi County. On fund management, the impact of each independent variable was measured.

4.6.1 Model Summary

The results from the regression output correlated to the model summary results are summarized in Table 4.11.

Table 4.11 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890 ^a	.791	.781	.16234

a. Predictors: (Constant), Procurement process, Financial control, Book keeping, Budgeting process

Source: Study Data (2024).

The results indicate that a R square (coefficient of determination) of 0.791 was evaluated, indicating that changes in the budgeting process, book keeping, financial control and procurement process were responsible for 79.1% of the changes in fund management among public secondary schools in Kilifi County. 20.9% of the remaining changes were related to external factors that this model did not take into account.

4.6.2 Analysis of Variance (ANOVA)

An analysis of variance demonstrates the connection between two variables. Inferential statistics with p-value (sig' for significance) influence on the standard variable are demonstrated in this section. Generally, p-values less than 5% are regarded as significant.

The outcomes are organized in Table 4.12.

Table 4.12 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.002	4	2.000	75.907	.000 ^b
	Residual	2.108	80	.026		
	Total	10.110	84			

a. Dependent Variable: Fund management

b. Predictors: (Constant), Procurement process, Financial control, Book keeping, Budgeting process

Source: Study Data (2024)

From the ANOVA figures in table 4.12 above, p-value 0.000 as computed implies that the regression model was statistically significant in forecasting the connection between financial management practices and fund management among public secondary schools in Kilifi County as the p-value <5%.

4.6.3 Regression Coefficients

Table 4.13 displays the values of the regression constants that supported the researcher's determination of the impact of explanatory factors on the output variable.

Table 4.13 Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	16.264	1.397		11.640	.000
	Budgeting process	1.362	.361	.627	3.776	.000
	Book keeping	-1.569	.139	-1.586	-11.284	.000
	Financial control	-.020	.315	-.009	-.063	.950
	Procurement process	-3.118	.281	-1.840	-11.098	.000

a. Dependent Variable: Fund management

Source: Study Data (2022)

The scholar undertook regression analysis to come up with the connection between financial management practices and fund management among public secondary schools in Kilifi County. The following regression equation was developed.

$$Y (\text{Fund Management}) = 16.264 + 1.362X_1 - 1.569X_2 - .020X_3 - 3.118X_4$$

The findings show that a unitary rise in budgeting process would result to 1.362 rise in fund management. A p value of $0.000 < 0.05$) meant that it was both favorable and significant statistically. Accordingly, objective one was rejected. Also the findings show that a unitary rise in book keeping led to a -1.569 decline in fund management. A p value of $0.000 < 0.05$) meant that it was both favorable and significant statistically. Hence, objective two was rejected. The findings equally show that a unit rise in financial control would lead to -0.020 decline in fund management. A p value of $0.950 > 0.05$) meant that it was statistically insignificant. Consequently, objective three was not rejected. The findings also show that a unit rise in procurement process would lead to -3.118 decline in

fund management. A p value of $0.000 < 0.05$) meant that it was both favorable and significant statistically. Thus, objective four was rejected.

4.7 Discussion

In this part of the enquiry, the study's specific objectives were assessed. According to the first specific objective, fund management of public secondary schools in Kilifi County is significantly affected by budgeting process. Regarding the second specific objective, fund management of public secondary schools in Kilifi County is significantly impacted by book keeping. In light of the third premise, it can be noted that financial control has been shown to insignificantly affect the fund management. And finally, the fourth premise, it was noted that procurement process has been shown to significantly affect the fund management of public secondary schools in Kilifi County.

4.7.1 Effect of Budgeting Process on Fund Management

The outcomes demonstrate that the p-value was below the threshold of significance, indicating that it was favorable and statistically significant. Hence, objective one was rejected. This could be attributed the involving stakeholders in budget preparation, approving of budget on yearly basis, adhering on budget estimates, frequent monitoring and evaluation of the budget, involving the accounting experts and comparison of current and previous budgets. These outcomes support the findings of Irungu (2019) who found that the research reveals that schools have deficiencies in their program planning and budgeting procedures, as they fail to establish comprehensive strategies for achieving educational goals. It also agreed with the findings by Abdikadir, Mugwe, and Kimamo (2019) who indicate that there is a lack of adherence to budget reporting standards aimed at enhancing financial management in secondary schools within Mandera County.

4.8.2 Effect of Book Keeping on Fund Management

The results demonstrate that the p-value was below the threshold of significance, indicating that it was **favorable and statistically significant**. Consequently, objective two was rejected. These outcomes support the findings of Sigilai and Bett (2013) who discovered that majority of head teachers were judged to be incompetent in managing school finances since they had previously been overburdened with administrative duties and academic work, according to the survey. Equally it disagrees with the outcomes by Maseko and Manyani (2013) who noted that a significant proportion of medium-sized enterprises exhibit a deficiency in their comprehension of accounting principles, resulting in a failure to keep comprehensive accounting records.

4.8.3 Effect of Financial Control on Fund Management

The results demonstrate that the p-value was more than the threshold of significance, indicating that it was **unfavorable and statistically insignificant**. Accordingly, objective **thre** was not rejected. These outcomes disagree with the findings of Fasua and Osagie (2016) who established that the federal government's current internal control systems are sufficient to prevent fraud in the public sectors. The study findings also disagree with those of Prempeh, Twumasi, and Kyeremeh (2015) who noted that internal financial controls existed.

4.8.4 Effect of Procurement Process on Fund Management

The outcomes show that p-value was less than the significance level meaning that it was favorable and statistically significant. Accordingly, objective four was rejected. These outcomes concur with the outcomes of Mungai (2014) who discovered that the

association between supplier evaluation criteria and procurement performance was quite favorable. It also concur with the findings by Barasa (2014) who noted that a significant proportion of the respondents (35.9%) identified contract monitoring and control as a factor impacting the execution of projects. Additionally, a higher percentage (46.9%) highlighted procurement method as a relevant component.

NB

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Chapter five included summary of the findings, a synopsis of the research, and recommendations based on the findings. According to the specific goals the research study sought to address, which included trying to ascertain the impact of financial management practices on the fund management of public secondary schools in Kilifi County, findings were described in this chapter in a sequential manner.

5.2 Summary of Findings

This sub-section sets out the summary of study findings. General objective was to determine the effect of financial management practices on the fund management of public secondary schools in Kilifi County, Kenya. In particular, the research assessed effect of budgeting process, book keeping, financial control and procurement process on fund management public secondary schools in Kilifi County, Kenya. Moreover, data was analyzed by employing descriptive statistics, Pearson product moment correlation coefficient as well as multiple regression analysis.

The following are the major findings.

5.2.1 Budgeting Process and Fund Management

The first objective evaluated the effect of budgeting process on fund management of public secondary schools in Kilifi County, Kenya. The findings suggests that the majority of responders agree with the statement that fund management of public secondary schools in Kilifi County indeed is influenced by budgeting process. According to correlation

findings, the budgeting process and the fund management were generally positively correlated. The first hypothesis was rejected by regression analysis, which also demonstrated a statistically positive significant association between the budgeting process and fund management.

5.2.2 Book Keeping and Fund Management

The second objective evaluated the effect of book keeping on fund Management of public secondary schools in Kilifi County, Kenya. The results demonstrate that majority of the responders agreed with the fact that book keeping indeed affect fund management of public secondary schools in Kilifi County. On correlation results, there was an average correlation between book keeping and book keeping on fund Management of public secondary schools in Kilifi County, Kenya. Regression analysis led to rejection of hypothesis two and found that there exists statistically negative significant link between book keeping and fund Management.

5.2.3 Financial Control and Fund Management

The third objective evaluated the effect of financial control on fund Management of public secondary schools in Kilifi County, Kenya. The results demonstrate that popular responders concurred with the fact that financial control indeed does not affect fund management of public secondary schools in Kilifi County. On correlation results, there was an average correlation between i financial control on fund Management. Regression analysis led to failure to rejection of hypothesis three and observed a statistically insignificant negative correlation between financial controls on fund Management.

5.2.4 Procurement Process and Fund Management

The fourth objective evaluated the effect of procurement process and fund management of public secondary schools in Kilifi County government, Kenya. The results demonstrate that majority of the responders agreed with the fact that procurement process indeed affect fund management of public secondary schools in Kilifi County. On correlation results, there was a strong correlation between procurement process and fund management. The fourth hypothesis was disproved by regression analysis, which also revealed a statistically substantial negative correlation between procurement process and fund management.

5.3 Conclusion

The study's findings show that budgeting process significantly improved fund management of public secondary schools in Kilifi County, Kenya. In view of this findings, budget preparation, budget approvals, budget estimates and budget monitoring and evaluations influence fund management of public secondary schools in Kilifi County, Kenya. This suggests that addressing budgeting process issues improves the fund management of a public school. Budgeting process aids in managing spending habits, tracking expenses, saving more money, making better financial decisions and preparing for emergencies.

The study equally found that book keeping significantly improved fund management of public secondary schools in Kilifi County, Kenya. In view of this findings, preparation of ledger books, cashbook, payables and receivable accounts, issuance of receipt books and having a government disbursement accounts influences fund management of public secondary schools in Kilifi County, Kenya. This suggests that addressing book keeping

issues improves the fund management of a public school. Book keeping aids in keeping track of receipts, payments, summarizing the income, expenditure and other ledger records periodically and providing information to create financial reports which tells us specific information about the business as how much profits the business has made or how much the business is worth at a specific point of time.

The study also found that financial control insignificantly improved fund management of public secondary schools in Kilifi County, Kenya. In view of this findings, policies, procedure, segregation of duties, operating metrics, responsibilities, reconciliation and preparation of financial statements do not influence fund management of public secondary schools in Kilifi County, Kenya. This suggests that focusing on financial control mechanisms do not necessarily improve fund management of a public school despite the fact that it helps in the development of policies and procedures by an organization to manage its financial resources and operate efficiently.

Additionally, the study found that procurement process significantly improved fund management of public secondary schools in Kilifi County, Kenya. In view of this findings, cost of items, tendering, quality and process timeliness influences fund management of public secondary schools in Kilifi County, Kenya. This suggests that addressing procurement process mechanisms improves fund management of a public school. Procurement process aids the organization to purchase the appropriate product or service at a fair price by ensuring that the process saves time and money, quality control and companies stay competitive, leads to innovation.

5.3 Recommendations

5.4.1 Recommendation to Practise

As per the effect of budgeting process on fund management of public secondary schools in Kilifi County, Kenya, the study recommends that the schools should involve stakeholders in budget preparation and compare current and previous budgets. It should also ensure approval of budget on yearly basis and ensure adherence on budget estimates. It also recommends frequent monitoring and evaluation of the budget but also ensure they involve the accounting experts.

As per the effect of book keeping on fund management of public secondary schools in Kilifi County, Kenya, the study recommends that schools should make transaction entries in ledger books as well as maintaining school cash book, payables and receivables accounts, government disbursement accounts and prepare financial statements. It also recommends issuance of receipt for the school fees paid that should fees balances

As per the effect of procurement process on fund management of public secondary schools in Kilifi County, Kenya, the study recommends that in procurement, cost of items and quality of items are considered to enhance financial control. Schools should also ensure that the staff members possess a considerable degree of expertise and familiarity with the rules and regulations pertaining to procurement, and procurement plans should be established in accordance with the provisions outlined in the Procurement Act where procurement planning should be done yearly.

5.4.2 Recommendation to Theory

The study applauds the contribution of its findings to the area of knowledge and finance theory and thus it can be added and utilized in the field of finance theory where scholars in finance can refer to finance models that underpin the theory when carrying out research in finance and related disciplines.

5.5 Contribution to Practice

The contribution of the study findings would be vital to the panel of administration of County Government of Kilifi in indulging the influence of financial management practices on fund management and direct strategy design for forthcoming usage. It will also be vital to the ministry of education in determining the level school administration and programmes that need to be provided. Since public secondary schools are under national government, the national assembly can also be able to articulate legislation that supports financial management practices in public segment entities. These strategies and regulations can aid in filling up the breaks that are there in financial management practices and support ineffective administration of public entities. The study aims to close the financial management practices gaps in the Kenyan public sector and provide a foundation for future research for academics and scholars who may utilize it as a point of reference.

5.6 Suggestions for Further Studies

The current study was conducted among public secondary schools in the County of Kilifi; given that financial management practices accounted for 79.1% of the difference in fund management, this leaves 20.9% unaccounted for and in need of more research.

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APPENDICIES

APPENDIX I- QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

School category

National [] Extra County [] County [] Sub – County []

School type

Boarding [] Day [] Both Day and Boarding []

School gender

Boys only [] Girls only [] Mixed []

Type(s) of income generating activities in the school

.....

How long has the school had this type of venture?

.....

PART B: FINANCIAL MANAGEMENT PRACTICES

Kindly indicate your agreement or disagreement with the following statements concerning financial management practices in your school where:

5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree

Budgeting process	1	2	3	4	5
The school involve stakeholders in budget preparation					
There is approval of budget on yearly basis					
The school adhere on budget estimates					
There is frequent monitoring and evaluation of the budget					
The school involve the accounting experts					
There is comparison of current and previous budgets					

Book keeping	1	2	3	4	5
The school make transaction entries in ledger books					
The school issue receipt for the school fees paid					
The school always maintain school cash book					
Students are always issued with fees balances					
There is adequate maintenance of government disbursement accounts					
The school maintain preparation of payables and receivables accounts					
The school prepare financial statements					

Financial control	1	2	3	4	5
Effective physical control and security of assets enhance financial control					
Segregation of duties among the various parties in the school enhance financial control					
Adequate authorization and approval of activities enhance financial control					
Adequate documentation and maintenance of records enhance financial control					
Frequent and independent performance review enhance financial control					
Effective verifications and reconciliations enhance financial control					
Effective risk analysis and responses enhance financial control					

Procurement process	1	2	3	4	5
In procurement, cost of items are considered to enhance financial control					
In procurement, quality of items are considered to enhance financial control					
The staff members possess a considerable degree of expertise and familiarity with the rules and regulations pertaining to procurement.					
Procurement plans have been established in accordance with the provisions outlined in the Procurement Act.					
There are long tendering processes					
Inefficiencies arise as a result of inadequate management of procurement processes.					
The Public Procurement and Disposal Act require that procurement planning be done yearly.					

SECTION C: FUND MANAGEMENT

Planned Investment for financial year 1 July 2021 – 30 June 2022

Investment project budgeted for the financial year		Status of the Project	
		Complete	Incomplete
1			
2			
3			
4			
5			
6			

Kindly suggest any other ways through which financial management practices can be enhanced in your school

.....

.....

.....

Thank you for your cooperation

APPENDIX II: LIST OF PUBLIC SCHOOLS IN KILIFI COUNTY

NAME OF SCHOOL	CATEGORY
RIBEBOYS	NATIONAL
BAHARI GIRLS SECONDARY SCHOOL	NATIONAL
KILIFI TOWNSHIP SECONDARY SCHOOL	COUNTY
CHUMANISE SECONDARY SCHOOL	COUNTY
LUTSANGANI SECONDARY SCHOOL	COUNTY
MALINDI HIGH SCHOOL	EXTRA-COUNTY
NTY	
NGALA MEMORIAL GIRLS' SECONDARY SCHOOL	EXTRA-COUNTY
NTY	
ST. GEORGE'S HIGH SCHOOL	COUNTY
ST. JOHN'S GIRLS SECONDARY SCHOOL.	COUNTY
MARIAKANISE SECONDARY SCHOOL	COUNTY
MOIKADZONZOGIRLS SECONDARY SCHOOL	COUNTY
GANZEBOYS SECONDARY SCHOOL	COUNTY
JARIBUNI SECONDARY SCHOOL	COUNTY
GANZEGIRLS SECONDARY SCHOOL	COUNTY
GODOMA SECONDARY SCHOOL	COUNTY
SOKOKE SEC. SCHOOL	COUNTY
DR. KRAPF MEMORIAL SECONDARY SCHOOL	COUNTY
KOMBENI GIRLS SECONDARY SCHOOL	COUNTY
RIBE GIRLS SECONDARY SCHOOL	COUNTY
KATANANGALA SECONDARY SCHOOL	SUB-COUNTY
MAJAONISE SECONDARY SCHOOL	SUB-COUNTY
ROKASE SECONDARY SCHOOL	SUB-COUNTY
NGERENYAMIXED SECONDARY SCHOOL	SUB-COUNTY
ST. THOMAS GIRLS' SEC	SUB-COUNTY
UYOMBO GIRLS' SEC	SUB-COUNTY
PWANI SEC/VOCATIONAL SCHOOL FOR THE DEAF	SUB-COUNTY
MDZONGOLONI HIGH SCHOOL	SUB-COUNTY
MUSUMARINISEC. SCHOOL	SUB-COUNTY
TAKAUNGU SECONDARY SCHOOL	SUB-COUNTY
SHARIANISE SECONDARY SCHOOL	SUB-COUNTY
K.P. SENIOR SECONDARY SCHOOL	SUB-COUNTY

JUNJUSEC	SUB-COUNTY
MNARANISEC	SUB-COUNTY
ST JOSEPH HOUSE OF HOPE SECONDARY SCHOOL	SUB-COUNTY
ST. TERESA'S SECONDARY SCHOOL	SUB-COUNTY
DZITSONI SECSECONDARY	SUB-COUNTY
PAULHARRISHIGHSCHOOL	SUB-COUNTY
CHASIMBAMIXEDSECONDARY SCHOOL	SUB-COUNTY
DINDIRISEC	SUB-COUNTY
BUNDACHOSECONDARY SCHOOL	SUB-COUNTY
MWARAKAYASECONDARY SCHOOL	SUB-COUNTY
KATIKIRIENISECONDARY SCHOOL	SUB-COUNTY
GEDESECONDARY SCHOOL	SUB-COUNTY
JILORE HIGH SCHOOL	SUB-COUNTY
BARANISECONDARY SCHOOL	SUB-COUNTY
KAKONENI GIRLS SECONDARY SCHOOL	SUB-COUNTY
KAKUYUNI BOYS SECONDARY SCHOOL	SUB-COUNTY
ACK CANON MWERIMEMORIAL SECONDARY SCHOOL	SUB-COUNTY
FBTUVAMEMORIAL SECONDARY SCHOOL	SUB-COUNTY
MEKATILILIMEMORIAL	SUB-COUNTY
KIBOKONI SECONDARY SCHOOL	SUB-COUNTY
LANGOBAYA SECONDARY SCHOOL	SUB-COUNTY
MENYHART SECONDARY SCHOOL	SUB-COUNTY
MUYEYE SECONDARY SCHOOL	SUB-COUNTY
MBARAKACHEMBESECONDARY SCHOOL	SUB-COUNTY
KIJIWETANGASECSCH	SUB-COUNTY
GANDASECONDARY SCHOOL	SUB-COUNTY
MIDASECONDARY SCHOOL	SUB-COUNTY
MIYANISECONDARY SCHOOL	SUB-COUNTY
KINANISECONDARY SCHOOL	SUB-COUNTY
MAANDANISECONDARY SCHOOL	SUB-COUNTY
CHANAGANDE SECONDARY SCHOOL	SUB-COUNTY
KIZURINI SECONDARY SCHOOL	SUB-COUNTY
NGALAMEMORIAL SECONDARY SCHOOL	SUB-COUNTY
TSANGATSINIMIXEDDAY SECONDARY SCHOOL	SUB-COUNTY
KINARANISECONDARY SCHOOL	SUB-COUNTY
TSAGWASEC	SUB-COUNTY
MWARENISEC	SUB-COUNTY
MWIJOSEC	SUB-COUNTY

PALAKUMISEC	SUB-COUNTY
MAYOWESESECONDARYSCHOOL	SUB-COUNTY
VYAMBANISECONDARYSCHOOL	SUB-COUNTY
PETANGUO SECONDARY SCHOOL	SUB-COUNTY
MITANGANISECONDARYSCHOOL	SUB-COUNTY
JILASECONDARY SCHOOL	SUB-COUNTY
BANDARISECONDARYSCHOOL	SUB-COUNTY
VITENGENIBAPTIST SEC.SCHOOL	SUB-COUNTY
MWANGEAGIRLS'SECONDARYSCHOOL	SUB-COUNTY
BALESECONDARYSCHOOL	SUB-COUNTY
KACHORORONISEC	SUB-COUNTY
SHANGWENISEC	SUB-COUNTY
MAGOGONISECONDARYSCHOOL	SUB-COUNTY
GALANASECONDARYSCHOOL	SUB-COUNTY
MAPIMOGIRLSSECONDARYSCHOOL	SUB-COUNTY
MARERENISECONDARY	SUB-COUNTY
MAJENJENISECONDARY SCHOOL	SUB-COUNTY
NGOMENISECONDARY SCHOOL	SUB-COUNTY
FUNDU-ISSASECONDARYSCHOOL	SUB-COUNTY
MAGARINIHILLSECONDARYSCHOOL	SUB-COUNTY
MARAFASECONDARYSCHOOL	SUB-COUNTY
MAGARINISECONDARYSCHOOL	SUB-COUNTY
ADUSECONDARYSCHOOL	SUB-COUNTY
SHUJAA MEKATILILISECONDARY SCHOOL	SUB-COUNTY
GARASHISECONDARYSCHOOL	SUB-COUNTY
RAMADA MIXEDSECONDARY SCHOOL	SUB-COUNTY
KASIDISECONDARYSCHOOL	SUB-COUNTY
KAMBESECONDARYSCHOOL	SUB-COUNTY
RABASECONDARYSCHOOL	SUB-COUNTY
CHANG'OMBESECONDARYSCHOOL	SUB-COUNTY
BOFUSEC	SUB-COUNTY
KAJIWESEC	SUB-COUNTY
MIKAHANISEC	SUB-COUNTY
JIMBASECONDARYSCHOOL	SUB-COUNTY
REVCANONKURIMEMORIALSECONDARYSCHOOL	SUB-COUNTY
MBARARANISECONDARYSCHOOL	SUB-COUNTY
DR.KRAPFMEMORIALSECONDARYSCHOOL	SUB-COUNTY

APPENDIX III: LETTER OF AUTHORIZATION



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 22nd January, 2024

TO: Seith Baya Kalume
C/o Accounting and Finance Dept.

REF: D53/MSA/PT/37782/2017

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

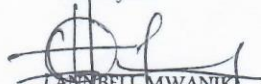
This is to inform you that Graduate School Board at its meeting of 17th January, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, "**Financial Management Practices and Funds Management in Public Secondary Schools in Kilifi County, Kenya.**"

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.


ANABEL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Accounting and Finance.

Supervisors:


1. Dr. Peter Ng'ang'a
C/o Department of Accounting and Finance
Kenyatta University

AM/mo

APPENDIX IV: RESEARCH PERMIT



REPUBLIC OF KENYA



**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: 934309

Date of Issue: 02/February/2024


RESEARCH LICENSE



This is to Certify that Mr. Seith Baya Kalume of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kilifi on the topic: FINANCIAL MANAGEMENT PRACTICES AND FUNDS MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN KILIFI COUNTY, KENYA, for the period ending : 02/February/2025.

License No: NACOSTI/P/24/32801

Applicant Identification Number
934309



Director General

**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION**

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See overleaf for conditions